

RESOLUTION NO. 89-2000
ADOPTED JUNE 20, 2000

AUTHORIZING A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT CONCERNING THE CB-1 MARKET STREET PARCEL WITH CB-1 ENTERTAINMENT PARTNERS, L.P., TO ADD THE JESSIE SQUARE PARCEL AND THE MEXICAN MUSUEM PARCEL AND PROVIDE FOR THE CONSTRUCTION OF JESSIE SQUARE, THE JESSIE SQUARE GARAGE, AND THE MEXICAN MUSEUM, ALL OF WHICH ARE LOCATED BETWEEN MISSION AND MARKET STREETS AND BETWEEN THIRD AND FOURTH STREETS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco ("Agency") entered into a Disposition and Development Agreement ("DDA") with CB-1 Entertainment Partners, L. P., a California limited partnership ("Developer"), on July 1, 1997, by Resolution No. 122-97, for the purchase and development of the CB-1 Market Street Parcel, located on the south side of Market Street to the east of the Marriott Hotel.
2. Said DDA also incorporated the requirements of an earlier DDA, authorized by the Agency on November 14, 1995 by Resolution 247-95, with an affiliate of the Developer, Yerba Buena Retail Partners, a California limited partnership, for the lease and development of Parcel 3706-MSA, also known as the Connector Site, which is adjacent to the Market Street Parcel.
3. The DDA was amended by a First Amendment dated as of March 3, 1998.
4. The Agency conveyed the Market Street Parcel and the Connector Site (the "Existing Sites"), to the Developer on April 7, 1998, and development of these parcels is proceeding in accordance with the terms of the DDA.
5. The DDA also provided for the potential inclusion and development of another parcel of land, the Jessie Square Parcel, for the construction of an underground garage to accommodate a portion of the parking permitted under the DDA.
6. The construction of a garage below Jessie Square would require that certain egress improvements run through an adjacent parcel of land known as the Mexican Museum Parcel which is the subject of another disposition agreement (the "Mexican Museum LDA") dated July 30, 1993 between the Agency and the Mexican Museum.
7. In order to insure that the integrated use, operation and functionality of the improvements on the Existing Sites, and the Jessie Square and the Mexican Museum Parcels (the

“Additional Sites”) are completed within a short period of time of each other and to achieve optimal construction coordination and cost efficiencies, the Agency has determined that it would be extraordinarily difficult and impractical to develop the improvements separately, and that it is in the best interest of the public for all of these improvements to be developed by a single developer.

8. To assist the construction of the Mexican Museum, the Agency proposes to provide to the Developer a grant not to exceed \$15.9 million, pursuant to a Construction Finance Agreement which enables the Agency to retain financial controls over the costs of constructing the Museum Building in accordance with the DDA.
9. To fund the grant, it is anticipated that the Agency, subject to receiving all necessary City budget authorizations, will issue hotel tax and/or tax allocation bonds in the future in an amount of \$7.5 million, and tax allocation bonds in the amount of \$5.4 million, pursuant to the FY 2000-01 Agency Budget, which together with reprogramming up to \$3 million currently budgeted but no longer needed for Jessie Square, will bring the approximate aggregate total amount of the Agency’s cash contribution toward the construction of the Museum Building to \$15.9 million.
10. The future issuance of bonds to assist the project, beyond currently budgeted funds, will require further approval by the Agency Commission at such times as all necessary City budget authorizations are attained and the Construction Documents for the Museum are further developed.
11. Staff recommends that the Commission approve the Second Amendment to the DDA to add the Additional Sites and provide for the development of the Garage, Jessie Square and the Mexican Museum.
12. A Notice of Public Hearing was published on May 16, 2000 and May 23, 2000 to hear all persons interested in the disposition of the property as required by law.

FINDINGS

THE AGENCY FINDS AND DETERMINES THAT:

1. The Second Amendment requires the Developer to construct at its sole expense certain public benefit improvements as the consideration for the Jessie Square Parcel, the value of which the Agency has determined is not less than the fair reuse value of the property at the use and with the covenants and conditions and development costs authorized by the DDA.
2. The Developer has the necessary qualifications and financial capability to implement the development of the Additional Sites.
3. The development program of the Additional Sites pursuant to the DDA is consistent with and in furtherance of the Redevelopment Plan for the Yerba Buena Center Approved

Redevelopment Project Area adopted by the Board of Supervisors of the City and County of San Francisco on April 25, 1966, and last amended January 27, 1997 ("YBC Plan").

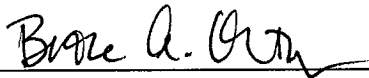
4. The Agency has considered the environmental effects of the Second Amendment to the DDA and the development program contemplated therein with respect to the Additional Sites and hereby finds and determines that all such environmental effects have been considered and analyzed, and that, pursuant to Sections 21090 and 21166 of the Public Resources Code, no further environmental review is required in connection with the Second Amendment to the DDA.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, THAT:

1. The Executive Director is authorized to execute the Second Amendment to the Disposition and Development Agreement with CB-1 Entertainment Partners, L.P., a California limited partnership, dated July 1, 1997, for the lease and development of the Mexican Museum Parcel, substantially in the form lodged with Agency General Counsel, subject to a corresponding amendment to the Mexican Museum LDA, and the Jessie Square Parcel and is further authorized to execute any and all other documents and conveyance instruments necessary to effectuate the proposed disposition.
2. The Executive Director is authorized to expend funds pursuant to the Construction Finance Agreement from reprogramming up to \$3 million from the Jessie Square budget no longer required for Jessie Square.

APPROVED AS TO FORM:



Bertha A. Ontiveros
Agency General Counsel