

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Nanci Klein

**SUBJECT:** SEE BELOW

**DATE:** June 7, 2021

Approved



Date

**6/7/2021**

**COUNCIL DISTRICT: 3**

## **REPLACEMENT**

**SUBJECT: AMENDMENT TO THE SECOND AMENDED AND RESTATED ARENA  
MANAGEMENT AGREEMENT (AMA)**

## **REASON FOR REPLACEMENT**

Approve the proposed Amendment of the Arena Management Agreement rather than request delegation to Negotiate and Execute the Amendment to the Arena Management Agreement.

## **RECOMMENDATION**

Approve the Second Amendment to the Second Amended and Restated Arena Management Agreement by and Between the City of San José and the San Jose Arena Management, LLC (AMA).

## **OUTCOME**

Approval of the proposed Second Amendment to the Arena Management Agreement (AMA) will allow the Downtown West project and related documents to be effective and allow the project to proceed as previously approved by Council.

## **BACKGROUND**

On Tuesday, May 25, 2021, the City Council unanimously approved the Downtown West Project. The project includes 7.3 million square feet of office space and over 4,000 homes

including 1,000 affordable homes. The project will bring intended density immediately adjacent to Caltrain Station and the future home of Bay Area Rapid Transit and High-Speed Rail.

The Diridon Station Area is home to the SAP Arena, the Sharks' National Hockey Team, and the many events and activities brought to the City through the efforts of the San Jose Arena Management team (SJAM). SJAM representatives have expressed concerns about the SAP Arena's ability to function in an efficient manner as a result of new dense development. Many discussions have been taking place between the Sharks, the City of San José ("City"), and Google about the implementation of the future street network and updated plans for parking and circulation in and around the Diridon Station Area Plan area.

On May 25, in addition to the approval of the Downtown West Project and other documents, the City, SJAM, and Google reached a Settlement Agreement that results in certain changes in the project documents and in the AMA. The modifications requested by SJAM are intended to ensure that communications, construction activities, and the functionality of the SAP arena remain effective and efficient. The required changes to the project documents such as the project zoning and the Development Agreement were already approved by the City Council on May 25, 2021. Some changes are also required to the Second Amended and Restated Arena Management Agreement (AMA). A recitation of the changes to all related documents was detailed in the Settlement Agreement approved by the City Council.

## **ANALYSIS**

The Settlement Agreement is conditioned upon Council approval of the revisions generally contained in Exhibits A and B to the Supplemental Memo dated and approved on May 25, 2021, and attached to this memorandum as well as Council's discretionary approval of the proposed limited-scope amendment to the AMA. Each of the revisions contained in Exhibits A and B shall automatically become effective at such time as the City Council has approved the AMA amendments referenced in the Settlement Agreement and attached as Exhibit C.

In addition to the changes to the Downtown West plans and agreements, the City further committed to have Council consider amending the AMA as follows:

- a. City shall not allow the alteration of any sidewalks along Arena frontages at West Santa Clara Street or North Autumn Street without Sharks Sports & Entertainment's (SSE) consent that such alteration does not materially negatively affect operations of the Arena (such as safety, security, crowd control, etc.), whose consent shall not be unreasonably withheld;

- b. City clarifies the proposed configuration of West Santa Clara Street and Barack Obama Boulevard near the SAP Center;
  - i. West Santa Clara Street near the SAP Center. As depicted in the Downtown West Vesting Tentative Map and Downtown West Design Guidelines and Standards, no reductions in general traffic through lanes are being proposed or approved as part of the Downtown West project along West Santa Clara Street. Per the proposed Amended Diridon Station Area Plan, the City and Valley Transportation Authority (VTA) are exploring potential public service lane configurations to maintain reliable transit and emergency vehicle service; this is a separate effort from Downtown West and will continue to be coordinated with area stakeholders, including SSE;
  - ii. Barack Obama Boulevard (between Santa Clara and San Fernando Streets). The City retains final decision-making regarding the public right-of-way. For example, the roadway (curb-to-curb space) includes two options, as shown on page 16 of the Vesting Tentative Map (VTM):
    - 1. A dynamic lane on one side of the roadway and two through lanes;
    - 2. A through lane on one side of the roadway, one center turn lane, and a second through lane on the other side of the roadway;  
The first option for the portion of Barack Obama Boulevard between Santa Clara and San Fernando Streets is illustrated on page 271 of the Downtown West Design Standards and Guidelines (DWDSG, draft as of March 2021). The second option is very similar to the illustration of Barack Obama Boulevard between San Fernando Street and Park Avenue, as depicted on page 272 of the DWDSG. The City will determine the final configuration of the public right-of-way, including this portion of the roadway, during the Conformance Review process, including with ongoing input from SSE; and
- c. Neither SSE nor its patrons shall be responsible for the incremental growth of the cost of Transportation and Parking Management (TPMP) (such as increased police/traffic control, electronic traffic control measures, etc.), beyond the baseline (pre-COVID costs as of 2019, adjusted for inflation based on Consumer Price Index (CPI)). The identification and selection of these potential funding sources will include consultation with Diridon Area partners like SSE and area property owners.

Also related to this item on this June 8, 2021 Council Agenda is Item Number. 2.2 which is the second reading (final adoption) of the Planned Development Zoning ordinance and the Development Agreement ordinance, both including the changes approved by Council on May 25,

2021. The Council-approved changes to these ordinances, in addition to the settlement agreement, are contingent on Council approval of this proposed amendment to the AMA.

## **CONCLUSION**

As summarized in this memo, the City, Google, and SSE have continued to coordinate to resolve outstanding concerns. A Settlement Agreement approved on May 25, 2021 stipulates that an Amendment to the Second Amended and Restated Arena Management Agreement must be approved to effectuate the AMA changes and the other changes sought in Downtown West Project documents. City Council's approval of the proposed amendment to the AMA will allow the Downtown West Project and related documents to be effective and allow the project to proceed as previously approved by Council.

## **EVALUATION AND FOLLOW-UP**

The need for an Amendment to the Second Amended and Restated Arena Management Agreement (AMA) was discussed and approved by the City Council at the 5/25/21 City Council action approving the Downtown West Project. Approval of this Amendment on 6/8/21 completes current actions related to the AMA.

## **CLIMATE SMART SAN JOSE**

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the June 8, 2021 Council Meeting.

## **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office.



HONORABLE MAYOR AND CITY COUNCIL

June 7, 2021

**Subject: Amendment to the Second Amended and Restated Arena Management Agreement (AMA)**

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**COMMISSION RECOMMENDATION/INPUT**

No commission recommendation is associated with this action.

**CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/

NANCI KLEIN

Director of Economic Development

For questions, please contact Nanci Klein, at (408) 507- 0430.

**Attachments:**

Exhibit A – “Exhibit A to Supplemental Memorandum”

Exhibit B – “Exhibit K – Downtown West Parking Requirements”

Exhibit C – “AMA Amendment”

## **Exhibit A**

### **Exhibit A to Supplemental Memorandum**

a. Ordinance Rezoning the Property to the DC (PD) Planned Development Zoning District (“PD Zoning Ordinance”)

- i. Section 6, paragraph B of the PD Zoning Ordinance has been revised to include language acknowledging that the City does not intend to prohibit any uses and/or structure the City is obligated to allow under the AMA and that any non-conforming use limitations established under Chapter 20.150 of the San Jose Municipal Code do not apply to Lots ABC to the extent necessary to allow uses or structures the City is obligated to allow under the AMA. Section 6, paragraph B of the PD Zoning Ordinance has been modified to read as follows:

Existing Uses and Structures. The City Council does not intend to prohibit any uses and/or structures the City is obligated to allow on Lots ABC pursuant to the Arena Management Agreement by and between the City of San José and San José Arena Management, LLC as amended through December 4, 2018 (the “AMA”). The uses the City is required to allow on such property under the AMA, which include parking and supporting entertainment uses, are consistent with the General Plan as amended through the effective date of this ordinance, including the applicable Downtown and Commercial Downtown land use designations. The requirements of this ordinance, the GDP, the PD Permit, and Municipal Code chapter 20.150 shall not apply to Lots ABC (and Lots ABC shall retain their existing Industrial / Heavy Industrial zoning) until such time as the Project Sponsor acquires fee title or any other legal or equitable interest that includes a right to possession of Lots ABC.

b. Development Agreement.

- i. Sections 3.3 and 14.6 of the Development Agreement have been revised to incorporate SSE's requested edits in its letter dated May 17, 2021, to clarify Developer's rights and obligations with respect Development Parcels, as follows:

Section 3.3 revision: Developer may pursue approval of Final Maps for Development Parcels in phases that include only portions of the associated Tentative Map.

Section 14.6 revision (now 14.7 due to addition of provision noted below): Developer shall exercise full dominion and control over the Development Parcels ~~Project Site~~, subject only to the limitations and obligations of Developer contained in this Agreement.

- ii. A new Section 14.2 has been added to the Development Agreement (and the subsequent provisions of Section 14 renumbered accordingly) to include the following clarification:

Relationship to Option Agreement. Nothing in this Agreement is intended, nor shall be interpreted to affect, eliminate, or modify the provisions of or the City's rights under the Option/Negotiation Rights Agreement between the City of San José, a California municipal corporation, and Google LLC, a Delaware limited liability company, dated December 4, 2018, for the property referred to as "Lots A-C," and more particularly described in Exhibit A to that Agreement, located in the City of San José, California.

c. Exhibit K to Development Agreement, Downtown West Parking Requirements. Exhibit K has been revised to clarify that (i) the parking spaces to be provided by the Project will be located within 1/3-mile of the south entrance to the SAP Center, (ii) 2,850 commercial parking spaces within the Project Site boundary and within 1/3-mile of the south entrance to the SAP Center will remain "Available," as defined in the Exhibit, and (iii) to make other clarifying edits all as shown in Exhibit B to this Supplemental Memo.

d. Conformance Review Implementation Guide. Section II (Vertical Conformance Review Application Submittal Requirements) of the Conformance Review Implementation Guide has been revised to incorporate SSE's requested edits in its letter dated May 17, 2021, to establish a meet and confer process with SSE on select parking-related vertical improvements. A new subsection (m) has been added under Section II.B.1 as follows:

(m) Meet and Confer with Sharks Sports & Entertainment (SSE) on Select Parking-Related Vertical Improvements. At least seven (7) business days before submitting a Conformance Review Application for Vertical Improvements (schematic level of design) that includes replacement parking facilities proposed by the project sponsor to be made available to SSE, the project sponsor shall provide written notice to up to three SSE representatives, as identified by SSE, of the anticipated Conformance Review Application. If within seven (7) business days of receiving such notice, SSE requests a meet and confer meeting ("Meet and Confer") with the project sponsor and the City regarding the Conformance Review Application, then the project sponsor shall provide SSE with a copy of the project sponsor's Conformance Review Application concurrent with its application submittal to the City. The project sponsor and city shall use commercially reasonable efforts to schedule and conduct the Meet and Confer with SSE within seven (7) business days following Conformance Review Application submittal. At the Meet and Confer, SSE may provide the project sponsor with comments on the applicable Conformance Review Application, which comments shall be (1) limited to the design and function of those parking facilities proposed to be publicly accessible, including for SSE and its patrons; and (2) focused on industry best practices relating to the design and function of such parking facilities. The City may in its discretion consider comments provided by SSE during the Meet and Confer as part of the City's review of the Conformance Review Application pursuant to the timelines set forth in Section IV.B.

e. Conformance Review Implementation Guide. Appendix A (Downtown West Planned Development Zoning District Vertical and Open Space Conformance Review Approval Form) of the Conformance Review Implementation Guide has been revised to clarify that compliance with Exhibit K parking requirements will be reviewed as part of the Conformance Review process. The following clarifications were added such that Section B (Consistency Determination), subsection 2(e) of Appendix A reads as follows:

(e) If a Vertical Conformance Review Application includes office development, the development proposal described in the Application complies with the requirements of Exhibit K to the Development Agreement, as follows:

(1) The number of commercial/public parking spaces satisfies the Required Parking Ratio.

☐ Yes

☐ No

(2) The project sponsor has demonstrated that at least 2,850 "Available" parking spaces will be maintained in the aggregate within the Project boundary and within one-third (1/3)-mile radius of the south entrance to SAP Center (which radius shall be defined to include the entirety of the parking garage proposed to be located on Parcel F, as such Parcel is depicted in the DWDSG). A publicly-accessible parking space is "Available" if it is unoccupied and accessible to SAP Center customers on weekends and after 6:30 PM on weekdays, on SAP Center event days.

☐ Yes

☐ No

## Exhibit B

## Exhibit K

### Downtown West Parking Requirements

#### Recitals:

A. This Exhibit is intended to ensure that sufficient parking is publicly-accessible within the Project site, for the Project uses, and ~~also that those publicly-accessible spaces will provide sufficient "Available" parking (as defined below)~~ for the SAP Center, to help ensure consistency with the City's obligations under the Arena Management Agreement.

B. Today, approximately 2,850 Available surface parking spaces exist on property that will be redeveloped as part of the Downtown West project. Developer and the City anticipate the replacement of ~~approximately 2,850 existing available surface parking spaces on property that will be redeveloped as part of the Downtown West project~~ that parking, and the development of at least 1,150 additional spaces (for a total of at least 4,000 publicly-accessible parking spaces) at full buildout of office space within the Downtown West project. ~~This would ensure the long-term sustainability of the SAP Center. These parking, which spaces do not will all be located within 1/3 mile of the south entrance to the Arena (which radius shall be defined to include the entirety of the parking garage proposed to be located on Parcel F, as such Parcel is depicted in the DWDSG). These 4,000 parking spaces include the parking spaces existing on the property known as "Lots ABC" adjacent to the SAP Center, which currently contain 1,422 "Available" parking spaces, but exclude the up to 2,360 residential parking spaces to be included in the project. Terms~~

C. The project will target 85% of said 4,000 publicly-accessible parking spaces (3,400 at full buildout) to be "Available" as defined below. This would help ensure the long-term sustainability of the SAP Center.

A, D. Unless otherwise indicated, terms that are used but not defined in this Exhibit shall have the meanings given to such terms in the body of the Development Agreement to which this Exhibit is attached. For purposes of this Exhibit K, a publicly-accessible parking space is "Available" if it is unoccupied and accessible to SAP Center customers on weekends and after 6:30 PM on weekdays, on SAP Center event days.

#### Parking Requirements:

1. Overall Requirements: Over the course of the development of the Project, Developer shall be required to provide publicly-accessible off-street parking spaces serving new office development at a cumulative ratio between 0.5 and 0.645 spaces for each 1,000 square feet of Floor Area (which shall mean eighty-five percent (85%) of the total gross floor area) of such office buildings (the "Required Parking Ratio"). At the point of full build out of office space within the Downtown West project, the Required Parking Ratio shall be 0.645 spaces, and the project shall provide at least 4,000 publicly-accessible spaces— ~~within 1/3 mile of the south entrance to the Arena (which radius shall be defined to include the entirety of the parking garage proposed to be located on Parcel F, as such Parcel is depicted in the~~

## Exhibit B

### DWDSG).

- a. Once 4,000 publicly-accessible parking spaces are operational and in compliance with these terms, the Required Parking Ratio will no longer apply provided that the 4,000 publicly-accessible spaces shall be maintained as described herein.
- b. Developer may construct up to 4,800 publicly-accessible parking spaces at its discretion; this parking would be reviewed as part of the Conformance Review process.
- c. The Required Parking Ratio represents a reduction from standard City parking requirements, which would require as many as 15,500 spaces at Downtown Commercial parking ratios (2.5 spaces per 1,000 square feet of Floor Area), or 6,600 spaces with application of available standard parking reductions (1.06 spaces per 1,000 square feet of Floor Area). ~~The~~The City Council has determined that a Required Parking Ratio of 0.645 spaces per 1,000 square feet of Floor Area is warranted given the area's rich transit and mixed-use environment, sustainability and air quality imperatives, traffic reduction and City's multimodal goals, the fact that this parking is available to the public, and transportation demand management requirements.
- d. The Required Parking Ratio is critical to serve the needs of the Project, as well as to replace parking currently utilized by transit riders and SAP Center patrons. -With this in mind, the commercial parking spaces will be publicly-accessible and priced to allow for maximum efficiency to support the SAP Center, as well as the multimodal goals of the City and Project.
  - i. At 4,000 publicly-accessible commercial parking spaces, the ~~project targets~~Developer will target at least 85% of such spaces (3,400) to be Available for SAP Center event use.
- e. If, over the course of the Development Agreement, some parking is found to be no longer warranted, the Director of PBCE may, in its sole discretion, reduce the Required Parking Ratio and/or overall amount without requiring an amendment to the Development Agreement or to this Exhibit.
- f. ~~The~~Notwithstanding any reduction in the Required Parking Ratio approved by the Director as described above, the parking requirement must be satisfied in part through at least 2,850 publicly-accessible commercial spaces within the Project Site, including existing parking.
- g. As an option to satisfy the requirement for the 2,851 to 4,000 publicly-accessible parking spaces set forth above (Section 1), Developer may deliver this parking either within the 1/3-mile radius of the south entrance to the SAP Center (which radius shall be defined to include the entirety of the parking garage proposed to be located on Parcel F, as such Parcel is depicted in the DWDSG) or through an Alternative Parking Arrangement.
  - i. Alternative Parking Arrangement: If Developer determines that it will not provide any number of the remaining required parking spaces within the Project Site, then, in order to meet the Required Parking Ratio, the City shall

## Exhibit B

have the right to designate additional land owned by the City and within ½ of a mile of the south entrance to the SAP Center (the "Additional Parking Property") for Developer to build additional parking spaces; Developer would then be required to build additional spaces on the Additional Parking Property, subject to obtaining appropriate environmental clearance and any discretionary approvals, as well as ensuring compliance with any contractual obligations of the City; provided, however, in no event would Developer be required to build parking spaces on the Additional Parking Property that, when aggregated with the publicly-accessible spaces located within the Project boundary, would exceed the Required Parking Ratio or 4,000 total spaces, as described above.¶

- ii. In the event the Alternative Parking Arrangement results in designation by the City of "Lot E" certain parcels located at St. John and N. Montgomery Streets north of the Arena (known as "Lot E") for the development of additional parking by Developer, subject to any necessary environmental clearance, nothing in this Exhibit shall preclude the City from complying with its obligations under the Arena Management Agreement with respect to Lot E, including regarding parking priority being provided for SAP Center event related parking at least until June 30, 2025, which entity would manage the parking, and/or any option agreements to purchase that property.

- h. The City's Department of Transportation will review the design of parking facilities as part of a Vertical Conformance Review Application and may require one or more future Focused Local Transportation Analysis (Focused LTAs) to provide building-specific analysis as defined in the Conformance Review Implementation Guide.

- i. Developer and SSE shall meet and confer regarding parking facility design during the schematic design and development process.

- 2. Phasing:- The requirements below are to ensure that sufficient parking exists, at any given specific time, for the continued operational needs of the SAP Center, as well as the multimodal goals of the City and Project.

- a. Compliance with this requirement shall be evaluated during the Conformance Review process for each office Building, and verified prior to issuance of Building Permits for each office Building.

- i. Proposed parking spaces included as part of a previously approved Conformance Determination shall be counted to determine whether the Required Parking Ratio will be satisfied upon construction of the office building that is the subject of a Conformance Review. Surface parking spaces in the Project also shall be counted during the Conformance Review process to determine whether the Required Parking Ratio will be satisfied. For clarity, this means that, to determine whether the Required Parking Ratio will be satisfied, each Conformance Review for an office building shall account for (i) surface parking spaces in the Project, (ii) proposed parking spaces included in a previously approved Conformance Determination that have not yet been constructed, (iii) parking spaces



## Exhibit B

already constructed as part of the Project, and (iv) the parking spaces included in the subject Conformance Review application. In the event a proposed office building or buildings would result in the elimination of existing surface parking spaces, the Conformance Review Application for that building shall not be denied for the temporary failure to satisfy the Required Parking Ratio during construction of the building or buildings if the Project would continue to provide a ratio of 0.5 spaces for each 1,000 square feet of Floor Area, and so long as the Required Parking Ratio is satisfied upon issuance of a Certificate of Occupancy for that office building or buildings.

- ii. During the Conformance Review process, the Project will be required to confirm that at least 2,850 “Available” parking spaces will be maintained in aggregate within the Project boundary and within one-third ( $\frac{1}{3}$ )-mile radius of the south entrance to the SAP Center.
- b. If the Project will result in a temporary failure to satisfy the Required Parking Ratio, as described in Section 2.a.i, for a single period that will exceed three (3) years, the City shall verify that its parking obligations to ensure a certain number of available parking spaces pursuant to the Arena Management Agreement continue to be met. If the City's obligations continue to be met, then the temporary failure of the project to satisfy the Required Parking Ratio may continue for another two (2) years, for a maximum of (5) years. After (5) years, Developer shall develop and obtain agreement from the City for one or more interim parking management strategies as part of the Parking Delivery Plan during construction. If, however, it is determined after the initial 3-year period that the City will not meet its parking obligations under the Arena Management Agreement due to temporary failure of the project to satisfy the Required Parking Ratio, Developer shall develop and obtain agreement from the City for one or more interim parking management strategies at that time.
- e. To the extent the Option Agreement for Lots A/B/C is exercised prior to 2040, the Developer must be in compliance with the Required Parking Ratio, subject to Section 2(a)(i), prior to beginning vertical development on Lots A/B/C. To the extent the existing Second Amended and Restated Arena Management Agreement between the City and San José Arena Management, LLC is terminated earlier than 2040 or at its scheduled expiration in 2040, Section 1 d.i. and Section 2a.ii shall no longer apply.

c.

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## **SETTLEMENT AND RELEASE AGREEMENT**

This Settlement and Release Agreement ("Agreement") is entered into by and between the following: (i) GOOGLE LLC, a Delaware limited liability company, ("Google"), (ii) CITY OF SAN JOSE, a California municipal corporation ("City"), and (iii) SHARKS SPORTS & ENTERTAINMENT LLC, a Delaware limited liability company ("SSE"). Google, SSE and City, where appropriate, are hereafter referred to individually as "Party" and collectively as the "Parties."

### **RECITALS**

A. On or about October 10, 2019, Google submitted project applications for the Downtown West Mixed-Use Plan, a proposed mixed-use project consisting of up to 5,900 residential units; up to 7,300,000 gross square feet (gsf) of office space; up to 500,000 gsf of active uses such as retail, cultural, arts, etc.; up to 300 hotel rooms; up to 800 limited-term corporate accommodations; up to two event and conference centers totaling up to 100,000 gsf; up to two central utility plants totaling approximately 130,000 gsf; logistics/warehouse(s) totaling approximately 100,000 gsf; approximately 15 acres of open space; and infrastructure, transportation, and public realm improvements ("Project").

B. The Project is located in the City on approximately 80 acres in an area generally bounded by Lenzen Avenue and the Union Pacific Railroad tracks to the north; North Montgomery Street, Los Gatos Creek, the Guadalupe River, South Almaden Street, and Royal Avenue to the east; Auzerais Avenue to the south; and Diridon Station, the Caltrain rail corridor, and Cahill Street to the west as well as the area bounded by Los Gatos Creek to the west, San Fernando Street to the south, the Guadalupe River to the east, and Santa Clara Street to the north ("Property").

C. On December 8, 2020, and April 28, 2021, SSE submitted comment letters to the City setting forth SSE's concerns and objections relating to the Draft Environmental Impact Report and the First Amendment to the Draft Environmental Impact Report (collectively, the "EIR") prepared by the City for the Project pursuant to the California Environmental Quality Act (Pub. Res. Code, §§ 21000, et seq.) ("CEQA") and the CEQA Guidelines (Title 14, Cal. Code Regs., §§ 15000, et seq.).

D. On April 1, April 21 and April 27, 2021, SSE submitted letters to the City setting forth concerns and objections relating to the City's compliance with the Second Amended and Restated Arena Management Agreement between the City and San Jose Arena Management, LLC, dated August 15, 2018, and as amended by the First Amendment to the Second Amended and Restated Arena Management Agreement, dated December 4, 2018 ("AMA"), the Option/Negotiation Rights Agreement between the City and Google, dated December 4, 2018 ("Option Agreement") and the Development Agreement statute with respect to the Project.

E. On April 28, 2021, the San Jose Planning Commission held a duly noticed public hearing on the Project and recommended that the San Jose City Council take the following actions: certification of the EIR and adoption of findings pursuant to CEQA, a Mitigation Monitoring and Reporting Program, and a Statement of Overriding Considerations; an override of the Santa Clara

County Airport Land Use Commission's Comprehensive Land Use Plan inconsistency determination; amendments to the General Plan; amendments to the Diridon Station Area Plan; Planned Development Rezoning, including a General Development Plan; a Planned Development Permit; amendments to Title 20 of the San José Municipal Code; approval of the Development Agreement for the Downtown West Mixed-Use Plan; approval of a Vesting Tentative Map; approval of amendments to the boundaries of Historic Landmarks (San José Water Company at 374 West Santa Clara Street and Southern Pacific Depot Historic District); an amendment to Historic Preservation Permit (HP16-002); approval of Major Encroachment Permits; approval of a Construction Impact Mitigation Plan; and approval of partial vacation of certain streets within Downtown West (the "Project Approvals"). The actions on the Project Approvals are set for a hearing before the City Council on May 25, 2021 and are identified as Item 10.2 of the Agenda and reference File Nos. GP19-009, PDC19-039, PD19-029, HP20-002, and PT20-027. For purposes of this Agreement, the "Project Approvals" shall also include ministerial actions taken by City that are consistent with the Project Approvals as defined above.

F. On April 28, 2021, the San Jose Planning Commission held a duly noticed public hearing on a City-initiated General Plan Amendment to the Diridon Station Area Plan and recommended that the San Jose City Council take the following actions: adoption of an Addendum to the Downtown Strategy 2040 Environmental Impact Report and Addenda thereto; an override of the Santa Clara County Airport Land Use Commission's Comprehensive Land Use Plan inconsistency determination; amendments to the General Plan; and rezoning of certain real property within the Diridon Station Area Plan ("City-Initiated Approvals"). The actions on the City-Initiated Approvals are set for a hearing before the City Council on May 25, 2021 and are identified as Item 10.3 of the Agenda and reference File Nos. GP20-007 and C20-002.

G. Prior to the Planning Commission hearing on the City-Initiated Approvals, SSE submitted comment letters to the City setting forth SSE's concerns and objections relating to the City-Initiated Approvals and the City responded to SSE's letters.

H. On May 14, 2021, the City responded to SSE's letters, including by proposing certain changes to the Project Approvals.

I. On May 17, May 20, and May 21, 2021, SSE sent additional letters requesting additional changes to the Project Approvals. (Collectively, the December 8, 2020, April 1, 21, 27, and 28 and May 17, 20, and 21 2021 letters from SSE are known as the "SSE Letters.")

J. By this Agreement, it is the intent of the Parties to fully resolve all disputes between the Parties arising out of, and in connection with the Project Approvals and the City-Initiated Approvals in the manner provided herein.

## **SETTLEMENT TERMS**

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, without acknowledging the validity of any concerns that were or could have been raised by SSE, and in consideration of the foregoing recitals and the mutual promises and



covenants hereinafter set forth, and in an effort to avoid the expense of litigation, it is agreed between the Parties as follows:

1. Effective Date. The effective date of this Agreement shall be the date on which this Agreement is fully executed by all of the Parties and the City Council has approved the Project Approvals containing the modifications requested in Section 2, and the City Council has approved the AMA amendment requested in Section 3 (“Effective Date”). The Parties acknowledge that, as of the time of the City’s signature of this Agreement on May 25, 2021, the City Council has not yet made a determination on the Project Approvals or the modifications requested in Section 2 and retains its full discretion regarding the approval of those items.

2. Google Obligations. In exchange for the releases provided in Section 5 of this Agreement, Google has no objection to the City obligations in Section 3 below and shall seek the modifications to the Project Approvals described in Sections 2(a) through 2(e) below and agrees to the coordination obligation described in Section 2(f).

a. Ordinance Rezoning the Property to the DC (PD) Planned Development Zoning District (“PD Zoning Ordinance”)

i. Section 6, paragraph B of the PD Zoning Ordinance has been revised to include language acknowledging that the City does not intend to prohibit any uses and/or structure the City is obligated to allow under the AMA and that any non-conforming use limitations established under Chapter 20.150 of the San Jose Municipal Code do not apply to Lots ABC to the extent necessary to allow uses or structures the City is obligated to allow under the AMA. Section 6, paragraph B of the PD Zoning Ordinance has been modified as follows:

Existing Uses and Structures. The City Council does not intend to prohibit any uses and/or structures the City is obligated to allow on Lots ABC pursuant to the Arena Management Agreement by and between the City of San José and San José Arena Management, LLC as amended through December 4, 2018 (the “AMA”). The uses the City is required to allow on such property under the AMA, which include parking and supporting entertainment uses, are consistent with the General Plan as amended through the effective date of this ordinance, including the applicable Downtown and Commercial Downtown land use designations. The requirements of this ordinance, the GDP, the PD Permit, and Municipal Code chapter 20.150 shall not apply to Lots ABC (and Lots ABC shall retain their existing Industrial / Heavy Industrial zoning) until such time as the Project Sponsor acquires fee title or any other legal or equitable interest that includes a right to possession of Lots ABC.

b. Development Agreement.

i. Sections 3.3 and 14.6 of the Development Agreement have been revised to incorporate SSE's requested edits in its letter dated May 17, 2021, to clarify Developer's rights and obligations with respect Development Parcels, as follows:

Section 3.3 revision: Developer may pursue approval of Final Maps for Development Parcels in phases that include only portions of the associated Tentative Map.

Section 14.6 revision (now 14.7 due to addition of provision noted below): Developer shall exercise full dominion and control over the Development Parcels-Project Site, subject only to the limitations and obligations of Developer contained in this Agreement.

ii. A new Section 14.2 has been added to the Development Agreement (and the subsequent provisions of Section 14 renumbered accordingly) to include the following clarification:

Relationship to Option Agreement. Nothing in this Agreement is intended, nor shall be interpreted to affect, eliminate, or modify the provisions of or the City's rights under the Option/Negotiation Rights Agreement between the City of San José, a California municipal corporation, and Google LLC, a Delaware limited liability company, dated December 4, 2018, for the property referred to as "Lots A-C," and more particularly described in Exhibit A to that Agreement, located in the City of San José, California.

c. Exhibit K to Development Agreement, Downtown West Parking Requirements. Exhibit K has been revised to clarify that (i) the parking spaces to be provided by the Project will be located within 1/3-mile of the south entrance to the SAP Center, (ii) 2,850 commercial parking spaces within the Project Site boundary and within 1/3-mile of the south entrance to the SAP Center will remain "Available," as defined in the Exhibit, and (iii) to make other clarifying edits all as shown in Attachment 1 .

d. Conformance Review Implementation Guide. Section II (Vertical Conformance Review Application Submittal Requirements) of the Conformance Review Implementation Guide has been revised to incorporate SSE's requested edits in its letter dated May 17, 2021, to establish a meet and confer process with SSE on select parking-related vertical improvements. A new subsection (m) has been added under Section II.B.1 as follows:

(m) Meet and Confer with Sharks Sports & Entertainment (SSE) on Select Parking-Related Vertical Improvements. At least seven (7) business days before submitting a Conformance Review Application for Vertical Improvements (schematic level of design) that includes replacement parking facilities proposed by the project sponsor to be made available to SSE, the project sponsor shall provide written notice to up to three SSE representatives, as identified by SSE, of the anticipated Conformance Review Application. If within seven (7) business days of receiving such notice, SSE requests a meet and confer meeting ("Meet and Confer") with the project sponsor and the City regarding the Conformance Review Application, then the project sponsor shall provide SSE with a copy of the project sponsor's Conformance Review Application concurrent with its application submittal to the City. The project sponsor and city shall use



commercially reasonable efforts to schedule and conduct the Meet and Confer with SSE within seven (7) business days following Conformance Review Application submittal. At the Meet and Confer, SSE may provide the project sponsor with comments on the applicable Conformance Review Application, which comments shall be (1) limited to the design and function of those parking facilities proposed to be publicly accessible, including for SSE and its patrons; and (2) focused on industry best practices relating to the design and function of such parking facilities. The City may in its discretion consider comments provided by SSE during the Meet and Confer as part of the City's review of the Conformance Review Application pursuant to the timelines set forth in Section IV.B.

e. Conformance Review Implementation Guide. Appendix A (Downtown West Planned Development Zoning District Vertical and Open Space Conformance Review Approval Form) of the Conformance Review Implementation Guide has been revised to clarify that compliance with Exhibit K parking requirements will be reviewed as part of the Conformance Review process. The following clarifications were added to Section B (Consistency Determination), subsection 2(c) of Appendix A:

(e) If a Vertical Conformance Review Application includes office development, the development proposal described in the Application complies with the requirements of Exhibit K to the Development Agreement, as follows:

(1) The number of commercial/public parking spaces satisfies the Required Parking Ratio.

☐ Yes

☐ No

(2) The project sponsor has demonstrated that at least 2,850 "Available" parking spaces will be maintained in the aggregate within the Project boundary and within one-third (1/3)-mile radius of the south entrance to SAP Center (which radius shall be defined to include the entirety of the parking garage proposed to be located on Parcel F, as such Parcel is depicted in the DWDSG). A publicly-accessible parking space is "Available" if it is unoccupied and accessible to SAP Center customers on weekends and after 6:30 PM on weekdays, on SAP Center event days.

☐ Yes

☐ No

f. Quarterly Event Coordination. Following the Completion and commencement of the use of Privately-Owned Publicly Accessible Open Space and any Event/Conference Center space within the Project site, Google and SSE shall meet on a quarterly basis, or with such other frequency mutually agreed to between the parties, for the following purpose: (1) to identify special events anticipated to occur for the upcoming year or more on Privately-Owned Publicly Accessible Open Space, Event/Conference Center space, City-Dedicated Open Space, and at the SAP Center; and (2) to coordinate on the special events to address any potential transportation and access issues that may impact SSE's operation of the SAP Center or Google's operation of the Project site.

3. City Obligations. In exchange for the releases provided in Section 6 of this Agreement, City shall institute the following process improvements in coordination with SSE:

- a. Establish an internal system within its new development and project review system to notify City staff when a proposed project or permit request requires a review of the AMA and/or coordination with SSE;
- b. Implement a process improvement to ensure that Construction Impact Mitigation Plans (CIMPs) for vertical and open space development within the vicinity of the SAP Arena are shared with SSE for feedback prior to building permit submission and allow time for meaningful review and input; and
- c. Facilitate the Quarterly Event Coordination described in Paragraph 2(f), above.

Moreover, City shall consider an Amendment to the AMA, to be brought to Council by June 8, 2021 or as soon thereafter as is practicable but not after June 22, 2021, which shall include the following revisions:

- a. City shall not allow the alteration of any sidewalks along Arena frontages at W. Santa Clara Street or N. Autumn Street without SSE's consent that such alteration does not materially negatively affect operations of the Arena (such as safety, security, crowd control, etc.), whose consent shall not be unreasonably withheld.
- b. City clarifies the proposed configuration of West Santa Clara Street and Barack Obama Boulevard near the SAP Center.
  - i. West Santa Clara Street near the SAP Center. As depicted in the Downtown West Vesting Tentative Map and Downtown West Design Guidelines and Standards, no reductions in general traffic through lanes are being proposed or approved as part of the Downtown West project along West Santa Clara Street. Per the proposed Amended Diridon Station Area Plan, the City and Valley Transportation Authority (VTA) are exploring potential public service lane configurations to maintain reliable transit and emergency vehicle service; this is a separate effort from Downtown West and will continue to be coordinated with area stakeholders, including SSE.
  - ii. Barack Obama Boulevard (between Santa Clara and San Fernando Streets). The City retains final decision-making regarding the public right-of-way.



For example, the roadway (curb-to-curb space) includes two options, as shown on page 16 of the Vesting Tentative Map (VTM):

1. A dynamic lane on one side of the roadway and two through lanes
2. A through lane on one side of the roadway, one center turn lane, and a second through lane on the other side of the roadway

The first option for the portion of Barack Obama Boulevard between Santa Clara and San Fernando Streets is illustrated on page 271 of the Downtown West Design Standards and Guidelines (DWDSG, draft as of March 2021). The second option is very similar to the illustration of Barack Obama Boulevard between San Fernando and Park Avenue, as depicted on page 272 of the DWDSG. The City will determine the final configuration of the public right-of-way, including this portion of the roadway, during the Conformance Review process, including with ongoing input from SSE.

- c. Neither SSE nor its patrons shall be responsible for the incremental growth of the cost of TPMP (such as increased police/traffic control, electronic traffic control measures, etc.), beyond the baseline (pre-COVID costs as of 2019, adjusted for inflation based on Consumer Price Index (CPI)). The identification and selection of these potential funding sources will include consultation with Diridon Area partners like SSE and area property owners.

The proposed Amendment to the AMA as described above shall be a material term of this Agreement, subject to Council approval in the timeframe set forth above.

4. No Google Liability for City Obligations; No City Liability for Google Obligations. Google shall have no obligation to perform, and no liability for non-performance of, the City's obligations set forth in Section 3. City shall have no obligation to perform, and no liability for non-performance of, Google's obligations set forth in Section 2. No remedy awarded against the City for any default by City on a City obligation under this Agreement shall entitle SSE to such remedy against Google and in no event shall a default by City result in termination of this Agreement. Further, no remedy awarded against Google for any default by Google on a Google obligation under this Agreement shall entitle SSE to such remedy against City and in no event shall a default by Google result in termination of this Agreement.

5. Release and Waiver Relating to Google Obligations. As of the Effective Date of this Agreement, on the condition that the changes to the Project Approvals set forth in Section 2 are incorporated into the Project Approvals and that there are no other material changes to the Project Approvals, SSE on behalf of itself and its affiliates, including San Jose Arena Management, LLC and San Jose Sharks, LLC, and their respective past, present and future assigns, successors, heirs, executors, and administrators (collectively, the "SSE Parties") and their respective officers, directors, members, insurers and agents, hereby releases and forever discharges the City and Google and their past, present and future employees, partners, officers, officials, directors, members, insurers, agents, predecessors, successors, consultants, attorneys, and assigns, all of whom expressly deny any liability, from any and all claims, demands, damages, actions, or suits,

known and unknown, asserted or not asserted, which the SSE Parties ever had, now have, claim to have had, or may have had, through and including the Effective Date, relating to, arising out of, or in any way connected with the Project, the EIR, or the Project Approvals that may be granted, including, but not limited to, any challenges to the legality of the Project, the EIR, or any Project Approval; or that the City's actions relating to the Project, the EIR or the Project Approvals result in a breach of the AMA or the Option Agreement, or in any way interfere with the City's contractual obligations owed to the SSE Parties. Nothing in this section in particular, is intended to release the Parties or any other person from any claim that is not related, directly or indirectly, to the Project, the EIR, or the Project Approvals through and including the Effective Date. In making this release, SSE acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

SSE represents that it has read, understood and reviewed Civil Code Section 1542 with counsel, and that it hereby waives any and all present and future rights and benefits under Section 1542 to the extent it would permit claims based on facts found to be different from the facts believed to be true at the time this Settlement Agreement was executed.

6. Release and Waiver Relating to City Obligations. As of the Effective Date of this Agreement, the SSE Parties and their respective officers, directors, members, insurers and agents, hereby releases and forever discharges the City and Google and their past, present and future employees, partners, officers, officials, directors, members, insurers, agents, predecessors, successors, consultants, attorneys, and assigns, all of whom expressly deny any liability, from any and all claims, demands, damages, actions, or suits, known and unknown, asserted or not asserted, which the SSE Parties ever had, now have, claim to have had, or may have had, through and including the Effective Date, relating to, arising out of, or in any way connected with the City-Initiated Approvals or the associated CEQA document, including, but not limited to, any challenges to the legality of the City-Initiated Approvals and the associated CEQA document; or that the City's actions relating to the City-Initiated Approvals and the associated CEQA document, result in a breach of the AMA or the Option Agreement, or that Google in any way interfered with the City's contractual obligations owed to the SSE Parties, or City in approving the Project Approvals in any way violate or breach the AMA or Option Agreement. Nothing in this section is intended to release the Parties or any other person from any claim that is not related, directly or indirectly, to the City-Initiated Approvals and accompanying CEQA document or claim of violation or breach of the AMA or Option Agreement through and including the Effective Date as described herein. In making this release, SSE acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”



SSE represents that it has read, understood and reviewed Civil Code Section 1542 with counsel, and that it hereby waives any and all present and future rights and benefits under Section 1542 to the extent it would permit claims based on facts found to be different from the facts believed to be true at the time this Settlement Agreement was executed.

7. Covenant Not to Sue. SSE on behalf of itself and the SSE Parties hereby covenants that it shall not sue or assist any other person or entity to sue or in any manner institute, prosecute, or pursue any litigation, arbitration, or administrative proceeding against any person or entity, based, in whole or in part, on the released claims set forth in Sections 5 and 6, respectively, above. For purposes of this Covenant Not to Sue, “assist” includes providing financial assistance or strategic or informational guidance or any other advice to any other party. This Agreement shall constitute, and may be pled as, a full and complete defense to, and may be used as basis for an injunction against, any civil action or suit, which may be instituted, prosecuted or maintained in breach of the terms contained in this Agreement. Nothing herein shall be construed to limit SSE’s right to participate as a member of the public in reviewing and commenting on actions before the City with respect to Project implementation.

8. Ongoing Rights and Obligations under the AMA and Option Agreement. Nothing in this Agreement shall alter or limit the respective rights and obligations of City and SSE under the AMA or the Option Agreement, and nothing herein shall limit SSE’s remedies in connection with any breach of the AMA by the City, other than as expressly provided herein.

9. Assuming the Risk. Upon entering this Agreement, each Party assumes the risk of mistakes, and if any Party should subsequently discover that its understanding of the facts or law was incorrect, such Party shall not be entitled to set aside this Agreement or any portion of it by reason thereof, or be entitled to recover any damages or obtain any other relief, or be entitled to any offset or recoupment by reason thereof. This Agreement is intended to be final and binding by and among the Parties regardless of any mistakes of fact or law, and any claims based upon any such mistakes shall not be actionable.

10. Material Inducement; Survival of Representation and Warranties. The Parties, individually and collectively, hereby acknowledge and agree that the representations and covenants contained in this Agreement are material inducements for each of them to enter into this Agreement. All representations and warranties contained in this Agreement shall survive its execution and the execution of any other documents required to be executed and delivered in accordance with the Agreement, but not the termination of this Agreement.

11. Legal Advice and Authority. The Parties warrant, represent and agree that in executing this Agreement, they do so with full knowledge of their rights, having had full opportunity to do whatever investigation they desired, and after having received independent legal advice from attorneys of their choosing with respect to all rights which are herein settled.

12. Attorneys’ Fees; Litigation Expenses; and Costs. Each Party to this Agreement shall bear its own expenses and costs, including attorneys’ fees, incurred with respect to the preparation of and any action brought to enforce the rights of a Party under this Agreement.

**Exhibit C**

13. Notice. In the event notice is required under this Agreement, notice shall be made by personal service or reputable overnight mail service. All notices shall be sent to the following:

**To Google:**

Google LLC  
1600 Amphitheatre Parkway  
Mountain View, Ca 94043  
Attn: REWS Department / Downtown West SJ  
Project Executive

**With a Copy to:**

Coblentz Patch Duffy & Bass LLP  
One Montgomery Street, Suite 3000  
San Francisco, California 94104  
Attention: Miles Imwalle

**To SSE:**

Sharks Sports & Entertainment LLC  
525 W. Santa Clara Street  
San Jose, CA 95113  
Attention: Jonathan Becher

**With a Copy to:**

LMA Law, LLP  
1 Almaden Blvd., Suite 700  
San Jose, CA 95113  
Attention: Lucy Lofrumento

**And to:**

Burke, Sorensen & Williams, LLP  
1 California Street, Suite 3050  
San Francisco, CA 94111  
Attention: Anna Shimko

**To City:**

City of San José  
Office of the City Attorney  
200 E. Santa Clara Street, 16<sup>th</sup> Floor  
San Jose, CA 95113

The Parties shall notify each other of changes in either their respective addresses or their representatives subject to notification in accordance with the provisions of this Section.

14. Authority to Enter Agreement. The Parties warrant that they have the full authority to enter into this Agreement. Where applicable, all corporate, organizational or other action necessary to authorize such execution has been taken and completed. The signatory of each Party to this Agreement has the full right and authority to commit and bind each respective Party, and all members and/or individuals related thereto, to the fullest extent of the law.

15. Governing Law; Venue. The Parties hereby agree that this Agreement is made, executed and entered into, and is intended to be formed within the State of California and that



this Agreement is to be interpreted and enforced under the internal laws of the State of California without reference to choice of law or conduct of law provisions. Venue shall be in the County of Santa Clara.

16. Counterparts. This Agreement may be executed in counterparts, each of which is hereby declared to be an original. All, however, shall constitute but one and the same Agreement. In any action or proceeding, any photographic or other copy of this Agreement may be introduced into evidence.

17. Binding. This Agreement shall inure to the benefit of and be binding upon the heirs, representatives, predecessors, successors, and assigns of each of the Parties.

18. Complete Agreement. This Agreement contains the entire agreement and understanding concerning the subject matter herein and supersedes and replaces any and all prior negotiations and agreements between the Parties or any of them, whether written or oral. Each of the Parties acknowledges that no other party or agent or attorney of any other Party hereto has made any promise, representation, or warranty, express or implied, not contained herein, concerning the subject matter hereof, to induce any other Party hereto to execute this Agreement, and each Party hereto acknowledges that it, he, or she has not executed this Agreement in reliance on any such promise or representation or warranty not contained in this Agreement.

19. No Waiver. A waiver by one Party of a breach of any provision of this Agreement by any other Party hereto shall not operate or be construed as a waiver of any subsequent breach by such other Party.

20. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid under law, each such provision can be severed without invalidating the entire Agreement.

21. Neutrality. This Agreement is the product of negotiations and was drafted by all Parties; therefore, it shall not be construed in favor of or against any particular Party.

22. Modification. No supplement, modification, amendment or change in any terms of this Agreement shall be binding on the Parties unless in writing and executed by the Parties.

23. No Third Party Beneficiaries. Unless expressly stated herein, this Agreement is entered into for the sole benefit of the Parties, and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

24. No Admission of Liability. This Agreement is entered into by the Parties solely for the purpose of compromising and settling the matters in dispute. This Agreement, and the actions undertaken and statements made in connection with this Agreement, do not constitute, nor shall it be construed to be, an admission of liability or wrongdoing, directly or by implication, of the truth or validity or scope of any claims or assertions made by any Party.

25. Headings. The headings of this Agreement are for reference purposes only and shall not affect in any way the meanings or interpretations of this Agreement.

**Exhibit C**

26. Time is of the Essence. Time is of the essence in all aspects of the performance of the obligations hereunder.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement on the date below.

Date: May <sup>May 25, 2021</sup>\_\_\_\_\_, 2021

**GOOGLE LLC, a Delaware limited liability company**

By:   
David Radcliffe (May 25, 2021 18:38 PDT)

Name: David Radcliffe

Title: Vice President of Real Estate and Workplace Services

Date: May <sup>May 25, 2021</sup>\_\_\_\_\_, 2021

**SHARKS SPORTS & ENTERTAINMENT LLC, a Delaware limited liability company**

By: 

Name: Jonathan Becher

Title: President

Date: May <sup>May 25, 2021</sup>\_\_\_\_\_, 2021


**CITY OF SAN JOSE, A MUNICIPAL CORPORATION**

By:   
Nora Frimann (May 25, 2021 18:48 PDT)

Print Name: Nora Frimann

Title: City Attorney

APPROVED AS TO FORM:

By:   
Johnny Phan (May 25, 2021 18:39 PDT)

Print Name: Johnny Phan

Title: Chief Deputy City Attorney

**Attachment 1**

**Revised Exhibit K**

## Exhibit K

### **Downtown West Parking Requirements**

#### **Recitals:**

- A. This Exhibit is intended to ensure that sufficient parking is publicly-accessible within the Project site, for the Project uses, and ~~also that those publicly-accessible spaces will provide sufficient "Available" parking (as defined below)~~ for the SAP Center, to help ensure consistency with the City's obligations under the Arena Management Agreement.
- B. ~~Today, approximately 2,850 Available surface parking spaces exist on property that will be redeveloped as part of the Downtown West project. Developer and the City anticipate the replacement of approximately 2,850 existing available surface parking spaces on property that will be redeveloped as part of the Downtown West project that parking, and the development of at least 1,150 additional spaces (for a total of at least 4,000 publicly-accessible parking spaces) at full buildout of office space within the Downtown West project. This would ensure the long-term sustainability of the SAP Center. These parking, which spaces do not~~ will all be located within 1/3 mile of the south entrance to the Arena (which radius shall be defined to include the entirety of the parking garage proposed to be located on Parcel F, as such Parcel is depicted in the DWDSG). These 4,000 parking spaces include the parking spaces existing on the property known as "Lots ABC" adjacent to the SAP Center, which currently contain 1,422 "Available" parking spaces, but exclude the up to 2,360 residential parking spaces to be included in the project. ~~Terms~~
- C. The project will target 85% of said 4,000 publicly-accessible parking spaces (3,400 at full buildout) to be "Available" as defined below. This would help ensure the long-term sustainability of the SAP Center.
- A.D. Unless otherwise indicated, terms that are used but not defined in this Exhibit shall have the meanings given to such terms in the body of the Development Agreement to which this Exhibit is attached. For purposes of this Exhibit K, a publicly-accessible parking space is "Available" if it is unoccupied and accessible to SAP Center customers on weekends and after 6:30 PM on weekdays, on SAP Center event days.

#### **Parking Requirements:**

1. Overall Requirements: Over the course of the development of the Project, Developer shall be required to provide publicly-accessible off-street parking spaces serving new office development at a cumulative ratio between 0.5 and 0.645 spaces for each 1,000 square feet of Floor Area (which shall mean eighty-five percent (85%) of the total gross floor area) of such office buildings (the "Required Parking Ratio"). At the point of full build out of office space within the Downtown West project, the Required Parking Ratio shall be 0.645 spaces, and the project shall provide at least 4,000 publicly-accessible spaces ~~within 1/3 mile of the south entrance to the Arena (which radius shall be defined to include the entirety of the parking garage proposed to be located on Parcel F, as such Parcel is depicted in the~~



DWDSG).

- a. Once 4,000 publicly-accessible parking spaces are operational and in compliance with these terms, the Required Parking Ratio will no longer apply provided that the 4,000 publicly-accessible spaces shall be maintained as described herein.
- b. Developer may construct up to 4,800 publicly-accessible parking spaces at its discretion; this parking would be reviewed as part of the Conformance Review process.
- c. The Required Parking Ratio represents a reduction from standard City parking requirements, which would require as many as 15,500 spaces at Downtown Commercial parking ratios (2.5 spaces per 1,000 square feet of Floor Area), or 6,600 spaces with application of available standard parking reductions (1.06 spaces per 1,000 square feet of Floor Area). ~~The~~The City Council has determined that a Required Parking Ratio of 0.645 spaces per 1,000 square feet of Floor Area is warranted given the area's rich transit and mixed-use environment, sustainability and air quality imperatives, traffic reduction and City's multimodal goals, the fact that this parking is available to the public, and transportation demand management requirements.
- d. The Required Parking Ratio is critical to serve the needs of the Project, as well as to replace parking currently utilized by transit riders and SAP Center patrons. ~~With this in mind, the commercial parking spaces will be publicly-accessible and priced to allow for maximum efficiency to support the SAP Center, as well as the multimodal goals of the City and Project.~~
  - i. At 4,000 publicly-accessible commercial parking spaces, the ~~project targets~~Developer will target at least 85% of such spaces (3,400) to be Available for SAP Center event use.
- e. If, over the course of the Development Agreement, some parking is found to be no longer warranted, the Director of PBCE may, in its sole discretion, reduce the Required Parking Ratio and/or overall amount without requiring an amendment to the Development Agreement or to this Exhibit.
- f. ~~The~~Notwithstanding any reduction in the Required Parking Ratio approved by the Director as described above, the parking requirement must be satisfied in part through at least 2,850 publicly-accessible commercial spaces within the Project Site, including existing parking.
- g. As an option to satisfy the requirement for the 2,851 to 4,000 publicly-accessible parking spaces set forth above (Section 1), Developer may deliver this parking either within the 1/3-mile radius of the south entrance to the SAP Center (which radius shall be defined to include the entirety of the parking garage proposed to be located on Parcel F, as such Parcel is depicted in the DWDSG) or through an Alternative Parking Arrangement.
  - i. Alternative Parking Arrangement: If Developer determines that it will not provide any number of the remaining required parking spaces within the Project Site, then, in order to meet the Required Parking Ratio, the City shall



have the right to designate additional land owned by the City and within  $\frac{1}{3}$  of a mile of the south entrance to the SAP Center (the "Additional Parking Property") for Developer to build additional parking spaces; Developer would then be required to build additional spaces on the Additional Parking Property, subject to obtaining appropriate environmental clearance and any discretionary approvals, as well as ensuring compliance with any contractual obligations of the City; provided, however, in no event would Developer be required to build parking spaces on the Additional Parking Property that, when aggregated with the publicly-accessible spaces located within the Project boundary, would exceed the Required Parking Ratio or 4,000 total spaces, as described above.¶

- ii. In the event the Alternative Parking Arrangement results in designation by the City of "Lot E" certain parcels located at St. John and N. Montgomery Streets north of the Arena (known as "Lot E") for the development of additional parking by Developer, subject to any necessary environmental clearance, nothing in this Exhibit shall preclude the City from complying with its obligations under the Arena Management Agreement with respect to Lot E, ~~including regarding parking priority being provided for SAP Center event related parking at least until June 30, 2025, which entity would manage the parking,~~ and/or any option agreements to purchase that property.

- h. The City's Department of Transportation will review the design of parking facilities as part of a Vertical Conformance Review Application and may require one or more future Focused Local Transportation Analysis (Focused LTAs) to provide building-specific analysis as defined in the Conformance Review Implementation Guide.

- i. Developer and SSE shall meet and confer regarding parking facility design during the schematic design and development process.

- 2. Phasing:- The requirements below are to ensure that sufficient parking exists, at any given specific time, for the continued operational needs of the SAP Center, as well as the multimodal goals of the City and Project.

- a. Compliance with this requirement shall be evaluated during the Conformance Review process for each office Building, and verified prior to issuance of Building Permits for each office Building.

- i. Proposed parking spaces included as part of a previously approved Conformance Determination shall be counted to determine whether the Required Parking Ratio will be satisfied upon construction of the office building that is the subject of a Conformance Review. Surface parking spaces in the Project also shall be counted during the Conformance Review process to determine whether the Required Parking Ratio will be satisfied. For clarity, this means that, to determine whether the Required Parking Ratio will be satisfied, each Conformance Review for an office building shall account for (i) surface parking spaces in the Project, (ii) proposed parking spaces included in a previously approved Conformance Determination that have not yet been constructed, (iii) parking spaces

already constructed as part of the Project, and (iv) the parking spaces included in the subject Conformance Review application. In the event a proposed office building or buildings would result in the elimination of existing surface parking spaces, the Conformance Review Application for that building shall not be denied for the temporary failure to satisfy the Required Parking Ratio during construction of the building or buildings if the Project would continue to provide a ratio of 0.5 spaces for each 1,000 square feet of Floor Area, and so long as the Required Parking Ratio is satisfied upon issuance of a Certificate of Occupancy for that office building or buildings.

- ii. During the Conformance Review process, the Project will be required to confirm that at least 2,850 “Available” parking spaces will be maintained in aggregate within the Project boundary and within one-third ( $\frac{1}{3}$ )-mile radius of the south entrance to the SAP Center.
- b. If the Project will result in a temporary failure to satisfy the Required Parking Ratio, as described in Section 2.a.i, for a single period that will exceed three (3) years, the City shall verify that its parking obligations to ensure a certain number of available parking spaces pursuant to the Arena Management Agreement continue to be met. If the City's obligations continue to be met, then the temporary failure of the project to satisfy the Required Parking Ratio may continue for another two (2) years, for a maximum of (5) years. After (5) years, Developer shall develop and obtain agreement from the City for one or more interim parking management strategies as part of the Parking Delivery Plan during construction. If, however, it is determined after the initial 3-year period that the City will not meet its parking obligations under the Arena Management Agreement due to temporary failure of the project to satisfy the Required Parking Ratio, Developer shall develop and obtain agreement from the City for one or more interim parking management strategies at that time.
- ~~e.~~ To the extent the Option Agreement for Lots A/B/C is exercised prior to 2040, the Developer must be in compliance with the Required Parking Ratio, subject to Section 2(a)(i), prior to beginning vertical development on Lots A/B/C. ~~To the extent the existing Second Amended and Restated Arena Management Agreement between the City and San José Arena Management, LLC is terminated earlier than 2040 or at its scheduled expiration in 2040, Section 1d.i. and Section 2a.ii shall no longer apply.~~

# Settlement Agreement EXECUTION VERSION

Final Audit Report

2021-05-26

Created:	2021-05-26
By:	Joan Douglas-Fry (Joan.Douglas-Fry@sanjoseca.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAh1eVIPgsnbCzvWzmV6l-dM3brWf_OOzl

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2021-05-26 - 1:38:51 AM GMT- IP address: 172.56.39.82

 Document e-signed by Johnny Phan (johnny.phan@sanjoseca.gov)

Signature Date: 2021-05-26 - 1:39:45 AM GMT - Time Source: server- IP address: 172.56.39.82

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### **Exhibit C**



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2021-05-26 - 1:40:18 AM GMT- IP address: 104.47.64.254



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