Meeting Date: 8/21/12

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 6C/4B-2 SA

Santa Clara All-America City 2001

Date: August 21, 2012

To: City Manager, as Executive Officer of the Successor Agency to the Redevelopment Agency of the City of Santa Clara/
Executive Director of the Santa Clara Stadium Authority

From: Assistant City Manager

Subject: Revised Agenda Report: Adoption of Resolutions for Approval of a Settlement Agreement in Forty Niners SC Stadium Company, LLC vs. Oversight Board for the Successor Agency to the Redevelopment Agency of the City Santa Clara

EXECUTIVE SUMMARY:

The Oversight Board for the Successor Agency to the Santa Clara Redevelopment Agency and Forty Niners SC Stadium Company, LLC ("StadCo") have reached agreement on the terms of a settlement of *Forty Niners SC Stadium Company, LLC vs. Oversight Board to the Successor Agency to Santa Clara Redevelopment Agency*. The Settlement Agreement sets forth a payment schedule for the repayment to StadCo of the amounts StadCo advanced to the Santa Clara Stadium Authority ("Stadium Authority") related to the construction of the Stadium (see Attachment 1). The Stadium Authority and the Successor Agency are parties to the Settlement Agreement and must approve the Settlement Agreement. Additional information on the Settlement Agreement is stated in the "Discussion" section of the report.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

Settlement of the litigation will allow the property tax funds currently being held by the County Auditor Controller to be released to the taxing entities and StadCo in accordance with the terms of the Settlement Agreement, providing near term benefits to the taxing entities. Settlement will also limit litigation costs incurred by the Oversight Board which costs are paid from the property tax that otherwise would be available to the taxing entities. Settlement in accordance with the terms of the agreement will also reduce the interest costs originally expected to be paid on the StadCo Advance under the Stadium Agreement, and thus provide additional funds for the taxing agencies.

ECONOMIC/FISCAL IMPACT:

The proposed settlement allows for payment of the amounts owed under the Stadium Agreements while ensuring that the obligations of the former Redevelopment Agency continue to be satisfied. The proposed settlement terms also allows for repayment of the cash advance made by the City to the Successor Agency in June of this year in order to prevent a default under former Redevelopment Agency bonds. Although actual payment of this amount is still contingent on the approval of the Department of Finance, the payment amounts included in the Settlement Agreement leave sufficient property tax funds for this repayment.

POST MEETING MATERIAL

RECOMMENDATION:

That the City Council:

1. Adopt a resolution acting as the governing board of the Successor Agency approve the Settlement Agreement by and among the Forty Niners SC Stadium Company, LLC, the Oversight Board to the Successor Agency, and the Santa Clara Stadium Authority and the Successor Agency, and approving an amendment to the Recognized Obligation Payment Schedule for the July through December 2012 period.

That the Stadium Authority:

2. Adopt a resolution approving a Settlement Agreement by and among the Forty Niners SC Stadium Company, LLC, the Oversight Board to the Successor Agency, the Successor Agency to the Redevelopment Agency of the City of Santa Clara, and Santa Clara Stadium Authority.

Alan Kurotori,
Assistant City Manager

APPROVED:

Ronald E. Garratt
Interim City Manager

Documents Related to this Report:

1. ***Settlement Agreement***
2. ***Amendment to ROPS 2***
3. ***Resolutions***

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DISCUSSION:

The settlement proposed by the Oversight Board takes into account the obligations of the Successor Agency, the expected timing for payment of those obligations, the projected amounts of property tax to be available for distribution each year and the needs of the taxing entities to receive some distribution of the property tax each year. The Settlement Agreement provides for a defined payment schedule to repay the StadCo Advance over the next seven years. The terms of the settlement provide for a payment to StadCo no later than October 31, 2012 in the amount of $7,643,734. The remaining property tax amounts being held by the County Auditor Controller (currently $13,182,484) will be distributed to the taxing agencies in accordance with their tax allocation factors and to the Successor Agency for administrative costs. Although the Cooperation Agreement and Predevelopment Agreement set the interest rate for repayment of the StadCo advance at 5.73%, the Settlement Agreement adjusts the interest amount to 4% as long as payments are made in accordance with the terms of the Settlement Agreement. Pursuant to the Settlement Agreement, accrued interest on the first payment amount is waived, if that payment is made no later than October 31, 2012.

Subsequent payments to StadCo are in accordance with the payment schedule referred to in the Settlement Agreement. Because of the other obligations of the Successor Agency in 2013-14, including the assumption that the City's cash advance loan to the Successor Agency will be repaid during this period, no payment is required in 2013-14. The payment schedule was determined based on projections of the property tax generated in the Project Area and a target number for distributions to the taxing agencies. The target number for taxing agencies' distribution each year is $7,291,667 which would provide Santa Clara Unified School District with an annual payment of $2,800,000 each year. However, the actual distributions to the taxing agencies will depend upon the actual property tax generated in the Project Area and the other obligations of the Successor Agency recognized as enforceable obligations on subsequent Recognized Obligation Payment Schedule ("ROPS").

Implementation of the Settlement Agreement requires that the ROPS for the period from July 1, 2012 through December 31, 2012 be amended to add the initial payment required under the Settlement Agreement as an enforceable obligation. A proposed amended ROPS is attached as listing the initial payment under the Settlement Agreement (see "Attachment 2"). As a result of adding the initial payment to the ROPS, the administrative allowance available to the Successor Agency increases. Under the Redevelopment Dissolution Act, the Successor Agency is entitled to an administrative allowance of 3% of the total amount of the enforceable obligations but no less than $250,000 per year. The original administrative allowance in the ROPS was the minimum of the $250,000. The addition of the initial payment under the Settlement Agreement increases that amount to $317,879.61.

Approval Process

The Oversight Board is expected to approve the Settlement Agreement at it meeting on August 22, 2012. All actions of the Oversight Board are subject to review by the Department of Finance ("DOF"). The DOF has five days in which to request a review of an action taken by the Oversight Board. If the DOF requests to review the item, they have 40 days to conduct their review after which they can send the item back to the Oversight Board for reconsideration or approve the item. Once the Department of Finance's initial five day

period for requesting review expires without the DOF requesting review or, if DOF requests review, once DOF approves the Settlement Agreement, the parties to the litigation will enter a Stipulated Judgment in the court case incorporating the Settlement Agreement. Upon entry of the Stipulated Judgment, the County Auditor Controller will be authorized to release the property tax funds it is currently holding. The first payment due to StadCo under the Settlement Agreement will be released to the Successor Agency for payment to StadCo and the remaining funds being held will be distributed to the Successor Agency for administrative costs and to the taxing entities.

The County, on Friday, August 17, 2012 filed a cross-complaint in the litigation naming the Department of Finance as a necessary party to the litigation. The cross-complaint requests declaratory and injunctive relief requiring the DOF to make an affirmative determination on whether the Stadium Agreements are enforceable obligations for which disbursements should be made from the funds being held by the County Auditor-Controller. The DOF has not responded to the cross-complaint so it is uncertain how the cross-complaint will impact the settlement.

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement"), dated, for reference purposes only, as of August 22, 2012, is entered into by and among Forty Niners SC Stadium Company LLC ("StadCo"); the Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency, a public agency of the State of California (the "Oversight Board"); the Santa Clara Stadium Authority, a joint exercise of powers entity, created through Government Code Section 6500, *et seq.* ("SCSA"); and the Successor Agency to the City of Santa Clara Redevelopment Agency, a public agency of the State of California (the "Successor Agency") (collectively, the "Parties").

RECITALS

A. On February 28, 2011, SCSA and the Redevelopment Agency for the City of Santa Clara (the "Redevelopment Agency") entered into the Cooperation Agreement to Assist Publicly-Owned Stadium (the "Cooperation Agreement"). StadCo is an express third-party beneficiary of the Cooperation Agreement.

B. The Cooperation Agreement requires the Redevelopment Agency to pay an amount not to exceed $41.6 million to SCSA for the development and construction of a new football stadium in the City of Santa Clara (the "Stadium"). The Cooperation Agreement provides for the Redevelopment Agency to satisfy its obligation to SCSA through a combination of available cash on hand, proceeds from tax allocation bonds and other financings, and the pledge of tax increment received by the Redevelopment Agency for the Project Area.

C. On March 21, 2011, SCSA, the Redevelopment Agency and StadCo entered into the Predevelopment Funding Agreement. The Cooperation Agreement and the Predevelopment Funding Agreement are referred to herein collectively as the "Stadium Agreements."

D. The Predevelopment Funding Agreement established a process by which StadCo would advance funds to SCSA to pay predevelopment costs of the Stadium (the "StadCo Advance"), with each such advance treated as a contemporaneous advance by SCSA to the Redevelopment Agency (the "SCSA Advance"). As StadCo expended funds on behalf of SCSA to pay predevelopment costs of the Stadium, those funds become repayable to StadCo by SCSA, with SCSA, in turn, entitled to repayment of that amount from the Redevelopment Agency. Interest accrues on the StadCo Advance and the SCSA Advance at a rate of 5.73% per annum.

E. Pursuant to the Stadium Agreements, StadCo advanced funds to pay predevelopment costs on account of the StadCo Advance in the amount of $30,249,620, and SCSA delivered a promissory note (the "StadCo Note") to StadCo dated March 28, 2012 to evidence the StadCo Advance.

F. The Stadium is now under construction on property owned by the City of Santa Clara (the "City"). The City has leased the property to SCSA. SCSA, in turn, leased the facility to StadCo.

G. On June 29, 2011, California Assembly Bill 1x26 became law, adding Health and Safety Code sections 34170 *et seq.* (as amended by AB 1484 enacted on June 25, 2012, the "Dissolution Act"). Under the Dissolution Act, the Redevelopment Agency was dissolved and the Successor Agency was established to assume its existing contractual obligations and to wind down its affairs. The Oversight Board was established to oversee, direct, and approve certain actions of the Successor Agency.

H. The Successor Agency succeeded to the Redevelopment Agency's "Enforceable Obligations," as defined by Health and Safety Code section 34171. Enforceable Obligations are required to be listed on a "Recognized Obligations Payment Schedule," or "ROPS." Health and

Saf. Code § 34171(h). As of May 1, 2012, "only those payments listed in the [ROPS] may be made by the successor agency . . . ." Health and Saf. Code § 34177. The Successor Agency prepares the ROPS, which are then subject to approval by the Oversight Board. Health and Saf. Code § 34180. New or amended ROPS are approved once every six months. Health and Saf. Code § 34177. The ROPS are submitted to the County Auditor-Controller, the DOF and the State Controller. Distribution of funds to the Successor Agency for payment of Enforceable Obligations and distribution to taxing entities is made by the County Auditor-Controller.

I. Actions of the Oversight Board become effective five business days after notice of such action is given to the State Department of Finance ("DOF"), unless DOF requests review of the action within such five business days. If DOF requests review, the Oversight Board action is not effective until approved by DOF. Health and Saf. Code § 34179(h).

J. Good faith disputes have arisen between StadCo and the Oversight Board regarding whether the Redevelopment Agency's obligations under the Stadium Agreements constitute Enforceable Obligations, whether the Redevelopment Agency's obligations under the Stadium Agreements are required to be listed on the ROPS, and over the scope of the Oversight Board's power to terminate the Redevelopment Agency's obligations under the Stadium Agreements and the effect of any such termination.

K. At its June 22, 2012 meeting, the Oversight Board approved a motion (the "June 22 Motion") stating as follows: (1) that pursuant to 34181(d), the Oversight Board terminated the Cooperation Agreement and those portions of the Predevelopment Funding Agreement that related to the Redevelopment Agency's Obligation in the Cooperation Agreement because such termination would be in the "best interests of the affected taxing entities"; and (2) no stadium-

related obligations would be placed on the ROPS for the period from July 1, 2012 to December 31, 2012 ("ROPS 2").

L. On June 27, 2012, StadCo filed a Petition for Writ of Mandate, entitled *Forty Niners SC Stadium Company LLC v. Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency, et al*, Sacramento County Superior Court, Case No. 34-2012-800011192 (the "Action"). The Petition prayed for, *inter alia*, a writ of mandate under Code of Civil Procedure § 1085, directing the Oversight Board to withdraw or nullify the June 22 Motion, and to approve an amended ROPS that would include the Redevelopment Agency's obligations under the Stadium Agreements.

M. On June 28, 2012, StadCo filed an application in the Action for an order restraining Vinod Sharma, in his official capacity as Director of the Finance Agency of the County of Santa Clara and the Auditor-Controller for the County of Santa Clara (the "Auditor-Controller"), the Finance Agency of the County of Santa Clara (the "Finance Agency"), and the County of Santa Clara (the "County") from disbursing certain monies that StadCo contended should have been disbursed to satisfy obligations under the Stadium Agreements, but that, as a consequence of the June 22 Motion, were to be distributed to various taxing agencies.

N. On July 3, 2012, the Court issued an order restraining the Auditor-Controller, the County, and the Finance Agency from disbursing those monies pending a trial on the merits of the Petition. As of July 3, 2012, the Auditor-Controller had advised the parties that the amount of funds held for the ROPS 2 period, subject to the Court's order, was $12,803,943. The Auditor-Controller has since advised the Parties that the funds held for the ROPS 2 period has grown to $13,182,484.

O. On July 24, 2012, the Oversight Board rescinded that portion of the June 22 Motion that terminated the Cooperation Agreement and the portion of the Predevelopment Funding Agreement related to the Redevelopment Agency's Obligation in the Cooperation Agreement. The Oversight Board did not amend the portion of the June 22 Motion which determined "to not place the Stadium Agreements on the ROPS."

P. The Parties desire to fully and finally resolve these disputes, and to enter into a final and complete resolution with respect to these matters on the following terms. This Agreement constitutes a negotiated compromise of disputes for which a fully litigated outcome is uncertain. Under this Agreement, StadCo accepts a reduction in the financial benefits to which it would be entitled if it were to prevail in the Action, while the Oversight Board accepts a reduction in the funds that would be available for distribution to taxing entities if it were to prevail in the Action.

AGREEMENT

1. Recitals. The above recitals and these terms and conditions are contractual and not merely recitals and the agreements contained herein are made to satisfy rights and obligations between and among the Parties.

2. Meaning of Terms. The following capitalized terms, when used in this Agreement, shall have the meaning set forth below.

(a) "Action" means *Forty Niners SC Stadium Company LLC v. Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency, et al*, Sacramento County Superior Court, Case No. 34-2012-800011192.

(b) "Agreement" refers to this Settlement Agreement.

(c) "Approve," "Approved," or "Approval," when used in connection with the authority of the State Department of Finance ("DOF") to approve an action by the

Oversight Board, means that either: (1) DOF has communicated its express written approval to the Oversight Board, or (2) the Oversight Board has provided notice to the DOF in the manner required by Health and Safety Code Section 34179(h) and the DOF has not requested a review of such action within five (5) business days after such notice.

(d) "Auditor-Controller" means Vinod Sharma, the Auditor-Controller for the County of Santa Clara.

(e) "City" means the City of Santa Clara.

(f) "Cooperation Agreement" means the Cooperation Agreement to Assist Publicly-Owned Stadium, dated as of February 28, 2011.

(g) "County" means the County of Santa Clara.

(h) "Dissolution Act" means California Health and Safety Code sections 34170 *et seq.*

(i) "DOF" means the State Department of Finance.

(j) "Enforceable Obligations" has the meaning set forth in California Health and Safety Code section 34171(d).

(k) "Final Payment" has the meaning set forth in Paragraph 12 of this Agreement.

(l) "Finance Agency" means the Finance Agency for the County of Santa Clara.

(m) "Full Effective Date" means the date when the conditions set forth in subsections (a), (b), and (c) of Paragraph 4 have been satisfied and Judgment has been entered pursuant to Paragraph 7.

(n) "Initial Effective Date" means the date when the last of the conditions set forth in Paragraph 4 of this Agreement has been satisfied.

(o) "Initial Payment" has the meaning set forth in Paragraph 4(b) of this Agreement.

(p) "Judgment" means a final judgment entered in the Action, in a form substantially similar to Exhibit B to this Agreement, with such other modifications as may be agreed by the Parties.

(q) "June 22 Motion" has the meaning set forth in Paragraph K of the recitals to this Agreement.

(r) "Oversight Board" means the Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency.

(s) "Parties" means StadCo, SCSA, the Oversight Board, and the Successor Agency.

(t) "Predevelopment Funding Agreement" means the Predevelopment Funding Agreement, dated as of March 21, 2011.

(u) "Redevelopment Agency" means the City of Santa Clara Redevelopment Agency.

(v) "ROPS," or "Recognized Obligation Payment Schedule," has the meaning set forth in California Health and Safety Code section 34171(h).

(w) "ROPS 2" has the meaning set forth in Paragraph K of the recitals to this Agreement.

(x) "Revised ROPS 2" has the meaning set forth in Paragraph 4(b) of this Agreement.

(y) "SCSA" means the Santa Clara Stadium Authority.

(z) "SCSA Advance" has the meaning set forth in Paragraph D of the recitals to this Agreement.

(aa) "StadCo" means the Forty Niners SC Stadium Company LLC.

(bb) "StadCo Advance" has the meaning set forth in Paragraph D of the recitals to this Agreement.

(cc) "StadCo Note" has the meaning set forth in Paragraph E of the recitals to this Agreement.

(dd) "Stadium Agreements" means the Cooperation Agreement and the Predevelopment Funding Agreement.

(ee) "Stadium" means that new football stadium currently being constructed in the City of Santa Clara, and which will serve as the new home stadium for the San Francisco Forty Niners NFL Football Team.

(ff) "Stipulation for Entry of Judgment" means the stipulation by and between StadCo, the Oversight Board and the Auditor-Controller in a form substantially similar to Exhibit A to this Agreement.

(gg) "Subsequent Payments" has the meaning set forth in Paragraph 10 of this Agreement.

(hh) "Successor Agency" means the Successor Agency to the City of Santa Clara Redevelopment Agency.

3. Conditions Precedent to Effectiveness of this Agreement. The effectiveness of this Agreement, and each Party's obligations hereunder, are expressly conditioned upon the satisfaction of the conditions for Initial Effective Date, as set forth below in Paragraph 4, and,

except for the provisions that are effective on the Initial Effective Date, upon the satisfaction of the conditions for Full Effective Date, as set forth in Paragraph 5 below. If the conditions for the Initial Effective Date have not been satisfied by October 15, 2012, this Agreement shall automatically terminate and no Party hereunder shall have any further obligation under this Agreement.

If all conditions to the Initial Effective Date have been satisfied, but the Judgment is not entered by stipulation pursuant to Paragraph 7, then the Oversight Board will appear in the Action, and will not oppose the issuance of the writ, as long as (i) StadCo agrees to limit the payment obligations set forth in the writ to the schedule and amounts set forth in Paragraphs 9 through 12 below and (ii) DOF's Approval of the Oversight Board's actions relating to this Agreement continues to be in effect.

4. Conditions for Initial Effective Date. When the conditions set forth in subsections (a), (b), and (c) of this Paragraph have been satisfied, then the rights and obligations of the Parties under this Agreement, other than those set forth in Paragraphs 8 through 12, become effective.

(a) Approval and execution of this Agreement by the Successor Agency, the SCSA, the Oversight Board, and StadCo; and

(b) Adoption by the Oversight Board of a revision to ROPS 2 (the "Revised ROPS 2") to add payment of an Enforceable Obligation to StadCo in the amount of $7,643,734 (the "Initial Payment") on account of the Stadium Agreements; and

(c) DOF has Approved the Oversight Board's actions, as set forth in the resolution of the Oversight Board approving this Agreement, authorizing entry into this

Agreement by the Successor Agency and the Oversight Board, and adopting Revised ROPS 2.

5. Conditions for Full Effective Date. When the conditions set forth in subsections (a), (b), and (c) of Paragraph 4 have been satisfied and Judgment has been entered pursuant to Paragraph 7, then this Agreement, in its entirety, is effective.

6. Rescission of June 22 Motion. Upon the Initial Effective Date of this Agreement, the remaining portion of the June 22 Motion that has not yet been rescinded; namely, that portion that determined to "not place any stadium-related obligations on the Recognized Obligation Payment Schedule," shall be deemed to be rescinded.

7. Judgment. Promptly upon the occurrence of the Initial Effective Date, the Parties will jointly submit the Stipulation for Entry of Judgment and the Judgment to the Sacramento Superior Court, in a form substantially similar to, respectively, Exhibits A and B to this Agreement. The Parties agree to work cooperatively, expeditiously, and in good faith to secure the execution of the Stipulation for Entry of Judgment by the Auditor-Controller.

8. Enforceable Obligations. The Parties agree that the payments set forth in Paragraphs 9 through 12 shall be deemed Enforceable Obligations. All ROPS designating these payments as Enforceable Obligations shall reference this Settlement Agreement and the Judgment entered pursuant to Paragraph 7. As such, the Successor Agency is subject to an Enforceable Obligation to provide such funds directly to StadCo to repay the StadCo Advance, the outstanding principal balance of which is $30,249,620, with interest accruing thereon as set forth in Paragraph 11. Such payments shall be made by the Successor Agency directly to StadCo, and shall be considered by SCSA and StadCo to have been paid by the Successor Agency to SCSA (and applied against the SCSA Advance), and then paid by the SCSA to

StadCo (and applied against the StadCo Advance). The Successor Agency shall have no right to recover, or to claim as offset, amounts previously paid by the Redevelopment Agency pursuant to the Stadium Agreements.

9. Initial Payment. Promptly upon the entry of Judgment, the Parties will cooperate in good faith to cause the Auditor-Controller to disburse the Initial Payment to StadCo, from funds currently held by the Auditor-Controller on account of ROPS 2, within three (3) business days following the entry of the Judgment.

10. Subsequent Payments. The Successor Agency and the Oversight Board agree that Enforceable Obligations to make payments ("Subsequent Payments") to StadCo shall be included on future ROPS as follows:

Payment Date	Amount	ROPS Period
July 31, 2014	$4,198,333	July 1, 2014-December 31, 2014
July 31, 2015	6,209,333	July 1, 2015-December 31, 2015
July 31, 2016	6,559,333	July 1, 2016-December 31, 2016
July 31, 2017	7,245,333	July 1, 2017-December 31, 2017
July 31, 2018	Final Payment per Section 12 below	July 1, 2018-December 31, 2018

So long as the Initial Payment and each Subsequent Payment is listed as an Enforceable Obligation on the applicable ROPS by the Successor Agency and approved by the Oversight Board and funds to make such Initial Payment or Subsequent Payment are transferred to the Successor Agency for payment to StadCo, then the SCSA and StadCo shall waive any right to object to the distribution to taxing agencies in such ROPS period of amounts in excess of the Initial Payment or Subsequent Payments, if any, due in such ROPS period.

11. Interest on StadCo Advance. Under the Stadium Agreements and StadCo Note, interest accrues on the outstanding balance of both the SCSA Advance and the StadCo Advance

at the rate of 5.73% per annum, as more particularly provided therein. In addition to accepting the payment schedule as set forth above, StadCo and the SCSA have agreed, subject to the conditions set forth below, to waive the right to receive a portion of the interest otherwise due as follows:

i. If the Initial Payment is actually received by StadCo on or before October 31, 2012, StadCo and SCSA shall waive any right to receive interest accruing on the amount of the Initial Payment prior to the date of the Initial Payment.

ii. If each Subsequent Payment, including the Final Payment, is actually received by StadCo on or before December 31 of the calendar year of the July 31 Payment Date indicated in Paragraph 10 above, StadCo and SCSA shall waive any right to receive interest accruing on the SCSA Advance and the StadCo Advance in excess of that which would have accrued at the rate of four percent (4%) per annum.

12. Final Payment. The Subsequent Payment due on July 31, 2018 (the "Final Payment") shall be in the amount of the then-outstanding balance of principal and interest on the StadCo Advance, after taking into account, if applicable, the waivers of interest payments provided in Paragraph 11 above. If the Initial Payment is actually received by StadCo on or before December 31, 2012 and all of the Subsequent Payments, including the Final Payment, are actually received by StadCo on the Payment Date set forth in Paragraph 10 above (i.e., July 31 of the year in which such payment is to be made), then the amount of the Final Payment shall be $2,465,719, as reflected in the Amortization Schedule attached as Exhibit C. The Parties acknowledge that the amount of the Final Payment shall be subject to adjustment depending on the actual date that the Initial Payment and Subsequent Payments are received by StadCo and whether the conditions described in Paragraphs 10 and 11 above have been satisfied. Receipt by

StadCo of such Final Payment shall fully satisfy and discharge all obligations under this Agreement.

13. Right to Terminate. If the Judgment is entered by the Superior Court but is subsequently reversed, modified, vacated, or otherwise disturbed by a court of competent jurisdiction in a manner that invalidates or materially impacts the provisions this Agreement, any of the Parties shall have the right to terminate this Agreement by giving written notice to the other Parties within ten (10) days of the reversal, modification, vacation, or disturbance, in which case this Agreement shall terminate and all of the Parties' respective rights, obligations, and covenants hereunder shall terminate. Any termination, regardless of the reason therefor, shall have no effect on the validity, enforceability, or terms of the Stadium Agreements. Any termination of this Agreement under this paragraph shall operate prospectively only, and neither StadCo nor SCSA shall be obligated to return any payments received under the terms of this Agreement, nor shall any taxing entity be obligated to return any distributions received by it from the County Auditor-Controller under the terms of this Agreement. In the event of termination of this Agreement under this paragraph, regardless of the reason therefor, nothing in this Agreement shall be construed or deemed as a waiver of (i) any rights StadCo may have to enforce the Stadium Agreements, or (ii) any rights the Oversight Board may have to consider the Stadium Agreements unenforceable.

14. Cooperation; No Costs. Each of the Parties shall cooperate in good faith and exercise best efforts to complete, execute, and/or deliver any and all documentation reasonably required to effectuate any and all aspects of the settlement that is the subject of this Agreement. Each Party shall bear its own costs, including attorneys' fees, in connection with the Action, and the negotiation, execution and effectuation of this Agreement.

15. Notices. All notices, demands, or other communications provided for or permitted hereunder shall be made in writing and shall be by telecopier, courier service, overnight mail, or personal delivery:

(a) if to StadCo:

Larry MacNeil
Chief Financial Officer
San Francisco 49ers
4949 Centennial Blvd.
Santa Clara, CA 95054
Larry.macneil@niners.nfl.net

With copy to:
Harry O'Brien
Coblentz, Patch, Duffy & Bass
One Ferry Building, Suite 200
San Francisco, CA 94111
hobrien@cpdb.com

(b) if to the Oversight Board:

The Chairperson of the Oversight Board for the Successor Agency to the City of Santa Clara Redevelopment
c/o The Successor Agency to the Redevelopment Agency of the City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

With copy to:
Hilda Cantu Montoy
Montoy Law Corporation
2125 Kern Street, Suite 308
Fresno, CA 93721
hildac@montoylaw.com

(c) if to SCSA:

Executive Director
Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050

With copy to:

Karen Tiedemann
Goldfarb & Lipman LLP
1300 Clay Street
Oakland, CA 94612
ktiedemann@goldfarblipman.com

(d) if to the Successor Agency:

The Successor Agency to the Redevelopment Agency of the City of Santa Clara
Attn: City Manager
1500 Warburton Avenue
Santa Clara, CA 95050

All such notices, demands, and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; when delivered by overnight mail, if delivered by overnight mail service; and when receipt is mechanically acknowledged, if telecopied or received by electronic mail. Any Party can, at any time, change its respective notice information by notice to all other Parties as set forth in this section.

16. Knowledge Of Content And Advice Of Counsel. Each of the Parties hereto acknowledges that such Party has fully read and comprehended the contents of this Agreement, and that such Party is in full agreement with each and every one of the terms, conditions, and provisions set forth herein. Each of the Parties further acknowledges that such Party has retained or has been advised to retain his, her or its own separate and independent counsel in connection with the negotiation, drafting, and execution of this Agreement, and has been fully advised and informed of the consequences of executing the Agreement.

17. Drafting; Headings. This Agreement shall be interpreted as if it were mutually prepared and drafted by all the Parties (regardless of which Party or Parties had primary drafting responsibility); such that any rule of construction that would otherwise require that ambiguities be resolved against the drafting party shall not apply. Pronouns shall be deemed to include

masculine, feminine and neuter gender and singular and plural numbers as appropriate. The section headings herein are for convenience only and shall have no force or effect in the interpretation of the substantive terms and conditions set forth in the text of this Agreement.

18. Choice Of Law, Jurisdiction, Enforcement. This Agreement shall be governed by the laws of the State of California. Pursuant to California Code of Civil Procedure Section 664.6, the Parties stipulate and agree that the Sacramento County Superior Court, upon motion, may enter judgment pursuant to the terms of this Agreement, and that the Court retains jurisdiction over the parties to enforce the Agreement until the StadCo Advance is repaid in full, or the obligations of the Stadium Agreements are otherwise fulfilled. The Parties agree that a breach of this Agreement will give rise to irreparable injury. Accordingly, any Party may seek and obtain specific performance of this Agreement, or injunctive relief against the breach or threatened breach of this Agreement pursuant to Code of Civil Procedure Section 664.6, or otherwise, in addition to obtaining any and all other remedies that may be available.

19. Attorneys' Fees. In the event of a dispute between the Parties, arising from or relating to this Agreement, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees, costs, and litigation expenses (including, but not limited to, experts' fees) incurred in resolving said dispute.

20. Severability. If any provision or any part of this Agreement that does not go to the essential purpose of this Agreement shall be held to be invalid or unenforceable, for any reason, the remainder of this Agreement shall not be affected thereby, and shall remain in full force and effect.

21. Integration; No Reliance; No Modification. This Agreement, including exhibits, collectively constitutes the entire agreement and understanding of and between the Parties with

respect to the subject matter hereof and thereof, and to the extent they are inconsistent with or contradict any prior agreements and understandings, whether written or oral, express or implied, between them with respect thereto, this Agreement, including exhibits, collectively shall supersede and replace such prior agreements and understandings. Notwithstanding the foregoing, this Agreement, including exhibits, does not and shall not amend or modify the Stadium Agreements. Each Party acknowledges and agrees that it is entering into this Agreement, and proceeding with the transaction contemplated hereby, based upon its own investigation and evaluation, and that it has not relied on any other Party to this Agreement or on any promises, representations, or statements by any other Party with respect to past, present or future matters not expressly set forth in this Agreement. Any modification of this Agreement shall be specifically set forth in a writing which is executed by the Party to be bound.

22. Execution. This Agreement may be executed in duplicate counterparts and delivered by facsimile or electronic delivery (*e.g.*, PDF). Any executed counterparts, taken together, shall constitute the entire Agreement between the Parties. A facsimile or electronically delivered signature shall be deemed to have the force and effect of an original signature. In the event that a Party requests an original signature, the Party to whom the request is made shall promptly deliver an original signature to the requesting Party.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement on the respective dates set forth below.

DATED:

FORTY NINERS SC STADIUM COMPANY LLC

_____

DATED:

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY

_____

DATED:

THE STADIUM AUTHORITY OF THE CITY OF SANTA CLARA

_____

DATED:

SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY

_____

APPROVED AS TO FORM:

DATED: MONTOY LAW CORPORATION

By: _____
HILDA CANTU MONTOY, Attorney for OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY

DATED: _ COBLENTZ, PATCH, DUFFY & BASS LLP

By: _____
HARRY O'BRIEN
Attorneys for FORTY NINERS SC STADIUM LLC

DATED: _ GOLDFARB & LIPMAN LLP

By: _____
KAREN TIEDEMANN
Attorneys for SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY

DATED: _

By: _____
RICHARD E. NOSKY
General Counsel for THE STADIUM AUTHORITY OF THE CITY OF SANTA CLARA

EXHIBIT A
FORM OF STIPULATION FOR ENTRY OF JUDGMENT

JONATHAN R. BASS (State Bar No. 75779)
LAUREN S. KOWAL (Stat Bar No. 224976)
CHARMAINE G. YU (State Bar No. 220579)
COBLENTZ, PATCH, DUFFY & BASS LLP
One Ferry Building, Suite 200
San Francisco, California 94111-4213
Telephone: 415.391.4800
Facsimile: 415.989.1663
Email: ef-jrb@cpdb.com
ef-cgy@cpdb.com

Attorneys for Petitioner
FORTY NINERS SC STADIUM COMPANY LLC

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

FORTY NINERS SC STADIUM COMPANY LLC, Petitioner, v. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY, a public agency of the State of California; VINOD K. SHARMA, Director of Santa Clara County Finance Agency and Auditor-Controller of the County of Santa Clara, in his official capacity; COUNTY OF SANTA CLARA FINANCE AGENCY, a public agency of the County of Santa Clara; COUNTY OF SANTA CLARA, a political subdivision of the State of California; and DOES 1 through 20, Respondents.	Case No. 34-2012-80001192 **STIPULATION FOR ENTRY OF JUDGMENT** Judge: Hon. Lloyd Connelly Date: Time: Dept.: 33 Action Filed: June 27, 2012 Trial Date: January 4, 2013

COBLENTZ, PATCH, DUFFY & BASS LLP
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This stipulation is entered into by and among Petitioner Forty Niners SC Stadium Company LLC and Respondents Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency and Vinod K. Sharma, in his official capacity as Director of the Finance Agency of the County of Santa Clara and County Auditor-Controller.

A. Petitioner and Respondent Oversight Board entered into a written Settlement Agreement (the "Settlement Agreement") dated for reference purposes as August 22, 2012 to settle this action. The Santa Clara Stadium Authority, a joint exercise of powers entity, created through Government Code Section 6500, *et seq.* and the Successor Agency to the City of Santa Clara Redevelopment Agency, a public agency of the State of California (the "Successor Agency") are also parties to the Settlement Agreement but are not parties to the litigation or to this stipulation.

B. The Settlement Agreement provides in relevant part:

1. That subject to certain conditions precedent, the funds held by Respondent Vinod K. Sharma and subject to the Temporary Restraining Order issued by this Court on July 3, 2012 are to be distributed in part to the Successor Agency for payment to Petitioner and in part to Taxing Entities as defined in Health and Safety Code section 34171(k). This payment to Petitioner is deemed the "Initial Payment" under the Settlement Agreement and is required to be processed through an amendment to the Recognized Obligations Payment Schedule (ROPS), as defined in Health and Safety Code Section 34171 (h), for July through December 2012; and

2. That the Initial Payment and Subsequent Payments required to be made to Petitioner shall be deemed Enforceable Obligations under Health and Safety Code Section 34170 *et seq.* and shall be listed as Enforceable Obligations on specified future ROPS.

C. Petitioner and Respondents hereby stipulate that Judgment shall be entered in the form attached hereto as Exhibit "A."

SO STIPULATED.

COBLENTZ, PATCH, DUFFY & BASS LLP
ONE FERRY BUILDING, SUITE 200, SAN FRANCISCO, CALIFORNIA 94111-4213
415.391.4800 · FAX 415.989.1663

DATED: COBLENTZ, PATCH, DUFFY & BASS LLP

By: _____
JONATHAN R. BASS
Attorneys for Petitioner FORTY NINERS SC STADIUM COMPANY LLC

DATED: MONTOY LAW CORPORATION

By: _____
HILDA CANTU MONTOY
Attorneys for Respondent OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY

DATED: LORI E. PEGG
Acting County Counsel

By: _____
LIZANNE REYNOLDS
Attorneys for Respondents VINOD K. SHARMA, Director of Santa Clara County Finance Agency and Auditor-Controller of the County of Santa Clara, in his official capacity

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EXHIBIT B
FORM OF JUDGMENT

JONATHAN R. BASS (State Bar No. 75779)
LAUREN S. KOWAL (Stat Bar No. 224976)
CHARMAINE G. YU (State Bar No. 220579)
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ef-cgy@cpdb.com

Attorneys for Petitioner
FORTY NINERS SC STADIUM COMPANY LLC

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

FORTY NINERS SC STADIUM COMPANY LLC, Petitioner, v. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY, a public agency of the State of California; VINOD K. SHARMA, Director of Santa Clara County Finance Agency and Auditor-Controller of the County of Santa Clara, in his official capacity; COUNTY OF SANTA CLARA FINANCE AGENCY, a public agency of the county of Santa Clara; COUNTY OF SANTA CLARA, a political subdivision of the State of California; and DOES 1 through 20, Respondents.	Case No. 34-2012-80001192 **[PROPOSED] FINAL JUDGMENT** Judge: Hon. Lloyd Connelly Date: Time: Dept.: 33 Action Filed: June 27, 2012 Trial Date: January 4, 2013

COBLENTZ, PATCH, DUFFY & BASS LLP
ONE FERRY BUILDING, SUITE 200, SAN FRANCISCO, CALIFORNIA 94111-4213
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Petitioner Forty Niners SC Stadium Company LLC ("StadCo") and Respondents Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency (the "Oversight Board") and Vinod K. Sharma ("Sharma") (collectively, "Respondents"), having stipulated and consented to the entry of this Final Judgment,

It is HEREBY ORDERED, ADJUDGED, AND DECREED that Judgment is entered in as follows:

A. The Successor Agency to the City of Santa Clara Redevelopment Agency (the "Successor Agency") is subject to an enforceable obligation within the meaning of Health and Safety Code section 34171(d)(1) to provide funds to pay to StadCo the outstanding principal balance of $30,249,620, with interest accruing thereon at the rate of 5.73% per annum, subject to adjustment as provided in Paragraph D below (the "Obligation").

B. Within three (3) business days following the entry of this Judgment, Respondent Sharma shall disburse to the Successor Agency for payment to StadCo the sum of $7,643,734, which represents the amount due to StadCo set forth in the approved Amended Recognized Obligation Payment Schedule (ROPS) for the period July 1 to December 31, 2012 (the "Initial Payment"). This payment shall be disbursed from the funds held by Sharma pursuant to the Temporary Restraining Order issued by this Court on July 3, 2012. It is noted for clarification that the amount being held has grown from $12,803,943 when the TRO was issued to a current amount of $13,182,484.

C. Within three (3) business days following entry of this Judgment, Respondent Sharma shall disburse to Taxing Entities as defined in Health and Safety Code section 37171(k) (and to the Successor Agency for administrative costs as indicated in the ROPS) the remainder of the funds held by Sharma pursuant to the Temporary Restraining Order issued by this Court on July 3, 2012.

C. The Oversight Board is directed to approve future ROPS that include payments to StadCo (the "Subsequent Payments") in the following amounts:

Amount	Fiscal Period
$4,198,333	July 1, 2014-December 31, 2014

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6,209,333	July 1, 2015-December 31, 2015
6,559,333	July 1, 2016-December 31, 2016
7,245,333	July 1, 2017-December 31, 2017

D. The Oversight Board is directed to approve a future ROPS for the fiscal period of July 1, 2018 to December 31, 2018 in an amount that will fully satisfy the remainder of the Obligation (the "Final Payment") after taking into account the actual date that payments are received and, if applicable, the waivers of interest payments provided in this paragraph. If the Initial Payment is actually received by StadCo on or before October 31, 2012, the Final Payment shall exclude interest accruing on the amount of the Initial Payment prior to the date of the Initial Payment. If each Subsequent Payment, including the Final Payment, is actually received by StadCo on or before the end of the fiscal period listed above, the Final Payment shall exclude interest accruing in excess of that which would have accrued at the rate of four percent (4%) per annum. Otherwise, the amount of the Final Payment shall be increased by the amount of interest accrued in accordance with Paragraph A and this Paragraph. By way of example, if the Initial Payment is actually received by StadCo on or before October 31, 2012 and all of the Subsequent Payments, including the Final Payment, are actually received by StadCo on July 31 of the year in which such payment is due, then the amount of the Final Payment, including interest, shall be $2,465,719.

E. Upon Final Payment, Respondents shall have no further obligations to Petitioner and shall be deemed to have satisfied this Judgment.

DATED:

By: _____
THE HONORABLE LLOYD CONNELLY
JUDGE OF THE SUPERIOR COURT

COBLENTZ, PATCH, DUFFY & BASS LLP
ONE FERRY BUILDING, SUITE 200, SAN FRANCISCO, CALIFORNIA 94111-4213
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Exhibit C
Amortization Schedule

Original Principal	30,249,620	
Interest Rate	4.00%	(1)

Interest Accrual Start date	Interest Accrual End date	Projected Net TI Available	Projected Distrib to Taxing Agencies	One Time Adjustment (3)	Funds Available for Payment to Stadco	Beginning Balance Due (P&I)	Interest Accrued to Payment Date	Initial Payment Interest Waiver (2)	Payment to Stadco	Ending Balance: Principal & Accrued Interest
04/01/12	09/30/12	13,182,484	5,468,750	(70,000)	7,643,734	30,249,620	606,650	(153,294)	7,643,734	23,059,242
10/01/12	07/31/13	6,072,000	6,072,000		-	23,059,242	768,220		-	23,827,463
08/01/13	07/31/14	11,490,000	7,291,667		4,198,333	23,827,463	953,099		4,198,333	20,582,228
08/01/14	07/31/15	13,501,000	7,291,667		6,209,333	20,582,228	823,289		6,209,333	15,196,184
08/01/15	07/31/16	13,851,000	7,291,667		6,559,333	15,196,184	609,513		6,559,333	9,246,363
08/01/16	07/31/17	14,537,000	7,291,667		7,245,333	9,246,363	369,855		7,245,333	2,370,884
08/01/17	07/31/18	15,243,000	7,291,667		7,951,333	2,370,884	94,835		2,465,719	-
Total							4,225,460	-153,294	34,321,787	

Footnotes:

(1) See Section 11 (ii).

(2) See Section 11 (i)

Name of Redevelopment Agency: Redevelopment Agency of the City of Santa Clara

Project Area(s) University and Bayshore North

RECOMMENDED AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177

As Recommended to the Successor Agency on August 21, 2012

	Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation July 1, 2012	Total Due During Fiscal Year 2012-13	Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF) Payments by Month for First Half of Fiscal Year 2012-13						
							Jul	Aug	Sept	Oct	Nov	Dec	Total
1)	1999 Tax Allocation Bonds Series A	Bank of New York	Bond issue to fund non-housing projects	46,079,625.00	1,708,862.50	RPTTF					854,431.25		$ 854,431.25
2)	1999 Tax Allocation Bonds Series B	Bank of New York	Bond issue to fund non-housing projects	16,158,106.28	2,449,556.26	RPTTF					369,778.13		$ 369,778.13
3)	2002 Tax Allocation Refunding Bonds	Bank of New York	Bond issue to fund non-housing projects	11,964,325.00	5,982,475.00	RPTTF					303,737.50		$ 303,737.50
4)	2003 Tax Allocation Bonds	Bank of New York	Bond issue to fund non-housing projects	60,084,000.00	2,198,000.00	RPTTF					1,099,000.00		$ 1,099,000.00
5)	2011 Tax Allocation Bonds	Bank of New York	Bond issue to fund non-housing projects	63,048,575.00	650,612.50	RPTTF					325,306.25		$ 325,306.25
6)	2002 Series B COPs (Agency Share)	City of Santa Clara	Reimbursement agreement - Agency/City	670,916.91	343,749.00	RPTTF		NO PAYMENTS DUE IN THIS SIX MONTH PERIOD					$ -
7)	Settlement Agreement and Judgment Relating to 2011 Cooperation Agreement	Forty Niners SC Stadium Company LLC	To assist a publicly owned stadium	34,321,787.00	7,643,734.00	RPTTF			7,643,734.00				$ 7,643,734.00
8)													$ -
9)													$ -
10)													$ -
11)													$ -
12)													$ -
	Totals - This Page			$ 232,327,335.19	$ 20,976,989.26		$ -	$ -	$ 7,643,734.00	$ -	$ 2,952,253.13	$ -	$ 10,595,987.13
	Totals - Administrative Cost Allowance			$ 317,879.61	$ 317,879.61		$ 52,979.94	$ 52,979.94	$ 52,979.94	$ 52,979.94	$ 52,979.94	$ 52,979.91	$ 317,879.61
	Grand Total - All Pages			$ 232,645,214.80	$ 21,294,868.87		$ 52,979.94	$ 52,979.94	$ 7,696,713.94	$ 52,979.94	$ 3,005,233.07	$ 52,979.91	$ 10,913,866.74

Notes:

1) Line 7: The proposed settlement agreement settles Forty Niners SC Stadium Company LLC v. Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency, et al, and establishes a set payment schedule.

ATTACHMENT 2

Name of Redevelopment Agency: Redevelopment Agency of the City of Santa Clara

Project Area(s) University and Bayshore North

OVERSIGHT BOARD APPROVED RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177

As Recommended to the Successor Agency on August 21, 2012

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation July	Total Due During Fiscal Year 2012-13	Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF) Payments by Month for First Half of Fiscal Year 2012-13						
							Jul	Aug	Sept	Oct	Nov	Dec	Total
1)	Administrative Cost Allowance	City of Santa Clara	Reimbursement for Administrative Expenses	317,879.61	317,879.61	RPTTF	52,979.94	52,979.94	52,979.94	52,979.94	52,979.94	52,979.91	$ 317,879.61
2)													$ -
3)							REPRESENTS 3% OF ITEMS ON PAGE 1						$ -
4)													$ -
5)													$ -
6)													$ -
7)													$ -
8)													$ -
9)													$ -
10)													$ -
11)													$ -
12)													$ -
13)													$ -
14)													$ -
15)													$ -
	Totals - Administrative Cost Allowance			**$ 317,879.61**	**$ 317,879.61**		**$ 52,979.94**	**$ 52,979.94**	**$ 52,979.94**	**$ 52,979.94**	**$ 52,979.94**	**$ 52,979.91**	**$ 317,879.61**

Notes:

1) Line 1: The Total Outstanding Debt or Obligation July 1, 2012 and the Total Due During Fiscal Year 2012-13 equals 3% of the enforceable obligations on Page 1.
2) Line 1: The Administrative Budget of $1,406,283 was approved by the Successor Agency at its May 8, 2012 meeting and by the Oversight Board at its May 18, 2012 meeting.

RESOLUTION NO._____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CLARA, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, APPROVING A SETTLEMENT AGREEMENT BY AND AMONG THE FORTY NINERS SC STADIUM COMPANY, LLC, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY, THE SANTA CLARA STADIUM AUTHORITY AND THE SUCCESSOR AGENCY AND APPROVING AN AMENDMENT TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE JULY THROUGH DECEMBER 2012 PERIOD

BE IT RESOLVED BY THE CITY COUNCIL, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY, AS FOLLOWS:

WHEREAS, on February 28, 2011, the Santa Clara Stadium Authority ("SCSA") and the Redevelopment Agency for the City of Santa Clara (the "Redevelopment Agency") entered into the Cooperation Agreement to Assist Publicly-Owned Stadium (the "Cooperation Agreement"). Forty Niners SC Stadium Company, LLC ("StadCo") is an express third-party beneficiary of the Cooperation Agreement;

WHEREAS, on March 21, 2011, SCSA, the Redevelopment Agency and StadCo entered into the Predevelopment Funding Agreement. The Cooperation Agreement and the Predevelopment Funding Agreement shall be referred to hereinafter collectively as the "Stadium Agreements;"

WHEREAS, the Stadium Agreements require the Redevelopment Agency to pay an amount not to exceed $41.6 million to SCSA for the development and construction of a new football stadium in the City of Santa Clara (the "Stadium"), and to pledge tax increment revenues to secure that commitment. The Cooperation Agreement provides for the Redevelopment Agency to satisfy its obligation to SCSA through a combination of available cash on hand, proceeds from tax allocation bonds and other financings, and the pledge of property taxes;

WHEREAS, the Predevelopment Funding Agreement established a process by which StadCo would advance funds to SCSA to pay predevelopment costs of the Stadium (the "StadCo Advance"), with each such advance treated as a contemporaneous advance by SCSA to the Redevelopment Agency (the "SCSA Advance"). As StadCo expended funds on behalf of SCSA to pay predevelopment costs of the Stadium, those funds become repayable to StadCo by SCSA, with SCSA, in turn, entitled to repayment of that amount from the Redevelopment Agency; Interest accrues on the StadCo Advance and the SCSA Advance at a rate of 5.73% per annum;

WHEREAS, pursuant to the Stadium Agreements, StadCo advanced funds to pay predevelopment costs on account of the StadCo Advance in the amount of $30,249,620, and SCSA delivered a promissory note (the "StadCo Note") to StadCo to evidence the StadCo Advance;

WHEREAS, the Stadium is now under construction on property owned by the City of Santa Clara (the "City"). The City has leased the property to SCSA. SCSA, in turn, leased the facility to StadCo;

WHEREAS, on June 29, 2011, California Assembly Bill 1x26 became law, adding Health and Safety Code sections 34170 *et seq*. (the "Dissolution Act"). Under the Dissolution Act, the Redevelopment Agency was dissolved, and the Successor Agency was established to assume its existing contractual obligations and to wind down its affairs. The Oversight Board was established to oversee, direct, and approve certain actions of the Successor Agency;

WHEREAS, the Successor Agency succeeded to the Redevelopment Agency's "Enforceable Obligations," as defined by Health and Safety Code section 34171. Enforceable Obligations are required to be listed on a "Recognized Obligations Payment Schedule," or "ROPS." Health and Saf. Code § 34171(h). "Only those payments listed in the [ROPS] may be made by the successor

agency . . . ." Health and Saf. Code § 34177. The Successor Agency prepares the ROPS, which are then subject to approval by the Oversight Board. Health and Saf. Code § 34180. New or amended ROPS are approved once every six months. Health and Saf. Code § 34177;

WHEREAS, disputes have arisen between StadCo and the Oversight Board regarding whether the Redevelopment Agency's obligations under the Stadium Agreements constitute Enforceable Obligations, whether the Redevelopment Agency's obligations under the Stadium Agreements are required to be listed on the ROPS, and over the scope of the Oversight Board's power to terminate the Redevelopment Agency's obligations under the Stadium Agreements and the effect of any such termination;

WHEREAS, at its June 22, 2012 meeting, the Oversight Board approved a motion (the "June 22 Motion") purporting to do the following: (1) pursuant to its authority under 34181(d), to terminate the Cooperation Agreement and those portions of the Predevelopment Funding Agreement that related to the Redevelopment Agency's Obligation in the Cooperation Agreement because such termination would be in the "best interests of the affected taxing entities"; and (2) to not place any stadium-related obligations on the ROPS for the period from July 1, 2012 to December 31, 2012 ("ROPS 2");

WHEREAS, on June 27, 2012, StadCo filed a Petition for Writ of Mandate, entitled *Forty Niners SC Stadium Company LLC v. Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency, et al*, Sacramento Superior Court, Case No. 34-2012-800011192 (the "Action"). The Petition prayed for, *inter alia*, a writ of mandate under Code of Civil Procedure § 1085, directing the Oversight Board to withdraw or nullify the June 22 Motion, and to approve an amended ROPS that would include the Redevelopment Agency's obligations under the Stadium Agreements;

WHEREAS, on June 28, 2012, StadCo filed an application in the Action for an order restraining Vinod Sharma, in his official capacity as Director of the Finance Agency of the County of Santa Clara and the Auditor-Controller for the County of Santa Clara (the "Auditor-Controller"), the Finance Agency of the County of Santa Clara (the "Finance Agency"), and the County of Santa Clara (the "County") from disbursing certain monies that StadCo contended should have been disbursed to satisfy obligations under the Stadium Agreements, but that, as a consequence of the June 22 Motion, was to be distributed to various taxing agencies;

WHEREAS, on July 3, 2012, the Court issued an order restraining the Auditor-Controller, the County, and the Finance Agency from disbursing those monies pending a trial on the merits of the Petition;

WHEREAS, on July 24, 2012, the Oversight Board rescinded that portion of the June 22 Motion that terminated the Cooperation Agreement, and the portion of the Predevelopment Funding Agreement related to the Redevelopment Agency's Obligation in the Cooperation Agreement. The Oversight Board did not place the Stadium Agreements on the ROPS;

WHEREAS, the Oversight Board, the Successor Agency and StadCo have reached agreement on the terms of a settlement of the parties' disputes in accordance with the terms set forth in the Settlement Agreement on file with the Secretary to the Successor Agency;

WHEREAS, as a term of the Settlement Agreement, the Successor Agency is required to amend the Recognized Obligation Payment Schedule for the period of July through December 2012 to add the payment due under the Settlement Agreement to the ROPS; and

WHEREAS, the Governing Board of the Successor Agency has determined that settlement of the disputes between the Oversight Board and StadCo are in the best interests of the Successor

Agency and will provide the Successor Agency with sufficient funds to meet the Enforceable Obligations of the former Redevelopment Agency.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY, AS FOLLOWS:

1. That the City Council acting as the Governing Board of the Successor Agency hereby finds that the above Recitals are true and correct and by this reference makes them a part hereof.

2. That the City Council, acting as the Governing Board of the Successor Agency, hereby approves the Settlement Agreement and authorizes the City Manager acting as the Executive Officer of the Successor Agency to enter into and execute the Settlement Agreement on behalf of the Successor Agency, substantially in the form on file with the Secretary to the Successor Agency, with such revisions as are reasonably determined necessary by the Successor Agency signatory, such determination to be conclusively deemed to have been made by the execution of such agreement by the Successor Agency signatory. The City Manager, acting on behalf of the Successor Agency, is authorized to implement the Settlement Agreement and take all further actions and execute all other documents which are necessary or appropriate to carry out the Settlement Agreement

3. That the City Council, acting as the Governing Board of the Successor Agency, hereby approves the Amendment to the ROPS for the period of July through December 2012 substantially in the form on file with the Secretary to the Successor Agency. The City Council, acting as the Governing Board of the Successor Agency, hereby authorizes the City Manager to make such changes to the ROPS as are necessary to implement the Settlement Agreement.

4. That the City Council, acting as the Governing Board of the Successor Agency, hereby authorizes and directs the City Manager or the City Manager's designee, acting on behalf of the

Successor Agency, to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the ROPS, approval of the Settlement Agreement, and other actions taken pursuant to this Resolution.

5. That the City Council, acting as the Governing Board of the Successor Agency, hereby authorizes and directs the City Manager or the City Manager's designee, acting on behalf of the Successor Agency, to take all actions necessary to implement the obligations listed on the ROPS Amendment.

6. That nothing in this Resolution shall abrogate, waive, impair or in any other manner affect the right or ability of the City, as a municipal corporation, to initiate and prosecute any litigation with respect to any agreement or other arrangement between the City and the former Redevelopment Agency, including, without limitation, any litigation contesting the purported invalidity of such agreement or arrangement pursuant to the Dissolution Act.

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, acting as the governing board of the Successor Agency to the Redevelopment Agency of the City of Santa Clara, 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.

8. Effective date. This resolution shall become effective in accordance with Health and Safety Code Section 34179(h).

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA, CALIFORNIA, ACTING IN ITS CAPACITY AS THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA AT A REGULAR MEETING THEREOF HELD ON THE ___ DAY OF _____, 2012, 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: None

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RESOLUTION NO._____(STADIUM AUTHORITY)

A RESOLUTION OF THE SANTA CLARA STADIUM AUTHORITY APPROVING A SETTLEMENT AGREEMENT BY AND AMONG THE FORTY NINERS SC STADIUM COMPANY, LLC, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY, THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, AND THE SANTA CLARA STADIUM AUTHORITY

BE IT RESOLVED BY THE SANTA CLARA STADIUM AUTHORITY, AS FOLLOWS:

WHEREAS, on February 28, 2011, the Santa Clara Stadium Authority ("SCSA") and the Redevelopment Agency for the City of Santa Clara (the "Redevelopment Agency") entered into the Cooperation Agreement to Assist Publicly-Owned Stadium (the "Cooperation Agreement"). Forty Niners SC Stadium Company, LLC ("StadCo") is an express third-party beneficiary of the Cooperation Agreement;

WHEREAS, on March 21, 2011, SCSA, the Redevelopment Agency and StadCo entered into the Predevelopment Funding Agreement. The Cooperation Agreement and the Predevelopment Funding Agreement shall be referred to hereinafter collectively as the "Stadium Agreements;"

WHEREAS, the Stadium Agreements require the Redevelopment Agency to pay an amount not to exceed $41.6 million to SCSA for the development and construction of a new football stadium in the City of Santa Clara (the "Stadium"), and to pledge tax increment revenues to secure that commitment. The Cooperation Agreement provides for the Redevelopment Agency to satisfy its obligation to SCSA through a combination of available cash on hand, proceeds from tax allocation bonds and other financings, and the pledge of property taxes;

WHEREAS, the Predevelopment Funding Agreement established a process by which StadCo would advance funds to SCSA to pay predevelopment costs of the Stadium (the "StadCo Advance"), with each such advance treated as a contemporaneous advance by SCSA to the

Redevelopment Agency (the "SCSA Advance"). As StadCo expended funds on behalf of SCSA to pay predevelopment costs of the Stadium, those funds became repayable to StadCo by SCSA, with SCSA, in turn, entitled to repayment of that amount from the Redevelopment Agency. Interest accrues on the StadCo Advance and the SCSA Advance at a rate of 5.73% per annum;

WHEREAS, pursuant to the Stadium Agreements, StadCo advanced funds to pay predevelopment costs on account of the StadCo Advance in the amount of $30,249,620, and SCSA delivered a promissory note (the "StadCo Note") to StadCo to evidence the StadCo Advance;

WHEREAS, the Stadium is now under construction on property owned by the City of Santa Clara (the "City"). The City has leased the property to SCSA. SCSA, in turn, leased the facility to StadCo;

WHEREAS, on June 29, 2011, California Assembly Bill 1x26 became law, adding Health and Safety Code sections 34170 *et seq*. (the "Dissolution Act"). Under the Dissolution Act, the Redevelopment Agency was dissolved, and the Successor Agency was established to assume its existing contractual obligations and to wind down its affairs. The Oversight Board was established to oversee, direct, and approve certain actions of the Successor Agency;

WHEREAS, the Successor Agency succeeded to the Redevelopment Agency's "Enforceable Obligations," as defined by Health and Safety Code section 34171. Enforceable Obligations are required to be listed on a "Recognized Obligations Payment Schedule," or "ROPS." Health and Saf. Code § 34171(h). "Only those payments listed in the [ROPS] may be made by the successor agency . . . ." Health and Saf. Code § 34177. The Successor Agency prepares the ROPS, which are then subject to approval by the Oversight Board. Health and Saf. Code § 34180. New or amended ROPS are approved once every six months. Health and Saf. Code § 34177;

WHEREAS, disputes have arisen between StadCo and the Oversight Board regarding whether the Redevelopment Agency's obligations under the Stadium Agreements constitute Enforceable Obligations, whether the Redevelopment Agency's obligations under the Stadium Agreements are required to be listed on the ROPS, and over the scope of the Oversight Board's power to terminate the Redevelopment Agency's obligations under the Stadium Agreements and the effect of any such termination;

WHEREAS, at its June 22, 2012 meeting, the Oversight Board approved a motion (the "June 22 Motion") purporting to do the following: (1) pursuant to its authority under 34181(d), to terminate the Cooperation Agreement and those portions of the Predevelopment Funding Agreement that related to the Redevelopment Agency's Obligation in the Cooperation Agreement because such termination would be in the "best interests of the affected taxing entities"; and (2) to not place any stadium-related obligations on the ROPS for the period from July 1, 2012 to December 31, 2012 ("ROPS 2");

WHEREAS, on June 27, 2012, StadCo filed a Petition for Writ of Mandate, entitled *Forty Niners SC Stadium Company LLC v. Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency, et al*, Sacramento Superior Court, Case No. 34-2012-800011192 (the "Action"). The Petition prayed for, *inter alia*, a writ of mandate under Code of Civil Procedure § 1085, directing the Oversight Board to withdraw or nullify the June 22 Motion, and to approve an amended ROPS that would include the Redevelopment Agency's obligations under the Stadium Agreements;

WHEREAS, on June 28, 2012, StadCo filed an application in the Action for an order restraining Vinod Sharma, in his official capacity as Director of the Finance Agency of the County of Santa Clara and the Auditor-Controller for the County of Santa Clara (the "Auditor-Controller"), the

Finance Agency of the County of Santa Clara (the "Finance Agency"), and the County of Santa Clara (the "County") from disbursing certain monies that StadCo contended should have been disbursed to satisfy obligations under the Stadium Agreements, but that, as a consequence of the June 22 Motion, was to be distributed to various taxing agencies;

WHEREAS, on July 3, 2012, the Court issued an order restraining the Auditor-Controller, the County, and the Finance Agency from disbursing those monies pending a trial on the merits of the Petition;

WHEREAS, on July 24, 2012, the Oversight Board rescinded that portion of the June 22 Motion that terminated the Cooperation Agreement, and the portion of the Predevelopment Funding Agreement related to the Redevelopment Agency's Obligation in the Cooperation Agreement. The Oversight Board did not place the Stadium Agreements on the ROPS;

WHEREAS, the Oversight Board, the Successor Agency and StadCo have reached agreement on the terms of a settlement of the parties' disputes in accordance with the terms set forth in the Settlement Agreement on file with the Secretary to the Successor Agency; and

WHEREAS, the SCSA has determined that settlement of the disputes between the Oversight Board and StadCo are in the best interests of the Successor Agency and will provide the Successor Agency with sufficient funds to meet the Enforceable Obligations of the former Redevelopment Agency.

NOW THEREFORE, BE IT RESOLVED BY THE SANTA CLARA STADIUM AUTHORITY:

1. That the Board of the Santa Clara Stadium Authority hereby finds that the above Recitals are true and correct and by this reference makes them a part hereof.

2. That the Board of the Santa Clara Stadium Authority, hereby approves the Settlement Agreement and authorizes the Executive Director to enter into and execute the Settlement Agreement, substantially in the form on file with the Secretary to the Santa Clara Stadium Authority, with such revisions as are reasonably determined necessary by the Authority signatory, such determination to be conclusively deemed to have been made by the execution of such agreement by the Authority signatory. The Executive Director is authorized to implement the Settlement Agreement and take all further actions and execute all other documents which are necessary or appropriate to carry out the Settlement Agreement.

3. 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 Santa Clara Stadium Authority, 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.

4. 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 BOARD OF THE SANTA CLARA STADIUM AUTHORITY AT A REGULAR MEETING THEREOF HELD ON THE ___ DAY OF _____, 2012, BY THE FOLLOWING VOTE:

AYES: AUTHORITY BOARD MEMBER:

NOES: AUTHORITY BOARD MEMBER:

ABSENT: AUTHORITY BOARD MEMBER:

ABSTAINED: AUTHORITY BOARD MEMBER:

ATTEST: _____
ROD DIRIDON, JR.
SECRETARY

Attachments incorporated by reference: None

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