

RESOLUTION NO. 31-2007

Adopted April 17, 2007

AUTHORIZING THE EXECUTION OF THREE LOAN AGREEMENTS WITH FOOD FOR SOUL, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, UNDER THE REVISED FILLMORE JAZZ DISTRICT REVOLVING LOAN PROGRAM (THE "LOAN PROGRAM") FOR: (1) A FAÇADE IMPROVEMENT LOAN IN AN AMOUNT NOT TO EXCEED \$35,000, (2) A TENANT IMPROVEMENT LOAN IN AN AMOUNT NOT TO EXCEED \$240,000, AND (3) A BUSINESS ASSISTANCE LOAN IN AN AMOUNT NOT TO EXCEED \$75,000, FOR A TOTAL AGGREGATE AMOUNT OF \$350,000, AND AUTHORIZING WAIVERS OF CERTAIN LOAN PROGRAM REQUIREMENTS FOR ESTABLISHING A RESTAURANT AT 1300 FILLMORE STREET; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. In May 2004, the Redevelopment Agency of the City and County of San Francisco (the "Agency") Commission approved a Disposition and Development Agreement (the "DDA") with Fillmore Development Associates, LLC, a California limited liability company ("FDA"), for the purchase and development of Agency Parcel 732-A located at 1300 Fillmore Street in the Western Addition Redevelopment Project Area A-2.
2. The approximately 145,000-square-foot, mixed-use project contemplated under the DDA includes a 28,000-square-foot Yoshi's jazz club and restaurant, a 6,300-square-foot soul fusion restaurant/music lounge, 80 for-sale condominium units (including 12 affordable units) with associated parking, a jazz heritage center, and a 111-stall public parking garage. The development is intended to establish the Fillmore Jazz Preservation District (the "Jazz District") as a destination commercial district, one that emphasizes the historic and cultural heritage of the Western Addition neighborhood and its jazz-oriented past. It is also intended to further stimulate the economic revitalization of the Jazz District.
3. The Agency has contributed more than \$19 million toward the financing of this approximately \$70 million development, in the form of grants, loans and deferred payments for the land value. Part of the Agency's financing package included a \$1.7 million loan to Food for Soul, LLC, a California limited liability company ("FFS"), formed by David A. Lawrence and Monetta L. White (together, the "Owners") for the purpose

of designing and building the tenant improvements for the soul fusion restaurant/music lounge at the development (the "Initial Loan").

4. As part of the Agency's revitalization effort in the Jazz District, the Agency Commission approved the original Fillmore District Revolving Loan Program (the "Loan Program") on October 26, 1999, in the amount of \$200,000, to provide small loans to attract new businesses and to strengthen existing businesses in the Jazz District. Over the years, based on feedback from local merchants, the Loan Program's lending requirements have been revised, maximum loan limits have been raised, and the total amount available for loans has increased to \$1,015,000. To date, six loans have been made under the Loan Program, for a total of \$465,000, leaving \$550,000 remaining to be loaned to small businesses in the Jazz District.
5. The Agency Commission approved the Initial Loan on October 5, 2004. At that time, the Owners estimated that the cost of the tenant improvements would be about \$2.7 million. However, since then, the cost of the tenant improvement build-out has increased by approximately \$387,000, to a total of about \$3.1 million. As a result, FFS is seeking three loans from the Agency under the Loan Program for a total amount of \$350,000 to help cover this cost increase. The \$350,000 would be comprised of: (1) a façade improvement loan in an amount not to exceed \$35,000, (2) a tenant improvement loan in an amount not to exceed \$240,000, and (3) a business assistance loan in an amount not to exceed \$75,000. The balance of the cost of the tenant improvement build-out (a little over \$1 million) will be provided by FFS and its investors.
6. Certain terms of the three proposed loan agreements with FFS do not conform to the Agency Commission-approved Loan Program. Therefore, in order to approve the three proposed loan agreements, the Agency Commission must also authorize waivers of four Loan Program requirements. These four waivers include: (1) a waiver of the total aggregate loan amount limit of \$250,000, (2) a partial waiver of the 100% security requirement, (3) a waiver of the requirement to begin repayment three months after construction is completed, and (4) a waiver of the requirement to begin amortization upon Agency Commission approval. In exchange for these four proposed waivers, the Owners have offered to waive their right to request partial forgiveness of the façade improvement and tenant improvement loans, as allowed under the Loan Program. The Agency and FFS have agreed to enter into three loan agreements under the terms, conditions and covenants of the Loan Program with these modifications.
7. The proposed loan agreements and associated waivers were endorsed by the Western Addition A-2 Citizens Advisory Committee ("WACAC") at

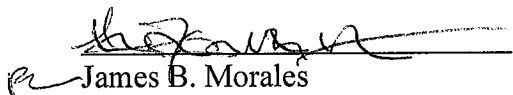
its regular meeting on March 8, 2007. The restaurant is expected to open in the late summer of 2007.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to:

1. waive the following underwriting requirements under the Revised Fillmore Jazz Preservation District Loan Program in exchange for non-forgivable loans: (i) a waiver of the total aggregate loan amount limit of \$250,000, (ii) a partial waiver of the 100% security requirement, (iii) a waiver of the requirement to begin repayment three months after construction is completed, and (iv) a waiver of the requirement to begin amortization upon Agency Commission approval; and
2. execute a façade improvement loan in an amount not to exceed \$35,000, a tenant improvement loan in an amount not to exceed \$240,000, and a business assistance loan in an amount not to exceed \$75,000, for a total aggregate amount of \$350,000, all with Food for Soul, a California limited liability company, in connection with establishing a restaurant at 1300 Fillmore Street, substantially in the form lodged with the Agency General Counsel; and
3. execute any and all ancillary documents necessary to implement these three loan agreements.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel