RESOLUTION NO. 83-2004

Adopted June 15, 2004

AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED LOAN AGREEMENT WITH AGONAFER SHIFERAW, DOING BUSINESS AS RASSELAS JAZZ CLUB, THAT RESTRUCTURES THE REPAYMENT SCHEDULE AND MODIFIES THE SUBORDINATION PROVISIONS FOR AN EXISTING $1,005,000 TENANT IMPROVEMENT LOAN ASSOCIATED WITH 1534-40 FILLMORE STREET; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. The economic revitalization of the Fillmore Jazz Preservation District ("Jazz District") is a significant component of the Redevelopment Agency of the City and County of San Francisco's (the "Agency") completion of the Western Addition A-2 Redevelopment Plan (the "Redevelopment Plan"). The Jazz District is the area generally located along Fillmore Street between Post and McAllister Streets in the Western Addition Redevelopment Project Area A-2 (the "Project Area").

2. The Agency and Mr. Agonafer Shiferaw, doing business as Rasselas Jazz Club ("Borrower"), entered into a loan agreement, dated December 17, 1997, and recorded on December 31, 1997 in the Office of the Recorder of the City and County of San Francisco as Document No. 97-G279014-00, Reel H040, Image 0358 (the "Loan Agreement"). The Loan Agreement provided funding of $737,000 (the "Loan") for certain tenant improvements and other capital expenses associated with the opening of a jazz club/restaurant at 1534-40 Fillmore Street (the "Subject Property"). The jazz club/restaurant opened for business in October 1999.

3. On January 13, 2000, the Agency executed a First Amendment to the Loan Agreement that was recorded on May 10, 2000, as Document No. 2000-G771535-00, Reel H634, Image 0238 of the Official Records of the City and County of San Francisco. The First Amendment extended the date for the first loan payment from January 15, 2000 to January 15, 2001.

4. On November 28, 2000, the Agency executed a Second Amendment to the Loan Agreement that was recorded on December 22, 2000, as Document No. 2000-G882956-00, Reel H790, Image 0227 of the Official Records of the City and County of San Francisco. The Second Amendment increased the amount of the Loan by $268,000 (for a total principal amount of $1,005,000) and restructured the Loan's repayment terms.

5. Since February 1999, Borrower has been renting the 5,500-square-foot space that houses the jazz club/restaurant. Under this arrangement, the Loan was evidenced
by a deed of trust secured by the Borrower’s leasehold interest in the Subject Property and a UCC-1 financing statement on the business assets.

6. Under Borrower’s lease agreement with the property owners, Borrower has an option to purchase the Subject Property for a pre-determined price of $1.0 million. Pursuant to the terms of the Loan Agreement, in the event that Borrower exercises the option to purchase, Borrower is required to provide the Agency with a security interest in Borrower’s acquired fee title in form and substance satisfactory to the Agency. Borrower has exercised the option to purchase and has until the end of June 2004 to close the transaction.

7. As part of this purchase transaction, Borrower has asked the Agency to (1) subordinate the Loan to Borrower’s acquisition loan, (2) further subordinate the Loan to a certain amount of additional non-Agency (i.e., third party) debt for tenant improvements and business operating expenses, and (3) restructure other terms of the Loan in order to simplify the repayment schedule and conform Borrower’s terms to more recent Agency loan agreements.

8. Therefore, in furtherance of Borrower’s efforts to purchase the Subject Property, the Agency and the Borrower wish to enter into an Amended and Restated Loan Agreement, new promissory note, deed of trust, subordination agreement, and any and all ancillary documents necessary to consummate this transaction that incorporates the negotiated solutions to the three issues noted above. The Agency has agreed to restructure Borrower’s repayment schedule and modify subordination provisions, all as documented in the Amended and Restated Loan Agreement and associated loan documents. No new loan funds are provided under the Amended and Restated Loan Agreement.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to (1) execute an Amended and Restated Loan Agreement with Mr. Agonafer Shiferaw, doing business as Rasselas Jazz Club, that restructures the repayment schedule and modifies the subordination provisions for an existing $1,005,000 tenant improvement loan associated with 1534-40 Fillmore Street in the Western Addition Redevelopment Project Area A-2; (2) execute a new promissory note, deed of trust, subordination agreement, and any and all ancillary documents necessary to consummate this transaction substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]

James B. Morales 06/20/04
Agency General Counsel