

447 SOUTH ALMADEN BOULEVARD AND 235 WOZ WAY PROPERTY ACQUISITION AND FINANCING

September 30, 2025

City Council/SJFA Agenda Item I

City Council Agenda Item 8.1

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PROPERTY

- 3.56 Acres located at South 447 Almaden Blvd and 235 Woz Way
- Downtown General Plan
- 414 space parking lot
 - City lease until 2027
- Entitled for 1.4M square feet of office
- Located between Convention Center and Discovery Meadows/Children's Discovery Museum



KEY TERMS

- Purchase Price: \$13,500,000
- 20 day closing upon contract execution
- As-Is acquisition:
 - Title and environmental due diligence are complete
- Closing costs paid according to County custom
- City to assume Disposition and Development Agreement held by Successor Agency to the Redevelopment Agency



STRATEGIC OPPORTUNITY

- Creates 32-acre contiguous City holding
 - Bridges Discovery Meadow and Convention Center
- Can support Convention Center expansion or other Sports and Entertainment use
- Provides flexibility in convention expansion, which may reduce construction costs
- Advantageous market to act
- Interim use as parking lot



COMMERCIAL PAPER PROGRAM

- The City and CSJFA established the program in 2004
- Utilize a lease revenue financing structure, where the City pledges certain assets to CSJFA
- CSJFA can issue up to \$175 million of CP Notes (taxable and tax-exempt) up to 270 days
- Maturing notes are either paid in full (principal and interest) or “rolled” to the following maturity date (interest may be capitalized)
- Short-term or interim borrowing at variable interest rate
- Secured by lease payments, pledged assets and a letter of credit (currently by TD Bank, expires on May 20, 2030)



FINANCING OF THE PROPERTY ACQUISITION

- Issuance of taxable CP notes up to for \$13.5 million
- The CP notes principal will be amortized over 7 years
- Source of repayment – Parking and CCFD Funds
- CP Fees on the Purchase
 - Commitment Fee – 0.32%
 - Dealer Fee – 0.045%
 - Misc. Annual Fees – 0.12%



UTILIZATION OF CSJFA CP PROGRAM

Project	CP Notes Outstanding	Remaining Authorization	Proposed Authorization	Program Utilization
2017 Flood Improvements - PRNS	\$652,000	\$5,031,000		\$5,683,000
Energy Purchases – SJCE		75,000,000		75,000,000
ESCO Conservation – PW	4,315,000			4,315,000
Muni Water Building – ESD	20,700,000	19,300,000		40,000,000
Muni Water Advanced Metering – ESD		23,000,000		23,000,000
447 Almaden Boulevard – OED			\$13,500,000	13,500,000
Total	\$25,667,000	\$122,331,000	\$13,500,000	\$161,498,000



COUNCIL/SJFA AGENDA ITEM I RECOMMENDATIONS

- Conduct a public hearing in accordance with Section 6586.5 of the California Government Code; and
- Adopt a resolution to approve and authorize the issuance of lease revenue commercial paper notes in the amount not to exceed \$13,500,000 to finance the purchase of the Property.

UNDER BOTH THE DEBT MANAGEMENT POLICY AND SAN JOSE MUNICIPAL CODE SECTION 4.34.200, APPROVAL OF THE ISSUANCE OF THESE CP NOTES REQUIRES A TWO-THIRDS VOTE BY THE CITY COUNCIL (8 VOTES).



COUNCIL AGENDA ITEM 8.1 RECOMMENDATION

- Adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute a purchase and sales agreement for the purchase of the property; and
- Adopt 2025-2026 appropriation ordinance amendments in the Convention Center District Revenue Fund and the General Purpose Parking Fund.

