RESOLUTION NO. 86-2001
Adopted May 22, 2001

AUTHORIZING A THIRD AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH CB-1 ENTERTAINMENT PARTNERS LP, A CALIFORNIA LIMITED PARTNERSHIP, TO REVISE THE DEVELOPMENT SCHEDULE AND DEVELOPMENT PROGRAM FOR THE JESSIE SQUARE PARCEL, THE JESSIE SQUARE GARAGE, THE JEWISH MUSEUM PARCEL, THE MEXICAN MUSEUM PARCEL, THE ARGENT HOTEL PARCEL OWNED BY L-O SOMA HOLDING, INC. AND THE ST. PATRICK’S CHURCH PARCEL, ALL LOCATED ON CENTRAL BLOCK ONE, BOUNDED BY MARKET, MISSION, THIRD AND FOURTH STREETS; YERBA BuENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency Commission of the City and County of San Francisco ("Agency Commission") authorized a Disposition and Development Agreement ("DDA") with CB-1 Entertainment Partners LP, a California limited partnership ("Developer"), on July 1, 1997, by Resolution No. 122-97, for the Developer’s 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. Said DDA also incorporated the requirements of an earlier DDA, authorized by the Agency Commission on November 14, 1995 by Resolution No. 247-95, with an affiliate of the Developer, Yerba Buena Retail Partners, a California limited partnership, for the lease and development of Parcel 3706-MSC, adjacent to the Market Street Parcel, also known as the Connector Site.

2. The DDA was amended by a First Amendment dated and approved by the Agency Commission as of March 3, 1998.

3. The Redevelopment 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.

4. 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.

5. The DDA was further amended by a Second Amendment to the DDA, authorized by Resolution No. 89-2000, adopted by the Agency Commission on June 20, 2000.
6. The construction of a garage below Jessie Square would require the acquisition of certain egress and other easements from or pertaining to the following adjacent properties: the Mexican Museum Parcel, the St. Patrick's Church property and the Argent Hotel Parcel. The Mexican Museum Parcel is owned by the Redevelopment Agency and is the subject of a proposed Sixth Amendment to the Agreement for Disposition of Land and Private Development executed with The Mexican Museum, a California non-profit public benefit corporation, considered concurrently. The St. Patrick's Church property is owned by the Archdiocese of San Francisco, a California corporation sole, who has agreed to provide certain easements necessary for the proposed parking garage pursuant to the terms of a proposed Second Amendment to the Owner Participation Agreement, considered concurrently. The parcel on which the Argent Hotel is located, owned by L-O SOMA Holding, Inc., who has agreed to provide certain easements to the Redevelopment Agency in a proposed Second Amendment to the Agreement for Disposition of Land for Private Development, considered concurrently.

7. To insure the use, operation and functionality of the improvements proposed for the Existing Sites, as well as the Jessie Square, the Mexican Museum Parcel, the Jewish Museum Parcel, St. Patrick's Church and Argent Hotel Parcels (the "Additional Sites"), and to achieve optimal construction coordination and cost efficiencies, it is in the public interest for all of these improvements to be developed by a single developer in a coordinated and integrated manner and a Third Amendment to the DDA has been prepared which sets forth the requirements for such integrated development.

8. To assist the construction of the Mexican Museum, a proposed Construction Finance Agreement with the Developer or its affiliate that is included as an attachment to the proposed Third Amendment to the DDA provides for the Agency's retention of financial controls over the costs of constructing the Museum Building in accordance with the DDA and provides for a grant to Developer in an amount not to exceed $18,209,882. To fund the grant, it is anticipated that the Redevelopment 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, and funds requested by the Agency for FY 2001-02, will bring the approximate aggregate total amount of the Agency's cash contribution toward the construction of the Museum Building to an amount not to exceed $18,209,882.

9. The Third Amendment to the DDA provides a schedule and program for the integrated development of the Garage, Jessie Square, the Mexican Museum and the Jewish Museum San Francisco.

10. The Third Amendment to the DDA also requires the Developer to construct or cause to be constructed at its sole expense certain improvements that will benefit the public as the consideration for the Jessie Square Parcel, the value of which the Redevelopment 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 amended DDA.

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 the Third Amendment to the Disposition and Development Agreement ("DDA") dated July 1, 1997 with CB-1 Entertainment Partners LP, a California limited partnership, substantially in the form lodged with Agency General Counsel, which Third Amendment shall supersede and replace the entirety of the Second Amendment to the DDA, that the Second Amendment to the DDA shall have no further force and effect, and the Executive Director is also authorized to execute the documents and conveyance instruments necessary to effectuate the DDA as amended by the Third Amendment.

APPROVED AS TO FORM:

[Signature]
Bertha A. Ontiveros
Agency General Counsel