

RESOLUTION NO. 145-2003

Adopted September 16, 2003

AUTHORIZING A FOURTH AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH SF MUSEUM TOWER LLC, A DELAWARE LIMITED LIABILITY COMPANY, TO EXTEND THE PERFORMANCE SCHEDULE AND REVISE OTHER REQUIREMENTS FOR DEVELOPMENT OF PARCEL EB-2A, LOCATED AT THE SOUTHEAST CORNER OF THIRD AND MISSION STREETS; YERBA BUENA CENTER APPROVED REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On May 25, 1999, by Resolution No. 62-99, the Redevelopment Agency of the City and County of San Francisco ("Agency") authorized the execution of a Disposition and Development Agreement ("DDA") with CC California LLC, a Massachusetts limited liability company ("Carpenter"), formed by Carpenter & Company Inc., a Massachusetts corporation, that established terms and conditions for the sale by the Agency and development by Carpenter of a mixed-use project on Agency Disposition Parcel EB-2A ("Site"), located at the southeast corner of Third and Mission Streets in the Yerba Buena Center Approved Redevelopment Project Area.
2. On January 13, 2000, by Resolution No. 2-2000, the Agency authorized a First Amendment to the DDA, which provides for an approval of an Assignment and Transfer of the DDA by Carpenter to SF Museum Tower LLC, a Delaware limited liability company (the "Developer"). The Developer is composed of CCJ California LLC, a Delaware limited liability company, an affiliate of Carpenter, and St. Regis Hotel San Francisco LLC, a Delaware limited liability company, an affiliate of Starwood Hotels and Resorts Worldwide, Inc.
3. On August 28, 2001, by Resolution No. 157-2001, the Agency authorized a Second Amendment to the DDA, which approves the Developer's revised development program, and increased the term of the cultural component lease from forty (40) years to ninety-nine (99) years in exchange for the Agency's agreement to provide financial support in the total amount of \$2,000,000 towards the installation of the core and shell museum space for the Museum of the African Diaspora ("Museum"), the contemplated end-user of the cultural component.
4. On March 12, 2002, by Resolution No. 48-2002, the Agency approved the Third Amendment to the DDA, which provides for an extension of the performance schedule and the Developer's agreement to certain public benefits including: (a) compensation for any revenues lost to the City and County of San Francisco because of the construction slowdown, and timely payment of the public benefits,

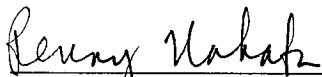
(b) continued significant workforce employment on the Site, (c) substantial and measurable progress toward completion of construction, and (d) advancement of all aspects of the cultural component requirements to be leased to the Museum after the Developer's completion of the core and shell of the museum space.

5. In July 2003, the Developer requested a Fourth Amendment to the DDA to extend the time for completion of the Improvements from December 31, 2004 to June 30, 2005, and to allow for the addition of The Sheraton Corporation, a Delaware corporation, as a member of SF Museum Tower LLC and for reduction of Carpenter's interest in the LLC following completion of the hotel improvements.
6. The Agency is willing to authorize the Developer's request for an extension of the date of completion of the Improvements from December 31, 2004 to June 30, 2005, and the Developer and the Agency have reached agreement on the terms of the extension as follows: (a) The Developer agrees to release the Agency from the Agency's obligation to provide the Developer with a \$2,000,000 Improvement Contribution for the core and shell of the museum space, (b) the Developer agrees to donate to the Museum \$400,000 from the Developer's Public Art Program obligation to fund public art within the museum space, (c) the Developer agrees to expend at least \$75,000,000 in construction value in connection with the Site and the Improvements between August 1, 2003 and December 31, 2004; and (d) the Developer agrees to increase the Deposit from \$715,000 to \$1,000,000, in the form of a self-replenishing, irrevocable letter of credit permitting the Agency to unilaterally collect up to \$2,000,000 as liquidated damages from the Deposit if the Developer fails to complete the construction of the Improvements in accordance with the requirements of the Fourth Amendment.
7. The Developer has agreed to the modifications provided in the Fourth Amendment to the DDA and the Agency and Developer desire to further amend the DDA.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco, that the Executive Director is hereby authorized to enter into and execute the Fourth Amendment to the Disposition and Development Agreement with SF Museum Tower LLC, a Delaware limited liability company, establishing the terms and conditions for modification of the schedule for completion of the Improvements and other requirements of the DDA in connection with the development of Parcel EB-2A, located at the southeast corner of Third and Mission Streets, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

for 
James B. Morales
Agency General Counsel