

San Francisco
Redevelopment Agency

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September 28, 2011

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Stacey Aldrich, Board Chair
California Cultural and Historical Endowment
900 N Street, Suite 370
Sacramento, CA 95815

Mimi Morris, Executive Officer
California Cultural and Historical Endowment
900 N Street, Suite 370
Sacramento, CA 95815

RE: The Mexican Museum

Dear Mses. Aldrich and Morris,

On behalf of the San Francisco Redevelopment Agency (the "Agency"), I am writing to express strong support for The Mexican Museum and retention of its \$800,000 planning grant from the California Cultural and Historical Endowment ("CCHE").

The City and County of San Francisco (the "City") and the Redevelopment Agency continue to be fully committed to the creation of a new home for The Mexican Museum in Yerba Buena Center, in a new mixed-use project to be developed at the prominent corner of Mission and Third Streets. On December 14, 2010, the Agency Commission voted unanimously to approve two agreements with The Mexican Museum for its participation in the planned mixed-use project as the user of the new museum space: an Exclusive Negotiating Agreement (the "ENA") and a Grant Agreement. The ENA sets forth the framework for The Mexican Museum's participation in the mixed-use project, which will be based on an agreement for the long term use of the museum space. The Grant Agreement commits approximately \$10.5 million of Agency funding for The Mexican Museum, to be used for predevelopment activities and the design and construction of tenant improvements for the new museum. The source of these funds is tax-exempt bonds, which have been issued; these funds are being held in Agency accounts for The Mexican Museum project. The funds committed under the Grant Agreement are in addition to the \$750,000 in grant funds for organizational development and predevelopment planning for the new museum space that were previously authorized by the Agency pursuant to a Memorandum of Understanding among the Agency, the San Francisco Arts Commission, and The Mexican Museum (the "MOU").

Under the Agency's current agreement with Millennium Partners, the developer of the mixed-use project, Millennium will construct the core and shell of the new museum and provide a \$5 million endowment for operations. The Mexican Museum will be responsible for funding the design and construction of the interiors at a cost of approximately \$13.5 - \$14.5 million. It is our belief that The Mexican Museum will be able to meet this obligation through use of the CCHE planning grant, reasonable fundraising, and the Agency's grant funding. The Mexican Museum, with the full support of the Agency, is also engaged in ongoing efforts to secure authorization from the San Francisco Board of Supervisors for the issuance by the City of hotel tax bonds, in the approximate amount of \$7.8 million, for the new museum.

Significant progress has been made over the last year on the design of the mixed-use project and components of the environmental review process. The current schedule for the project, which is subject to change given the project's complexity, anticipates receipt of all final regulatory approvals by the end of 2012, commencement of construction in early 2013, and completion of the project by 2016. The Agency anticipates releasing up to \$500,000 in funds to The Mexican Museum over the next several months, pursuant to the Grant Agreement, for project management staffing, space planning, and architectural design services for the new museum. The Agency also anticipates releasing approximately \$200,000 to The Mexican Museum pursuant to the MOU for implementation of a pre-development plan for the new museum.

The Agency and the City remain committed to supporting The Mexican Museum in its quest for a permanent home in the Yerba Buena cultural district for its collection of more than 12,000 works of art, which will bring together the rich history and culture of Mexico and California. I hope that you will continue to show your support for the Mexican Museum by retaining its \$800,000 planning grant.

Sincerely,



Fred Blackwell
Executive Director