



Date: March 23, 2010

To: City Manager/Executive Director for Council/Redevelopment Agency Action

From: Administrative Analyst to the City Manager

Subject: Adoption of Resolutions of Intention to Initiate the Formation of a Community Facilities District and Incurrence of Bonded Indebtedness Related to Special Financing for Publicly-Owned Infrastructure for a Proposed Professional Football Stadium

EXECUTIVE SUMMARY:

As part of the June 2, 2009 non-binding Term Sheet between the City and the San Francisco 49ers for a professional football stadium, the parties contemplated the formation of a Community Facilities District (CFD) that would include all hotel properties in the vicinity of the proposed stadium, subject to a vote of the affected hotel property owners (there are presently eight hotels in this proximate area). If approved by a vote of the hotel property owners included in the CFD, those hotel properties would be subject to a special tax based on hotel room revenue equivalent to 2% transient occupancy tax (TOT), and this special tax would be pledged to finance portions of the publicly owned infrastructure for the proposed stadium project, up to a cap of \$35 million (excluding debt service and other financing costs). The proposed CFD would not be formed if the voters do not approve the stadium project at the June 8, 2010 election.

Staff, working with the City's team of consultants, has begun the process of forming a CFD under California law, specifically the Mello-Roos Community Facilities Act of 1982. Special taxes from this CFD will be pledged to finance a portion of the publicly owned infrastructure and other improvements planned for the proposed future stadium site and nearby areas. Once the proceedings are completed, the City will be authorized to issue and sell bonds or incur other forms of debt to finance these improvements. The bonds will be secured by and payable solely from the special taxes to be levied on the eight hotel properties within the community facilities district, and will not represent an obligation or debt of the City or the General Fund.

The City Clerk has received petitions and waivers signed by owners or leaseholders of 100% of the land proposed to be included in the CFD and subjected to the special taxes. The petitions and waivers request Council to initiate proceedings to form the CFD, and waive certain time frames associated with the formation process. Two of the eight hotels (the Hyatt Regency Santa Clara Hotel and the Santa Clara Hilton Hotel) are on ground leases with the Redevelopment Agency (Agency). Under California law, the Agency is the entity qualified to submit special tax ballots for these parcels, as the underlying property owner; however, in keeping with the Agency's long-held business practice of partnering with its lessees, staff consulted with the Hyatt Regency Santa Clara and Santa Clara Hilton General Managers and committed to recommending to the Agency that we should vote their desired positions; both the Hyatt Regency Santa Clara and the Santa Clara Hilton ownership submitted petitions in favor of forming the CFD.

Four actions are being brought before the City Council/Redevelopment Agency:

1. **Resolution Adopting Local Goals and Policies.** As the first step in establishing a CFD, California law provides that local agencies such as the City must first adopt a statement of policies, which is called

“Local Goals and Policies for Community Facilities Districts.” The Policies provide guidance and conditions for the conduct by the City of proceedings for forming CFDs, and the issuance of bonds secured by special taxes levied in CFDs. The Policies are general in nature and apply to all CFDs that may be formed by the City. Once adopted, these Policies will govern the establishment of all future CFDs, and will not need to be re-approved or re-adopted. This action must occur before the City Council initiates proceedings to establish a new CFD.

2. **Redevelopment Agency Resolution Consenting to Establishment of the CFD.** Two of the eight hotels that will be included in the CFD are on ground leases with the Agency: the Hyatt Regency Santa Clara Hotel and the Santa Clara Hilton Hotel. Because California law provides that only the underlying property owner can vote on matters related to the formation of the CFD, the Agency must vote on behalf of the two hotels. This resolution gives the Agency’s consent for the formation of the CFD and the inclusion of the two hotel properties in the district boundaries, as requested by the two hotel owners through the submission of their completed petitions.

3. **Resolution of Intention to Establish the CFD.** This resolution formally starts the CFD formation process. The resolution sets forth the authorized facilities and services that may be financed and funded by the special taxes, proposes a special tax formula that will govern the amount and method for levying the special taxes, and sets a public hearing for the City Council meeting on Tuesday, May 11, 2010, so that public testimony can be taken on the question of establishing the CFD.

4. **Resolution of Intention to Incur Bonded Indebtedness.** This resolution expresses the intent of the City to issue special tax bonds for the CFD, and formally begins the process for issuance of bonds. The resolution sets forth the maximum amount of bonded debt that may be incurred for the CFD, and calls for a public hearing, also to be held during the Council meeting on Tuesday, May 11, 2010, on the question of issuing bonds for the CFD.

Following adoption of these Resolutions, the City Clerk will take the following actions: (a) record the boundary map of the CFD (copy attached) with the County Recorder; and (b) publish notices of the two public hearings at least once 7 days prior to the date of the hearing. A timeline of the next steps to complete the formation of the CFD is attached.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

Adopting these Resolutions will initiate the CFD formation process, which is in furtherance of the larger financing plan for the proposed stadium. Construction of the proposed stadium through a public-private partnership with the 49ers is in keeping with the Council’s goals of creating an entertainment destination in the Redevelopment Project Area, and is expected to provide economic benefits to the City and its residents and businesses. In particular, it is anticipated that a stadium in the Bayshore North Area will significantly benefit the weekend business of local hotels and increase overall TOT revenues in the City.

The 2% TOT equivalent included on every room charge is a potential TOT opportunity cost to the City’s General Fund, although it does not preclude a TOT increase in support of General Fund revenue enhancement at any time that the City would determine a TOT increase would be beneficial.

ECONOMIC/FISCAL IMPACT:

The rate imposed on the participating hotels may not exceed a rate equal to a 2% TOT equivalent, and the term of the CFD will not exceed 40 years. This special tax will not take effect until and unless a stadium is approved by Santa Clara voters and construction is completed. The City will be authorized to issue special tax bonds and other indebtedness for the CFD that would provide up to \$35,000,000 in net proceeds (exclusive of debt service reserves, capitalized interest and other financing costs) with a maximum principal amount of indebtedness for the CFD of \$38,000,000 (including debt service reserves, capitalized interest and other financing costs).

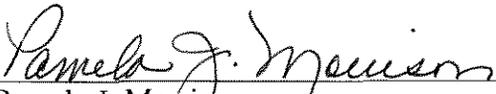
By instituting a CFD with eight of the City's largest hotels in proximity to the proposed stadium, the 2% TOT equivalent included on every room charge is a potential TOT opportunity cost to the City's General Fund. However, there is no restriction on a general TOT increase. The City continues to retain the right to increase the TOT at any time that the City determines a TOT increase in support of General Fund revenue enhancement would be beneficial.

The City will have no liability for the payment of debt service on the bonds, if issued. Any City costs associated with administering the CFD in the future will be paid from the special taxes. In the unlikely event of future special tax delinquencies that trigger a requirement that the City initiate foreclosure actions on delinquent parcels, the City could be required to advance legal and other costs to carry out the foreclosure process; all such costs would be reimbursed to the City from the proceeds of the foreclosure action.

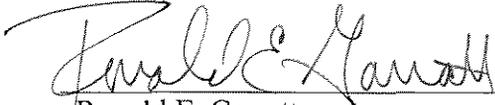
For the two parcels owned by the Agency that are leased to hotels, the CFD tax will levied on and secured by the hotel owners' leasehold interest in the parcels. The Agency is exempt from the special tax; no obligation or lien for the special taxes can be levied against the Agency's fee ownership interest in the parcels.

RECOMMENDATION:

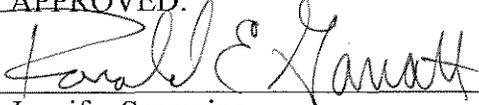
- 1) That the Council adopt the Resolution Adopting Goals and Policies for Community Facilities Districts;
- 2) That the Agency adopt the Resolution Consenting to Establishment of the City of Santa Clara Community Facilities District No. 2010-1
- 3) That the Council adopt the Resolution of Intention to Establish Community Facilities District: City of Santa Clara Community Facilities District No. 2010-1
- 4) That the Council adopt the Resolution of Intention to Incur Bonded Indebtedness



Pamela J. Morrison
Administrative Analyst to the City Manager



Ronald E. Garratt
Assistant City Manager/Assistant
Executive Director

APPROVED:


Jennifer Sparacino
City Manager/Executive Director

Documents Related to this Report:

- 1) Resolution Adopting Goals and Policies for Community Facilities Districts***
- 2) Exhibit A to Resolution: Local Goals and Policies for Community Facilities Districts***
- 3) Resolution Consenting to Establishment of the City of Santa Clara Community Facilities District No. 2010-1***
- 4) Resolution of Intention to Establish Community Facilities District: City of Santa Clara Community Facilities District No. 2010-1***
- 5) Exhibit A to Resolution: Authorized Facilities and Services***
- 6) Exhibit B to Resolution: Rate and Method of Apportionment of Special Tax***
- 7) Resolution of Intention to Incur Bonded Indebtedness***
- 8) City of Santa Clara Community Facilities District No. 2010-1 Boundary Map***
- 9) Community Facilities District Timeline for Next Steps***

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA,
CALIFORNIA, ADOPTING GOALS AND POLICIES FOR
COMMUNITY FACILITIES DISTRICTS**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, this City Council is intending to consider the conduct of proceedings under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5, commencing with Section 53311 of Part 1, Division 2, Title 5 of the California Government Code) (the “Act”); and

WHEREAS, the City Council may initiate proceedings to establish a community facilities district under the Act (a “CFD”) only if it has first considered and adopted local goals and policies (the “Goals and Policies”), and a form of such Goals and Policies are on file with the City Clerk.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA
AS FOLLOWS:**

1. That the Goals and Policies described in Exhibit A attached hereto are hereby found to meet the requirements of the Act and are hereby adopted by this Council for purposes of compliance with the Act, subject to further amendment by this City Council as may be required from time to time.

2. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City of Santa Clara, California, hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

3. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE ___ DAY OF _____, 2010, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST:

ROD DIRIDON, JR.
CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Exhibit A: Local Goals and Policies for Community Facilities Districts

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EXHIBIT A

CITY OF SANTA CLARA

LOCAL GOALS AND POLICIES FOR COMMUNITY FACILITIES DISTRICTS

I. GENERAL.

Section 53312.7(a) of the California Government Code requires that the City of Santa Clara (the "City") consider and adopt local goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982, Section 53311 et seq. of the California Government Code (the "Act"), prior to the initiation of proceedings to establish a new community facilities district under the Act.

These Local Goals and Policies for Community Facilities Districts (these "Policies") provide guidance and conditions for the conduct by the City of proceedings for, and the issuance of bonds secured by special taxes levied in, a community facilities district (a "CFD") established under the Act. These Policies are intended to be general in nature; specific details will depend on the nature of each particular financing. These Policies are applicable to financings under the Act and are intended to comply with Section 53312.7 (a) of the Act. These Policies shall not apply to any assessment financing or any certificate of participation or similar financings involving leases of or security in public property. These Policies are subject to amendment by the City Council at any time.

II. FINANCING PRIORITIES.

Eligible Public Facilities. Except as provided below, the public improvements eligible to be financed by a CFD must be owned by a public agency and must have a useful life of at least five years. Any development proposed within a CFD must be consistent with the City's general plan and must receive any required legislative approvals, such as zoning or specific plan approvals, prior to the issuance of bonds by the CFD to finance the acquisition or construction of public facilities. The formation of or issuance of bonds by a CFD shall not vest any rights to future land use on any properties, including those responsible for paying special taxes.

Eligible public facilities include, but are not limited to, the following:

- Streets
- Street lighting
- Traffic signals and safety lighting
- Landscaping on public property or in public easements
- Sanitary sewer facilities
- Storm drain facilities
- Flood control facilities
- Potable and reclaimed water facilities
- Utility improvements and relocations
- Elementary and secondary school sites and facilities

- Libraries
- Parks and recreational facilities
- Public utilities
- Cultural facilities
- Police and fire protection facilities
- Governmental facilities
- Parking lots and facilities
- sidewalks, pedestrian pathways and pedestrian bridges
- fencing

It is acknowledged that the Act permits the financing of fee obligations imposed by governmental agencies the proceeds of which fees are to be used to fund public capital improvements of the nature listed above. The City will consider an application to finance fee obligations on a case-by-case basis. The City will give priority to financing City fees because of the administrative burden associated with financing fees payable to other local agencies.

The funding of public facilities to be owned and operated by public agencies other than the City shall be considered on a case-by-case basis. If the proposed financing is consistent with a public facilities financing plan approved by the City, or the proposed facilities are otherwise consistent with approved land use plans for the property, the City shall consider entering into a joint community facilities agreement or joint powers authority in order to finance these facilities.

A CFD may also be formed for the purpose of refinancing any fixed special assessment or other governmental lien on property, to the extent permitted under the Act.

Priority Facilities. Priority for CFD financing of public facilities shall be given to public facilities which: (a) are necessary for development to proceed in an orderly fashion, or (b) are otherwise coordinated to correspond to the phasing of the related private development project. If appropriate, the City may prepare a public facilities financing plan as a part of the specific plan or other land use document that identifies the public facilities required to serve a project, and the type of financing to be utilized for each facility. The City will attempt to schedule construction of CFD-financed facilities in a manner such that private development will not occur ahead of the installation of public infrastructure necessary to support that development.

Eligible Services; Priority Services. The services eligible to be funded by a CFD are those identified in the Act. Subject to the conditions set forth in the Act, if applicable, priority for public services to be funded by a CFD shall be given to services which are (a) necessary for the public health, safety and welfare and (b) would otherwise be paid from the City's general fund. The City may fund services to be provided by another local agency if it determines the public convenience and necessity require it to do so, although the City prioritizes financing services to be provided by the City. If appropriate, the City may prepare a public services financing plan as a part of the specific plan or other land use document that identifies the public services required to serve a project and the source of funding for each such service.

Eligible Private Facilities. Financed improvements may be privately owned in the specific circumstances, and subject to the conditions, set forth in the Act.

III. BOND FINANCINGS; CREDIT QUALITY.

Value-to-Public Lien Ratio. At the time that a CFD issues a series of bonds, the value of the taxable property within the CFD should be at least three times the sum of (i) the principal amount of the bonds to be sold plus (ii) the pro rata principal amount of other outstanding publicly issued bonds that are secured by a special tax or assessment lien on the taxable property within the CFD; provided, however, that this requirement may be modified or waived pursuant to specific findings by the City Council as provided in Section 53345.8(b) or (c) of the Act. Property value may be based on either an appraisal (as described in VI below), or on assessed values as indicated on the last equalized County assessor's tax roll.

Development Status. The City will require all major land use approvals and governmental permits necessary for development of land in the CFD to be substantially in place before bonds are issued. The City may delay or disallow the formation of a CFD or sale of CFD bonds where a development project is on hold or other factors cause the City to determine that the development project's economic viability is uncertain.

Property Tax Delinquencies. The City may delay or disallow the formation of a CFD or sale of CFD bonds where property tax delinquencies exist with respect to the taxable property within the CFD.

Reserve Fund. In most cases, a debt service reserve fund will be required for CFD bond issues, which will be funded in an amount equal to the lesser of (i) 10% of the original proceeds of the CFD bond issue, (ii) the maximum annual debt service on the CFD bonds, or (iii) 125% of the average annual debt service on the CFD bonds. The City may agree to a smaller debt service reserve fund for CFDs for which certain development thresholds identified by the City have been met.

Failure to Meet Credit Criteria; Credit Enhancement; Escrow of Bond Proceeds. The City may consider exceptions to the credit quality criteria contained in these Policies for bond issues that do not represent an unusual credit risk, either due to credit enhancement or other reasons specified by the City, or which otherwise provide extraordinary public benefits, to the extent permitted by and subject to any applicable requirements of the Act.

If the City requires credit enhancement (in the form of a letter of credit, surety or other security), the credit enhancement shall be issued by an institution, in a form and upon terms and conditions satisfactory to the City. Any security required to be provided by the applicant may be discharged by the City upon satisfaction of the applicable credit criteria specified by the City.

As an alternative to providing other security, and subject to federal tax law, the applicant may request that a portion of the bond proceeds be placed in escrow with a trustee or fiscal agent in an amount sufficient to assure the financing will meet the applicable credit criteria, as determined by the City in its sole discretion. The escrowed proceeds shall be released at such times and in such amounts as may be necessary to assure the applicable credit criteria have been met.

Investor Suitability. The City will require that CFD bond financings be structured so that bonds are purchased and owned by suitable investors. In situations where the City determines that the credit quality of the CFD or the CFD bonds so warrant (for example, where there is an insufficient value-to-lien ratio, where a substantial amount of the property within a CFD is undeveloped, where tax delinquencies are present in parcels within the CFD, and in any other situation identified by the City), the City may require placement of bonds with a limited number of sophisticated investors, large bond denominations, or transfer restrictions.

IV. DISCLOSURES

Purchasers of Property. As a minimum, any disclosures mandated by applicable state law to inform prospective purchasers of their obligations under the CFD shall apply to each CFD. In addition, there may be additional requirements mandated by the City for particular kinds of financings on a case-by-case basis. The City may prescribe specific forms to be used to disclose the existence and extent of obligations imposed by CFD.

Disclosure Requirements for the Resale of Lots. The City shall provide a notice of special taxes to sellers of property (other than developers) which will enable them to comply with their notice requirements under Section 1102.6 of the California Civil Code. This notice shall be provided by the City within five working days of receiving a written request for the notice. A reasonable fee may be charged for providing the notice, not to exceed any maximum fee specified in the Act.

Continuing Bond Disclosure. The City may require landowners in a CFD that are responsible for 10% or more of the annual special taxes to provide: (i) initial disclosure at the time of issuance of any bonds; and (ii) annual disclosure as required under Rule 15c2-12 of the Securities Exchange Commission until the special tax obligation of the property owned by such owner drops below 10%.

V. EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES

Minimum Special Tax Levels. Special tax formulas shall provide for minimum special tax levels which satisfy the following payment obligations of a CFD: (a) 110 percent gross debt service coverage for all CFD bonded indebtedness, (b) the administrative expenses of the CFD, and (c) amounts equal to the differences between expected earnings on any escrow fund and the interest payments due on related bonds of the CFD.

In addition, the special tax formula may provide for the following to be included in the special tax levels: (a) any amounts required to establish or replenish any reserve fund established in association with the indebtedness of the CFD, (b) the accumulation of funds reasonably required for future debt service, (c) amounts equal to projected delinquencies of special tax payments, (d) the costs of remarketing, credit enhancement and liquidity facility fees, (e) the cost of acquisition, construction, rehabilitation, furnishing or equipping of authorized facilities, (f) lease payments for existing or future facilities, (g) costs associated with the release of funds from an escrow account, (h) the costs of authorized services, and (i) any other costs or payments permitted by law.

Equity of Special Tax Allocation Formula. The special tax formula shall be reasonable in allocating the CFD's payment obligations to parcels within the CFD. Exemptions from the special tax may be given to parcels which are publicly owned, held by a property owners' association, used for a public purpose such as open space or wetlands, affected by public utility easements making impractical their utilization for other than the purposes set forth in the easements, have insufficient value to support bonded indebtedness, or under other reasonable criteria set forth in the special tax formula.

Aggregate Tax Burden. The total projected property tax levels for any CFD (including ad valorem taxes, any maintenance, landscaping or other impositions on the land in the CFD and other similar annual government charges levied on parcels in the CFD, but excluding property owners' association annual levies and as to any special tax levies, based on the expected special tax rates and not any "back-up" special taxes) must be reasonable, and will be considered by the City on a case-by-case basis.

The annual increase, if any, in the maximum special tax for any parcel may not exceed any maximum specified in the Act. The increase in the special tax levied on any residential parcel as a consequence of delinquency or default by the owner of any other parcel may not exceed any maximum specified in the Act.

Levy on Entire Parcels. Special taxes will only be levied on an entire County assessor's parcel, and any allocation of special tax liability of a County assessor's parcel to leasehold or possessory interest in the fee ownership of such County assessor's parcel shall be the responsibility of the fee owner of such parcel and the City shall have no responsibility therefor and has no interest therein. Failure of the owner of any County assessor's parcel to pay or cause to be paid any special taxes in full when due shall subject the entire parcel to foreclosure in accordance with the Act.

Feasibility Analysis. The City may retain a special tax consultant to prepare a report which: (a) recommends a special tax for the proposed CFD, and (b) evaluates the special tax proposed to determine its ability to adequately fund identified public facilities, privately-owned improvements, City administrative costs, public services (if applicable) and other related expenditures. Such analysis, if prepared, will also address the resulting aggregate tax burden of all proposed special taxes plus existing special taxes, ad valorem taxes and assessments on the properties within the CFD.

VI. APPRAISALS

The definitions, standards and assumptions to be used for any appraisals shall be determined by City staff on a case-by-case basis, with input from City consultants, and by reference to relevant materials and information promulgated by the State of California (including, but not limited to, the California Debt and Investment Advisory Commission). The appraiser shall be an independent appraiser selected and retained by the City, and the appraisal shall be coordinated by and under the direction of the City.

The date of value referenced in the appraisal must be no more than 90 days before the date the bonds are priced, unless the City Council determines a longer time is appropriate.

All costs associated with the preparation of the appraisal report shall be paid by the applicant requesting the establishment of the CFD, if applicable, through an advance deposit.

VII. FINANCING TERMS

All terms and conditions of any CFD bonds shall be established by the City in its sole discretion. The City will control, manage and invest all proceeds of CFD bonds. Each CFD bond issue shall be structured (through the special tax levy, credit enhancements, foreclosure covenants, debt service reserve funds, or other measures) to adequately protect bond owners and to avoid any negative impact on the bonding capacity or credit rating of the City.

Neither the faith and credit nor the taxing power of the City will be pledged to security or repayment of any CFD bonds. The sole source of revenues that will be available to pay debt service on CFD bonds are special taxes, reserve funds or other pledged amounts held under the bond issuance documents, the proceeds of foreclosure proceedings for the collection of delinquent special taxes, and the proceeds of any additional security instruments or credit enhancements available to pay debt service on the CFD bonds.

The City shall, in its sole discretion, select and retain all consultants necessary for the formation of the CFD and the issuance of bonds, including one or more underwriters, bond counsel, disclosure counsel, financial advisors, the special tax consultant, and as applicable, an appraiser and market absorption/pricing consultant.

VIII. EXCEPTIONS TO THESE POLICIES

To the extent permitted by the Act, the City Council may waive or modify these Policies in any respect upon a finding that such a waiver or modification is reasonable or desirable under circumstances specific to a given CFD.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA,
CALIFORNIA, INTENTION TO ESTABLISH
COMMUNITY FACILITIES DISTRICT: CITY OF SANTA
CLARA COMMUNITY FACILITIES DISTRICT NO. 2010-1**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code, this City Council is authorized to establish a community facilities district and to act as the legislative body for a community facilities district;

WHEREAS, this City Council, having received a petition from the owners of not less than 10% of the area of land proposed to be included in the proposed community facilities district, now desires to proceed with the establishment of a community facilities district in order to finance costs of public infrastructure and certain public services necessary or incidental to development within the proposed boundaries of the proposed community facilities district;

WHEREAS, pursuant to Section 53339.2 of the Act, this City Council further desires to undertake proceedings to provide for future annexation of territory to the proposed community facilities district;

WHEREAS, The City of Santa Clara (the "City"), as lead agency in accordance with the requirements of the California Environmental Quality Act and the applicable state and local implementing guidelines (collectively "CEQA") prepared and certified a Final Environmental Impact Report for the proposed 49ers Santa Clara Stadium Project (the "EIR") (SCH No. 2008082084), which includes an environmental impact analysis of the portions of the Project that potentially would be funded through the proposed community facilities district; and

WHEREAS, the City Council's actions in considering the establishment of the proposed community facilities district constitute a further action to implement a portion of the same project that was carefully analyzed in the EIR and for the additional reasons set forth as follows, the EIR has served as the document for CEQA compliance in the consideration and approval by the City, as authorized and required by 14 California Code of Regulations Section 15162 and Public Resources Code Section 21166. There have not been any of the following occurrences since the certification of the EIR that would require a subsequent or supplemental environmental document in connection with the City Council's determinations and preliminary approvals hereunder;

1) There have not been substantial changes in the improvements proposed to be funded pursuant to the community facilities district which would require major revisions in the EIR;

2) There have not been substantial changes with respect to the circumstances under which the proposed project is being implemented, which would require major revisions in the EIR; and

3) There has not been the appearance of new information which was not known and could not have been known as of the date of certification and approval of the EIR which is relevant to the certification and approval of the EIR.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. Recitals. The City Council finds that the above Recitals are true and correct.

2. Authority. This City Council proposes to conduct proceedings to establish a community facilities district pursuant to the Act, and hereby determines that public convenience and necessity require that a future annexation area be established pursuant to the Act.

3. Petition and Waiver. The City Council acknowledges receipt of a petition and waiver by eight parcel owners within the proposed boundaries of the CFD, and of a waiver by the Redevelopment Agency of the City of Santa Clara as to certain procedural matters, which taken together represent the owners of all taxable property in the proposed boundaries of the CFD.

4. Name of CFD; Future Annexation Area. The name proposed for the community facilities district is "City of Santa Clara Community Facilities District No. 2010-1" (the "CFD"). The name proposed for the territory proposed to be annexed into the CFD in the future is "City of Santa Clara Community Facilities District No. 2010-1 (Future Annexation Area)" (the "Future Annexation Area").

5. Boundaries Described. The proposed boundaries of the CFD and the Future Annexation Area are as shown on the map on file with the City Clerk, which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The City Clerk is hereby directed to record, or cause to be recorded, the map of the boundaries of the CFD and the Future Annexation Area in the office of the County Recorder of the County of Santa Clara within 15 days after the date of adoption of this Resolution.

Parcels within the Future Annexation Area shall be annexed to the CFD only with the unanimous approval (each, a "Unanimous Approval") of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed, without any requirement for further public hearings or additional proceedings.

6. Facilities and Services. The type of public facilities proposed to be financed and funded by the CFD and the Future Annexation Area pursuant to the Act shall consist of those listed as facilities on Exhibit A hereto and hereby incorporated herein (the “Facilities”). The City Council hereby determines that the Facilities are necessary to meet increased demands placed upon local agencies as the result of development occurring within the CFD and the Future Annexation Area. The City Council hereby finds and determines that the public interest will not be served by allowing the property owners in the CFD to enter into a contract in accordance with Section 53329.5(a) of the Act. Notwithstanding the foregoing, the City Council, on behalf of the CFD, may enter into one or more contracts directly with any of the property owners with respect to the construction or acquisition of the any portion of the Facilities.

The City Manager is hereby authorized to enter into one or more joint community facilities agreements with any entity that will own or operate any of the Facilities, if and to the extent necessary to comply with the provisions of Section 53316.2(a) and (b) of the Act. The City Council hereby declares that such joint agreements will be beneficial to owners of property in the area of the CFD.

The type of services proposed to be funded by the CFD and the Future Annexation Area and pursuant to the Act shall consist of those listed in Exhibit A hereto and hereby incorporated herein (the “Services”). The City Council hereby determines that the Services are necessary to meet increased demands for such services placed upon local agencies as the result of development occurring within the area of the CFD and the Future Annexation Area. The Services are in addition to those provided in the territory of the CFD and the Future Annexation Area as of the date hereof and will not supplant services already available within the territory of the CFD and the Future Annexation Area as of the date hereof.

7. Special Tax. Except to the extent that funds are otherwise available, the City will levy a special tax (the “Special Tax”) to pay directly for the Facilities, to pay the principal and interest on bonds or other indebtedness of the City issued to finance the Facilities, to pay for the Services, and to reimburse third parties for the costs of Facilities. The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the CFD, will be levied periodically within the CFD, and will be collected in such manner as this City Council or its designee may determine, which may include including direct billing of the affected property owners, or collection in the same manner as ordinary ad valorem property taxes. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD are described in Exhibit B attached hereto and hereby incorporated herein (the “Rate and Method”), which contains sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay.

This City Council hereby finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the proposed CFD.

8. Future Annexation Area. As required by Section 53339.3(d) of the Act, the City Council hereby determines that the Special Tax proposed to be levied within the Future Annexation Area to pay for Facilities will be equal to the Special Taxes levied to pay for the same Facilities in previously existing areas of the CFD, except that (i) a higher Special Tax may be levied within the Future Annexation Area to pay for the same Facilities to compensate for the interest and principal previously paid from Special Taxes in the original area of the CFD, less any depreciation allocable to the financed Facilities and (ii) a higher Special Tax may be levied in the Future Annexation Area to pay for new or additional Facilities, with or without bond financing.

As required by Section 53339.3(d) of the Act, the City Council hereby further determines that the Special Tax proposed to be levied within the Future Annexation Area to pay for Services shall be equal to any Special Tax levied to pay for the same Services in the existing CFD, except that a higher or lower tax may be levied within the Future Annexation Area to the extent that the actual cost of providing the Services in the Future Annexation Area is higher or lower than the cost of providing those Services in the existing CFD. In so finding, the City Council does not intend to limit its ability to levy a Special Tax within the Future Annexation Area to provide new or additional services beyond those supplied within the existing CFD.

9. Exempt Property. Except as may otherwise be provided by law or by the Rate and Method, all lands owned by any public entity, including the United States, the State of California and the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax to be made to cover the costs and expenses of the Facilities, the Services and the CFD.

This City Council acknowledges that a portion of the property proposed to be included within the CFD is currently owned in fee by the Redevelopment Agency of the City of Santa Clara and leased to private parties and that, under Section 53340.1 of the Act, the Special Tax will be levied on such leasehold interests held by private parties.

If a portion of the property within the CFD becomes exempt for any reason, wholly or in part, from the levy of the Special Tax, this City Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the CFD which is not exempt in order to yield the required debt service payments and other annual expenses of the CFD, if any, subject to the provisions of the rate and method of apportionment of the Special Tax.

10. Election; Voting Procedure. The levy of the Special Tax shall be subject to the approval of the qualified electors of the CFD at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot to the landowners in the proposed CFD, with each owner having one vote for each acre or portion of an acre such owner owns in the CFD.

A special tax shall be levied in the Future Annexation Area only with the Unanimous Approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed, without any requirement for further public hearings or additional proceedings.

11. Special Tax Bonds. It is the intention of this City Council, acting as the legislative body for the CFD, to cause bonds of the City to be issued for the CFD pursuant to the Act to finance in whole or in part the construction or acquisition of the Facilities. The bonds shall be in an aggregate principal amount not to exceed \$38,000,000, shall be issued in such series and bear interest payable semi-annually or in such other manner as this City Council determines, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature no later than 40 years after their date of issuance.

12. CFD Report. The City Manager is hereby directed to study the proposed Facilities and Services and to make, or cause to be made, and file with the City Clerk a report in writing, (the “CFD Report”) presenting the following:

A. A description of the Facilities and the Services by type which will be required to adequately meet the needs of the CFD.

B. An estimate of the fair and reasonable cost of the Facilities including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

C. An estimate of the fair and reasonable cost of the Services and incidental expenses in connection therewith, and all other related costs.

The CFD Report shall be made a part of the record of the public hearing specified below.

13. Public Hearing. This City Council hereby appoints and fixes Tuesday, May 11, 2010, at 7:00 p.m. or as soon as possible thereafter, in the Council Chambers, 1500 Warburton Ave, Santa Clara, California, as the time and place when and where this City Council, as legislative body for the CFD, will conduct a public hearing in order to take public comment on the establishment of the CFD and the Future Annexation Area, and to consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD, the Future Annexation Area and the levy of the Special Tax.

14. Notice of Hearing. Pursuant to Section 53322 of the Act, the City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the CFD and the Future Annexation Area. The publication shall be completed at least seven days before the date of the public hearing specified above. Under Section 53322.4 of the Act, the City Clerk may also give notice of the public hearing by first-class mail to each landowner within the CFD, to each such owner's addresses as it appear on the most recent tax records of the County or as otherwise known to the City Clerk to be correct, such mailing to be completed not less than 15 days before the date of the public hearing. Each of the notices shall be substantially in the form specified in Section 53322 of the Act, with the form summarizing the provisions hereof hereby specifically approved.

15. Tender. The City Council reserves to itself the right and authority set forth in Section 53344.1 of the Act, subject to any limitations set forth in any bond resolution or trust indenture related to the issuance of bonds.

16. Approval of Financing Team. The firm of Goodwin Consulting Group, Inc., is hereby designated as special tax consultant to the City for the CFD. The firm of Jones Hall, A Professional Law Corporation, is hereby designated as bond counsel and disclosure counsel to the City for the CFD. The firm of KNN Public Finance, a Division of Zions National Bank, is hereby designated as financial advisor to the City for the CFD. The City Manager is hereby authorized and directed to execute separate agreements with each of these firms for their respective services in connection with the CFD, and any existing agreements with these firms on file with the City Clerk are hereby ratified and approved. In addition, the City Manager is hereby authorized and directed to select a trustee or fiscal agent for any bonds issued for the CFD, an underwriter for any bonds issued for the CFD, and, if required by the underwriter, an appraiser, in each case, on such terms as are acceptable to the City Manager. All compensation to these firms shall be payable solely from money advanced with respect to, or the proceeds of bonds issued by the City for, the CFD.

17. Further Action. The City Manager is hereby authorized and directed to take all actions necessary or advisable to give effect to the transactions contemplated by this Resolution.

18. Notice of Determination. The City Manager is hereby authorized and directed to file the appropriate notice of determination document pursuant to CEQA in connection with the actions and approvals of this Resolution.

19. No Obligation. This Resolution shall in no way obligate the City Council to form the CFD, to construct any of the Facilities, or to issue any bonds for the CFD. The formation of the CFD shall be subject to the approval of this City Council by resolution following the holding of the public hearing referred to above.

20. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City of Santa Clara, California, hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

21. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE ___ DAY OF _____, 2010, BY THE FOLLOWING VOTE:

AYES:	COUNCILORS:
NOES:	COUNCILORS:
ABSENT:	COUNCILORS:
ABSTAINED:	COUNCILORS:

ATTEST:

ROD DIRIDON, JR.
CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Exhibit A: Authorized Facilities and Services
2. Exhibit B: Rate and Method of Apportionment of Special Tax

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EXHIBIT A

**CITY OF SANTA CLARA
Community Facilities District No. 2010-1**

AUTHORIZED FACILITIES AND SERVICES

DESCRIPTION OF AUTHORIZED FACILITIES TO BE FINANCED BY THE CFD

The Facilities shown below are proposed to be financed or funded in whole or in part by the CFD. The Facilities shall be owned and operated by the City or by another public agency, and shall be constructed, whether or not acquired in their completed states, pursuant to the plans and specifications approved by the City and its officials, including the City Engineer.

- (a) utility improvements
- (b) streets, parking lots and paving
- (c) sidewalks, pedestrian pathways and pedestrian bridges
- (d) fencing
- (e) landscaping and lighting
- (f) storm drain and flood protection facilities

The Facilities to be financed or funded shall include, without limitation, the following costs: earthwork related to the Facilities; appurtenances to and improvements related to the Facilities; related landscaping and irrigation; acquiring rights-of-way (including any right-of-way intended to be dedicated by the recording of a final map); design, architecture, engineering and planning; any environmental review or environmental studies, traffic studies, surveys, geotechnical studies, soils testing, or other studies related to the Facilities; permits, plan check and inspection fees; insurance, legal and related overhead costs; project management, coordination and supervision; and any other costs or appurtenances related to any of the foregoing.

The CFD may also finance or fund, and the special taxes may also be used, for any of the following purposes:

1. To pay for the purchase, construction, expansion, improvement or rehabilitation of any of the Facilities, and to reimburse the City or any third parties for advances made to purchase, construct, expand, improve or rehabilitate any of the Facilities.
2. To pay principal of, interest on, and any premium due with respect to, any bonds or other indebtedness issued or entered into by the City with respect to the CFD, and to pay lease payments or installment sale payments with respect to any of the Facilities.

3. To pay all expenses related to the issuance of bonds or other indebtedness by the City with respect to the CFD, including without limitation: underwriters discount; reserve fund; capitalized interest; fees, expenses and premium associated with any letter of credit or other credit enhancement; fees and expenses of bond counsel, disclosure counsel and issuer's counsel; fees and expenses of the City's financial advisors and special tax consultants, and other City consultants; and all other incidental expenses.
4. To pay annual or periodic administrative fees of the City and the bond trustee or fiscal agent related to the CFD and the bonds, and to reimburse the City for its costs and expenses related to the administration of the CFD and the bonds.
5. To reimburse the City or any third parties for actual costs advanced that are related to the formation of the CFD.

DESCRIPTION OF AUTHORIZED SERVICES TO BE FINANCED BY THE CFD

The Services shown below and authorized to be funded by the CFD and paid by the special taxes shall incorporate and have the meaning given to the term "services" in the Mello-Roos Community Facilities Act of 1982. The cost of the Services include all related administrative costs and expenses, and related reserves for replacement of vehicles, equipment and facilities.

- (a) Police protection services.
- (b) Fire protection and suppression services, and ambulance and paramedic services.

EXHIBIT B

CITY OF SANTA CLARA COMMUNITY FACILITIES DISTRICT NO. 2010-1

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in the City of Santa Clara Community Facilities District No. 2010-1 shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Hotel Property, as described below. All of the property in CFD No. 2010-1, unless exempted by law or by the provisions of Section D below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to CFD No. 2010-1, unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City carrying out its duties with respect to CFD No. 2010-1 and the Bonds, including, but not limited to, levying and collecting the Special Tax, the fees and expenses of legal counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements for the Bonds and the Special Tax, and all other costs and expenses of the City in any way related to the establishment or administration of CFD No. 2010-1 or administration of the Bonds.

“Administrator” means the Director of Finance for the City, or such other person or entity designated by the Director of Finance of the City to administer the Special Tax according to this RMA.

“Assessor's Parcel” or **“Parcel”** means a lot or parcel shown on an official map of the County Assessor designating parcels by Assessor's Parcel numbers.

“Authorized Facilities” means those public facilities authorized to be funded by CFD No. 2010-1 as set forth in the CFD formation documents.

“Authorized Services” means those public services authorized to be funded by CFD No. 2010-1 as set forth in the formation documents.

“Base Special Tax” means the Special Tax levied pursuant to this RMA, which equals two percent (2%) of the Rent that is used in the calculation of the Transient Occupancy Tax for Hotel Property.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued or assumed by CFD No. 2010-1 to pay for Authorized Facilities.

“CFD No. 2010-1” or **“CFD”** means the City of Santa Clara Community Facilities District No. 2010-1.

“City” means the City of Santa Clara and/or any joint powers agency that becomes the governing authority for issues related to the new professional National Football League Stadium in the City of Santa Clara.

“City Code” means the Santa Clara City Code.

“City Council” means the City Council of the City of Santa Clara, acting as the legislative body of CFD No. 2010-1.

“County” means the County of Santa Clara.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Future Annexation Areas” means the areas designated for potential future annexation to CFD No. 2010-1 as shown in the CFD No. 2010-1 boundary map that was recorded in the County Recorder’s Office.

“Hotel” or **“Hotel Property”** means any structure, or any portion of any structure within the CFD, that is occupied or intended or designed for occupancy by Transients for dwelling, lodging, or sleeping purposes, including but not limited to, any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home, or house trailer at a fixed location, or other similar structure or portion thereof. This definition incorporates by reference and shall be deemed to be amended to incorporate any changes made from time to time to Section 3.25.020(b) of the TOT Chapter.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Maximum Special Tax” means the greatest amount of Special Tax that can be collected in accordance with Section B below.

“Operator” means the person or entity who is proprietor of any Hotel Property, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, or licensee, or in any other capacity.

Where this person performs his/her functions through a managing agent of any type or character other than as an employee of an operator, the managing agent shall also be deemed an Operator for the purposes of this RMA and shall have the same duties and liabilities as his/her principal. Compliance with the provisions of this RMA by either the principal or the managing agent shall, however, be considered to be compliance by both. This definition incorporates by reference and shall be deemed to be amended to incorporate any changes made from time to time to Section 3.25.020(d) of the TOT Chapter.

“Rent” means the consideration charged, whether or not actually received by Operator, for the occupancy of space in a Hotel valued in money, whether said Rent is received in money, goods, labor, or otherwise, including all receipts, cash, credits, and property and services of any kind or nature, without any deduction therefrom whatsoever. This definition incorporates by reference and shall be deemed to be amended to incorporate any changes made from time to time to Section 3.25.020(f) the TOT Chapter.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“Special Tax” means a special tax collected pursuant to this RMA.

“Stadium Opening Date” means the date of the first pre-season, regular season, or post-season game, whichever comes first, held at the new professional National Football League Stadium located in the City.

“TOT Chapter” means the Transient Occupancy Tax chapter, being Chapter 3.25 (commencing with Section 3.25.010) of the City Code, as it may be amended from time to time.

“Transient” means any person who exercises occupancy by reason of concession, permit, right of access, license, or other agreement for a period of thirty (30) consecutive days or less, counting portions of days as full days. Any such person exercising occupancy in a Hotel shall be deemed to be a Transient until the period of thirty (30) consecutive days has expired. If such person enters into a written agreement with a Hotel pursuant to Section 3.25.020(g) of the TOT Chapter, and such agreement requirements are satisfied, such person shall not be considered a Transient and will not be subject to the Special Tax. This definition incorporates by reference and shall be deemed to be amended to incorporate any changes made from time to time to Section 3.25.020(g) of the TOT Chapter.

“Transient Occupancy Tax” means a tax imposed for the privilege of occupancy in Hotel Property, which each Transient is subject to and is required to pay in accordance with the TOT Chapter.

B. MAXIMUM SPECIAL TAX

In any Special Tax reporting period, the Maximum Special Tax for each Operator shall be equal to the sum of (i) the then-current Base Special Tax, (ii) any Base Special Taxes from prior reporting periods that have not yet been paid, and (iii) penalties and interest that have accrued on the delinquent Special Taxes.

C. COLLECTION OF THE SPECIAL TAXES

Starting in the calendar quarter after the Stadium Opening Date, Special Taxes shall be levied on and collected from each Hotel Property pursuant to this RMA. Each Operator of Hotel Property shall report and remit the Special Taxes in the same manner as outlined in Section 3.25.090 of the TOT Chapter. Specifically, the Operators' duties shall include the following:

- (i) Each Operator shall, on or before the last day of the month following the close of each calendar quarter (or at the close of any shorter reporting period, which may be established by the Administrator), file a Special Tax return with the Administrator, on forms and pursuant to guidelines provided by the Administrator, of the total Rents charged and received and the amount of Special Tax collected for transient occupancies. The Special Tax collected shall be the Maximum Special Tax, unless the Administrator determines a lesser amount shall be collected pursuant to the Indenture or pursuant to any provisions in a term sheet, disposition and development agreement, or other such agreement between the City and the Operators that provide for a reduction of, or credit against, Special Taxes.
- (ii) At the time the return is filed, the full amount of the Special Tax collected shall be remitted to the Administrator.
- (iii) The Administrator may establish shorter reporting periods for any Operator if the Administrator deems it necessary in order to ensure timely collection of the Special Tax, and the Administrator may require further information in the Special Tax return. Special Tax returns and payments of all Special Taxes are due immediately upon cessation of business for any reason.
- (iv) All Special Taxes collected by Operators shall be held by the Operators in trust for the account of the CFD until payment thereof is made to the Administrator.

Special Taxes for CFD No. 2010-1 shall be collected in the same manner and at the same time as Transient Occupancy Taxes, provided, however, that the City may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods as set forth in the Indenture. Special Taxes levied pursuant to this RMA shall be subject to the same penalties and interest applied to delinquent Transient Occupancy Taxes pursuant to Sections 3.25.100 and 3.25.110 of the TOT Chapter. Additionally, Special Taxes will be subject to the same audit, appeal, and refund procedures as set forth in Sections 3.25.120, 3.25.130, and 3.25.150 of the TOT Chapter.

The Special Tax shall be levied and collected until principal and interest on Bonds have been repaid, the City's costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses and Authorized Services have been paid and/or reimbursed. However, in no event shall a Special Tax be levied for more than 40 years beginning with the first calendar quarter after the Stadium Opening Date.

D. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be collected from (i) any Parcel that is not Hotel Property, and (ii) any person who is exempt from the Transient Occupancy Tax pursuant to Section 3.25.040 of the TOT Chapter.

E. INTERPRETATION OF SPECIAL TAX FORMULA

The City may amend or supplement this RMA, including without limitation changes to mechanisms for collecting the Special Taxes, to clarify or make this RMA consistent with the TOT Chapter. No such amendment, supplement, or change shall increase the Maximum Special Tax that can be collected.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA,
CALIFORNIA, INTENTION TO INCUR BONDED
INDEBTEDNESS**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, this City Council has this date adopted its "Resolution of Intention to Establish Community Facilities District", stating its intention to form the "City of Santa Clara Community Facilities District No. 2010-1," and a future annexation area designated "City of Santa Clara Community Facilities District No. 2010-1 (Future Annexation Area)" (collectively, the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), for the purpose of financing certain public improvements (the "Facilities") as further provided in that Resolution;

WHEREAS, this City Council estimates that the amount required for financing the costs of the Facilities will not exceed \$38,000,000; and

WHEREAS, in order to finance the costs of the Facilities, it is necessary to issue and incur bonds and other forms of indebtedness on behalf of the CFD in an aggregate amount not to exceed \$38,000,000.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA
AS FOLLOWS:**

1. Bonded Debt. It is necessary to issue and incur bond and other forms of indebtedness within the boundaries of the proposed CFD in an aggregate amount up to \$38,000,000 to finance the costs of the Facilities.
2. Purposes of Bonded Debt. The bonded indebtedness is proposed to be incurred for the purpose of financing the costs of the Facilities, including acquisition and improvement costs and

all costs incidental to or connected with the accomplishment of said purposes and of the financing thereof, as permitted by Section 53345.3 of the Act.

3. Terms of Bonds. This City Council, acting as legislative body for the CFD, intends to authorize the issuance and sale of bonds or other forms of indebtedness in one or more series in a maximum aggregate principal amount not to exceed \$38,000,000, bearing interest payable semi-annually or in such other manner as this City Council may determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and maturing no later than 40 years after their date of issuance.

4. Public Hearing. This City Council hereby appoints and fixes Tuesday, May 11, 2010, at 7:00 p.m. or as soon as possible thereafter, in the Council Chambers, 1500 Warburton Ave, Santa Clara, California, as the time and place when and where this City Council, as legislative body for the CFD, will conduct a public hearing in order to take public comment on the proposed debt issue, and to consider and finally determine whether the public interest, convenience and necessity require the issuance of bonds and other indebtedness of the City on behalf of the CFD.

5. Notices of Hearing. Pursuant to Section 53346 of the Act, the City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the CFD and the Future Annexation Area. The publication shall be completed at least seven days before the date of the public hearing specified above. The City Clerk may also give notice of the public hearing by first-class mail to each landowner within the CFD, to each such owner's addresses as it appear on the most recent tax records of the County or as otherwise known to the City Clerk to be correct, such mailing to be completed not less than 15 days before the date of the public hearing. Each of the notices shall be substantially in the form

specified in Section 53346 of the Act, with the form summarizing the provisions hereof hereby specifically approved.

6. No Obligation. This Resolution shall in no way obligate the City Council to form the CFD, to construct any of the Facilities, or to issue or incur any bonds or any other indebtedness for the CFD. The issuance of bonds and other indebtedness for the CFD shall be subject to the approval of this City Council by resolution following the holding of the public hearing referred to above.

7. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City of Santa Clara, California, hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

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8. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE ___ DAY OF _____, 2010, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST:

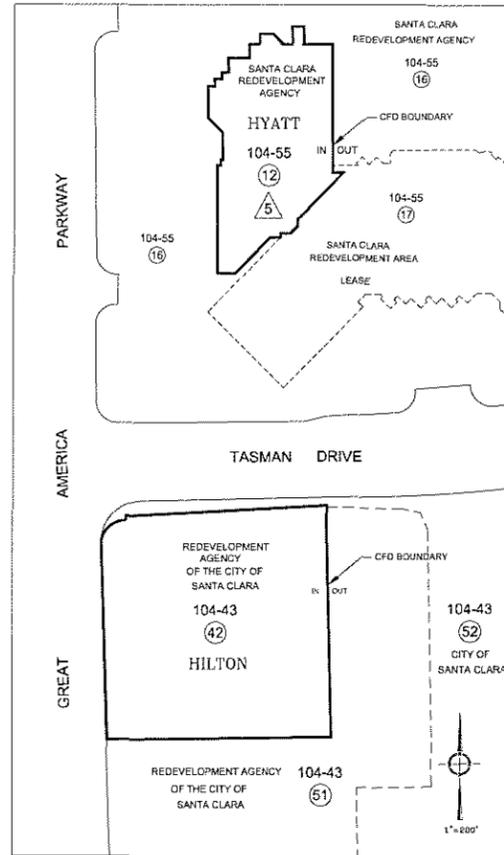
ROD DIRIDON, JR.
CITY CLERK
CITY OF SANTA CLARA

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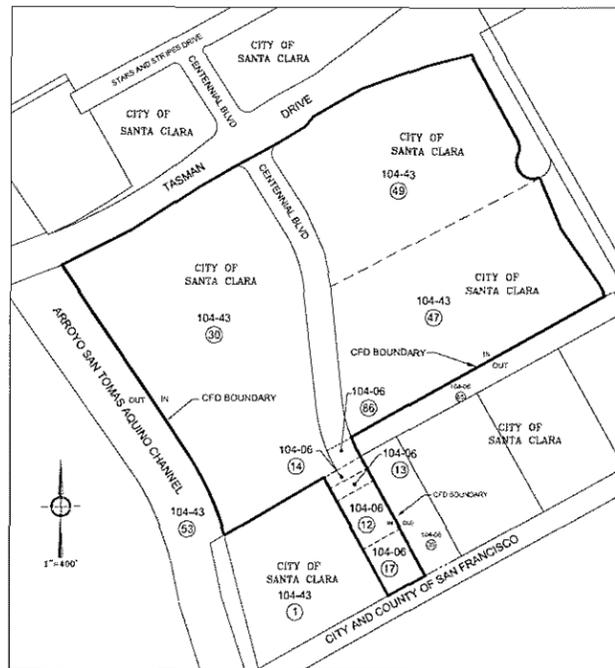
PROPOSED BOUNDARIES OF
CITY OF SANTA CLARA
COMMUNITY FACILITIES DISTRICT NO. 2010-1

Santa Clara County, State of California

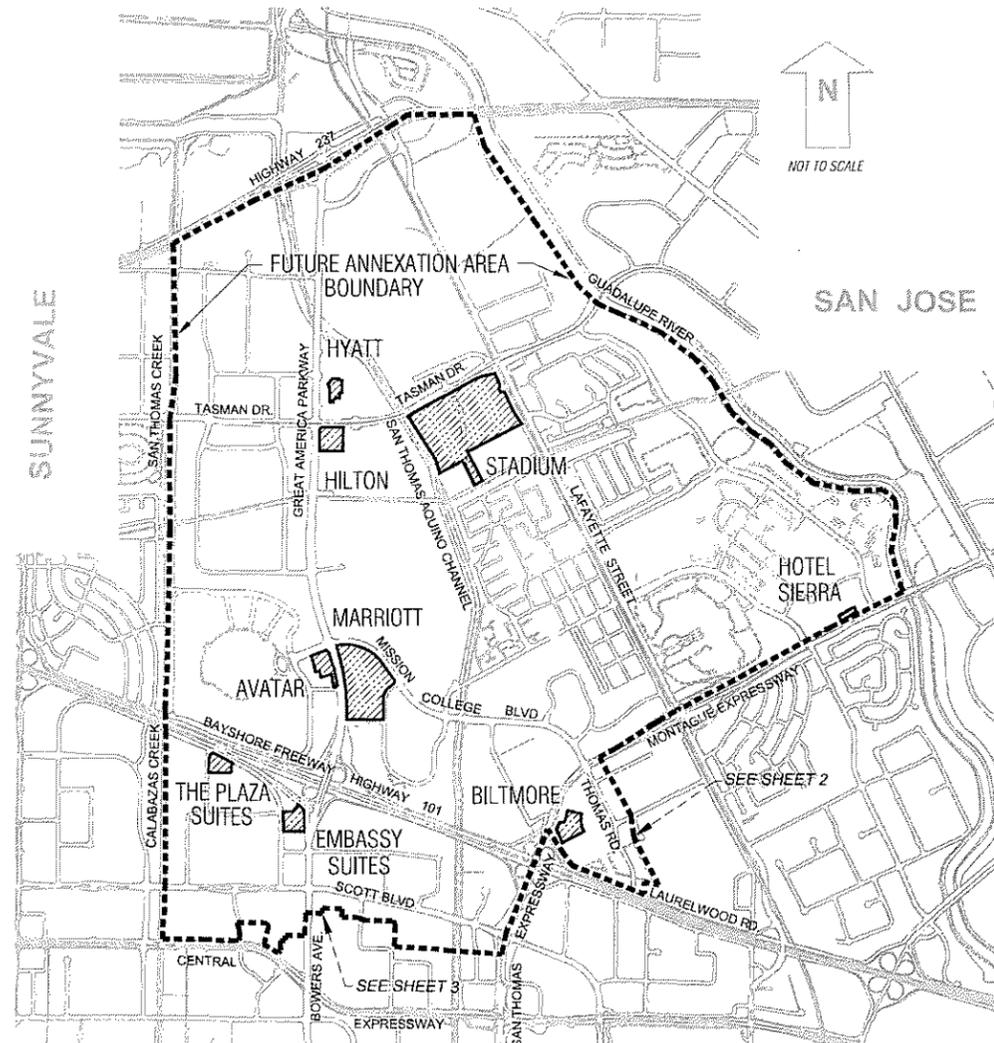
SHEET 1 OF 3



HYATT AND HILTON SITES



STADIUM SITE



1. Filed in the office of the City Clerk of the City of Santa Clara this _____ day of _____, 2010.

 City Clerk
 City of Santa Clara

2. I hereby certify that the within map showing proposed boundaries of City of Santa Clara, Community Facilities District No. 2010-1, County of Santa Clara, State of California, was approved by the City Council of the City of Santa Clara, at a meeting thereof, held on the _____ day of _____, 2010, by its Resolution No. _____

 City Clerk
 City of Santa Clara

3. Filed this _____ day of _____, 2010, at the hour of _____ o'clock _____ m, in Book _____ of Maps of Assessment and Community Facilities Districts at Page _____ in the Office of the County Recorder in the County of Santa Clara, State of California.

 County Recorder
 County of Santa Clara

LEGEND

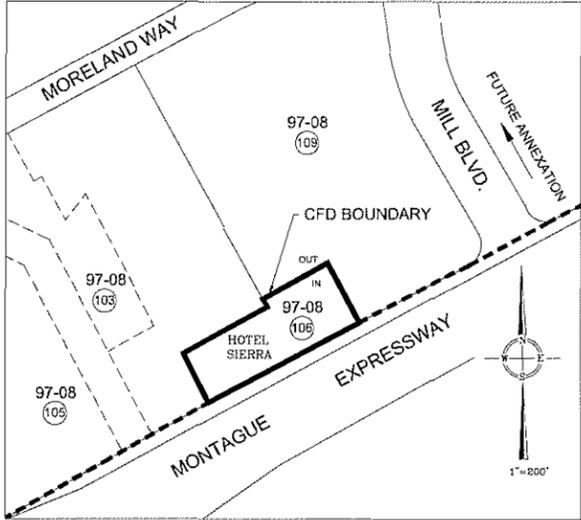
- 104-41 ASSESSOR'S BOOK AND PAGE
- (6) ASSESSOR PARCEL NUMBER
- (5) ASSESSOR PARCEL LEASE NUMBER
- COMMUNITY FACILITIES DISTRICT BOUNDARY
- FUTURE ANNEXATION AREA BOUNDARY

GCG
 Goodwin Consulting Group

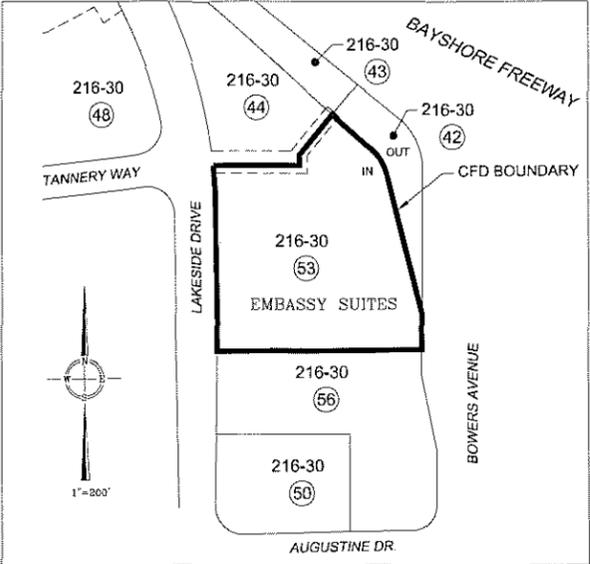
by
 J.S. Consulting LLC
 Jerry L. Slinkard RCE 20346

PROPOSED BOUNDARIES OF
 CITY OF SANTA CLARA
 COMMUNITY FACILITIES DISTRICT NO. 2010-1

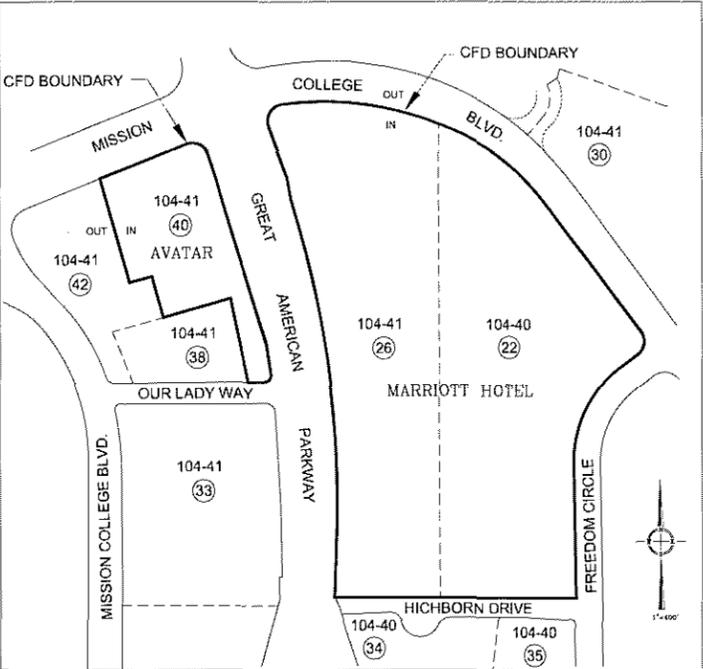
Santa Clara County, State of California
 SHEET 2 OF 3



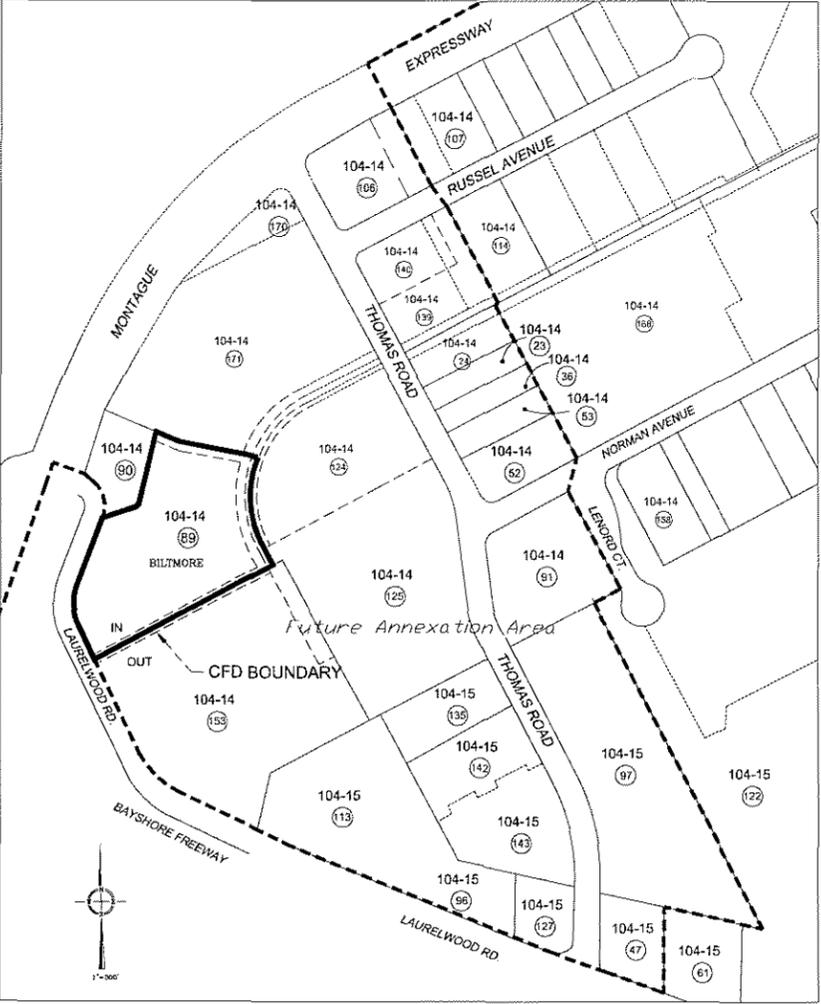
HOTEL SIERRA SITE



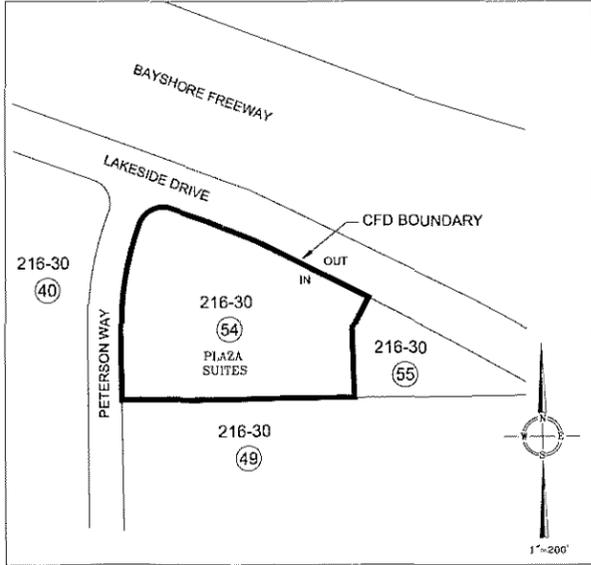
EMBASSY SUITES SITE



AVATAR AND MARRIOTT HOTEL SITES



BILTMORE SITE

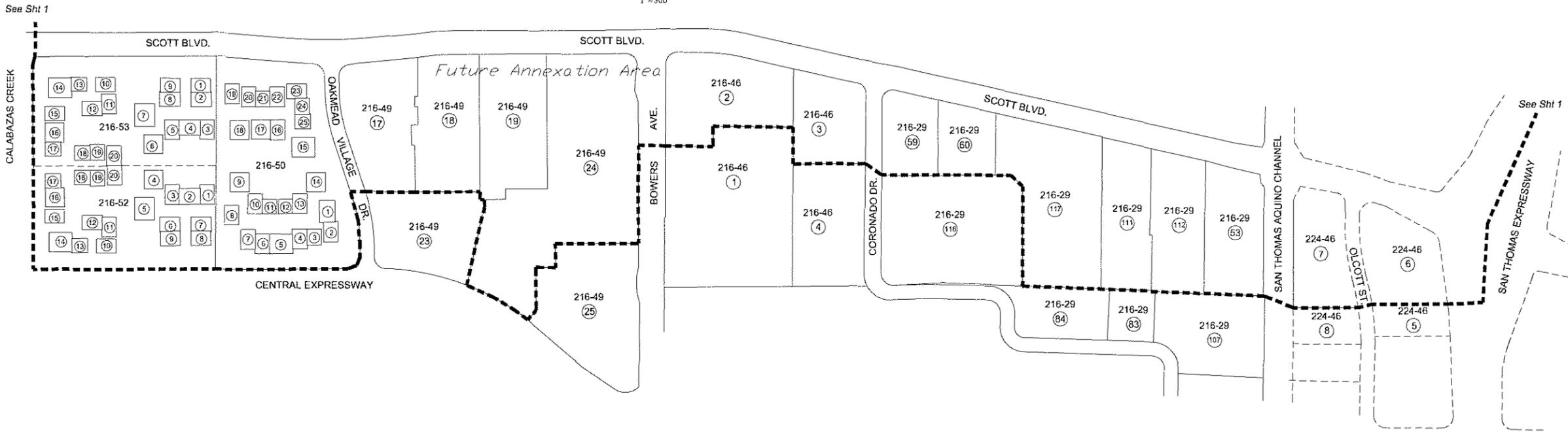


PLAZA SUITES SITE

- LEGEND**
- 104-41 ASSESSOR'S BOOK AND PAGE
 - (6) ASSESSOR PARCEL NUMBER
 - (5) ASSESSOR PARCEL LEASE NUMBER
 - COMMUNITY FACILITIES DISTRICT BOUNDARY
 - - - FUTURE ANNEXATION AREA BOUNDARY

PROPOSED BOUNDARIES OF
 CITY OF SANTA CLARA
 COMMUNITY FACILITIES DISTRICT NO. 2010-1

Santa Clara County, State of California
 SHEET 3 OF 3



LEGEND

- 104-41 ASSESSOR'S BOOK AND PAGE
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- (A) ASSESSOR PARCEL LEASE NUMBER
- COMMUNITY FACILITIES DISTRICT BOUNDARY
- - - - - FUTURE ANNEXATION AREA BOUNDARY

GCG
 Goodwin Consulting Group
 by
 J.S. Consulting LLC
 Jerry L. Slinkard RCE 20346



**SUMMARY OF CFD FORMATION PROCEDURE
and Timeline of Actions**

**CITY OF SANTA CLARA
Community Facilities District No. 2010-1**

Action/Date	Responsible Party
Petition. Formation of the CFD is instituted by the City Council within 90 days after a petition signed by owners of not less than 10% of the land proposed to be included in the CFD is filed with the City Clerk.	Hotels and Redevelopment Agency
Develop Special Tax Formula/Rate and Method and Boundary Map. The Rate And Method and Boundary Map must be developed and on file with the City Clerk before the Resolutions of Intention are adopted.	Special Tax Consultant
File Special Tax Formula/Rate and Method and Boundary Map. The City Clerk receives the Rate And Method and Boundary Map no later than 7 p.m. on March 30, 2010.	City Clerk
First Council Meeting: March 30, 2010	
A. Local Goals and Policies. A local agency may initiate proceedings to establish a CFD only after adopting local goals and policies. This action may take place at the same meeting as the Resolutions of Intention, but must occur before the Resolutions of Intention are adopted.	City Council
B. Resolution Consenting to Formation of CFD. The Redevelopment Agency, as one of the landowners in the proposed CFD area, adopts a resolution consenting to formation of the CFD.	Redevelopment Agency
C. Resolution of Intention to Form CFD. The City Council, acting as the legislative body for the proposed CFD, considers and adopts a Resolution of Intention to Form a Community Facilities District.	City Council
D. Resolution of Intention to Incur Debt. The City Council, acting as the legislative body for the proposed CFD, considers and adopts a Resolution of Intention to Incur Bonded Indebtedness.	City Council



Boundary Map (Recorded within 15 days of Resolution of Intention, or no later than April 14, 2010). The boundary map is completed and recorded with the County Recorder.	Department of Public Works/Engineering
Published Notice of Hearings. Two notices of public hearings (one for the public hearing on formation, the other for the public hearing on incurring bonded debt) must be published at least once 7 days prior to the date of the hearings, or no later than May 4, 2010 . The notice of the formation hearing is mailed, at least 15 days before the hearing , to each landowner within the proposed CFD.	Drafted by Special Tax Consultant Published by City Clerk
CFD Report. The report is prepared by the Special Tax Consultant and must be filed with the City Clerk before the public hearings on May 11, 2010 .	Drafted by Special Tax Consultant Filed with City Clerk
Mail Landowner Ballots. The ballots are mailed to the landowner voters in time to be returned prior to the May 11 public hearing/ election date .	Bond Counsel or City Manager
Return Landowner Ballots. The ballots must be marked, signed, sealed and returned to the City Clerk, in a sealed envelope, no later than 7:00 p.m. on May 11, 2010 (the time and date of the public hearing/election)	Hotels and Redevelopment Agency
Hold Landowner Ballots. The City Clerk holds the sealed ballots until the election held during the Council meeting of May 11, 2010 .	City Clerk
Second Council Meeting: May 11, 2010	
A. Public Hearings. The City Council holds the two public hearings, one on the establishment of the CFD, the other on the incurrance of bonded indebtedness. If the owners of 50% or more of the non-exempt land in the CFD, file written protests against establishment of the CFD, the proceedings must stop for at least one year. The City Council may continue the formation hearing, but it generally must be completed within 30 days.	City Council
B. Resolution of Formation of the CFD. If there has been no majority protest, the City Council considers (but is not required to adopt) the Resolution of Formation, which forms the CFD.	City Council
C. Resolution of Necessity to Incur Bonded Indebtedness. This resolution establishes the maximum bonded debt for the CFD.	City Council
D. Resolution Calling Special Election. This resolution calls for the required vote on (i) the levy of the special taxes, (ii) issuance of a not-to-exceed bonded indebtedness and (iii) an appropriations	City Council



limit for the CFD.	
E. Election. The Council takes a brief break to allow the City Clerk to open and tabulate the landowner ballots. When the meeting resumes, the Clerk announces the results. The ballots are weighted by acreage, with each landowner having one vote for each acre or portion of acre owned.	City Clerk (during Council meeting)
F. Resolution Confirming Results of Election and Directing Recording of Notice of Special Tax Lien. Following the election, the City Council adopts this resolution, which determines the outcome of the election and provides for the required recording of the special tax lien notice.	City Council
G. First Reading of Ordinance Ordering Levy of Special Taxes. If the vote is positive and the ballot is approved by a 2/3rds majority, the Council is authorized to adopt an ordinance levying the special taxes.	City Council
Third Council Meeting: May 18, 2010	
Second Reading and Adoption of Ordinance Ordering Levy of Special Taxes. The ordinance is generally effective 30 days after the second reading.	City Council
Publication of Ordinance. The Ordinance must be published within 15 days after its second reading (or no later than June 2, 2010) at least once in a newspaper of general circulation published and circulated in the area of the CFD.	City Clerk
Recordation of Notice of Special Tax Lien. The City Clerk must complete, execute and cause to be recorded in the office of the County Recorder a notice of special tax lien no later than 15 days following adoption (or no later than June 2, 2010) by the City Council of the Resolution Confirming Results of Election and Directing Recording of Notice of Special Tax Lien.	Department of Public Works/Engineering

CITY OF SANTA CLARA

AGENDA MATERIAL ROUTE SHEET

Council Date: March 30, 2010

SUBJECT: Adoption of Resolutions of Intention to Initiate the Formation of a Community Facilities District and Incurrence of Bonded Indebtedness Related to Special Financing for Publicly-Owned Infrastructure for a Professional Football Stadium

PUBLICATION REQUIRED:

The attached Notice/Resolution/Ordinance is to be published _____ time(s) at least _____ days before the scheduled meeting/public hearing/bid opening/etc., which is scheduled for _____, 20__.

AUTHORITY SOURCE FOR PUBLICATION REQUIREMENT:

Federal Codes:

Title _____ U.S.C. § _____
(Titles run 1 through 50)

California Codes:

Code _____ § _____
(i.e., Government, Street and Highway, Public Resources)

Federal Regulations:

Title _____ C.F.R. § _____
(Titles run 1 through 50)

California Regulations:

Title _____ California Code of Regulations § _____
(Titles run 1 through 28)

City Regulations:

City Charter § _____
(i.e., 1310. Public Works Contracts. Notice published at least once at least ten days before bid opening)

City Code § _____

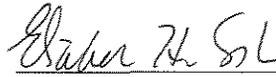
Reviewed and approved:

1. As to City Functions, by



Department Head

2. As to Legality, by

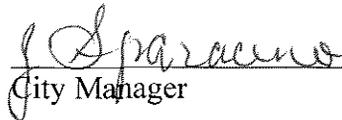


City Attorney's Office/CAO Assign. No 10.0376

3. As to Environmental Impact Requirements, by

Director of Planning and Inspection

4. As to Substance, by



City Manager