RESOLUTION NO. 118-2004

ADOPTED OCTOBER 5, 2004

AUTHORIZING A LOAN AGREEMENT WITH YOSHI’S JAPANESE RESTAURANT, INC., A CALIFORNIA CORPORATION, IN AN AMOUNT NOT TO EXCEED $4,400,000 FOR PREDEVELOPMENT EXPENSES, TENANT IMPROVEMENTS, AND EQUIPMENT PURCHASES, TO ESTABLISH A JAZZ CLUB/RESTAURANT IN THE MIXED-USE DEVELOPMENT AT AGENCY PARCEL 732-A IN THE FILLMORE JAZZ PRESERVATION DISTRICT; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. The economic revitalization of the Fillmore Jazz Preservation District (the “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. As part of this revitalization effort, the Agency entered into a Disposition and Development Agreement dated May 18, 2004 (the “DDA”) with Fillmore Development Associates, LLC, a California limited liability company (“FDA”), for Agency Parcel 732-A (the “Site”) located in the Project Area. FDA agrees under the DDA to subdivide and improve the Site. The subdivision will yield three parcels: (1) an air rights parcel for retail/commercial uses (the “Commercial Parcel”); (2) an air rights parcel for residential condominiums (the “Housing Parcel”); and, (3) a land parcel for a public parking garage (the “Land and Parking Garage Parcel”).

3. The Commercial Parcel will be improved with approximately 40,550 gross square feet of entertainment-related retail/commercial uses. The Housing Parcel will be improved with 80 for-sale condominium units and associated parking. The Land and Parking Garage Parcel will be improved with an underground public parking garage for the commercial uses. FDA will integrate the three parcels and associated improvements into a single building.

4. Yoshi’s Japanese Restaurant, Inc., a California corporation ("Yoshi’s"), operates a successful jazz club/restaurant in Oakland, California. It wants to establish and operate a similar jazz club/restaurant in the Jazz District (the “Club”). It executed a May 11, 2003 letter of intent with FDA to lease approximately 28,167 square feet of the Commercial Parcel (the “Premises”), on the condition, among others,
that the Agency loan it, or its affiliate, $4.4 million to fund tenant improvements for the Club.

5. The Agency, FDA, and Yoshi’s executed a term sheet dated October 21, 2003 for a proposed Agency tenant improvement loan (the “Term Sheet”) for the Club. FDA and Yoshi’s now desire for the Agency to enter into a loan agreement with Yoshi’s that will supersede the Term Sheet. The Agency has agreed to loan $4.4 million to Yoshi’s for predevelopment expenses, tenant improvements, and equipment purchases for the Club.

6. FDA and Yoshi’s are negotiating a lease of the Premises. Yoshi’s wishes to secure the Agency funds prior to signing the lease for the Premises. The Agency and Yoshi’s have agreed to enter into the proposed loan agreement subject to its terms, conditions and covenants.

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 (1) a Loan Agreement with Yoshi’s Japanese Restaurant, Inc., a California corporation, in an amount not to exceed $4.4 million for predevelopment expenses, tenant improvements, and equipment purchases to establish a jazz club/restaurant in the mixed-use development at Agency Parcel 732-A in the Fillmore Jazz Preservation District; Western Addition Redevelopment Project Area A-2; and (2) any and all ancillary documents necessary to implement the Loan Agreement, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel