

CITY OF MOUNTAIN VIEW  
RESOLUTION NO.  
SERIES 20\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOUNTAIN VIEW APPROVING BUSINESS TERMS FOR AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO EXECUTE AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT AND AMENDED AND RESTATED GROUND LEASES BETWEEN THE CITY OF MOUNTAIN VIEW AND RGC MOUNTAIN VIEW I, LLC, FOR THE DEVELOPMENT OF HOPE STREET LOTS 4 AND 8; MAKING FINDINGS FOR THE GROUND LEASES TO EXCEED FIFTY-FIVE YEARS; AND FINDING THAT THE APPROVAL DOES NOT CONSTITUTE A PROJECT PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, in 2016, following a Request for Proposals and Request for Qualifications process, the City of Mountain View (City) selected The Robert Green Company as the developer and authorized the City Manager to execute a Disposition and Development Agreement and ground leases with The Robert Green Company for the development of City-owned Parking Lots 4 and 8 on Hope Street for development of a mixed-use hotel/office development to generate ongoing revenue for the City; and

WHEREAS, the City and RGC Mountain View I, LLC (Developer), an affiliate to The Robert Green Company, entered into that certain Disposition and Development Agreement Hope Street dated as of May 25, 2017 (DDA), authorized by Minute Order on May 17, 2016; and

WHEREAS, the DDA called for the City to ground lease to Developer Hope Street Lots 4 and 8 for the development of an approximately 180-room full-service hotel and an approximately 52,725 square foot Class A office building as well as replacement public parking (Project); and

WHEREAS, prior to the City delivering the ground leases to Developer, Developer, pursuant to the terms of the DDA, was obligated to meet certain performance milestones associated with the development of the Project, including meeting all conditions for the issuance of a building permit to the Project as evidenced by the City's issuance of a Notice of Intent; and

WHEREAS, the City issued a Notice of Intent on September 29, 2021. Pursuant to Section 12.5 of the DDA, on December 22, 2021, Developer delayed the conveyance of the property under the ground leases and the closing of a construction loan (Closing) based on a determination that Economic Feasibility Factors had occurred, and the City accepted Developer's determination. Developer's Financing Extension pursuant to Section 12.5 was due to expire on June 21, 2025; and

WHEREAS, Section 9.6(10) of the Original DDA grants the City the right to extend the date for the Closing as needed for Developer to satisfy the conditions to Closing if the Financing

Extension is invoked and Economic Feasibility Factors are satisfied less than nine (9) months prior to the expiration of the Financing Extension; and

WHEREAS, Developer requested an extension to meet the conditions of Closing, including obtaining the necessary entitlements for the Project as well as addressing other changes needed for the Project to meet changed market conditions; and

WHEREAS, on June 10, 2025, the City Council approved the First Amendment to the DDA to extend the Financing Extension invoked by Developer to March 31, 2026; and

WHEREAS, the City and Developer wish to amend the DDA and ground leases to revise the parking requirement for the Project to address changed market conditions, to update Developer performance requirements and timeline to address the delays that have occurred, and to update the economic terms of the transaction consistent with the Business Terms in Exhibit A (attached hereto and incorporated herein) to reflect changed market conditions; and

WHEREAS, the term of the proposed amended and restated ground leases (amended ground leases) has not changed since the Council's prior approval; and

WHEREAS, prior to approval of the DDA and the ground leases, the City Council made the findings required by Mountain View City Code Section 2.90 for ground leases that exceed fifty-five (55) years; and

WHEREAS, the terms of the ground leases have not changed in a manner that changes the findings required by Mountain View City Code Section 2.90 and the Council seeks to reaffirm such findings made in Resolution No. 18052 (adopted by the City Council on May 17, 2016); and

WHEREAS, the amendments to the DDA and the ground lease do not alter the scope of the Project which continues to consist of an approximately 180-room full-service hotel and an approximately 52,725 square foot Class A office building as well as replacement public parking and pursuant to Government Code Section 54234 disposition of the property to the Developer must occur no later than December 31, 2027; and

WHEREAS, approval of the amended and restated DDA (amended DDA) and amended ground leases is not a project under Section 15378 of the CEQA Guidelines (Title 14, Cal. Code Regs., Section 15000, *et seq.*) because the approval of the amended DDA and the amended ground leases does not constitute an irrevocable commitment by the City to the Project because the City has not approved the entitlements necessary for the Project to proceed, and the City has reserved its rights to condition or reject the Project during the entitlement process after completion of the appropriate CEQA review; now, therefore, be it

RESOLVED: that the City Council of the City of Mountain View finds the lease and development of Hope Street Lots 4 and 8 consistent with the amended DDA and the amended ground leases are in the best interest of the City; and be it

FURTHER RESOLVED: pursuant to Mountain View City Code Section 2.90, the City Council hereby reaffirms the findings made in Resolution No. 18052 (adopted by the City Council on May 17, 2016); and

FURTHER RESOLVED: that the City Council approves the Business Terms for the amended DDA and amended ground leases as listed in Exhibit A; and be it

FURTHER RESOLVED: that the City Manager or designee is authorized to execute the amended DDA and amended ground leases consistent with the Business Terms in Exhibit A; and be it

FURTHER RESOLVED: that the City Manager or designee is authorized to execute future written amendments or modifications to the amended ground leases if: (i) the financial impact of the amendment or modification does not exceed \$250,000; or (ii) the amendments or modifications are nonmonetary in nature and, in the City Manager's sole discretion, nonmaterial in light of the Project as a whole.

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Exhibit: A. Business Terms

**Business Terms  
Hope Street Lots 4 and 8  
Amended and Restated Disposition and Development Agreement (DDA)  
and Ground Leases**

**LOT 4 HOTEL**

***Site Development***

- **Hotel Building** - Five-story Hotel providing approximately 180 rooms and, at a minimum, a fitness center, approximately 5,000 square feet of indoor meeting and event space, and approximately 7,500 square feet of food and beverage space open to the public, including a rooftop hospitality terrace.
- **Parking** - No parking will be provided on site. A minimum of sixty (60) parking spaces for hotel use shall be provided through shared parking agreements with nearby properties. Developer to pay \$6.6 million to City for the replacement of the existing public parking on Lot 4 unless an alternate means of providing the replacement parking has been approved by City Council.
- **Construction Standard** - Hotel shall be designed and constructed in accordance with the requirements of the Leadership in Energy and Environmental Design (LEED) rating system, and shall qualify, if the Hotel were formally reviewed, to a minimum performance level of LEED Gold (certification is not required). All other Leasehold Improvements to be constructed on Lot 4 in accordance with the terms and conditions of the Planned Community Permit.

***Hotel Operations***

- Hotel shall be an Upper Upscale or higher Qualified Hotel Brand.
- Developer entered into a Memorandum of Agreement (MOA) with UNITE HERE Local 19 establishing a process for UNITE HERE to organize hotel employees in 2018, which remains in effect. The amended hotel ground lease will acknowledge this MOA and include a requirement that enhanced access to hotel employees for labor-organizing activities and an expedited union voting process be provided should the MOA be terminated prior to the Hotel beginning operations.

***Performance Requirements***

Except to the extent extended by a Force Majeure Event or delay by the City, Developer shall:

- Submit Planned Community Permit application for the Hotel no later than 120 days after the Effective Date of the Amended DDA.
- Submit Building Permit application no later than 180 days after Planned Community Permit approval.
- Submit copies of the Signed Franchise Agreement or Franchise and Hotel Management Agreement between Developer and a Qualified Hotel Brand, a signed Hotel Management Agreement between Developer and a Qualified Operator if the Brand is not operator of the Hotel, and signed Shared Parking Agreement(s) at time the Building Permit application is submitted to City.
- Close on a construction loan or loans for construction within ninety (90) days after the date City provides Permit Issue Letter for the Building Permit.
- Start construction no later than five months after City provides Permit Issue Letter for the Building Permit.
- Complete construction and obtain Certificate of Occupancy no later than 24 months after starting construction.

***Lease Term***

- The close of escrow for the lease (Lease Effective Date) shall occur on the earlier of December 15, 2027, or within 90 days after the date City issues the Permit Issue Letter for the Building Permit.
- Lease Commencement Date is the date upon which the Developer pays all fees for the issuance of the Building Permit. Lot 4 will continue to be used for public parking following the Lease Effective Date until construction starts.
- Lease term is 55 years, with four 10-year renewal options, for a total of 95 years from Commencement Date.

**Financial Terms**

Provision	Term
<b>Transient Occupancy Tax (TOT) and Surcharge</b>	
<b>TOT Rebate to Tenant</b>	<ul style="list-style-type: none"> <li>• 100% of current 10% TOT rate for Operating Years 1-15.</li> <li>• Should TOT rate be increased, City to receive any amount in excess of the current 10% rate.</li> <li>• Rebate expires after 15 years or upon reaching \$20.8 million net present value using a 10% discount rate, whichever comes first.</li> </ul>
<b>3% Hotel Room Surcharge</b>	<ul style="list-style-type: none"> <li>• DDA to acknowledge that hotel operator may add a surcharge and other fees to the sale or rental of guest rooms, and up to a 3% surcharge will not be included in hotel revenues for purposes of calculating TOT or ground rent.</li> </ul>
<b>Lease Revenue</b>	
<p><b>Minimum Base Rent</b></p> <p><i>(to be paid if percentage rent is less than the minimum base rent)</i></p>	<ul style="list-style-type: none"> <li>• Annual Minimum Base Rent:            Operating Years 1 to 5 – \$0            Operating Year 6 – \$231,750            Operating Year 7 – \$238,500            Operating Year 8 – \$246,000            Operating Year 9 – \$253,500            Operating Year 10 – \$261,000</li> <li>• Commencing Operating Year 11 – Base rent to increase by Consumer Price Index (CPI) annually.</li> <li>• Base Rent Reset:            Starting in Operating Year 11 and every fifth year thereafter, the base rent will be reset. It will be the greater of the base rent of the prior year inflated by CPI or the annual average of 75% of actual rent paid during the prior five years with the following adjustments to step-up the ground rent:            Operating Year 11 – multiply resultant base rent amount by 2            Operating Year 16 – multiply resultant base rent amount by 1.5            Operating Year 21 – multiply resultant base rent amount by 1.33            Operating Year 31 – multiply resultant base rent amount by 1.125.</li> </ul>

Provision	Term
<b>Percentage Rent</b>	<ul style="list-style-type: none"> <li>• Annual percentage of gross revenues:            Operating Years 1-5 – 0%            Operating Years 6-10 – 1%            Operating Years 11-15 – 2%            Operating Years 16-20 – 3%            Operating Years 21-30 – 4%            Operating Years 31+ – 4.5%</li> </ul>
<b>Bonus Rent</b>	<ul style="list-style-type: none"> <li>• Operating Years 1-10 – 5% of cumulative excess revenues compared to Pro Forma through Year 10</li> <li>• Operating Years 11+ – 5% of annual excess revenues compared to Pro Forma projections</li> </ul>
<b>Participation Rent</b>	<ul style="list-style-type: none"> <li>• On First Sale – Gross Proceeds:            0% of gross proceeds up to \$150 million            1% of gross proceeds for increment between \$150 million and \$200 million            2% of gross proceeds for increment above \$200 million</li> <li>• On Future Sales – 2% of Gross Proceeds</li> <li>• On Future Refinancing – 2% of Net Proceeds</li> <li>• 0% if DDA/Lease Assigned (Sold) to another developer prior to issuance of building permit.</li> </ul>
<b>Other Financial Terms</b>	
<b>Lot 4 Replacement Parking</b>	Pay \$6.6 million prior to issuance of Building Permit. Developer may propose an alternative means of providing the replacement parking prior to issuance of Building Permit. Approval of any such alternative proposal is solely at the discretion of the City Council.
<b>Unpaid 2022 Building Fees</b>	Pay \$324,485 for past due Building Permit fees when Planned Community Permit application is submitted.

Provision	Term
<b>Deferral of Housing, Water &amp; Sewer Capacity, and Transportation Impact Fees</b>	Pay these Impact Fees prior to receiving final occupancy.

**Lot 8 Office Building Development**

***Site Development***

- **Office Building** - Class A Office Building consisting of approximately 52,725 square feet on four levels with approximately 2,725 square feet of ground floor street front retail and 50,000 square feet of office space.
- **Parking** - Approximately 110 subterranean parking spaces providing replacement parking for the existing public parking and parking for the Office Building.
- **Construction Standard** – Office Building shall be designed and constructed in accordance with the requirements of the LEED rating system, and shall qualify, if the Office Building were formally reviewed, to a minimum performance level of LEED Gold (certification is not required). All other Leasehold Improvements to be constructed on Lot 8 in accordance with the terms and conditions of the Planned Community Permit.

***Performance Requirements***

- No later than December 31, 2028, Developer shall submit a notice of intent to submit a Planned Community Permit application for the Office Building within 180 days of the date of the notice of intent.
- Within 60 days of City receipt of Developer’s notice of intent, the City and Developer shall meet to review the proposed Office Building description, including any potential changes to the size of the building, amount of parking to be provided, and/or the lease (including any potential adjustments to ground rents based on current market rates and land values for comparable office space), and to develop the detailed project application and development review, Improvement Plans, and building permit timelines.

Except to the extent extended by a Force Majeure Event or delay by the City, Developer shall:

- Submit Planned Community Permit application for the Office Building no later than 180 days after submitting notice of intent.
- Submit Building Permit application no later than 330 days after Planned Community Permit approval.
- Close on a construction loan or loans for construction within 90 days after the date City provides Permit Issue Letter for the Building Permit.
- Start construction no later than five months after City provides Permit Issue Letter for the Building Permit.
- Complete shell and core of the Office Building and open the public parking within 30 months of starting construction and obtain Certificate of Occupancy no later than 36 months after starting construction.

***Lease Term***

- The close of escrow for the lease (Lease Effective Date) shall occur on the earlier of December 15, 2027, or within 90 days after the date City issues the Permit Issue Letter for the Building Permit.
- Lease Commencement Date is the date upon which the Developer pays all fees for the issuance of the Building Permit. Lot 8 will continue to be used for public parking following the Lease Effective Date until construction starts.
- Lease term is 55 years, with four 10-year renewal options, for a total of 95 years from Commencement Date.
- Should the Hotel not be constructed due to City or Developer termination of the DDA and Lot 4 Hotel Ground Lease, the Lot 8 Office Building Ground Lease shall also terminate and the Office Building development will not proceed.

**Financial Terms**

Rent Type	Term
<p><b>Minimum Base Rent</b></p> <p><i>(to be paid if percentage rent is less than the minimum base rent)</i></p>	<ul style="list-style-type: none"> <li>• Base rent commences on Commencement Date of Office Lease (payment of fees for building permit).</li> <li>• Annual Minimum Base Rent:            Construction Year 1 – \$312,000            Construction Year 2 – \$468,000            Construction Year 3 – \$520,000            The above listed amounts to increase by CPI annually from the effective date of the amended DDA until start of Construction Year 1.</li> <li>• After Construction Year 3/Operating Year 1, Base Rent to increase by CPI annually.</li> <li>• Base Rent Reset – Starting in Operating Year 6 and every fifth year thereafter, the base rent will be reset. It will be the greater of the base rent of the prior year inflated by CPI or the annual average of 75% of actual rent paid during the prior five years.</li> </ul>
<p><b>Percentage Rent</b></p>	<ul style="list-style-type: none"> <li>• Annual percentage of gross revenues:            Operating Years 1-20 – 10.0%            Operating Years 21-30 – 10.5%            Operating Years 31+ – 11.0%</li> </ul>
<p><b>Bonus Rent</b></p>	<ul style="list-style-type: none"> <li>• Operating Years 1-10 – 5% of cumulative excess revenues compared to Pro Forma through Year 10.</li> <li>• Operating Years 11+ – 5% of annual excess revenues compared to Pro Forma projections.</li> </ul>
<p><b>Participation Rent</b></p>	<ul style="list-style-type: none"> <li>• On Sale – 1% on First Sale and 2% on Future Sales based on Net Proceeds.</li> <li>• On Future Refinancing – 2% of Net Proceeds.</li> </ul>