

OCII COMMISSION

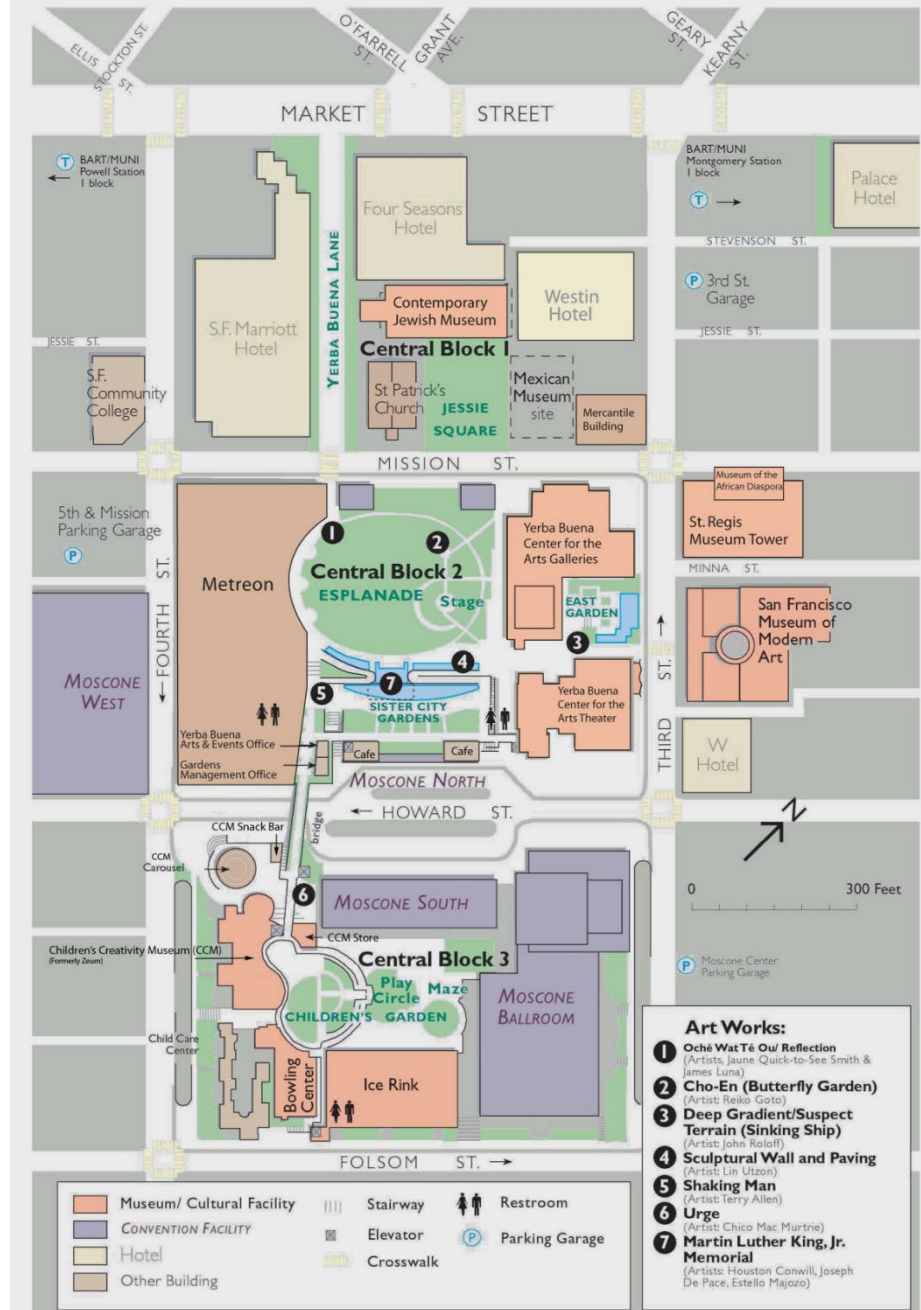
4th Grant Disbursement Agreement

**The Mexican Museum/706
Mission Street**

September 17, 2019



YERBA BUENA GARDENS



MARRIOTT HOTEL
436'

FOUR SEASONS HOTEL &
RESIDENCES - 430'

ARONSON BUILDING
144'

WESTIN HOTEL
374'

PARAMOUNT RESIDENCES
420'

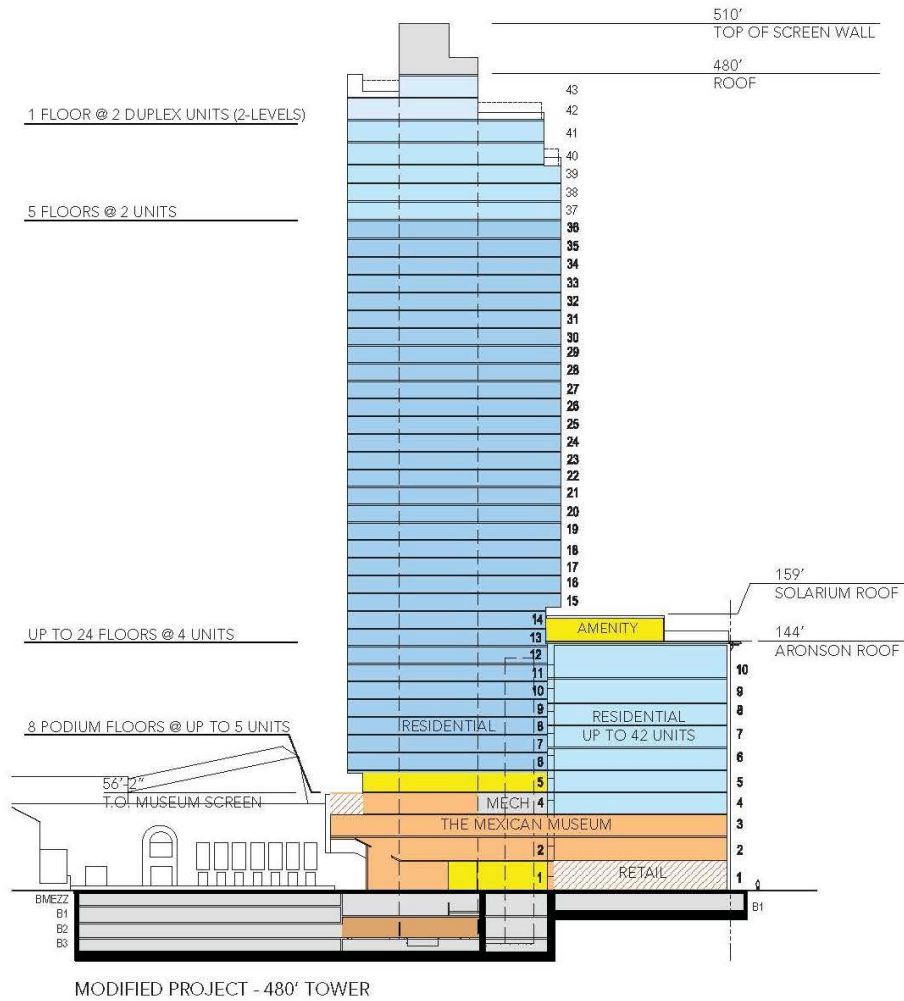
ST. REGIS HOTEL &
RESIDENCES - 484'



Project Background

The 706 Mission Street Project

- Development Program
 - 190 residential condominium units in 480 foot tower
 - Build out of cold shell of Museum Condo unit
 - Historical preservation of the Aronson Building
 - Ownership & operation of the Jessie Square Garage



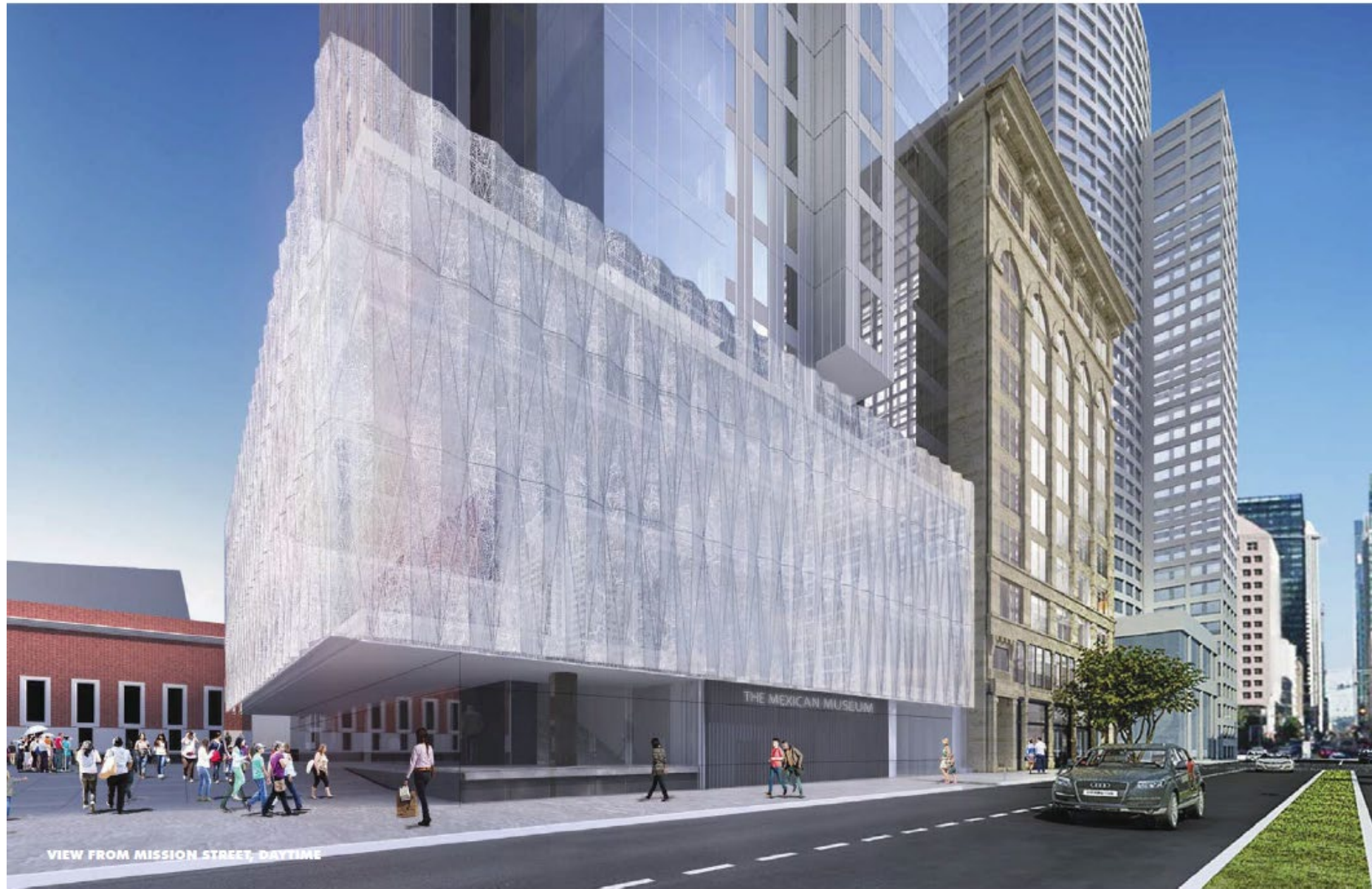
706 Mission Project

- Last project in Yerba Buena Center cultural district
- OCII contributed land & Jessie Square garage
- Developer provides significant public benefits:
 - Repayment of bonds used to construct the Jessie Square improvements (\$25 million)
 - Construction of core and shell of the Museum Space (\$22.5 million)
 - Museum operating endowment (\$5 million)
 - 28% Affordable Housing Fee (\$18.6 million)
- Museum Space deeded to City and then leased to the Mexican Museum
- Mexican Museum responsible for design and construction of tenant improvements (approx. \$7.8 million available from OCII)



706 Mission Project Status

- **Construction** Initial delivery of residential condos in April 2020, delivery of Museum Condo Unit to City in Summer 2020
- **Public Art** Meets Planning Code Article 4 public art requirement by provision of on-site artwork: Façade Screen
 - Reviewed by Planning
 - Screen wraps 2nd-5th floor of building exterior
 - Jointly funded by Developer and Mexican Museum



VIEW FROM MISSION STREET, DAYTIME

Grant Request

- The Mexican Museum Grant Agreement (2010)
 - \$10.56M for predevelopment & tenant improvements
 - \$2.78M disbursed to date for predevelopment
 - \$7.78M in bond proceeds remaining for tenant improvements
 - \$1.0M currently requested for façade screen
 - Expires after 10 years (December 2020)

Grant Request

- Museum/Developer Joint Request
 - Façade screen jointly funded by Developer (1% public art fee) and Museum
 - Developer responsible for the design, fabrication and installation of the façade screen
 - Grant funds to be disbursed directly to Developer on behalf of Museum
 - Final budget is approx. \$3.6M (\$2.6M Developer/\$1.0M Museum)

Next Steps

- Sept 2019 Execute Fourth Grant Disbursement Agreement
- June 2020 Complete Draws for Fourth Grant Disbursement
- Summer 2020 Initial delivery for residential portion, Museum Condo shell ready for delivery

706 Mission/Mexican Museum

Questions?

706 Mission/Mexican Museum

Appendix

Community Benefits

- **Next Developer contributions:**
 - Museum Space
 - Operating Endowment – subject to Endowment Agreement
 - Affordable Housing Fee (8% in addition to 20% City in-lieu)
 - Yerba Buena Gardens & Open Space Fee payments to City

Community Benefits

Payments	Use	Amount	Timing of Payments	Paid?
Additional 8% Affordable Housing Fee (Section 8.1)		\$891,276 \$1,728.551 \$1,728.551	20% at Issuance of Site Permit 40% at Issuance of TCO (est April 2020) 40% at 1-Year from Issuance of TCO	Yes No No
The Mexican Museum Operating Endowment (Section 8.2(f))	To help support the Cultural Component's ongoing operations. (Held in escrow account subject to operating endowment use agreement.)	\$5,000,000	33% after Issuance of Site Permit 33% after TMM given access for TIs (est May 2020) 33% at opening of Museum	Yes No No
Yerba Buena GMOS/SOMA Open Space Payment (Section 8.3(a)-(c))	To be deposited into a segregated account for Permitted Uses only. Two tranches: - Not less than 50% of each annual payment for Permitted Uses within public spaces on CB-1, CB-2 and CB-3 (Gardens). - Other 50% for Permitted Uses within SOMA Open Spaces	\$520,000 (estimated)	30 days after TCO; thereafter, annually on July 1	No
Garage Bond Redemption and Tax Increment Reimbursement Payments In Excess of the Appraised Value of the Land			Close of Escrow	Yes
Section 10B Officer Pilot Program (Section 8.9(d))		\$86,400	90 days after Effective Date of Agreement (January 4, 2014)	Yes
One-Time Open Space Fee Payment (Section 8.3(d))	For the Permitted Uses only within the SOMA Open Spaces	\$1,800,268	Before issuance of Foundation Permit (April 2017)	Yes
Transfer Payment (SOMA Stabilization Fund) (Section 8.3(e))	To be used for some or all of the following public benefits within the South of Market Area: affordable housing, rent subsidies to prevent homelessness, housing/eviction counseling, small business and nonprofit rental assistance, and services to youth and seniors.	\$250,000/year (estimated, after initial sales)	At close of escrow for each Unit	No

Recent Milestones

Recent Milestones for Art Screen Funding Request

4 th Grant Disbursement Agreement (form of contract finalized and signed by Museum and 706M)	November/December 2018
Prior grant draw reconciliation by Museum	March 2019
Museum draft financials provided for 2016 and 2017	April 2019
OCII responds with comments and questions on draft financial statements	April 2019
Receipt by OCII of Museum's Final Audited Financing Statements for 2016 and 2017	June 2019
Finalization of Façade Screen Fabrication & Installation details by 706M	July/August, 2019
706M submittal & Planning administrative review of Façade Screen (wind mitigation and CEQA) (necessary for Commission consideration of funding request)	August 29, 2019