



**MINUTES OF THE JOINT CITY COUNCIL
SAN JOSE FINANCING AUTHORITY**

SAN JOSE, CALIFORNIA

TUESDAY, JUNE 14, 2016

The Council of the City of San José convened at 4:21 p.m. in the Council Chamber at City Hall.

Present: Council Members - Carrasco, Herrera, Jones, Kalra, Khamis, M. Nguyen, T. Nguyen, Oliverio, Peralez, Rocha; Liccardo.

Absent: Council Members - All Present.

2. (a) **Adopt a Resolution of the City Council:**
- (1) **Declaring the Hayes Mansion hotel and conference center property, consisting of 6.32 acres of land and 275,231 square feet of commercial building space, surplus to the needs of the City concurrent with the transfer of title from the City of San Jose Financing Authority.**
 - (2) **Authorizing the City Manager or his designee to negotiate the sale of the hotel property, including furniture, fixtures, equipment, vehicles and art for \$47,000,000 to Asha Companies based upon the terms and conditions outlined in this memorandum, and to execute a purchase and sale agreement, the deed and all other documents needed to complete the transaction, contingent upon the transfer of the property from the Authority to the City.**
 - (3) **Authorizing the City Manager to Assign the Management Agreement between Dolce International Holdings, Inc. and the City to Asha Companies.**
 - (4) **Accepting the transfer of the Grant Deed for the Hayes Mansion property as of the closing date of the sale of the property to Asha Companies in exchange for funds sufficient (in combination with proceeds on hand in associated Debt Service Reserve Funds) to retire all bonds issued by the City of San Jose Financing Authority that are secured by the Hayes Mansion property.**
 - (5) **Directing staff to apply the balance of the sale proceeds and other related proceeds and savings to the retirement of debt and payment of obligations as set forth in the June 3, 2016 memorandum on this subject.**

2. (b) **Adopt a resolution of the City of San José Financing Authority Board directing the Executive Director or the Treasurer of the Authority or their authorized designees to take the necessary actions to effectuate the transfer of the Hayes Mansion property to the City in conjunction with the sale of the property to Asha Companies and to apply the sale proceeds as directed by the City Council and subject to appropriation by City Council retire the outstanding Authority Series 2008C and Series 2008D Bonds and any other eligible bonds of the Authority as directed by City Council.**

CEQA: Exempt, Section 15301 Existing Facilities, File No. PP16-016. Council District 2. (Economic Development/Finance)

Documents Filed: (1) Memorandum from Mayor Sam Liccardo, Council Member Ash Kalra and Council Member Raul Peralez, dated June 10, 2016, recommending approval of the Staff recommendations with direction as described in “Action”. (2) Replacement memorandum from Deputy City Manager/Director of Economic Development Kim Walesh and Director of Finance Julia H. Cooper, dated June 10, 2016, recommending revised actions as described and adoption of resolutions. (3) Staff presentation dated June 14, 2016 summarizing the Sale of the Hayes Mansion. (4) Letter from Rich Crowley, President, Citizens for Fiscal Responsibility, dated June 13, 2016, in support to the sale of the Hayes Mansion.

Assistant Director of Economic Development Nanci J. Klein and Assistant Director of Finance Derek Hansel presented the Staff Report on the Sale of the Hayes Mansion.

Mayor Sam Liccardo opened the floor for public testimony.

Mark Phillipe, Asha Companies, spoke to the merits of purchasing the Hayes Mansion.

Public Comments: David Hansen, South Bay Labor; Cruz Huerta and Enrique Fernandez, Unite Here, presented shared concerns about the current employees and how the new ownership will affect their jobs.

Motion: Council Member Ash Kalra moved approval of the memorandum he cosigned with Mayor Sam Liccardo and Council Member Raul Peralez as described in “Action” below. Council Member Raul Peralez seconded the motion.

Council discussion ensued.

Action: On a call for the question, the motion carried unanimously, the memorandum from Mayor Sam Liccardo, Council Member Ash Kalra and Council Member Raul Peralez, dated June 10, 2016, was approved, accepting the Staff recommendations as outlined in the memorandum dated June 3, 2016, with the City Manager directed to encourage Staff to continue conversations with Asha Companies to put forward best efforts for allowing labor peace agreements for employees. Resolution No. 77792, entitled: “A Resolution of the Council of the City of San José Authorizing (1) Declaring The Hayes Mansion Hotel And Conference Center Property Surplus To The Needs Of The City Concurrent With The

2. (a) (Action Cont'd.)

Transfer Of Title From The City Of San Jose Financing Authority. (2) Authorizing The City Manager To Negotiate The Sale Of The Hotel Property For \$47,000,000 To Asha Companies And To Execute A Purchase And Sale Agreement, The Deed, And All Other Documents Needed To Complete The Transaction Contingent Upon The Transfer Of The Property From The Authority To The City; (3) Authorizing The City Manager To Assign The Management Agreement Between Dolce International San Jose, Inc. And The City To Asha Companies; (4) Accepting The Transfer Of The Grant Deed From The Authority For The Hayes Mansion Property As Of The Closing Date Of The Sale Of The Property To Asha Companies In Exchange For Funds Sufficient (In Combination With Proceeds On Hand In Associated Debt Service Reserve Funds) To Retire All Bonds Issued By The City Of San Jose Financing Authority That Are Secured By The Hayes Mansion Property And (5) Directing Staff To Apply The Sale Proceeds And Other Related Proceeds And Savings To The Retirement Of Debt And Payment Of Obligations” and San José Financing Authority No. 129, entitled: “A Resolution Of The City Of San José Financing Authority Directing The Executive Director Or The Treasurer Of The Authority Or Their Authorized Designees To Take The Necessary Actions To Effectuate The Transfer Of The Hayes Mansion Property To The City In Conjunction With The Sale Of The Property To Asha Companies And To Apply The Sale Proceeds As Directed By The City Council And Subject To Appropriation By City Council Retire The Outstanding Authority Series 2008c And Series 2008d Bonds And Any Other Eligible Bonds Of The Authority As Directed By City Council”, were adopted. (11-0.)

Mayor Sam Liccardo adjourned the meeting at 5:08 p.m. and recessed to Closed Session at 5:09 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,



Toni J. Taber, CMC
City Clerk

smd/06-14-16 SJFA MIN