



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District E

Item Creation Date: 8/7/2019

HAS - Ground Lease Agreement with FlightSafety International, Inc. at Houston Spaceport at Ellington Airport (EFD)

Agenda Item#:

Background:

RECOMMENDATION:

Enact an ordinance approving and authorizing a ground lease agreement with FlightSafety International, Inc. (FSI) for land at Houston Spaceport at Ellington Airport (EFD).

SPECIFIC EXPLANATION:

FlightSafety International, Inc. (FSI) provides professional pilot training through advanced simulators to operators of commercial, business, government, and military aircraft at learning centers worldwide in addition to unmanned systems training through a series of remote pilot ground, maintenance, and flight training courses. FSI plans to construct and operate an aeronautical training facility at Houston Spaceport at Ellington Airport (EFD) in order to relocate and expand its current operations located near William P. Hobby Airport (HOU).

The proposed lease agreement with FSI contains the following provisions:

Leased Premises: An initial tract of approximately 269,808 square feet (approximately 6.193 acres) of unimproved land within Houston Spaceport's Phase 1 Infrastructure Project, near Space Center Boulevard. FSI will also have a 176,934 square feet (approximately 4.062 acres) adjacent option tract which it may exercise within the first five years of the lease term to construct additional facilities.

Capital Expenditure: FSI will expend a minimum of \$16 million for the initial development of a 90,000 square foot building accommodating 10-12 flight simulators and a parking area to accommodate approximately 200 vehicles. If the option tract is exercised, FSI will be able to expand the facility to 16 flight simulators.

Rent: During the due diligence and construction period, FSI will pay \$100 per month (\$1,200 per year), which shall increase to full rental (\$80,942.40 per year) on the first anniversary of the project's completion. Rent will increase 15% every five years. Commencing at the beginning of Lease Year 6, Lessee shall pay an operations and maintenance (O&M) fee, equal to 10% of the annual base rent to recover the City's operating and maintenance expenses related to airport infrastructure.

Term: The term will be 30 years with two additional five-year option periods.

Fiscal Note: Revenue for this item is included in the FY2020 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Director's Signature:

DocuSigned by:

Mario Diaz

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Mario C. Diaz

Houston Airport System

Estimated Revenue			
DEPARTMENT	FY2020	OUT YEARS	TOTAL
Houston Airport System	\$1,000.00	\$5,548,237.06	\$5,549,237.06

Amount of Funding:

REVENUE

HAS Revenue Fund (8001)

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