



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 7/19/2016

District B

Item Creation Date: 6/29/2016

HAS - Extend ExpressJet Airlines, Inc. Lease

Agenda Item#: 9.

Summary:

AN ORDINANCE APPROVING AND AUTHORIZING AMENDMENT NO. 1 TO LEASE AGREEMENT BETWEEN THE CITY OF HOUSTON AND EXPRESSJET AIRLINES, INC., FOR CERTAIN PREMISES AT GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON; AND DECLARING AN EMERGENCY.

Background:

On May 26, 2004, Council approved a Lease Agreement with ExpressJet Airlines, Inc. ("Lessee") for 380,773 square feet of land and improvements, including a 69,774 square foot aircraft maintenance hangar facility, located at 17795 John F. Kennedy Boulevard at IAH. ExpressJet Airlines, Inc. desires to extend the term of the agreement for five years to December 31, 2020, and agrees, per the agreement, to an increase in rental charges and to make capital improvements to the facility.

The pertinent terms and conditions of Amendment No. 1 are as follows:

Term: The term of the Lease Agreement is fixed through December 31, 2020, at which time it will expire.

Lessee may terminate the Lease Agreement for convenience by providing six months' notice. The City may terminate the agreement by providing 3 months' notice to Lessee only to accommodate redevelopment of the Leased Premises necessitated by the City's approved Master Plan. In which case, the City must reimburse Lessee for the remainder of any unamortized new improvements.

Improvements: Commencing on January 1, 2016, and continuing each year of the remaining Initial Lease Term, Lessee shall expend no less than \$100,000 per year in Minimum Improvement Expenditures on the Leased Premises, with no less than \$500,000 having been expended by December 31, 2020.

Should Lessee terminate this Agreement early in accordance with the terms, Lessee's obligation for Minimum Improvement Expenditures shall be prorated.

Rent: Rent for the year 2016 will be established at \$620,407.36 which represents a 3% increase from the current rental rate of \$602,337.24 per year. The rental will now escalate 3% annually over the five years.

All other terms of the Lease Agreement remain unchanged.

Director's Signature:

Mario C. Diaz
Houston Airport System

Prior Council Action:

5/26/2004 (O) 2004-509

Amount of Funding:

REVENUE: \$620,407.36 per year

Contact Information:

Rhonda Arnold 281/233-1618
Ian Wadsworth 281/233-1682

ATTACHMENTS:

Description

Ordinance

Type

Ordinance/Resolution/Motion