

RESOLUTION NO. 42-2011

AUTHORIZING A FOURTH AMENDMENT TO THE AGREEMENT FOR OPERATION OF A MUSEUM FACILITY WITH THE MUSEUM OF THE AFRICAN DIASPORA, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION THAT WOULD ADD \$553,000 IN NEW FUNDING FOR THE MUSEUM LOCATED ON A PORTION OF PARCEL EB-2A FOR CAPITAL IMPROVEMENTS

BASIS FOR RESOLUTION

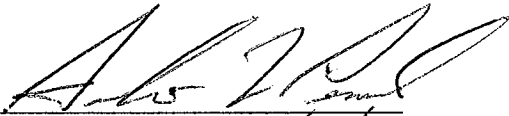
1. Pursuant to the May 1999 Disposition and Development Agreement between the Redevelopment Agency of the City and County of San Francisco (the "Agency") and SF Museum Tower, LLC, a Delaware limited liability company (the "Developer"), as amended (the "DDA"), the Developer constructed a mixed-use project on Parcel EB-2A in the Yerba Buena Center Redevelopment Project Area. The project, known as the St. Regis Museum Tower development, included the core and shell of the Museum of the African Diaspora ("MoAD"). The DDA required the Developer to complete the core and shell of MoAD and enter into a 99-year lease with the museum.
2. In January 2004, MoAD and the Agency entered into an Agreement for the Operation of a Museum Facility (the "Operating Agreement") to help support the ongoing operations of the museum. The Operating Agreement authorized a base level of financial support, starting in Fiscal Year 2003-2004, of \$450,000 a year, with annual increases based on the consumer price index, subject to the appropriation of funds. The Operating Agreement term runs through January 2019.
3. The Agency and MoAD have restructured the payments through several amendments to the Operating Agreement. The Agency amended the Operating Agreement on December 14, 2004, to shorten the term of the Operating Agreement to end on June 30, 2016 (the "First Amendment"). The First Amendment to the Operating Agreement also changed the Agency's support payments by replacing the annual inflation-based adjustments with fixed annual support payments of \$500,000 per year through Fiscal Year 2014 and \$400,000 per year for the final two years of the Operating Agreement, subject to the availability of funds.
4. On October 16, 2007, the Agency executed a Second Amendment to the Operating Agreement in order to provide additional funding in the aggregate amount of \$1 million, of which \$600,000 is payable in Fiscal Year 2007-2008 and \$400,000 is payable in Fiscal Year 2008-2009.

5. The Agency executed a Third Amendment to the Operating Agreement (the "Third Amendment") in order to restructure the payment schedule to MoAD to provide an additional \$250,000 in Fiscal Year 2009-2011 and an additional \$150,000 in Fiscal Year 2010-2011 and to shorten the term of the Operating Agreement to end on June 30, 2015.
6. Under the leadership of new Executive Director Grace Stanislaus, MoAD is currently developing a plan for upgrading its physical space. MoAD intends to make capital improvements that will improve space use, program presentation, public access and improve the general quality of the visitor experience. In addition, MoAD has identified the need to change and update the design, content and technology of the permanent exhibitions in order to ensure repeat visitations to its attendance projections and to enhance the visitor experience with technology that is current, updated and functional.
7. To this end, MoAD has engaged the architectural firm The Freelon Group to assist MoAD with the planning and design elements associated with the capital improvements. The Freelon Group is the architect of record for the original design and construction of the museum space.
8. The Fourth Amendment will add \$553,000 to MoAD's current operating agreement, to be used solely for design and construction of the capital improvements. The funds will be distributed in staged disbursements in accordance with the Operating Agreement and are conditioned on MoAD's submittal of a detailed plan that includes a budget and schedule of performance for approval by the Agency. Also required is proof of consent from MoAD's landlord (SF Museum Tower LLC) prior to making any alterations, additions or other physical changes in or about its facilities. The Executive Director will have discretion to approve each design and construction contract and to include additional conditions at a later date.
9. Agency approval of the Fourth Amendment to the Operating Agreement will facilitate tenant improvements that would have no resultant significant environmental impacts and are categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301(a), Alteration to an Existing Facility.

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 Fourth Amendment to the Agreement for Operation of a Museum Facility with the Museum of the African Diaspora, a California nonprofit public benefit corporation, substantially in the form lodged with the Agency General Counsel, to provide additional funding in the aggregate amount of \$553,000 to assist MoAD with interior capital improvements to its current facility.

APPROVED AS TO FORM:



for James B. Morales 3/29/11
Agency General Counsel