

**10889. RESOLUTION 14-46 – LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND MCCONNELL DEVELOPMENT, INC.**

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

WHEREAS, McConnell Development, Inc. (“McConnell”) currently leases approximately 10.93 acres of land at the New Castle Airport; and

WHEREAS, McConnell has constructed a warehouse facility and subleases to Federal Express; and

WHEREAS, due to the recent downturn in the economy, McConnell renegotiated their sublease with Federal Express fixing their rental payment for a ten (10) year term commencing on October 1, 2014 in order to keep them at the facility and in New Castle; and

WHEREAS, McConnell requested to renegotiate their ground lease agreement with the Authority; and

WHEREAS, the Authority is interested in promoting job retention within the region has agreed to waive scheduled rent escalations through the end of the existing term as long as Federal Express remains a tenant of McConnell at the renegotiated rental rate; and

WHEREAS, the rental rate at the beginning on the renewal term shall be adjusted to the Fair Market Value (“FMV”); and

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

A motion to approve Resolution 14-46 was made by Commissioner Lowe and seconded by Commissioner Smith. Resolution 14-46 was approved by a roll call vote of 9-0.

## **Resolution 14-46 Executive Summary Sheet**

**Resolution:** Authorizing the Execution of a Lease Amendment between the Delaware River and Bay Authority and McConnell Development, Inc. regarding New Castle Airport

**Committee:** Economic Development

**Committee Date:** November 18, 2014

**Board Date:** November 18, 2014

**Purpose of Resolution:**

To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a lease amendment for land at New Castle Airport.

**Background for Resolution:**

McConnell Development, Inc. has a ground lease with the Authority at the New Castle Airport. McConnell Development built a facility at the airport and has Fed Ex as a tenant. When that sublease expired recently Fed Ex requested to renegotiate the terms of the agreement. Due to the economy in recent years, the industrial warehouse space market has not performed as well as in the past. As a result of this re-negotiation of the sublease McConnell Development has requested to renegotiate their lease agreement with the Authority. After reviewing and researching this request, it was determined that we would waive their scheduled rent increase through the end of their current term that is set to expire on June 24, 2025.