

1 [Settlement Agreement - Castagnola's - \$300,000]

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3 **Resolution authorizing the Port of San Francisco to execute the settlement agreement**  
4 **between the Port Commission and Castagnola, Inc. of San Francisco and associated**  
5 **parties ("Castagnola") to resolve outstanding litigation, satisfy two terminated**  
6 **agreements, settle debt in excess of \$1,123,884 and allow Castagnola to continue its**  
7 **tenancy under Lease L-7493 for premises at 286 Jefferson Street ("Premises") in**  
8 **exchange for Castagnola: paying Port \$300,000 within 180 days, expending no less**  
9 **than \$900,000 for physical improvements to the Premises, and reopening the**  
10 **restaurant to the public within one year unless extended by the Port Commission,**  
11 **which obligations are enforceable through stipulated judgments in: CITY AND COUNTY**  
12 **OF SAN FRANCISCO VS. CASTAGNOLA, INC. OF SAN FRANCISCO, A CAL. CORP ET**  
13 **AL, Superior Court of San Francisco County, Case No. CUD24674725; and CITY AND**  
14 **COUNTY OF SAN FRANCISCO VS. LOLMAN ENTERPRISES, INC., ET AL, Superior**  
15 **Court of San Francisco County, Case No. CGC23606678.**

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17 WHEREAS, California Statutes of 1968, Chapter 1333 (as amended, the "Burton Act")  
18 and Charter Sections 4.114 and B3.581 empower the San Francisco Port Commission ("Port"  
19 or "Port Commission") with the power and duty to use, conduct, operate, maintain, manage,  
20 regulate and control the lands within Port Commission jurisdiction in the City and County of  
21 San Francisco; and

22 WHEREAS, Castagnola, Inc. of San Francisco, a California corporation, (collectively,  
23 with its successors and assigns described below, "Tenant") leases premises under Lease L-  
24 7493 ("Restaurant Lease") for premises at 286 Jefferson Street; and

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1           WHEREAS, Tenant was party to Storage Premises Lease L-13524 dated August 1,  
2           2003, and terminated June 30, 2021, and Parking Permit dated February 15, 2007, and  
3           terminated effective June 30, 2021, both with balances due (collectively, the Storage  
4           Premises Lease L-15524, Parking Permit, and the Restaurant Lease are referred to as the  
5           “Agreements”); and

6           WHEREAS, Port commenced litigation against Castagnola, Inc. of San Francisco,  
7           Lolman Enterprises, Inc., Kathrine Higdon, and Cynthia Foxworth, including a civil action filed  
8           on May 22, 2023, seeking surrender of the Premises, payment of all back rent under the  
9           Agreements, and compensation for failure to correct unsafe deferred maintenance (the “Civil  
10          Action”), and an unlawful detainer action filed on April 3, 2024 to seek outstanding amounts  
11          owed and to regain possession of the restaurant Premises (the “Unlawful Detainer”); and

12          WHEREAS, At its April 22, 2025 meeting, the Port Commission adopted Resolution 25-  
13          23, to approve the “Settlement Agreement” described below, subject to approval by the Board  
14          of Supervisors (“Board”); and

15          WHEREAS, Port and Tenant now wish to enter into a settlement agreement requiring  
16          Tenant to: (1) pay a settlement fee totaling \$300,000 within 180 days of Port’s execution of  
17          the settlement agreement, which will fully satisfy the debts related to Storage Lease L-13524  
18          and the Parking Permit, and reduce the outstanding balance under the Restaurant Lease, (2)  
19          expend no less than \$900,000 for physical improvements to the Restaurant Lease Premises,  
20          (3) promptly request construction permits for the Restaurant Lease Premises, (4) commence  
21          construction within one month of the issuance of any building permits, and (5) reopen the  
22          restaurant within one year of Port’s execution of the settlement agreement unless extended by  
23          the Port Commission in its sole and absolute discretion, all as described in the memorandum  
24          accompanying Port Commission Resolution 25-23 and more particularly detailed in the  
25          settlement agreement on file with the Clerk of the Board in File No. 250484; and

1           WHEREAS, Tenant provided to Port a draft Lease Purchase Agreement through which  
2 an entity to be formed by or for Lou Giraudo, Seth Hamalian, and Chris McGarry (the  
3 “Purchaser”) will be Tenant’s exclusive agent until the Restaurant Lease can be transferred.  
4 Purchaser will act on Tenant’s behalf by (1) paying the settlement fee to Port, (2) expending  
5 funds and physically improving the Restaurant Lease Premises, (3) reopening to the public  
6 and operating the restaurant, all in compliance with the Settlement Agreement and in order to  
7 attain good standing with the Port in anticipation of seeking Port’s consent of Tenant’s transfer  
8 of the Restaurant Lease to Purchaser; and

9           WHEREAS, The Settlement Agreement will amend the Restaurant Lease by (1)  
10 increasing the security deposit to be held by Port for use in event of a Tenant default from the  
11 equivalent of one months’ base rent to two months’ base rent, and (2) forgiving back rent due  
12 to Port in excess of \$1,123,884 upon Tenant’s compliance with all of the terms of the  
13 Settlement Agreement, including reopening the restaurant to the public and continuously  
14 operating the restaurant for six months, each as more particularly described in the Settlement  
15 Agreement and memorialized in the draft Fourth Amendment to Lease L-7493 attached as  
16 Exhibit C to the Settlement Agreement (the “Amendment”); and

17           WHEREAS, The Amendment require approval by the Board of Supervisors in  
18 accordance with Charter, Section 9.118; and now, therefore be it

19           RESOLVED, That the Board hereby approves the Settlement Agreement and the  
20 Amendment, and authorizes the Executive Director of the Port, or the Executive Director’s  
21 designee, to execute the Settlement Agreement within 30 days of the effective date of this  
22 Resolution, and to execute the Amendment, each in the form approved by the City Attorney  
23 and in substantially the same form on file with the Clerk of the Board in File No. 250484; and,  
24 be it

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1           FURTHER RESOLVED, That approval of and authorization by the Board to enter into  
2 and execute the Settlement Agreement shall expire and have no further force or effect unless  
3 exercised within 30 days of the effective date of this Resolution; and be it

4           FURTHER RESOLVED, That the Board of Supervisors authorizes the Port Executive  
5 Director to enter into any other additions, amendments, or other modifications to the  
6 Restaurant Lease that the Executive Director, in consultation with the City Attorney,  
7 determines, when taken as a whole, to be in the best interest of the Port, do not materially  
8 increase the obligations or liabilities of the City or the Port, and are necessary or advisable to  
9 complete the transactions which this Resolution contemplates and effectuate the purpose and  
10 intent of this Resolution, such determination to be conclusively evidenced by the execution  
11 and delivery by the Executive Director of such documents; and, be it

12           FURTHER RESOLVED, That within 30 days of the execution of the Settlement  
13 Agreement by all parties, the Port shall provide a copy of the Settlement Agreement to the  
14 Clerk of the Board for inclusion in the official file; and, be it

15           FURTHER RESOLVED, That within 30 days of the execution of the Amendment by all  
16 parties, the Port shall provide a copy of the Amendment to the Clerk of the Board for inclusion  
17 in the official file.