

Minutes of the Meeting
Board of Directors
San Jose Downtown Association

February 10, 2012

A members only meeting of the Board of Directors of the San Jose Downtown Association, a non-profit California corporation, was held at Milano Restaurant and Club, 394 S. Second Street, San Jose, CA.

The following directors were present: Bernstein, Brady, Cassetta, Cord, Gagliardi, Gomez, Hattley, Kolstad, Mather, Neale, O'Connor, Pangilinan, Pulcrano, Rajakumar, Roney, Ryan, Saso, Skaggs, and Wong.

The following directors were absent from the meeting: Bangs, Borkenhagen, Cabrera, Carr, Cottle, Essadki, Friedman, Hamilton, Lopez, Miller, Rademann, Springall, and Tortora.

Also present at the meeting were Amy Anderson, Joe Bagliere, Helen Hayashi, Eric Hon, Rick Jensen, Scott Knies, Ellen Lee, Karen Luebben, Paula Saily, Jenna Tenorio, and Blage Zelalich.

Wong called the meeting to order at 8:17 a.m. and thanked Milano Restaurant and Club managers Luan Lieu and Julie Le for providing the meeting site, and board member Hattley for hosting the continental breakfast. Minutes of the January 13 public meeting of the board in joint session with the board and members of the Property-Based Improvement District (PBID) were unanimously approved on a motion and second from Skaggs and Saso.

President's Report

- President Wong thanked Gomez for agreeing to serve on the Executive Committee. Pulcrano, Editor and Publisher of Metro News, was congratulated on the birth of his daughter two days prior, and gifted with a garment for the newborn emblazoned with "Press." Pulcrano reciprocated with cigars for Skaggs and Pangilinan.
- Wong reported that she and Knies have been conducting meetings with members of the City Council and the Mayor on behalf of the association. She relayed her impression gleaned during these meetings that the association was highly regarded among the City's administration, and pointed to the award of a special, one-time grant of \$40K through the Office of Cultural Affairs to support the association's preparation for new summertime events downtown. Wong and Ryan jointly reported on a recent meeting convened by the Mayor of property owners and real estate executives. Mayor Reed sought input on ways to support downtown development and leasing activity. Ryan reported that the well-established hurdles of permits, safety, image and parking were discussed.

New Business

- Wong called on Treasurer Neale to discuss the budget included in the meeting packet that encompassed the final position on FY 10-11, comparison of the FY 11-12 approved and projected budgets, a proposed budget for FY 12-13 and a detailed schedule of the association's revenue sources. Neale applauded the successful season at Downtown Ice that exceeded budgeted goals, as well as the award last week from the City of \$40K for program planning mentioned earlier in the meeting by Wong. He termed the anticipated \$17K shortfall for the current fiscal year "manageable" and emphasized that the association's success in meeting the FY 12-13 budget will be largely dependent on whether the City awards the full \$250K currently anticipated in the budgets for the current and next fiscal years. He said the current projected deficit of \$56K for FY 12-13 will be approached cautiously with an eye on identifying any trends with the sunset of RDA funding. Neale concluded that the Finance Committee will continue to explore options for budget adjustments during the final five months of FY 11-12. Knies thanked the Finance Committee for their work during the transition from RDA to City support of the association. He said it is likely that City monies will be awarded from different sources on a one-time basis and not until June, literally days before the beginning of the association's new fiscal year.
- Wong and Knies called on the board for input about downtown in the post-RDA world. Wong emphasized that the City will be increasingly looking to the association for giving voice to issues from the viewpoint of downtown business and property owners. Knies stressed the importance of anticipating a need for a cohesive vision for downtown development. He introduced scenarios to elicit opinions on the desirability of development in downtown, City incentives for residential building, the pros and cons of replacing vacant buildings with surface parking, the requirement and/or location of retail in new development, height minimums for selected parcels, and whether or not it is the association's business to be involved in these and other development-related policy. Among comments offered by the members were:
 - Mather: A Downtown General Plan should be in place and SPUR and the association's Design Committee should be working with the City's Planning Commission and other public agencies on the importance of aesthetics, architecture and place-making.
 - Pulcrano: Public forums could be used to flesh out expectations for downtown.
 - Cord: Time has to be considered. It makes sense to extend development entitlements in the current market to get an optimal result.
 - Saso: Downtown needs economic activity and flexibility is needed in development guidelines.

- Ryan: San Jose takes the longest to build anything – big or small. Only multi-family rental development works for the current economic climate. The City should be involved to encourage this (in contrast to retail development that will not be coaxed downtown until there is more potential to do business). Residential development could be encouraged if the City would waive below-market housing requirements. Spreading out payment of the mandatory per unit park fees levied by the City prior to permitting would also stimulate residential development.
- Brady: the single biggest complaint among downtown residents is that there is not enough retail.
- Wong: Retail merchants need the right size of properties to lease. A narrow storefront that is a thousand feet deep is not useful.
- O'Connor: Downtown needs to consolidate activity and encourage retail to create the beginnings of momentum for downtown.
- Pangilinan: we have to define one area for development and build out from there.
- Cord: We need to hold (vacant) corner buildings until a developer comes forward to build.
- Ryan: Teardowns and parking lots are a step closer to development.
- Roney: The City needs to provide an overall vision for downtown.
- Gagliardi: Where developers are required to get input from residents before building, the developers say they often get much better developments. The association could add value in this way for downtown development.
- Bernstein: Politically and economically for less restrictions and let the market decide.
- Hattley: We have to step back and look at the Bay Area as a whole. Our properties in Mountain View are 100% leased. San Jose is at 50%. The City of Mountain View is very easy to work with. As for tear-downs, it does help the vacancy rates.
- Roney: San Jose's permitting personnel is understaffed and that greatly extends the critical waiting times.
Wong thanked the members for their feedback and said she anticipates the Association continuing this discussion in the coming months.

Old Business

- Zelalich recapped the 2011-12 season for Downtown Ice. She said it had been a "very successful" season with great cooperation from the weather and record attendance. Lively media promotions and a two-week extension to accomplish a cross-promotion partnership with the U.S. Figure Skating Championship competition held at the HP Pavilion had all contributed to the positive outcome.

Executive Director's Report

- Knies announced, as he has twice previously reported to the Executive Committee, that he will be running for a board seat on the Santa Clara County Water District in November 2012.

The meeting was adjourned by Wong at 9:33 a.m.