

10591. RESOLUTION 12-41 - LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CAPE MAY BREWING LLC.

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

WHEREAS, Cape May Brewing LLC ("Cape May Brewing") entered into a Lease Agreement date March 1, 2011 pursuant to which the Authority leased to Cape May Brewing 1,500 square feet of space known as Unit #5 located within Building 96 at the Cape May Airport; and

WHEREAS, Cape May Brewing has requested a modification to the Lease to permit an expansion of their business into adjacent Unit 6 and Unit 7 and to provide for additional renewal terms for the lease; and

WHEREAS, Cape May Brewing has agreed to pay the Authority annual rental in the amount of Fourteen Thousand Four Hundred Dollars (\$14,400.00) for Units 6 & 7; and

WHEREAS, Cape May Brewing shall have the option of renewing the Lease Agreement for two (2) additional one (1) year periods; and

WHEREAS, rent for the additional units shall be adjusted during the first additional renewal option set to begin March 1, 2014 to Eighteen Thousand Dollars (\$18,000.00) annually and rent during the second additional option set to begin March 1, 2014 shall be Twenty-One Thousand Dollars (\$21,000.00) annually; and

WHEREAS, rent during the additional option periods for the original Unit 5 shall be adjusted 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 Amendment with Cape May Brewing LLC 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 12-41 was made by Commissioner Downes, seconded by Commissioner Mroz, and approved by a roll call vote of 10-0.

Resolution 12-41 Executive Summary

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

Committee: Economic Development

Committee Date: November 13, 2012

Board Date: November 13, 2012

Purpose of Resolution:

To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a lease amendment to add additional space at the Cape May Airport.

Background for Resolution:

The Delaware River and Bay Authority operates a warehouse/shop facility located at the Cape May Airport commonly referred to as Building 96. Cape May Brewing leased unit #5 in the building in March of 2011. Due to increased demand and the growth of their business, Cape May Brewing needs to expand to the two adjacent units. The purpose is to expand brewing capacity and to open a tasting room.

The building was appraised in 2007. Over the first two years of occupancy the rental rate escalates so that the rental rate in the 3rd year of the agreement the rent will be at FMV. The tenant plans to make various improvements to the facility to include bathroom upgrades, adding floor drains and upgraded office areas.