

**RESOLUTION 21-06 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND EXIT ZERO HOSPITALITY, LLC AT THE CAPE MAY FERRY TERMINAL**

WHEREAS, The Delaware River and Bay Authority (the “Authority”), is the operator of the Cape-May Lewes Ferry (“CMLF”) which includes the terminal building located in Cape May, New Jersey (the “Cape May Terminal Building”); and

WHEREAS, Exit Zero Hospitality, LLC owned by Jack Wright, desires to lease approximately 11,748 rentable square feet of space in the Cape May Terminal Building and 15,547 rentable square feet of contiguous patio space (the “Leased Premises”) and have periodic exclusive access to the contiguous green; and

WHEREAS, the Leased Premises is being leased in its “as-is” condition and Exit Zero commits to undertake at least One Million Nine Hundred Thirty-Nine Thousand Dollars (\$1,939,000) of capital improvements in the first three lease years; and

WHEREAS, the initial term of the lease is ten (10) years with both parties having the option to mutually agree to extend the lease for two additional periods of five (5) years each; and

WHEREAS, Exit Zero has agreed to pay the Authority One Hundred and Twenty-Five Thousand dollars (\$125,000) annual base rent during the first year of the lease; Two Hundred and Twenty-Five Thousand dollars (\$225,000) annual base rent during the second year of the lease; and

WHEREAS, annual base rent shall increase at a rate of two and one half percent (2.5%) per year for lease years three through ten; and

WHEREAS, in addition to base rent, Exit Zero has agreed to pay the Authority percentage rent at a rate of five percent (5%) of gross revenues (excluding alcoholic beverages) above One Million Dollars (\$1,000,000), twelve and one-half percent (12.5%) of gross revenues (excluding alcoholic beverages) above One Million Five Hundred Thousand Dollars (\$1,500,000), and five percent (5%) of gross revenues (excluding alcoholic beverages) above Four Million Dollars (\$4,000,000); and

WHEREAS, rent shall be adjusted at the beginning of each renewal term to the fair market value; and

WHEREAS, Exit Zero Hospitality, LLC and Jack Wright agree to guarantee the obligations under the lease.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Agreement with Exit Zero and, with

the advice and consent of counsel, to have such Lease Agreement executed by the Chairperson, Vice Chairperson, and the Executive Director.

## **Resolution 21-06 - Executive Summary**

**Resolution:** Authorizing the Execution of a Lease Agreement between the Delaware River and Bay Authority and Exit Zero Hospitality, LLC.

**Committee:** Budget & Finance

**Committee/Board Date:** March 16, 2021

**Purpose of Resolution:** To authorize a lease agreement with Exit Zero Hospitality, LLC to operate food and retail establishments in the Cape May Terminal Building of the Cape-May Lewes Ferry.

**Background for Resolution:** The Authority circulated a Request for Proposals to lease the space in the Cape May Terminal Building in Cape May, New Jersey and received and evaluated proposals submitted by the following firms:

Airport Retail Development, LLC.

Aramark

Bocca Coal Fired Pizza / Casino Joint Ventures

The Washington Inn

Kara Restaurant Group

Exit Zero

The Authority carefully reviewed the proposal submission of each firm, interviewed all six, and utilized evaluation criteria to establish a ranked list, with Exit Zero unanimously being ranked highest. The Authority conducted an analysis of the market to analyze the scope of proposal, and negotiated with said firm to provide compensation to the Authority in the form of base rent plus a share of revenues, at a rate determined to be fair and reasonable.