



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date:

District B

Item Creation Date: 10/17/2024

HAS – Form International Facilities Agreement (IFA) Amendment No. 1 at IAH

Agenda Item#:

**Background:**

**RECOMMENDATION:**

Enact an ordinance approving and authorizing the creation and execution of form International Facilities Agreement (IFA) Amendments No. 1, which will modify the existing IFAs with airlines operating and having their own lounges at Terminal D of George Bush Intercontinental Airport/Houston (IAH).

**SPECIFIC EXPLANATION:**

On May 16, 2023, City Council enacted Ordinance 2023-0315, approving and authoring the creation and execution of form International Facilities Agreements (IFAs) with Terminal D airlines at George Bush Intercontinental Airport/Houston (IAH). The IFA defines the terms and conditions by which the airlines may use the airfield for aircraft operations, lease space in Terminal D, and have common use of ticket counters, aircraft gates, and the Federal Inspection Services (FIS) area at IAH from which to conduct their passenger service business. The IFAs executed by the airlines expire on June 30, 2034.

As part of the renovation of Terminal D, HAS intends to develop a Common Use Lounge for passengers. However, the Lounge is not expected to be developed until 2026, and passenger demand for lounge space exceeds currently available facilities. This IFA Amendment No. 1 will allow participating airlines with private clubs to accept passengers using third-party membership club passes in exchange for a percentage fee paid to HAS. It is anticipated that Air France and KLM will participate, and the key provisions of the Amendment include the following for the period beginning in October 2023:

1. **Temporary Lounge Access:** Airlines that operate their own lounges in Terminal D will be permitted to offer access to passengers using third party membership club passes, passengers of Airline’s alliance and code-share partners along with passengers of other carriers with whom Airline has a contract to provide lounge admission into their own club rooms even if the passenger is not flying with such airline or otherwise allowed under the original provisions of the IFA. This is a temporary measure designed to enhance passenger experience until the new Common Use Lounge is operational.
2. **Fee Structure:** Airlines participating in this temporary arrangement will be required to pay HAS 20% of the normal entry fee per passenger per use applicable to those club entries not normally allowed access under the current IFA provisions. The fee shall be applied retroactively, to commence July 1, 2024.
3. **Termination:** The Amendment stipulates that the temporary lounge access will cease by the last date of the month in which HAS sends the host airline a notice that the new Common Use Lounge is open for operation, thereby maintaining the integrity of the original IFAs while allowing necessary flexibility during the construction period. Thereafter, Airline shall allow access to its club room(s) and/or lounge(s) only to its passengers and those of its Affiliates and of its code-share and/or alliance partners, and all other agreements or permissions for others to access to Airline’s club room and/or lounge shall terminate and be of no further effect.

The approval of this Amendment is critical for managing passenger satisfaction and maintaining operational efficiency in Terminal D.

**Fiscal Note:**

Revenue for this item is included in the FY2025 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

**Director’s Signature:**

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*Jim Szczesniak*

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Jim Szczesniak  
Houston Airport System

Initial  
JC

Estimated Revenue

<b>DEPARTMENT</b>	<b>FY2025</b>	<b>OUT YEARS</b>	<b>TOTAL</b>
Houston Airport System	\$908,066.00	\$908,066.00	\$1,816,132.00

**Prior Council Action:**

05/16/2023 (O) 2023-0315

**Amount and Source of Funding:**

REVENUE

HAS Revenue Fund

Fund 8001

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