

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE	FROM: JOHN WEIS DEPUTY EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: MAY 9, 2008

SUBJECT: EDENVALE EMERGING TECHNOLOGIES FUND

The San Jose Bioscience and Emerging Technologies Initiative is a strategy of the City of San Jose and the San Jose Redevelopment Agency to create new industry clusters in San Jose. The purpose of the initiative is to attract companies and jobs to San Jose, diversify the local economy and increase San Jose's recognition as a technology leader. To create these new industry clusters, the Agency has invested in the infrastructure needed to attract emerging technology companies to San Jose. Over the past five years, the Agency and the City have successfully laid the foundation of a bioscience cluster in San Jose and have attracted a growing number of emerging technology companies, such as solar technology businesses, to the City. Moving forward, the Agency and the City intend to continue and to expand these efforts to create a solar technologies cluster in San Jose.

EDENVALE EMERGING TECHNOLOGY FUND

The Redevelopment Agency Board approved \$2 million in new funding in the Agency's FY 2006-07 budget in the line entitled "Edenvale Emerging Technologies Fund". In the FY 2007-08 Agency budget, the Board approved an additional \$1 million in this budget line, for a total of \$3 million over two years. This fund is to be used to attract emerging industries such as nanotechnology and solar technology. In its second year the Emerging Technologies Initiative has been successful in its efforts to create a cluster of emerging solar technology companies. Listed below are the details of how the funds were used and the companies assisted.

Nanosolar

In January 2007, the Agency and the City completed the first major attraction effort using the Emerging Technologies Fund. The Agency entered into a reimbursement agreement with Nanosolar, a Palo Alto-based solar technology company. Nanosolar has developed new materials for solar panels that could

make the cost of generating solar energy significantly cheaper. Before meeting with the Agency and the City in 2006, Nanosolar had raised \$148 Million in financing and was seeking a location for its headquarters and manufacturing facility. Agency and City staff located space for the company at 5541 Hellyer Avenue in Edenvale.

To help Nanosolar make its move to San Jose financially viable, the Agency agreed to reimburse Nanosolar \$1.5 Million over a three year period to offset the company's cost of acquiring industrial and manufacturing equipment. In addition, the City agreed to assist Nanosolar in obtaining approximately \$385,000 in Employment Training Panel Funds to train new workers and provide additional training for existing workers. Nanosolar has completed its tenant improvements and moved into the Edenvale facility in November 2007 and has completed approximately 90% of its workforce development plan to hire 100 employees by December 2008.

SoloPower

On November 6, 2007, the Agency entered into a reimbursement agreement with SoloPower, a Milpitas-based solar technology company. SoloPower is a technology leader in the field of thin film photovoltaics (PV) and low-cost module manufacturing for delivery of solar electricity. SoloPower's goal is to mass produce low-cost, high-efficiency PV modules and offer consumers a viable alternative to electricity produced from traditional fossil fuels. Before meeting with the Agency and the City, SoloPower had raised \$42 million in financing and was seeking a location for its headquarters and manufacturing facility. Agency and City staff located space for the company at 5981 Optical Court in Edenvale.

To help SoloPower make its move to San Jose financially viable, the Agency also agreed to reimburse SoloPower \$715,000 over a two year period to offset the company's cost of acquiring industrial and manufacturing equipment. In addition, the City has agreed to assist SoloPower in obtaining approximately \$100,000 in Employment Training Panel Funds to train new workers and provide additional training for existing workers. SoloPower has now completed its tenant improvements and in December 2007 moved into the Edenvale facility. SoloPower has completed approximately 50% of its workforce development plan to hire 100 employees by December 2009.

Stion Corporation

The most recent success was realized with Stion Corporation. On March 11, 2008, the Agency entered into a reimbursement agreement with Stion Corporation, a Menlo Park-based solar photovoltaic company. Stion Corporation is developing

high-efficiency thin-film modules that will minimize the total installed system costs of solar electricity. Stion would cut dollar-per-watt costs at the system level by generating the same power using a smaller product, making photovoltaic products economically feasible to more consumers. Before meeting with the Agency and the City, Stion had raised \$21 million in financing and was seeking a location for its headquarters and manufacturing facility. As such, Stion is at an earlier stage of development than the other two companies. Agency and City staff located space for the company at 6321 San Ignacio Avenue in Edenvale.

In order to help Stion Corporation make its move to San Jose financially viable, the Agency agreed to reimburse Stion \$700,000 over a two year period to offset the company's cost of acquiring industrial and manufacturing equipment. In addition, the City agreed to assist Stion in obtaining approximately \$100,000 in Employment Training Panel Funds to train new workers and to provide additional training for existing workers. As of March 28, 2008, Stion Corporation has completed 90% its tenant improvements and has moved its Executive and Administrative staff into the Edenvale facility. The remaining tenant improvements were completed in late April 2008, with engineering and R&D staff moving on May 9, 2008. Stion currently employees 30 people and has a workforce development plan that will increase staffing levels by 20 employees by December 2008.

Financial incentives are often necessary to attract a company that has the potential to grow to become a major corporation and the Edenvale Emerging Technologies Fund has provided staff the opportunity to do that. In addition to the Edenvale Emerging Technologies Fund, the proposed \$2.5 million Clean Tech Jobs Fund in the FY 2008-09 Agency budget will be used to attract clean technology companies and other emerging technology companies to San Jose.


JOHN WEIS
Deputy Executive Director