AUTHORIZING AN AGREEMENT WITH EMPORIUM DEVELOPMENT, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY, AND WITH WESTFIELD EMPORIUM, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY, TO RESOLVE ISSUES REGARDING DEMOLITION OF THE EMPORIUM BUILDING'S OFFICE TOWER; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On October 10, 2000, the Board of Supervisors of the City and County of San Francisco approved, per Ordinance No. 236-00, the Yerba Buena Center Redevelopment Plan Amendment ("Plan Amendment") expanding the Yerba Buena Center Redevelopment Project Area for the purpose of alleviating physical and economic blight in the area where the former Emporium Department Store Building and other substandard buildings existed. The Plan Amendment also requires the retention and restoration of certain historically significant features of the Emporium Department Store Building.

2. On September 25, 2000, the Agency Commission authorized an Owner Participation Agreement/Disposition and Development Agreement ("OP/DDA") with Emporium Development, LLC ("Developer"). (Agency Resolution No. 179-2000). On June 10, 2003, the Agency Commission authorized a first amendment to the OP/DDA ("Amended OP/DDA"). (Agency Resolution No. 84-2003). The Plan Amendment and Amended OP/DDA provide for the redevelopment, rehabilitation and revitalization of the Emporium Site Area, including the development of a mixed-use project consisting of a major department store and associated retail, entertainment, restaurant, cinema, and office uses ("Project"). The Project will contain approximately 1.6 million gross square feet of floor area.

3. The Redevelopment Agency of the City and County of San Francisco ("Agency") and the City and County of San Francisco ("City"), acting by and through its Planning Commission, entered into a Delegation Agreement dated as of October 17, 2000, under which the Agency delegated to the City's Planning Commission and/or the Planning Department the responsibility for design review and the administration of the specified standards for development consistent with the Plan Amendment.

4. Both the Plan Amendment and the OP/DDA established standards for the treatment of certain historic features of the Emporium Building, including the restoration and seismic upgrading of the front sixty-five feet (65') of the top three floors of the Emporium Building's office portion ("Office Tower").
5. The City, with the approval of its Planning Department, issued Building Permits providing for the recovery and preservation of certain features and artifacts identified as part of the historic fabric of the Office Tower and otherwise providing for the demolition and reconstruction of the Office Tower ("Approved Permits"). Before and after the City's approval of the demolition permit, Agency staff approved site permits for the Project.

6. In July 2004, the Developer demolished the Office Tower, and preserved only the artifacts specified under the Approved Permits, as described in the Status Report.

7. After it became publicly known in August that the Office Tower had been demolished, a dispute arose between the Agency and the Developer regarding whether or not the Approved Permits and the work authorized under them to demolish the Office Tower were consistent with the requirements of the Plan Amendment, the OP/DDA and other Project approvals.

8. Since September 2004, the Agency and Developer have been in discussions to resolve their dispute about whether or not the Approved Permits and the work authorized under them to demolish the Office Tower were consistent with the requirements of the Plan Amendment, the OP/DDA and other Project approvals.

9. Agency staff has negotiated an Agreement with the Developer and recommends that the Agency Commission approve it.

10. Agency approval of the Agreement with the Developer is categorically exempt under the California Environmental Quality Act because it is in the nature of an enforcement action under Section 15321 of Title 14, Chapter 3 of the California Code of Regulations.

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 an Agreement to Resolve Issues Regarding Demolition of the Office Tower and related documents with Emporium Development, L.L.C., a Delaware limited liability company, and with Westfield Emporium, L.L.C., a Delaware limited liability company, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]

James B. Morales
Agency General Counsel