



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District E

Item Creation Date: 6/30/2025

HAS – Amendment No. 1 To Ground Lease Agreement with Intuitive Machines, LLC at
EFD

Agenda Item#:

Background:

RECOMMENDATION:

Adopt an ordinance approving and authorizing Amendment No. 1 to Ground Lease Agreement with Intuitive Machines, LLC for a Lunar Operations Center Development at Houston Spaceport at Ellington Airport (EFD).

SPECIFIC EXPLANATION:

On September 22, 2021, City Council adopted Ordinance 2021-0834, approving and authorizing a Ground Lease Agreement between Intuitive Machines, LLC ("Lessee" or "IM") and the City of Houston for a Lunar Operations Center Development Project at Houston Spaceport at Ellington Airport (EFD). The Ordinance also appropriated \$38M from the Airports Improvement Fund for reimbursable expenses related to the Development Project and charged back to IM under a cost-recovery methodology. The Lease followed a Memorandum of Agreement (MOA) between the parties authorized by Ordinance No. 2021-0493 adopted by City Council on June 16, 2021.

IM has requested to amend the ground lease premises to add 3.00 acres of adjacent land for a \$12M additional investment in its existing facility at EFD. IM has also requested to amend the original cost recovery payment structure in the lease agreement and extend the payment term from 20 to 25 years.

Pertinent terms of the proposed Amendment ("Amendment No. 1") are as follows:

1. **Leased Premises:** Lessee entered into a Ground Lease Agreement for a Lunar Operations Center Development, leasing for its exclusive use for aeronautical and aerospace operations: (i) a project site, consisting of approximately 10.636 acres of unimproved land at Houston Spaceport at Ellington Airport and (ii) a proposed approximately 125,000 square foot building, a proposed Small Engine Verification Facility and related improvements which were to be designed and constructed on the project site by IM. This Amendment No. 1 adds 3.00 acres to the leased premises ("Expansion Tract").

2. **Term:** This amendment extends the Initial Term from twenty (20) lease years to twenty-five (25) lease years to extend the term over which IM is to repay the costs advanced by the City, and to reduce from four (4) to three (3) the number of 5-year option periods by which IM may extend the term of the lease, while not extending the 40-year maximum term of the Lease.

3. **Rental Rate – Expansion Tract:** IM shall pay \$100 per month for the Expansion Tract from the effective date of Amendment No. 1 until the end of the Due Diligence & Construction Phase for the Expansion Project. Following the Due Diligence & Construction Phase, HAS shall charge Base Rent for the Expansion Tract payable by Lessee in the amount of \$117,500.00 per year, or approximately \$9,791.67 per month. A 15% increase in the Rental Rate will apply on every fifth anniversary of the beginning of the Initial Term of the Expansion Tract.

4. **Minimum Capital Investment:** Lessee is required to construct additional facilities on the Initial Tract and Expansion Tract, including a storage building, a free-standing facility which will serve the intended purpose of the Initial Special Purpose Facility, facilities that support NOVA-D capabilities and in-house tank production, and other site improvements that may include parking for employees and visitors. Lessee has agreed to invest at least \$12,000,000.00 within three (3) years following the Amendment No. 1 Effective Date.

The Term of this Lease is intended to maintain the City's flexibility and effective management of its Spaceport facilities at EFD, while supporting the operational needs of Intuitive Machines, LLC.

Fiscal Note:

Revenue for this item is included in FY2026 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Director's Signature:

Initial
Initial
FL

Signed by:

A handwritten signature in black ink, appearing to read "Jim Szczesniak".

219BB453A1504CE

Jim Szczesniak

Houston Airport System

| Estimated Revenue | | | |
|------------------------|--------------|--------------|--------------|
| DEPARTMENT | FY2026 | OUT YEARS | TOTAL |
| Houston Airport System | \$117,500.00 | \$674,729.80 | \$792,229.80 |

Prior Council Action:

9/22/2021 (O) 2021-0834

6/16/2021 (O) 2021-0493

Amount and Source of Funding:

REVENUE

HAS Revenue Fund

Fund 8001

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