



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District B

Item Creation Date: 6/15/2021

HAS – Lease Agreement with Champlain Enterprises, LLC dba CommutAir at IAH

Agenda Item#:

Background:

RECOMMENDATION:

Enact an ordinance approving and authorizing a Lease Agreement with Champlain Enterprises, LLC dba CommutAir for certain premises at George Bush Intercontinental Airport/Houston (IAH).

Background:

Champlain Enterprises, LLC dba CommutAir (Lessee) has requested to lease land and improvements located at 17001 John F. Kennedy Blvd., George Bush Intercontinental Airport/Houston (IAH) to be used as an aircraft maintenance and support facility related to its commercial airline operations, under which they fly regional service for United Airlines.

The pertinent terms and condition of this Lease Agreement (Lease) are as follows:

Premises:	Approximately 6.98 acres (approximately 303,910 square feet) of improved land, which includes an approximate 44,737 square foot hangar facility S671, located at 17001 John F. Kennedy Blvd., IAH.
Use:	Maintenance and support facility for Lessee's commercial airline business.
Term:	Ten (10) years from the date of countersignature by the City Controller (Effective Date). Lessee shall have the right to extend the Lease for an additional five (5) years (Option Period). The City may terminate this lease with 12 months' prior written notice, in which case the City will reimburse Lessee in the amount equal to the unamortized value of improvements made by Lessee.
Rent:	Rent will be \$33,263.96 per month (approximately \$399,168 annually), based on appraised value. Rent will increase 3% every year for the first 5 years of the primary term. The Option Period rental rate shall be in an amount equal to the greater of (i) a 15% increase of the rental rate for the last year of the primary term of the Agreement; or (ii) the rental rate established by reappraisal of the Leased Premises (including any improvements made by Lessee after the Effective Date) in accordance with the appraisal procedures then in effect.
Maintenance and Utilities:	Lessee shall assume the entire responsibility, cost and expense for all repair and maintenance of the Leased Premises and shall be responsible for all utilities and fees
Indemnity/ Insurance:	Lessee shall indemnify and hold the City harmless and shall comply with the insurance requirements as stated in the Lease.
Improvements:	The total minimum capital investment requirement over the term of the Agreement is \$1,000,000 for the primary term, with an additional \$500,000 if the Option Period is exercised.

Fiscal Note:

Funding for this item is included in the FY2022 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Director's Signature:

DocuSigned by:

Mario Diaz

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Houston Airport System

Estimated Revenue			
DEPARTMENT	FY2021	OUT YEARS	TOTAL
Houston Airport System	\$0	\$7,093,746.62	\$7,093,746.62

Amount of Funding:

REVENUE
HAS Revenue Fund
Fund 8001

Contact Information:

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