

RESOLUTION NO. 2020-148

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
APPROVING AMENDMENT NO. 1 TO THE LEASE AGREEMENT BETWEEN THE
CITY OF MARINA AND JOBY AERO, INC FOR EXPANDED LEASE SPACE AT 761
NEESON ROAD (BUILDING 524) AT THE MARINA MUNICIPAL AIRPORT,
AUTHORIZING FINANCE DIRECTOR TO MAKE NECESSARY ACCOUNTING
AND BUDGETARY ENTRIES, AND AUTHORIZING CITY MANAGER TO
EXECUTE LEASE AGREEMENT AMENDMENT NO. 1 ON BEHALF OF THE CITY,
SUBJECT TO FINAL REVIEW AND APPROVAL BY CITY ATTORNEY

WHEREAS, on January 31, 2020, the City Council approved a Lease Agreement with Joby Aero, Inc. of the former Army Hangar building located at 761 Neeson Road (Building 524); and,

WHEREAS, Building 524 consists of an approximate 33,800 square foot steel framed structure with corrugated metal siding; a large central hangar bay (approximately 130 feet wide, 150 feet long) with sliding doors at each end (facing northwest and southeast); door clearance height of 35-40 feet; and two-story storage or office and restroom space along both sides of the hangar bay. The Building is noncompliant with the Americans with Disabilities Act (“ADA”); and,

WHEREAS, Joby Aero, Inc. has requested to expand its current lease area within Building 524 from 20,500 square feet to 32,900 square feet; and,

WHEREAS, Amendment No. 1 to the Lease Agreement expands the Joby Aero, Inc. leased space to approximately 32,900 square feet including 26,150 square feet of ground floor space and 6,750 square feet of second floor space; and,

WHEREAS, Section 1.01 of the 524 Lease is hereby amended and restated to read in its entirety as follows:

“1.01 **Leased Premises.** City hereby leases to Tenant, and Tenant hereby leases from City a portion of the following described premises (the “Premises”), being a portion of the Marina Municipal Airport, located within Building Number 524 (the “Building” or “Building 524”) located at 761 Neeson Rd., Marina, County of Monterey, California, as shown on **Exhibit B-3**, attached hereto and made a part hereof and which replaces Exhibit B to the 524 Lease. Building 524 is a steel framed structure with corrugated metal siding; large central hangar bay (approximately 130 feet wide, 150 feet long) with sliding doors at each end (facing northwest and southeast); door clearance height of 35-40 feet; with two-story storage or office and restroom space along both sides of the hangar bay. The interior space leased consists of approximately 33,800 square feet including 27,050 square feet of ground floor space and 6,750 square feet of second floor space as outlined and designated on the floor plan attached hereto as **Exhibit B-4 and B-5**, which replaces Exhibits B-1 and B-2 to the 524 Lease and made a part hereof. The area being leased to Tenant does not include the Pilot’s Lounge or the public restroom. With the exception of an ADA compliant public restroom which is accessed from outside the Building and is not included in the Tenant’s leasehold, the Building is otherwise noncompliant with the Americans with Disabilities Act (“ADA”). The exterior area includes the area shown on **Exhibit A-1**, which replaces Exhibit A to the 524 Lease An easement is granted for ingress to and egress from the leased Premises for vehicles and the following rights, appurtenances, and easements and no others:

a) The nonexclusive use of certain portions of paved areas and parking lots as shown on **Exhibit A-1**. City reserves the right to designate alternate parking areas for Tenant's use. Tenant may, in a manner approved in advance and in writing by the City, mark or designate parking spaces for its use.

b) The furniture, furnishings, fixtures, and equipment, if any, to be set forth in the Schedule of Property attached hereto as **Exhibit C** and made a part hereof.

The foregoing rights shall terminate simultaneously on expiration or sooner termination of this Lease.

WHEREAS, Section 1.04 of the 524 Lease is hereby amended and restated to read in its entirety as follows:

1.04 Term. The term of this Lease ("Term") shall be effective on April 1, 2020 (the "Effective Date"). The Term shall continue for ten years following the Effective Date, to the "Expiration Date": ten years hence unless terminated earlier as provided herein.

WHEREAS, Section 1.06 of the 524 Lease is hereby amended and restated to read in its entirety as follows:

1.06 Option to Extend – Rent Payable. The monthly rent to be paid by the Tenant for the conditional four-year option will be increased by three- and one-half percent (3.5%) above the monthly rent payable in the final year of the Term as follows:

Rent for Year One of option to extend =	\$ 14,732.00 per month.
Rent for Year Two of option to extend =	\$ 15,247.00 per month.
Rent for Year Three of option to extend =	\$ 15,781.00 per month.
Rent for Year Four of option to extend =	\$ 16,333.00 per month.
Rent for Year Five of option to extend =	\$ 16,905.00 per month

WHEREAS, Section 4.02 of the 524 Lease is hereby amended and restated to read in its entirety as follows:

4.02 Rent: Initial Rent Amount. The monthly rent payable shall be \$10,857.00 (at the rate of \$0.33 per square foot, rounded to the nearest even dollar). Thereafter, for the first five years of the initial term the rent shall increase annually by two and one-half percent (2.5%) above the monthly rent payable in the prior year; commencing on the beginning of the sixth year, the rent shall increase by three and one-half percent (3.5%) above the rent payable in the prior year as follows:

Rent for Year One =	\$ 10,857.00 per month
Rent for Year Two =	\$ 11,128.00 per month
Rent for Year Three =	\$ 11,407.00 per month
Rent for Year Four =	\$ 11,692.00 per month
Rent for Year Five =	\$ 12,984.00 per month
Rent for Year Six =	\$ 12,404.00 per month
Rent for Year Seven =	\$ 12,838.00 per month.
Rent for Year Eight =	\$ 13,287.00 per month
Rent for Year Nine =	\$ 13,752.00 per month
Rent for Year Ten =	\$ 14,233.00 per month

Tenant shall also pay as additional rent, every month as provided above, the amounts set forth in Article 12 herein for utilities (water, sewer, and gas), trash collection and assessments. The rent payable under this Lease shall be triple net (*i.e.*, Tenant shall pay all of its operating expenses, insurance premiums and taxes including possessory interest tax). Rent and all net charges shall commence upon the Effective Date; and,

WHEREAS, all other terms of the current Lease Agreement remain unchanged and in full effect; and,

WHEREAS, anticipated annual rent revenue to the airport will be approximately \$130,284. Building lease rent revenue is recorded to FY 2018-19 Budget, Airport Operations Fund 555, Facilities Rents Building Rents, Account No. 555.000.000.00-5460.220.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Marina does hereby:

1. Adopting Resolution No. 2020- , approving Amendment No. 1 to the Lease Agreement between the City of Marina and Joby Aero Inc for expanded lease space at 761 Neeson Road (Building 524) at the Marina Municipal Airport; and
2. Authorizing Finance Director to make necessary accounting and budgetary entries; and
3. Authorizing City Manager to execute Lease Agreement Amendment No. 1, on behalf of the City, subject to final review and approval by City Attorney.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 1st day of December 2020, by the following vote:

AYES, COUNCIL MEMBERS: Medina Dirksen, Biala, Burnett, Berkley, Delgado

NOES, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: None

ABSTAIN, COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

**FIRST AMENDMENT TO LEASE BETWEEN
THE CITY OF MARINA AND JOBY AERO, INC.
FOR A PORTION OF BUILDING 524**

This First Amendment to Lease Between The City of Marina and Joby Aero, Inc. for a Portion of Building 524 (this "First Amendment") between the City of Marina("City") and Joby Aero, Inc, a Delaware corporation ("Tenant") is made this _____ day of December 2020.

Recitals

- A. On January 31, 2020, City and Tenant entered into that certain Lease between City and Tenant for a portion of Building 524 at the Marina Municipal Airport ("524 Lease") to provide for Tenant's occupancy and use of a portion of Building 524.
- B. Tenant has requested to expand its leasehold to dd additional square footage of currently unoccupied space within Building 524.
- C. Only the numbered paragraphs of the 524 Lease which are being amended are set forth in this Amendment. Capitalized terms used but not defined in this First Amendment shall have the meanings given to them in the 524 Lease.

Terms & Conditions

The above recitals are true, correct and incorporated herein by this reference.

Now, therefore, the parties agree to enter into this First Amendment, and to amend the 524 Lease effective as of the date first written above as follows:

- 1. Section 1.01 of the 524 Lease is hereby amended and restated to read in its entirety as follows:

"1.01 **Leased Premises.** City hereby leases to Tenant, and Tenant hereby leases from City a portion of the following described premises (the "Premises"), being a portion of the Marina Municipal Airport, located within Building Number 524 (the "Building" or "Building 524") located at 761 Neeson Rd., Marina, County of Monterey, California, as shown on **Exhibit B-3**, attached hereto and made a part hereof and which replaces Exhibit B to the 524 Lease. Building 524 is a steel framed structure with corrugated metal siding; large central hangar bay (approximately 130 feet wide, 150 feet long) with sliding doors at each end (facing northwest and southeast); door clearance height of 35-40 feet; with two-story storage or office and restroom space along both sides of the hangar bay. The interior space leased consists of approximately 33,800 square feet including 27,050 square feet of ground floor space and 6,750 square feet of second floor space as outlined and designated on the floor plan attached hereto as **Exhibit B-4 and B-5**, which replaces Exhibits B-1 and B-2 to the 524 Lease and made a part hereof. The area being leased to Tenant does not include the Pilot's Lounge or the public restroom. With the exception of an ADA compliant public restroom which is accessed from outside the Building and is not included in the Tenant's leasehold, the Building is otherwise noncompliant with the Americans with Disabilities Act ("ADA"). The exterior area includes the area shown on **Exhibit A-1**, which replaces Exhibit A to the 524 Lease An

easement is granted for ingress to and egress from the leased Premises for vehicles and the following rights, appurtenances, and easements and no others:

a) The nonexclusive use of certain portions of paved areas and parking lots as shown on **Exhibit A-1**. City reserves the right to designate alternate parking areas for Tenant's use. Tenant may, in a manner approved in advance and in writing by the City, mark or designate parking spaces for its use.

b) The furniture, furnishings, fixtures, and equipment, if any, to be set forth in the Schedule of Property attached hereto as **Exhibit C** and made a part hereof.

The foregoing rights shall terminate simultaneously on expiration or sooner termination of this Lease.

2. Section 1.04 of the 524 Lease is hereby amended and restated to read in its entirety as follows:

1.04 **Term.** The term of this Lease ("Term") shall be effective on April 1, 2020 (the "Effective Date"). The Term shall continue for ten years following the Effective Date, to the "Expiration Date": ten years hence unless terminated earlier as provided herein.

3. Section 1.06 of the 524 Lease is hereby amended and restated to read in its entirety as follows:

1.06 **Option to Extend – Rent Payable.** The monthly rent to be paid by the Tenant for the conditional four-year option will be increased by three- and one-half percent (3.5%) above the monthly rent payable in the final year of the Term as follows:

Rent for Year One of option to extend =	\$ 14,732.00 per month.
Rent for Year Two of option to extend =	\$ 15,247.00 per month.
Rent for Year Three of option to extend =	\$ 15,781.00 per month.
Rent for Year Four of option to extend =	\$ 16,333.00 per month.
Rent for Year Five of option to extend =	\$ 16,905.00 per month

4. Section 4.02 of the 524 Lease is hereby amended and restated to read in its entirety as follows:

4.02 **Rent: Initial Rent Amount.** The monthly rent payable shall be \$6,765.00 (at the rate of \$0.33 per square foot, rounded to the nearest even dollar) for the period from the Effective Date to and including November 30____, 2020. The monthly rent payable shall be \$10,857.00 for the period from and including December 1, 2020 to April 1, 2021. Thereafter, for the next four years of the initial term the rent shall increase annually by two and one-half percent (2.5%) above the monthly rent payable in the prior year; commencing on the beginning of the sixth year, the rent shall increase by three and one-half percent (3.5%) above the rent payable in the prior year as follows:

Rent for Year Two =	\$ 11,128.00 per month. (@2.5%)
Rent for Year Three =	\$ 11,407.00 per month. “ “

Rent for Year Four =	\$ 11,692.00 per month.”	“
Rent for Year Five =	\$ 11,984.00 per month.”	“
Rent for Year Six =	\$ 12,404.00 per month.(@3.5%)	
Rent for Year Seven =	\$ 12,838.00 per month.”	“
Rent for Year Eight =	\$ 13,287.00 per month.”	“
Rent for Year Nine =	\$ 13,752.00 per month ”	“
Rent for Year Ten =	\$ 14,233.00 per month “	“.

Tenant shall also pay as additional rent, every month as provided above, the amounts set forth in Article 12 herein for utilities (water, sewer, and gas), trash collection and assessments. The rent payable under this Lease shall be triple net (*i.e.*, Tenant shall pay all of its operating expenses, insurance premiums and taxes including possessory interest tax). Rent and all net charges shall commence upon the Effective Date.

4. Integration. This First Amendment and the 524 Lese represent the entire agreement concerning this subject matter and supersedes prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this First Amendment and the 524 Lease merge into this First Amendment and the 524 Lease.

5. Counterparts. This First Amendment may be executed in any number of counterparts and all of counterparts taken together shall be deemed to constitute one and the same instrument.

6. Authority. Each individual executing this Amendment represents and warrants that he or she is duly authorized to execute and deliver this Amendment and that this Amendment is binding in accordance with its terms.

Except as provided above, the Lease is in all other respects in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the date and year first written above.

CITY OF MARINA

JOBY AERO, INC.
a Delaware corporation

By: _____
Layne Long
City Manager

By: _____
JoeBen Bevirt
Chief Executive Officer

Date: _____

Date: _____

ATTEST: (Pursuant to Resolution 2020-____)

By: _____
Anita Shepherd-Sharp
Acting Deputy City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A-1

Plat of the Leased Premises showing Dimensions
Along the leasehold boundaries

EXHIBIT A



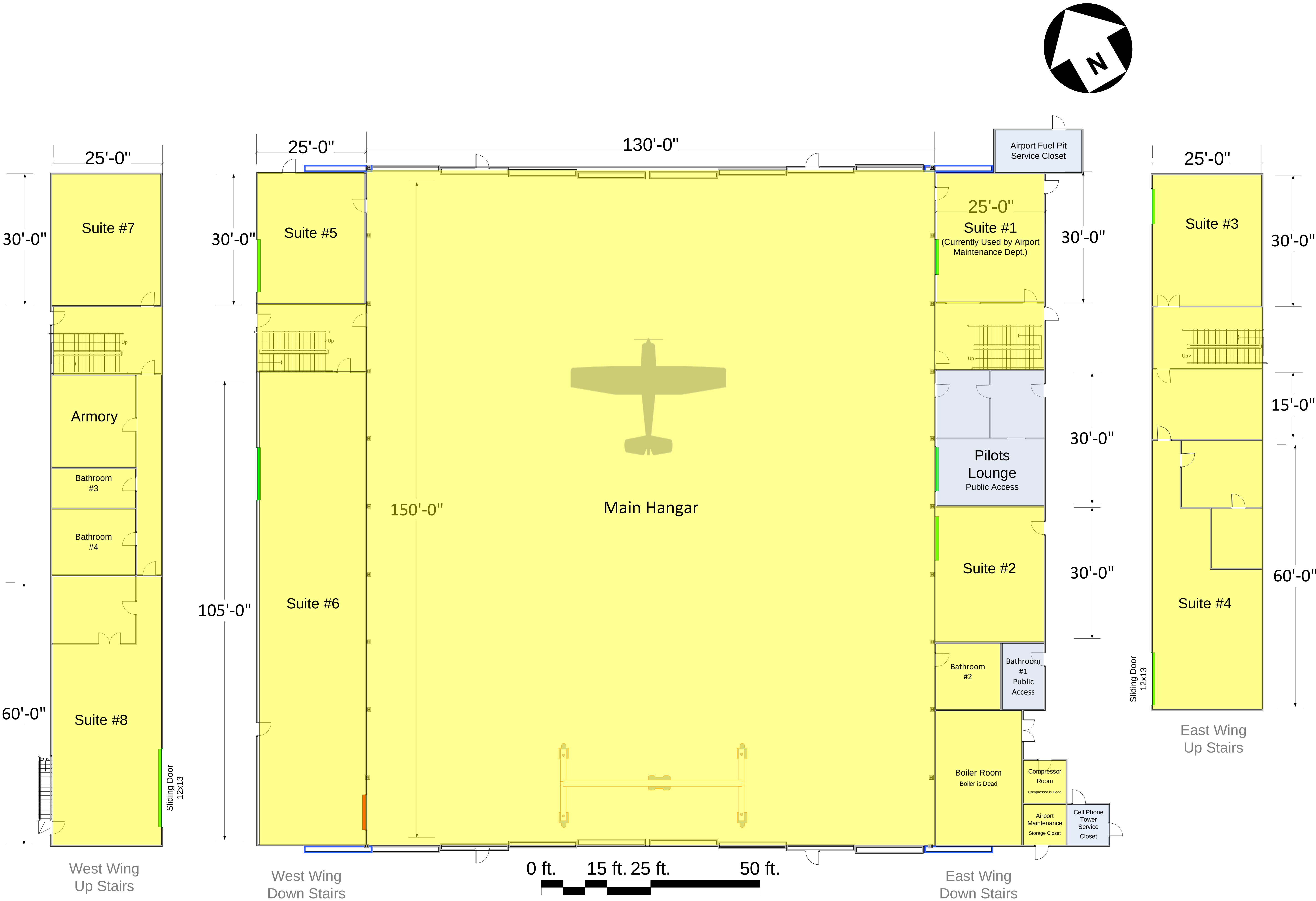
RED LINE IS BOUNDARY
OF THE LEASEHOLD

EXHIBIT B-1

Plat of interior space to be included in Building 524 Lease

Flight Test Hangar – Building 524

761 Neesan Rd.,Marina, CA. 93933



Building Notes:

- 1. Current Building Power 3Φ 208V 200A
- 2. 2nd floor is not ADA compliant
- 3. All Bathrooms except for #1 is not ADA compliant
- 4. Floor - broken asbestos tile glue and window putty
- 5. All window sealant will need to be replaced
- 6. No Heat in building

Areas:

- Main Hangar = 19,500 ft²
- Suite 1 = 750 ft²
- Suite 2 = 750 ft²
- Suite 3 = 750 ft²
- Suite 4 = 1,875 ft²
- Suite 5 = 750 ft²
- Suite 6 = 2,625 ft²
- Suite 7 = 750 ft²
- Suite 8 = 1,500 ft²

EXHIBIT B-2

List of floor space to be included in Building 524 Lease

Main Hanger floor

Suite 1

Suite 2

Suite 3

Suite 4

Suite 5

Suite 6

Suite 7

Suite 8

Armory

Boiler Room

Compressor Room

Airport Storage Room

Bathrooms 2 – 4

Accessory hallways and staircases

All totaling 32,900 square feet

November 20, 2020

Item No: **8g(1)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of December 1, 2020

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2020-,
APPROVING AMENDMENT NO. 1 TO THE LEASE AGREEMENT
BETWEEN THE CITY OF MARINA AND JOBY AERO, INC FOR
EXPANDED LEASE SPACE AT 761 NEESON ROAD (BUILDING 524) AT
THE MARINA MUNICIPAL AIRPORT, AUTHORIZING FINANCE
DIRECTOR TO MAKE NECESSARY ACCOUNTING AND
BUDGETARY ENTRIES, AND AUTHORIZING CITY MANAGER TO
EXECUTE LEASE AGREEMENT AMENDMENT NO. 1 ON BEHALF OF
THE CITY, SUBJECT TO FINAL REVIEW AND APPROVAL BY CITY
ATTORNEY**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2020- , approving Amendment No. 1 to the Lease Agreement between the City of Marina and Joby Aero Inc for expanded lease space at 761 Neeson Road (Building 524) at the Marina Municipal Airport; and
2. Authorizing Finance Director to make necessary accounting and budgetary entries; and
3. Authorizing City Manager to execute Lease Agreement Amendment No. 1, on behalf of the City, subject to final review and approval by City Attorney.

BACKGROUND:

On January 22, 2020, the City Council approved a Lease Agreement with Joby Aero, Inc. for 20,500 square feet of the existing 33,800 square foot former Army Hangar building located at 761 Neeson Road (Building 524). When this Lease Agreement was extended it was understood that the City and Airport staff would work with existing non-aviation tenants to relocate them to other leasable space at the airport that is suitable for non-aviation uses. This process was completed with the City Council approval of a Lease Agreement with Suddenlink Communications for Building 504 on October 2, 2020.

ANALYSIS:

Building 524 is a steel framed structure with corrugated metal siding; a large central hangar bay (approximately 130 feet wide, 150 feet long) with sliding doors at each end (facing northwest and southeast); door clearance height of 35-40 feet; and two-story storage or office and restroom space along both sides of the hangar bay. The Building is noncompliant with the Americans with Disabilities Act ("ADA")

The proposed Lease Agreement Amendment No. 1 would expand Joby's leased space to approximately 32,900 square feet including 26,150 square feet of ground floor space and 6,750 square feet of second floor space. All other terms of the Lease Agreement would remain unchanged.

Joby Aero, Inc. proposes to continue to utilize the lease space for the purposes of aircraft final assembly, flight systems installation, aircraft repairs, and flight vehicle preparation for test

operations. Joby operations require access to the runway/taxiway system for activities such as propulsion testing, antenna performance testing, and acoustics measurement testing. Joby will also be hover testing and flight-testing experimental vehicles from the Marina airport under the approval of the FAA and the airport manager. Lastly, the hangar space will also be use by Joby for aircraft storage.

The current Lease Agreement provides for:

- Base Term of 10 years and one conditional option period of five years.
- Market Rate Base Rent consistent with the recent Airport Rent Study completed in April 2016 which is approximately \$0.33 per square foot.
- Rent will increase annually by two and one-half percent (2.5%) annually for years 2-5 and will increase annually by three and one-half percent (3.5%) for years 6-10.

With the expansion in lease square footage from 20,500 square feet to 32,900 square feet, the Rent Payment schedule will be as follows:

Rent for Year One =	\$ 10,857.00 per month
Rent for Year Two =	\$ 11,128.00 per month
Rent for Year Three =	\$ 11,407.00 per month
Rent for Year Four =	\$ 11,692.00 per month
Rent for Year Five =	\$ 12,984.00 per month
Rent for Year Six =	\$ 12,404.00 per month
Rent for Year Seven =	\$ 12,838.00 per month.
Rent for Year Eight =	\$ 13,287.00 per month
Rent for Year Nine =	\$ 13,752.00 per month
Rent for Year Ten =	\$ 14,233.00 per month

Rent for Year One of option to extend =	\$ 14,732.00 per month.
Rent for Year Two of option to extend =	\$ 15,247.00 per month.
Rent for Year Three of option to extend =	\$ 15,781.00 per month.
Rent for Year Four of option to extend =	\$ 16,333.00 per month.
Rent for Year Five of option to extend =	\$ 16,905.00 per month

Staff is recommending approval of the proposed Lease Amendment No. 1 as it will create additional ongoing/reoccurring building lease revenue for the Airport and Joby Aero will continue to increase employment within the community.

FISCAL IMPACT:

Should the City Council approve this request, anticipated beginning annual rent revenue to the airport will be approximately \$ 130,284.00.

Building lease rent revenue is recorded to FY 2018-19 Budget, Airport Operations Fund 555, Facilities Rents Building Rents, Account No. 555.000.000.00-5460.220.

CONCLUSION:

This request is submitted for the City Council consideration and approval

Respectfully submitted,

Matt Mogensen
Assistant City Manager
City of Marina

REVIEWED/CONCUR:

Layne Long
City Manager
City of Marina