RESOLUTION NO. 177-2005

Adopted November 1, 2005

AUTHORIZING A SECOND AMENDMENT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH CATELLUS OPERATING LIMITED PARTNERSHIP, A DELAWARE LIMITED PARTNERSHIP, AND FOCIL-MB, LLC, A DELAWARE LIMITED LIABILITY COMPANY, TO ALLOW FOR THE TRANSFER OF BLOCKS 36-39, THE EXPANSION PARCELS, TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, A CALIFORNIA PUBLIC CORPORATION; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On September 17, 1998, by Resolution No. 193-98, the Redevelopment Agency of the City and County of San Francisco (the “Agency”) Commission (the “Agency Commission”) conditionally approved the Mission Bay South Owner Participation Agreement (the “South OPA”) and related documents between Catellus Development Corporation (“Catellus”) and the Agency for development in the Mission Bay South Redevelopment Project Area (the “Project Area”).

2. The conditions to the effectiveness of Resolution No. 193-98 were satisfied by the final adoption of the Board of Supervisors of the City and County of San Francisco adopting Ordinance No. 335-98 adopting the Mission Bay South Redevelopment Plan (the “Plan”).

3. On November 16, 1998, the Agency entered into the South OPA with Catellus. The South OPA sets forth phasing principles that govern the development of property in the Project Area. Those principles include Catellus’ obligations to deliver to the Agency affordable housing sites as market rate housing is built in the Project Area. They also include Catellus’ commitments to construct public open space and other public infrastructure adjacent to – or otherwise triggered by – development on any of the private parcels governed by the South OPA.

4. On February 17, 2004, the Agency Commission, by Resolution No. 23-2004, approved a First Amendment to the South OPA to add a portion of Block 10 to the South OPA and to make various other revisions at Catellus’ request.

5. Catellus, the original master developer of the Mission Bay North and South Redevelopment Project Areas, has sold most of its remaining undeveloped land in Mission Bay to FOCIL-MB, LLC, a Delaware limited liability company (“FOCIL-MB”), a subsidiary of Farallon Capital Management, LLC,
a large investment management firm. The sale encompasses approximately 71 acres of land in Mission Bay. FOCIL-MB has assumed all of Catellus’ obligations under the Agency’s OPAs, as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City and County of San Francisco. FOCIL-MB will be bound by all terms of the OPAs and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process.

6. Catellus Operating Limited Partnership, a Delaware limited partnership ("COLP"), a successor by merger to Catellus, and FOCIL-MB are now requesting a second amendment to the South OPA (the "Second Amendment").

7. The proposed Second Amendment provides, among other things, for the terms and conditions upon which the Agency will consent to the transfer of Blocks 36-39 (the "Expansion Parcels") to The Regents of the University of California, a California public corporation ("The Regents"), and for a release of Catellus and FOCIL-MB with respect to certain obligations pertaining to the Expansion Parcels under the South OPA.

8. On November 30, 2004, The Regents released proposed amendments in draft form to its long range development plan, as LRDP Amendment #2. Those amendments contemplate an expansion of the University of California, San Francisco ("UCSF") facilities onto the Expansion Parcels, including the possibility of developing by 2012 new integrated specialty Children’s, Women’s and Cancer hospitals containing about 210 beds, together with ambulatory and research facilities. In March 2005, The Regents approved LRDP Amendment #2 (the "Project") and certified a related final environmental impact report (the "LRDP #2 FEIR"), which analyzed the environmental effects of the proposed UCSF development on the Expansion Parcels. Copies of the LRDP #2 FEIR are on file with the Agency Secretary.

9. Concurrently herewith, the Agency Commission is also considering the approval of a Memorandum of Understanding between the Agency and The Regents related to the development of the Expansion Parcels, by Resolution No. 176-2005, and the approval of a Disposition and Development Agreement with The Regents for The Regents to acquire property for, and to construct and subsidize, affordable housing for low-income workers of UCSF, by Resolution No. 160-2005.

10. Pursuant to Section 302 of the Plan, the development of the contemplated UCSF facilities on the Expansion Parcels is permitted as a subset of “Other Uses” as a secondary use. Such secondary uses are permitted provided that such use generally conforms with redevelopment objectives and planning and design controls established pursuant to the Plan and based on certain findings of consistency by the Agency’s Executive Director (the “Consistency Findings”). The Agency Commission is considering the approval of such
Consistency Findings pursuant to Resolution No. 176-2005, concurrently with this Resolution, and such Consistency Findings are hereby incorporated herein by this reference as if fully set forth.

11. Agency staff has reviewed and considered the items for the Second Amendment and finds them to be acceptable and recommends approving the Second Amendment, which contains the above-listed provisions, in addition to associated revisions.

12. The Agency Commission has reviewed and considered the information contained in the LRDP #2 FEIR.

13. The Agency Commission hereby finds that the Second Amendment is an action in furtherance of the implementation of the Project for purposes of compliance with the California Environmental Quality Act (“CEQA”).

14. By Resolution 175-2005, the Agency Commission adopted environmental findings related to the LRDP #2 FEIR, pursuant to CEQA and the CEQA Guidelines (the “Findings”). Such Findings are made pursuant to the Agency’s role as the responsible agency under CEQA for the Project. The Findings are hereby incorporated herein by this reference as if fully set forth.

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 Second Amendment to the Mission Bay South Owner Participation Agreement, with Catellus Operating Limited Partnership, a Delaware limited partnership, and FOCIL-MB, LLC, 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