RESOLUTION NO. 22-2008

Adopted April 1, 2008

AUTHORIZING AN OWNER PARTICIPATION AGREEMENT WITH
HAWTHORNE FOLSOM PLACE LLC, A DELAWARE LIMITED
LIABILITY COMPANY, FOR A TWO-PHASED DEVELOPMENT AT
680-690 FOLSOM STREET AND 50 HAWTHORNE STREET (ASSESSOR’S
BLOCK 3735, LOTS 013-017) WHICH WILL INCLUDE: (1) RENOVATION
AND EXPANSION OF THE EXISTING OFFICE BUILDING AT 680 FOLSOM
STREET, RENOVATION OF THE EXISTING OFFICE BUILDING AT
50 HAWTHORNE STREET, DEMOLITION OF THE EXISTING BUILDING AT
690 FOLSOM STREET AND ALSO THE POTENTIAL INSTALLATION OF
TEMPORARY LANDSCAPING AT 690 FOLSOM STREET; AND (2) AS TO
THE 690 FOLSOM STREET PORTION, EITHER THE CONSTRUCTION OF
AN APPROXIMATELY 15,040-SQUARE-FOOT RETAIL AND ATRIUM
DEVELOPMENT OR THE POTENTIAL SALE OF THE PROPERTY TO THE
MUSEUM OF PERFORMANCE AND DESIGN FOR DEVELOPMENT OF A
MUSEUM FACILITY; YERBA BUENA CENTER REDEVELOPMENT
PROJECT AREA

BASIS FOR RESOLUTION

1. 680 Folsom Street, 690 Folsom Street, and 50 Hawthorne Street are located on the
two acre property bounded by Third Street, Folsom Street, Clementina Street, and
Hawthorne Street (the “Site”) in the Yerba Buena Center Redevelopment Project
Area (the “Project Area”). The property contains two vacant office buildings at
680 Folsom Street and 50 Hawthorne Street that were originally constructed in
1962, and a parking garage at 690 Folsom Street that was constructed in 1926.
The property was sold by Pacific Telephone to Hawthorne Folsom Place LLC, a
Delaware limited liability company (the “Owner”), in 2007.

2. The Yerba Buena Center Redevelopment Plan (the “Redevelopment Plan”)
provides for owners to participate in the redevelopment of private property in the
Project Area. The Owner wishes to participate and to enter into an Owner
Participation Agreement (the “OPA”) to make improvements to the Site.

3. Under the OPA, the Owner proposes a two-phased development.

   A. Phase I is the renovation and expansion of the office building at 680
      Folsom Street, the renovation of the office building at 50 Hawthorne
      Street, demolition of the existing building at 690 Folsom Street. In
      addition, if the Owner is able to negotiate an option agreement with the
      Museum of Performance and Design (the “Museum”) and the Museum
      exercises its option to purchase 690 Folsom Street, then the Owner will
      install temporary landscaping to improve the 690 Folsom Street portion
      of the Site while the Museum proceeds with its development and planning.
B. Phase II is the redevelopment of 690 Folsom Street. The Owner is in negotiations with the Museum regarding an agreement providing the Museum with the option to acquire 690 Folsom Street for the Museum's construction of a museum and performance space. Neither the Owner nor the Museum is seeking approval of the museum and performance space at this time. Any project proposed by the Museum will be subject to further approvals, most likely by the Planning Department. If the Owner is unable to negotiate an option agreement or the Museum does not exercise its option, the Owner will construct a new, 15,040-square-foot retail and atrium project at 690 Folsom Street, as depicted in the Owner's schematic design submission.

4. The permitted uses and development standards pertaining to the Site are described in the Redevelopment Plan, which designates the Site’s zoning as C-3-0 (SD) and its height and bulk as 250-S.

5. The schematic design approved by the Agency Commission pursuant to companion Resolution No. 21-2008, meets the density and height requirements of the Redevelopment Plan, but does not meet the off-street freight loading and bulk requirements of the Redevelopment Plan. Therefore, the Agency Commission has adopted Resolution No. 20-2008, authorizing a variance from the off-street freight loading requirements and an exception from the bulk limits of the Redevelopment Plan and the Planning Code.

6. The OPA indicates that the Owner has elected to participate in the Agency's Small Business Enterprise and Construction Workforce policies. The Agency’s Contract Compliance Division has reviewed the Owner’s work to date on these programs and finds that the Owner has made good-faith efforts to comply with these programs.

7. The proposed alterations to the two existing buildings at 680 Folsom Street and 50 Hawthorne Street are categorically exempt as alterations to existing facilities pursuant to Section 15301 of the California Environmental Quality Act ("CEQA") Guidelines. The demolition of the existing building at 690 Folsom Street is categorically exempt pursuant to Section 15301 of the CEQA Guidelines and its proposed replacement with either temporary landscaping or the new construction proposed by the Owner is categorically exempt as infill development pursuant to Section 15332 of the CEQA Guidelines. The two-phased project proposed by the Owner will not result in a significant physical effect on the environment.
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 Owner Participation Agreement substantially in the form lodged with the Agency General Counsel and related documents with Hawthorne Folsom Place LLC, a Delaware limited liability company, for a proposed development at 680-690 Folsom Street and 50 Hawthorne Street, on Assessor’s Block 3735, Lots 013-017 in the Yerba Buena Center Redevelopment Project Area.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel