

## RESOLUTION NO. 157-2010

*Adopted December 14, 2010*

**AUTHORIZING A GRANT AGREEMENT WITH THE MEXICAN MUSEUM, A CALIFORNIA NON-PROFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$10,566,000, FOR PREDEVELOPMENT WORK AND CONSTRUCTION OF TENANT IMPROVEMENTS FOR A NEW MUSEUM ASSOCIATED WITH A NEW 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 new museum associated with a new mixed-use project on a site at Third and Mission Streets in the Yerba Buena Center Redevelopment Project Area (the "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 35<sup>th</sup> Anniversary Gala, and hired an 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 entering into a grant agreement with the Museum to commit approximately \$10.5 million of Agency funds authorized over a series of budget years for the Museum's

participation in the Project (the "Grant Agreement"). The funds will be disbursed in accordance with one or more grant disbursement agreements, which will be subject to future approval by the Agency Commission. The Grant Agreement limits the use of the funds to costs associated with predevelopment activities and the design and construction of tenant improvements for the Museum Space. Agency staff recommends that the Grant Agreement be approved before the Project Area expires on January 1, 2011, after which time the Agency will have no authority to obligate new funds.

5. The exclusive negotiations agreement that the Agency is considering concurrently with this Resolution sets forth the terms and conditions upon which the Agency and the Museum will negotiate the Museum's participation in the Project.
6. Authorization of the Grant Agreement will provide for the future construction of museum interior and exterior improvements and necessary transactional documents. The Grant Agreement is exempt from the California Environmental Quality Act ("CEQA") pursuant to Sections 15061(b)(3), 15262, 15301(a), and 15311(a) of the CEQA Guidelines.

#### **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 a Grant Agreement with the Mexican Museum, a California non-profit corporation, in an amount not to exceed \$10,566,000, for predevelopment work and construction of tenant improvements for a new museum associated with a new 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:**



James B. Morales  
Agency General Counsel

for