

CITY OF MOUNTAIN VIEW
RESOLUTION NO. 18813
SHORELINE REGIONAL PARK COMMUNITY
RESOLUTION NO. S-172
SERIES 2023

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOUNTAIN VIEW
AND OF THE SHORELINE REGIONAL PARK COMMUNITY BOARD OF DIRECTORS
AUTHORIZING THE CITY MANAGER OR DESIGNEE TO NEGOTIATE AND EXECUTE AN OPTION TO
LEASE AND GROUND LEASE WITH GOOGLE LLC FOR LOT C LOCATED AT ONE AMPHITHEATRE
PARKWAY FOR DISTRICT PARKING FOR A GROUND LEASE TERM OF UP TO 55 YEARS WITH
FOUR 10-YEAR OPTIONS TO EXTEND, CONSISTENT WITH THE APPROVED KEY TERMS

WHEREAS, the City of Mountain View is the owner of that certain real property located at One Amphitheatre Parkway that includes an outdoor entertainment venue known as the Shoreline Amphitheatre, related improvements and facilities, and several surface parking lots, including a parking lot commonly referred to as Parking Lot C located on a portion of the Amphitheatre site and parcel at One Amphitheatre Parkway in the City of Mountain View (said portion referred to herein as "Lot C"); and

WHEREAS, Lot C is currently ground leased to Live Nation, the Amphitheatre operator, under a ground lease for the Amphitheatre site, which lease will expire on or before December 31, 2030; and

WHEREAS, on January 25, 2022, the City Council adopted a resolution determining and declaring Lot C to be surplus land, and the City thereafter initiated and completed the required process to comply with the Surplus Land Act (Act), including issuance of a notice of availability in accordance with the Act and submittal of all required information and documentation to the California Department of Housing and Community Development (HCD) at the conclusion of the process, which HCD formally approved; and

WHEREAS, Google LLC has requested a long-term ground lease of up to 55 years with four 10-year options (for a total of up to 95 years) of Lot C to construct a parking garage or garages for the implementation of district parking for the nonresidential uses (i.e., office, commercial) of its proposed North Bayshore Master Plan project (Application No. PL-2021-181). The Master Plan is being considered for approval concurrently with the ground lease and would allow, on a 153-acre site, up to 3.11 million square feet of office, 233,990 square feet of ground-floor retail, and 55,000 square feet of community space in addition to a substantial number of new residential units, parks and open space, and an optional district utilities system, as described in more detail in the Master Plan and related approvals; and

WHEREAS, under Mountain View City Code (“City Code”) Section 2.90, the City may enter into ground leases of City property that exceed 55 years if the ground lease provides for periodic review and the City Council adopts certain findings specified in Section 2.90, which findings are included in this Resolution; and

WHEREAS, the proposed use of Lot C for district parking is part of the Master Plan project that was described and analyzed in the Subsequent Environmental Impact Report (SEIR) prepared for the project, which SEIR the City Council certified by separate resolution on June 13, 2023; now, therefore, be it

RESOLVED: that the City Council of the City of Mountain View and the Shoreline Regional Park Community Board of Directors finds:

1. The proposed lease and development on the site are consistent with the City of Mountain View General Plan, and there is no applicable Precise Plan as the site is outside the adjacent North Bayshore Precise Plan area.

2. The property is not now needed for other public purposes, except for those purposes and uses that are incorporated into the proposed lease (e.g., police operations station and public parking).

3. The term of the lease, including options to extend, is in the best interest of the City because a long-term lease is necessary to facilitate the construction of district parking garages on the site to support the implementation of a substantial residential/commercial mixed-use master plan on a 153-acre site that is planned to be implemented in multiple phases over decades, and these garages will, moreover, provide public parking, Amphitheatre parking, and space for a police operations center. Further, the development potential of Lot C is otherwise limited due to several property constraints, including its proximity to sensitive habitat, a closed landfill, and the Bay.

4. This particular lease offers the greatest economic return to the City when compared to other proposals, if any, because the lessee will pay fair-market value and include a police operations station and public parking in addition to providing parking for Amphitheatre events.

5. A determination that entering into the lease without engaging in a competitive bid process is in the best interest of the City because the purpose of the parking structure on Lot C is to support district parking for the North Bayshore Master Plan, which implements the vision of the North Bayshore Precise Plan to create complete neighborhoods, including a substantial number of new residential units to complement existing and proposed nonresidential uses, and new parks and open space; and be it

FURTHER RESOLVED: that the key terms for an option to ground lease and ground lease Lot C set forth in the term sheet attached hereto as Exhibit A are approved; and be it

FURTHER RESOLVED: that the City Manager/Community Manager or designee is authorized to negotiate and execute the following agreements, consistent with the key terms approved in Exhibit A, an option agreement to ground lease, and a ground lease agreement for Lot C to be developed for district parking purposes as part of the North Bayshore Master Plan.

The foregoing resolution was regularly introduced and adopted at a Regular Meeting of the City Council of the City of Mountain View and a Special Meeting of the Mountain View Shoreline Regional Park Community, duly held on the 13th day of June 2023, by the following vote:

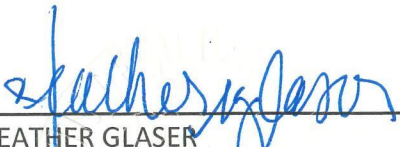
AYES: Councilmembers/Boardmembers Abe-Koga, Kamei, Matichak, Ramirez, Ramos, Vice Mayor/Vice President Showalter, and Mayor/President Hicks

NOES: None

ABSENT: None

ATTEST:

APPROVED:

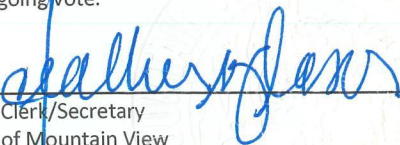


HEATHER GLASER
CITY CLERK/SECRETARY



ALISON HICKS
MAYOR/PRESIDENT

Pursuant to Mountain View Charter § 709(b), I do hereby certify that the foregoing is an original or a correct copy of the Resolution passed and adopted by the City Council of the City of Mountain View at a Regular Meeting and the Mountain View Shoreline Regional Park Community at a Special Meeting held on the 13th day of June 2023 by the foregoing vote.



City Clerk/Secretary
City of Mountain View
Mountain View Shoreline Regional Park Community

DP/2/RESO/807-06-13-23r-2

Exhibit: A. Term Sheet

TERM SHEET
Shoreline Amphitheatre Lot C

Option Property	±8.4 acres (area shown shaded in gray on Exhibit A). Google shall also have use of the areas adjacent to the Option Property, the details of which shall be memorialized in the Ground Lease (defined below).
Lot C	The combination of the areas shown in light green and gray on Exhibit A.
Option Fee	\$1 per year, payable within 10 business days following mutual execution of a written agreement which affords Google the option to lease Option Property (the "Option Agreement") and annually thereafter during the Option Term (defined below).
Option Term	Subject to the Live Nation Lease (defined below), the period from mutual execution of the Option Agreement until the end of the first term of the North Bayshore Master Plan Development Agreement ("Development Agreement"), estimated to be July 1, 2038 ("Initial Option Term"), subject to: (i) an automatic extension of the Option Term until the end of the extended term of the Development Agreement, estimated to be July 1, 2053, if the Development Agreement is so extended and Google has previously exercised the Option in one or more, but not all, phases ("Automatic Option Term Extension"); or (ii) an extension, as provided in "Option Term Extension" below.
Option Term Extension	<p>Provided that Google has not previously exercised the Option in one or more, but not all, phases (in which case the Automatic Option Term Extension shall apply), and if Google is entitled to and timely requests an additional 15-year "Term Extension" under Development Agreement Section 2.2, Google may exercise up to two additional one-year Option Term Extensions (each an "Option Term Extension") without having to obtain City consent, provided Google has submitted to the City prior to the expiration of the Initial Option Term a zoning permit application that includes at least the first phase of the garage ("Zoning Application") and request for an extension. Upon a valid exercise of each Option Term Extension, the Initial Option Term shall be extended by one year each.</p> <p>If Google is not entitled to or does not timely request an additional 15-year "Term Extension" under Development Agreement Section 2.2 or is entitled to and requests such an extension but did not timely submit a zoning application, there is no Option Term Extension right.</p>

If the parties elect, in their sole discretion, to negotiate new option terms after expiration or termination of the Option, all business terms are subject to renegotiation, including starting rent and rent adjustments under any subsequent Ground Lease.

Should Google exercise an Option Term Extension (or be entitled to an Automatic Option Term Extension), Google shall pay to the City an annual Extension Payment (as defined below). The "Extension Payment" shall mean an extension fee initially equal to \$250,000 as of July 1, 2023, subject to 2% annual increases thereafter. For the avoidance of doubt, the Extension Payment shall be a one-time fee for each one-year extension. The Extension Payment will be waived for each year that the Interim Lease (described below) is in effect for the Option Property.

Additionally, if Google exercises its option during an Option Term Extension, then the Initial Adjusted Rent (as defined below) under the applicable Ground Lease shall be Fair-Market Rent (as defined below).

Google will agree to execute a recordable quitclaim if the Option Term terminates without an Option exercise for the entire Option Property.

Exercise of Option Google may exercise its option to lease the Option Property either in its entirety or in one or more phases (not to exceed a total of four phases). Google will have some flexibility on phasing, but must take down phases in agreed order(s) intended to assure untaken phases are contiguous and have direct access to the Amphitheatre. The Ground Lease shall include a phasing plan to show the take-down order. If Google desires to exercise its option with respect to all or a portion of the Option Property, Google shall provide the City with at least 90 days' prior written notice ("Exercise Notice"), and the Exercise Notice shall designate the Lease Commencement Date (as defined below) and the area of the Option Property to be leased by Google. Following the initial exercise of its option to lease, Google shall retain the option to subsequently lease any remaining portion(s) of the Option Property during the Option Term and any Option Term Extensions, pursuant to the terms set forth herein.

Ground Lease If Google provides the Exercise Notice with respect to all or any phase of the Option Property (as applicable, the "Leased Premises"), the parties shall enter into a Ground Lease (or amendment to any existing Ground Lease that has previously been executed pursuant to the Option Agreement) with respect to the applicable Leased Premises in a form attached to the Option Agreement (as applicable, the "Ground Lease" or "Ground Lease Amendment").

Lease Term

The Ground Lease shall commence on the date that the Ground Lease is mutually executed (which shall be the date designated in the Exercise Notice, which shall be no later than 180 days thereafter) (“Lease Commencement Date”) and shall have an initial term of 55 years from the first Lease Commencement Date with four 10-year extension periods. Any subsequent Ground Lease or Ground Lease Amendment shall be coterminous with the term (and all Rent Adjustments and Periodic Adjustments, as defined below) of the first Ground Lease. Notwithstanding the foregoing, in no event shall any Ground Lease commence before the expiration or earlier termination of the existing lease of the Option Property by the existing tenant, Live Nation (“Live Nation Lease”). The Option Agreement shall stipulate that the City may not extend or modify the Live Nation lease for Lot C beyond December 31, 2030.

Construction

If Google exercises an option regarding a particular phase, Google shall have the obligation to construct a parking garage of up to 4,330 spaces on the Leased Premises (prorated for any phase). The number of required stalls for any phase shall be roughly proportionate to the percent of the total Option Property included in the applicable Option Exercise (such percentage of Option Property, “Prorated Share”). For example, if Google exercises an Option for 25% of the Option Property, Google shall be expected to construct approximately 1,083 parking stalls (based on 4,330 total stalls). Following City approval of Exhibit B, the City shall acknowledge that it approves Google’s conceptual plans for the parking garage as shown on the attached Exhibit B are acceptable to the City, provided that Google acknowledges that its development is subject to the North Bayshore Precise Plan, North Bayshore Master Plan, applicable mitigation measures (burrowing owls, etc.), and the City’s standard land use approval and permitting processes. The Ground Lease will include a milestone schedule to ensure Google actually completes garage construction within three years of each applicable Lease Commencement Date (subject to customary force majeure).

Annual Rent

The initial annual Ground Lease rent during the Construction Period is \$1 per year for each Ground Lease (regardless of the number of Ground Leases or phasing) due upon each anniversary of the Lease Commencement Date.

Upon the Rent Adjustment Commencement Date (as defined below), the annual rent shall increase to the then-applicable Annual Rent, to be established as outlined in “Annual Increases” below (the “Initial Adjusted Rent”).

If the Leased Premises is less than all of the Option Property, then the Annual Rent shall be prorated by garage phase, based upon the Prorated Share of the then applicable Initial Adjusted Rent.

**Rent Adjustment
Commencement
Date**

The "Rent Adjustment Commencement Date" is the earlier of: (a) Google's receipt of the Certificate of Occupancy for the applicable phase of parking garage on the Leased Premises; or (b) the three-year anniversary of the Lease Commencement Date for the applicable phase of parking garage on the Leased Premises.

Annual Increases

As of each anniversary of the Option Agreement execution, the Annual Rent (for the full lot) shall be the sum of \$1,500,000, escalated by one-half percent (0.5%) compounded per annum from July 1, 2023 through June 30, 2034, and one and one-quarter percent (1.25%) compounded per annum from July 1, 2034 through June 30, 2035, when the annual increases shall increase to two percent (2%) compounded per annum from each July 1 through the next June 30. The annual increases shall remain at 2% compounded per annum throughout the Lease Term except for two Periodic Adjustments (as defined below) at the beginning of Years 21 and 41 of the Lease Term (but not less than the Annual Rent that would have resulted in the absence of the Periodic Adjustment). For clarity, as of the Rent Adjustment Commencement Date for any Ground Lease (whether during the Initial Option Term or thereafter), Google shall pay the sum of the then-applicable Annual Rent (as calculated herein) times the Prorated Share. For any phases for which Google has not exercised an option, the annual Option Fee of \$1 or the Extension Fee, as applicable (as described above), will be the only payment due.

**Periodic
Adjustments**

Unless Google has previously exercised its Option to Prepay, the Initial Adjusted Rent shall adjust to fair-market value on the first day of the twenty-first (21st) year following the first Lease Commencement Date and on the first day of the forty-first (41st) year following the first Lease Commencement Date. The fair-market value ("Fair-Market Value") shall be equal to fair-market rental value determined pursuant the criteria to be established in the Ground Lease, provided that the fair-market value evaluation shall: (i) not include any value attributable to any improvements performed on the Leased Premises by Google; (ii) (subject to below) take into account the City's rights to use the garage and the City's current appraisal criteria upon which the Initial Adjusted Rent was based ("City Appraisal"); (iii) not contemplate alternative uses other than the Permitted Use (defined below); and (iv) use the same methodology for determining rental rates as the City Appraisal. With respect to (ii) above, the initial ratio of value of: (x) each City right to use the garage (Police Center, Public Parking Rights, and Event Parking Rights); to (y) the

total appraised value, shall be determined, and provided that in fact the City continues to receive all of such right, the ratios shall remain constant through all Periodic Adjustments. As long as an Annual Rent (including Capped Periodic Adjustment if applicable) would result in a greater Annual Rent than would result by only applying the applicable Annual Increase, in no case, however, shall the Periodic Adjustment for Year 21 exceed one hundred sixty-five and one-half percent (165.5%) (the "Capped Periodic Increase") times \$1,500,000, and the Periodic Adjustment for Year 41 shall not exceed one hundred sixty-five and one-half percent (165.5%) above the rent paid in Year 21. In the event that a Periodic Adjustment or Capped Periodic Adjustment would result in a lower Annual Rent than would result by only applying the applicable Annual Increase, the Periodic Adjustment (and Capped Periodic Adjustment if applicable) will be disregarded.

Extension Rent Rent for the four 10-year Ground Lease extension periods shall be equal to fair-market rental value as of the commencement of each extension period determined pursuant to the criteria to be established in the Ground Lease, based on the same criteria as "Periodic Adjustments" (without the one hundred sixty-five and one-half percent (165.5%) cap).

Operating Costs As of the Lease Commencement Date of the Ground Lease, Google shall be responsible for all possessory interest taxes, insurance costs, and all other costs attributable to the applicable Leased Premises during the Lease Term, except for those costs directly attributable to City Use, as defined below, for which the City shall be responsible. Google shall pay its proportionate share of maintenance costs for the common use area (e.g., those areas shown on Exhibit A which are not the Leased Premises).

Termination Right The City shall have no termination rights during the term of the Ground Lease, other than in the event of a material default by Google. Google may terminate the Ground Lease, in whole or in part, at any time, and at no cost, by providing no less than 12 months' prior written notice. Google will not be entitled to any refund of prepaid rent following a Google termination unless such termination is a direct result of any City default under its obligations under the Ground Lease.

Abandonment Upon expiration of the Lease Term (or any earlier termination other than failure to complete construction of a garage), Google shall have no obligation to remove any improvements performed by Google to the Premises or the adjacent areas, and the garage shall become the property of the City.

Option to Prepay With between 150 and 120 days' prior written notice, Google shall have the option during the lease term to elect to prepay, on any anniversary of an Annual Increases date, the remaining lease payments for the remainder of the then-applicable lease term (i.e., Google may not prepay extension term rent during the initial term, the second extension option term rent during the first extension option term, etc.). The prepayment shall be calculated by taking the net present value of the remaining annual lease payments, taking into account all Annual Increases and Periodic Adjustments (assuming the Capped Periodic Increase adjustment(s) if applicable), discounted based on the average of the preceding 24-monthly average 10-year T-Bill rates at the time Google notifies the City of its prepayment election, plus a 2% premium, provided the prepayment discount rate shall be no less than 5.5% nor greater than 8.5%. All Ground Lease prepayments shall be irrevocable and nonrefundable for any reason, including Google default (except in the event of a material City default). Failure to timely pay any prepayment terminates the prepayment, and Google must go through the process again if it wishes to prepay.

Construction Period Parking At times other than during Event Parking Google agrees that, before complete build-out of the entire 4,330-stall garage(s), it shall provide the City, at no cost and subject to the limits and hours set forth below, use of the amount of displaced stalls on Lot C (up to 1,050 stalls) either (at Google's election) from some or all of garage spaces, Option Property subject to the Interim Lease, or in a location within North Bayshore to be mutually determined by the City and Google for use during Amphitheatre events. Use of the stalls will be documented on a mutually acceptable form of parking license. The City may sublicense its rights to use such parking spaces to the Amphitheatre operator or anyone else which is directly or indirectly involved with the Amphitheatre parking operations.

(For avoidance of doubt: before commencement of any garage construction, through the Interim Lease or otherwise, there must always be at least 1,050 stalls on Lot C for the purposes described in this clause.)

Transfers and Assignment Google shall have the right to convey, assign, or transfer all of its right, title, and interest in and to all or any part of the Option Property and/or the Leased Premises (a "Transfer") provided the garage will at all times be operated and maintained as a single facility. In addition, Google shall have the rights to a Transfer upon the same terms and definitions, as applicable, in Article 10 of the North Bayshore Master Plan Development Agreement. The lease will clarify Google's rights under this paragraph.

City Use

The first phase of the garage that is built to accommodate parking for new Google office development (“Garage Office Use”) shall contain a 2,000 square foot area and 10 adjacent parking spaces for use by the City to construct, at the City’s sole cost, a police operations station (“Police Center”), under a triple-net sublease structure with base rent of \$1 per year, to be documented on a mutually agreed sublease form.

In addition, should Google construct any phase for Garage Office Use, upon completion of such phase, the City shall have the following rights:

Public Parking Rights: Other than the weekend days where Event Parking Rights occur (as outlined below), the City shall be allowed to use up to 250 parking spaces (at full build-out of the garage, or pro rata by phase) at no cost to the City, for use by the public on: (i) weekdays after 6:00 p.m. PST until 1:00 a.m.; and (ii) weekends and public holidays from sunrise until 1:00 a.m., to be documented on a mutually acceptable form of parking license agreement.

Event Parking Rights: The City shall have the right to use or assign its rights to the Amphitheatre operator, anyone else which is directly or indirectly involved with the Amphitheatre parking operations, or others (to be further specified in the lease) to use on: (i) 20 weekdays starting at 4:00 p.m.: (a) up to 1,750 parking spaces on weekdays other than Fridays; and (b) up to 2,500 parking spaces on Fridays; and (ii) up to 4,330 parking spaces for 40 Saturday or Sunday events with no restrictions on the hours of use, to be documented on a mutually agreeable parking license agreement form (collectively, the number of events and times shall be known as “Event Parking”). Should the parking garage be constructed in phases, the City’s use rights shall be prorated based on the number of office parking stalls constructed divided by 4,330. The City may sublicense its rights to use such parking spaces to the Amphitheatre operator. With respect to the uses in (i)(a) and (i)(b) above, the City shall provide at least 90 calendar days’ prior written notice of any days for which those spaces are needed, and with respect to the uses in (ii) above, the City shall give Google at least 30 calendar days’ prior written notice of any days for which those spaces are needed. The City agrees to provide Google on an annual basis the published schedule of events at such time as the Amphitheatre operator provides the same to the City.

Permitted Use

Parking and district parking for Google’s potential office development pursuant to the North Bayshore Precise Plan and North Bayshore Master Plan. The City shall acknowledge that Google’s parking garage use for district parking, together with City’s Police Center and 10 parking spaces,

plus public parking (including the 250 spaces and additional spaces for events on nights and weekends) is expressly permitted in the public facility zone.

Adjacent Areas The Ground Lease shall include terms regarding Google’s nonexclusive right to use those perimeter areas surrounding the Leased Premises, including obligations of the City to maintain these areas for certain uses and in good condition as shown on Exhibit A.

Interim Lease The City and Google intend to execute an interim lease (the “Interim Lease”) at the same time as the execution of the Option Agreement, which will afford Google the right to lease Lot C after expiration or earlier termination of Google’s parking sublease under the Live Nation Lease (“Parking Sublease”) and before Google’s election to exercise the rights afforded to Google in the Option Agreement. Google’s base rent under the Interim Lease will be \$930,000 escalated at two percent (2%) compounded per annum from July 1, 2023, prorated as applicable for partial terminations or Option exercises, etc. Google may terminate the Interim Lease (in whole or in part) on six months’ written notice. Subject to Google’s Option rights, following any Interim Lease termination, the City may lease or license the applicable portion of Lot C in its sole discretion with right to terminate with not more than 90 days’ notice.

Amendment to City Parking Consent The City and Google intend to execute an amendment to the April 4, 2017 Consent to Parking Sublease and Subtenant Recognition Agreement, amending the annual Consent Consideration, effective July 1, 2023, to \$930,000, escalated at two percent (2%) compounded per annum from and after July 1, 2023.

- Exhibits: A. Option Property
B. Google’s Conceptual Garage Plan

Exhibit A
Option Property
(±8.4 acres; only the area shown in gray below)



Exhibit B Google's Conceptual Garage Plan

