

RESOLUTION NO. 156-2010

Adopted December 14, 2010

AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT WITH THE MEXICAN MUSEUM, A CALIFORNIA NON-PROFIT CORPORATION, FOR THE DEVELOPMENT OF A MUSEUM ASSOCIATED WITH A MIXED-USE PROJECT ON A SITE THAT INCLUDES 706 MISSION STREET (ASSESSOR'S BLOCK 3706, LOT 93) AND AGENCY DISPOSITION PARCEL CB-1-MM (ASSESSOR'S BLOCK 3706, PORTION OF LOT 277); YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On May 4, 2010, by Resolution No. 48-2010, the Redevelopment Agency of the City and County of San Francisco (the "Agency") authorized an Amended and Restated Memorandum of Understanding with The Mexican Museum, a California non-profit corporation (the "Museum"), and the San Francisco Arts Commission to provide \$820,000 in grant funds to collaboratively develop and implement a predevelopment plan for a museum associated with a mixed-use project on a site at Third and Mission Streets in the Yerba Buena Center Redevelopment Project Area. The site includes a parcel identified as 706 Mission Street, which is owned by 706 Mission Street Co LLC, a Delaware limited liability company (the "Developer"), and an Agency-owned parcel, identified as Agency disposition parcel CB-1-MM.
2. On that same day, by Resolution No. 47-2010, the Agency also authorized an Amended and Restated Exclusive Negotiations Agreement with the Developer to build the mixed-use project, which includes a residential tower with museum space located in the base of the tower (the "Museum Space") and renovation of an adjacent historically important building at 706 Mission Street (collectively, the "Project"). The Agency and the Museum have agreed that participation in the Project is the best opportunity to develop a museum space for the Museum.
3. Over the last year, the Museum has made significant progress. The Museum has held several exhibits, reopened its doors at the Fort Mason Center, completed a multi-year audit, celebrated its 35th Anniversary Gala, and hired a new executive director. During this time, there has also been significant progress on the design and environmental review for the Project.
4. Given the Museum's recent progress, Agency staff recommends that the Agency enter into an exclusive negotiations agreement with the Museum for the development of the Museum Space (the "Museum ENA"). The Museum ENA, if approved by the Agency Commission, will be a binding agreement between the Agency and the Museum to exclusively negotiate in good faith and enter into

necessary agreements leading to the Museum's participation in the Project as the user of the Museum Space. The ultimate goal, at the end of the agreement's approximately two-year term, is to enter into a lease disposition agreement with the Museum for its long-term use of the Museum Space.

5. The grant agreement that the Agency is considering concurrently with this Resolution commits approximately \$10.5 million of Agency funding authorized over a series of budget years for the Museum's participation in the Project.
6. Authorization of the Museum ENA will provide for completion of the necessary transactional documents for the Museum's participation in the Project. Agency authorization of the Museum ENA is statutorily exempt from the California Environmental Quality Act ("CEQA") as a feasibility and planning study, pursuant to CEQA Guidelines Section 15262.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into an Exclusive Negotiations Agreement with the Mexican Museum, a California non-profit corporation, for the development of a museum associated with a mixed-use project on a site that includes 706 Mission Street (Assessor's Block 3706, Lot 93) and Agency disposition parcel CB-1-MM (Assessor's Block 3706, portion of Lot 277) in the Yerba Buena Center Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel, and furthermore is authorized to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:



for

James B. Morales
Agency General Counsel