



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/11/2018

District E

Item Creation Date: 11/27/2018

HAS - Amendment No. 1 to Lease Agreement with Rocket Man Aviation, LLC at EFD

Agenda Item#: 32.

### **Background:**

### **RECOMMENDATION:**

Enact an ordinance approving Amendment No. 1 to Lease Agreement with Rocket Man Aviation, LLC for certain premises at Ellington Airport (EFD).

### **SPECIFIC EXPLANATION:**

By authority of Ordinance No. 2017-0054, the City entered into Lease Agreement ("Agreement") with Rocket Man Aviation, LLC for 49,377 square feet of unimproved land, also referenced as Tract F-1, ("Leased Premises") at Ellington Airport ("EFD"), dated January 30, 2017. City and Lessee now desire to enter into this Amendment No. 1 to the Agreement ("Amendment No. 1") to add an additional tract, Tract F-2, to the Leased Premises and increase the rental rate accordingly.

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

**1. Leased Premises:** The initial leased premises consist of Tract F-1, being approximately 1.134 acres (49,377 square feet) of unimproved land at the west end of Taxilane Kilo.

Amendment No. 1 adds Tract F-2 to Leased Premises, being approximately 1.186 acres (approximately 51,653 square feet) of unimproved land adjacent to and north of Tract F-1.

Additionally, Amendment No. 1 adds the following terms and conditions concerning the addition of Tract F-2 to Leased Premises:

Lessee intends to construct a detention pond upon Tract F-2. If a new tenant leases the area north and adjacent to Taxilane Kilo and east of the Leased Premises, and wishes to share use of the detention pond on Tract F-2 by expanding the drainage capacity thereof, while meeting all applicable regulatory requirements, the Director shall seek approval from Lessee to such shared use. If Lessee agrees in writing to the shared use of a detention pond on Tract F-2, the Director shall have the right to convert the exclusive use area of Tract F-2 as affected by such expanded detention pond into a non-exclusive use area for shared use by Lessee and the adjacent tenant. Thereupon, as of the date authorized by the Director of such shared use, the Director shall issue a new Exhibit "B" indicating the shared use area of Tract F-2 along with an adjusted rental schedule splitting the rental rate of the shared use area between Lessee and such adjacent tenant, without further City Council action. Additionally, any repairs and maintenance of the shared use area shall be the responsibility of both Lessee and such adjacent tenant. Lessee shall present estimates of repair costs to Airport Management for determination of its reasonableness prior to implementation of the work and invoicing to the other shared user. Lessee shall provide adjacent tenant with copies of paid invoices for repairs performed. Adjacent tenant shall be required under its lease to reimburse Lessee within 30 days.

**2. Term:** The term of thirty-five (35) years remains unchanged.

Lessee may terminate the Agreement for convenience by providing a six-months' prior written notice to the Director but shall in such event forfeit all improvements made to the Leased Premises. If HAS determines through its master planning efforts that the Leased Premises are needed for other airport development needs, 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 under this Agreement, subject to Council's appropriation of the funds.

**3. Rent:** The addition of Tract F-2 to Leased Premises shall increase the total annual rent from \$20,460.10 to \$41,482.87. Rent shall increase 15% every five lease years.

**4. Use:** During the term of this Agreement, Lessee shall have the right to use Leased Premises only for its corporate aviation operations.

**5. Improvements:** The total Minimum Capital Investment over the term of the Agreement is \$600,000, which remains unchanged by the amendment.

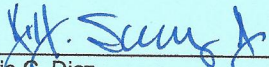
**6. Maintenance and Utilities:** Lessee shall, at its sole cost and expense, keep the Leased Premises and all improvements thereon, including those made or constructed by Lessee, in a good and sound state of repair. Lessee shall pay for all utilities or services,

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 was not included in the FY2019 Budget. Therefore, a Fiscal Note is required as stated in the Financial Policies.

**Director's Signature:**

  
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Mario C. Diaz  
Houston Airport System *FM*

Estimated Revenue			
DEPARTMENT	FY2019	OUT YEARS	TOTAL
Houston Airport System	\$2,815.56	\$1,764,766.90	\$1,767,582.46

**Prior Council Action:**

01/25/17 (O) 2017-0054

**Amount of Funding:**

REVENUE: \$2,815.56 HAS Revenue Fund (8001)

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