

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: REDEVELOPMENT AGENCY BOARD	FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: JANUARY 7, 2011

INFORMATION

SUBJECT: SOLICITATION PROCESS FOR DISPOSITION OF AGENCY OWNED ASSETS

The Redevelopment Agency currently owns assets with an estimated value between \$220 - \$240 million. Sale or disposition of assets has been a recurring source of revenue for the Agency in the last several years and has been a consistent factor in our annual budgets.

Disposition of assets is a normal part of Agency business. Some assets are disposed of through disposition and development agreements, some are facilities constructed by the Agency then transferred to the City, and some are sold outright.

We have received strong interest from a number of development entities for these assets and there has also been interest expressed in several other properties outside the San Antonio project area. To ensure that we maximize the return for these assets, the Agency will be immediately embarking on a solicitation process to advertise the availability of these properties and potentially receive several competitive bids. The Agency will accomplish this by posting sale information for the assets on the Agency's website, in newspapers and through commercial real estate listing services such as Loopnet.com. The Agency will handle all sale listings and asset dispositions in-house. It is anticipated that most transactions can occur this fiscal year, with a goal of closing on all parcels by the end of the calendar year.

The assets being considered for disposition include: Fairmont Hotel Annex Retail (McCormick's, Bijan Bakery and the vacant space to 1st Street), Central Place Parking Lot (the Block 3 Development site), the Fairmont Parking Garage (under the Fairmont Hotel), Fountain Alley Parking Lot (S. Second Street between E. Santa Clara and E. San Fernando Streets) and the East Santa Clara Development

Site (across from City Hall). These assets represent approximately 12% of the Agency's assets when compared on a per square foot basis and roughly 11% when compared on an estimate of value basis.

Per Board approval, a major goal of the Agency is to induce economic development activity to help create jobs and improve the economy. The major economic development activity identified in the FY 2011-12 budget is the facilitation of a Major League ballpark. Preliminary evaluations of these assets lead us to believe that they will yield sufficient new revenue to accelerate the completion of the acquisition and the readiness of the proposed baseball site.

The solicitation will identify successful high bidders for each parcel and each sale will be subject to Board approval. It is anticipated, as indicated above, that the disposition process could be completed before the end of this calendar year. Should the proposed Major League Baseball stadium not come to fruition for any reason, any sale of the site for other development will still require Board approval.

Finally, JPMorgan and the Agency have agreed, as a condition of the recent extension of the letter of credit for one more year, that the Agency will hire a consultant to evaluate our assets. JPMorgan and Agency staffs are currently in the process of interviewing two firms to take on that role. It is our intention to involve the selected firm in the solicitation and disposition process.



HARRY S. MAVROGENES
Executive Director