

1 [Lease - Sega Food Groups, Inc. - 133 O'Farrell Street - Annual Base Rent of \$180,000]

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3 **Resolution authorizing the Municipal Transportation Agency to execute a retail lease**
4 **agreement with Sega Food Groups, Inc., and Ramin Vahabi for approximate 1,127**
5 **square feet of retail space at 133 O'Farrell Street, for a 10-year term, plus two five-**
6 **year extension options, at an initial annual base rent of \$180,000 with annual**
7 **increases.**

8
9 WHEREAS, The Ellis O'Farrell Garage, owned by the City and County of San
10 Francisco, a municipal corporation, and managed by the San Francisco Municipal
11 Transportation Agency (SFMTA), offers three retail spaces, one of which is currently vacant;
12 and

13 WHEREAS, Sega Food Groups, Inc. (Sega) and Ramin Vahabi (together, Tenant)
14 desire to lease the vacant retail space designated as 133 O'Farrell Street and comprised of
15 approximately 1,125 square feet (Premises) for an initial term of 10 years with two (2) five-
16 year options to renew; and

17 WHEREAS, Over the past 10 years, Sega has successfully operated seven food and
18 beverage outlets in the very high traffic, high profile areas of the City; and

19 WHEREAS, Tenant desires to open a retail food and beverage outlet in the Premises
20 pursuant to a lease agreement negotiated by Tenant and SFMTA staff; and

21 WHEREAS, The lease A\agreement provides an initial term of 10 years starting at the
22 base rent of \$15,000 per month, with annual rent increases of 3 percent and two five-year
23 extensions; and

24 WHEREAS, Over the 10-year initial term, the lease agreement will generate \$2.1
25 million in additional revenue; and

1 WHEREAS, Tenant shall pay the possessory interest taxes and all associated broker
2 fees and commissions; and

3 WHEREAS, No tenant improvement allowance or rent credits will be provided to
4 Tenant; and

5 WHEREAS, On May 7, 2012, the SFMTA Board of Directors passed a resolution
6 authorizing the Director of Transportation to execute the Lease Agreement and to forward to
7 the Board of Supervisors for final approval; now, therefore, be it

8 RESOLVED, That all actions heretofore taken by the officers of the City with respect
9 to the Lease are hereby approved, confirmed and ratified; and, be it

10 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
11 Transportation of the SFMTA to enter into any amendments or modifications to the Lease
12 (including without limitation, the exhibits) that the Director of Transportation determines, in
13 consultation with the City Attorney, are in the best interest of the City, do not increase the
14 rent or otherwise materially increase the obligations or liabilities of the City, are necessary or
15 advisable to effectuate the purposes of the Lease or this Resolution, and are in compliance
16 with all applicable laws, including City's Charter; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
18 Transportation to approve the Lease Agreement between the City and County of San
19 Francisco and Sega Food Groups, Inc. (Sega) and Ramin Vahabi.