



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date:  
 District I  
 Item Creation Date:

HAS - Amendment No. 2 to Lease Agreement with Houston Hangar Company, LLC at HOU

Agenda Item#:

**Background:**

**RECOMMENDATION:**

Enact an ordinance approving and authorizing Amendment No. 2 to the Lease Agreement with Houston Hangar Company, LLC at William P. Hobby Airport (HOU).

**SPECIFIC EXPLANATION:**

On March 25, 2009, City Council passed Ordinance 2009-251, approving and authorizing a Lease Agreement with Spectra Energy Services, LLC for land and improvements, including a hangar and ramp, located near 8502 W Monroe Rd at William P. Hobby Airport (HOU). The Lease had an expiration date of August 31, 2015.

On June 3, 2015, City Council passed Ordinance 2015-0507, approving and authorizing Amendment No. 1 to the Lease. This amendment added three option periods, to extend the lease term until August 31, 2028, along with rental rates for the option periods.

On June 19, 2018, Spectra Energy Services, LLC assigned the Lease to its subsidiary, Houston Hangar Company, LLC (Lessee).

Under the terms of the Lease Agreement, Houston Hangar Company, LLC may utilize the Leased Premises for corporate aviation operations including storage of aircraft, pilot lounge, aircraft repairs, sale and purchase of aircraft parts, and other aviation-related activities.

This Amendment No. 2 to the Lease Agreement includes the following provisions:

- Incorporating two (2) option periods of five (5) years each, allowing the Lessee to extend the Lease Agreement to August 31, 2033, and to August 31, 2038. Rental rates include a 15% escalation per each 5-year period.
- A performance security increase from \$246,843.00 to \$361,000.00.
- The requirement for Lessee to expend a minimum of \$1,400,000.00 on improvements/renovations.
- An updated termination clause. If the Airport's master planning requires use of the Leased Premises for other development, the Director may terminate this Lease with 24 months' advance written notice, and the City will reimburse the Lessee up to \$900,000.00 for unamortized capital improvements, contingent on City Council funding. The Lessee may also terminate the Lease with six months' notice, forfeiting all improvements made to the premises and releasing the City from further obligations.
- An exhibit with updated federal and state requirements that Lessee agrees to comply with.

**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:**

Initial  
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Signed by:  
  
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Jim Szczesniak  
 Houston Airport System

Estimated Revenue			
DEPARTMENT	FY2025	OUT YEARS	TOTAL
Houston Airport System	\$247,274.09	\$6,512,140.39	\$6,759,414.48

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**Prior Council Action:**

03/25/2009 (O) 2009-251

06/03/2015 (O) 2015-507

**Amount and Source of Funding:**

REVENUE

HAS Revenue Fund

Fund 8001

**Contact Information:**

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