RESOLUTION NO. 203-2005

Adopted December 6, 2005

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE FIRST AMENDMENTS TO THE FACADE IMPROVEMENT LOAN, TENANT IMPROVEMENT LOAN AND BUSINESS ASSISTANCE LOAN AGREEMENTS WITH SHEBA LOUNGE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO AMEND THE REPAYMENT AND CONSTRUCTION SCHEDULES, AND TO INCREASE THE TENANT IMPROVEMENT LOAN BY AN AMOUNT NOT TO EXCEED $100,000 FOR A TOTAL MAXIMUM AGGREGATE AMOUNT OF $190,000, IN CONNECTION WITH SHEBA LOUNGE, LOCATED AT 1419 FILLMORE STREET; 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 completion of the Western Addition A-2 Redevelopment Plan by the Redevelopment Agency of the City and County of San Francisco (the “Agency”). 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. On February 15, 2005, by Resolution No. 30-2005, the Agency Commission authorized a revision to the Fillmore Jazz Preservation Revolving Loan Program, (the “Loan Program”), which seeks to encourage investment in the Project Area by providing loans and technical assistance to businesses and property owners. The Loan Program provides for three types of loans: facade improvements, tenant improvements and business assistance.

3. On April 19, 2005, by Resolution No. 59-2005, the Agency Commission approved a Façade Improvement Loan in an amount not to exceed $35,000, a Tenant Improvement Loan in an amount not to exceed $90,000, and a Business Assistance Loan in an amount not to exceed $75,000, for a total maximum aggregate amount of $200,000, all with Sheba Lounge, LLC, a California limited liability company (“Sheba Lounge”), in connection with establishing a restaurant at 1419 Fillmore Street (the “Business”). The Agency Commission also waived the collateral requirement under the revised Loan Program in exchange for non-forgivable loans at 6% simple interest.

4. Owing to unforeseen construction delays and design issues at the Business, Sheba Lounge has requested extending the payment date from the current payment date five (5) months to March 1, 2006.

5. Sheba Lounge also requested extending the completion date of the construction to March 1, 2006.
6. To cover additional construction costs related to prevailing wage requirements, Sheba Lounge is requesting an increase in the Tenant Improvement Loan by $100,000 for a total maximum aggregate amount of $190,000. The additional amount is to cover the difference between the prevailing wage and the current rate paid to workers constructing the tenant improvements. The additional loan amount will be evidenced by a second promissory note, and will have an interest rate at 3.25% simple interest. In order to ease the cash flow burden to Sheba Lounge caused by the additional debt, payments will be amortized over a 10 year period with the first installment due on October 1, 2010, the date of on which the Business Assistance Loan is paid off.

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 First Amendments to the Façade Improvement Loan, Tenant Improvement Loan and Business Assistance Loan Agreements to:

1) extend the payment date from the current payment date to March 1, 2006;

2) extend the completion date of construction to March 1, 2006;

3) increase the Tenant Improvement Loan amount by $100,000 for a total aggregate amount of $190,000, the Loan will be secured by a second promissory note in the amount of $100,000 that will have an interest rate at 3.25% simple interest which will be deferred until October 1, 2010 at $977.19 per month for 120 months, the $100,000 will be used to cover the difference between prevailing wage and the current rate paid to workers constructing the tenant improvements at Sheba Lounge, located at 1419 Fillmore Street; and

4) execute any and all ancillary documents necessary to implement the first amendments to the three Loan Agreements.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel