



Agenda Report

19-1107

Agenda Date: 10/22/2019

REPORT TO COUNCIL AND SPORTS AND OPEN SPACE AUTHORITY

SUBJECT

Action to Adopt Resolutions Authorizing the Removal of Financing Encumbrances from the Title on Santa Clara Golf & Tennis Property

BACKGROUND

On June 28, 2016, Council approved a Disposition and Development Agreement (DDA), a Development Agreement (DA) and project entitlements for the Related Santa Clara Project (the "Project," also known as City Place). The Project involves 240 acres of development in several phases on land principally used at Santa Clara Golf & Tennis (Property).

There are a number of encumbrances recorded against title on the Property. Under the terms of the DDA, the City agreed among other items, to remove certain recorded encumbrances prior to the conveyance of a Ground Lease.

Between 1987 and 2002, the City obtained bonds to finance the development of the Santa Clara Golf & Tennis and other public improvements. A series of leases and lease-back arrangements (Financing Leases) were made between the City and the Sports & Open Space Authority (SOSA) to provide security for the bonds.

The bonds have now been paid in full and the City's obligations have been satisfied. Therefore, there is no further need for any of the Financing Leases. All entities with interest in the Financing Leases concur that the encumbrances can be removed. The title company will require the City and SOSA to provide confirmation that the financial encumbrances on title have been terminated and their obligations satisfied before they can be removed from title.

DISCUSSION

As a condition precedent to lease of the Property to the developer, the City agreed to remove certain title encumbrances. Removing the title encumbrances allows for Related to obtain title insurance without exceptions related to the Financing Leases.

In order to remove the exceptions, four documents (attached), must be executed by the City and SOSA and recorded (Financing Lease Quitclaims). Three of the documents (1, 2, and 4) require execution by the Bank of New York Mellon Trust Company, as Trustee. Staff has already obtained the requisite BNY Mellon's signatures.

1. Quitclaim Deed and Termination of Site Leases (1989)
2. Quitclaim Deed and Termination of Leases (1989)
3. Quitclaim Deed and Termination of Site Leases (1993 and 2002)
4. Quitclaim Deed and Termination of Leases (1993 and 2002)

Attached to each Financing Lease Quitclaim is a Certificate of Acceptance confirming that the City accepts the property interests being quitclaimed from SOSA to the City. The title company requires these certificates before it will remove the Financing Leases from title.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment.

FISCAL IMPACT

There is no additional cost to the City other than staff time.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's Office

PUBLIC CONTACT

Public contact was made by posting the Council Agenda to City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. The Council adopt a Resolution terminating Santa Clara Golf and Tennis Financing Leases, agreeing to accept the property interests being quitclaimed to the City by the Financing Lease Quitclaims, and authorizing the City Manager to execute and record lease terminations, quitclaims, Certificates of Acceptance and other necessary documents to implement the Resolution; and
2. The Council acting as the Sports and Open Space Authority Board adopt a Resolution terminating Santa Clara Golf and Tennis Financing Leases and authorizing the Contract Administrator to execute and record lease terminations, quitclaims and other necessary documents to implement the Resolution.

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager/Contract Administrator

ATTACHMENTS

1. Resolution - City
2. Resolution - SOSA
3. Quitclaim Deed and Termination of Site Leases (1989)
4. Quitclaim Deed and Termination of Leases (1989)
5. Quitclaim Deed and Termination of Site Leases (1993 and 2002)
6. Quitclaim Deed and Termination of Leases (1993 and 2002)