



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District E

Item Creation Date: 12/4/2023

HAS – Lease Agreement with Texas Southern University at EFD

Agenda Item#:

### **Background:**

### **RECOMMENDATION:**

Enact an ordinance approving and authorizing a Lease Agreement with Texas Southern University (TSU) for certain premises at Ellington Airport (EFD).

### **SPECIFIC EXPLANATION:**

Pursuant to Ordinance 2023-305, enacted by Houston City Council on May 3, 2023, the City of Houston and Texas Southern University entered into a binding Memorandum of Agreement (MOA) for the development and lease of an aviation education facility at Ellington Airport (EFD).

As contemplated by the MOA, it is now requested that City Council enact an Ordinance approving and authorizing a Lease Agreement between the City and TSU at EFD. Under a separate action, City Council will be asked to approve a contract for the design and construction of a hangar facility (development project) to be built on the leased land. Pertinent terms of the Lease Agreement are as follows:

1. Leased Premises. Approximately 87,120 square feet of unimproved ground located at EFD.
2. Term: TSU shall be given an initial term of five (5) years, unless earlier terminated in accordance with terms and conditions of the Lease. TSU shall have the right to trigger an option period of an additional five (5) years of term by sending written notice to the Director at least 270 days prior to the expiration of the initial five-year Lease term.
3. Development Project: The Project components are envisioned to include an aircraft hangar, office and training/classroom space, aircraft apron, an above-ground storage tank for aviation fuel, and vehicle parking. Subject to an appropriation by City Council, the City would invest no more than \$5,500,000.00 for the Project, which is anticipated to be completed in 2024.
4. Use: During the term of this Lease, TSU shall have the right to use the Leased Premises only for the educational purposes of its academy, in order to obtain the initial lease rates.
5. Rent: 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.
6. Maintenance & Utilities: TSU shall assume the entire responsibility, cost, and expense, for all repair and maintenance of the Leased Premises, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Lessee shall not allow such maintenance to be deferred beyond the Term of this Lease.
7. Other: TSU shall indemnify and hold the City harmless and shall provide the required insurance in the limits as stated in the Lease. TSU shall be required to comply with all applicable local, state and federal rules and regulations. The terms of this Lease shall be subject to review by the FAA.

### **Fiscal Note:**

Revenue for this item will be included in the FY2025 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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Mario C. Diaz

Houston Airport System

Estimated Revenue			
DEPARTMENT	FY2024	OUT YEARS	TOTAL
Houston Airport System	\$0.00	\$300,000.00	\$300,000.00

**Prior Council Action:**

5/3/2023 (O) 2023-305

**Amount and Source of Funding:**

REVENUE

HAS Revenue Fund (8001)

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