

10862. RESOLUTION 14-30 – AMEND THE GROUND LEASE BETWEEN THE COUNTY OF CAPE MAY AND THE DELAWARE RIVER & BAY AUTHORITY RELATING TO THE CAPE MAY AIRPORT

WHEREAS, The Delaware River and Bay Authority (the "Authority") is the operator of the Cape May Airport ("Airport") pursuant to that certain Ground Lease, dated June 8, 1999, between the County of Cape May (the "County") and the Authority, a Memorandum of which was recorded in the Office of the Recorder of Deeds in and for Cape May County to give notice of the existence of the Lease (the "Ground Lease"); and

WHEREAS, the Authority has determined that in order to encourage growth and economic development at the Airport, it is necessary to promote investment in the Airport by private investors and develop relationships with long term tenants and users of the Airport; and

WHEREAS, the Authority has further determined that to promote investment in the Airport by private entities and ensure the economic viability of the Airport during the term of the Ground Lease and thereafter, it is necessary to enter into long term leasing and other arrangements with such private entities in order to provide them with the ability to recoup their investment and realize a reasonable return on that investment; and

WHEREAS, the initial term of the Ground Lease has approximately fifteen years ("Initial Term") remaining and the Authority has begun to encounter reluctance on the part of the financial and investment communities to invest in the Airport given the limited number of years remaining in the Initial Term; and

WHEREAS, the Authority has determined that it will become increasingly difficult to attract investment in the Airport by private entities as the length of the Initial Term of the Ground Lease continues to decrease; and

WHEREAS, the Authority has further determined that it is necessary to enter into leases and other arrangements with tenants at the Airport that extend beyond the Initial Term of the Ground Lease and into the renewal terms granted to the Authority but not yet exercised by the Authority; and

WHEREAS, the County has agreed to amend the Ground Lease to allow the Authority to enter into leases and other arrangements with tenants of the airport that extend beyond the Initial Term and into the renewal terms granted to the Authority but not yet exercised by the Authority; and

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

A motion to approve Resolution 14-30 was made by Commissioner Lathem, seconded by Commissioner Murphy and approved by a roll call vote of 11-0.

Resolution 14-30 Executive Summary Sheet

Resolution: Authorizing the Executive Director to execute a Lease Amendment to the Ground Lease with the County of Cape May

Committee: Economic Development

Meeting Date: September 16, 2014

Purpose and Background for Resolution:

The DRBA entered into a ground lease agreement with the County of Cape May in 1999. The initial lease term is for 30 years. There are currently approximately 15 years remaining on the initial term of the agreement. Our agreement with the County does not allow us to enter into agreements that extend beyond our lease term.

This constraint has become an issue as the term of the lease decreases. Private investors find it difficult to acquire financing to invest in the airport. This amendment will allow the Authority to enter into agreements beyond our remaining lease term and the County will agree to honor any and all such agreements.