

REDEVELOPMENT AGENCY
BOARD

HARRY S. MAVROGENES
EXECUTIVE DIRECTOR

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JULY 5, 2006

INFORMATION

SUBJECT: REMAINING CONSTRUCTION FUNDS FROM THE MARTIN LUTHER KING, JR., LIBRARY PROJECT

The agreement between San Jose State University and the Redevelopment Agency for the construction of the Martin Luther King, Jr. Library provided for any residual construction funds to be placed in a capital reserve account. At the conclusion of the \$174,770,440 budgeted project, both the University and the Agency had funds remaining in their respective project budget lines.

Based on the agreement, the Redevelopment Agency's share of the Library Project was \$73,880,440, including public art, and the University's share was \$100,890,000. Upon reconciliation of all project expenses and budgets, the final project cost, including public art, was \$170,015,270. Based on the cost splitting agreement, the Redevelopment Agency has \$2,059,594 and the University \$2,695,576 in unspent but allocated project funds.

The agreement calls for any unspent funds to be placed into an escrow account for future capital projects. Because of restrictions on the funds of each entity, it was not possible to place all of the funds into a single escrow account. Consequently, after discussions between Redevelopment Agency finance and General Counsel staff and the University administration, two accounts were created. Funds may only be withdrawn by mutual signatures and may only be used for future Library capital improvements and upgrades. The University President and the Redevelopment Agency Executive Director would agree as to how any such funds would be spent.

HARRY S. MAVROGENES
Executive Director