RESOLUTION NO. 186-2000
Adopted September 26, 2000

AUTHORIZING EXECUTION OF A SEVENTH AMENDMENT TO
THE AGREEMENT FOR DISPOSITION OF LAND FOR PRIVATE
DEVELOPMENT WITH FILLMORE RENAISSANCE ASSOCIATES,
L.P., A CALIFORNIA LIMITED PARTNERSHIP CONCERNING
DISPOSITION PARCEL 732-A LOCATED ON THE NORTHEAST
CORNER OF FILLMORE STREET AND EDDY STREET; WESTERN
ADDITION APPROVED REDEVELOPMENT PROJECT AREA A-2.

BASIS FOR RESOLUTION

A. The Agency and Developer entered into an Agreement for Disposition of Land for Private Development dated as of November 21, 1989, for the purchase and development of Agency Parcels 732-A for residential development ("Site"), as amended by a First Amendatory Agreement dated March 27, 1990, as amended by a Second Amendatory Agreement dated July 10, 1990, as amended by a Third Amendatory Agreement dated September 25, 1990, as amended by a Fourth Amendatory Agreement dated December 18, 1990, as amended by a Fifth Amendatory Agreement dated October 8, 1991, and as amended by a Sixth Amendatory Agreement dated October 24, 1995 (together, the "Agreement").

B. The First, Second, Third, Fourth and Fifth Amendatory Agreements were executed to extend the Developer's Schedule of Performance under the Agreement. These time extensions were necessitated by the unfavorable market conditions in the early 1990s and other factors beyond the control of the Developer that prevented the residential development originally planned for the Site from proceeding.

C. The Sixth Amendatory Agreement dated October 24, 1995 permitted a change of use of the Site from residential to commercial including a multi-screen cinema complex, jazz and supper club, and parking garage (the "Revised Project"), which is consistent with Agency's economic development activities in the Lower Fillmore Economic Revitalization Program. It also required the Developer to submit a proposal to the Agency for the integration of the various elements of the Revised Project on the site, with supporting conceptual design documents, cost estimates to assess the physical and financial feasibility of the Revised Project and other relevant information.

D. Since October 24, 1995, the Developer has attempted to establish a feasible Revised Project at the Site. By resolution 218-97, on October 28, 1997, the Agency conditionally approved financial assistance of $4.7 million that was requested by the Developer to achieve a feasible development. The approval of Financial Assistance was conditioned upon a schedule of milestones to be met by the Developer.

E. In 1996, the Developer identified prospective tenants for the jazz supper club (The Blue Note) and the theater (AMC) and began its negotiation of lease terms for those elements of the project.
F. In February 2000, the prospective tenant of the movie theater, AMC, ceased lease negotiations with the Developer. On March 21, 2000, the Agency granted the Developer for a 60-day period to solicit proposals from other theater operators for a theater component with potentially 12 screens. On May 20, 2000, the Developer submitted a letter of intent from UltraStar Theaters, Inc. ("UltraStar"). However, the proposed business terms of the Revised Project with UltraStar as the theater tenant required the investment of more public resources than the approved Financial Assistance.

G. On June 23, 2000, the Agency issued a Notice of Default pursuant to the terms of the Agreement based on the Developer's failure to meet certain performance dates under the Agreement and to submit a feasible development proposal with balanced uses and sources of funds and requiring no more Agency resources than the approved Financial Assistance. Pursuant to the terms of the Agreement, the Developer had 30 days from the Notice of Default to cure the default by meeting the Agency's conditions set forth in the notice.

H. The default was not cured within the 30-day cure period, and pursuant to Sections 8.02 and 8.13 of the Agreement, the Agency issued a Notice of Termination on August 31, 2000.

I. On September 12, 2000, the Agency Commission held a hearing on the Notice of Termination and by Resolution No. 171-2000 extended the Termination Date until October 10, 2000 to permit the negotiation of an amendment to the Agreement which would permit the Developer ninety (90) days to submit for staff review and Commission consideration either (a) a financially feasible Revised Project or, (b) a proposal for a second revised project (the "Second Revised Project") which can be implemented for the development of the Site.

J. The proposed Seventh Amendment to the LDA sets forth the terms and conditions of the 90-day extension. Agency staff recommends approval of the Amendment.

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 Seventh Amendment to the Agreement for Disposition of Land for Private Development with Fillmore Renaissance Associates, a California limited partnership, for the purchase and development of Parcel 732-A substantially in the form lodged with Agency General Counsel.

APPROVED AS TO FORM

Bertha A. Ontiveros
Agency General Counsel