

(Lease Agreement

Data Center at 900 North Alameda Street, Los Angeles

WHEREAS, The Los Angeles Department of Water and Power's (LADWP) data center is currently located in an antiquated LADWP-owned data center space; and

WHEREAS, the proposed relocation is the result of a consultant recommendation and recent outages caused by problems in the current data center space; and

WHEREAS, a colocation facility provides space, power capacity, data communications, and cooling infrastructure customized to enable multiple companies to house and operate their data center equipment. A colocation facility operates 24/7, 365 days a year with operating support and back-up systems to ensure reliable continuous operation; and

WHEREAS, the relocation will increase reliability for LADWP's business applications including the Customer Information System, e-mail, and the ladwp.com website. The relocation leverages the operating and cost efficiencies of a shared facility resulting in greater energy efficiency and lower CO² emissions. The proposed space is move-in ready with an ideal location for LADWP Data Center staff. The space provides operating efficiencies unsurpassed by any other colocation facility in the City of Los Angeles.

WHEREAS, CoreSite Real Estate, L.L.C., (CoreSite) owns and operates its LA2 colocation facility located at 900 North Alameda Street, Los Angeles, CA 90012 (Property); and

WHEREAS, LADWP desires to lease a portion of the Property to operate its data center and colocation facility in approximately 1,334 square feet of space along with ancillary storage and common areas (Data Center Space) pursuant to the terms and conditions of a Lease Agreement (Agreement); and

WHEREAS, the projected total rent and expenses for the 10-year term of the lease plus the 5-year option will not exceed \$58,000,000. The operating requirements of the Property prevent LADWP from having a dedicated meter and an estimated \$18,712,000 of the total will be for power which will be billed at cost by CoreSite. The \$18,712,000 will be recovered when LADWP bills CoreSite for power, thus the estimated net cost of the proposed lease agreement is approximately \$38,804,000; and

WHEREAS, pursuant to Section 606 of the Charter of the City of Los Angeles (City Charter), approval of the City Council of the City of Los Angeles (City Council) is required for LADWP to enter into the Agreement; and

NOW, THEREFORE, BE IT RESOLVED that the Agreement, approved as to form and legality by the City Attorney, on file with the Secretary of the Board, and now before this Board in connection with this Resolution, whereby LADWP (i) leases the Data Center Space from CoreSite for the purposes and upon the terms and conditions set forth in said Agreement for the projected rent and expenses over the ten (10) year term and five (5) year option for an amount not to exceed \$58,000,000 (budgeted) including power usage; and

BE IT FURTHER RESOLVED that the City Council is requested to approve said Agreement as provided in the City Charter Section 606; and

BE IT FURTHER RESOLVED that the President or Vice President of this Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said Agreement and ancillary documents thereto, for and on behalf of LADWP; and

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund and the Water Revenue Fund for payment of the obligations arising under said Agreement, which amount is currently estimated not to exceed \$5,000,000 annually and \$58,000,000 over the initial ten (10) year term and option period; and

BE IT FURTHER RESOLVED that upon approval of the Board of Water and Power Commissioners, the President or Vice President of this Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board shall be authorized to exercise the option to extend the Agreement for an additional five (5) year period.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

JUN 07 2016

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

BY

TIMOTHY J. CHUNG
DEPUTY CITY ATTORNEY


Secretary

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