

RESOLUTION NO. 2022-144

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
APPROVING AMENDMENT NO. 2 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

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, on December 2, 2020, City and Joby Aero, Inc. entered into a First Amendment to the Original 524 Lease for additional square footage of leased space within Building 524. The Lease Agreement Amendment No. 1 expanded 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 remained unchanged; 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 leasehold to include 8,150 square footage of ground lease space south of Building 524 for the purpose of supporting a temporary aviation terminal building; and,

WHEREAS, Amendment No. 2 to the Lease Agreement expands the Joby Aero, Inc. leased space to include approximately 32,900 square feet including 26,150 square feet of ground floor space, 6,750 square feet of second floor space and 8,150 square feet of ground lease space; and,

WHEREAS, initial base lease rates under Amendment No. 2 to the Lease Agreement include a total rent of \$11,373 per month based on year two of the original lease term and the addition of the ground lease space at \$.03 per square foot. 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 \$136,476. 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. 2 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. 2, 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 6th day of December 2022, by the following vote:

AYES, COUNCIL MEMBERS: Visscher, Medina Dirksen, Biala, Delgado

NOES, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: None

ABSTAIN, COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

**SECOND AMENDMENT TO LEASE BETWEEN
THE CITY OF MARINA AND JOBY AERO, INC.
FOR A PORTION OF BUILDING 524 AND ADJACENT SOUTH RAMP AREA**

This Second Amendment (“Second Amendment”) between the City of Marina, a California municipal corporation (“City”) and Joby Aero, Inc., a corporation of the State of Delaware registered to do business in California (“Tenant”) is effective this ____ day of October 2022 (“Effective Date”) upon the following fact and circumstances.

Recitals

- A. On January 31, 2020, City and Tenant, collectively the parties, entered into that certain Lease between City and Tenant for a portion of Building 524 at the Marina Municipal Airport (“Original 524 Lease”) to provide for Tenant’s occupancy and use of a portion of Building 524.
- B. On December 2, 2020, City and Tenant entered into a First Amendment to the Original 524 Lease for additional square footage of leased space within Building 524 (“First Amendment”). The Original 524 Lease, as amended by the First Amendment and the Second Amendment, shall be referred to herein as the 524 Lease, which is incorporated herein as set forth in full.
- C. Tenant has requested to expand its leasehold to include 8,150 square footage of ground lease space south of Building 524 for the purpose of supporting a temporary aviation terminal building.
- D. The parties desire to amend the 524 Lease, provided below.

Now, therefore for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree the 524 Lease is hereby amended as follows:

Terms & Conditions

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

- 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 A2** attached hereto and made a part hereof. Exhibit A-2 attached hereto replaces Exhibit A-1 to the First Amendment. 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 consists of approximately 33,800 square feet, including 27,050 square feet of hangar, office and miscellaneous use space, located on the ground floor of

Building 524, as outlined and designated on the floor plan attached to the Lease as 6,750 square feet of second floor space as outlined and designated on the floor plan attached hereto as **Exhibits B-1 and B-2**, which replace Exhibits B-4 and B-5 to the First Amendment.

The Premises also include approximately 8,150 square feet of ground lease area south of Building 524 (“South Ramp Area”) that shall be used to house a temporary aviation terminal prefabricated structure, as shown on Exhibit A-2 attached hereto and made a part hereof.

The Premises being leased to Tenant does not include the Pilot’s Lounge or the public restroom. With the exception of an ADA compliant public restroom that is accessed from and is not included in the Tenant’s leased Premises, is otherwise noncompliant with the Americans with Disabilities Act (“ADA”).

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:

The nonexclusive use of certain portions of paved areas and parking lots as shown on **Exhibit A2**. 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.

The foregoing rights shall terminate simultaneously on expiration or sooner termination of Lease 524.

2. 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 five-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 =	\$ 15,055.00 per month.
Rent for Year Two of option to extend =	\$ 15,582.00 per month.
Rent for Year Three of option to extend =	\$ 16,127.00 per month.
Rent for Year Four of option to extend =	\$ 16,692.00 per month.
Rent for Year Five of option to extend =	\$ 17,279.00 per month.

3. 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. Beginning on April 1, 2021 through _____ the rent payable shall be \$11,128.00. Beginning on _____ and ending _____, the monthly rent payable shall be \$11,128.00 per month for 33,800 square feet of interior space (Year 2 of the 524 Lease at the rate of \$0.33 per square foot, rounded to the nearest

even dollar) and \$245 per month for 8,150 square feet of ground lease exterior space (at the rate of \$0.03 per square foot) for Tenant's use of the South Ramp Area. Beginning April 1, 2023, the rent shall be increased by two and a half percent and payable in the amount of \$11,657 (equal to year three listed below). Thereafter for the next two years of the 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 plus \$245.00. (@2.5%)
Rent for Year Three =	\$ 11,657.00 per month. " "
Rent for Year Four =	\$ 11,949.00 per month. " "
Rent for Year Five =	\$ 12,247.00 per month. " "
Rent for Year Six =	\$ 12,676.00 per month.(@3.5%)
Rent for Year Seven =	\$ 13,119.00 per month. " "
Rent for Year Eight =	\$ 13,579.00 per month. " "
Rent for Year Nine =	\$ 14,054.00 per month " "
Rent for Year Ten =	\$ 14,546.00 per month " "

Tenant shall also pay as additional rent, every month as provided above, the amounts set forth in Article 12 of the 524 Lease for utilities (water, sewer, and gas), trash collection and assessments. The rent payable under the 524 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. Definitions. Capitalized terms used but not defined in this Second Amendment shall have the meanings given to them in the 524 Lease.

5. Full Force and Effect. Except as provided in this Second Amendment, the 524 Lease remains unmodified and in full force and effect. If there is a conflict between this Second Amendment and the 524 Lease, the terms of the Second Amendment shall prevail.

6. Integration. This Second Amendment and the 524 Lease 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 Second Amendment and the 524 Lease merge into this Second Amendment, the First Amendment and the 524 Lease.

7. Counterparts. This Second 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.

8. 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 2022-____)

By: _____
Anita Sharp
Deputy City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A-2

Plat of the Leased Premises showing Dimensions
along the leasehold boundaries

Exhibit A

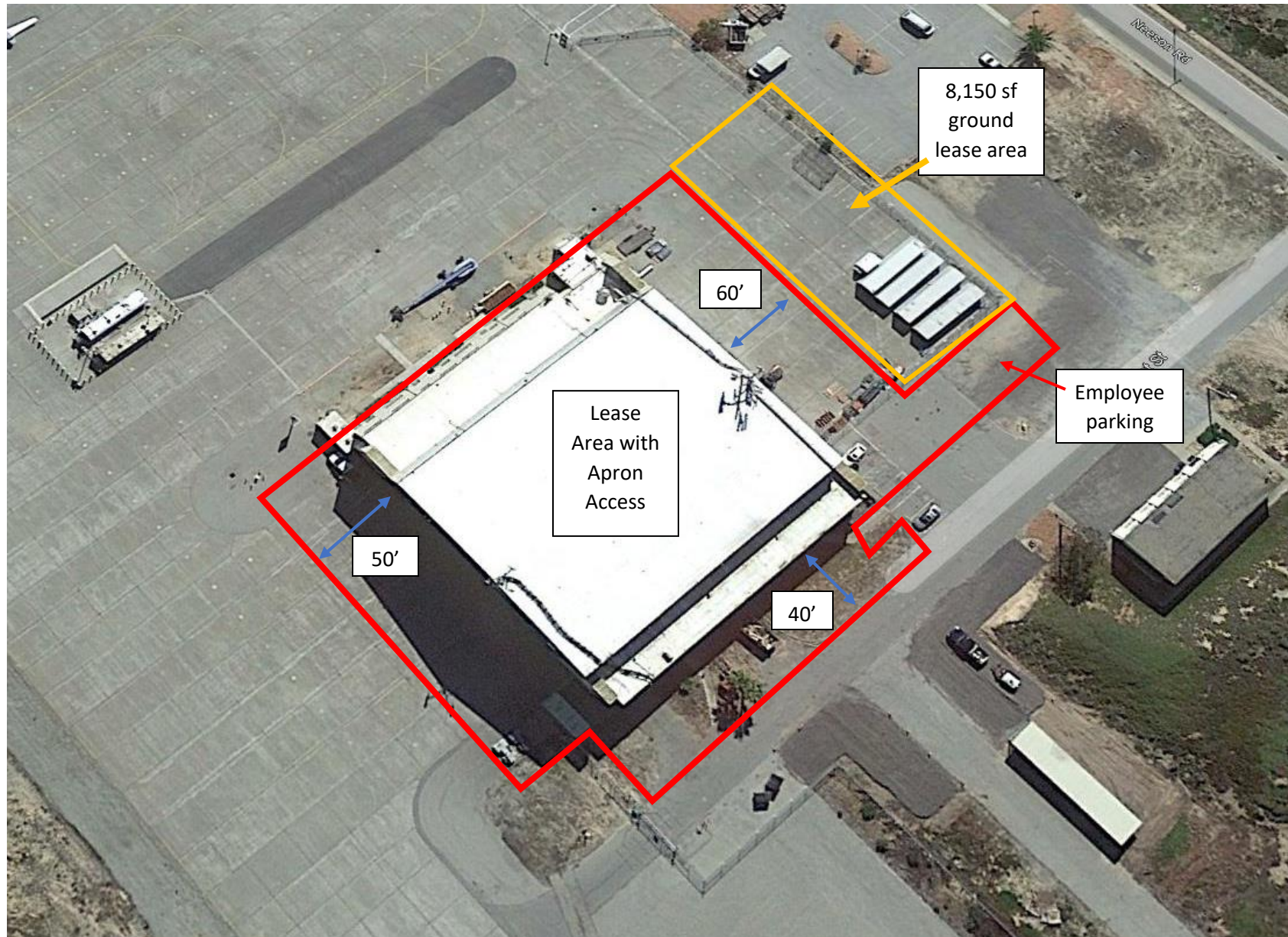


EXHIBIT B-1

Plat of interior space to be included in Building 524 Lease

Exhibit B

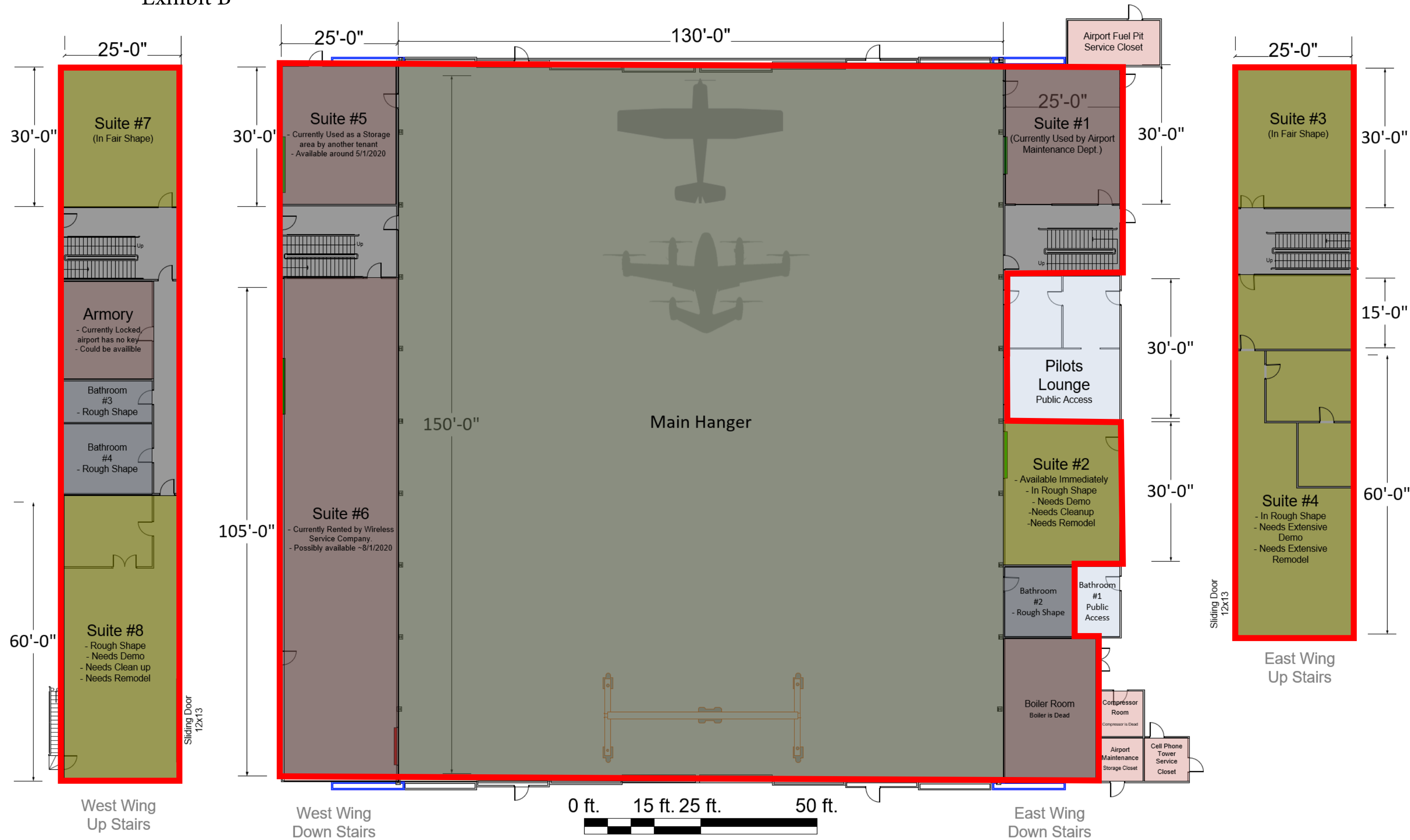


EXHIBIT B-2

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 28, 2022

Item No: **10g(1)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of December 6, 2020

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2022-,
APPROVING AMENDMENT NO. 2 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**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2022- , approving Amendment No. 2 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. 2, 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).

On December 2, 2020, City and Joby Aero, Inc. entered into a First Amendment to the Original 524 Lease for additional square footage of leased space within Building 524. The Lease Agreement Amendment No. 1 expanded 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.

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").

Joby Aero, Inc. has requested to expand its leasehold to include 8,150 square footage of ground lease space south of Building 524 for the purpose of supporting a temporary aviation terminal building.

All other terms of the Lease Agreement would remain unchanged. With the inclusion of the ground lease space contained in the proposed Amendment No. 2 to the Lease Agreement, the Agreement will include:

- Base Term of 10 years commencing in 2020 and one conditional option period of five years.

- Initial 2020 Market Rate Base Rent consistent with the recent Airport Rent Study completed in April 2016, which is approximately \$0.33 per square foot.
- Rent increases annually by two and one-half percent (2.5%) for years 2-5 and will increase annually by three and one-half percent (3.5%) for years 6-10.

With the proposed Amendment No. 2 to the Lease Agreement, the total leased square footage includes rent based on 32,900 square feet of hangar space at \$.33 per square foot and 8,150 square feet of ground lease space at \$.03 per square foot. Initial rent for Year 2 of the Agreement and the addition of the ground lease space will be \$11,373 per month. (**“EXHIBIT A”**)

Staff is recommending approval of the proposed Lease Amendment No. 2 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 \$136,476.00.

Building lease rent revenue is recorded to FY 2022-23 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