

File No. 151202

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 20, 2016

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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Completed by: Linda Wong Date January 15, 2016

Completed by: Linda Wong Date _____

1 [License Amendment - Telx Entities - 200 Paul Avenue - \$111,780 Total Rent in the First
2 Year]

3 **Resolution authorizing an amendment to the Master Terms and Conditions License of**
4 **space and services which extends the term for two years with three one year options at**
5 **fixed rents and expands the existing 24-pair fiber connection to two 24-pair fiber**
6 **connections with Telx Entities, at 200 Paul Avenue for use by the Department of**
7 **Technology at \$9,000 monthly plus a one-time set up fee of \$3,780 for \$111,780 total**
8 **rent in the first year.**

9
10 WHEREAS, The Department of Technology (DT) requires connectivity to the internet
11 and the fiber network to operate the City's mission critical data operations; and

12 WHEREAS, Telx Entities, a limited liability company ("Licensor" or "Telx") provides the
13 only interconnectivity services at 200 Paul Avenue; and

14 WHEREAS, The City has had interconnectivity through Telx since 1996; and

15 WHEREAS, The current Master Terms and Conditions to License dated as of
16 February 1, 2011 ("License") for a cabinet and 24-pair connectivity was approved by Board
17 of Supervisors Resolution No. 27-11; and

18 WHEREAS, The term of the License is presently scheduled to expire on January 31,
19 2016; and

20 WHEREAS, An additional 24-pair connection is needed by the Department of
21 Technology for expansion of Voice over Internet Protocol (VOIP) and other City initiatives; and

22 WHEREAS, The Real Estate Division has negotiated an extension and expansion of
23 the existing License at fair market rents; and

24 WHEREAS, The Department of Technology recommends the proposed Amendment;
25 and

1 WHEREAS, The Agreement is subject to enactment of a resolution by the Board of
2 Supervisors and the Mayor, in their respective sole and absolute direction, approving and
3 authorizing such Agreement; now, therefore, be it

4 RESOLVED, That in accordance with the recommendation of the Director of the
5 Department of Technology, the Director of Property is hereby authorized to take all actions on
6 behalf of the City and County of San Francisco, as Licensee, to execute the First Amendment
7 to Master Terms and Conditions License (copy of the proposed Amendment is on file with the
8 Clerk of the Board in File _____) with Telx Entities on behalf of itself and its wholly-owned
9 subsidiaries (collectively, "Licensor"), for two (2) 24-pair fiber connections in a server rack with
10 primary and redundant power in the building commonly known as 200 Paul Avenue, San
11 Francisco, California, as more particularly described in the Amendment on the terms and
12 conditions set forth herein, and on a form approved by the City Attorney; and, be it

13 FURTHER RESOLVED, That the City shall accept delivery of the second 24-pair
14 connectivity as soon as Licensor can deliver the cabinet which is estimated to be about
15 January 1, 2016 as described in the Amendment and City shall pay a one-time set up fee of
16 \$3,780.00 and an additional \$3,780.00 per month for such connection; and, be it

17 FURTHER RESOLVED, That the License with the additional 24-pair connection shall
18 be extend for an additional term of two (2) years commencing on February 1, 2016, and
19 terminating on January 31, 2018; and, be it

20 FURTHER RESOLVED, The License shall be include three (3) options to extend the
21 term for one (1) year each by providing 9 months advance notice on the same terms and
22 conditions except the base rent shall continue to be increased annually by three percent (3%);
23 and, be it

24 FURTHER RESOLVED, The base rent during the first year of the extended term shall
25 be \$9,000.00 per month; and, be it

1 FURTHER RESOLVED, The Landlord shall pay for typical utilities, janitorial services,
2 and building maintenance and repairs and City shall pay for typical Licensee expenses; and,
3 be it

4 FURTHER RESOLVED, That the License shall include a clause, indemnifying, holding
5 harmless, and defending Telx, other related parties, and its agents from and against any and
6 all claims, costs and expenses, including without limitation, reasonable attorneys' fees,
7 incurred as a result of any default by the City in the performance of any of its material
8 obligations under the License, or any negligent acts or omissions of the City or its agents, in,
9 on, or about the Premises or the property on which the Premises are located, excluding those
10 claims, costs and expenses incurred as a result of the negligence or willful misconduct of the
11 Telx or its agents; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
13 Property to enter into any amendments or modifications to the License (including, without
14 limitation, the exhibits) that the Director of Property determines, in consultation with the City
15 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially
16 increase the obligations or liabilities of the City and are necessary or advisable to effectuate
17 the purposes of the License or this Resolution, and are in compliance with all applicable laws,
18 including the City Charter; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
20 Property to exercise any or all of the options to extend the term if the Director of Property
21 determines, in consultation with the Director of the Department of Technology and the City
22 Attorney, that such extended term is in the best interest of the City and are in compliance with
23 all applicable laws, including the City Charter; and, be it

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FURTHER RESOLVED, That the City use the License for the full term of the License unless funds for the Department of Technology's rental payments are not appropriated in any subsequent fiscal year at which time the City may terminate the License; and, be it

FURTHER RESOLVED, Said License shall be subject to certification as to funds by the Controller, pursuant to Section 3.105 of the City Charter; and, be it

FURTHER RESOLVED, That within thirty (30) days of the agreement being fully executed by all parties, the Director of Real Estate shall provide a copy of the Agreement to the Clerk of the Board for inclusion into the official file.

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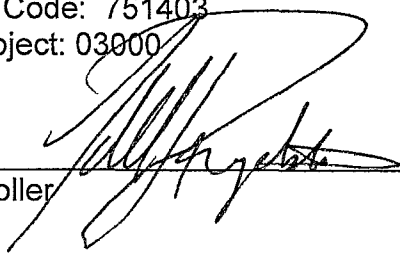
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\$57,780.00 Available
(Base Rent from January 1, 2016 to June 30, 2016
plus the one-time fee of \$3,780)

Index Code: 751403
Subobject: 03000

Controller



RECOMMENDED:



Director
Department of Technology

Director of Property
Real Estate Division

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Items 6 and 7 Files 15-1190 & 15-1202	Department: General Services Agency–Department of Technology (DT)
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> • File 15-1190 - The proposed resolution would authorize an amendment to the license agreement between the City of San Francisco and UnitedLayer, LLC (UnitedLayer) to continue to operate the City Data Center at 200 Paul Avenue by extending the term of the existing license by five years from February 1, 2016 through January 31, 2021. Annual rent to be paid by the City to UnitedLayer in the first year is \$2,227,494. • File 15-1202 - The proposed resolution would authorize an amendment to the license agreement between the City and Telx Group (Telx) to continue to operate the Meet Me Room at 200 Paul Avenue by extending the term of the existing license by two years from February 1, 2016 through January 31, 2018 with three one-year options to extend through January 31, 2021. Annual rent to be paid by the City to Telx in the first year is \$111,780, which includes a one-time setup fee of \$3,780. 	
Key Points	
<ul style="list-style-type: none"> • The City Data Center at 200 Paul Avenue supports the City’s overall computing needs, including the City’s payroll, email, and financial accounting systems, and various City websites. All servers located at 200 Paul must connect to a connectivity hub, known as the Meet Me Room in order to connect City departments in the City and to the Internet. • In 2011, the Department of Technology (DT) signed a license agreement with UnitedLayer to license 30 server cabinets on the first floor, and two dedicated caged areas totaling approximately 1,500 square feet on the fifth floor at the City Data Center. The term for this agreement was five years, expiring on January 31, 2016. DT also signed a separate license agreement with Telx to provide connectivity services through the Meet Me Room. The term for this agreement was five years, expiring on January 31, 2016. 	
Fiscal Impact	
<ul style="list-style-type: none"> • The total estimated five-year cost to the City to operate the Data Center at 200 Paul Avenue is \$12,779,698, including \$12,206,311 paid to UnitedLayer, and \$573,387 to Telx. 	

Policy Considerations

- The City's Committee on Information Technology (COIT) recommended in a December 2010 report that the City consolidate the locations for housing the City's computer data equipment at two sites: 200 Paul Avenue, and a site to be constructed in 2013 at the San Francisco International Airport. When the Board of Supervisors approved the original license between DT and UnitedLayer for the City Data Center at 200 Paul Avenue, the license provided the option to terminate any time after January 31, 2013 to allow for possible future relocation and consolidation of City data equipment from 200 Paul Avenue to a City-owned facility at the Airport.
- DT is now proposing to extend the existing license agreements by up to five years, rather than end the agreements on the original termination date of January 31, 2016 because there are functions that are only able to be served at 200 Paul Avenue. Mr. German, Policy and Governance Manager at DT, states that even though many departments have consolidated their servers at the Airport, some departments have chosen to maintain their own servers within their departments, and not to consolidate those servers at the Airport. Mr. German states that approximately 70 percent of City departments have located their servers at the Airport.

Recommendation

- Approve the proposed resolutions.

MANDATE STATEMENT

City Administrative Code 23.27 states that any lease with a term of one year or longer or with rent of \$5,000 or more and where the City is the tenant is subject to Board of Supervisors approval.

BACKGROUND

The City Data Center at 200 Paul Avenue supports the City's overall computing needs with (a) approximately 300 servers¹ in 30 server cabinets, (b) mainframe computer, (c) routers and switches, (d) T-1 and T-3 data lines², and (e) other computer hardware equipment. Mr. David German, Policy and Governance Manager at the City's Department of Technology (DT), states that the City's mainframe computer, servers, and other hardware equipment support the City's payroll system, email system, the Financial Accounting Management Information System (FAMIS), various City websites, backup data storage, as well as specific public safety systems, such as the (a) California Law Enforcement Telecommunications System, the law enforcement database for criminal records, (b) Automated Fingerprint Identification System, and (c) Justice Information Tracking System (JUSTIS), which allows public safety agencies to share information. According to Mr. German, the City Data Center must be operational 24 hours per day, seven days per week, even during emergencies, such that the Data Center has dedicated uninterrupted power supply systems, emergency power generators, fire suppression, and air conditioning units.

According to Mr. German, all City servers located at 200 Paul Avenue must connect to a connectivity hub, known as the Meet Me Room, in order to connect to other City departments located throughout the City and to the Internet. The City Data Center at 200 Paul Avenue currently connects through the Meet Me Room using 24-pair wired connections³.

In 2011, the Board of Supervisors approved two license agreements to operate the City Data Center and Meet Me Room at 200 Paul Avenue. DT signed a license agreement with UnitedLayer, LLC (UnitedLayer) to license 30 server cabinets on the first floor, and two dedicated caged areas totaling approximately 1,500 square feet on the fifth floor at the City Data Center. The term for this agreement was five years, expiring on January 31, 2016. DT also signed a separate license agreement with Telx Group (Telx) to provide connectivity services through the Meet Me Room. The term for this agreement was five years⁴, expiring on January 31, 2016.

¹ A server is a computer, or series of computers, that link other computers together through a network. The Department of Technology anticipates housing approximately 300 servers in 30 server cabinets (approximately 10 servers per server cabinet) at 200 Paul Street.

² T-1 and T-3 data lines are high-speed fiber optic wires that transmit large amounts of data.

³ The 12-pair and 24-pair wired connections signify the number of data links that can be made between the City's servers and the connectivity hub, known as the Meet Me Room. 24-pair wired connections have double the number of connections that can be made and carry twice the amount of data, compared to 12-pair wired connections.

⁴ The five-year term included one two-year term and three one-year options to extend the agreement.

DETAILS OF PROPOSED LEGISLATION

**Proposed Amendment to License Agreement with UnitedLayer
for the City Data Center (File 15-1190)**

The proposed resolution would authorize an amendment to the license agreement between the City and UnitedLayer to continue to operate the City Data Center at 200 Paul Avenue by extending the term of the existing license by five years from February 1, 2016 through January 31, 2021. Annual rent to be paid by the City to UnitedLayer in the first year is \$2,227,494. Table 1 below shows the key provisions of the license agreement between the City and UnitedLayer.

**Table 1: Key Provisions for License Agreement between
the City and UnitedLayer for the City Data Center**

Licensed area	30 server cabinets at ground floor 1 caged area on the 5 th floor
Term	February 1, 2016 – January 31, 2021 (Five years)
Options to Extend	None
Annual Rent	\$2,227,494 in the first year
Rent Increases	Subject to annual four percent increases
Electrical costs	Paid by City
Services & utilities	Paid by UnitedLayer

Proposed Amendment to License Agreement with Telx for the City Data Center (File 15-1202)

The proposed resolution would authorize an amendment to the license agreement between the City and Telx to continue to operate the Meet Me Room at 200 Paul Avenue by extending the term of the existing license by two years from February 1, 2016 through January 31, 2018 with three one-year options to extend through January 31, 2021. Annual rent to be paid by the City to Telx in the first year is \$111,780, which includes a one-time setup fee of \$3,780. Table 2 below shows the key provisions of the license agreement between the City and Telx.

**Table 2 Key Provisions for License Agreement between
the City and Telx for the Meet Me Room**

Equipment	Two Equipment Racks, 24-Pair Connectivity (48 total pairs of connectivity)
Term	February 1, 2016 through January 31, 2018 (two years)
Options to extend	Three one-year options
Annual rent	\$108,000 in the first year
Rent increases	Subject to annual three percent increases
Fees	One-Time Setup Fee of \$3,780
Electrical costs	Paid by Telx
Services & utilities	Paid by Telx

Extension of License Agreement without a Competitive Process

DT has chosen to extend the license agreements for the City Data Center at 200 Paul Avenue because the proposed rent is lower than other comparable alternatives. According to Mr. Charlie Dunn, Senior Real Property Officer at the Real Estate Department, the cost per server cabinet is \$3,583 compared to \$4,514, \$4,831, and \$5,460 for other tenants at 200 Paul Avenue.⁵ Mr. Dunn estimates that the cost of moving⁶ to another site would range from approximately \$4,000,000 to \$6,500,000, thus making moving to another site to be cost prohibitive.

FISCAL IMPACT

The total estimated five-year cost to the City to operate the Data Center at 200 Paul Avenue is \$12,779,698, as shown in Table 3 below.

Table 3: Estimated Cost to the City for UnitedLayer and Telx License Amendments

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
UnitedLayer License						
Rent	\$2,227,494	\$2,316,594	\$2,409,258	\$2,505,628	\$2,605,853	\$12,064,826
Electrical*	28,297	28,297	28,297	28,297	28,297	141,485
<i>Subtotal UnitedLayer</i>	<i>\$2,255,791</i>	<i>\$2,344,891</i>	<i>\$2,437,555</i>	<i>\$2,533,925</i>	<i>\$2,634,150</i>	<i>\$12,206,311</i>
Telx License**	\$108,000	\$111,240	\$114,577	\$118,015	\$121,555	\$573,387
Total	\$2,363,791	\$2,456,131	\$2,552,132	\$2,651,939	\$2,755,705	\$12,779,698

* Electrical costs are estimates based on 2015 usage. Services and utilities are paid by UnitedLayer.

** Electrical, services, and utilities are paid by Telx and not the City.

*** Rents are increased each year by 4 percent for UnitedLayer and 3 percent for Telx.

Payments to UnitedLayer and Telx under the proposed license agreements are based on the type and number of equipment housed by the City at 200 Paul Avenue. As notes in Table 1

⁵ Typically in real estate transactions, quotes for comparable properties are publicly available, while the cost of data center facilities are not. The comparable quotes provided by Mr. Dunn are from other tenants at 200 Paul and cannot be identified due to confidentiality.

⁶ Costs to move would include transferring fiber to a new location, setup fees, new equipment, costs of moving current equipment, and purchasing new internal connections.

above, the UnitedLayer rent is increased annually by four percent. As noted in Table 2, the Telx rent is increased annually by three percent.

POLICY CONSIDERATION

Data Center Consolidation

The City's Committee on Information Technology (COIT) recommended in a December 2010 report that the City consolidate the locations for housing the City's computer data equipment, including servers, data storage equipment, and mainframe computers. DT recommended consolidating the City's data equipment at two sites: 200 Paul Avenue and a site to be constructed in 2013 at the San Francisco International Airport. When the Board of Supervisors approved the original license between DT and UnitedLayer for the City Data Center at 200 Paul Avenue, the license was for five years from February 1, 2011 through January 31, 2016, with the option to terminate any time after January 31, 2013. The option to terminate early was to allow for possible future relocation and consolidation of City data equipment from 200 Paul Avenue to a City-owned facility at the Airport.

According to Mr. German, DT is now proposing to extend the existing license agreements by up to five years, rather than end the agreements on the original termination date of January 31, 2016, because there are functions that are only able to be served at 200 Paul Avenue. For example, FAMIS and eMerge require a connection to the City's Internet system, which is located at 200 Paul Avenue. Mr. German states that even though many departments have consolidated their servers at the Airport and 200 Paul, some departments have chosen to maintain their own servers within their departments, and not to consolidate those servers at the data centers. Mr. German states that approximately 60 percent of City departments have located their servers at the Airport or 200 Paul.

RECOMMENDATION

Approve the proposed resolutions.



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator



John Updike
Director of Real Estate

November 12, 2015

**Department of Technology
License for use of Property
Telx - 200 Paul Avenue
Assignment #6920**

Through Naomi Kelly,
City Administrator

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Board Members:

Attached for consideration is a Resolution authorizing the renewal and expansion of an existing license at 200 Paul Avenue, for use by the Department of Technology (DT) with the Telx Entities (Telx or Licensor).

200 Paul is a major telecommunications and internet hub in the City. The City has leased communication connections from Telx at 200 Paul Ave since 1996. The license is for the use of a routing cabinet and 24 pair connections to the City's internet service providers and to the City's fiber network. The most recent lease, approved by Board Resolution 27-11, expires on January 31, 2016 and there are no further options to extend the term

The proposed term is two (2) years, commencing upon February 1, 2016 and expiring on January 31, 2018. The City has three (3) one (1) year options to extend the license by providing nine months advance written notice. Since option rents are fixed and the license is integral to the data operations of the City, the proposed Resolution provides the Director of Property, in consultation with DT and the City Attorney's Office, with authority to exercise the option to the extend the termination date. Thus, the Board is approving a potential five year term at fixed rental rates.

The proposed Resolution also authorizes the expansion by an additional 24 pair connection. According to DT, the additional 24 pair connections are needed for 10 current requirements including the conversion from PBX telephone switches to Voice over Internet Protocol (VoIP) (which saves the City money on the installation of new PBX switches and the maintenance of existing switches); expansion of the City's internal wifi installations

including at the Public Safety Campus and SFGH; and also providing through a cross connect from the existing cabinet more resiliency in the City's access to the internet.

Under the proposed Resolution, the City would pay \$3,780 per month and a one-time fee of \$3,780 for the expansion cabinet beginning as soon as the 24 pair connections are set up and delivered (about 2 weeks after Amendment execution and expected to be about January 1, 2016). Then, beginning at the end of the existing term (February 1, 2016), the base rent is \$9,000 per month for the both 24 pairs and the cabinet. The base rent increases annually on each February 1 by three percent (3%) including for each of the option terms, if exercised. The proposed lease does not include a typical annual pass though of increases in the landlord's operating expenses.

Attachment #1 provides a before and after comparison of the proposed license extension and expansion.

The Department of Technology recommends approval of the proposed lease.

If you have any questions regarding this matter, please contact Charlie Dunn of our office at 554-9861.

Respectfully



John Updike
Director of Real Estate

cc: Miguel Gamiño, Director, DT
Ashley Amjad, DT
David German, DT

Attachment #1
200 Paul
Telx License

	Current	Proposed
Equipment	(1) Equipment Rack 24 Pair connectivity	(2) Equipment Racks (2) 24 Pair connectivity
Base Rent	\$5,151.14	\$9,000 monthly beginning 2/1/2016. Plus a one-time fee of \$3,780 (and \$8,931.14 for the month of January 2016)
Base Rent Increase Date	Annually on February 1	Annually on February 1
Base Rent Increase Amount	3%	3%
Term	January 31, 2016	January 31, 2018
Options to Extend	None Remaining	Three (3) one year options at a continuation of the 3% annual increase

FIRST AMENDMENT TO MASTER TERMS AND CONDITIONS

THIS FIRST AMENDMENT TO MASTER TERMS AND CONDITIONS (herein "First Amendment") is made and entered into this ___ day of _____ 2015, by and between the Telx Entities (as more particularly set forth on the signature page of this First Amendment), each of which is a Delaware limited liability company (collectively hereinafter, "Licensor"), and City and County of San Francisco, a municipal corporation (hereinafter "Customer").

RECITALS

Reference is made to that certain agreement dated for reference purposes as of February 1, 2011 by and between Licensor and Customer, comprised of Master Terms and Conditions, Exhibit A, Exhibit B, Exhibit C and Addendum to Colocation Agreement (collectively, the "Original Agreement"). Reference is also made to Service Order # 120-118334, dated September 22, 2010 (the "Existing Service Order").

WHEREAS, Licensor and Customer entered into the Original Agreement, which governs the Existing Service Order for Services provided by Licensor to Customer in the Licensed Area and Meet-Me-Room located on the third (3rd) floor of the interconnection and collocation Facility located at 200 Paul Avenue, San Francisco, California, as more particularly described in the Original Agreement and the Existing Service Order; and

WHEREAS, the Initial Term of the Original Agreement commenced on February 1, 2011, and expired on January 31, 2013, and upon the expiration of the Initial Term, the Term of the Original Agreement was extended by three (3) twelve-month Renewal Terms, and, to the extent applicable in the event the Amendment Effective Date (as hereinafter defined) commences after February 1, 2016, upon the expiration of the third twelve-month Renewal Term, the Term of the Agreement was extended by consecutive Automatic Short Term Renewal Terms, as provided by Section 4.0 of the Master Terms and Conditions of the Original Agreement and Section 1 of the Addendum to the Original Agreement (the "Addendum"); and

WHEREAS, Licensor and Customer desire to: (i) modify the rate for the monthly recurring charges ("MRC") for the Services set forth on the Existing Service Order for the existing full locking cabinet, power, redundant power and fiber 24 pack (and cross connects) by executing contemporaneously with the execution hereof a new Service Order setting forth such Services at the modified rates (the "Replacement Service Order for Existing Equipment and Services"); (ii) execute contemporaneously with the execution hereof an additional new Service Order for an additional fiber 24 pack (12 fiber cross connects) (collectively, the "New Equipment") and a one-time set up fee, at the rates specified therein (the "Second New Service Order"); (iii) include in the Second New Service Order additional Services; (iv) amend the Original Agreement to extend the Term; and (v) to modify the Original Agreement in certain other respects, all as more particularly described herein;

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto for themselves and their successors and assigns do hereby agree as follows:

1. **Definitions.** All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Original Agreement. The Original Agreement, as amended by this First Amendment, is referred to herein as the "Master Agreement."

2. **Amendment Effective Date.** This First Amendment shall be effective on the date (the "Amendment Effective Date") which is the later of (i) the date on which Licensor and Customer have executed and delivered this Amendment contemporaneously with the Replacement Service Order for Existing Equipment and Services and the Second New Service Order, which shall be in the respective forms attached hereto as Exhibit A-1, or (ii) the effective date of a resolution by the City's Board of Supervisors, in its sole discretion, approving this First Amendment and authorizing the City's execution in compliance with applicable law.

3. **Replacement Service Order for Existing Equipment and Services.** Notwithstanding anything to the contrary set forth herein, the Replacement Service Order for Existing Equipment and Services shall be executed contemporaneously with this First Amendment and shall be effective and replace the Existing Service Order, and Customer shall commence paying the MRC set forth on the Replacement Service Order for Existing Equipment and Services, as of February 1, 2016.

4. **Second New Service Order.** Notwithstanding anything to the contrary set forth herein, the Second New Service Order shall be executed contemporaneously with this First Amendment. As soon as commercially reasonable following the Amendment Effective Date, Licensor shall provide the New Equipment and the required technical support for set up, as set forth in the Second New Service Order. Notwithstanding the provisions of the Second New Service Order regarding "Initial Payment" to the contrary, (i) Customer shall pay the NRC set forth on the Second New Service Order upon the Amendment Effective Date, and (ii) Customer shall commence paying the MRC set forth on the New Service Order as provided in Sections 2.2 and 2.5 of the Original Agreement upon the later of the Amendment Effective Date or delivery of the New Equipment.

5. **Extension of Term.** Effective as of the Amendment Effective Date, the Original Agreement shall be modified as follows: the Term shall be extended for a renewal term commencing on February 1, 2016 and expiring January 31, 2018 (the "24 Month Renewal Term"). Further, effective as of the Amendment Effective Date: (i) Customer shall have the option to extend the Term of the Master Agreement for up to three (3) additional successive one (1) year renewal terms (each a "New Renewal Term") following the expiration of the 24 Month Renewal Term, on the same terms and conditions as provided in Section 1.1 of the Addendum with respect to the original Renewal Terms, in each such case subject to earlier termination or revocation for cause as provided in the Original Agreement; and (ii) following the expiration of the 24 Month Renewal Term or, if applicable, any New Renewal Term(s), the Master Agreement shall be automatically renewable for successive one-month renewal terms thereafter ("Automatic Short Term").

Renewal Terms”), on the terms provided in Section 1.2 of the Addendum, provided that the MRC rate shall be as set forth in Section 5 of this First Amendment below. The Initial Term, as previously extended as described in the Recitals to this First Amendment, the 24 Month Renewal Term, any New Renewal Term(s), and any Automatic Short Term Renewal Terms shall collectively be referred to as the “Term”. References to “Renewal Term” in the Original Agreement shall include references to the “New Renewal Term”.

6. **Adjustment of Fees and Charges.** Effective as of the first day of the 24 Month Renewal Term, notwithstanding anything to the contrary set forth herein or in the Original Agreement, including the Addendum, Customer’s MRC for all Service Orders shall be adjusted on February 1, 2017 and annually thereafter (each, an “Adjustment Date”) to an amount equal to one hundred three percent (103%) of the MRC payable for the calendar month immediately preceding the Adjustment Date; provided, however, that during the Automatic Short Term Renewal Terms Customer’s MRC shall be charged at a rate equal to one hundred twenty-five percent (125%) of Customers’ MRC for the last month of the immediately preceding 24 Month Renewal Term, New Renewal Term or Renewal Term, as the case may be.

7. **Ratification.** Licensor and Customer hereby ratify and affirm the Original Agreement as amended hereby. In the event of any conflict between the terms of this First Amendment and the terms of the Original Agreement, the terms of this First Amendment shall prevail.

IN WITNESS WHEREOF, Licensor and Customer have caused this First Amendment to be executed as of the Amendment Effective Date.

LICENSOR:
Colo Properties Atlanta, LLC
telx – Charlotte, LLC
telx – Chicago Federal, LLC
telx – Chicago Lakeside, LLC
telx – Clifton, LLC
telx – Dallas, LLC
telx – Los Angeles, LLC
telx – Miami, LLC
telx – New York, LLC
Telx- New York II, LLC
telx – New York 111 8th, LLC
telx – Phoenix, LLC
telx – Santa Clara, LLC
telx – San Francisco, LLC
telx – Weehawken, LLC
Telx – Portland, LLC
Telx – Seattle, LLC
Telx- New York 6th Ave. LLC

Name:
Title:

CUSTOMER:
City and County of San Francisco

Name: JOHN UPDIKE
Title: Director of Real Estate

APPROVED AS TO FORM FOR CITY:

DENNIS J. HERRERA, City Attorney

By: _____
Anita L. Wood
Deputy City Attorney

EXHIBIT A-1
FORM OF NEW SERVICE ORDERS
(Attached)

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

Supervisor Mark Farrell

Subject:

License Amendment - 200 Paul Avenue - Telx Entities - \$111,780 Total Rent in the First Year

The text is listed below or attached:

Attached.

Signature of Sponsoring Supervisor: Mark S. Farrell

For Clerk's Use Only:

