RESOLUTION NO. 57-2004

Adopted May 18, 2004

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A PREDEVELOPMENT LOAN AGREEMENT WITH FILLMORE DEVELOPMENT ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, IN AN AMOUNT NOT TO EXCEED $1,250,000, FOR A PROPOSED MIXED-USE PROJECT AT PARCEL 732-A, LOCATED AT THE NORTHEAST CORNER OF FILLMORE AND EDDY STREETS; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is authorized, pursuant to California Community Redevelopment Law (Health and Safety Code, Section 33000 et seq.), to provide assistance and advance funds for improvements necessary for the redevelopment of blighted areas and the implementation of area redevelopment plans.

2. The Agency and Fillmore Development Associates, LLC, a California limited liability company (the "Developer"), have executed a Disposition and Development Agreement dated May 18, 2004 (the "DDA"), which documents the mutual promises, duties, obligations and responsibilities of the Agency and Developer with respect to the Developer's proposal to lease, purchase, subdivide and develop Agency Parcel 732-A located at the northeast corner of Fillmore and Eddy Streets in the Western Addition A-2 Redevelopment Project Area (the "Site"). The Developer's proposal consists of a mixed-use development in a single high-rise building containing: (1) a jazz club, restaurants, and other entertainment-related retail uses; (2) an 80-unit housing condominium with associated parking; and (3) a 122-stall underground parking garage (collectively, the "Project").

3. The Developer has agreed to construct the parking on a turnkey basis for the Agency subject to a proposed parking garage construction financing agreement between Developer and the Agency.

4. Upon receipt of the completed parking garage from the Developer, the Agency intends to retain the parking garage, or ground lease or sell it to the Department of Parking and Traffic ("DPT"), of the City and County of San Francisco for the management and operation of the parking garage.

5. The Developer has requested a $1.25 million predevelopment loan from the Agency (the "Agency Loan") to match its own funds in equal amount for a total of $2.5 million to fund certain necessary predevelopment costs, activities, and expenses relating to the Project.
6. Agency staff has reviewed the Developer's request in light of the terms, covenants and conditions of the DDA. Such terms in the DDA, include, in addition to other terms and conditions, that the Agency Loan will only be disbursed if the construction lender for the Project agrees and acknowledges that the Agency has continuing legal rights and the Project and any subsequent owner will continue to be subject to the DDA following foreclosure or deed in lieu of foreclosure.

7. Agency staff recommends approval of the Agency Loan subject to the terms and conditions of the proposed Predevelopment Loan Agreement and the 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 enter into and execute a Predevelopment Loan Agreement, in an amount not to exceed $1.25 million with Fillmore Development Associates, LLC, a California limited liability company, for the proposed mixed-use project at Parcel 732-A, located at the northeast corner of Fillmore and Eddy Streets; Western Addition Redevelopment Project Area A-2, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel