

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 31, 2011

INFORMATION

SUBJECT: UPDATE ON SOLICITATION FOR DISPOSITION OF AGENCY OWNED ASSETS

On January 13, 2011, the Agency took six assets out for public solicitation. The sale information for the assets was e-mailed to the top 25 brokerage houses in Silicon Valley (as determined by size) and an interest list of 175 potential buyers that was compiled by Agency staff. The sale solicitation was also conducted on the Agency's website, in the Mercury News and through the commercial real estate listing service Loopnet.com. The deadline for offers was Monday January 31, 2011.

The assets considered for disposition included: 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), East Santa Clara Development Site (across from City Hall) and the Paseo Retail (Paseo de San Antonio between 3rd and 4th Streets).

As of 4:00 p.m. on Monday, January 31, 2011, the Agency had received the following offers for each property:

1. Fairmont Hotel Annex Retail (170 S. Market Street):

Entity: BAB Capital/Black Sea Gallery
Offer: \$3,705,000

Entity: Union Property Capital
Offer: \$3,700,000

Entity: Imwalle Properties
Offer: \$3,650,000

Entity: Abachi Food Bijan
Offer: \$3,599,000

Entity: Silicon Valley Investments
Offer: \$3,520,000

2. Central Place Parking Lot (150 S. Second Street):

Entity: Sobrato
Offer: \$5,125,000

Entity: Silicon Valley Investments
Offer: \$2,000,000

Entity: Green Valley (dba Barry Swenson Builder)
Offer: \$1,930,680

Entity: Union Property Capital
Offer: \$600,000

3. Fairmont Parking Garage (170 S. Market Street):

Entity: Next Realty
Offer: \$2,000,000

4. Fountain Alley Parking Lot (35 S. Second Street):

Entity: Union Property Capital
Offer: \$6,400,000

Entity: Swire Properties
Offer: \$4,750,000

Entity: City Ventures
Offer: \$4,520,000

Entity: Creation Group
Offer: \$4,300,000

Entity: Greene Courte Partners
Offer: \$3,500,000

Entity: Next Realty
Offer: \$3,500,000

Entity: Green Valley (dba Barry Swenson Builder)
Offer: \$3,179,891

Entity: Kingsmill Group
Offer: \$3,125,000

Entity: Silicon Valley Investments
Offer: \$3,000,000

Entity: BPG Properties
Offer: \$2,156,010

5. E. Santa Clara Development Site (193 E. Santa Clara Street):

Entity: Green Valley (dba Barry Swenson Builder)
Offer: \$2,060,400

Entity: Union Property
Offer: \$1,550,000

Entity: Next Realty
Offer: \$500,000

6. Paseo Retail (125 Paseo de San Antonio):

Entity: Chardonnay Associates II
Offer: \$300,000

THE COMBINED TOTAL OF THE HIGHEST OFFERS IS: \$19,590,000

Agency staff and Keyser Marston Associates, which was recently retained to analyze the Agency's assets, will begin analyzing the offers received with the goal of entering into purchase and sale agreements with those entities that have made offers acceptable to the Agency. We will keep the Agency Board apprised and anticipate bringing these back to the Board.



HARRY S. MAVROGENES
Executive Director