

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: REDEVELOPMENT AGENCY BOARD	FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: APRIL 12, 2007

INFORMATION

SUBJECT: HIGH-TECH LEASING ACTIVITY IN THE RINCON REDEVELOPMENT PROJECT AREA

This memo highlights a number of recent high-tech real estate activities in Research and Development (R&D) industrial space in the Rincon Redevelopment Project Area in North San Jose. The physical expansion and proposed employment growth of the six companies highlighted is indicative of the positive trend in the economic growth of Silicon Valley.

Redevelopment Agency and Planning, Building, and Code Enforcement staff have worked closely with the companies listed below to expedite permits, facilitate utility upgrades, and coordinate grand opening celebrations. Five out of six of the companies utilized the Special Tenant Improvement Program (STIP) to obtain the necessary permits for their new facilities. Redevelopment staff is appreciative of the cooperation of the Office of Economic Development and the Special Tenant Improvement Program team in supporting efforts to grow businesses in San Jose. All of the tenants have commented favorably about the STIP program.

In total, the six highlighted companies currently have over 2,100 employees and have invested close to \$32 million in tenant improvements for approximately 836,000 square feet of R&D/industrial space in North San Jose. The projected growth of the six companies will total nearly 2,600 employees by 2008.

Boston Scientific – 150-170 Baytech Drive

Boston Scientific is a cardiovascular medical device company consolidating its Santa Clara, Los Gatos, and Fremont facilities into San Jose. Boston Scientific will occupy three two-story R&D buildings at 150, 160, and 170 Baytech Drive, with a total of 232,000 square feet. The facilities are just outside of the Rincon project area boundaries. The new facility will have offices, R&D labs, and

prototype machine shops. Approximately 800 employees will work at the new Baytech Drive facility by December 2007. The total improvement value for the new facility is \$20 million. Agency staff is working with Boston Scientific to coordinate a grand opening and ribbon cutting ceremony in November 2007.

Micron Technologies – 3060-3080 North First Street

Micron Technologies, a developer and manufacturer of imaging chips, flash memory, and DRAM components, moved into the former Raza Foundries buildings at 3060-3080 North First Street in January 2007, spending \$2 million on tenant improvements. Micron outgrew its former facility on Onel Drive in North San Jose. Micron now has 500 employees and expects to hire another 300 employees by July 2007. Micron is interested in coordinating a grand opening ceremony in July/August 2007. The buildings are a combined 265,000 square feet. The facility will have office, R&D, assembly and prototype testing space.

Magma Design Automation, Inc. - 1650 Technology Drive

Magma Design Automation, Inc., recently moved to San Jose from Santa Clara. Magma is a provider of semiconductor software. The new 104,000-square-foot facility located at 1650 Technology Drive is home to more than 400 employees. The total tenant improvement value for the new facility is \$1.6 million. On March 12, 2007, Mayor Reed delivered welcome remarks at their grand opening and ribbon cutting ceremony. The Fire Department in particular deserves recognition for expediting permits for Magma to move into the new facility on-time.

Interwoven – 160 E. Tasman Drive

Interwoven is an enterprise content management software company moving their headquarters office from Sunnyvale to San Jose. Interwoven is investing \$5.1 million in tenant improvements to a 110,985-square-foot, two story R&D lab and data center facility. 250 employees will move into the new building by summer.

Nuova Systems - 3 West Plumeria Drive

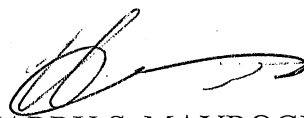
Nuova Systems is a storage technology company with 120 employees that specializes in data center systems and is moving from Santa Clara to San Jose. It expects to nearly double its employment in the next eight months. The company will occupy an 80,000-square-foot building. The total tenant improvement value is approximately \$1.5 million. Redevelopment staff has facilitated meetings between PG&E and Nuova to plan for utility upgrades for Nuova's new building.

Intermolecular – 2855-2865 Zanker Ave

Intermolecular is an R&D consultancy for the semiconductor industry that specializes in memory and logic design for semiconductor wafers. It is expanding by 30,000 square feet into an adjacent vacant suite to occupy a total of 44,000 square feet. Currently, 60 employees work at the facility and Intermolecular expects to add another 40 employees by 2008. Intermolecular will move into the adjacent facility in May 2007. The total tenant improvement cost is \$1.6 million.

This chart summarizes the companies and corresponding information. The Redevelopment Agency is excited to share information regarding the job growth and corporate expansion in North San Jose. The technology sector is on an economic rebound and the Agency and City staffs are working hard to insure that growth occurs in San Jose.

Company	Number of Employees	Projected Employee Growth by 2008	Square Feet	Tenant Improvement Value
Boston Scientific	800	0	232,000	\$20M
Micron Technologies	500	300	265,000	\$2M
Magma Design Automation	400	0	104,000	\$1.6M
Interwoven	250	0	110,985	\$5.1M
Nuova Systems	120	120	80,000	\$1.5M
Intermolecular	60	40	44,000	\$1.6M
Total	2,130	460	835,985	\$31.8M


HARRY S. MAVROGENES
Executive Director