

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 19-0285

ASSIGNMENT OF THE INTERNATIONAL TERMINAL FOOD AND BEVERAGE CONCESSION LEASE NO. 16-0018 FROM JOE & THE JUICE SFO, LLC TO JOE & THE JUICE NEW YORK, LLC

- WHEREAS, on January 9, 2016, by Resolution No. 16-0018, the Airport Commission (Commission) awarded the International Terminal Food and Beverage Concession Lease (Lease) to Joe & the Juice SFO, LLC (Tenant) for a term of ten years with two 1-year options, exercisable at the sole and absolute discretion of the Commission; and
- WHEREAS, on August 29, 2019, Tenant requested the consent of the Commission to an assignment of its interest in the lease to Joe & the Juice New York, LLC (Assignee); and
- WHEREAS, such lease assignment is subject to the consent of the Commission; and
- WHEREAS, Airport staff has reviewed the request against its standard evaluation criteria for lease assignments, and found the proposed assignment to satisfy such criteria; and
- WHEREAS, the consent of Airport to the lease assignment will be subject to the receipt by the Airport from Assignee of replacement security deposit in the name of Assignee in accordance with the terms of the Lease; now, therefore, be it
- RESOLVED, that this Commission hereby consents to the assignment of the International Terminal Food and Beverage Concession Lease No. 16-0018, by Joe & the Juice SFO, LLC, as assignor, to Joe & the Juice New York, LLC, as assignee, subject to the delivery by Assignee of the replacement security deposit.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of* _____

NOV - 5 2019


Secretary



MEMORANDUM

November 5, 2019

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenime
Hon. Malcolm Yeung

19-0285

NOV - 5 2019

FROM: Airport Director

SUBJECT: Assignment of the International Terminal Food and Beverage Concession Lease No. 16-0018 from Joe & the Juice SFO, LLC to Joe & the Juice New York, LLC

DIRECTOR'S RECOMMENDATION: CONSENT TO THE ASSIGNMENT OF THE INTERNATIONAL TERMINAL FOOD AND BEVERAGE CONCESSION LEASE NO. 16-0018 FROM JOE & THE JUICE SFO, LLC, AS ASSIGNOR, TO JOE & THE JUICE NEW YORK, LLC, AS ASSIGNEE.

Executive Summary

On August 29, 2019, Joe & the Juice SFO, LLC (Tenant) requested consent from the Airport Commission (Commission) to assign its interest in the International Terminal Food and Beverage Concession Lease No. 16-0018 (Lease) to Joe & the Juice New York, LLC, an affiliate of Tenant. Currently, Tenant holds one concession lease in International Terminal Boarding Area G that was awarded in 2016. Airport staff has reviewed the request against its standard evaluation criteria for lease assignments, and found the proposed assignment to satisfy such criteria.

Background

On January 19, 2016, by Resolution No. 16-0018, the Commission awarded the Lease to the Tenant for a term of ten years with two 1-year options, exercisable at the sole and absolute discretion of the Commission. Joe & the Juice opened on December 21, 2016, and achieved gross sales of \$1,483,000 in 2017 and \$1,556,300 in 2018.

Airport's Evaluation Criteria for Lease Assignments

The Lease requires advance written consent of the Commission for any assignment of the Lease or any transfer of the tenant's interest in the Lease to another entity. Consent may be granted or denied in the sole and absolute discretion of the Airport Commission. The transaction requested by Tenant would be an assignment of the Lease to its affiliated entity, Joe & the Juice New York, LLC (Assignee).

THIS PRINT COVERS CALENDAR ITEM NO. 15

As a general practice, Airport staff evaluates requests for consent to assignment/transfer and recommends consent if the following criteria have been met:

- A tenant has opened and operated its facility for a sufficient period to demonstrate that the terms of the lease are satisfied, regardless of whether the lease is assigned to another business. Here, as the assignment of the Lease is to an affiliated entity, Airport staff is confident in Assignee's ability to abide by the terms of the Lease and the continuation of maintaining the quality of the concession operating under the Joe & the Juice concept.
- The proposed assignee's experience and financial capability in operating the type of concession to be assigned is deemed sufficient. Here, Assignee is an affiliated entity under common ownership with Tenant, and the security deposit held by the Airport will be maintained in the name of the Assignee.
- Any plans by the proposed assignee to re-concept, the appropriateness and desirability of such concept change, and the business terms between the assignor and assignee are considered. Here, Assignee does not plan to re-concept the space and there are no objectionable business terms between Tenant and Assignee that might adversely impact the Lease.
- The status of the Tenant's current standing with the Airport is considered. Here, Tenant is current on its financial obligations to the Airport and has thus far abided by the terms of the Lease.

Staff recommends the Commission consent to the assignment of the Lease from Joe & the Juice SFO, LLC to Joe & the Juice New York, LLC.

Recommendation

I recommend the Commission adopt the attached Resolution for the Assignment of the International Terminal Food and Beverage Concession Lease No. 16-0018 from Joe & the Juice SFO, LLC to Joe & the Juice New York, LLC.



Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business & Finance Officer

Attachment