RESOLUTION NO. 53-2005

Adopted April 5, 2005

AUTHORIZING A FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT TO REVISE THE PERFORMANCE SCHEDULE AND MODIFY OTHER TERMS AND A FIRST AMENDMENT TO THE PREDEVELOPMENT LOAN AGREEMENT TO MODIFY CERTAIN REPAYMENT TERMS WITH FILLMORE DEVELOPMENT ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, FOR A MIXED-USE PROJECT ON AGENCY PARCEL 732-A; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. On May 18, 2004, the Redevelopment Agency of the City and County of San Francisco’s (the “Agency”) Commission approved a Disposition and Development Agreement (the “DDA”) with Fillmore Development Associates, LLC, a California limited liability corporation (“FDA”), for the purchase and development of Agency Parcels 732-A and 725-C, located at the northeast corner of Fillmore and Eddy Streets (the “Site”) in the Western Addition Redevelopment Project Area A-2.

2. The DDA documents the mutual promises, duties, obligations and responsibilities of the Agency and FDA regarding FDA’s proposal to purchase, subdivide and develop the Site. The development proposal includes approximately 40,500 square feet of entertainment-related, retail/commercial uses, 80 for-sale condominium units (including 12 affordable units) with associated parking, and a 122-stall public parking garage (the “Project”).

3. On May 18, 2004, the Agency Commission also approved a $1.25 million Predevelopment Loan Agreement (“Loan Agreement”) with FDA for some of the Project’s predevelopment costs. FDA is required under the DDA to repay the predevelopment loan when escrow closes on the Project’s construction financing. Under the DDA, escrow is to close on the construction financing on or before March 31, 2005.

4. Since May 2004, when the DDA and the Loan Agreement were executed, the Project’s total development cost has increased by about $7.8 million. FDA has secured about $7.4 million in additional financing from private sources, and has requested that the Agency fund the difference ($400,000) by deferring the repayment of a portion of the Agency’s predevelopment loan. This $400,000 represents a portion of the increased cost to build the public parking garage.
5. In addition, to satisfy its general contractor’s request to increase the amount of money available to cover potential cost overruns, FDA has also requested that the Agency defer an additional $500,000 of the predevelopment loan to increase funds available for possible cost overruns. If the $500,000 is not needed, it will be repaid (with interest) at the close of construction financing. If the $500,000 is needed to cover cost overruns, it will be repaid (with interest) with housing sales proceeds according to a schedule outlined in the proposed First Amendment to the DDA.

6. Under the DDA and the Loan Agreement, the predevelopment loan was to be fully repaid from construction financing. Therefore, FDA has requested that up to $900,000 of the predevelopment loan be repaid from housing sales proceeds, according to a schedule outlined in the proposed First Amendment to the DDA, instead of from construction financing.

7. FDA has also requested a revision to the DDA’s Schedule of Performance that would extend the deadline to close construction financing from March 31, 2005 to May 31, 2005.

8. Staff has reviewed these requests and finds them acceptable subject to Agency Commission approval.

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 First Amendment to the Disposition and Development Agreement to revise the performance schedule and modify other terms and a First Amendment to the Predevelopment Loan Agreement to modify certain repayment terms, with Fillmore Development Associates, LLC, a California limited liability corporation, for a mixed-use project on Agency Parcel 732-A in the Western Addition Redevelopment Project Area A-2, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel