



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District B

Item Creation Date: 11/7/2018

HAS - Lease Agreement with RVR Aviation, LLC at IAH

Agenda Item#:

### **Background:**

### **RECOMMENDATION:**

Enact an Ordinance approving a lease agreement with RVR Aviation, LLC for certain premises at George Bush Intercontinental Airport/Houston ("IAH").

### **SPECIFIC EXPLANATION:**

RVR Aviation, LLC ("Lessee") has requested to lease Hangar W720 located at 17650 Chanute Rd. at IAH.

The pertinent terms of this lease agreement ("Agreement") are as follows:

**1. Leased Premises:** Approximately 216,730 square feet of improved land, which includes a 24,898 square-foot hangar facility and 42,297 square feet of apron.

**2. Term:** Initial term of thirty (30) years ("Term") with an option to extend the Term for an additional ten (10) years ("Option Period").

Lessee may terminate the Agreement for convenience by providing a 24-months' prior written notice to the Director but shall in such event forfeit all improvements made to the Leased Premises. If the Airport determines through its master planning efforts that the Leased Premises are needed for other Airport development, the Director may terminate the Agreement upon twenty-four (24) months' advance written notice, and thereupon City shall reimburse Lessee for an amount equal to the unamortized value of Lessee's capital improvements made to the Leased Premises, subject to Council's appropriation of the funds.

**3. Rent:** Based on appraised market value, the initial rent shall be \$160,871.02 per year. Rent shall increase 15% every five 5 years thereafter.

The Option Period Rental Rate, beginning in the thirty first (31st) lease year, shall be in an amount equal to the greater of (1) a 15% increase of the Rental Rate for the last five years of the Agreement; or (2) the rental rate established by reappraisal of the Leased Premises (including any improvements made by Lessee after the Effective Date) in accordance with the appraisal procedures then in effect for the Airport. In the thirty-sixth (36th) lease year, the Option Period Rental Rate shall increase 15%.

**4. Use:** Operation of charter aircraft service consistent with FAR Part 135 for the purpose of chartering aircraft to individuals and corporations and operation of aircraft under FAR Part 91 on behalf of, or by, the owners or lessees of aircraft under a hangar agreement with Lessee.

**5. Improvements:** The total minimum capital investment requirement over the term of the Agreement is \$3,000,000 or \$4,000,000 if the Option Period is exercised.

**6. Maintenance and Utilities:** Lessee shall, at its sole cost and expense, keep the Leased Premises and all improvements thereon, including those made or constructed by Lessee, in a good and sound state of repair. Lessee shall pay for all utilities or services, including hookups, which are furnished, provided or otherwise made available to Lessee by the City or any utility company providing direct service to Lessee.

**7. Other:** Lessee shall indemnify and hold the City harmless and shall provide the required insurance in the limits as stated in the Agreement. Lessee shall comply with all federal, state and local laws and regulations.

### **Fiscal Note:**

Funding for this item is not included in the FY2019 Adopted Budget. Therefore, a Fiscal Note is required as stated in the Financial Policies.

**Director's Signature:**

  
Mario C. Diaz  
Houston Airport System

DEPARTMENT	Estimated Revenue		TOTAL
	FY2019	OUT YEARS	
Houston Airport System	\$23,800.55	\$8,826,308.23	\$8,850,108.78

**Amount of Funding:**

REVENUE: \$23,800.55 FY19 HAS-Revenue Fund (8001)

**Contact Information:**

Todd Curry 281/233-1896  
Ian Wadsworth 281/233-1682