

Museum Place

December 3, 2019

Item 4.1

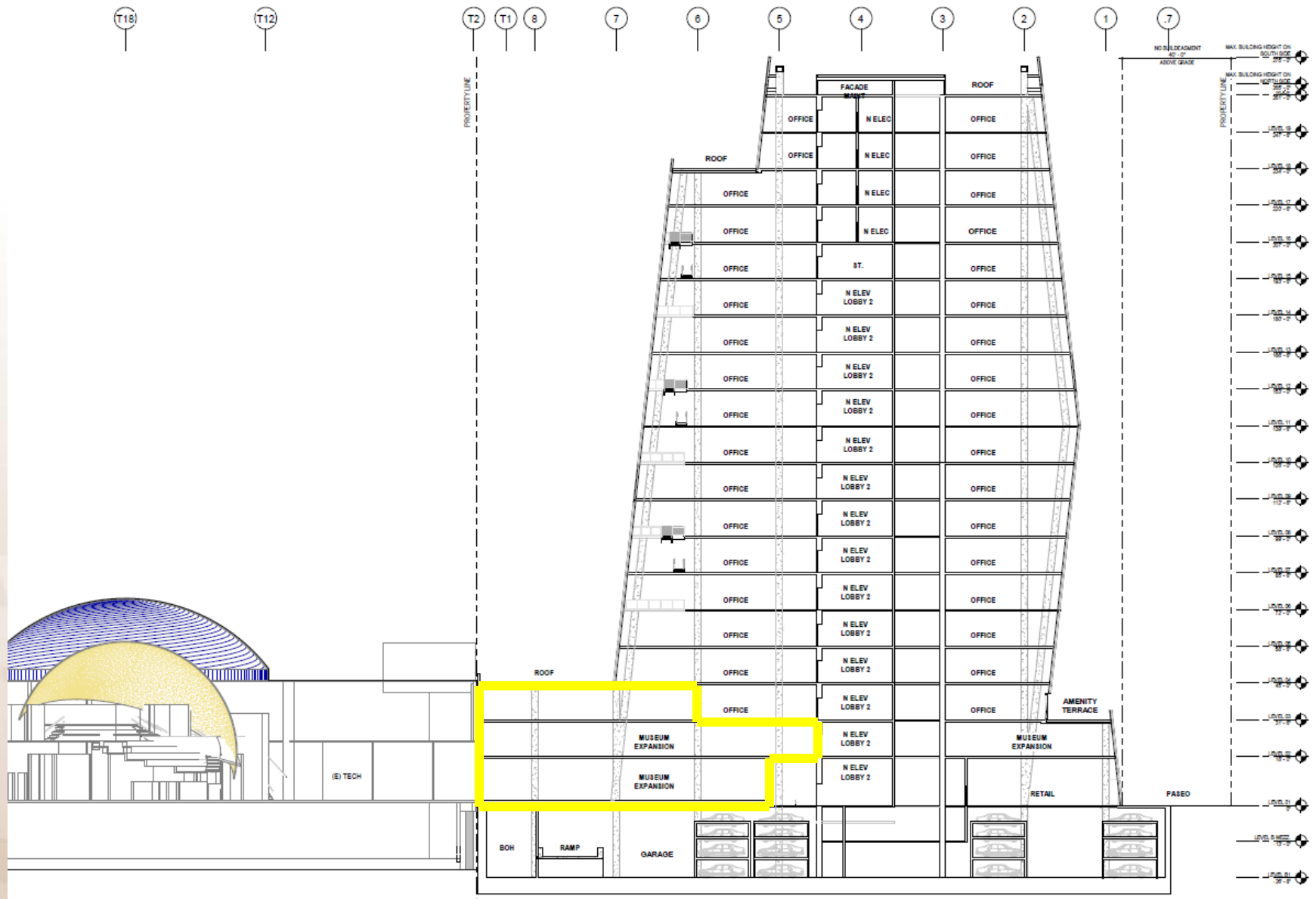
Nanci Klein, Assistant Director of Economic Development
Gary Dillabough, Managing Partner, Urban Communities
Tim Ritchie, President & CEO Tech Interactive





Brief Chronology

- August 2017 – DDA with King Wah, LLC
- June 2018 – Assignment to Museum Place Owner, LLC



BUILDING SECTION (E-W) THRU TECH LOOKING SOUTH 1



Project Description

- 928,000 square feet Class A office
- 60,000 square feet Tech Interactive space
 - 10,000 square feet of double-height column free space
- 8,400 square feet retail space
- 482 parking spaces

Key DDA Elements

- Proof of financing by June 2020 and March 2021
- Deposits in the amounts of \$5,000,000 and \$20,000,000
- Right of Reverter
- Construction guarantees and performance bonds
- City value

Base Valuation

2017 Smith & Associates Appraisal

- \$200/sqft - \$20,000,000
- 2018 Assignment to Dillabough
- \$30,000,000 (conservative expenditure estimate)
- Paseo - roughly 20,000 at \$50/sqft = \$1,000,000
- Building area - roughly 80,000 sqft = \$28,800,000

Additional Developer Obligations

- Design a 10,000 sqft 2-story space on 2nd & 3rd floors
- Loss of leasable space on 2nd & 3rd floors
- No-Build area above the column-free space
- Emergency vehicle and pedestrian access easement
- Loading easement
- PLA prevailing wage
- 100 parking spaces for the Tech/ 482 spaces shared
- Provide shared loading and operations
- Museum space within the commercial building

Value to the City

Condominium owned by the City, valued conservatively at \$43,000,000

Rent-Based Model

- 60,000 sqft at \$6/sqft for 12 months is roughly \$4,300,000 annually for a 10-year period equals \$43,000,000

Percentage Ownership Model

- 6% of the \$700,000,000 building equals \$42,000,000

Value to the City

Infill development that provides:

- High demand from other City uses
- High quality 60,000 sqft public space
- 4,600 on-going jobs
- 1,000 prevailing wage construction jobs
- \$980,000 in annual property taxes

Team San Jose Collaboration

- Importance of the Civic Auditorium

Tech Lease

- Extension of lease for 55 years
- Allowed uses
- Can return the expansion space to the City
- No additional City subsidy for expansion space

Westbank







