

RESOLUTION NO. 73980

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE LEASE WITH SKY CHEFS, INC., TO CHANGE THE BASE RENTAL FOR NON-AIRLINE, OFF-AIRPORT SALES ACTIVITY TO 0% OF GROSS RECEIPTS FOR THE PERIOD OF JANUARY 1, 2008 THROUGH DECEMBER 31, 2008, AND 2% THEREAFTER

WHEREAS, Sky Chefs, Inc. ("Sky Chefs") has operated an in-flight catering kitchen under the terms of a Lease Agreement with the City of San Jose ("City") dated May 9, 1995 at the Norman Y. Mineta San Jose International Airport ("Airport"); and

WHEREAS, the Lease provides as consideration a percentage fee of 10% on gross receipts or a Minimum Annual Guarantee ("MAG"), whichever is greater; and

WHEREAS, Sky Chefs' gross revenues have declined significantly from a high of \$24.9 million in FY 2000-2001 to \$6.8 million in FY 2006-2007, which represents a 73% decrease; and

WHEREAS, Sky Chefs has requested to move their off-airport retail catering operation into their on-airport facility and pay a lower percentage rent for this activity; and

WHEREAS, the Airport has negotiated with Sky Chefs to pay no Base rental on the off-Airport retail catering for one year and 2% thereafter; and

WHEREAS, the Airport has also negotiated that Sky Chefs provide and maintain an autoclave on-site to handle international trash as required by the United States Department of Agriculture;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The City Manager is hereby authorized to negotiate and execute a First Amendment to the Lease with Sky Chefs, Inc. to change the Base Rental for non-airline, off-Airport sales activity to 0% of gross receipts for the period of January 1, 2008 through December 31, 2008, and 2% thereafter.

ADOPTED this 11th day of September, 2007, by the following vote:

AYES:	CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE, LICCARDO, NGUYEN, OLIVERIO, PYLE, WILLIAMS, REED
NOES:	NONE
ABSENT:	NONE
DISQUALIFIED:	NONE

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk

