



1050 West Tower Avenue  
Alameda, CA 94501

April 21, 2022

To: City of Alameda  
Care of John McManus  
Cushman & Wakefield  
555 12<sup>th</sup> Street, Suite 1400  
Oakland, CA 94607

Dear John,

It is with great excitement that we submit Sairdrone's term sheet for the lease of the facility at 2175 Monarch Street ("Building 19"), Alameda CA 94501.

Before diving into the terms of the proposal, we would first like to (re-) introduce Sairdrone. Sairdrone designs and manufactures wind and solar powered autonomous surface vehicles, which make cost-effective ocean data collection possible at scale. At Sairdrone, we sustainably explore, map and monitor the oceans to understand, preserve, and protect our world. We work with governments, civic agencies, foundations, universities, and private companies around the globe to drive better information about our oceans and seas - be it in sailing drones into the eye of a Category 4 hurricane to obtain new scientific storm data, mapping out the ocean floor, collecting new CO2 data in hard-to-reach areas, counting biomass to establish fishing quotas, or detecting and stopping illegal fishing and drug trafficking.

As a result of our work, we have been selected as one of Fast Company's "Most Innovative Companies for 2022", we were chosen as one of the "Forbes Top 10 Wonders of 2021", as well as the Smithsonian Institute's "Top 10 Ocean Stories of 2021", New York Times' "Top 21 Things that happened (for the first time) in 2021", and Popular Science's "100 Greatest Innovations of 2021". In addition, our Founder & CEO, Richard Jenkins, was honored as the Navy League of the United States Albert A. Michelson award winner during the Secretary of the Navy luncheon at the 2022 Sea-Air-Space Exposition. Such accolades demonstrate that Sairdrone is the world leader in oceangoing autonomous surface vehicles, providing unrivaled payload, range, and reliability from an uncrewed system - our vehicles collect data that provides unprecedented intelligence for climate, mapping, and maritime security applications and have sailed over 750,000 nautical miles and spent more than 17,000 days at sea. We are backed by top-tier investors in the frontier-tech and sustainability sectors, including Social Capital, Capricorn, Lux Capital, BOND Capital, and Emerson Collective.

Most importantly, Sairdrone is a long-term, existing tenant of the City of Alameda, with our headquarters located in Building 12 (1050 West Tower Avenue, Alameda

CA 94501) - a 0.3 mile (or 5 minute) walk from Building 19. As an existing tenant, we have an unblemished record with the City of Alameda, including:

- Hiring >50 Alameda residents to work at Saildrone (and an additional 50 Oakland residents who commute to Alameda daily)
- Timely payment of all financial obligations, including rent and deferred rent obligations, utilities, stormwater fees, and applicable property taxes
- Investment in our building, including a complete overhaul of our South Side second floor portion, including all necessary permits; completion of required sewer lateral upgrades; and significant investment in replacing and repairing the building roof
- Attention to and compliance with all relevant requirements for safety and building codes

Saildrone's business is booming. We have recently closed a \$100M Series C round, and have used those funds to fuel our growth in advance of tremendous demand by the US government as well as commercial entities. We have grown our workforce from 65 at the start of COVID to 135 currently, and are planning for additional growth to 250 employees by the end of 2022. Our Building 12 facility serves as our international headquarters, and houses all parts of our organization - ranging from engineering to production, mission operations, marketing, and general & administrative support services. As we continue to expand, we will shortly fill the capacity available in Building 12. We believe that Building 19, as outlined in the "Use" portion of our proposal (below) will allow us to move the R&D, executive, marketing, and G&A functions into more appropriate facilities, and will therefore allow us to focus Building 12 exclusively on production, assembly, service, quality assurance, and mission management functions.

With that context, we are proposing the following terms in line with the Proposal received from you, dated March 10, 2022:

<b>Premises:</b>	2175 Monarch, Building 19. An approximate 16,888 square foot office building and 3,993 square foot shed, for a total of approximately 20,881 square feet in two buildings.
<b>Tenant:</b>	Saildrone, Inc. ("Saildrone")
<b>Landlord:</b>	The City of Alameda, a charter city and municipal corporation
<b>Use:</b>	The premises shall be used as an extension of Saildrone's current headquarters, located at 1050 West Tower Avenue ("Building 12"). Specifically, we envision Building 19 - which consists mainly of offices and conference rooms - would serve to house our Design organization (hardware engineering, software engineering, and dev ops) as well as our Executive Officer offices and our Marketing and General & Administrative groups (including finance, accounting, HR, IT, and other associated services). We believe the office configuration in Building 19

would be optimal for small-group collaboration, especially across our various software engineering and hardware engineering groups – and we believe that the adjacent shed facility would be an ideal space for locating our Machine Shop, which would be used by our Hardware Engineering group in its design and development of new drone models.

**Lease Commencement:** Upon approval by the Alameda City Council, the date of which approval shall be deemed to be the effective date of the ordinance approving the Lease as required by the City Charter.

**Lease Term:** The initial lease term shall be set thru August 31, 2027 in order to align with the first extension term of our Building 12 lease; the lease would include a renewal provision for an additional sixty (60) month period at the termination of the initial term in order to align with the 2<sup>nd</sup> extension term for Building 12.

**Security Deposit:** The Company’s audited financials for 2019 and 2020 are attached, and have been audited by Deloitte to PCAOB standards. The 2021 financials are in the process of being audited, and have been attached as unaudited financial statements.

**Rent:** Rent shall be paid on a Net basis with Tenant responsible for payment of their possessory tax obligations, casualty insurance, general commercial liability insurance and all costs of facility maintenance. Rent shall be paid on the following NNN schedule:

<u>Months:</u>	<u>Rent Per Month</u>
1-12	\$ 31,321.50 (\$1.50/SF)

Base Rent will increase three percent (3.0%) annually on the anniversary of the Lease Commencement Date.

**Business License:** Saildrone has a current business license with the City of Alameda, and is in good standing. The Company is up-to-date with all required permits for its current building, as well as rent and utility payments.

**Prevailing Wage Requirement:** Tenant acknowledges that we are in compliance with Alameda’s Prevailing Wage Law and Requirements.

**Alameda City Council Approval:** Tenant acknowledges that any lease term longer than 12 months will require Alameda City Council Approval.

**Tenant Improvements:** Landlord to deliver the Premises in “as-is” condition. Any repairs or modifications to the leased Premises necessary for Tenant’s use or occupancy will be at the sole cost and expense of Tenant.

**Signage:** Tenant shall be allowed to place identity signage on the premises, subject to landlord approval. All signage will be provided by Tenant at their sole cost and expense.

**Zoning:** Tenant at their sole and absolute discretion shall determine the suitability of the zoning at the Premises for their proposed use.

**Tenant's Insurance:** Tenant confirms that we carry appropriate insurance levels which meet or exceed City of Alameda requirements for Commercial General Liability, Workers Compensation, and Property, and that our policies already have named the City of Alameda and River Rock Realty as additional insured's

**Confidentiality:** The material contained herein is confidential. It is intended for the use of Tenant and Landlord solely in determining whether they desire to enter into a lease and is not to be copied nor disclosed to any other person. In the event Tenant or Landlord does not enter into the contemplated transaction, they will continue to keep such information and material confidential.

**Financial Review:** This proposal is made subject to Landlord's review and approval of Tenant's financial condition.

**Brokerage Agency Disclosure:** With regard to the proposed lease between the City of Alameda as Landlord and Saildrone, Inc. as Tenant, Cushman & Wakefield of California, Inc., a California corporation ("C&W"), as the Selling Agent, makes the following disclosure: C&W exclusively represents the Landlord, and does not act on behalf of Tenant.

The undersigned acknowledge and agree with the above disclosure and consent to the agency relationship specified.

**Brokerage Commission:** Both Landlord and Tenant acknowledge that Tenant is not represented by a broker, and that Cushman & Wakefield of California, Inc. is Landlord's exclusive broker and that no other real estate broker or agent is entitled to or can claim a commission in connection with this lease.

**Non-Binding Letter of Intent/Subject to Lease Approval/Execution:** This letter is only a proposal to negotiate and is neither an offer nor a contract. This proposal is only a list of the above terms and conditions that may or may not become a part of the final Lease. This proposal is not intended to be binding or to impose any obligations whatsoever on either party, including any obligation to bargain in good faith. No covenants are implied. The parties do not intend to be bound by an agreement until both parties have executed a formal written Lease contract. Landlord retains the right to review multiple offers to lease concurrently and Landlord shall not be prohibited from negotiating with other parties to lease the same Premises until a formal written Lease contract is fully executed by both parties.

In addition, this letter is submitted subject to review and acceptance of the final terms and conditions of the Lease and related documents. Nothing contained herein shall be binding on either party unless and until such documents are approved, fully executed and exchanged by



1050 West Tower Avenue  
Alameda, CA 94501

time, and will not by doing so incur any additional obligations or liability.

Any lease document shall be subject to Alameda City Council final approval. Until such time as Alameda City Council approval has occurred the parties are not bound by any agreement.

We are excited to submit our terms in response to your proposal, and look forward to providing further information as necessary to support our candidacy with the City Council.

Sincerely,

A handwritten signature in blue ink, appearing to read "RJ", followed by a horizontal line and a few small marks.

Richard Jenkins, CEO  
Saildrone, Inc.