

**RESOLUTION 25-33 - LEASE AGREEMENT AND TERMINATION OF AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND VELOCITY MAINTENANCE SOLUTIONS LLC.**

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

WHEREAS, Velocity Maintenance Solutions LLC (“Velocity”) has leased 100% of the hangar commonly referred to as 6 DRBA Way at the Wilmington Airport since 2021; and

WHEREAS, Velocity desires to expand their business at the Airport and they desire to lease approximately 35,000 sq. ft. of hangar, office and shop space in the facility commonly referred to as Dassault Hangar 2A/B; and

WHEREAS, the initial term of the Lease (“Lease Agreement”) is for ten (10) years; and

WHEREAS, the Authority has agreed to complete certain required repairs and inspections prior to commencement of the Lease Agreement, which will occur at the Authority’s expense; and

WHEREAS, Velocity has agreed to pay the Authority an initial rental rate of \$10.00 per sq.ft. totaling Three Hundred and Fifty Thousand Dollars 00/100 (\$350,000.00) for the first year of the Lease Agreement, with rent during the remaining years of the initial term increasing as follows:

- Year 2 \$11.00 a sq. ft. totaling \$385,000.00 annually
- Year 3 \$12.00 a sq. ft. totaling \$420,000.00 annually
- Year 4 \$13.00 a sq. ft. totaling \$455,000.00 annually
- Year 5 \$14.00 a sq. ft. totaling \$490,000.00 annually
- Year 6-10 rent shall increase by the Consumer Price Index annually; and

WHEREAS, Velocity shall have the right to renew this agreement for three (3) additional five (5) year periods; and

WHEREAS, rent shall adjust at the beginning of each renewal term to the current Fair Market Value (FMV); and

WHEREAS, rent for each year following the first year of any renewal term shall increase annually by the Consumer Price Index (CPI); and

WHEREAS, Velocity shall enter into an agreement to terminate its lease agreement (the “Termination”) for the hangar, office and shop space at 6 DRBA Way when they execute the Lease Agreement for Dassault Hangar 2A/B; and

WHEREAS, for the first year following execution of the Lease Agreement, Velocity shall have a Right of First Refusal (ROFR) on the adjacent space commonly referred to as Dassault Hangar 3A/B, which includes an additional 38,000 sq. ft. of hangar, office and shop space; and

WHEREAS, if Velocity shall exercise their ROFR for the additional space, the rent schedule above shall adjust as follows:

- Year 2 \$11.00 a sq. ft. totaling \$803,000.00 annually
- Year 3 \$12.00 a sq. ft. totaling \$876,000.00 annually
- Year 4 \$13.00 a sq. ft. totaling \$949,000.00 annually
- Year 5 \$14.00 a sq. ft. totaling \$1,022,000.00 annually
- Year 6-10 rent shall increase by the Consumer Price Index annually; and

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

## **Resolution 25-33 - Executive Summary**

**Resolution:** Authorizing the Execution of a Lease Agreement and Termination between the Delaware River and Bay Authority and Velocity Maintenance Solutions LLC, regarding Wilmington Airport.

**Committee:** Economic Development

**Committee Date:** July 15, 2025

**Board Date:** July 15, 2025

**Purpose of Resolution:** To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a new Lease Agreement and termination of an existing lease for space at the Wilmington Airport.

### **Background for Resolution:**

The Delaware River and Bay Authority now controls a group of hangars located on North Dupont Hwy. previously occupied by Dassault. After soliciting proposals, it was determined that Velocity Maintenance Solutions LLC, a current MRO on the airfield, was the highest and best use for a portion of the complex. The move will allow Velocity to grow its business at the airport in a facility more appropriate for the business they provide. The rental rate will be phased into the FMV based on a current appraisal.