

1 [Commercial Lease Agreement - Les Joulins, USA - 44 Ellis Street - \$5,127,000]

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3 **Resolution retroactively authorizing the San Francisco Municipal Transportation**
4 **Agency to execute a Commercial Lease Agreement with Les Joulins, USA, Inc., and**
5 **Osman Uner for approximately 5,368 square feet of restaurant/night club space at 44**
6 **Ellis Street, for a 10-year term to commence on March 1, 2015, plus two five-year**
7 **options to extend, which includes a rent schedule for the 10-year base term that will**
8 **result in \$5,127,000 in revenue to the City.**

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10 WHEREAS, The Ellis O'Farrell Garage, owned by the City and County of San
11 Francisco, a municipal corporation, and managed by the San Francisco Municipal
12 Transportation Agency (SFMTA), offers three retail spaces, one of which is in occupied by
13 Les Joulins on a month-to-month lease; and

14 WHEREAS, Les Joulins, USA, Inc. and Osman Uner (together, Tenant) desire to
15 lease the vacant retail space designated as 44 Ellis Street and comprised of approximately
16 5,368 square feet (Premises) for an initial term of 10 years with two (2) five-year options to
17 renew; and

18 WHEREAS, Over the past 30-plus years, Les Joulins has successfully operated a
19 restaurant/night club at the 44 Ellis location; and

20 WHEREAS, Tenant desires to extend its tenancy at the Premises pursuant to a lease
21 agreement negotiated by Tenant and SFMTA staff; and

22 WHEREAS, The lease agreement includes a rent schedule for the 10-year base term
23 that will result in \$5,127,000 in revenue to the city, and includes two five-year options with a
24 re-set of the rent at the beginning of the option period to the higher of the current rent plus 3

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1 percent or 95 percent of fair-market rent, and also includes annual rent increases of 3
2 percent thereafter; and

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

5 WHEREAS, the lease includes \$250,000 in rent credits that the tenant will be
6 authorized to take following completion, and SFMTA verification, of a mutually agreed-upon
7 list of tenant-improvement projects; and

8 WHEREAS, On March 3, 2015, the SFMTA Board of Directors adopted Resolution
9 No. 15-045 authorizing the Director of Transportation to execute the Lease Agreement and
10 to forward to the Board of Supervisors for final approval; and

11 WHEREAS, A copy of the said contract is on file with the Clerk of the Board of
12 Supervisors in File No. 150312, which is hereby declared to be part of this motion as if set
13 forth fully herein; now, therefore, be it

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

21 FURTHER RESOLVED, That the Board of Supervisors approves the Lease
22 Agreement between the City and County of San Francisco and Les Joulins, USA, Inc.
23 (Sega) and Osman Uner; and, be it

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1 FURTHER RESOLVED, That within 30 days of the document being fully executed by
2 all parties, the final document shall be provided to the Clerk of the Board for inclusion in the
3 official file.

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