AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 17-0245

ASSIGNMENT OF THE TERMINAL 3 BOARDING AREA F AND TERMINAL 1 BOARDING AREA C FOOD AND BEVERAGE CONCESSION LEASE NO. 8 - LEASE NO. 16-0316 FROM HIGH FLYING FOODS SFO, LLC TO HFF-BRH SFO, LLC

 WHEREAS, pursuant to Resolution No. 13-0316, adopted December 6, 2016, the Airport Commission ("Commission") awarded the Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food and Beverage Concession Lease No. 8 - Lease No. 16-0316 ("Lease") to High Flying Foods SFO, LLC, for a term of seven years plus two one-year options to extend at the sole discretion of the Commission; and

WHEREAS, High Flying Foods SFO, LLC has requested the Commission's consent to an assignment of the Lease to HFF-BRH SFO, LLC, of which High Flying Foods SFO, LLC holds 95% ownership interest and Black Rabbit Hospitality, Inc. holds 5% ownership interest; and

WHEREAS, such Lease assignment is subject to Commission approval; and

WHEREAS, Airport staff has reviewed HFF-BRH SFO, LLC 's financial position and assignment agreement and found them to be satisfactory; and

WHEREAS, HFF-BRH SFO, LLC will be subject to all existing terms, covenants, and conditions of the Lease; now, therefore, be it

RESOLVED, that this Commission hereby consents to the assignment of the Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food and Beverage Concession Lease No. 8 - Lease No. 16-0316 from High Flying Foods SFO, LLC to HFF-BRH SFO, LLC, a California limited liability company, under the existing Lease terms and conditions.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of_

OCT 03 2017 Secretary

San Francisco International Airport

MEMORANDUM

October 3, 2017

TO: AIRPORT COMMISSION Hon. Larry Mazzola, President Hon. Linda S. Crayton, Vice President Hon. Eleanor Johns Hon. Richard J. Guggenhime Hon. Peter A. Stern

17-0245 TOCT 03 2017

FROM: Airport Director

SUBJECT: Assignment of the Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food and Beverage Concession Lease No. 8 - Lease No. 16-0316 from High Flying Foods SFO, LLC to HFF-BRH SFO, LLC

DIRECTOR'S RECOMMENDATION: CONSENT TO THE ASSIGNMENT OF THE TERMINAL 3 BOARDING AREA F AND TERMINAL 1 BOARDING AREA C FOOD AND BEVERAGE CONCESSION LEASE NO. 8 - LEASE NO. 16-0316 FROM HIGH FLYING FOODS SFO, LLC TO HFF-BRH SFO, LLC.

Executive Summary

High Flying Foods SFO, LLC ("Tenant"), which was awarded the Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food and Beverage Concession Lease No. 8 - Lease No. 16-0316 ("Lease"), seeks the Airport Commission's ("Commission") consent to assign the Tenant's interest in the Lease to HFF-BRH SFO, LLC, a California limited liability company. Airport staff recommends approval of the assignment.

Background

By Resolution No. 06-0316, adopted December 6, 2016, the Commission awarded the Lease to the Tenant. The Lease has a base term of seven years, with two one-year options to extend at the sole discretion of the Commission. The leased premises are comprised of a sit-down restaurant, which is approximately 3,455 square feet, in the Terminal 1 Boarding Area C.

Proposal

The Tenant has requested the Airport's consent to an assignment of the Lease from the Tenant to HFF-BRH SFO, LLC, a California limited liability company ("BRH"). The Tenant owns a 95% interest in BRH SFO, LLC, and Black Rabbit Hospitality holds the remaining 5% ownership interest. Black Rabbit Hospitality, Inc. is owned by Deanna and Jay Foster, who also own farmerbrown and Little Skillet in San Francisco.

THIS PRINT COVERS CALENDAR ITEM NO. ____

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE MAYOR	LARRY MAZZOLA President	LINDA S. CRAYTON VICE PRESIDENT	ELEANOR JOHNS	RICHARD J. GUGGENHIME	PETER A. STERN	IVAR C. SATERO AIRPORT DIRECTOR

Members, Airport Commission

Staff recommends that the Commission consent to the assignment in order to facilitate the Tenant's partnership with a small, local business.

Airport's Approach towards Lease Assignments

Proposed assignments of concession leases are generally approved if the following criteria are met:

- The assignee's experience and financial capability in operating the type of concession to be assigned is deemed sufficient. Airport staff has reviewed the financial documents provided and found HFF-BRH SFO, LLC to be financially sound.
- Any plans by assignee to re-concept, the appropriateness and desirability of such concept change, and the business terms between the assignor and assignee are considered. HFF-BRH SFO, LLC will operate farmerbrown, as proposed and approved by the Airport.
- The status of the tenant's current standing with the Airport is considered. The Tenant is current on its financial obligations to the Airport and has, thus far, abided by the terms of the Lease.

The assignment from the Tenant to HFF-BRH SFO, LLC meets the criteria outlined above, which have been used at the Airport over the last decade to evaluate requests for assignments.

Recommendation

I recommend that the Commission adopt the attached resolution consenting to the assignment of the Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food and Beverage Concession Lease No. 8 - Lease No. 16-0316 from High Flying Foods SFO, LLC to HFF-BRH SFO, LLC, a California limited liability company, under the existing Lease terms and conditions.

var C Airport Director

Prepared by: Leo Fermin Chief Business and Finance Officer

Attachment