

RESOLUTION 23-50 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CAPE MAY STORAGE, LLC AT THE CAPE MAY AIRPORT

WHEREAS, The Delaware River and Bay Authority (the “Authority”), is the operator of the Cape May Airport (“Airport”); and

WHEREAS, Cape May Storage, LLC (“CM Storage”) desires to lease approximately 87,886.49 square feet of land to operate a storage facility at the Cape May Airport; and

WHEREAS, the current owner of the storage facility, M & M Mini Storage, is selling the assets to Cape May Storage. The existing lease agreement, dated August 23, 1988, is set to expire February 1, 2026; and

WHEREAS, the Authority and CM Storage have agreed that a condition to the approval of the sale is that the existing lease shall be terminated and a new long-term agreement based upon the Authority’s standard form will be executed; and

WHEREAS, CM Storage has agreed to pay the Authority annual base rental in the amount of Fourteen Thousand One Hundred and Sixty Dollars 00/100(\$14,160.00); and

WHEREAS, in addition to base rent, CM Storage has agreed to pay the Authority 4% of gross receipts; and

WHEREAS, CM Storage has also agreed to pay a transaction rent of 4% of any sale or refinance proceeds; and

WHEREAS, the initial term of the Lease (“Lease Agreement”) is for twenty (20) years and CM Storage shall have the option to renew the Lease Agreement for two (2) five (5) year renewal periods; and

WHEREAS, at the beginning of each fifth anniversary of the Commencement Date and at the beginning of each renewal term, rent shall be adjusted by the then current Fair Market Value (FMV); and

WHEREAS, rent shall be adjusted for each year of each renewal term by the Consumer Price Index (CPI).

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Agreement with Cape May Storage, LLC. and, with the advice and consent of counsel, to have such Agreement executed by the Chairperson, Vice Chairperson and the Executive Director.

NOW, THEREFORE, BE IT RESOLVED, that Resolution 23-34 is hereby rescinded.

Resolution 23-50 - Executive Summary

Resolution: Authorizing the Execution of a Lease Agreement between the Delaware River and Bay Authority and Cape May Storage, LLC regarding Cape May Airport.

Committee: Economic Development

Committee Date: September 19, 2023

Board Date: September 19, 2023

Purpose of Resolution: To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a Lease Agreement for space at the Cape May Airport.

Background for Resolution:

The Delaware River and Bay Authority operates the Cape May Airport. There is an existing land lease for a ministorage operation. The current owners are looking to sell the asset and assign the agreement that is due to expire in 2026. The potential new owner desires to extend the lease term. The airport has the right to take over the ownership of the asset at the end of the term in 2026 but has determined that the ownership and operation of the facility is better left to a private party. In lieu of ownership, the airport will receive a percentage of gross receipts and a percentage of any future sale or refinancing proceeds.