

CITY OF HOUSTON - CITY COUNCILMeeting Date:
District B

Item Creation Date: 9/4/2015

HAS - Amendment No. 1 to Special Facilities Lease Agreement with Sky Chefs, Inc. at IAH

Agenda Item#:

Background:**RECOMMENDATION:**

Enact an ordinance approving and authorizing Amendment No. 1 to a Special Facilities Lease Agreement with Sky Chefs, Inc. for certain premises at George Bush Intercontinental Airport/Houston (IAH).

SPECIFIC EXPLANATION:

On August 1, 1979, the City entered into a Special Facilities Lease Agreement (Lease) with Marriott Corporation (Marriott) for approximately 97,100 square feet of land located at 18950 Colonel Fischer Dr. at IAH (Leased Premises). The Leased Premises were for the development and operation of an in-flight kitchen services facility (Marriott In-Flight Kitchen Project).

On September 29, 1995, the City approved Marriott's request to consent to sublease the Leased Premises to Sky Chefs, Inc. (Lessee). On September 6, 2001, the City consented to Lessee's purchase and assignment of the Lease from Marriott.

The Lease requires the rent for the last ten years of the lease term to be set based upon the fair market value of the leased land as determined by reappraisal. Amendment No. 1 memorializes the new rental amount and amends certain other provisions to allow for limited addition/subtraction of leased land and the proportionate adjustment to corresponding square footage and rent.

The pertinent terms and conditions of the Lease Agreement as amended by Amendment No. 1 are as follows:

1. Leased Premises: The Leased Premises remain unchanged, approximately 97,100 square feet (approximately 2.2 acres) of land. Additional square footage may be added to the leased premises at the fair market value rate, established in accordance with City practices, so long as the additional land does not exceed 50% of the original square footage amount.

2. Use: Preparing, handling and selling meals, food and beverages to be served as in-flight meals on aircraft.

3. Rent:**Ground Rent:**

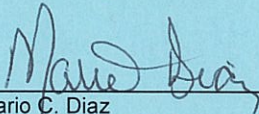
Years 31-35: \$48,549.96 annually

Years 36-40: \$55,832.45 annually

An additional annual rent of \$68,124.96 on improvements shall be added once the associated bonds are paid off by the lessee. Thus, the maximum annual rent will be \$123,957.41.

4. Term: The lease has a forty (40) year term, expiring on July 31, 2019, which remains unchanged.

All other terms and conditions of the Lease will remain in full force and effect.

Director's Signature:

Mario C. Diaz
Houston Airport System

Prior Council Action:

08/15/79 (O) 79-1378

Amount of Funding:

REVENUE: \$123,957.41 annually

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