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11-15-16
(O-2017-61)

ORDINANCE NUMBER O- 20754 (NEW SERIES)

DATE OF FINAL PASSAGE NOV 17 2016

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING AND DIRECTING THE MAYOR, OR HIS DESIGNEE, TO EXECUTE, DELIVER AND ADMINISTER THAT CERTAIN THIRD AMENDMENT TO LEASE BETWEEN I & G 525 B STREET, INC., A DELAWARE CORPORATION, AND THE CITY OF SAN DIEGO, WHICH AUTHORIZES THE CITY TO EXPAND THE SPACE IT LEASES AT 525 B STREET AND EXTEND THE TERM OF ITS ORIGINALLY LEASED SPACE SO THAT THE TERM FOR ALL THE LEASED SPACE TERMINATES AS OF THE SAME DATE; AND AUTHORIZING THE EXPENDITURE OF FUNDS FOR THE RENT FOR THE NEWLY LEASED EXPANSION SPACE AND FOR THE RENT FOR THE EXPANDED TERM OF THE PREVIOUSLY LEASED SPACE.

WHEREAS, on July 9, 2013, the Council of the City of San Diego authorized by ordinance that certain Office Lease (Original Lease) for office space at 525 B Street, San Diego, California (Property), between Hines 525 B Street LP (Hines) and the City of San Diego (City), on file with the Office of the City Clerk as Document No. OO-20273; on December 9, 2013, the Council authorized a First Amendment to said Original Lease (First Amendment), on file with the Office of the City Clerk as Document No. OO-20324; and on June 2, 2015, the Council authorized a Second Amendment to said Original Lease (Second Amendment) (hereinafter, the Original Lease, the First Amendment and the Second Amendment shall be referred to jointly as the "Lease"); and

WHEREAS, since Hines sold the Property to I & G 525 B Street, Inc., a Delaware corporation (I & G), I & G has succeeded Hines as the landlord of the Property; and

WHEREAS, I & G and City have agreed to amend the Lease for a third time (Third Amendment) to, among other things, allow City to lease portions of the 7th and 9th floors of the Property, containing 17,739 square feet (Expansion Space), and to extend the Term of the Lease

by two years (Lease Extension) so that the Term for the office space already authorized under the Lease and the Term under the Lease Extension for the Expansion Space will terminate as of the same date, all as more specifically set forth in the proposed Third Amendment; and

WHEREAS, under City Charter section 99, no contract, agreement or obligation extending for a period of more than five years may be authorized except by ordinance adopted by a two thirds' majority vote of the City Council; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor, or his designee, is hereby authorized and directed to execute, deliver and take all actions necessary to facilitate the administration of that certain Third Amendment to Lease which is now between the City and I & G 525 B Street Inc., a Delaware corporation, allowing the City to expand its leased spaces at 525 B Street, San Diego, California, to include a portion of the 7th and 9th floors, and extend the Term for the previously-leased space by two additional years, causing the Term for all the previously leased space at 525 B Street to expire conterminously with the termination date of the Expansion Space, which, as set forth in the Third Amendment, shall be on June 30, 2022.

Section 2. That the Chief Financial Officer is authorized to expend the funds necessary for the rent of the Expansion Space on the 7th and 9th floors of the Property as set forth in the Third Amendment, in an amount not to exceed \$2,731,622, for Fiscal Years 2017-2022; said sum shall be funded solely from Public Works Department Fund 720057, contingent upon the Chief Financial Officer furnishing a certificate certifying that the funds necessary for the expenditure are, or will be, on deposit with the City Treasurer.

Section 3. That the Chief Financial Officer is authorized to expend an additional sum in an amount not to exceed \$4,731,126 for Fiscal Years 2021-2022, which sum shall cover the

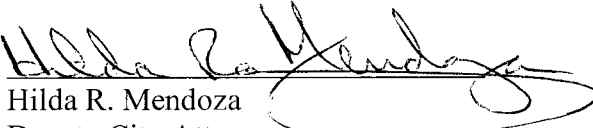
rent for the Lease Extension; said sum shall be funded 100% from Public Works Department Fund 720057, contingent upon the Chief Financial Officer furnishing a certificate certifying that the funds necessary for the expenditure are, or will be, on deposit with the City Treasurer.

Section 4. That the Chief Financial Officer is authorized to expend an additional sum in an amount not to exceed \$2,486,526 for Fiscal Years 2021-2022, which sum shall cover the rent for the Lease Extension; said sum shall be funded 100% from the following Public Utilities sources and funding allocations: Muni Sewer Revenue Fund 700000, 24.29%; Metro Sewer Utility Fund 700001, 13.89%; Water Utilities Operating Fund 700011, 61.82%; contingent upon the Chief Financial Officer furnishing a certificate certifying that the funds necessary for the expenditure are, or will be, on deposit with the City Treasurer.

Section 5. That a full reading of this ordinance is dispensed with prior to passage, a written copy having been made available to the Council and the public prior to the day of its passage.

Section 6. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Hilda R. Mendoza
Deputy City Attorney

HRM:als
10/19/2016
Or.Dept: Real Estate Assets Dept.
Doc. No.: 1373509

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of NOV 15 2016.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 11/17/16
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on NOV 15 2016, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherr Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Date of final passage NOV 17 2016

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Ginda Bruin, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

OCT 25 2016, and on NOV 17 2016

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Ginda Bruin, Deputy

<p>Office of the City Clerk, San Diego, California</p> <p>Ordinance Number O- <u>20754</u></p>
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