

File No. 100177

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 3/17/10

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
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OTHER

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Completed by: Gail Johnson

Date 3/12/10

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Real Property Lease Amendment.]

2
3 Resolution Approving a Lease at One Market Plaza, for the Department of Emergency
4 Management Under Administrative Code Section 23.27.

5
6 WHEREAS, The City's Department of Emergency Management (DEM) has occupied
7 room #AMZ98, on the mezzanine level of One Market Street, together with certain other
8 rooftop locations on what is known as the "Spear Tower", (the "Premises") since April 22,
9 1998 pursuant to a lease which expires April 30, 2013, and currently operates and maintains
10 emergency communication equipment from said location; and,

11 WHEREAS, The City's Real Estate Division, at the request of DEM, negotiated a First
12 Amendment to said lease in order to clarify the terms and conditions of said lease to the
13 benefit of the City and expand the definition of premises of said lease (the "Amendment"), a
14 copy of which is on file with the Clerk of the Board in File No. 100177; and,

15 WHEREAS, The City's expanded presence in the server room of the premises and
16 upon the roof of the Spear Tower shall result in an increase of rental payments owed on an
17 annual basis of \$14,400, with an effective date of July 1, 2009; and

18 WHEREAS, The premises may be expanded in the future to accommodate additional
19 equipment as required by the City, and the resultant rental rate may be adjusted to the mutual
20 satisfaction of the parties as established and approved by the Director of Property; and,

21 WHEREAS, The Lease requires the approval of the Board of Supervisors under
22 Administrative Code Section 23.27; now, therefore, be it

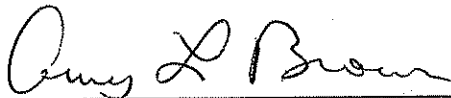
23 RESOLVED, That the Board of Supervisors approves the Lease and authorizes the
24 Director of Property to take all actions, on behalf of the City, to enter into and perform the
25 City's obligations under the Lease, and to make any amendments or modifications that the

1 Director of Property determines, in consultation with the City Attorney, are in the best interest
2 of the City, do not increase the rent or otherwise materially increase the obligations or
3 liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or
4 this resolution, and are in compliance with all applicable laws, including City's Charter; and be
5 it

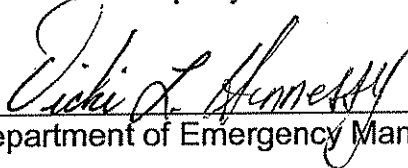
6 FURTHER RESOLVED, That the City agrees to indemnify, defend, and hold harmless
7 Landlord and its agents from and against any and all claims, costs, and expenses, including,
8 without limitation, reasonable attorneys fees, incurred as a result of (a) City's use of the
9 Premises, (b) any default by City in the performance of any of its material obligations under
10 the Lease, or (c) any negligent acts or omissions of City or its agents, in, on, or about the
11 Premises or the property, provided, however, City shall not be obligated to indemnify Landlord
12 or its agents to the extent any claim arises out of the negligence of willful misconduct of
13 Landlord or its agents; and, be it

14 FURTHER RESOLVED, That any action taken by any City employee or official with
15 respect to the exercise of the Lease as set forth herein is hereby ratified and affirmed.
16

17 RECOMMENDED:

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19 Director of Property

20 

21 Department of Emergency Management
22
23
24
25

\$14,400.00 Available
Subfund: 1GAGFAAA
Index Code: 770218
Subobject: 03011

20 
21 Controller

Item # 6 File 10-0177	Department(s): Department of Emergency Management (DEM) and Real Estate Division (RED)
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EXECUTIVE SUMMARY

Legislative Objective

- The proposed resolution would approve a First Amendment to an existing Antenna Site Lease, between the City and PPF Paramount One Market Plaza Owner, L.P., to allow the Department of Emergency Management (DEM) to operate new data and telecommunications equipment, retroactive to July 1, 2009 through April 30, 2013, on the roof of the One Market Plaza building.

Key Points

- Since April 22, 1998, DEM has had an existing Antenna Site Lease on the roof at One Market Plaza. This lease allows DEM to operate data and telecommunication equipment for the City's emergency and non-emergency communications system, through April 30, 2013
- In March of 2009, DEM determined that the Department needed to quickly purchase and install new data and telecommunications equipment on the One Market Plaza roof, in accordance with Federal grant requirements. DEM began installation of the new equipment on July 14, 2009 and, in accordance with Administrative Code Section 23.26, the Director of Property executed a separate Short Term Antenna Site Lease, from July 14, 2009 through November 13, 2009, which has continued on a month-to-month basis, at a cost of \$1,200 per month payable by DEM to the PPF Paramount One Market Plaza Owner, L.P.

Fiscal Impact

- The proposed First Amendment to the existing Antenna Site Lease would retroactively amend the existing Lease to incorporate many of the terms and conditions contained in the Short Term Antenna Site Lease to the existing lease. The monthly rent currently paid by DEM under the existing Antenna Site Lease is \$5,373 per month and under the Short Term Antenna Site Lease is an additional \$1,200 per month. The total monthly rent under the proposed First Amendment would be \$6,573 (\$5,373 plus \$1,200), or \$78,876 per year.

Policy Consideration

- The proposed First Amendment would allow the Director of Property to (a) add additional equipment on the roof at One Market Plaza and (b) negotiate future lease amendments, without subsequent approval by the Board of Supervisors. This provision is included because (a) RED anticipates that there may be future equipment upgrades and this provision would prevent delays in installing such equipment, (b) RED considers it unacceptable to have emergency equipment under a short term lease, which can be cancelled by the landlord with a 30-day notice, and (c) the unique ownership structure of this building. However, the Director of Property is already authorized to enter into short term leases in accordance with Administrative Code Section 23.26.

Recommendations

- Amend the proposed resolution to provide retroactive approval to July 1, 2009. The provision that allows the Director of Property to authorize future lease amendments without first obtaining Board of Supervisors approval is a policy decision for the Board of Supervisors.

BACKGROUND/MANDATE STATEMENT**Background**

The Department of Emergency Management (DEM) has an existing Antenna Site Lease with PPF Paramount One Market Plaza Owner, L.P. for approximately 350 square feet of rooftop space at the One Market Plaza building, located at the foot of Market Street. On August 25, 1997, the Board of Supervisors approved the existing Antenna Site Lease effective April 22, 1998 through April 30, 2008, or approximately ten years (File No. 172-97-53). Subsequently, the Director of Real Estate exercised a five-year option to extend the existing Antenna Site Lease from May 1, 2008 through April 30, 2013, as permitted under the lease's right of renewal provisions. DEM uses the leased rooftop space and portions of a rooftop server room to operate data and telecommunication equipment for the City's emergency and non-emergency communication systems, as shown in the Attachment, provided by Mr. John Updike, Assistant Director of Real Estate Division (RED). The monthly rent for the existing lease is \$5,373, or \$64,476 per year.

According to Mr. Joseph John, Acting Director of Communications at the Department of Technology, in March of 2009, DEM determined that new data and telecommunications equipment needed to be immediately purchased and installed on the roof of One Market Plaza, because DEM had recently received Federal grant funds¹ to purchase, install, test, operate and monitor such new equipment by June 30, 2010. Mr. John advises that the new data and telecommunications equipment installed on the roof included (a) one High Performance Data (HPD) antenna, (b) one Global Positioning System (GPS) antenna, and (c) two 700 MHz 2-way antennas, which will ultimately upgrade (a) the City's wireless data network and (b) the City's interoperability with neighboring counties and cities. Mr. Updike advises that in the spring of 2009, RED and DEM were notified by the building owner, PPF Paramount One Market Plaza Owner, L.P, that the additional equipment could not be installed without either an amendment to the existing Antenna Site Lease or entering into a separate lease.

Therefore, RED executed a separate four-month Short Term Antenna Site Lease to cover the additional equipment installation, from July 14, 2009 through November 13, 2009, which has continued on a month-to-month basis. The monthly rent for the Short Term Antenna Site Lease is \$1,200, or \$14,400 on an annual basis. In accordance with Administrative Code Section 23.26, the Director of Property was authorized to execute the Short Term Antenna Site Lease because (a) the lease is less than one year and (b) the rent is less than \$5,000 per month. The DEM began installing the new data and telecommunications equipment effective with the Short Term Antenna Site Lease's commencement date of July 14, 2009².

¹ Federal grants include the Public Safety Interoperable Communications (PSIC) grant and the Super Urban Area Security Initiative (SUASI) grant.

² According to Mr. Updike, RED wanted the Short Term Antenna Site Lease to begin on July 1, 2009 and not July 14, 2009. The One Market Plaza building owner wanted the Short Term Antenna Site Lease to begin on the day that the installation began, which was July 14, 2009.

Mandate Statement

In accordance with Administrative Code Section 23.27, any lease, in which the City is a lessee, is subject to Board of Supervisors approval. In accordance with Charter Section 23.26, short term leases authorized by the Director of Property are not subject to Board of Supervisors approval.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to the existing Antenna Site Lease, between the City and PPF Paramount One Market Plaza Owner, L.P., to retroactively add many of the terms and conditions³ of the separate existing Short Term Antenna Site Lease in order to allow DEM to operate additional data and telecommunication equipment, from July 1, 2009⁴ through April 30, 2013, on the roof of One Market Plaza.

In addition to incorporating the terms and conditions of the existing Short Term Antenna Site Lease into the existing Antenna Site Lease, the proposed First Amendment would allow DEM to (a) add additional antennas or other related equipment on the roof at One Market Plaza and (b) negotiate with the landlord, without first obtaining subsequent approval from the Board of Supervisors, as long as any new rate is (i) at or below fair market rate, (ii) supported by analysis by RED staff or appropriate review by a outside real estate brokerage company, and (iii) approved by the Director of Property (see Policy Analysis Section below).

Since the proposed First Amendment to the existing Antenna Site Lease would be effective as of July 1, 2009, the proposed resolution should be amended to provide for retroactive approval.

According to Mr. Updike, the proposed First Amendment was not submitted to the Board of Supervisors earlier because (a) there were technical issues in the draft First Amendment that the attorneys of the City and the One Market Plaza building owner needed to work through and (b) the RED had the existing Short Term Antenna Site Lease in place.

FISCAL ANALYSIS

The proposed First Amendment to the existing Antenna Site Lease would incorporate the terms and conditions of the existing Short Term Antenna Site Lease into the existing Antenna Site Lease at no additional cost to DEM. The DEM already pays PPF Paramount One Market Plaza Owner the monthly rent of \$6,573, which includes (a) \$ 5,383 for the existing Antenna Site Lease and (b) \$1,200 for the existing Short Term Antenna Site Lease. The total monthly rent under the proposed First Amendment would be \$6,573 (\$5,373 plus \$1,200), or \$78,876 per year. The funds for the total monthly rent of \$6,573, or \$78,876 per year, was previously approved by the Board of Supervisors in the DEM's FY 2009-2010 annual budget.

³ According to Mr. Updike, technical terms and conditions strictly related to the Short Term Antenna Site Lease were not included in the proposed First Amendment.

⁴ As stated in Footnote No. 2, RED originally wanted the Short Term Antenna Site Lease to begin on July 1, 2009 and not on July 14, 2009. Mr. Updike advises that although the proposed First Amendment has a commencement date of July 1, 2009, if the proposed First Amendment is approved, RED is not required to pay the landlord additional rent for the first 13 days of July 2009 (July 1 – July 13).

According to Mr. Updike, the proposed total monthly rent of \$6,573 represents fair market value. Mr. Updike advises that antenna rents for antenna equipment are not based on square footage, but rather are based on the (a) location of the building⁵, (b) whether there is point-to-point availability for microwave communication, (c) whether frequency that transmits data communications is clear, and (d) emergency power availability⁶. According to Mr. Updike, antenna leases in the area of One Market Street typically range from approximately \$5,000 per month to \$10,000 per month.

POLICY ANALYSIS

As stated above, the proposed First Amendment of the existing Antenna Site Lease includes a provision to allow the Director of Property to (a) add additional antenna equipment on the roof at One Market Plaza and (b) negotiate a new rate with the building owner and authorize such future lease amendments, as long as the new rate is (i) at or below fair market rate, and (ii) supported by analysis by RED staff or appropriate review by a outside real estate brokerage company, without first obtaining subsequent approval by the Board of Supervisors. According to Mr. Updike, this new provision, which would allow additional equipment to be added to the lease without first obtaining subsequent approval from the Board of Supervisors, is included in the proposed First Amendment because (a) RED anticipates that there may be future data and telecommunication equipment upgrades needed at this location, which require immediate installation, (b) having emergency equipment under a short term lease, which can be cancelled by the landlord with a 30-day notice, is an unacceptably tenuous position for the City, and (c) the unique ownership structure of this building⁷ makes negotiations particularly onerous, such that this provision would only be requested for this specific lease.

The Budget and Legislative Analyst notes that the Director of Property is already authorized to enter into short term leases, in accordance with Administrative Code Section 23.26, as was previously done with the existing Short Term Antenna Site Lease. Therefore, the Budget and Legislative Analyst considers this additional provision, which would allow the Director of Property to authorize future lease amendments, without first obtaining subsequent approval of the Board of Supervisors, to be a policy decision for the Board of Supervisors.

RECOMMENDATIONS

1. Amend the proposed resolution to provide for retroactive approval of the proposed First Amendment to July 1, 2009.

⁵ The rate for the location of the building is determined by the height of the building and the proximity of the building to users.

⁶ The landlord is responsible for maintaining servers, generating power to operate the antennas and other equipment, and providing access to emergency power.

⁷ Mr. Updike advises that the current ownership of the One Market Plaza building involves multiple parties, which complicates and delays any changes to the lease documents. In addition, the sale and resale of One Market Plaza in 2007 and 2008 has placed additional pressure on the current owners to increase revenues and reduce expenses, given the large amount of debt incurred from these transactions. Mr. Updike further advises that since the space occupied under the subject Antenna Site Lease is less than one percent of the One Market Plaza building, the City does not have leverage to demand the multiple owners attention to address the City's complex or immediate leasing needs.

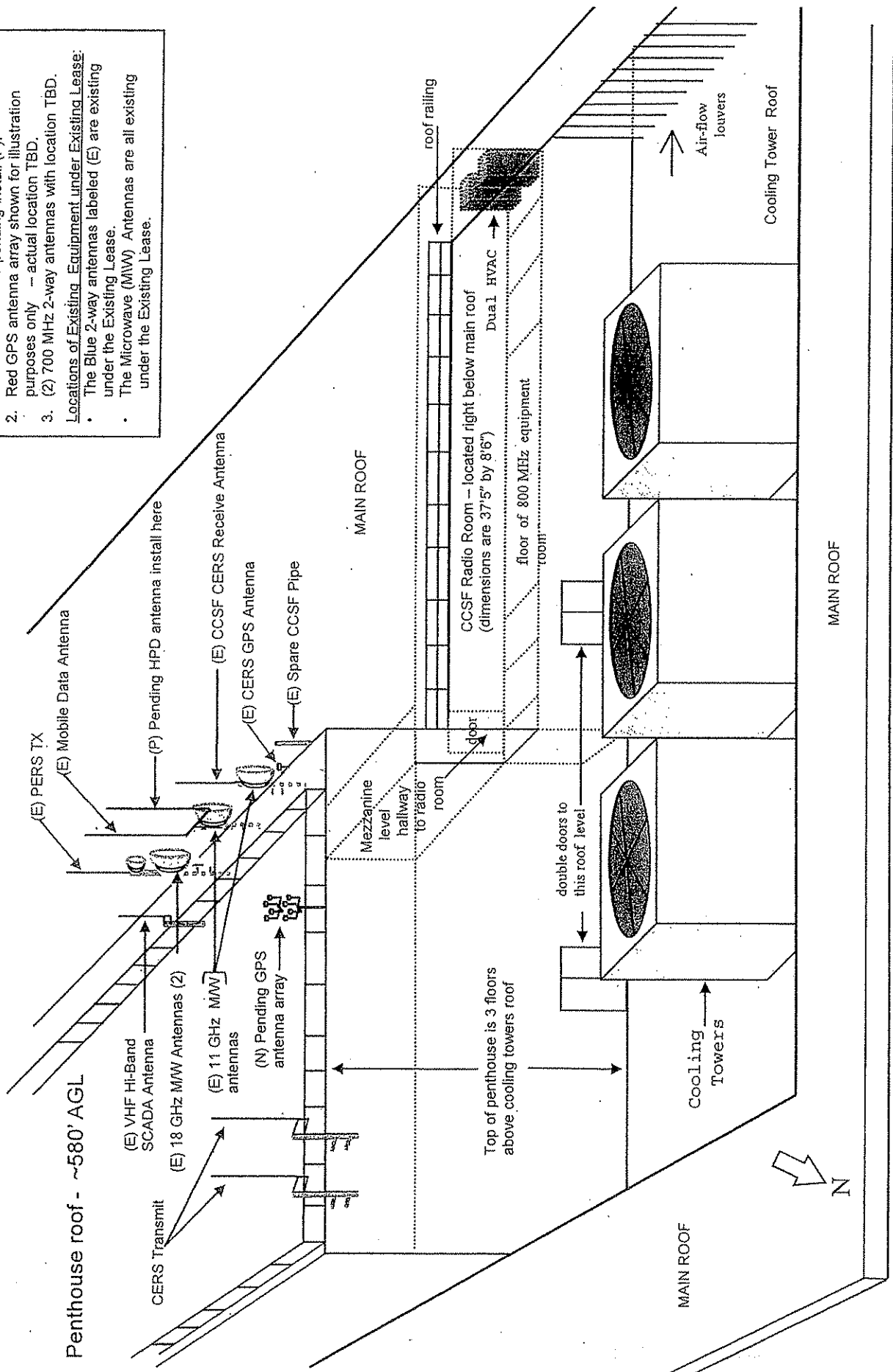
2. Approval of the proposed resolution, as amended, which contains a provision that allows the Director of Property to authorize future lease amendments, without first obtaining subsequent Board of Supervisors approval, is a policy decision for the Board of Supervisors

ONE MARKET PLAZA - Tower 'A' Rooftop (View from the North)

NOTES REGARDING SITE EQUIPMENT:
 1. Red HPD Antenna pending install (P).
 2. Red GPS antenna array shown for illustration purposes only -- actual location TBD.
 3. (2) 700 MHz 2-way antennas with location TBD.

Locations of Existing Equipment under Existing Lease:

- The Blue 2-way antennas labeled (E) are existing under the Existing Lease.
- The Microwave (MMW) Antennas are all existing under the Existing Lease.





Amy L. Brown
Director of Real Estate



February 22, 2010

File 100177

DEM
Lease Amendment for Antenna Site
Roof & Room AMZ98 of One Market

Through Edwin M. Lee
City Administrator

Honorable Board of Supervisors
City & County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Dear Board Members:

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2010 FEB 22 PM 2:50
BY _____

Enclosed for your consideration is a Resolution approving an Amendment to Lease of the mezzanine of the roof of the Spear Tower at One Market Street, to accommodate additional site equipment providing emergency communications for the City and County of San Francisco.

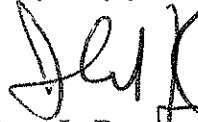
This Amendment is consistent with a Short Term Antenna Site Lease completed in July of 2009 to address immediate and emerging needs for installation of communication equipment. That Short Term Antenna Site Lease was structured as essentially a month-to-month agreement, in conformance with Administrative Code Section 23.26, allowing the Director of Property to execute the document administratively. The Amendment to Lease now before the Board incorporates the terms and conditions of the Short Term Antenna Site Lease as an Amendment to Lease of that certain Antenna Site Lease dated April 22, 1998, through to termination on April 30, 2013.

The financial impact of the Amendment to Lease is a \$1,200.00 per month increase in the rental rate. That represents a 22% increase over the current base rate of \$5,373.49. Communication equipment lease rates are usually not based on a price per square foot, but rather on the coverage area afforded by the location. This location presents a unique opportunity to secure excellent coverage in the Financial District and beyond, and the rate is not considered to be above-market, given the location.

In addition to the Resolution, enclosed for the Board file is the First Amendment to Antenna Site Lease.

Should you have any questions or need additional information, do not hesitate to call John Updike of our office at 554-9860.

Very truly yours,



Amy L. Brown

Director of Real Estate

cc: Edwin M. Lee, City Administrator

FIRST AMENDMENT TO ANTENNA SITE LEASE

THIS FIRST AMENDMENT TO ANTENNA SITE LEASE (this "Amendment") is dated for reference purposes as of _____, 2010, by and between PPF PARAMOUNT ONE MARKET PLAZA OWNER, L.P., a Delaware limited partnership ("Landlord") and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City" or "Tenant"). Capitalized terms used herein but not defined shall have the meaning given them in the Lease (as defined below).

THIS AMENDMENT is made with reference to the following facts:

A. City and Landlord, as successor-in-interest to EOP-One Market L.L.C., a Delaware limited liability company (doing business in California as EOP-One Market LLC), are parties to that certain Antenna Site Lease, dated April 22, 1998 (the "Initial Lease"), pursuant to which City presently leases the Premises consisting of a portion of Room #AMZ98, located on the mezzanine of the roof of Building located at One Market Street, San Francisco, California, and commonly known as the Spear Tower, together with certain other locations on the roof of the Spear Tower, in order to install and operate certain Site Equipment for City's emergency and non-emergency communications system. The Initial Lease as amended by this Amendment shall be referred to herein as the "Lease."

B. Exhibits A-2 and A-3 to the Initial Lease depicted the locations of the Site Equipment which consisted of the six (6) antennas located on the Premises.

C. Prior to the date hereof, City installed certain additional equipment not depicted on Exhibits A-2 and A-3 to the Initial Lease.

D. City is working to improve its program of public safety communications in San Francisco, and in connection with such improvement, City desires to install certain additional equipment.

E. Landlord and City desire to amend the Initial Lease to (1) document the location of all of existing Site Equipment, (2) permit City to install additional equipment in additional locations on the roof of the Spear Tower, and (3) increase the Base Rental payable under the Lease, and amend the Lease in certain other respects.

NOW, THEREFORE, in consideration of the matters described in the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City and Landlord agree as follows:

1. **Existing Site Equipment.** As of the date hereof, the locations of all existing City equipment on the roof of the Spear Tower are depicted with a designation "(E)" on the Exhibit A attached to this Amendment, and Landlord and City acknowledge that all such equipment is deemed to be "Site Equipment," as such term is used in the Lease and the location of each item of equipment is included within the Premises.

2. **Additional Site Equipment.**

(a) From and after the date hereof, and subject to the terms and conditions of the Lease, City shall have the right to install the following additional Site Equipment (the "Additional Site Equipment") in Room #AMZ98 and on the roof of the Spear Tower, provided that such installations shall be made in accordance with the provisions of the Lease, including, without limitation, the provisions of Section XI.B. and the technical standards set forth in Exhibit C to the Lease:

- (i) One (1) HPD antenna; to be installed in the location depicted with the designation "(P)" on the attached Exhibit A;
- (ii) One (1) GPS antenna array; to be installed in a location to be determined by Landlord and City; and
- (iii) Two (2) 700 MHz 2-way antennas; to be installed in locations to be determined by Landlord and City.

As used in this Amendment, the "Additional Premises" shall mean the locations on which the Additional Site Equipment is installed pursuant to the terms hereof. The location of such Additional Site Equipment shall be subject to Landlord's reasonable approval; provided, however, that Landlord agrees to take into account City's proposed operation of the Additional Site Equipment for the Permitted Use, including, if applicable, any special requirements such as line of sight with other City facilities, and City acknowledges that the location of the Additional Site Equipment may not interfere with any other communication or other system then installed on the roof of the Spear Tower. Landlord and City shall use good faith efforts to promptly resolve any disagreement about the designated location of the Additional Site Equipment.

Following the installation of any item of Additional Site Equipment or New Equipment (as defined below), City shall promptly deliver to Landlord an updated diagram in the form of Exhibit A attached hereto depicting the location of all of the Site Equipment, including all Additional Site Equipment and/or New Equipment, as applicable.

(b) **Definition of Premises.** Effective as of the date of Landlord's delivery of any portion of the Additional Premises to the City, the locations of such Additional Premises shall be deemed to be part of the Premises, as defined in the Lease.

(c) **Base Rent for Additional Premises.** Commencing on July 1, 2009 (the "Additional Premises Rent Commencement Date") and continuing throughout the Lease Term, City shall pay Rent for the Additional Premises at the rate of Fourteen Thousand Four Hundred Dollars (\$14,400.00) per annum for each calendar year of May 1st through April 30th (the "Additional Premises Base Rental"), payable in advance in two equal annual installments of Seven Thousand Two Hundred Dollars (\$7,200.00) each on the first (1st) day of April and the first (1st) day of October, in accordance with Section IV.A of the Lease; provided, however, that the first installment of Additional Premises Base Rental for the period of July 1, 2009 through September 30, 2009, shall be payable within thirty (30) days after the effective date of this Amendment and prorated based on the actual number of days during such period. Commencing on May 1, 2010, the Additional Premises Base Rental shall be adjusted in the manner provided in

Section IV.C of the Lease. City acknowledges that the Additional Premises Rent Commencement Date for the entire Additional Premises shall be July 1, 2009, notwithstanding the effective date of this Amendment and notwithstanding the actual date of Landlord's delivery of any portion of the Additional Premises, provided that there shall be an appropriate proration of Additional Premises Base Rental if Tenant's occupancy of the Additional Premises is delayed due to Landlord's failure to deliver any portion of the Additional Premises either (A) within thirty (30) days after the effective date of this Amendment, with respect to the Additional Site Equipment described in item (i) of Section 2(a), or (B) with respect to the Additional Site Equipment described in items (ii) and (iii) of Section 2(a), within thirty (30) days after the determination of the location of such Additional Site Equipment.

3. **New Equipment.**

(a) **New Installations Option.** During the Term of the Lease (including any Renewal Term), City shall have the ongoing option (the "New Installations Option") to install one or more additional antennas and ancillary equipment (the "New Equipment") on the roof of the Spear Tower and, as applicable, in Room #AMZ98, on the terms and conditions set forth in this Section 5; provided, however that the size, design and location of such equipment and manner of installation shall be subject to Landlord's reasonable approval. City shall exercise the New Installations Option, if at all, by written proposal to Landlord given from time to time, which proposal shall include the exact size and the general description of the New Equipment. As soon as reasonably possible after Landlord's receipt of a City's proposal, Landlord shall designate a proposed location for the New Equipment that are the subject of such proposal, which location shall be subject to City's reasonable approval. Landlord agrees that the location of the New Equipment will take into account City's proposed operation of the antenna for the Permitted Use, including, if applicable, any special requirements such as line of sight with other City facilities, and City acknowledges that the location of the antenna site(s) may not interfere with any other communication or other system then installed on the roof of the Spear Tower. The locations of all New Equipment shall be referred to herein as "New Sites."

(b) **Rent for New Sites.** City shall pay rent for each New Site at the prevailing market rate, determined as provided herein and adjusted as provided herein, from and after the date on which Landlord delivers such New Site to City (each such delivery date, an "New Site Rent Commencement Date"). Promptly following the designation and approval of the New Site, City shall provide Landlord with written notice of City's determination of prevailing market rate for the New Site, as established or approved by the City's Director of Property. If Landlord disputes City's determination of the prevailing market rate, Landlord shall provide City with written notice of Landlord's opinion of prevailing market rate together with reasonable substantiation for such rate, within fourteen (14) days following City's notice to Landlord. If Landlord does not so dispute City's determination of prevailing market rate, then the Base Rental for the New Site shall be the rate so determined by City. If Landlord disputes City's determination of the prevailing market rate:

- (i) Within thirty (30) days following Landlord's notice to City containing Landlord's opinion of prevailing market rate, Landlord and City shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any such disagreement. If

Landlord and City reach an agreement as to the prevailing market rate, such rate shall be the Base Rental for the New Site.

- (ii) If within such thirty (30) day period Landlord and City cannot reach agreement as to the prevailing market rate, they shall each select one real estate broker.
- (iii) The broker selected by each party shall together immediately select a third broker who shall within ten (10) days of his or her selection, choose either Landlord's or City's determination of the prevailing market rate and provide the reasoning for such selection, and the rate so chosen shall be the Base Rental for the New Site.
- (iv) All brokers specified above shall (i) have had at least five (5) years experience within the previous ten (10) years as a real estate broker working in the downtown San Francisco area, with working knowledge of current rooftop equipment rental rates and practices, and (ii) have not acted in any capacity for either party for at least the 2 prior years. Each party shall pay for its own broker. Landlord shall pay the cost of the third broker and City shall reimburse Landlord upon demand for one-half the actual and reasonable cost of such third broker.
- (v) If City's Director of Property does not approve of the prevailing market rate as determined by the appraisal procedure specified above, the Director of Property shall revoke the exercise of the New Installations Option by written notice to Landlord.

Base Rental for each New Site for each calendar year of May 1 through April 30 during the Term with respect to such New Site shall be payable in advance in two annual installments on the first day of April and October, in accordance with Section IV.A of the Initial Lease, provided that the initial installment of Base Rental for the New Site shall be payable within thirty (30) days after the New Site Rent Commencement Date. If the New Site Rent Commencement Date is a date other than May 1 or November 1, then Base Rental for the New Site for the period commencing on the New Site Rent Commencement Date and ending on the next occurring May 1 or November 1, as applicable, shall be appropriately prorated. Commencing on the May 1st immediately following the New Site Rent Commencement Date, the Additional Site Base Rental shall be adjusted in the manner provided in Section IV.C of the Initial Lease.

(c) **Additional Terms and Conditions.** Effective as of the date of Landlord's delivery of any New Site to the City, the locations of such New Site shall be deemed to be part of the Premises, as defined in the Lease. All installations of New Equipment shall be made in accordance with the provisions of the Lease, including, without limitation, the provisions of Section XI.B. and the technical standards set forth in Exhibit C to the Initial Lease. If City is in default under the Lease on the date of giving a notice exercising any New Installations Option, Landlord may reject such exercise by delivering written notice thereof to City.

4. **No Rent Reduction.** In no event shall the amount of rent payable under the terms of the Lease by City be reduced in the event City removes any item of Site Equipment, whether for obsolescence or any other reason.

5. **City to Pay Cost of Landlord's Review.** The sixth (6th) sentence of Section XI.B of the Initial Lease is deleted in its entirety and the following language is substituted in its place, "Tenant shall reimburse Landlord upon demand as Additional Base Rental for all reasonable sums, including, without limitation, the cost of any third party technical studies or reviews, arising out of or related to Landlord's examination or review of any proposed alteration, addition, or improvement to any Site Equipment, Additional Site Equipment or New Equipment."

6. **Termination Date.** Landlord and City acknowledge and agree that in July of 2007, City timely exercised its first Renewal Option and extended the Lease Term such that the Termination Date is April 30, 2013.

7. **Notice Addresses.** The notices addresses set forth in Section I.A.8 of the Initial Lease are hereby deleted and the following addresses are substituted therefor:

Tenant: Notices shall be sent to Tenant at the following addresses:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Amy L. Brown,
Director of Property
Fax No.: (415) 552-9216

with a copy to:
Department of Technology (DT)
1 South Van Ness Avenue, 2nd Floor
San Francisco, CA 94103
Attn: General Manager

and a copy to:
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: Real Estate and Finance Team
Fax No.: (415) 554-4755

Landlord: Notices shall be sent to Landlord at the following addresses:

PPF PARAMOUNT ONE MARKET PLAZA OWNER, L.P.
c/o Morgan Stanley US RE Investing Division
555 California Street, Suite 2200, Floor 21
San Francisco, California 94104
Attention: Artlyn Fong

with a copy to:

PARAMOUNT GROUP, INC.
One Market Plaza
Spear Tower, Suite 345
San Francisco, California 94105
Attention: Area Asset Manager/General Manager

and a copy to:

PARAMOUNT GROUP, INC.
1633 Broadway, Suite 1801
New York, NY 10019
Attention: Bernard A. Marasco
Director of Leasing

8. **Covenant Not to Discriminate.** Article XXXIV Section T is hereby added to the Lease as follows:

“T. Covenant Not to Discriminate. In the performance of this Lease, Landlord covenants and agrees not to discriminate on the basis of the fact or perception of a person’s race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of Landlord, any City employee working with Landlord, or any applicant for employment with Landlord.”

9. **Requirements for Lease Amendments.** Article XXXIV Section U is hereby added to the Lease as follows:

“U. Amendments. Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the giving by City of its consent or approval, the City’s Director of Property, or his or her designee, shall be authorized to provide such approval, except as otherwise provided by applicable law, including the Charter of the City and County of San Francisco. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to

the mutual written agreement of City and Landlord, and City's agreement may be made upon the sole approval of City's Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (a) increasing the Term, (b) increasing the Rent, (c) changing the general use of the Premises from the use authorized under Article V of this Lease, and (d) any other amendment or modification which materially increases City's liabilities or financial obligations under this Lease shall additionally require the approval of City's Board of Supervisors."

10. **Conflicts of Interest.** Article XXXIV Section W is hereby added to the Lease as follows:

"W. Conflicts of Interest. Landlord acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Landlord becomes aware of any such fact during the Term of this Lease, Landlord shall immediately notify City."

11. **Notification of Limitations on Contribution.** Article XXXIV Section X is hereby added to the Lease as follows:

"X. Notification of Limitations on Contributions. Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Landlord acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Landlord further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Landlord's board of directors, chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Landlord; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Landlord. Additionally, Landlord acknowledges that Landlord must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 of the San Francisco Campaign and Governmental Conduct Code."

12. **Sunshine Ordinance.** Article XXXIV Section V is hereby added to the Lease as follows:

“V. **Sunshine Ordinance.** In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors’ bids, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person’s or organization’s net worth or other proprietary financial data submitted for qualification for a contract, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.”

13. **Estoppel Certificates.** Landlord acknowledges and agrees that notwithstanding the provisions of items (v) and (ix) of Section 6 of the Addendum of the Initial Lease, (A) City cannot confirm the rentable square footage of the Premises, and (B) any estoppel certificate delivered by City pursuant to such Section 6 shall certify the then-expiration date of the Lease (which, as of the effective date of this Amendment is April 30, 2013).

14. **No Joint Venture.** This Amendment or any activity by the City hereunder does not create a partnership or joint venture between the City and Landlord relating to the Lease or otherwise. This Amendment does not constitute authorization or approval by the City of any activity conducted by Landlord, and the City shall in no way be responsible for the acts or omissions of Landlord on the Premises or otherwise.

15. **Attorneys Fees.** In the event a dispute arises concerning this Amendment, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys’ fees. For purposes of this Amendment, reasonable fees of attorneys of City’s Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney’s services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

16. **References.** No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended hereby.

17. **Applicable Law.** This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

18. **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

19. **Miscellaneous.** Except as expressly modified herein, the terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect. The Lease as

amended by this Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and conceals any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. The execution of this Amendment shall not constitute a waiver of relinquishment of any rights which the City may have relating to the Lease. Landlord and City hereby ratify and confirm all of the provisions of the Lease as amended by this Amendment.

20. **Effective Date of Amendment.** Notwithstanding anything to the contrary contained in this Amendment, Landlord acknowledges and agrees that no officer or employee of City has authority to commit City hereto unless and until City's Board of Supervisors shall have duly adopted a resolution approving this Amendment and authorizing consummation of the transaction contemplated hereby. Therefore, any obligations or liabilities of City hereunder are contingent upon adoption of such a resolution, and this Amendment shall be null and void unless City's Mayor and Board of Supervisors approve this Amendment, in their respective sole and absolute discretion, and in accordance with all applicable laws. Approval of this Amendment by any department, commission or agency of City shall not be deemed to imply that such resolution will be adopted nor will any such approval create any binding obligations on City. Subject to the foregoing, the effective date of this Amendment shall be the date this Amendment is executed by Landlord and City.

(Signatures on following page)

In witness whereof, the parties hereto have executed this Amendment as of the date written above.

LANDLORD: **PPF PARAMOUNT ONE MARKET PLAZA OWNER, L.P.**

a Delaware limited partnership

By: PPF PARAMOUNT GP, LLC

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

TENANT: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

AMY L. BROWN

Its: Director of Property

RECOMMENDED:

Director, Department of Emergency
Management

APPROVED AS TO FORM:

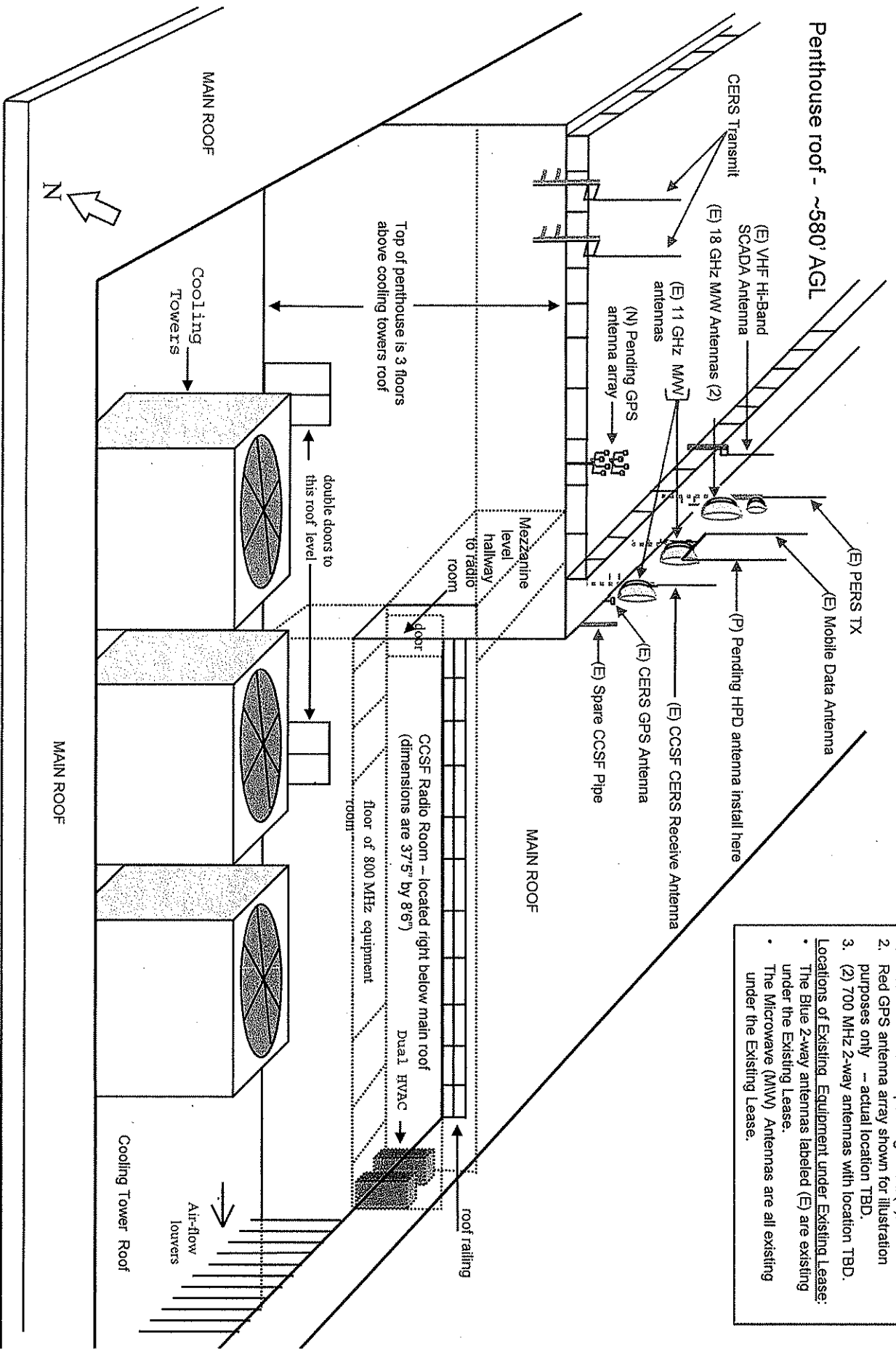
DENNIS J. HERRERA, City Attorney

By: _____

Anita L. Wood
Deputy City Attorney

EXHIBIT A
Additional Premises
(Attached)

ONE MARKET PLAZA - Tower 'A' Rooftop (View from the North)



NOTES REGARDING SITE EQUIPMENT:

1. Red HPD Antenna pending install (P).
2. Red GPS antenna array shown for illustration purposes only - actual location TBD.
3. (2) 700 MHz 2-way antennas with location TBD.

Locations of Existing Equipment under Existing Lease:

- The Blue 2-way antennas labeled (E) are existing under the Existing Lease.
- The Microwave (MW) Antennas are all existing under the Existing Lease.

SHORT TERM ANTENNA SITE LEASE

THIS SHORT TERM ANTENNA SITE LEASE (this "Lease") is dated for reference purposes as of July ___, 2009, by and between PPF PARAMOUNT ONE MARKET PLAZA OWNER, L.P., a Delaware limited partnership ("Landlord") and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City" or "Tenant"). Capitalized terms used herein but not defined shall have the meaning given them in the Existing Lease (as defined below).

RECITALS:

A. City and Landlord, as successor-in-interest to EOP-One Market L.L.C., a Delaware limited liability company (doing business in California as EOP-One Market LLC), are parties to that certain Antenna Site Lease, dated April 22, 1998 (the "Existing Lease"), pursuant to which City presently leases premises consisting of a portion of Room #AMZ98, located on the mezzanine of the roof of building located at One Market Street, San Francisco, California, and commonly known as the Spear Tower, together with certain other locations on the roof of the Spear Tower, in order to install and operate certain antennas and related telecommunications equipment for City's emergency and non-emergency communications system.

B. City is working to improve its program of public safety communications in San Francisco, and in connection with such improvement, City desires to install certain additional equipment on the roof of the Spear Tower, more particularly described below, for a four (4) month term commencing on July 14, 2009.

C. Landlord and City desire to enter into this Lease permit City to install additional equipment on the roof of the Spear Tower on the terms and conditions set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the matters described in the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City and Landlord agree as follows:

1. **Lease; Term.** Landlord hereby leases to City, and City hereby leases from Landlord, the Premises (as defined below) for a term (the "Term") commencing on July 14, 2009 (the "Commencement Date") and ending on November 13, 2009. Thereafter, the Term will automatically extend from month to month from the 14th day of the month through the 13th day of the next succeeding month, provided that during such extended period the Term may be terminated at any time by written agreement of Landlord and City, or by either party giving to the other party not less than thirty (30) days prior written notice of intention to so terminate the lease of the Premises and specifying the exact date of termination.

2. **General Terms and Conditions Same as Existing Lease Except as Noted.** Landlord and City agree that all of the terms, conditions, covenants, rules and regulations which are contained in the Existing Lease are incorporated as a part of this Lease, except as specifically

provided herein. The following provisions of the Existing Lease are not incorporated into this Lease:

- Section I.A.2 (Definition of Base Rental)
- Section I.A.4 (Definitions of Commencement Date, Lease Term, Initial Term and Termination Date)
- Section I.A.5. (Definition of Premises)
- Section 8 (Notice Addresses)
- Exhibits A1-A4
- Exhibit F (Renewal Option)

3. Site Equipment.

(a) From and after the Commencement Date, City shall have the right to install the following equipment (the "Site Equipment") in Room #AMZ98 and on the roof of the Spear Tower, provided that such installations shall be made in accordance with the provisions of the Existing Lease, including, without limitation, the provisions of Section XI.B. of the Existing Lease and the technical standards set forth in Exhibit C to the Existing Lease:

- (i) One (1) HPD antenna; to be installed in the location depicted with the designation "(P)" on the attached Exhibit A;
- (ii) One (1) GPS antenna array; to be installed in a location to be determined by Landlord and City; and
- (iii) Two (2) 700 MHz 2-way antennas; to be installed in locations to be determined by Landlord and City, together with ancillary equipment to be installed in Room #AMZ98 in locations to be determined by Landlord and City.

(b) As used in this Lease, the "Premises" shall mean the locations on which the Site Equipment is from time to time installed pursuant to the terms hereof. The location of such Site Equipment shall be subject to Landlord's reasonable approval; provided, however, that Landlord agrees to take into account City's proposed operation of the Site Equipment for the Permitted Use, including, if applicable, any special requirements such as line of sight with other City facilities, and City acknowledges that the location of the Site Equipment may not interfere with any other communication or other system then installed on the roof of the Spear Tower. Landlord and City shall use good faith efforts to promptly resolve any disagreement about the designated location of the Site Equipment.

(c) Following the installation of any item of Site Equipment, City shall promptly deliver to Landlord an updated diagram in the form of Exhibit A attached hereto depicting the location of all of the Site Equipment.

4. Base Rent for Premises. Commencing on the Commencement Date and continuing throughout the Lease Term, City shall pay Rent for the Premises at the rate of One Thousand

Two Hundred Dollars (\$1,200.00) per month (the "Base Rental"). Notwithstanding the provisions of Section IV.A. of the Existing Lease to the contrary, Base Rent shall be payable monthly in advance, provided that the initial payment of Base Rent shall be payable within thirty (30) days after the effective date of this Lease. If this Lease is still in effect, commencing on May 1, 2010, the Base Rental shall be adjusted in the manner provided in Section IV.C of the Lease. City acknowledges that the rent commencement date for the entire Premises shall be the Commencement Date, notwithstanding the effective date of this Lease and notwithstanding the actual date of Landlord's delivery of any portion of the Premises, provided that there shall be an appropriate proration of Base Rental if Tenant's occupancy of an increment of Premises is delayed due to Landlord's failure to deliver such increment of the Premises to City either (A) within thirty (30) days after the effective date of this Lease, with respect to the Site Equipment described in item (i) of Section 3(a), or (B) with respect to the Site Equipment described in items (ii) and (iii) of Section 3(a), within thirty (30) days after the determination of the location of such Site Equipment.

5. **Effect of Amendment to Existing Lease; Termination of Lease and Rental Credit.** If the Existing Lease is amended to add the Premises leased hereunder to the premises under the Existing Lease (such amendment, the "Proposed Amendment to Existing Lease "), then this Lease shall terminate effective as of the effective date of the Proposed Amendment to Existing Lease. Further, any Base Rental paid by City under this Lease shall be credited against rental due under the Existing Lease (as so amended) for the Premises demised hereunder, to the extent such rent is attributable to the Term of this Lease.

6. **No Rent Reduction.** In no event shall the amount of rent payable by City hereunder be reduced in the event City removes any item of Site Equipment, whether for obsolescence or any other reason.

7. **City to Pay Cost of Landlord's Review.** The sixth (6th) sentence of Section XI.B of the Existing Lease shall not apply to this Lease, and the following language is substituted in its place, "Tenant shall reimburse Landlord upon demand as additional rent for all reasonable sums, including, without limitation, the cost of any third party technical studies or reviews, arising out of or related to Landlord's examination or review of any proposed alteration, addition, or improvement to any Site Equipment."

8. **Notice Addresses.** For the purposes of this Lease, the following addresses are substituted for the notices addresses set forth in Section I.A.8 of the Existing Lease:

Tenant: Notices shall be sent to Tenant at the following addresses:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Amy L. Brown,
Director of Property
Fax No.: (415) 552-9216

with a copy to:
Department of Technology (DT)
1 South Van Ness Avenue, 2nd Floor
San Francisco, CA 94103
Attn: General Manager
Fax No.: (415) _____

and a copy to:
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: Real Estate and Finance Team
Fax No.: (415) 554-4755

Landlord: Notices shall be sent to Landlord at the following addresses:

PPF PARAMOUNT ONE MARKET PLAZA OWNER, L.P.
c/o Morgan Stanley US RE Investing Division
555 California Street, Suite 2200, Floor 21
San Francisco, California 94104
Attention: Artlyn Fong

with a copy to:

PARAMOUNT GROUP, INC.
One Market Plaza
Spear Tower, Suite 345
San Francisco, California 94105
Attention: Area Asset Manager/General Manager

and a copy to:

PARAMOUNT GROUP, INC.
1633 Broadway, Suite 1801
New York, NY 10019
Attention: Bernard A. Marasco
Director of Leasing

9. **Covenant Not to Discriminate.** In the performance of this Lease, Landlord covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of Landlord, any City employee working with Landlord, or any applicant for employment with Landlord."

10. **Requirements for Lease Amendments.** Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the

giving by City of its consent or approval, the City's Director of Property, or his or her designee, shall be authorized to provide such approval, except as otherwise provided by applicable law, including the Charter of the City and County of San Francisco. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of City and Landlord, and City's agreement may be made upon the sole approval of City's Director of Property, or his or her designee.

11. **Conflicts of Interest.** Landlord acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Landlord becomes aware of any such fact during the Term of this Lease, Landlord shall immediately notify City.

12. **Notification of Limitations on Contribution.** Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Landlord acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Landlord further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Landlord's board of directors, chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Landlord; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Landlord. Additionally, Landlord acknowledges that Landlord must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 of the San Francisco Campaign and Governmental Conduct Code.

13. **Sunshine Ordinance.** In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request."

14. **Estoppel Certificates.** Landlord acknowledges and agrees that notwithstanding the provisions of items (v) and (ix) of Section 6 of the Addendum of the Existing Lease, (A) City cannot confirm the rentable square footage of the Premises, and (B) any estoppel certificate delivered by City pursuant to such Section 6 shall certify the then-expiration date of this Lease (which, as of the effective date of this Lease is November 17, 2009).

15. **No Joint Venture.** This Lease or any activity by the City hereunder does not create a partnership or joint venture between the City and Landlord relating to the Lease or otherwise. This Lease does not constitute authorization or approval by the City of any activity conducted by Landlord, and the City shall in no way be responsible for the acts or omissions of Landlord on the Premises or otherwise.

16. **Attorneys Fees.** In the event a dispute arises concerning this Lease, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Lease, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

17. **Applicable Law.** This Lease shall be governed by, construed and enforced in accordance with the laws of the State of California.

18. **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Lease.

(Signatures on following page)

In witness whereof, the parties hereto have executed this Lease as of the date written above.

LANDLORD: **PPF PARAMOUNT ONE MARKET PLAZA
OWNER, L.P.,**
a Delaware limited partnership

By: PPF PARAMOUNT GP, LLC

By: [Signature]

Name: ARLYN SING

Title: VICE PRESIDENT

By: [Signature]

Name: RALPH DI RIGGIERO

Title: VP

TENANT: **CITY AND COUNTY OF SAN FRANCISCO,**
a municipal corporation

By: _____

AMY L. BROWN

Its: Director of Property

RECOMMENDED:

Director, Department of Emergency
Management

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____

Anita L. Wood
Deputy City Attorney

In witness whereof, the parties hereto have executed this Lease as of the date written above.

LANDLORD: **PPF PARAMOUNT ONE MARKET PLAZA
OWNER, L.P.,**
a Delaware limited partnership

By: PPF PARAMOUNT GP, LLC

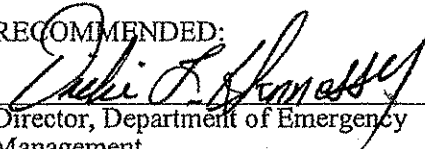
By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TENANT: **CITY AND COUNTY OF SAN FRANCISCO,**
a municipal corporation

By:  _____
Its: **AMY L. BROWN**
Director of Property

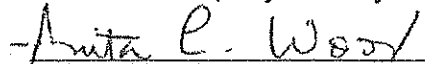
RECOMMENDED:



Director, Department of Emergency
Management

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: 

Anita L. Wood
Deputy City Attorney

EXHIBIT A
Premises
(Attached)