

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE 1) APPROVING A PURCHASE AND SALE AGREEMENT WITH JMA VENTURES, LLC FOR THE SALE OF THE HAYES MANSION HOTEL AND CONFERENCE CENTER, INCLUDING ALL FURNITURE, FIXTURES, EQUIPMENT, AND VEHICLES, LOCATED AT 200 EDENVALE AVENUE, IN SAN JOSE, FOR THE AMOUNT OF \$30,000,000; 2) AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN ASSIGNMENT OF THE MANAGEMENT AGREEMENT WITH DOLCE INTERNATIONAL TO THE PURCHASER 3) AUTHORIZING THE CITY MANAGER TO EXECUTE THE PURCHASE AND SALE AGREEMENT, THE DEED AND ALL OTHER DOCUMENTS NEEDED TO COMPLETE THE TRANSACTION WITH JMA VENTURES LLC; 4) ACCEPTING THE TRANSFER OF THE GRANT DEED FOR THE HAYES MANSION PROPERTY FROM THE CITY OF SAN JOSE FINANCING AUTHORITY AS OF THE CLOSING DATE OF THE SALE OF THE PROPERTY TO JMA VENTURES, LLC IN EXCHANGE FOR FUNDS SUFFICIENT (IN COMBINATION WITH THE DEBT SERVICE RESERVE FUNDS AND OTHER FUNDS ON HAND) TO RETIRE THE CITY OF SAN JOSE FINANCING AUTHORITY LEASE REVENUE BONDS SERIES 2008C AND SERIES 2008D (HAYES MANSION REFUNDING PROJECT) AND OTHER OBLIGATIONS RELATED TO THE HAYES MANSION PROPERTY AS SET FORTH HEREIN 5) DIRECTION TO STAFF TO APPLY THE SALE PROCEEDS, DEBT SERVICES RESERVE FUNDS AND OTHER FUNDS ON HAND TO THE RETIREMENT OF THE SERIES 2008C AND SERIES 2008D BONDS AND PAYMENT OF OBLIGATIONS RELATED TO THE HAYES MANSION AS SET FORTH IN THE STAFF REPORT; AND 6) DIRECT STAFF TO RETURN TO THE CITY COUNCIL WITH RECOMMENDATIONS TO ALLOCATE ANY REMAINING PROCEEDS IN ACCORDANCE WITH CITY COUNCIL POLICY 1-18.

WHEREAS, the Financing Authority of the City of San José (“Authority”) owns the Hayes Mansion hotel and conference center, which consists of 6.32 acres of land and 275,231 square feet of commercial building space located at 200 Edenvale Avenue, San José, California (“Property”); and

WHEREAS, the City of San Jose (“City”) leased the Property from the Authority and in 2003, City Council approved a management agreement with Dolce International/San Jose, Inc. dba Dolce Hayes Mansion (“Dolce”) to operate the Property (“Management Agreement”); and

WHEREAS, the City published a notice of sale of the Property and after evaluating proposals based on specific criteria set forth in the Staff Report dated June 8, 2018 (“Report”), the City staff determined the highest, most qualified bid to be from JMA Ventures LLC at \$30,000,000; and

WHEREAS, the City desire to enter into a purchase and sale agreement with JMA Ventures LLC in the amount of \$30,000,000 under the terms and conditions set forth in (“Report”); and

WHEREAS, the sale proceeds will be used to retire approximately \$36,000,000 of long-term bond indebtedness of the Authority related to the Property and pay contractually obligated close out expenses attributable to the Property, with the balance of funds being used to reduce other City bonded indebtedness related to other assets; and

WHEREAS, the City also desires to assign the Management Agreement with Dolce to JMA Ventures LLC with the sale of the Property; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. Approve a Purchase and Sale Agreement with JMA Ventures, LLC for the sale of the Hayes Mansion hotel and conference center, including all furniture, fixtures, equipment, and vehicles, located at 200 Edenvale Avenue. in San Jose, for the amount of \$30,000,000) **as set forth in the** Report, contingent upon the transfer of the property from the Authority to the City; and
2. The City Manager is authorized to assign the Management Agreement between Dolce and the City to JMA Ventures LLC; and
3. Authorizing the City Manager to execute the purchase and sale agreement, deed and all other documents needed to complete the transaction with JMA Ventures LLC; and
4. The City accepts the transfer of the grant deed for the Property from the City of San Jose Financing Authority as of the closing date of the sale of the property to JMA Ventures LLC in exchange for funds sufficient (in combination with proceeds on hand in associated Debt Service Reserve Funds) to retire all bonds issued by the City of San Jose Financing Authority that are secured by the Property; and
5. Staff is directed to apply the sale proceeds and other related proceeds and savings from the Property to the retirement of debt and payment of obligations as set forth herein in the Report; and
6. Direct staff to return to the City Council with recommendations to allocate any remaining proceeds from the sale of the Property in accordance with City Council Policy 1-18; and

RD:EJM:
6/14/2018

7. City Council Resolution No. 78116 is hereby rescinded except for the action to declare the Property surplus to the needs of the City.

ADOPTED this _____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk