



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District B

Item Creation Date: 10/14/2022

HAS - Hangar Lease Agreement with WM Corporate Services, Inc. at IAH

Agenda Item#:

Background:

RECOMMENDATION:

Enact an ordinance approving and authorizing a lease agreement with WM Corporate Services, Inc. for a hangar and apron at George Bush Intercontinental Airport/Houston (IAH).

SPECIFIC EXPLANATION:

WM Corporate Services, Inc., ("Lessee") has requested to lease Hangar W722 located at 17620 Chanute Road at George Bush Intercontinental Airport/Houston (IAH).

The pertinent terms of this lease agreement ("Agreement") are as follows:

- 1. Leased Premises Approximately 129,572 square feet of improved land at 17620 Chanute Road, which includes a 28,479 square-foot hangar facility and 24,035 square feet of apron.

- 2. Term: Initial term of thirty (30) years ("Term") with an option to extend the Term for an additional ten (10) years ("Option Period").

 Lessee may terminate the Agreement for convenience by providing a 24-months' prior written notice to the Director but shall in such event forfeit all improvements made to the Leased Premises. If the Houston Airport System determines through its master planning efforts that the Leased Premises are needed for other Airport development, the Director may terminate the Agreement upon twenty-four (24) months' advance written notice, and thereupon City shall reimburse Lessee for an amount equal to the unamortized value of up to \$5,000,000.00 for Lessee's capital improvements made to the Leased Premises, subject to City Council's prior appropriation of the funds.

- 3. Rent: Based on appraised market value, the initial rent shall be \$124,500.00 and shall thereafter increase 15% every five (5) years.

 The Option Period Rental Rate, which begins in the thirty-first (31st) Lease Year shall be in an amount equal to the greater of (1) a 15% increase of the Rental Rate for the last five years of the Lease; or (2) the rental rate established by reappraisal of the Leased Premises (including the Minimum Capital Investment and any other improvements made by Lessee after the Effective Date) in accordance with the appraisal procedures then in effect for the Airport. In the thirty-sixth (36th) Lease Year, the Rental Rate shall be a 15% increase of the Option Period Rental Rate.

- 4. Use: Lessee shall have the right to use the Leased Premises only for its corporate aviation operations.

- 5. Improvements: The total minimum capital investment over the initial term of this Lease is \$5,000,000.00. The total minimum capital investment for the Option Period is \$1,000,000.00 if the Option Period is exercised.

- 6. Maintenance: Lessee shall, at its sole cost and expense, keep the Leased Premises and all improvements thereon, including those made or

constructed by Lessee, in a good and sound state of repair. Lessee shall pay for all utilities or services, including hookups, which are furnished, provided, or otherwise made available to Lessee by the City or any utility company providing direct service to Lessee.

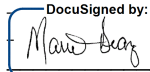
7. Other: Lessee shall indemnify and hold the City harmless and shall provide the required insurance in the limits as stated in the Agreement. Lessee shall comply with all federal, state, and local laws and regulations.

Fiscal Note:

Revenue for this item is included FY2023 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Director's Signature:

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FL

DocuSigned by:

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Mario C. Diaz
Houston Airport System

Estimated Revenue			
DEPARTMENT	FY2023	OUT YEARS	TOTAL
Houston Airport System	\$29,050.00	\$8,378,944.88	\$8,407,994.88

Amount and Source of Funding:

REVENUE
HAS Revenue Fund
Fund 8001

Contact Information:

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