



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 241052

Introduced November 14, 2024

Councilmember Young

**Referred to the
Committee on Public Property and Public Works**

AN ORDINANCE

Authorizing the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into a sublease agreement with the Philadelphia Municipal Authority, for use by the City of a portion of the premises located at 1600-26 John F. Kennedy Boulevard, Philadelphia, Pennsylvania, under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Public Property, on behalf of the City of Philadelphia, is hereby authorized to enter into a sublease agreement with the Philadelphia Municipal Authority, with the City as subtenant, for use by the City of a portion of the premises located at 1600-26 John F. Kennedy Boulevard, Philadelphia, Pennsylvania, pursuant to terms substantially set forth in Exhibit "A".

SECTION 2. The Commissioner of Public Property is hereby authorized to take all actions deemed by the Commissioner to be necessary and appropriate to carry out the provisions and intent of this Ordinance, including executing any and all instruments and ancillary documents necessary and appropriate for the City to effectuate this Ordinance, which sublease and documents shall contain such terms and conditions as the City Solicitor shall deem necessary and proper to protect the interests of the City of Philadelphia.

SECTION 3. The City Solicitor is hereby authorized to review, negotiate and approve the sublease and all ancillary documents deemed by the City Solicitor to be necessary and appropriate to carry out the provisions and intent of this Ordinance, which sublease and documents shall contain such terms and conditions deemed by the City Solicitor to be necessary, desirable, proper, and in the best interests of the City of Philadelphia.

City of Philadelphia

BILL NO. 241052 continued

EXHIBIT "A"

Terms of Proposed Sublease For 1600-26 John F. Kennedy Boulevard, Philadelphia, Pennsylvania, 19103

1. **Landlord:** Four Penn Center Owner, LLC
2. **Tenant/Sublandlord:** Philadelphia Municipal Authority
3. **Subtenant:** City of Philadelphia
4. **Premises Address:** 1600-26 John F. Kennedy Boulevard, Philadelphia, Pennsylvania, 19103
5. **Use of the Premises:** Approximately 26,805 rentable square feet for office use.
6. **Term of Lease:** Fifteen (15) years
7. **Renewal Term:** The City shall have one (1) three (3) year renewal option and one (1) two (2) year renewal option.
8. **Rent:** Base rent for Lease Year 1 will be \$18.50 per square foot and shall escalate at a rate of approximately 5.4% after Lease Year 3, escalate at a rate of approximately 3.7% after Lease Year 6, and escalate at rate of approximately 6% after Lease Years 9 and 12. Should the City exercise its renewal term option, the base rent will be escalated at a rate of approximately 6% after Lease Year 15 and at a rate of approximately 4% after Lease Year 18. The total base rent for Lease Year 1 will be \$495,892.50.
9. **Utilities:** The City shall pay directly through the City's own accounts, if possible, or if not billed directly, shall reimburse the costs of utilities paid by Landlord on City's behalf.
10. **Operating Expenses:** The City shall be responsible for its proportionate share of operating expenses.
11. **Tenant Improvements:** Landlord shall fit out the Premises based on a mutually accepted space plan and provide a tenant improvement allowance.