



Date: February 15, 2011

To: City Manager for Council Action

From: Administrative Analyst to the City Manager

Subject: Adoption of Resolution to Approve Joint Exercise of Powers Agreement Establishing the Santa Clara Stadium Authority

EXECUTIVE SUMMARY:

On June 2, 2009 Council approved a Term Sheet between the City of Santa Clara, the Redevelopment Agency, and the 49er Stadium Company, LLC for the construction and operation of an NFL stadium in the Bayshore North Redevelopment Area. A special election was held on June 8, 2010 to allow Santa Clara voters to have the opportunity to decide whether a stadium should be built under the conditions negotiated in the Term Sheet. Chapter 17.20 of the Santa Clara Municipal Code (Measure J), the Stadium ballot measure, passed with 58.2% of the vote.

Chapter 17.20 of the Santa Clara Municipal Code provides that any lease of City property for development and operation of a stadium shall be to a Joint Powers Authority created by the City and the Agency. The legal basis for the creation of a public Authority resides in state law, which permits several government entities to join together to form a new entity called a "Joint Powers" Authority or Agency. As provided in Chapter 17.20, staff is proposing that the members of the Stadium Authority would be the City of Santa Clara and the City of Santa Clara Redevelopment Agency. The seven elected members of the City Council, who also serve as members of the Redevelopment Agency Board, would serve as the governing board for the Authority. The Mayor would serve as chair of the Authority, with the City Manager as the Executive Director and the City Attorney as the Authority's General Counsel.

The attached proposed Joint Powers Agreement between the City of Santa Clara and the Santa Clara Redevelopment Agency will serve as the governing document of the Authority. The Joint Powers Agreement establishes the Stadium Authority and sets basic ground rules for its operation. The Stadium Authority will be formally created by action of the City Council and the Santa Clara Redevelopment Agency in approving the Joint Powers Agreement. The Stadium Authority is structured so that neither the City nor the Agency will be liable for the debts or obligations of the Stadium Authority. Subject to the limitations of the Joint Powers Agreement, the Stadium Authority will have those powers that are common to both the Agency and the City and will operate pursuant to the rules and procedures of the Agency.

Examples of anticipated Stadium Authority functions include:

- Leasing the land for the stadium from the City pursuant to a long-term ground lease;
- Owning the stadium;
- Contract with design and engineering professionals to design the stadium;
- Entering into financing contracts including potentially issuing bonds for the financing of the Stadium
- Sale of stadium builder licenses and naming rights to the Stadium
- Contracting with a construction contractor to construct the stadium;

- Leasing the stadium to a private tenant, under a long-term contract, for use for professional football games;
- Managing day-to-day stadium operations and the surrounding areas for football games and other stadium events, including maintenance, security, traffic control and parking.
- Obtaining insurance against hazards such as fires, floods or earthquakes and also insure against tort claims such as injuries to event attendees.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

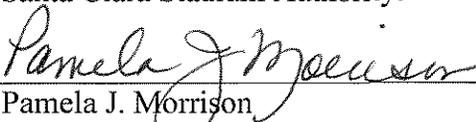
The voter-approved stadium ballot measure requires that the lease of City property for a stadium must be to a Joint Powers Authority; therefore, adoption of the attached resolution approving the creation of the Stadium Authority is a required next step in the development of the stadium. In addition, creation of a Joint Powers Authority provides a means of accomplishing the cooperation and coordination between the City and Agency necessary to provide for development and operation of the proposed stadium, in order to ensure that the stadium serves the goals of both the City and the Agency. There are no identified disadvantages.

ECONOMIC/FISCAL IMPACT:

The Joint Powers Authority structure provides protection to the City’s General Fund from the debts and obligations of the Stadium Authority. Stadium Authority operating costs will be funded with Stadium Authority revenues. City staff time spent on Stadium Authority business will be budgeted in the Stadium Authority annual operating budget. A stipend payment of \$30 to Stadium Authority Board Members for meeting attendance, which is the same amount paid for Redevelopment Agency meeting attendance will also be included in the Stadium Authority annual operating budget.

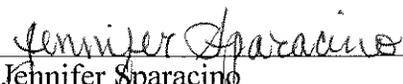
RECOMMENDATION:

That the Council adopt the Resolution to approve the Joint Exercise of Powers Agreement Establishing the Santa Clara Stadium Authority.



Pamela J. Morrison
Administrative Analyst to the City Manager

APPROVED:



Jennifer Sparacino
City Manager

Documents Related to this Report:

- 1) ***Resolution to Approve Joint Exercise of Powers Agreement Establishing the Santa Clara Stadium Authority***
- 2) ***Joint Exercise of Powers Agreement Establishing the Santa Clara Stadium Authority***

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CLARA
AUTHORIZING THE EXECUTION OF A JOINT POWERS AGREEMENT WITH THE
REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA TO AUTHORIZE
THE CREATION OF THE SANTA CLARA STADIUM AUTHORITY**

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

WHEREAS, the Redevelopment Agency of the City of Santa Clara (the “Agency”) desires to partner with the City of Santa Clara (the “City”) in the construction and operation of a stadium suitable for professional football and other large events (the “Stadium Project”) as a means of reducing physical and economic blight in the Bayshore North Project Area (the “Project Area”);

WHEREAS, on June 8, 2010, the citizens of the City approved Measure J, “The Santa Clara Stadium Taxpayer Protection and Economic Progress Act” which endorses the development of the Stadium Project and calls for the creation of the Santa Clara Stadium Authority (the “Stadium Authority”) to own, develop, construct, operate and maintain the Stadium Project.

WHEREAS, in order to facilitate the Stadium Project and to fulfill the mandates of Measure J, the Agency and City desire to form the Stadium Authority which will operate within the jurisdiction of the City;

WHEREAS, the Stadium Authority's activities would include the ownership and operation of the Stadium Project;

WHEREAS, the Stadium Authority would exercise its powers in accordance with Measure J, and other City and applicable state and federal laws; and

WHEREAS, in order to form the Stadium Authority, the Agency and the City desire to enter into that certain Joint Exercise of Powers Agreement for the Santa Clara Stadium Authority, which establishes the governing and operational structure of the Stadium Authority in greater

detail and appoints the Board Members of the Stadium Authority, and the form of which is on file with the Agency Secretary and City Clerk (the "JPA Agreement").

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

1. That the City Council hereby approves the JPA Agreement and the formation of the Santa Clara Stadium Authority and authorizes the City Manager to execute the JPA Agreement on behalf of the City.
2. That the City Council hereby directs City staff to cooperate with the Agency in implementing the purpose of the JPA Agreement and the City Manager is hereby authorized to take such further actions as may be necessary or appropriate to carry out the City's obligations pursuant to this Resolution and the JPA Agreement.
3. That the City Council authorizes and directs staff to undertake any and all action necessary to ensure that members of the Stadium Authority's governing board receive any assistance necessary to perform their function as members of the governing board of the Stadium Authority.
4. The City Clerk shall certify to the adoption of this Resolution.
5. That this Resolution shall take immediate effect upon its adoption.
6. 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 Council 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.

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, AT A REGULAR MEETING THEREOF HELD ON THE ____ DAY OF _____, 20____,

BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBER:

NOES: COUNCIL MEMBER:

ABSENT: COUNCIL MEMBER:

ABSTAINED: COUNCIL MEMBER:

ATTEST: _____
ROD DIRIDON, JR.
CITY CLERK OF THE
CITY OF SANTA CLARA

Attachments Incorporated by Reference:

1. Joint Exercise Of Powers Agreement Establishing The Santa Clara Stadium Authority

JOINT EXERCISE OF POWERS AGREEMENT
ESTABLISHING THE
SANTA CLARA STADIUM AUTHORITY

by and between

THE CITY OF SANTA CLARA

AND

REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA

JOINT EXERCISE OF POWERS AGREEMENT
ESTABLISHING THE
SANTA CLARA STADIUM AUTHORITY

This Joint Exercise of Powers Agreement ("Agreement") is entered into as of _____, 2011, by and between the City of Santa Clara, a charter city ("City") and the Redevelopment Agency of the City of Santa Clara, a public body corporate and politic ("Agency"), with reference to the following:

RECITALS

A. The City is the owner of certain property as more particularly described in Exhibit A (the "City Property")

B. The City has adopted and the Agency is implementing the Redevelopment Plan for the Bayshore North Redevelopment Project (the "Redevelopment Plan") which was adopted pursuant to the authority of the Community Redevelopment Law (Health & Safety Code Sections 33000 *et seq.*).

C. In furtherance of the implementation of the Redevelopment Plan, the City and the Agency have cooperated in exploring the feasibility of developing and operating a stadium on the City Property suitable for professional football and other events (the "Stadium").

D. The City and the Agency contemplate that the design, construction and operation of the Stadium will require close cooperation and coordination between the City and the Agency in order to ensure that the Stadium serves the goals of both the City and the Agency.

E. Articles 1 through 4 of Chapter 5 of Title 1 of the Government Code (Government Code Sections 6500 *et seq.*)(the "JPA Law") authorize the City and the Agency to create a joint exercise of powers entity to jointly exercise any powers common to the City and the Agency and to exercise the powers granted under the JPA Law.

F. Chapter 17.20 of the Santa Clara Municipal Code, which was approved by the voters on June 9, 2010, provides that any lease of the City Property for development and operation of a Stadium shall be to a joint powers authority created by the City and the Agency.

G. The City and the Agency are empowered by law to undertake certain projects and programs and possess the power and authorization to buy and sell, own and lease property, to construct, maintain and operate public improvements, to incur debts and other obligations, and to protect public health, safety and welfare.

H. The City and the Agency desire to enter into this Agreement and create the Santa Clara Stadium Authority (the "Stadium Authority") as a means of accomplishing the cooperation and coordination among them necessary to provide for development and operation of the Stadium.

ARTICLE 1.
DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. For the purpose of this Agreement, the meaning of the capitalized terms used in the Agreement shall be the following:

(a) "Agency" means Redevelopment Agency of the City of Santa Clara, a public agency corporate and politic.

(b) "Agreement" means this Joint Exercise of Powers Agreement.

(c) "Board" means the governing body of the Stadium Authority.

(d) "Board Members" means the members of the governing Board of the Stadium Authority.

(e) "Budget" means the approved budget applicable to the expenses of the Stadium Authority.

(f) "City Property" means the real property in Santa Clara, California which property is shown on the map attached to this Agreement as Exhibit A.

(g) "Disposition Agreement" means the agreement to be entered into by and among the Stadium Authority, the Private Tenant and the Agency providing for the development of the Stadium to be owned by the Stadium Authority.

(h) "Executive Director" means chief executive officer of the Authority as set forth in Section 3.11

(i) "Fiscal Year" means the period from July 1 in any calendar year, to and including June 30 in the succeeding calendar year.

(j) "Ground Lease" means the lease to be entered into between the City and the Stadium Authority to lease the City Property.

(k) "JPA Law" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1, of the California Government Code, as such may be amended.

(l) "Member" means an entity that is a party to this Agreement and a member of the Stadium Authority. The Members of the Stadium Authority are the City and the Agency.

(m) "Operation and Maintenance Plan" shall mean the plan for the operation and maintenance of the Stadium adopted annually by the Stadium Authority.

(n) "Other Public Improvements" means the public improvements and infrastructure necessary for development of the Stadium; the Other Public Improvements may include improvements to streets, roads, plazas, pedestrian walkways and bridges, public parking, community facilities, and other improvements.

(o) "Private Tenant" means the private party that enters into a Stadium Lease with the Stadium Authority as provided in Chapter 17.20 of the Santa Clara Municipal Code.

(p) "Project Area" shall mean the Bayshore North Redevelopment Project Area.

(q) "Public Safety Agreement" shall mean the agreement to be entered into between the Stadium Authority and the City, pursuant to which the Stadium Authority will agree to reimburse the City for Public Safety Costs.

(r) "Public Safety Costs" shall mean the actual and reasonable costs of police, traffic control, fire, emergency services and similar services attributable to Stadium events incurred in implementing the approved Public Safety Plan, including the fair share of reasonable capital expenditures required for public safety for the Stadium as more specifically described in the Public Safety Agreement.

(s) "Public Safety Plan" shall mean the plan describing procedures for traffic management, security and public safety at large events, including NFL Games at the Stadium, which will include police and fire personnel stationed in and around the Stadium, as well as private security to be developed by the City (including, without limitation, its Chief of Police) and the Stadium Authority, in consultation with the Private Tenant, as updated as needed.

(t) "Redevelopment Plan" means the Redevelopment Plan for the Bayshore North Redevelopment Project, adopted by the City Council of the City.

(u) "Stadium Authority" means the Santa Clara Stadium Authority created under this Agreement.

(v) "Stadium Lease" shall mean that certain lease to be entered into by and between the Private Tenant and the Stadium Authority for the leasing of the Stadium.

ARTICLE 2.
PURPOSE AND POWERS

Section 2.1 Purpose of the Agreement. Each of the Members has in common the authority to study, plan for, acquire, maintain, operate, lease, sell, finance or construct public facilities on the City Property and surrounding property and to purchase, sell, own or lease property in the Project Area for redevelopment purposes and to issue bonds and pay for all or part of the costs of public improvements. The purpose of this Agreement is to jointly exercise the foregoing common powers in the manner set forth in this Agreement.

Section 2.2 Stadium Authority Created. There is hereby created a public entity known as the "Santa Clara Stadium Authority". The Stadium Authority is formed pursuant to the JPA Law and shall be a public entity separate from any Member.

Section 2.3 Effective Date. The effective date of this Agreement and the date on which the Stadium Authority shall be deemed formed and existing shall be the first date on which City and the Agency have each approved this Agreement.

Section 2.4 Boundaries of the Stadium Authority. The geographic boundaries of the Stadium Authority shall be coextensive with the Project Area.

Section 2.5 Powers. The Stadium Authority shall have the power in its own name to do any of the following:

(a) To study, plan, design, construct, own, finance, manage, maintain, and operate the Stadium and ancillary facilities including parking facilities and to construct such Other Public Improvements.

(b) To exercise the powers conferred upon it by the JPA Law and this Agreement necessary or convenient to the accomplishment of the purposes of this Agreement.

(c) To participate in financing or refinancing of public facilities on or related to the Stadium in accordance with any terms and conditions imposed by the JPA Law and applicable law.

(d) To make and enter into contracts upon the recommendation of the Executive Director necessary to the full exercise of its powers.

(e) To contract for the services of consultants upon the recommendation by the Executive Director

(f) To acquire, own, construct, manage, maintain and operate any facilities on or related to the Stadium.

(g) To acquire and to hold and dispose, of real and personal property by sale, lease or other conveyance, including but not limited to seat licenses and naming rights, necessary to the full exercise of its powers, unless such power is otherwise restricted by the provisions of the Redevelopment Plan.

(h) To incur debts, liabilities and/or obligations subject to limitations herein set forth, provided, however, that the debts, liabilities and obligations of the Stadium Authority shall not constitute any debt, liability or obligation of any of the Members.

(i) To hire employees as necessary to carry out the business of the Stadium Authority. All employees shall be appointed and removed by the Executive Director and all Employees shall serve at the pleasure of the Executive Director.

(j) To sue and be sued in its own name.

(k) To apply for, accept and receive state, federal or local licenses, permits, grants, loans or other aid from any agency of the United States of America, or of the State of California necessary for the Stadium Authority's full exercise of its powers.

(l) To perform all acts necessary or proper to carry out fully the purpose of this Agreement and not inconsistent with the JPA Law.

(m) To invest any money in the treasury pursuant to Sections 6509.5 and 6505.5 of the JPA Law which is not required for the immediate necessities of the Stadium Authority, as the Stadium Authority determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the Government Code of the State of California.

(n) To apply for letters of credit or other form of financial guarantees in order to secure the repayment of its obligation and enter into agreements in connection therewith.

(o) To accept security, collateral or other property interests to secure payment of loans or other obligations to the Stadium Authority.

(p) To carry out and enforce all the provisions of this Agreement.

(q) To finance or refinance indebtedness incurred by the Stadium Authority or third parties in connection with any of the purposes hereof.

(r) To the extent not herein specifically provided for, to exercise any powers in the manner and according to methods provided under the laws applicable to the Agency.

Section 2.6 Additional Powers to be Exercised. In addition to those powers common to each of the Members, the Stadium Authority shall have those powers conferred upon it by the JPA Law.

Section 2.7 Restrictions on Exercise of Powers. The Act and the powers of the Stadium Authority shall be exercised in the manner provided in the JPA Law, and, except for those powers set forth in Article 4 of the JPA Law, shall be subject (in accordance with Section 6509 of the JPA Law) to the restrictions upon the manner of exercising such powers that are imposed upon the Agency as such powers exist on the date of execution of this Agreement (or, if the Agency is no longer a Member, the City) in the exercise of similar powers. Notwithstanding the foregoing, with respect to the award of design-build contracts, the Stadium Authority may elect to exercise its powers in the manner provided in Section 6532 of the JPA Law.

Section 2.8 Obligations of Stadium Authority. The debts, liabilities and obligations of the Stadium Authority shall not be the debts, liabilities and obligations of the Members. The Members shall not be liable for the debts, liabilities or obligations of the Stadium Authority.

Section 2.9 Non-Liability for Obligations of Stadium Authority. No Member, officer, agent or employee of the Stadium Authority shall be individually or personally liable for the payment of the principal or for premium or interest on any obligations of the Stadium Authority or be subject to any personal liability or accountability by reason of any obligations of the Stadium Authority; but nothing herein contained shall relieve any such party, officer, agent or employee from the performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Stadium Authority.

Section 2.10 Stadium Authority Facilities. All public facilities constructed or acquired by the Stadium Authority may be held in the name of the Stadium Authority for the benefit of the Stadium Authority in accordance with the terms of this Agreement unless conveyed to and accepted by the City or the Agency.

ARTICLE 3. ORGANIZATION

Section 3.1 Membership. The Members of the Stadium Authority shall be the City and the Agency.

Section 3.2 Governing Body of the Stadium Authority.

(a) The business of the Stadium Authority shall be conducted by a Board which shall consist of seven (7) members of the City Council, of the City of Santa Clara. All voting power of the Stadium Authority shall reside in the Board.

(b) The Mayor of the City shall serve as the Chair of the Board of the Stadium Authority and the City Clerk of the City shall serve as the Secretary of the Stadium Authority. The Board may appoint a vice-chair.

Section 3.3 Principal Office. The principal office of the Stadium Authority shall be 1500 Warburton Avenue, Santa Clara, California. The Board is hereby granted full power and authority to change said principal office from one location to another. Any change shall be noted by the Secretary under this section, but shall not be considered an amendment to this Agreement.

Section 3.4 Meetings. The Board shall meet at the Stadium Authority's principal office or at such other place as may be designated by the Board. The time and place of regular meetings of the Board shall be determined by resolution adopted by the Board; a copy of such resolution shall be furnished to each party hereto, provided, however, in the event the Board fails to adopt a resolution setting regular meetings, regular meetings shall be held on the same date as the City's regular Council meetings. Regular, adjourned and special meetings shall be called, noticed, held, and conducted in the manner as provided in the Ralph M. Brown Act (Chapter 9, Division 2, Title 5, of the Government Code of the State of California (commencing at Section 54950)) or any successor legislation hereinafter enacted.

Section 3.5 Quorum. A simple majority of the Board Members shall constitute a quorum for the purpose of transacting the Stadium Authority's general business. Except as otherwise provided by law, the vote of a majority of the Board Members attending a duly called and constituted meeting shall be required for the Stadium Authority to take action. Each Board Member shall have one vote.

Section 3.6 Powers and Limitations. All the power and authority of the Stadium Authority shall be exercised by the Board, subject, however, to the provisions of this Agreement, the JPA Law, and the rights reserved by the Members as herein set forth.

Section 3.7 Minutes. The Stadium Authority shall cause to be kept minutes of regular, adjourned and special meetings of the Board, and shall cause a copy of the minutes to be forwarded to each Board Member and to each of the Members hereto.

Section 3.8 Bylaws; Rules. The Board may adopt from time to time such bylaws and rules and regulations for the conduct of its affairs as may be necessary or advisable for the purposes of this Agreement.

Section 3.9 Vote or Assent of Members. The vote, assent, or approval of the City and the Agency as Members in any matter requiring such vote, assent or approval hereunder, shall be evidenced by a certified copy of the resolution of the governing board of such Member filed with the Stadium Authority.

Section 3.10 Stadium Authority Executive Director. The Stadium Authority Executive Director shall be the City Manager of the City of Santa Clara. The Executive Director shall be the chief executive officer of the Stadium Authority and shall be responsible to the Board for the proper and efficient administration of all of the affairs of the Stadium Authority. In addition to other powers and duties herein provided, the Executive Director shall have the power:

(a) Under policy direction of the Board, to plan, organize and direct all Stadium Authority activities.

(b) Prepare and submit to the Board for its approval an annual budget and be responsible for its administration after its adoption.

(c) Prepare and submit to the Board at the end of each fiscal year a complete report on the finances and administration of the Stadium Authority for the preceding year.

(d) Keep the Board advised of the financial condition and future needs of the Stadium Authority and to make such recommendations as may seem advisable to him/her.

(e) To appoint and to remove all Stadium Authority employees, if any, all of whom shall serve at the pleasure of the Executive Director, except as is otherwise provided by law.

(f) To authorize expenditures within the designations and limitations of the approved Budget.

(g) To authorize expenditures within the designations and limitations of the approved Budget. The Executive Director shall have the authority to approve expenditures for amounts of fifty thousand dollars (\$50,000) or less, provided, however, this limitation may be modified by resolution of the Stadium Authority Board.

(h) To execute contracts on behalf of the Stadium Authority.

(i) To make recommendations to and requests of the Board concerning all of the matters and things which are to be performed, done or carried out by said Board.

(j) To make investigations into the affairs of the Stadium Authority or any contract or the proper performance of any obligation of the Stadium Authority.

(k) Such other duties and powers as may be delegated by the Stadium Authority Board by resolution or motion.

Section 3.11 Treasurer and Financial Auditor.

(a) The Finance Director of the City shall be the Treasurer and financial auditor of the Stadium Authority. Except as otherwise required under any bond documents or other agreements, the Finance Director/Treasurer/Auditor shall be the depository, shall have the custody of all the money of the Stadium Authority from whatever source, and shall have the duties and obligations of the Treasurer and Auditor as set forth in Sections 6505 and 6505.5 of the Act. The Finance Director/Treasurer/Auditor shall assure strict accountability of all receipts and disbursements of the Stadium Authority and shall make arrangements with a certified public accountant or firm of certified public accountants for the annual independent audit of accounts and records of the Stadium Authority.

(b) The Finance Director/Treasurer/ Auditor of the Stadium Authority is designated as the public officer or person who has charge of, handles, or has access to any property or funds of the Stadium Authority, and shall be bonded as required by Government Code Section 6505.1, and the amount of such bond shall be fixed by resolution. From time to time the Board may designate other persons in addition to the Finance Director/Treasurer/Auditor who have charge of, handle, or have access to any property or funds of the Stadium Authority.

Section 3.12 Stadium Authority Counsel. The Stadium Authority Counsel shall be the City Attorney of the City of Santa Clara. The Stadium Authority Counsel shall be responsible for all legal matters pertaining to the Stadium Authority and its operations.

Section 3.13 Liability of Board. The Stadium Authority shall defend, indemnify and hold harmless any Member, Board Member, officer or employee for their actions taken within the scope of the authority of the Stadium Authority. Except as otherwise provided in this Agreement, the funds of the Stadium Authority shall be used to defend, indemnify and hold harmless the Stadium Authority and any Member, Board Member, officer or employee for their actions taken within the scope of the authority of the Stadium Authority. Nothing herein shall limit the right of the Stadium Authority to purchase insurance to provide such coverage. The Stadium Authority's duty to indemnify each Member (and its board members, officers, employees and agents) shall survive the Member's withdrawal from the Stadium Authority.

ARTICLE 4.
FINANCING

Section 4.1 Budget. The Board shall adopt the Initial Annual Stadium Operating Budget for the first year of operation of the Stadium Authority within sixty days of formation of the Stadium Authority. Each year thereafter, prior to the commencement of the Fiscal Year, the Board shall adopt the Annual Stadium Operating Budget for the ensuing Fiscal Year. The Annual Stadium Operating Budget shall contain a detailed budget for the succeeding year and a projection of operating expenses and revenues over the succeeding five (5) year period. The Annual Stadium Operating

Budget will contain an estimate of operating revenue for the upcoming Fiscal Year as well as all projected costs of operating, maintaining and repairing the Stadium and all costs attributable to operating parking lots and structures under the control of the Stadium Authority and for Public Safety Costs.

Section 4.2 CFD Funds. The City has formed a Community Facilities District consisting of the hotels located in the vicinity of the City Property and the proposed Stadium. The Stadium Authority is expected to enter into a reimbursement agreement with the CFD whereby the CFD will reimburse the Stadium Authority for certain costs associated with the development and operation of the Stadium and the Other Public Improvements. The Stadium Authority shall comply with Government Code Section 6532 with regard to the use of any CFD Funds for construction of the Stadium and the Other Public Improvements. Funds paid to the Stadium Authority by the CFD are referred to herein as "CFD Funds".

Section 4.3 Agency Funding. Pursuant to the terms of a funding agreement to be entered into between the Agency and the Stadium Authority (the "Agency Funding Agreement"), the Agency is expected to contribute tax increment funds to the Stadium Authority for use in the construction of the Stadium in an amount not to exceed Forty Million Dollars (\$40,000,000). Pursuant to the terms of the Agency Funding Agreement, the Agency is also expected to pay to the City up to One Million Seven Hundred Thousand Dollars (\$1,700,000) on behalf of the Stadium Authority for the payment of development fees owed to the City related to construction of the Stadium. The terms of the Agency contribution shall be as set forth in the funding agreement, and funds so contributed are referred to herein as "Agency Funds." The Stadium Authority shall comply with Government Code Section 6532 with regard to the use of the Agency Funds for the construction of the Stadium.

Section 4.4 Contributions for Operating Expenses.

(a) The City shall have no obligation to contribute any City funds, including general funds or enterprise (utility) funds to the construction, operation or maintenance of the Stadium or the costs and expenses of the administration of the Stadium Authority other than the CFD funds set forth in Section 4.2 above. The Agency shall have no obligation to contribute any Agency funds to the construction, operation or maintenance of the Stadium or the costs and expenses of the administration of the Stadium Authority other than as set forth in the Agency Funding Agreement. The City or the Agency may contract with the Stadium Authority for the use of personnel, equipment or property provided such contract provides for full reimbursement of the City's or the Agency's costs associated with such contract. The Stadium Authority shall reimburse the City the direct and indirect costs of City employees performing the duties of the Executive Director, the Finance Director/Treasurer/Auditor, the Stadium Authority Counsel and the Secretary, and for other out of pocket expenses for outside services and other reimbursable expenses authorized by the Stadium Authority, all in accordance with the approved Annual Stadium Operating Budget.

(b) Expenses of the Stadium Authority shall be paid from operating revenue, rent and other revenues generated by the Stadium.

(c) In accordance with Government Code Section 6512.1, repayment or return to the Members of all or part of any contributions made by the Members may be directed by the Board at such time, and upon such terms as may be consistent with the JPA Law, and/or any revenue bond issue. The Stadium Authority shall hold title to all funds, property and facilities acquired by it during the term of this Agreement.

Section 4.5 General Bond Provisions. Upon approval of the Board, the Stadium Authority may, in any given year, issue bonds, or enter into other financing arrangements, to finance activities or facilities in accordance with the provisions of any applicable law and the JPA Law. Neither the City nor the Agency shall be obligated under any bonds issued by, or other financing arrangements entered into by, the Stadium Authority and no revenue, funds or property of either the City or the Agency shall be pledged toward repayment of any such bonds.

Section 4.6 Revenue Bonds. The Stadium Authority, upon approval of the Board, shall have the power and authority to issue revenue bonds for the purposes and in accordance with the procedures and requirements set forth in the JPA Law. Only the revenues of the Stadium Authority may be pledged to any such revenue bonds issued by the Stadium Authority and no funds of either the Agency or the City shall be pledged toward the repayment of any revenue bonds issued by the Stadium Authority.

Section 4.7 Disposition of Revenue. Stadium Authority revenues shall be used in accordance with the requirements of the Disposition Agreement, the Ground Lease and the Stadium Lease. To the extent that the Stadium Authority has revenue which is not needed to meet its obligations to pay Stadium related costs and Public Safety Costs, or unless otherwise restricted by contract, the Stadium Authority may pay any excess revenue to the City pursuant to the Ground Lease.

ARTICLE 5.
OTHER OBLIGATIONS OF THE STADIUM
AUTHORITY

Section 5.1 Construction of Stadium. The Stadium may enter into design build agreements for the construction of the Stadium provided that such agreement or agreements comply with the requirements of Government Code Section 6532 and further provided that to the extent the Stadium Authority is using the CFD funds provided for in Section 4.2 or the Agency funds provided for in Section 4.3, the Stadium Authority shall ensure that such funds are only used for payment of subcontracts complying with the requirements of Government Code Section 6532 (e).

Section 5.2 Operation of Stadium. The Stadium Authority shall be responsible for operating the Stadium in accordance with the terms of the Disposition Agreement, the

Ground Lease and the Stadium Lease. Upon the recommendation of the Executive Director, the Stadium Authority may contract with a facilities manager or make other arrangements to oversee the day to day operations of the Stadium. The Stadium Authority will annually adopt an Operation and Maintenance Plan.

Section 5.3 Public Safety. The Stadium Authority shall be responsible for reimbursing the City for all Public Safety Costs incurred by the City as a result of the Stadium to the extent such costs are not otherwise paid for or reimbursed through other fees or charges. The City and the Stadium Authority shall enter into the Public Safety Agreement, which agreement shall be updated regularly to provide for the payment of such Public Safety Costs.

Section 5.4 Stadium Lease. The Stadium Authority is expected to enter into the Stadium Lease with the Private Tenant providing the terms and conditions under which the Private Tenant leases the Stadium.

Section 5.5 Transportation Management and Operation Plan. The Stadium Authority shall participate with the City and other public entities as well as the Private Tenant in the development and implementation of a Transportation Management and Operation Plan that will address traffic, transit, pedestrian, and bicycle movements related to Stadium events as well as parking management and operations. The Stadium Authority will be responsible, in cooperation with other public agencies, and the Private Tenant, for ensuring that the Transportation Management and Operation Plan meets the requirements of the Environmental Impact Report prepared related to the Stadium.

Section 5.6 Capital Expenditure Plan. The Stadium Authority shall adopt a capital expenditure plan for the Stadium annually. The Capital Expenditure Plan will include an annual projection of capital expenditures, as well as a five (5) year projection of anticipated expenditures.

ARTICLE 6. ACCOUNTING AND AUDITS

Section 6.1 Accounts and Reports. The Finance Director/Treasurer/Auditor shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Stadium Authority. The books and records of the Stadium Authority in the hands of a trustee or the Finance Director/Treasurer/Auditor shall be open to inspection at all reasonable times by representatives of the Members. The Finance Director/Treasurer/Auditor, within 120 days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to the Executive Director and Members. The trustee appointed under any trust agreement shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said trust agreement. Said trustee may be given such duties in said trust agreement as may be desirable to carry out this Agreement.

Subject to the applicable provisions of any trust agreement or indenture which the Stadium Authority may enter into, which may provide for a trustee to receive, have custody of, and disburse Stadium Authority funds, the Finance Director/Treasurer/Auditor of the Stadium Authority shall receive, have the custody of, and disburse Stadium Authority funds on warrants drawn by the auditor as nearly as possible in accordance with generally accepted accounting practices, shall make the disbursements required by this Agreement, and shall take such other actions as are necessary to implement or to carry out any of the provisions or purposes of this Agreement.

Section 6.2 Audit. The records and the accounts of the Stadium Authority shall be audited annually by an independent certified public accountant designated by the Executive Director, and copies of such independent audit reports shall be filed as public records with the county auditor of Santa Clara County and with each Member within twelve months of the end of the Fiscal Year under examination, and shall be sent to any public agency or person in California that submits a written request to the Stadium Authority.

ARTICLE 7.
RESCISSION, TERMINATION, WITHDRAWAL,
ASSIGNMENT.

Section 7.1 Term. The Stadium Authority shall continue to exercise the powers conferred upon it by this Agreement until this Agreement is rescinded or terminated as herein provided. If not earlier terminated or rescinded the term of this Agreement shall terminate upon the end of the term of the Stadium Lease as such term may be extended pursuant to the terms of the Stadium Lease.

Section 7.2 Rescission or Termination. This Agreement may be rescinded and the Stadium Authority terminated by unanimous consent of the Members; provided that no such termination or rescission shall occur so long as the Stadium Authority has any outstanding obligations including, but not limited to, outstanding revenue bonds, or so long as the Stadium Lease is in effect.

Section 7.3 Disposition of Property Upon Termination. Pursuant to Government Code Section 6512, upon termination of this Agreement, any surplus funds on hand shall be paid out to the City and the facilities, rights and interests of the Stadium Authority shall be transferred to the City.

Section 7.4 Withdrawal. No Member may withdraw from the Stadium Authority without the written consent of each of the other Members.

ARTICLE 8.
GENERAL PROVISIONS.

Section 8.1 Amendments. This Agreement may be amended only by the unanimous consent of all Members. To be effective, all amendments and modifications must be in writing and signed by all Members.

Section 8.2 Assignment. The rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Stadium Authority then in effect.

Section 8.3 Breach. If a Member breaches any covenant contained in this Agreement, such default shall not excuse any other Member from fulfilling its obligations under this Agreement and all Members shall continue to be liable for the payment of contributions and the performance of all conditions herein contained. The Members hereby declare that this Agreement is entered into for the benefit of the Stadium Authority created hereby and the Members hereby grant to the Stadium Authority the right to enforce by whatever lawful means the Stadium Authority deems appropriate all of the obligations of each of the Members hereunder. Each and all of the remedies given to the Stadium Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Stadium Authority to any or all other remedies.

Section 8.4 Notice. Any notice or instrument required to be given shall be delivered by depositing the same in any United States Post Office, registered or certified, postage prepaid, by hand delivery or by overnight delivery service and shall be addressed to the addressee of the Members as follows:

City	City of Santa Clara 1500 Warburton Santa Clara, CA 95050 Attn: City Manager
Agency:	Redevelopment Agency of the City of Santa Clara 1500 Warburton Santa Clara, CA 95050 Attn: Executive Director

Such notice shall be effective upon receipt or refusal to accept receipt.

Section 8.5 Severability. Should any part, term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law

of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 8.6 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto, respectively, whether by agreement or operation of law. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor of such party who has acquired an interest in compliance with terms of this Agreement, or under law.

Section 8.7 Liability of Stadium Authority, Members, Officers and Employees. The debts, liabilities and obligations of the Stadium Authority shall not be the debts, liabilities and obligations of any of the Members or any of their respective officers, directors, employees or agents. No Member or its directors, officers, employees or agents shall be responsible for any action taken or omitted by any other Member or its directors, officers, employees or agents.

Section 8.8 Board Member Stipend. Board Members shall receive a stipend for meeting attendance equal to the stipend received by Agency members for attending Agency Board meetings. In addition to the meeting stipend Board Members may be reimbursed for expenses incurred by such Board Members in the conduct of the Stadium Authority's business subject to any applicable policy of the Stadium Authority and as approved by the Stadium Authority Board.

Section 8.9 Conflicts of Interest Code. To the extent required pursuant to Government Code Section 87300 or other provision of law, the Stadium Authority by resolution shall adopt a conflicts of interest code as required by law.

ATTEST:

CITY OF SANTA CLARA

Secretary

By: _____

APPROVED AS TO FORM:

Name: _____

City Attorney

Title: _____

ATTEST:

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA CLARA

Secretary

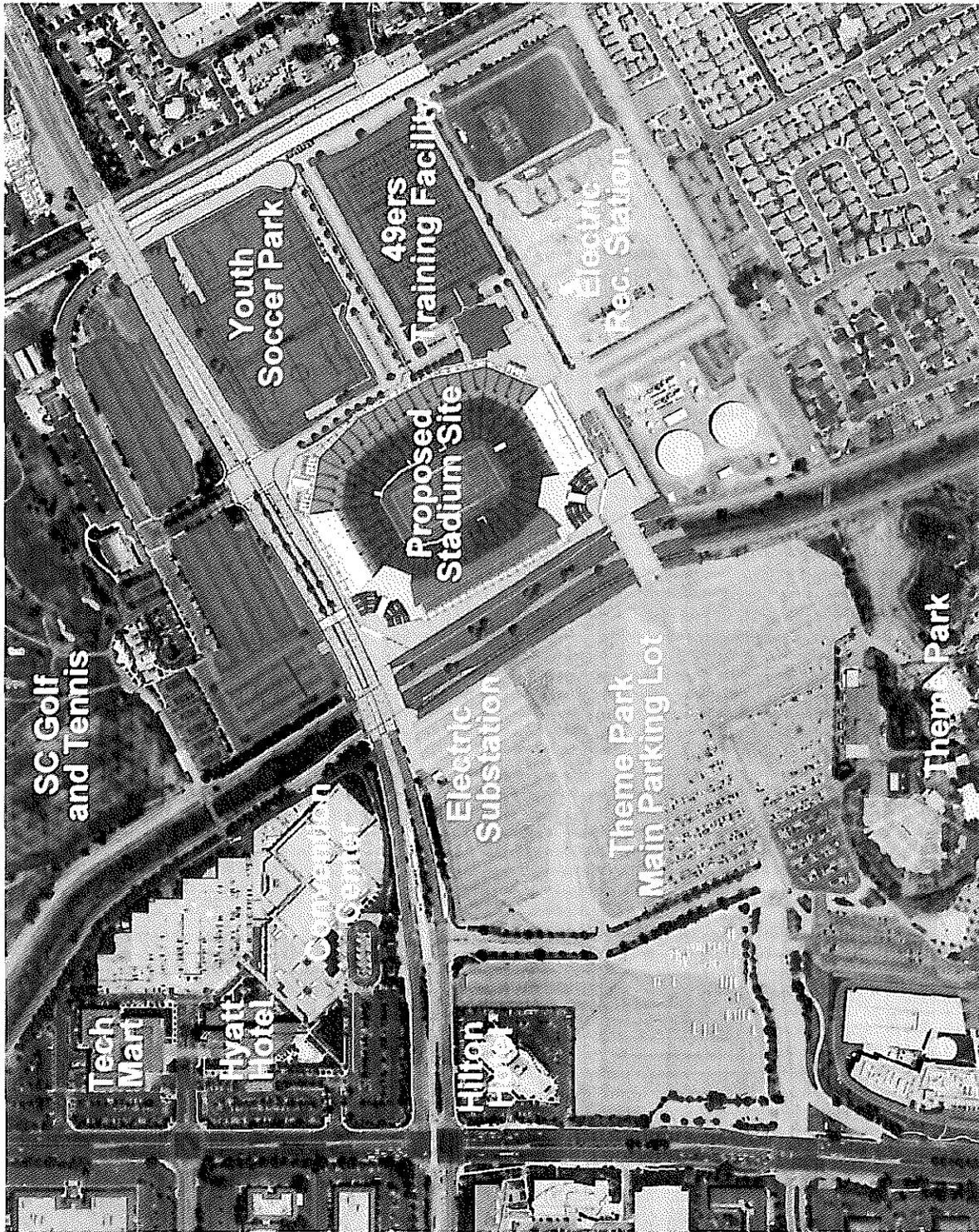
By: _____

APPROVED AS TO FORM:

Name: _____

Agency Counsel

Title: _____



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EXHIBIT A: Map Showing City Property