



THE CITY OF SAN DIEGO

January 10, 2014

HAND DELIVERED

Mr. Don Petros, CPM
Property Manager
Hines GS Properties, Inc.
525 B Street, Suite 220
San Diego, CA 92101

Reference: Fully Executed First Amendment to Lease, Hines 525 B St., LP and The City of San Diego

Dear Don:

Please find (2) two original fully executed First Amendment to Lease at 525 B Street between Hines 525 B Street, LP and The City of San Diego.

Thank you for your assistance in this matter.

Sincerely,

Brad Bennett
Asset Manager

BB/cb

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Real Estate Assets Department

1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706

FIRST AMENDMENT TO LEASE
525 B STREET

THIS FIRST AMENDMENT TO LEASE ("**First Amendment**") shall be deemed dated the same date as the Lease, June 18, 2013, and is made and entered into by and between HINES 525 B STREET LP, a Delaware limited partnership ("**Landlord**"), and THE CITY OF SAN DIEGO, a California municipal corporation ("**Tenant**").

R E C I T A L S :

A. Landlord and Tenant entered into that certain Office Lease, dated for reference purposes as June 18, 2013 (the "**Lease**"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain office space located in that certain building located and addressed at 525 B Street, San Diego, California (the "**Building**").

B. By this First Amendment, Landlord and Tenant desire to modify the Lease as provided herein.

C. Unless otherwise defined herein, capitalized terms as used herein shall have the same meanings as given thereto in the Lease.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

A G R E E M E N T :

1. Termination Option. Landlord and City hereby agree that from and after the date hereof, the following text shall be deemed inserted as a new Section 2.3 to the Lease:

2.3 **Termination Option.** Provided Tenant fully and completely satisfies each of the conditions set forth in this Section 2.3, Tenant shall have a one-time only option ("**Termination Option**") to terminate the Lease early. If exercised, the Termination Option shall be effective, and the Lease shall terminate, as of the third (3rd) anniversary date of the Lease Commencement Date (the "**Termination Date**"). In order to exercise the Termination Option, Tenant must fully and completely satisfy each and every one of the following conditions:

(a) Tenant must give Landlord written notice ("**Termination Notice**") of its exercise of the Termination Option, which Termination Notice must be delivered to Landlord at least fifteen (15) months prior to the Termination Date (i.e., City must give a Termination Notice to Landlord no later than 21 months from the Lease Commencement Date);

(b) at the time of delivery of the Termination Notice, Tenant shall not be in default under the Lease after expiration of any applicable notice and cure periods; and

(c) concurrently with Tenant's delivery of the Termination Notice to Landlord, Tenant shall pay to Landlord a termination fee ("**Termination Fee**") equal to the unamortized balance, as of the Termination Date, of the Tenant Improvement Allowance actually utilized by Tenant (including, without limitation, any increase in the Tenant Improvement Allowance pursuant to Section 2.5 of Exhibit B of the Lease). Amortization pursuant to the preceding sentence shall be determined on a straight-line basis over an amortization period from the Lease Commencement Date through the Lease Expiration Date. However, if Tenant exercises its right of first refusal pursuant to Section 1.4 of the Lease, the Termination Fee shall be increased by the unamortized amount of any out-of-pocket sums expended by Landlord in connection with any such expansion (including, without limitation, any sums expended by Landlord to improve the First Refusal Space) with such amortization to be determined on a straight-line basis over an amortization period from the date Tenant first commences to lease the First Refusal Space through the date of expiration of the term for such First Refusal Space.

2. Counterparts. This First Amendment may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement. This First Amendment may be executed by a party's signature transmitted by facsimile or PDF email, and copies of this First Amendment executed and delivered by means of facsimile signatures or PDF email shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon facsimile or email signatures as if such signatures were originals.

3. No Further Modification. Except as set forth in this First Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect. Effective as of the date hereof, all references to the "Lease" shall refer to the Lease as amended by this First Amendment.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, this First Amendment has been executed to have the same reference date as that of the Lease, as first above written.

"LANDLORD"

HINES 525 B STREET LP,
a Delaware limited partnership

By: Hines 525 B Street GP LLC,
a Delaware limited liability company,
its General Partner

By: [Signature]
Name: Kenneth Jett
Title: Authorized Agent

"TENANT"

THE CITY OF SAN DIEGO,
a California municipal corporation

By: [Signature]
Print Name: James F. Barwick, CCIM
Title: Director, Real Estate Assets

By: [Signature]
Print Name: N/A
Title: DB

Approved as to form and legality
this 8th day of January, 2017

JAN. GOLDSMITH, City Attorney

By: [Signature]
Debra J. Bevier
Deputy City Attorney

item 543 10-29-13

(O-2014-50)

ORDINANCE NUMBER O- **20324** (NEW SERIES)

DATE OF FINAL PASSAGE DEC 09 2013

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING AND DIRECTING THE COUNCIL PRESIDENT, OR HIS DESIGNEE, TO EXECUTE AND DELIVER THAT CERTAIN FIRST AMENDMENT TO LEASE – 525 B STREET, BETWEEN HINES 525 B STREET LP, A DELAWARE LIMITED PARTNERSHIP, AND THE CITY OF SAN DIEGO, TO ADD A NEW TERMINATION OPTION TO THE LEASE.

WHEREAS, on July 9, 2013, the date of final passage, the Council of the City of San Diego authorized by ordinance that certain Office Lease (Lease) for office space at 525 B Street, 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; and

WHEREAS, Hines and City have agreed to amend the Lease by adding a “Termination Option” provision to the Lease which will allow City a one-time right to terminate the Lease early. If exercised, the Termination Option would be effective, and the Lease would terminate, as of the third (3rd) anniversary of the Lease Commencement Date. The terms and conditions of the Termination Option are more fully set forth in the proposed First Amendment to Lease;
NOW, THEREFORE,

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

Section 1. That the Council President in his capacity under Charter section 265(i), or his designee, is hereby authorized and directed to execute and deliver that certain First

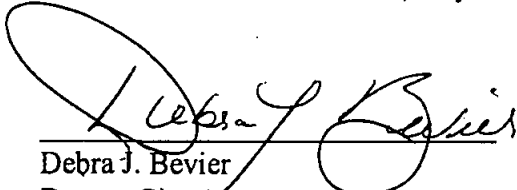
Amendment to Lease between Hines 525 B Street LP, a Delaware limited partnership, as landlord, and the City of San Diego, as tenant, and on file with the Office of the City Clerk as Document No. OO- **20324**.

Section 2. That a full reading of this ordinance is dispensed with prior to passage, since a written copy was made available to the City Council and the public prior to the day of passage.

Section 3. 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


Debra J. Bevier
Deputy City Attorney

DJB:mm
10/10/13
Or.Dept.: Real Estate Assets Dept.
Doc. No. 652042

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of NOV 21 2013.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

for Gil Sanchez

Approved pursuant to Charter section 265(i):

(date)

TODD GLORIA, Council President

Passed by the Council of The City of San Diego on NOV 21 2013, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	☒	☐	☐	☐
Kevin Faulconer	☒	☐	☐	☐
Todd Gloria	☒	☐	☐	☐
Myrtle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Marti Emerald	☒	☐	☐	☐

Date of final passage DEC 09 2013

AUTHENTICATED BY:

TODD GLORIA, COUNCIL PRESIDENT
as interim Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.
By [Signature] 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 29 2013

DEC 09 2013

and on

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 [Signature] Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20324