RESOLUTION NO. 147-2000
ADOPTED AUGUST 15, 2000

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE (1) A FINANCING AGREEMENT AND COVENANT TO OPERATE WITH THE CITY AND COUNTY OF SAN FRANCISCO AND EMPORIUM DEVELOPMENT, L.L.C., A CALIFORNIA LIMITED LIABILITY COMPANY CONTROLLED BY FOREST CITY DEVELOPMENT CALIFORNIA, INC. IN CONNECTION WITH THE CONTRIBUTION OF UP TO $27,000,000 IN TAX INCREMENT FUNDS; (2) A TAX INCREMENT ALLOCATION PLEDGE AGREEMENT WITH THE CITY AND COUNTY OF SAN FRANCISCO; AND (3) AN AGREEMENT FOR THE SALE AND EXCHANGE OF REAL ESTATE WITH THE CITY AND COUNTY OF SAN FRANCISCO FOR THE CONVEYANCE OF A VACATED PORTION OF JESSIE STREET, ALL IN CONNECTION WITH THE DEVELOPMENT OF A MIXED-USE COMMERCIAL DEVELOPMENT PROJECT IN THE EMPORIUM SITE AREA, SUBJECT TO THE FINAL ADOPTION OF THE PROPOSED AMENDMENT TO THE YERBA BUENA CENTER REDEVELOPMENT PLAN; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. By Resolution No. 145-2000, dated August 15, 2000, the Agency approved a proposed amendment to the Yerba Buena Center Redevelopment Plan ("Plan Amendment") adding new territory to the Yerba Buena Center Approved Redevelopment Project Area D-1 and authorized staff to transmit the Plan Amendment to the Planning Commission of the City and County of San Francisco for its recommendation and for a finding of consistency with the General Plan of the City and County of San Francisco (the "City"). The Resolution also authorized staff to transmit the Plan Amendment to the Board of Supervisors of the City and County of San Francisco (the "Board of Supervisors") and recommend that the Board of Supervisors adopt the Plan Amendment.

2. The Plan Amendment would facilitate the development by Emporium Development, L.L.C., a California limited liability company controlled by Forest City Development California, Inc. (the "Developer") of a mixed use commercial project on Assessor Block 3705, Lots 10, 12, 13, 14, 15, 17, 18, 33, 38 and 43 and a portion of Jessie Street located between 4th and 5th Streets (the "Project Site").

3. The Agency will consider the approval of an Owner Participation/ Disposition and Development Agreement (the "OP/DDA") and related documents with the Developer, in anticipation of the adoption of the Plan Amendment. The proposed OP/DDA permits the development and construction of a 1.6 million square foot mixed-use commercial project at the Project Site that would include a new department store, other retail uses, restaurant and entertainment uses (including a multi-plex cinema), office space, a luxury hotel
(including interval suites) and possibly residential uses (the “Project”) as well as the retention, restoration and rehabilitation of many of the historic features of the Emporium Building.

4. The proposed OP/DDA contemplates the conveyance of a portion of Jessie Street located between 4th and 5th Street to the Developer (the “Jessie St. Parcel”), following the Agency’s acquisition of the Jessie St. Parcel from the City.

5. The City proposes to vacate the Jessie St. Parcel and convey the parcel to the Agency pursuant to the Agreement for the Sale and Exchange of Real Property (the “Jessie St. Conveyance Agreement”) between the City and Agency.

6. The proposed OP/DDA would also permit the Agency to make a contribution of tax increment funds up to $27,000,000 (in net present value at Project opening) for certain improvements in the Project. The contribution and participation in certain net proceeds generated by the Project, and a covenant to operate the Project on certain terms and conditions are set forth in the Financing Agreement and Covenant to Operate between the Agency, the City and the Developer (the “Financing Agreement”).

7. The Financing Agreement contemplates that the Agency will provide to the Developer the $27,000,000 (in net present value at Project opening) in tax increment funds. To implement and make such tax increment funds available for the Project, the Agency and City have negotiated a Tax Increment Allocation Pledge Agreement (the “Tax Allocation Agreement”).

8. By Resolution No. 1A-2000, dated January 13, 2000, the Commission, certified the Final Environmental Impact Report for the proposed Plan Amendment and Project (“FSEIR”) as accurate, adequate and objective and in compliance with the California Environmental Quality Act (“CEQA”) and the CEQA Guidelines, a copy of which is on file in the office of the Agency Secretary.

9. An Addendum to the FSEIR dated June 8, 2000 has been prepared by the Planning Department (“Department”) for minor revisions to the FSEIR Project Description and the Project, and has been submitted to the Agency for its review.

10. The Department analyzed additional minor revisions to the Project that were made after publication of the Addendum and concluded that the Project as revised was consistent with the Addendum and did not alter the conclusions therein. The Department communicated the analysis and findings to the Agency.

11. The Project and Environmental Impact Report files and the Addendum have been made available for review by the Agency Commission and the public, and these files are part of the record before the Commission.

13. Agency staff recommends that the Agency approve the Financing Agreement, subject to the approval of the OP/DDA by the Agency, the Tax Allocation Agreement, the Jessie St. Conveyance Agreement and related documents.

FINDINGS

The Agency has considered the environmental effects of the Project development program and hereby finds and determines that:

1. The Financing Agreement, the Tax Allocation Agreement and the Jessie St. Conveyance Agreement are each a project as defined by the California Environmental Quality Act, Section 21065(c).

2. All such environmental effects of the Project have been considered and analyzed in the FSEIR and the Addendum and that, pursuant to sections 21090 and 21166 of the Public Resources Code, no further environmental review is required.

3. The findings adopted by the Agency with respect to the FSEIR by Resolution No.1A-2000 are incorporated herein by this reference as required by CEQA.

RESOLUTION

ACCORDINGLY, IT IS HEREBY RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute (1) the Financing Agreement with the City and County of San Francisco and Emporium Development, L.L.C., a California limited liability company controlled by Forest City Development California, Inc. in connection with the contribution of $27,000,000 in tax increment funds, subject to the Agency’s approval of the Owner Participation Agreement/Disposition Development Agreement with Emporium Development, L.L.C.; (2) the Tax Increment Allocation Pledge Agreement with the City and County of San Francisco; and (3) the Agreement for the Sale and Exchange of Real Estate with the City and County of San Francisco for the acquisition of a portion of Jessie St.; and related documents, all in connection with the mixed-use commercial development project in the Emporium Site Area substantially in the form(s) which have been lodged with Agency General Counsel, subject to adoption by the Board of Supervisors of the City and County of San Francisco of the Amendment to the Yerba Buena Center Redevelopment Plan.

APPROVED AS TO FORM:

[Signature]
Bertha A. Ontiveros
Agency General Counsel