RESOLUTION NO. 32-2004

Adopted March 16, 2004

AUTHORIZING A ONE-MONTH EXTENSION OF THE THIRD AMENDED AND RESTATED EXCLUSIVE NEGOTIATIONS AGREEMENT WITH FILLMORE DEVELOPMENT ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR A PROPOSED MIXED-USE PROJECT AT PARCEL 732-A, LOCATED AT THE NORTHEAST CORNER OF FILLMORE AND EDDY STREETS; AND APPROVING THE DEVELOPER’S NEW MEMBERSHIP STRUCTURE; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. By Resolution No. 154-2002, adopted September 10, 2002, the Redevelopment Agency of the City and County of San Francisco (the “Agency”) authorized Exclusive Negotiations under certain terms and conditions with Fillmore Development Associates, LLC, a California limited liability company (“FDA”), for the disposition and development of Parcel 732-A (the “Site”), located at the northeast corner of Fillmore and Eddy Streets in the Western Addition Redevelopment Project Area A-2.

2. Subsequently, the Agency and FDA entered into an Exclusive Negotiations Agreement dated September 10, 2002 (the “ENA”), which required FDA, among other things, to meet specified performance benchmarks by certain dates in order for the exclusive negotiations to continue toward a disposition and development agreement (the “DDA”). By Resolution No. 4-2003, adopted February 11, 2003, the Agency approved the First Amended Terms and Conditions for Exclusive Negotiations extending the performance benchmark dates. As authorized in the ENA, the Executive Director granted further extensions administratively, as set forth in the May 7, 2003 Second Amended Terms and Conditions for Exclusive Negotiations. By Resolution No. 143-2003, adopted September 16, 2003, the Agency approved the Third Amended Terms and Conditions for Exclusive Negotiations (the ENA as amended collectively remains the “ENA”) setting October 21, 2003 for consideration of a term sheet setting forth the principal terms and conditions to be incorporated into the DDA.

4. By Resolution No. 1-2004, adopted January 20, 2004, the Commission further extended the ENA to March 2004 for FDA and Agency staff to resolve schematic design issues and to complete due diligence on the DDA.

5. FDA has made significant progress towards meeting the ENA performance benchmarks, and the proposed mixed-use project for the Site meets the Agency's goals for a destination entertainment venue. Due to recent developments and potential adjustments to FDA's development program, additional time is needed for: FDA to amend its operating agreement, to revise its ownership information, and to update project financing; and Agency staff to complete due diligence review of anticipated project revisions. Staff recommends a one-month extension of the ENA, with authorization for the Executive Director to grant two successive 15-day extensions if necessary to resolve outstanding issues related to the proposed DDA or FDA's schematic design.

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 one-month extension of the Third Amended and Restated Exclusive Negotiations Agreement, with authorization for the Executive Director to grant two successive 15-day extensions, with Fillmore Development Associates, LLC, a California limited liability company, for a proposed mixed-use project at Parcel 732-A, located at the northeast corner of Fillmore and Eddy Streets; and approving the Developer's new membership structure; Western Addition Redevelopment Project Area A-2.

APPROVED AS TO FORM:

[Signature]
James H. Morales
Agency General Counsel