

RESOLUTION NO. 81-2007

Adopted August 7, 2007

AUTHORIZING A FIRST AMENDMENT TO THE OWNER PARTICIPATION AGREEMENT WITH SUTTER PLACE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO REVISE THE PERFORMANCE SCHEDULE FOR THE REDEVELOPMENT OF A MIXED-USE PROJECT THAT INCLUDES 128 FOR-SALE RESIDENTIAL CONDOMINIUM UNITS AT 1355-1375 SUTTER STREET (ASSESSOR'S BLOCK 0690, LOT 016); WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") and Sutter Place, LLC, a California limited liability company (the "Owner"), entered into an Owner Participation Agreement on January 17, 2006 (the "OPA") to permit the Owner to redevelop 1355-1375 Sutter Street (the "Site") in the Western Addition Redevelopment Project Area A-2. The proposed redevelopment includes the rehabilitation and adaptive reuse of the existing seven-story office/retail building on the Site and the addition of six new stories over a portion of the Site. When completed, the development will include 128 residential condominium units, approximately 4,800 square feet of retail/commercial space and 138 parking spaces. As agreed to under the OPA, seven (5%) of the 128 residential units will be affordable housing units, and the Owner will pay the Agency an in-lieu fee of \$2,085,714 based on a seven and a half percent (7.5%) of the 128 dwelling units.
2. Under the OPA, the Owner was required to submit to the Agency its preliminary and final construction documents by June 17, 2006 and December 17, 2006 respectively. The Owner submitted the preliminary construction documents on time, which the Agency approved on June 6, 2006. Between December 2006 and February 2007, the Owner informed the Agency, in response to the Agency's request for project updates, that it was still conducting value engineering activities to find an acceptable construction bid, and as such, it was not yet in a position to submit the required final construction documents. In February 2007, the Owner requested a six-month extension for the submission of the final construction documents. The Agency granted the request, as permitted under the OPA, and changed the submission date for final construction documents from December 6, 2006 to June 6, 2007.
3. In June 2007, the Owner informed the Agency that it needed additional time to address a number of issues to decide whether to submit its final construction documents or to pursue other strategies for moving forward the proposed

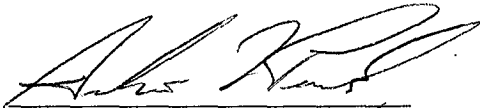
redevelopment of the Site. One of the issues is finding an acceptable construction bid to achieve the financial feasibility required for the Owner to move the development forward. The Owner has requested that the Agency move the submission date for the final construction documents from December 17, 2006 to October 6, 2007.

4. The proposed First Amendment to the OPA sets October 6, 2007 as the date by which the Owner is to submit its final construction documents. The Owner is expected to start construction between January and July 2008 and to complete the work within three years thereafter.
5. Agency staff has reviewed the Owner's request and finds it acceptable, subject to the approval and execution of the proposed First Amendment to the OPA.
6. The approval of the extension which is the subject of the proposed First Amendment to the OPA does not constitute a project as such term is defined in the California Environmental Quality Act (CEQA) and is therefore is not subject to CEQA requirements.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a First Amendment to the Owner Participation Agreement with Sutter Place, LLC, a California limited liability company, to revise the performance schedule for the redevelopment of 1355-1375 Street in the Western Addition Redevelopment Project Area A-2, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:



So. James B. Morales 7/30/07
Agency General Counsel