

October 2024

Summary of Key Points

Pine Street Presbyterian Church (PSPC) and Downtown Daily Bread (DDB)

Lease with Option to Purchase Boyd Building – 234 South Street, Harrisburg, PA

Note: As of October 16, 2024 one non-economic point remains open

Premises: 234 South Street, Harrisburg, PA, consisting of a 15,250 square foot three story building constructed around 1915. Has been used exclusively by DDB for several years. Originally built for “male recreation under Christian auspices.”

Term: 10 years from 1/1/2023 with DDB having option to renew for additional 10 year term; right in DDB (but not PSPC) to terminate at any time with 12 months notice to PSPC.

Right of First Refusal/Option: If Presbytery approves, then DDB will have option, subject to congregational approval, to purchase Premises for \$800,000 on and after October 1, 2027; option price subject to increase tied to increases in CPI if notice of intent to exercise option is sent after April 1, 2028. DDB will have right to terminate lease on 30 days notice if congregation does not approve. DDB also has a right of first refusal to purchase the Premises at any time during the term. Value, based on appraisals and the opinion of a commercial realtor range from low of \$575,000 to high of about \$1,200,000.

Rent: Base rent is \$41,750 per year (a discount of about 60% based on an appraisal obtained by DDB). Rent escalation tied to increases in CPI with a cap of 2.5% per annum.

Triple Net Lease: We have negotiated for certain repairs to be done to the elevator and roof with shared costs; once lease in place it is triple net with expenses (taxes, insurance, maintenance, etc.) paid by DDB. PSPC will remain responsible for exterior structure and roof; DDB pays all other expenses. Trash and recycling receptacles will be placed on PSPC’s church property free of rent, and PSPC will have the right to use those receptacles with DDB paying all costs for trash and recycling removal.

Tenant's Right to Make Changes: DDB will have right at its own expense to make interior alterations without PSPC consent. The lease provides that DDB will provide at least an annual summary of significant Improvements made by them.

Use of Premises: Restricted in manner consistent with current use by DDB. DDB must maintain its tax exempt (501(c)(3)) status.

Open Item: PSPC has asked that upon sale of Premises to DDB, that PSPC will have right of first refusal to acquire property should DDB then offer it for sale.

Shared Employees: There is a separate agreement, not tied to lease or option, whereby PSPC shares the custodian employed by DDB, and also whereby DDB obtains services from the facilities manager employed by PSPC.