SUMMARY STATEMENT

ITEM NO.: DRPA-19-124

SUBJECT: Amendment to Fifth Amendment to Lease Agreement between DRPA and Scungio Borst & Associates, Inc.

COMMITTEE: Finance

COMMITTEE MEETING DATE: November 13, 2019

BOARD ACTION DATE: November 20, 2019

PROPOSAL: That the Board authorize staff to negotiate and execute two optional terms of four years each as a Sixth Amendment to the Lease first entered on October 24, 2005 between the parties. This Amendment has been requested by the Tenant for the purpose of assisting it to obtain a Small Business Administration corporation loan.

PURPOSE: To provide the leasing Option for Tenant’s continued occupancy at One Port Center for a term up to 10 years from the current date.

BACKGROUND: On October 24, 2005 an initial three-year Lease was entered between Landlord and Tenant. Thereafter, five Amendments to the initial Lease were entered between the parties providing for the Tenant’s continued occupancy of 3,450 square feet on the Fifth Floor at OPC. The Tenant’s Lease currently in effect expires on October 31, 2021.

The Tenant is an engineering firm involved in construction engineering, design and monitoring. Through its counsel, it has advised the DRPA that the firm is re-organizing and has made application for a Small Business Administration loan to facilitate the company’s growth and development. Counsel has advised by email dated October 31, 2019 that as a term and condition of the loan, the loan applicant must demonstrate its capacity for maintaining its current physical location for a period of up to ten (10) years. In order to accomplish this opportunity, the Tenant has requested execution of two four-year Lease Options, with an absolute DRPA right to grant these Options and to subsequently terminate any tenancy either for “cause” and “no cause”.

The Tenant is current with the payment of its rental obligations and its proportionate share of its utility costs. It maintains a professional and well-organized office operation on the Fifth Floor, and is a good neighbor to the other Tenants on the Fifth Floor. At the current time staff seeks authorization to negotiate terms and conditions for the
creation of a Sixth Amendment to Lease which will provide two (2) four
(4) year options for continuing tenancy. These Options may be granted
at the sole discretion of the DRPA.

SUMMARY:

Amount: TBD; based upon market rate for rental space
at the applicable time, which amount shall not
be less than $27.50 per square foot with 0.50
cent per square foot rental increases for each
year of tenancy

Source of Funds: N/A
Capital Project #: N/A
Operating Budget: TBD
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: Options for Lease for up to an additional
eight (8) years

Other Parties Involved: N/A
Estimated Number of
Jobs Supported: N/A
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to enter into a Sixth Amendment to Lease which will continue for two (2) four (4) year options for continued tenancy; and be it further

RESOLVED: The Chairman, Vice Chairman and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chairman, Vice Chairman and Chief Executive Officer and if thereafter either the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chairman and Vice Chairman are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

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