RESOLUTION NO. 89-2005

Adopted June 7, 2005

AUTHORIZING A SECOND AMENDMENT TO THE
DISPOSITION AND DEVELOPMENT AGREEMENT WITH
FILLMORE DEVELOPMENT ASSOCIATES, LLC, A
CALIFORNIA LIMITED LIABILITY COMPANY, TO REVISE
THE PERFORMANCE SCHEDULE 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 Commission of the Redevelopment Agency of the City and County of San Francisco (the "Agency") approved a Disposition and Development Agreement ("DDA") with Fillmore Development Associates, LLC, a California limited liability company ("FDA"), for the 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 April 5, 2005, by Resolution No. 53-2005, the Agency Commission approved the First Amendment to the DDA to revise the performance schedule and modify other terms of the DDA. The revision to the performance schedule extended the deadline to close escrow on construction financing from March 31, 2005 to May 31, 2005.

4. Since April 2005, FDA has been working with the Agency, Webcor Construction Inc., its general contractor, the Mayor's Office of Community Development ("MOCD"), its permanent lender, and the National Electric Benefit Fund ("NEBF") and Allied Capital Corporation ("Allied"), its private construction/permanent lenders, to meet all preconditions for closing escrow. In recent months, three preconditions remained to be resolved to the satisfaction of NEBF: (1) the level of completion of the construction plans and specifications, (2) the structure of the permanent financing arrangement, and (3) the extent of the construction completion guarantee.
5. In mid-May, FDA informed Agency staff that NEBF and FDA had reached an agreement to satisfy these outstanding three preconditions. The agreement calls for MOCD, Allied and the Agency to fund continued pre-construction work after the close of escrow. This pre-construction work includes soil remediation, finalizing the construction documents, and other site preparation work. NEBF will begin funding the construction phase after the Agency approves the final construction plans and specifications, which is expected to occur in approximately three months.

6. In order to have time to incorporate the above agreement into the closing documents, FDA has requested that the Agency extend the deadline to close escrow from May 31, 2005 to August 31, 2005. FDA expects to close escrow on or before June 30, 2005, but has requested an additional two months to close in case any additional unforeseen issues arise over the coming weeks.

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 Second Amendment to the Disposition and Development Agreement with Fillmore Development Associates, LLC, a California limited liability company, to revise the performance schedule 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;

2. Any and all ancillary documents necessary to carry out the transactions authorized by this Resolution, including any requested assignments as approved by Agency staff.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel