

**Lease Authorization Request
Uncle Joe's Chicken Fingers**

Recommendation

Pursuant to University Policy 04-6 Contract Signatories section 4.1.A.2 regarding the lease of real property, where the lease is for a period longer than 120 months including an unconditional right of renewal, it is recommended that the Board of Governors authorize the President, or his designee, to enter into a 114 month (9.5 year) lease agreement (with one additional option to renew for an additional 60 months) with SJS Partners, LLC, a Michigan Corporation d/b/a Uncle Joe's Chicken Fingers.

Background and Description

The Anthony Wayne Drive Apartment complex is currently under construction on the west side of Anthony Wayne Drive between Kirby Street and Warren Avenue in the residential precinct of campus. In addition to 841 beds of new campus housing and residential program and support spaces, the complex will also provide approximately 26,500 square feet of ground-floor retail space to serve the campus and surrounding communities.

The first floor of the eleven story center tower of the complex will contain three retail spaces. Uncle Joe's Chicken Fingers seeks to lease 1,352 square feet with frontage on Anthony Wayne Drive, see illustration below.

Uncle Joe's Chicken Fingers is a quick service restaurant which will sell primarily chicken fingers, chicken wings and various appetizers and side items, as well as non-alcoholic beverages that are typically found in quick-service restaurants. Sam Bakkal, Lisa Baster, and Joe Yousif are the principal owners of SJS Partners, LLC. The business address is 3160 Haggerty Road, Suite P, West Bloomfield, MI 48323. Joe Yousif is the primary owner of the two existing Uncle Joe's Chicken Fingers locations in the greater Detroit market.

The initial term of the lease is 9.5 years, and the new base lease triple-net rental rate is \$32.00 per square foot (\$43,264 annually) for the first 5 years and then \$35.00 per square foot (\$47,320 annually) for years 6 through 9.5. There is one five-year option for the tenant to extend the lease with a \$3.00/s.f. rent escalation. The initial additional assessment for Common Area Maintenance is \$5 per square foot with 3% annual increases in all lease years. The tenant is being provided an inducement payment (tenant improvements payment) of up to \$47,320 for build-out work including ceiling, lighting and bathrooms. The space will be available to the tenant in February 2019, with a projected opening in June 2019.

The Anthony Wayne Drive Apartment complex is part of the WSU-Corvias Housing Partnership. WSU and Corvias share responsibility for the selection of tenants that add value for the campus and Midtown communities. WSU as the building owner is the signatory for this retail lease. Corvias as facility manager has been responsible for tenant recruitment and negotiation and will be responsible for managing tenant build-out according to university standards, lease performance, and tenant relations during the term of the lease.

