



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date:

District I

Item Creation Date: 3/14/2024

HAS – Lease Agreement with NuStar Logistics, L.P. at HOU

Agenda Item#:

**Background:**

**RECOMMENDATION:**

Enact an ordinance approving and authorizing a Lease Agreement with NuStar Logistics, L.P. (“NuStar”) for certain premises at William P. Hobby Airport (HOU).

**SPECIFIC EXPLANATION:**

On October 4, 1982, the City of Houston and NuStar Logistics, L.P. (lease originally assigned to Coastal States Crude Gathering Company) entered into a 40-year lease agreement for certain premises at William P. Hobby Airport (HOU). The tract of land is approximately 1,200 square feet, known as Tract VII, located north of Airport Boulevard and east of Broadway Boulevard, utilized for NuStar’s valve site facility. The lease has moved to a month-to-month basis, however, and it is now requested that City Council approve a new 20-year lease agreement.

The pertinent terms of this Lease Agreement are as follows:

1. Leased Premises: Approximately 1,200 square feet of unimproved ground located at HOU.
2. Term: NuStar shall be given a term of twenty (20) years, unless earlier terminated in accordance with terms and conditions of the Lease. This Lease may be mutually terminated by written agreement of NuStar and the Director of the Houston Airport System (HAS) upon giving the other party no less than nine months’ advance written notice.
3. Rent: Per fair market value as established by appraisal, HAS shall charge an annual rent of \$3,036.00 under the Lease during the initial five-year term, with 15% increases every five years.
4. Use: During the term of this Lease, NuStar shall have the right to use the Leased Premises for its valve site facility and ancillary components.
5. Maintenance & Utilities: NuStar, throughout the Term of this Lease, shall assume the entire responsibility, cost, and expense for all repair and maintenance to maintain the Leased Premises, including any buildings or structures thereon, in a good state of repair and preservation, excepting ordinary wear and tear.
6. Other: NuStar shall indemnify and hold the City harmless and shall provide the required insurance in the limits as stated in the Lease.

**Fiscal Note:**

Revenue for this item is included in the FY2024 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

**Director’s Signature:**

DocuSigned by:

*Jim Szczesniak*

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Jim Szczesniak  
Houston Airport System

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Estimated Revenue			
DEPARTMENT	FY2024	OUT YEARS	TOTAL
Houston Airport System	\$1,012.00	\$74,787.45	\$75,799.45

**Amount and Source of Funding:**

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REVENUE  
HAS Revenue Fund  
Fund 8001

**Contact Information:**

Todd Curry 281/233-1896  
Francisco Cuellar 281/233-1682