



BOARD OF SUPERVISORS AGENDA ITEM REPORT
CONTRACTS / AWARDS / GRANTS

☐ Award ☒ Contract ☐ Grant

Requested Board Meeting Date: July 6, 2021

** = Mandatory, information must be provided*

or Procurement Director Award ☐

***Contractor/Vendor Name/Grantor (DBA):**

World View Enterprises, Inc. ("Tenant").

***Project Title/Description:**

Second Amendment to Lease-Purchase Agreement for the building located at Aerospace Parkway.

***Purpose:**

Restructure lease payments and adjust Option Price at the end of the Term, to facilitate World View in its effort to return its workforce to pre-pandemic employment levels and to adjust the salary and employment requirements to better reflect World View's expected future operation.

***Procurement Method:**

Exempt per Section 11.04.020

***Program Goals/Predicted Outcomes:**

Restructure lease payments to allow time for laid off workforce to ramp back up. Adjust Option Price.

***Public Benefit:**

Continued availability of higher than average annual salaries and increased job opportunities and all the associated economic benefits of job growth.

***Metrics Available to Measure Performance:**

Growth of employment opportunities and higher salaries.

***Retroactive:**

No.

TO: COB 6-30-21 (1)
Vers.: 5
pgs.: 3

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Contract / Award Information

Document Type: _____ Department Code: _____ Contract Number (i.e., 15-123): _____
Commencement Date: _____ Termination Date: _____ Prior Contract Number (Synergen/CMS): _____
☐ Expense Amount: \$* _____ ☐ Revenue Amount: \$ _____

***Funding Source(s) required:**

Funding from General Fund? ☐ Yes ☐ No If Yes \$ _____ % _____

Contract is fully or partially funded with Federal Funds? ☐ Yes ☐ No

If Yes, is the Contract to a vendor or subrecipient?

Were insurance or indemnity clauses modified? ☐ Yes ☐ No

If Yes, attach Risk's approval.

Vendor is using a Social Security Number? ☐ Yes ☐ No

If Yes, attach the required form per Administrative Procedure 22-10.

Amendment / Revised Award Information

Document Type: CTN Department Code: FM Contract Number (i.e., 15-123): 16-145
Amendment No.: 2 AMS Version No.: 5
Commencement Date: 7/6/2021 New Termination Date: 12/31/2036
Prior Contract No. (Synergen/CMS): _____
☐ Expense or ☒ Revenue ☐ Increase ☒ Decrease Amount This Amendment: \$ (\$1,438,333.32)

Is there revenue included? ☐ Yes ☐ No If Yes \$ _____

***Funding Source(s) required:**

Funding from General Fund? ☐ Yes ☐ No If Yes \$ _____ % _____

Grant/Amendment Information (for grants acceptance and awards) ☐ Award ☐ Amendment

Document Type: _____ Department Code: _____ Grant Number (i.e., 15-123): _____
Commencement Date: _____ Termination Date: _____ Amendment Number: _____
☐ Match Amount: \$ _____ ☐ Revenue Amount: \$ _____

***All Funding Source(s) required:**

*Match funding from General Fund? ☐ Yes ☐ No If Yes \$ _____ % _____

*Match funding from other sources? ☐ Yes ☐ No If Yes \$ _____ % _____

*Funding Source: _____

***If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?** _____

Contact: Kevin Button

Department: Facilities Management Telephone: 520-724-8230

Department Director Signature/Date: [Signature] 6/29/2021

Deputy County Administrator Signature/Date: [Signature] 6/29/2021

County Administrator Signature/Date: [Signature] 6/29/21
(Required for Board Agenda/Addendum Items)

Pima County Department of Facilities Management

Lease: 1805 E. Aerospace Parkway

Tenant: World View Enterprises, Inc.

Contract No.: CTN FM 16*145

Contract Amendment No.: 02

Orig. Contract Term: 12/23/2016 – 12/22/2036
Termination Date Prior Amendment: N/A
Termination Date This Amendment: 12/31/2036

Orig. Amount: \$23,625,000.00 Rev.
Prior Amendments Amount: \$1,225,000.00 Rev.
This Amendment Amount: (\$1,438,333.32 Rev.)
Revised Total Amount: \$23,411,666.68 Rev.

SECOND AMENDMENT

The parties agree to amend the above-referenced lease agreement as follows:

1. Background and Purpose.

- 1.1. County and World View Enterprises, Inc. ("**World View**") previously entered into the above referenced lease agreement, which was effective as of January 19, 2016 (the "**Original Agreement**" and, as revised, the "**Lease Agreement**"). Capitalized terms used in this Second Amendment that are not defined have the meanings assigned by the Lease Agreement.
- 1.2. After construction of the facility to be leased was completed, World View and County amended the Original Agreement to establish the Commencement Date of the lease's Term as well as the final square footage and rent amount.
- 1.3. The Lease Agreement requires World View to pay a total of \$24,850,000 in rent over its 20-year term.
- 1.4. County and World View also entered into an agreement (the "**Purchase Option**"), dated January 19, 2016, under which World View has the right to purchase the improved Building Parcel for a nominal amount after paying all sums due over the Term of the Lease Agreement. The parties recorded a Memorandum of Option Agreement in the Office of the Pima County Recorder, sequence no. 20160970576.
- 1.5. Pursuant to the Lease Agreement, County and World View also entered into an agreement (the "**Right of First Refusal**"), dated January 19, 2016, encumbering an adjacent parcel of County-owned property. The parties recorded a Memorandum of Right of First Refusal in the Office of the Pima County Recorder, sequence no. 20160970577.
- 1.6. World View developed and has been in the process of commercializing a proprietary high-altitude balloon technology.

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Revised 4/12/21

- 1.7. The Covid-19 pandemic that struck in the first quarter of 2020 disrupted World View's progress and forced it to lay off most of its employees. It paid approximately 1/3 of its rent for 2020.
 - 1.8. World View is in the process of ramping its work back up and anticipates being able to employ 100 people by the end of 2021. In order to facilitate that, World View has asked to restructure its lease payments to keep them lower in the near term.
 - 1.9. The Board of Supervisors finds that facilitating World View's pandemic recovery will enhance the economic welfare of the County as a whole. And, by restructuring the rent over the remainder of the Term, and adjusting the Option Price at the end of the Term, as set forth in this Amendment, Pima County's economic return is the same as under the Original Agreement.
2. **Term.** The Term of the Lease Agreement is, for administrative convenience, extended from December 23, 2036, to December 31, 2036.
 3. **Employment Targets.** The Employment Targets set forth in Section 4, and Exhibit E, of the Original Agreement are adjusted as follows:

Year	Required Number of FTE Employees	Required Average Annual Salary
2022	125	\$60,000
2023 – 2032	25 more than the year before	\$65,000
2033 – 2036	400	\$70,000

4. **Rent.** World View will pay Rent for the remainder of the Term as follows:
 - 4.1. From the effective date of this Second Amendment through September 2021: \$25,000 per month.
 - 4.2. October 2021 through June 2022: \$75,000 per month.
 - 4.3. July 2022 through December 2022: \$80,000 per month.
 - 4.4. The annual rent for 2023 will be \$1,020,000 (\$85,000 per month). Every year thereafter—2024 through the end of the term—the annual rent will be \$60,000 more than the year before.
 - 4.5. In addition to restructuring the rent due under the Original Agreement, this replaces all prior agreements regarding payment of back due amounts.
5. **Purchase Option.** The Purchase Option is amended as follows:
 - 5.1. The First Option Term and First Option Price (as defined in the Purchase Option) are hereby eliminated.
 - 5.2. The Second Option Price is \$5,000,000.

6. **Right of First Refusal.** The Right of First Refusal is hereby terminated. The parties will, within 30 days after the Board's approval of this Amendment, execute and record a memorandum providing notice of the termination.

All other provisions of the Lease Agreement not specifically changed by this Amendment remain in effect and are binding upon the parties.

PIMA COUNTY

Sharon Bronson
Chair, Board of Supervisors

Date

ATTEST

Julie Casteneda
Clerk of the Board

Date

APPROVED AS TO FORM

Victoria Buchinger
Deputy County Attorney

Victoria Buchinger
Print DCA Name

June 25, 2021
Date

WORLD VIEW ENTERPRISES, INC.

Authorized Officer Signature

Printed Name and Title

Date

APPROVED AS TO CONTENT

Lisa Josker
Lisa Josker, Facilities Management Director

6/29/2021
Date

6. Right of First Refusal. The Right of First Refusal is hereby terminated. The parties will, within 30 days after the Board's approval of this Amendment, execute and record a memorandum providing notice of the termination.

All other provisions of the Lease Agreement not specifically changed by this Amendment remain in effect and are binding upon the parties.

PIMA COUNTY

Sharon Bronson
Chair, Board of Supervisors

Date

ATTEST

Julie Casteneda
Clerk of the Board

Date

APPROVED AS TO FORM

Deputy County Attorney

Print DCA Name

Date

WORLD VIEW ENTERPRISES, INC.

DocuSigned by:
Ryan M Hartman
B94745E1FAAB48A...

Authorized Officer Signature
Ryan M Hartman, President & CEO

Printed Name and Title

6/29/2021

Date

APPROVED AS TO CONTENT

Lisa Josker, Facilities Management Director

Date