

BROCADE COMMUNICATIONS SYSTEMS NORTH SAN JOSE



Project Manager:	Edith Ramirez
Project Budget:	\$4,000,000
Agency Budget:	\$4,000,000
Expenditures to Date:	\$0
Completion Date:	Winter 2009

Project Description: In December 2008, the Redevelopment Agency approved an agreement to provide Brocade Communications Systems with up to \$4 million in eligible equipment purchase reimbursement to support the company's expansion in a new facility and headquarters at the intersection of North First Street and Highway 237. Brocade committed to building and occupying 562,000 square feet of office and R&D space in three buildings in Phase 1 after which the company would be eligible for reimbursement of \$2.5 million. For Phase 2, upon occupying an additional 320,000 square feet in a fourth building, the Agency would provide an equipment reimbursement of \$1.5 million. Brocade's total investment in Phase 1 of the development is estimated at \$292 million.

Key benefits to the City and the Agency from this project include the company's plan to add 600 new jobs as part of the expansion for a total workforce of 1800; \$191,000 in new annual tax revenue to the City's General Fund; and \$1.5 million in new annual property tax increment to the Agency. The total net return on investment to the City and the Agency over the five year term of the agreement is approximately \$7.7 million. To guarantee the Agency's investment, Brocade is required to remain in San Jose for five-years following each reimbursement or the company must repay the Agency per an agreed upon repayment schedule.

Project Status/Next Steps: The projected completion date for Brocade's three new buildings in Phase 1 is late 2009. Phase 2 completion is anticipated for 2012. Agency staff will monitor the completion milestones contract compliance.