



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District E

Item Creation Date: 4/20/2023

HAS - Binding MOA with Texas Southern University for an Aviation Education Facility at EFD

Agenda Item#:

Background:

RECOMMENDATION:

Enact an ordinance approving and authorizing a binding Memorandum of Agreement (MOA) between Texas Southern University and the City of Houston through the Houston Airport System for the development and lease of an aviation education facility at Ellington Airport (EFD).

SPECIFIC EXPLANATION:

Texas Southern University (TSU) is an accredited university currently offering a program in aviation science and technology for the post-secondary education of students in the area of aviation. TSU has determined that it needs to expand its aviation training program, and the Houston Airport System (HAS) desires to plan, design, and construct an aeronautical hangar at Ellington Airport (EFD) containing aircraft storage capacity, offices, and classroom space to allow TSU to focus on meeting aviation and aeronautical workforce demands and fostering innovation. The parties seek to move forward with a binding Memorandum of Agreement (MOA) wherein HAS will begin planning and design of the project, to be constructed on approximately two acres of land accessible to Taxilane Kilo at EFD via an existing taxilane connector.

Subsequent to a lease agreement that will be brought to City Council for approval during mid-2023, HAS will construct the facility, at its own cost, under a separate contract. Then, TSU will lease the facility for an initial five-year period under a cost-recovery methodology prepared by HAS.

The pertinent terms of this MOA are as follows:

1. Project Scope:

HAS will invest up to \$5 Million, under separate contract, to develop the facility comprised of:

22,000 square feet of aircraft hangar, 7,200 square feet of office and training/classroom space, and 20,000 square feet of aircraft apron, an above-ground storage tank with an approximate capacity of 12,000 gallons of aviation fuel, and vehicle parking, all on the Project Site, totaling approximately 2 acres. HAS shall not commence construction of any improvements until a formal lease agreement has been executed and presented to City Council for approval.

2. Term:

TSU shall be given an initial term of five years under a formal lease agreement. TSU shall also be granted a right of first refusal to extend the lease term for an additional five-year option period.

3. Rental:

In recognition of TSU's standing as a post-secondary institution of education of students in the area of aviation, which is recognized as

an eligible exemption to the Federal Aviation Administration's (FAA) requirement to charge fair market value, under Order 5190.6b, HAS shall charge a reduced annual rent of \$60,000.00, or \$5,000.00 per month, under the lease during the initial five-year term.

If the lease is extended for the five-year option period, full market rate rent shall be charged.

4. Permitted Use:

TSU shall only have the right to use the Project Site for the educational purposes of its academy, in order to obtain the initial favorable lease rates.

Fiscal Note:

There is no impact to the fiscal budget or no additional spending authority. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Director's Signature:

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DS

DocuSigned by:

Liliana Rambo

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Mario C. Diaz
Houston Airport System

Amount and Source of Funding:
No funding required

Contact Information:
Todd Curry 281/233-1896
Francisco Cuellar 281/233-1682



CITY OF HOUSTON

Houston Airport System

Interoffice

Correspondence

To: Mayor Sylvester Turner

From: Mario Diaz, Director
Houston Airport System

Date: April 14, 2023

CC: Marvalette Hunter, Chief of Staff
Andy Icken, Chief Development Officer
COH Department Directors
HAS Senior Staff

Subject: HAS Director's Delegation of
Authority for April 15, 2023
thru April 20, 2023

I will be out of the country with limited access to email beginning Saturday, April 15, 2023 thru Thursday, April 20, 2023. I will return to the office on Friday, April 21, 2023. In my absence, Liliana Rambo, Chief Terminal Management Officer, will be Acting Director and will have delegated signature authority for the Houston Airport System. Ms. Rambo may be reached at 281-387-0692.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mario Diaz", is written over a horizontal line.

Mario Diaz, Director
Houston Airport System