

OFFICE LEASE

between

BUTLER REALTY LLC  
as Landlord

and

COUNTY OF SAN MATEO,  
as Tenant

For the lease of a portion of  
727 Shasta Street  
Redwood City, California

May 1, 2014

Lease No.1306

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**LIST OF EXHIBITS:**

- EXHIBIT A-1 -- Site Plan**
- EXHIBIT A-2 -- ADA Barriers**
- EXHIBIT A-3 -- Tenant Improvement Plan**
- EXHIBIT B -- Notice of Commencement**
- EXHIBIT C -- Not Used**
- EXHIBIT D -- Rules and Regulations**

## OFFICE LEASE

Lease No.1306

THIS OFFICE LEASE (this "Lease"), dated for reference purposes only as of May1, 2014 is by and between BUTLER REALTY LLC, a California limited liability company ("Landlord"), and the COUNTY OF SAN MATEO, a political subdivision of the State of California ("County" or "Tenant").

Landlord and County hereby agree as follows:

### 1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

- |     |  |   |
|-----|--|---|
| 1.1 | Lease Reference Date:                    | May 1, 2014   |
| 1.2 | Landlord:                                | BUTLER REALTY LLC   |
| 1.3 | Tenant:                                  | COUNTY OF SAN MATEO   |
| 1.4 | Property and Building (Section 2.1):     | The premises are a portion of the commercial property comprised of San Mateo County Assessor's Parcel Number 053-191-010, together with the improvements thereon and commonly known as 725-727 Shasta Street (the "Property"), which portion is located in that certain two story office building located on the Property which is commonly known as 727 Shasta Street, Redwood City, California (the "Building"). The Property and the Building are shown on the attached Exhibit A-1 (Site Plan). |
| 1.5 | Premises (Section 2.1):                  | The Premises are a portion of the Building as shown on the attached Exhibit A-1 (Site Plan), described as Suites 101 and 201 through 204, together with non-exclusive right to use the common areas of the Property.  |
| 1.6 | Parking (Section 2.3)                    | County shall have the non-exclusive right to use the parking facilities of the Property in common with other tenants of the Property, provided that County agrees not to use any parking that is specifically assigned to another tenant of the Property, nor any parking in excess of its proportionate share of parking facilities as set forth in Section 2.3.   |
| 1.7 | Rentable Area of Premises (Section 2.1): | Approximately 7,166 rentable square feet.   |
| 1.8 | Term (Section 3):                        | The Effective Date shall be as set forth in Section 3.2 hereof.   |

Estimated Commencement Date: August 20, 2014  
Expiration Date: August 31, 2024

- 1.8 Extension Options (Section 3.4): Two additional terms of five years, exercisable by County by written notice to Landlord given not less than 120 days in advance, with rent determined as set forth in Section 3.5 hereof.
- 1.9 Adjustment Dates (Section 4.2): September 1, 2015, and September 1<sup>st</sup> of each subsequent year throughout the Term of the Lease.
- 1.10 Base Rent (Section 4.1): Monthly Base Rent of \$10,749.00, subject to adjustment as set forth in Section 4.2 hereof.
- 1.11 Rent Adjustment (Section 4.2): On each Adjustment Date, the Base Rent for the following twelve-month period shall be adjusted to equal one hundred three percent (103%) of the Base Rent for the lease year preceding such Adjustment Date.
- 1.12 Additional Charges (Section 4.3): The County shall pay as Additional Charges the County's Percentage Share of any increase in Property Insurance and Real Estate Taxes for the Property over those of the Base Year, as set forth in Section 4.3 - 4.9 hereof, as well as the amortized Leasehold Improvement Budget as set forth in Section 6.1(e) hereof.
- 1.13 Base Year (Section 4.4): The Base Year shall be January 1, 2014 through December 31, 2014.
- 1.14 County's Percentage Share (Section 4.4): County's percentage share of the Property shall be 30.13%%, and County's percentage share of the Building shall be 30.13%%.
- 1.15 Use (Section 5.1): The Premises shall be used by the County's Behavioral Health and Recovery Services division of the Health System for general office purposes, counseling visits, group meetings, medical appointments and for no other use without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed.
- 1.16 Improvement Allowance (Section 6): Landlord shall provide to Tenant an allowance of \$107,490 to be utilized for the leasehold improvements set forth in Section 6 hereof.
- 1.17 Improvements (Section 6): Landlord shall make the improvements necessary to the Premises to meet all Title 24, ADA, Life Safety and other building codes, and to ensure that the building systems are adequate to provide quality heating, ventilation and air-conditioning to the Premises. The County has identified ADA barriers shown on Exhibit A-2 (ADA Barriers) as set forth herein.

- Landlord shall cause the Premises to be improved essentially as shown in the attached Exhibit A-3 (Tenant Improvements), in accordance with Section 6.
- 1.18 Utilities (Section 9.1): Subject to the Additional Charges set forth in Section 4.3, Landlord, at its sole cost and expense, shall provide all utilities to the Premises, except for PG&E electrical charges as set forth in Section 9.1.
- 1.19 Services (Section 9.3): Subject to the Additional Charges set forth in Section 4.3, Landlord, at its sole cost and expense, shall provide to the Premises the standard office services described in Section 9.3.
- 1.20 Other Noteworthy Provisions (Section 22) None
- 1.21 Notice Address of Landlord (Section 23.1): Sequoia Realty Services  
2125 Broadway Street  
Redwood City, CA 94063  
Fax No.: (650) 475-7090
- 1.22 Key Contact for Landlord: Eric Radmacher, Property Manager  
  
Landlord Contact Telephone No.: (650) 556-8660
- 1.23 Notice Address for County (Section 23.1): Deputy County Manager  
400 County Center  
Redwood City, CA 94063  
Fax No.: (650) 363-4832
- 1.24 and to: Office of County Counsel  
400 County Center, 6<sup>th</sup> Floor  
Redwood City, CA 94063  
Fax No.: (650) 363-4034
- 1.25 Key Contact for County: Real Property Services Manager  
455 County Center, 4<sup>th</sup> Floor  
Redwood City, CA 94063  
  
County Contact Telephone No.: (650) 363-4047
- 1.26 Broker (Section 23.8) Sequoia Realty Services

## 2. PREMISES

### 2.1. Lease Premises

Landlord leases to County and County leases from Landlord, subject to the provisions of this Lease, those premises in the building identified in Section 1.4 of the Basic Lease Information (the "Buildings") and shown on the floor plans attached hereto as Exhibit A-3 (the "Premises"). Landlord and County hereby agree that the Premises contain the rentable area specified in the Basic Lease Information. The Building, land upon which the Building is located and all other improvements on or appurtenances to such land are referred to collectively as the "Property".

## **2.2.Common Areas**

County shall have the non-exclusive right to use, together with other tenants in the Property, the lobbies, corridors, stairways and other public areas of the Building and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

## **2.3.Parking**

County shall have the right to park in the parking facilities of the Property as set forth in Section 1.6 of the Basic Lease Provisions, and in common with other tenants of the Property, provided that, in the aggregate, County agrees not to use in excess of its proportionate share of parking facilities, which is 3.3 spaces for each 1,000 rentable square feet of the Premises, and agrees to cooperate with Landlord and the other tenants in the use of the parking facilities.

## **3. TERM**

### **3.1.Term of Lease**

The Premises are leased for an initial term (the "Term") commencing on the date specified in the Basic Lease Information as the estimated commencement date (the "Estimated Commencement Date"), or such later date as Landlord shall have delivered the Premises to County and the County Board of Supervisors shall have authorized the execution of this Lease, in its sole and absolute discretion. The term of the Lease shall end on the expiration date specified in the Basic Lease Information, or such earlier date on which this Lease terminates pursuant to the provisions of this Lease.

### **3.2.Effective Date, Commencement Date and Expiration Date**

The date on which this Lease shall become effective (the "Effective Date") is the date upon which (i) the County Board of Supervisors, in its sole and absolute discretion, adopts a resolution approving this Lease in accordance with all applicable laws and (ii) this Lease is duly executed by and delivered to the parties hereto.

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "Commencement Date" and the "Expiration Date". If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly thereafter Landlord shall deliver to County a notice substantially in the form of Exhibit B attached hereto, confirming the actual Commencement Date, but Landlord's failure to do so shall not affect the commencement of the Term.

### **3.3.Delay in Delivery of Possession**

Landlord shall use its best efforts to deliver possession of the Premises with all of the Leasehold Improvements substantially completed and accepted by County Manager of the County of San Mateo, or the County Manager's designee, pursuant to Section 6.1 (Landlord's Obligation to Construct Improvements) on or before the Estimated Commencement Date. However, if Landlord is unable to deliver possession of the Premises as provided above, then, subject to the provisions of this Section below, the validity of this Lease shall not be affected by such inability to deliver possession except that County's obligations to pay Base Rent or any other charges shall not commence until such time as Landlord has delivered the Premises as required under this Lease or September 1, 2014, whichever occurs first. If the Term commences later or earlier than the Estimated Commencement Date, this Lease shall nevertheless expire on the Expiration Date, unless sooner terminated pursuant to the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to County as required hereunder within sixty (60) days after the Estimated Commencement Date, then County may, at its option, terminate this Lease, without any further liability under this Lease, upon written notice to Landlord.

### **3.4.Extension Option(s)**

County shall have the right to extend the Initial Term of this Lease (the "Extension Option") for the additional term(s) specified in the Basic Lease Information (the "Extended Term"). Such Extension Option(s) shall be on all of the terms and conditions contained in this Lease except that the rent for the

Extended Term shall be as set forth in Section 3.5 (Determination of Base Rent for the Extended Term). County, at its sole discretion, may exercise the Extension Option(s), if at all, by giving written notice to Landlord no later than 120 days prior to expiration of the term to be extended; provided, however, if County is in material default under this Lease on the date of giving such notice and fails to cure such default as set forth in Section 15.1, Landlord may reject such exercise by delivering written notice thereof to County promptly after such failure to cure.

### **3.5.Determination of Base Rent for the Extended Term**

At the commencement of the Extended Terms, the Base Rent shall be adjusted to an amount equal to 95% of the prevailing market rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, location and quality to the Premises situated within the immediate vicinity the Redwood City Commercial area ("Reference Area"); provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account without limitation (i) any additional rental and all other payments and escalations payable hereunder, (ii) floor location and size of the premises covered by leases of such comparable space, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, and (v) building standard tenant improvement allowances and other allowances given under such comparable leases.

If Tenant disputes Landlord's determination of the prevailing market rate, Tenant shall so notify Landlord within fourteen (14) days following Landlord's notice to Tenant of the prevailing market rate and such dispute shall be resolved as follows:

(a) Within thirty (30) days following Landlord's notice to Tenant of the prevailing market rate, Landlord and Tenant 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.

(b) If within this thirty (30) day period Landlord and Tenant cannot reach agreement as to the prevailing market rate, they shall each select one appraiser to determine the prevailing market rate. Each such appraiser shall arrive at a determination of the prevailing market rate and submit his or her conclusions to Landlord and Tenant within thirty (30) days of the expiration of the thirty (30) day consultation period described in (a) above.

(c) If only one appraisal is submitted within the requisite time period, it shall be deemed to be the prevailing market rate. If both appraisals are submitted within such time period, and if the two appraisals so submitted differ by less than ten percent (10%) of the higher of the two, then the average of the two shall be the prevailing market rate. If the two appraisals differ by more than ten percent (10%) of the higher of the two, then the two appraisers shall immediately select a third appraiser who will within thirty (30) days of his or her selection make a determination of the prevailing market rate and submit such determination to Landlord and Tenant. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the prevailing market rate.

(d) If Tenant's County Manager does not approve of the prevailing market rate as determined by the appraisal procedure specified above, the County Manager shall revoke the exercise of the Extension Option by Tenant.

(e) All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in San Mateo County. Landlord and Tenant shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

## **4. RENT**

### **4.1.Base Rent**

Beginning on the Commencement Date, County shall pay to Landlord during the Term the monthly Base Rent specified in Section 1.9 of the Basic Lease Information (the "Base Rent"). The Base Rent shall be payable in equal consecutive monthly payments on or before the first day of each month, in advance, at the address specified for Landlord in Section 1.19 of the Basic Lease Information, or such other place as Landlord may designate in writing upon not less than thirty (30) days' advance notice. County shall pay the Base Rent without any prior demand and without any deductions or setoff except as otherwise expressly provided in this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month or the Expiration Date occurs on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

### **4.2.Adjustments in Base Rent**

On each date specified in Section 1.10 of the Basic Lease Information for the adjustment of Base Rent (an "Adjustment Date"), the Base Rent for the following twelve-month period shall be adjusted to equal one hundred and three percent (103%) of the Base Rent for the lease year preceding such Adjustment Date.

### **4.3.Additional Charges**

County shall pay to Landlord any charges or other amounts required under this Lease as additional rent ("Additional Charges"), including the charges for Property Insurance and Real Estate Taxes provided for hereinbelow. All such Additional Charges shall be payable to Landlord at the place where the Base Rent is payable. Landlord shall have the same remedies for default in the payment of any Additional Charges as for default in the payment of Base Rent. The Base Rent and Additional Charges are sometimes collectively referred to below as "Rent".

### **4.4.Definitions**

For purposes hereof, the following terms shall have the meanings hereinafter set forth:

- (a) "Base Year" means the year specified in the Basic Lease Information.
- (b) "County's Percentage Share" means the percentage specified in Section 1.13 of the Basic Lease Information.
- (c) "Expense Year" means each calendar year commencing January 1st of each year during the Term, including any partial year in which this Lease commences; provided that Landlord, upon advance written notice to County, may change the Expense Year to any other twelve (12) consecutive month period and, in the event of any such change, County's Percentage Share of Insurance Costs shall be equitably adjusted for the Expense Years involved in any such change. Expense Year shall not include the Base Year.
- (d) "Insurance Costs" means the total reasonable and prudent costs and expenses actually paid or incurred by Landlord for all insurance required to be carried on the Building for the use or occupancy thereof. The computation of Insurance Costs shall be made in accordance with Landlord's tax basis accounting method.
- (e) "Real Estate Taxes" means all taxes, assessments and charges levied upon or with respect to the portion of the Building owned by Landlord or any personal property of Landlord used in the operation thereof, or Landlord's interest in the Building or such personal property. Real Estate Taxes shall include, without limitation, all general real property taxes and general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental services thereof, service payments in lieu of taxes, and any tax, fee, or excise on the act of entering into this Lease or any other lease of space in the Building or any part thereof, or on the rent payable under any lease or in connection with the business of renting space in the Building, that are now or hereafter levied or assessed against Landlord by the United States of America, the State of California or any

political subdivision thereof, public corporation, district, or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes, whether or not now customary or in the contemplation of the parties on the date of this Lease.

Notwithstanding the foregoing, Real Estate Taxes shall exclude (1) franchise, transfer, inheritance, or capital stock taxes or income taxes measured by the net income of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a Real Estate Tax, (2) any penalties, fines, interest or charges attributable to the late payment of any taxes, except to the extent attributable to County's failure to pay its portion of Real Estate Taxes hereunder, (3) any personal property taxes payable by County hereunder or by any other tenant or occupant of the Building, or (4) any increase in Real Estate Taxes due to any reassessment upon a transfer of any of Landlord's interest in the Building or the real property on which the Building is located.

"Tax Year" means each calendar year during the Term, including any partial year during which the Lease may commence; provided that Landlord, upon notice to County, may change the Tax Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, County's Percentage Share of Real Estate Taxes shall be equitably adjusted for the Tax Year involved in any such change. Tax Year shall not include the Base Year.

#### **4.5. Payment of Percentage Share of Insurance Costs**

During the Term, commencing after the end of the Base Year, County shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of County's Percentage Share of the amount, if any, by which Insurance Costs for each Expense Year exceed the Insurance Costs for the Base Year. County shall make such payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to County. Landlord may revise such estimates of Insurance Costs from time to time and County shall thereafter make payments on the basis of such revised estimates, provided that no such revisions shall be retroactive and Landlord may not make any such revisions more than twice in any given Expense Year and no such revision may be made any earlier than four (4) months subsequent to the prior estimate for such Expense Year. With reasonable promptness not to exceed one hundred twenty (120) days after the expiration of each Expense Year, Landlord shall furnish County with a statement (herein called "Landlord's Insurance Expense Statement"), setting forth in reasonable detail the Insurance Costs for such Expense Year and County's Percentage Share thereof. If County's Percentage Share of the actual Insurance Costs for such Expense Year exceeds the estimated Insurance Costs paid by County for such Expense Year, County shall pay to Landlord (whether or not this Lease has terminated) the difference between the amount of estimated Insurance Costs paid by County and County's Percentage Share of the actual Insurance Costs within thirty (30) days after the receipt of Landlord's Expense Statement. If the total amount paid by County for estimated Insurance Costs exceeds County's Percentage Share of the actual Insurance Costs for such Expense Year, such excess shall be credited against the next installment of rent due from County hereunder. At Landlord's option, or if the Lease term has expired, such excess shall be refunded to County.

#### **4.6. Payment of Percentage Share of Real Estate Taxes**

During the Term, commencing after the end of the Base Year, County shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of County's Percentage Share of the amount, if any, by which Real Estate Taxes for each Tax Year exceed Real Estate Taxes for the Base Year. County shall make such payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to County. With reasonable promptness not to exceed one hundred twenty (120) days after the expiration of each Tax Year, Landlord shall furnish County with a statement ("Landlord's Tax Statement") setting forth the amount of Real Property Taxes for such Tax Year and County's Percentage Share thereof. If County's Percentage Share of the actual Real Estate Taxes for such Tax Year exceeds the estimated Real Estate Taxes paid by County for such Tax Year, County shall pay to Landlord (whether or not this Lease has terminated) County's Percentage Share of the actual Real Estate Taxes within thirty (30) days after the receipt of Landlord's Tax Statement. If the total amount of estimated Real Estate Taxes paid by County for such Tax Year exceeds County's Percentage Share of the actual Real Estate

Taxes for such Tax Year, such excess shall be credited against the next installment of rent due from County hereunder. At Landlord's option, or if the Lease term has expired, such excess shall be refunded to County.

#### **4.7. Proration**

If the Commencement Date or Expiration Date shall occur on a date other than the first or last day of a Tax Year or Expense Year, County's Percentage Share of Insurance Costs or Real Estate Taxes for the Expense Year or Tax Year in which the Commencement Date or Expiration Date occurs shall be prorated based on a 365-day year.

#### **4.8. Audits**

County shall have the right, upon not less than thirty (30) business days' notice to Landlord, to audit the books and records of the Building related to Insurance Costs and Real Estate Taxes. If such audit discloses any discrepancies that would result in a reduction of County's Percentage Share of Insurance Costs or Taxes for any Expense Year, Landlord shall immediately refund to County the amount of any overpayment by County. County shall pay the cost of such audit, provided that if such audit discloses any discrepancies that result in a reduction of County's Percentage Share of Insurance Costs or Taxes of five percent (5%) or more for any Expense Year, then Landlord shall pay the costs of such audit.

#### **4.9. Records**

Landlord shall maintain at the Building or at its offices in San Mateo County in a safe, complete and organized manner all of its records pertaining to this Lease and Insurance Costs, Real Estate Taxes and any other charges paid by County pursuant hereto, for a period of not less than three (3) years following expiration of the Term. Landlord shall maintain such records on a current basis and in sufficient detail to facilitate adequate audit and review thereof in accordance with Section 4.8. All such books and records shall be available for inspection, copying and audit by County and its representatives, at County's expense, subject to the provisions of subsection (e) above.

### **5. USE**

#### **5.1. Permitted Use**

County may use the Premises for general office uses and such other uses as may be specified in the Basic Lease Information, and for no other use without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed.

#### **5.2. Observance of Rules and Regulations**

County shall observe Landlord's reasonable rules and regulations for the Building subject to the provisions of this Lease. County acknowledges and agrees to the current Building rules and regulations, if any, attached hereto as Exhibit D (the "Rules and Regulations"). Landlord may make reasonable additions or modifications thereto, which shall be binding upon County within a reasonable implementation period upon Landlord's delivery to County of a copy thereof, provided that such additions or modifications shall not reduce Landlord's obligations hereunder nor interfere with County's business in the Premises, and such additions or modifications must be applicable to the other Building tenants are not in conflict with the provisions of this Lease, do not materially increase the burdens or obligations upon County, do not impose a change upon County for services which this Lease expressly states are to be provided to County at no charge, and do not materially adversely affect the conduct of any business in the Premises which County is permitted to conduct pursuant to Section 5.1 hereof. Landlord shall administer the Rules and Regulations in a fair and nondiscriminatory manner and use reasonable efforts to cause other Building tenants to comply with them. County shall be entitled upon request to any waiver or special dispensation granted by Landlord to any other tenant in the Building with respect to the Rules and Regulations, and Landlord shall notify County of any such waiver or special dispensation.

### **5.3. Interference with Access**

Landlord shall provide to County at all times use of the Premises and uninterrupted access thereto to the maximum extent possible, including, without limitation, during any power outages affecting the Premises or any portion of the Building; provided, however, that Landlord may, after consultation with the Assistant County Manager, interrupt County's access to the Premises or the Building in the event of an immediate risk of danger to the Premises, the Common Areas or any other portion of the Building being rendered unsafe for human occupancy. If County's use of any of the Premises or access thereto is interrupted as a result of the Premises, the Common Areas or any other portion of the Building being rendered unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than County's default hereunder, then Landlord shall immediately undertake all commercially reasonable steps to correct such condition. In the event such condition continues for five (5) days and materially impairs County's ability to carry on its business in the Premises, the Rent payable hereunder shall be abated based on the extent to which such default interferes with County's ability to carry on its business at the Premises. If any such default by Landlord shall continue for thirty (30) days or more after County's use is interrupted and materially impairs County's ability to carry on its business in the Premises, then County shall have the right, without limiting any of its other rights under this Lease to terminate this Lease, unless Landlord supplies County with evidence reasonably satisfactory to County that County's normal and safe use will be restored within ninety (90) days of the date County's use was interrupted, and such use is actually restored within such 90-day period. Nothing in this Section shall limit County's rights with respect to any disruption due to casualty pursuant to Section 12 (Damage and Destruction) hereof.

## **6. LEASEHOLD IMPROVEMENTS**

### **6.1. Landlord's Obligation to Construct Improvements**

Landlord, through its general contractor, shall construct the leasehold improvements, perform the work and make the installations in the Premises and the Common Areas at Landlord's sole cost pursuant to the Improvement Plans (as defined in this Section below) approved by County, and in accordance with the provisions of this Section below. Such work and installations are referred to as the "Leasehold Improvement Work" and "Leasehold Improvements."

#### **(a) Plans and Specifications**

Before the reference date of this Lease, Landlord has caused its architect or space planner to prepare and submit to County for its approval architectural plans for the Leasehold Improvements, based on County's program requirements for use of the Premises, and in form and detail sufficient for purposes of preliminary contractor pricing. Landlord and County hereby approve the plans and specifications dated December 18, 2013 (the "Improvement Plans"), prepared by DES Architects, a copy of which is attached hereto as Exhibit A-2 (Tenant Improvements).

#### **(b) Permits**

To the extent applicable, Landlord shall secure and pay for any building and other necessary permits and approvals, government fees, licenses and inspections necessary for the proper performance and completion of the Leasehold Improvement Work shown on the approved Improvement Plans. Landlord shall be responsible for arranging for any inspections required by the applicable local building inspection division.

No approval by County or any of its Agents of the Improvement Plans or completion of the Leasehold Improvement Work for purposes of this Lease shall be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing herein shall limit Landlord's obligations to obtain all such approvals.

(c) Construction

Prior to the Commencement Date, Landlord shall commence construction and shall cause the Leasehold Improvements to be completed in a good and professional manner in accordance with sound building practice. Landlord shall comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the Leasehold Improvements. Without limiting the foregoing, Landlord and County agree that for the purposes of this agreement, the construction of the Leasehold Improvements in accordance with the Improvement Plans shall constitute compliance with the requirements of the Americans with Disabilities act and other ADA codes and requirements in effect on the Commencement Date.

(d) Tenant Improvement Allowance

Landlord shall provide County with a Tenant Improvement Allowance ("TIA") of \$15.00 per rentable sq ft (i.e., \$107,490.00, based on 7,166 sq ft), to be utilized by Landlord for the Leasehold Improvements to the Premises, and shall be applied to the Project cost set forth below.

(e) Leasehold Improvement Budget

Subject to the TIA and reimbursement by Tenant as hereinafter set forth, Landlord shall pay for the cost of Leasehold Improvements constructed and installed for Tenant as set forth in the Construction Documents up to a total sum of Five Hundred and Six Thousand, Nine Hundred and Forty Six dollars (\$506,946), as detailed in the Budget Summary and Breakdown prepared by W.L. Butler Construction, Inc dated January 10, 2014 (the "Budget"). The Budget may be used to pay the costs of all construction related expenses including, without limitation, fees for architects, engineers, permits and approvals. Any costs in excess of the Budget shall be at the sole cost and expense of Landlord, unless such excess costs are directly attributable to changes to the design or finishes of the Improvement Plans which are requested by County after the execution of the Lease. Such changes shall be considered County "Change Orders" and, following County's execution of improvement plan and budget revisions prepared by Landlord, shall be added to the Budget and subject to reimbursement by County in accordance with this Section 6 of the Lease.

Landlord shall provide County with copies of (i) all invoices received by Landlord from the Contractor in connection with the construction of the Leasehold Improvements, (ii) satisfactory evidence of payment of such invoices, including unconditional lien waivers, or if such invoices have not been paid, conditional lien waivers, all such lien waivers being in the form prescribed by California Civil Code Section 3262 and executed by each subcontractor and material supplier, and (iii) such additional supporting data substantiating the Contractor's right to payment as County may reasonably require, such as copies of requisitions from subcontractors and material suppliers. The final substantiated cost to complete the Leasehold Improvements including any approved Change Orders shall be memorialized by both parties as the "Project Cost".

The Project Cost, after deducting the TIA amount, shall be fully amortized over the balance of the Term remaining, beginning on the first day of the first month following substantial completion of the Leasehold Improvements (the "Amortization Period"). Payments shall be made in equal monthly installments including principal and interest at the rate of 8% per annum. Each such payment shall be made together with the Base Rent then due during the Amortization Period.

At any time during the Term of the Lease, Tenant shall have the right to pay the full amount (or any portion) of the principal and interest accrued thereon up to such time without penalty. Any time that Tenant pays a portion of the Project Cost, the monthly installment may remain at the current amount, or, at Tenant's sole option, the payment may be recalculated to amortize the remaining balance over the remaining term of the Lease, pursuant the above paragraph.

## **6.2. Installation of Telecommunications and Other Equipment**

Landlord and County acknowledge that the Leasehold Improvement Work shall be completed by Landlord exclusive of the installation of telecommunications, data and computer cabling facilities and equipment. County shall be responsible for installing such facilities and equipment, provided that Landlord shall furnish access to County and its consultants and contractors to the main telephone service serving the floor(s) on which the Premises are located and all other parts of the Building for which access is needed for proper installation of all such facilities and equipment including, but not limited to, wiring. County shall have the right to enter the Premises and such other portions of the Building at reasonable times during the course of construction of the Leasehold Improvements in order to install such facilities and equipment. County and Landlord shall use their good faith efforts to coordinate any such activities to allow the Leasehold Improvements and the installation of such facilities and equipment to be completed in a timely and cost-effective manner.

## **6.3. Removal of Tenant Improvements, Restoration of Premises**

Upon the expiration or earlier termination of the Lease, County shall, at Landlord's sole discretion, remove the ADA lift and associated improvements (as shown on the Improvement Plans) and restore the affected portions of the Premises, to the condition existing upon the effective date of this Lease, reasonable wear and tear excepted (the "Restoration Work"). Such Restoration Work shall be at County's sole cost and expense, and performed by qualified County staff or a licensed contractor, subject to prior Landlord approval, which shall not be unreasonable withheld or delayed. If Landlord requires County to perform the Restoration Work, the ADA lift and associated parts and equipment shall become the personal property of the County and County may repurpose, sell or dispose of the removed parts and equipment at its own and sole discretion. Landlord shall provide County no more than 180 days and no less than 90 days' notice prior to the expiration or earlier termination of the Lease of its requirement for the County to perform the Restoration Work, and if said notice is not received in accordance with the timeframes described herein, County have no further responsibility for the improvements.

## **7. ALTERATIONS**

### **7.1. Alterations by County**

County shall not make or permit any alterations, installations, additions or improvements (collectively, "Alterations") to the Premises without first obtaining Landlord's written consent, which Landlord shall not unreasonably withhold or delay. However, the installation of furnishings, fixtures, equipment or decorative improvements, none of which affect the Building Systems or structural integrity of the Building and none of which involve the installation or removal of partitions, demising walls, doors or windows, and the repainting and recarpeting of the Premises shall not constitute Alterations requiring Landlord's consent. Any Alterations permitted hereunder shall be made at County's cost in compliance with applicable Laws as defined in Section 15. Landlord shall, without cost to itself, cooperate with County in securing building and other permits and authorizations needed in connection with any permitted Alterations. Landlord shall not be entitled to any construction or other administrative fee in connection with any Alteration. County shall not be required to remove any Alterations upon the expiration or earlier termination of this Lease unless Landlord notifies County in writing at the time Landlord approves such Alterations that they must be removed at the Expiration Date. Any Alterations made by County shall be made by Landlord's contractor or, at County's option, by a contractor reasonably acceptable to Landlord.

### **7.2. Title to Improvements**

Except for County's Personal Property (as defined in the next Section) all appurtenances, fixtures, improvements, equipment, additions and other property permanently installed in the Premises as of the Commencement Date or during the Term shall be and remain Landlord's property. County may not remove such property unless Landlord consents thereto.

### **7.3. County's Personal Property**

All furniture, furnishings, equipment, trade fixtures and articles of movable personal property installed in the Premises by or for the account of County and that can be removed without structural

damage to the Premises (collectively, "County's Personal Property") shall be and remain County's property. At any time during the Term or at the expiration thereof, County may remove any of County's Personal Property provided County shall repair any damage to the Premises resulting therefrom. Upon the expiration or earlier termination of this Lease, County shall remove County's Personal Property from the Premises in accordance with Section 20 (Surrender of Premises), below. Landlord acknowledges that some of County's Personal Property may be financed by an equipment lease financing otherwise subjected to a security interest, or owned by an equipment company and leased to County. Landlord, upon County's reasonable request, shall execute and deliver any document required by any supplier, lessor, or lender in connection with the installation in the Premises of any items of County's Personal Property, pursuant to which Landlord waives any rights it may have or acquire with respect to County's Personal Property, so long as the supplier, equipment lessor or lender agrees that it (i) will remove the Property from the Premises on or before the Expiration Date (but if it does not remove County's Personal Property within such time it shall have waived any rights it may have had to County's Personal Property), and (ii) will immediately repair any damage caused by the removal of County's Personal Property. Landlord shall recognize the rights of a supplier, lessor or lender who has an interest in any items of County's Personal Property to enter the Premises and remove such property at any time during the Term.

#### **7.4. Alteration by Landlord**

Landlord shall use commercially reasonable efforts to minimize interference with or disruption to County's use and occupancy of the Premises during any alterations, installations, additions or improvements to the Building, including without limitation any leasehold improvement work for other tenants in the Building. Landlord shall promptly remedy any such interference or disruption upon receiving County's notice thereof.

### **8. REPAIRS AND MAINTENANCE**

#### **8.1. Landlord's Repairs**

Landlord shall repair and maintain, at its cost (subject to Section 4.5) and in good condition, the exterior and structural portions of the Building, including, without limitation, the roof, foundation, bearing and exterior walls and subflooring, and the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical and communications systems of the Building (collectively, the "Building Systems") and the Common Areas. Without limiting the foregoing, Landlord shall maintain the Building and the Property in a clean, safe and attractive manner, and shall not knowingly permit to be done in or about the Building or the Property anything that is illegal, is dangerous to persons or property or constitutes a nuisance.

#### **8.2. County's Repairs**

Subject to Landlord's warranty under Section 10.1 (Premises Compliance), any construction warranties or guaranties received in connection with Landlord's completion of the Leasehold Improvements, and Landlord's repair and maintenance obligations hereunder, County shall repair and maintain at its cost the interior portions of the Premises and shall keep the Premises and the FF&E in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty. County shall make any such required repairs and replacements that Landlord specifies in writing (i) at County's cost, (ii) by contractors or mechanics selected by County and reasonably approved by Landlord, (iii) so that same shall be at least substantially equal in quality, value and utility to the original work or installation prior to damage thereof, (iv) in a manner and using equipment and materials that will not materially interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (v) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under the Ordinance Code or the Charter of the County of San Mateo. At all times during the Term of the Lease, Landlord shall, upon reasonable notice by County, afford County and its Agents with access to those portions of the Building which are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by County.

### **8.3.Liens**

County shall keep the Premises free from liens arising out of any work performed, material furnished or obligations incurred by County during the Term. Landlord shall have the right to post on the Premises any notices permitted or required by law or that are needed for the protection of Landlord, the Premises, or the Building, from mechanics' and material suppliers' liens. County shall give Landlord at least ten (10) days' prior written notice of commencement of any repair or construction by County on the Premises.

## **9. UTILITIES AND SERVICES**

### **9.1.Landlord's Provision of Utilities**

Subject to Section 4.5, Landlord shall furnish the following utilities and services to the Premises: (a) heating, air conditioning and ventilation in amounts required for County's comfortable use and occupancy of the Premises, during the period from 7:00 a.m. to 7:00 p.m., Monday through Friday, except holidays generally recognized in San Mateo County; (b) electric current in amounts required for normal lighting and for the operation of personal computers and other normal office machines and equipment, on a twenty-four (24) hours-a-day, seven-days-a-week basis ("Daily Basis"); and (c) water for lavatory, kitchen and drinking purposes on a Daily Basis. Without limiting Landlord's obligations hereunder, Landlord shall furnish all utilities and services required under this Lease in a manner consistent with such utilities and services normally provided in other buildings similar to the Building in San Mateo County.

### **9.2.County's Payment for PG&E Electrical Services**

Notwithstanding anything contained herein, County shall arrange and pay directly for PG&E electrical services to the Premises.

### **9.3.Services**

Janitorial Service: Subject to Section 4.5, County shall provide at its cost janitorial services sufficient to maintain the Premises in a clean and sanitary condition.

### **9.4.Conservation**

Landlord may establish reasonable measures to conserve energy and water, including automatic light shut off after hours and efficient lighting forms, so long as these measures do not unreasonably interfere with County's use of the Premises.

### **9.5.Disruption in Essential Utilities or Services**

In the event of any failure, stoppage or interruption of any utilities or services to be furnished by Landlord hereunder, Landlord shall immediately notify County of such failure, stoppage or interruption, diligently attempt to restore service as promptly as possible and shall keep County apprised of its efforts. In the event Landlord is unable to supply any of the Building's sanitary, electrical, heating, air conditioning, water, fire protection and security, audio, video or electronic communications, hazard detection and alarm, or other essential services serving the Premises (collectively, "Essential Services") and such inability of Landlord impairs County's ability to carry on its business in the Premises for a period of five (5) or more business days, and such interruption in services is not beyond the reasonable control of Landlord, then the Rent shall be abated based on the extent to which County is not able to and does not use the Premises as a result of such interruption in services. Landlord shall use commercially reasonable efforts to restore disrupted Essential Services as soon as possible. However, if such failure to provide any Essential Services continues for any reason not beyond the reasonable control of Landlord for thirty (30) days and County is unable to use the Premises and ceases to use the Premises for more than 30 days, then County may, without limiting any of its other rights or remedies hereunder or at law or in equity, terminate this Lease upon written notice to Landlord, unless Landlord supplies County with evidence reasonably satisfactory to County that the Essential Services will be restored within sixty (60) days of the date County's use was interrupted, and the Essential Services is actually restored within such 60-day period. Except as expressly set forth herein, County shall not be entitled to any abatement of Rent or right to terminate this Lease due to an interruption in Essential Services, and in no event if

Landlord's inability to supply Essential Services to County is due solely to the acts, omissions or negligence of County and its Agents.

## **10. COMPLIANCE WITH LAWS; PREMISES CONDITION**

### **10.1. Premises Condition and Landlord's Compliance with Laws;**

Landlord represents and warrants to County that, to the best of Landlord's knowledge, the Building is in compliance with all applicable building safety codes and regulations and that all portions of the Property and the Building along the path of travel to the Premises (including, but not limited to, the Building entrances, Common Areas, restrooms, elevators, lobbies, telephone banks and drinking fountains and parking areas are now, and as of the Commencement Date will be, in compliance with the requirements of the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"). To best of Landlord's knowledge, the Building Systems are in working order and there are no material latent structural defects in the Building or the Premises which would render the Building or the Premises unsafe for occupancy.

### **10.2. County's Compliance with Laws**

County shall use the Premises during the Term in compliance with applicable Laws, except that County shall not be required to make any structural alterations, additions or other modifications in order to comply therewith unless such modifications are necessary solely because of County's particular use of the Premises as opposed to office users generally or any Alterations to the Premises made by County pursuant to Section 7 hereof. County shall be responsible for complying with any requirement of the Disabilities Laws relating to the placement of County's furniture or other County Personal Property and the operation of any programs in the Premises, other than any requirement relating to the physical structure, fixtures and permanent improvements of the Premises or portions of the Property or Building along the path of travel to the Premises, which are Landlord's obligation as provided in Section 10.1 above. Notwithstanding the foregoing, Landlord shall not be obligated to perform any such work if the requirement to do such work is triggered by Alterations performed by County.

### **10.3. County's Compliance with Insurance Requirements**

County shall not conduct any use in or about the Premises that would: (a) invalidate or be in conflict with any fire or other casualty insurance policies covering the Building or any property located therein, (b) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, (c) cause an increase in the fire insurance premium for the Building unless County agrees to pay such increase, or (d) subject Landlord to any liability or responsibility for injury to any person or property by reason solely of any business operation being conducted by County in the Premises; provided, however, Landlord shall provide County with reasonable prior written notice of any applicable insurance requirements and no such insurance requirements shall materially and adversely interfere with use of the Premises for normal office purposes.

## **11. SUBORDINATION**

This Lease is and shall be subject and subordinate to the following (each an "Encumbrance"): (a) any reciprocal easement agreements and ground leases or other underlying leases that may now exist or hereafter be executed affecting Landlord's interest in the Property, or any portion thereof, and (b) the lien of any mortgage or deed of trust that may now exist or hereafter be executed by Landlord in any amount for which any part of the Property, any ground leases or underlying leases, or Landlord's interest or estate therein, is specified as security; provided that as a condition to County's agreement to subordinate in writing its interest hereunder to any such Encumbrance hereafter placed on the Property, the holder of the Encumbrance shall, at County's request, enter into a subordination and nondisturbance agreement with County in a form then commercially reasonable. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated to this Lease any Encumbrance. In the event that

any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, County shall pay subsequent Rent and attorn to and become the tenant of such successor Landlord, at the option of such successor-in-interest, provided that County has received proper written notice of such succession and the name and address of the successor landlord, and further provided that, in the case of any Encumbrance hereafter executed, as a condition to such attornment the holder of such Encumbrance shall, at County's request, agree that so long as County is not in default hereunder, such holder shall recognize this Lease and shall not disturb County in its possession of the Premises for any reason other than one that would entitle Landlord to terminate this Lease or otherwise dispossess County of the Premises in accordance with the terms hereof. The provisions of this Section shall be self-operative and no further instrument shall be required other than as provided in this Section. County agrees, however, to execute upon request by Landlord and in a form reasonably acceptable to County, any additional documents evidencing the priority or subordination of this Lease with respect to any such Encumbrance as provided herein.

Landlord shall use commercially reasonable efforts to provide to County, within 30 days after execution of this Lease, executed non-disturbance and attornment agreements from the holder of any existing Encumbrance. The form of such agreement shall be subject to County's reasonable approval.

## **12. DAMAGE AND DESTRUCTION**

If the Premises, the Building or any Building Systems are damaged by fire or other casualty, Landlord shall repair the same without unreasonable delay (and if Landlord is then carrying insurance on the Leasehold Improvements or if County at its sole option makes funds available to Landlord, Landlord shall also repair the Leasehold Improvements), provided that such repairs can be made under applicable laws within ninety (90) days after Landlord obtains all necessary permits for such repairs but not later than one hundred eighty (180) days after the date of such damage (the "Repair Period"). In such event, this Lease shall remain in full force and effect, except that County shall be entitled to an abatement of Rent while such repairs are being made. Such abatement in Rent shall be based upon the extent to which such damage and the making of such repairs materially interfere with County's business in the Premises. Landlord's repairs shall not include, and the Rent shall not be abated as a result of, any damage by fire or other cause to County's Personal Property or any damage caused by the negligence or willful misconduct of County or its employees or Agents.

Within twenty (20) days after the date of such damage, Landlord shall notify County whether or not, in Landlord's reasonable judgment made in good faith, such repairs can be made within the Repair Period. If such repairs cannot be made within the Repair Period, then either party hereto may, by written notice to the other given within thirty (30) days after the date of such damage, terminate this Lease as of the date specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by Landlord. In case of termination, the Rent shall be reduced by a proportionate amount based upon the extent to which such damage interferes with the conduct of County's business in the Premises, and County shall pay such reduced Rent up to the date of termination. Landlord shall refund to County any Rent previously paid for any period of time subsequent to such date of termination.

Notwithstanding the foregoing, in the event the Premises are damaged or destroyed and insurance proceeds are not available to fully pay for restoration of the Premises, excluding any deductible, for which Landlord shall be responsible, except in the case of earthquake if Landlord carries earthquake insurance), Landlord may terminate this Lease by written notice to County within thirty (30) days of the date Landlord receives written notice that the cost of repairs are not fully covered by insurance. Such notice from Landlord shall include adequate written evidence of the denial of insurance coverage. If Landlord does not elect to terminate this Lease as provided above, the Lease shall remain in full force and effect, and Landlord shall repair and restore the Premises as provided above.

If at any time during the last twelve (12) months of the Term of this Lease there is substantial damage that Landlord would be required to repair hereunder, Landlord or County may, at the respective

option of each, terminate this Lease as of the date such damage occurred by giving written notice to the other party of its election to do so within thirty (30) days after the date of such damage; provided, however, that neither party may terminate this Lease if it would take less than thirty (30) days from the date of the casualty to repair such damage and there are at least 6 months remaining in the lease term..

The parties intend that the provisions of this Section govern fully their rights and obligations in the event of damage or destruction, and Landlord and County each hereby waives and releases any right to terminate this Lease in whole or in part under Section 1932, subdivision 2, Section 1933, subdivision 4, and Sections 1941 and 1942 of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

## **13. EMINENT DOMAIN**

### **13.1. Definitions**

(a) "Taking" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under law. A Taking may occur pursuant to the recording of a final order of condemnation, or by voluntary sale or conveyance in lieu of condemnation or in settlement of a condemnation action.

(b) "Date of Taking" means the earlier of (i) the date upon which title to the portion of the Property taken passes to and vests in the condemnor or (ii) the date on which County is dispossessed.

(c) "Award" means all compensation, sums or anything of value paid, awarded or received for a Taking, whether pursuant to judgment, agreement, settlement or otherwise.

### **13.2. General**

If during the Term or during the period between the execution of this Lease and the Commencement Date, there is any Taking of all or any part of the Premises or any interest in this Lease, the rights and obligations of the parties hereunder shall be determined pursuant to this Section. County and Landlord intend that the provisions hereof govern fully in the event of a Taking and accordingly, the parties each hereby waive any right to terminate this Lease in whole or in part under Sections 1265.10, 1265.40, 1265.120 and 1265.130 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

### **13.3. Total Taking; Automatic Termination**

If there is a total Taking of the Premises, then this Lease shall terminate as of the Date of Taking.

### **13.4. Partial Taking; Election to Terminate**

(a) If there is a Taking of any portion (but less than all) of the Premises, then this Lease shall terminate in its entirety if all of the following exist: (A) the partial Taking, in County's reasonable judgment, renders the remaining portion of the Premises untenable or unsuitable for continued use by County for its intended purposes or otherwise materially adversely affect County's normal operations in the Premises, (B) the condition rendering the Premises untenable or unsuitable either is not curable or is curable but Landlord is unwilling or unable to cure such condition, and (C) County elects to terminate.

(b) In the case of a partial taking of a substantial portion of the Building, and if subsection (a) above does not apply, County and Landlord shall each have the right to terminate this Lease by written notice to the other within thirty (30) days after the Date of Taking, provided that, as a condition to County's right to terminate, the portion of the Building taken shall, in County's reasonable judgment, render the Premises unsuitable for continued use by County for its intended purposes or otherwise materially adversely affect County's normal operations in the Premises.

(c) Either party electing to terminate under the provisions of this Section 13.4 shall do so by giving written notice to the other party before or within thirty (30) days after the Date of Taking, and thereafter this Lease shall terminate upon the later of the thirtieth (30<sup>th</sup>) day after such written notice is given or the Date of Taking.

### **13.5. Rent; Award**

Upon termination of this Lease pursuant to an election under Section 13.4 above, then: (i) County's obligation to pay Rent shall continue up until the date of termination, and thereafter shall cease, except that Rent shall be reduced as provided in Section 13.6 below for any period during which this Lease continues in effect after the Date of Taking, and (ii) Landlord shall be entitled to the entire Award in connection therewith, except that County shall receive any Award made specifically for County's relocation expenses, the interruption of or damage to County's business, County's improvements pertaining to realty or damage to County's Personal Property.

### **13.6. Partial Taking; Continuation of Lease**

If there is a partial Taking of the Premises under circumstances where this Lease is not terminated in its entirety under Section 13.4 above, then this Lease shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and the rights and obligations of the parties shall be as follows: (a) Rent shall be reduced by an amount that is in the same ratio to the Rent as the area of the Premises taken bears to the area of the Premises prior to the Date of Taking, and (b) Landlord shall be entitled to the entire Award in connection therewith, provided that County shall receive any Award made specifically for County's relocation expenses or the interruption of or damage to County's business or damage to County's Personal Property.

### **13.7. Temporary Taking**

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to the Premises for a limited period of time not in excess of sixty (60) consecutive days, this Lease shall remain unaffected thereby, and County shall continue to pay Rent and to perform all of the terms, conditions and covenants of this Lease. In the event of such temporary Taking, County shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by County for the period of the Taking.

## **14. ASSIGNMENT AND SUBLETTING**

Except as provided in this Section below, County shall not directly or indirectly sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed. County shall have the right from time to time, upon notice to but without the consent of Landlord, to transfer this Lease or use and occupancy of all or any of the Premises to any department, commission or agency of the County of San Mateo for uses permitted under this Lease. In no event shall any assignment or sublease modify County's obligations hereunder or release County from liability under this Lease. Any assignment or sublease approved by Landlord hereunder shall be pursuant to a written assignment or sublease in form reasonably acceptable to Landlord. Consent to one assignment or sublease hereunder shall not be construed as consent to a future or additional assignment or sublease. Any assignment or sublease in violation of this Article 14 shall be null and void. County shall pay the Landlord 50% of any Sublease Premium or Assignment Premium. "Sublease Premium" means all rent, additional rent and other consideration received by County in excess of the Rent payable by County hereunder after deducting any customary and reasonable costs associated with such sublease including, but not limited to, brokerage commission paid by County to an independent broker in connection with the sublease, which costs shall be amortized over the term of the Sublease. County shall pay to Landlord Landlord's share of the Sublease Premium monthly within 5 days after County receives payment under the sublease. "Assignment Premium" means all rent, additional rent and other consideration received by County in connection with an assignment after deducting any such reasonable and customary costs paid by County in connection with the assignment. County shall pay to Landlord Landlord's share of the Assignment Premium within 5 days after receipt from assignees.

## **15. DEFAULT; REMEDIES**

### **15.1. Events of Default by County**

Any of the following shall constitute an event of default by County hereunder:

(a) County's failure to make any timely payment of Rent and to cure such nonpayment within five (5) business days after receipt of written notice thereof from Landlord, provided that for the first monthly payment of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for County, County shall have twenty (20) days to cure any such nonpayment after written notice thereof from Landlord;

(b) County's abandonment of the Premises (within the meaning of California Civil Code Section 1951.3); or

(c) County's failure to perform any other covenant or obligation of County hereunder (not involving the payment of money) and to cure such non-performance within thirty (30) days of the date of receipt of notice thereof from Landlord, provided that if more than thirty (30) days are reasonably required for such cure, no event of default shall occur if County commences such cure within such period and diligently prosecutes such cure to completion.

### **15.2. Landlord's Remedies**

Upon the occurrence of any event of default by County that is not cured within the applicable grace period as provided above, Landlord shall have all rights and remedies available pursuant to law, at equity or granted hereunder, including, without limitation, the following:

(a) The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate County's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that County proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2.

(b) The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), which allows Landlord to continue this Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due, for so long as Landlord does not terminate County's right to possession, if County has the right to sublet or assign, subject only to reasonable limitations.

### **15.3. Landlord's Default**

If Landlord fails to perform any of its material obligations under this Lease, and such failure materially impairs County's ability to conduct its business in the Premises, then (without limiting any of County's other rights under this Lease) County may, at its sole option, cure such default at Landlord's expense if such default continues after thirty (30) days from the date County gives written notice to Landlord of County's intention to perform such cure, and Landlord shall promptly reimburse County for the reasonable costs incurred by the County in curing such default. However, in the case of a material default which for causes beyond Landlord's control (excluding any financial inability to perform) cannot with due diligence be cured within such 30-day period, such 30-day period shall be extended if Landlord, promptly upon receipt of County's notice, advises County of Landlord's intention to take all steps reasonably required to cure such default, and Landlord promptly commences such cure and diligently prosecutes the same to completion. Notwithstanding the foregoing, if any such default by Landlord continues for ninety (90) days from the date County gives written notice as set forth hereinabove and materially impairs County's ability to conduct its business in the Premises, then County shall have the right to terminate this Lease upon written notice to Landlord within thirty (30) days after the expiration of such 90-day period. This provision shall not limit any other rights that the County may have at law or in equity; however, in no event shall County be entitled to consequential damages hereunder.

## **16. INDEMNITIES**

### **16.1. County's Indemnity**

County, as a material part of the consideration to be rendered to Landlord, waives any and all claims against Landlord for damages by reason of any death or injury to any person or persons, including County, County's agents, employees and invitees, or any injury to property of any kind whatsoever and to whomsoever belonging, including the property of County, arising at any time and from any cause other than by reason of the negligence or willful misconduct of Landlord, in, on or about the Premises or the Property, except as expressly set forth in section 16.2. County shall indemnify, defend and hold harmless ("Indemnify") Landlord and its Agents from and against any and all claims, costs and expenses (collectively, "Claims"), incurred as a result of (a) County's use of the Premises, (b) any default by County in the performance of any of its material obligations under this Lease, or (c) any negligent acts or omissions of County or its Agents in, on or about the Premises or the Property; provided, however, County shall not be obligated to Indemnify Landlord or its Agents to the extent any Claim arises out of the negligence or willful misconduct of Landlord or its Agents. In any action or proceeding brought against Landlord or its Agents by reason of any Claim of Indemnified by County hereunder, County may, at its sole option, elect to defend such Claim by attorneys in County's Office of County Counsel, by other attorneys selected by County, or both. County shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Landlord shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. County's obligations under this Section shall survive the termination of the Lease.

### **16.2. Landlord's Indemnity**

Except to the extent due to a default by County under this Lease or to the negligence or willful misconduct of County, its agents or employees, Landlord shall Indemnify County and its Agents from and against any and all claims arising from personal injury or loss of life as a result of Landlord's negligence or willful misconduct or Default of its obligations hereunder (after expiration of any applicable notice and cure period), or any breach of any representations or warranties made by Landlord under this Lease, provided that in no event shall Landlord be liable for consequential damages or loss of business or income.. In any action or proceeding brought against County or its Agents by reason of any Claim Indemnified by Landlord hereunder, Landlord may, at its sole option, elect to defend such Claim by attorneys selected by Landlord. Landlord shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that County shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. Landlord's obligations under this Section shall survive the termination of the Lease.

### **16.3. Concurrent Negligence**

In the event of concurrent negligence of County, its officers and/or employees, and Landlord, its officers and/or employees, then the liability for any and all claims for injuries or damage to persons and/or property which arise out of terms and conditions of this Agreement shall be apportioned according to the California theory of comparative negligence.

## **17. INSURANCE**

### **17.1. County's Self-Insurance**

Landlord acknowledges that County maintains a program of self-insurance and agrees that County shall not be required to carry any insurance with respect to this Lease. County assumes the risk of damage to any of County's Personal Property.

County is presently self-insured in the amount of \$500,000 each occurrence giving rise to personal injury and property damage liabilities for which County could be held responsible. In addition, County presently has in force excess insurance in the amount of \$1,500,000 per occurrence with an annual aggregate of \$10,000,000. Said self-insurance and excess insurance provide coverage for personal injury and property damage liabilities arising out of the acts and/or omissions of County, its officers, agents, contractors and employees, while on the Premises. County upon request of Landlord

shall furnish Landlord with a Certificate of Insurance that shall provide that Landlord would receive ten (10) days' prior notice of cancellation, change in scope or modification in coverage of such coverage. Nothing herein shall be interpreted to require County or its insurer to provide a defense for, to provide insurance for, or to indemnify Landlord except as may be otherwise required by law.

### **17.2. Landlord's Insurance**

At all times during the Term, Landlord shall keep the Building (excluding the land upon which it is located) insured against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage and other perils customarily covered under a causes of loss-special form property insurance policy (excluding earthquake, flood and terrorism) in an amount equal to one hundred percent of the full insurance replacement value (replacement cost new, including, debris removal and demolition) thereof. Landlord shall, upon request by County, provide to County a certificate of insurance issued by the insurance carrier, evidencing the insurance required above. The certificate shall expressly provide that the policy is not cancelable or subject to reduction of coverage or otherwise be subject to modification except after thirty (30) days prior written notice to County. Landlord hereby waives any rights against County for loss or damage to the Premises or any other part of the Property, to the extent covered by Landlord's property insurance.

### **17.3. Waiver of Subrogation**

Notwithstanding anything to the contrary contained herein, Landlord hereby waives any right of recovery against County for any loss or damage sustained by Landlord with respect to the Building or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of County, to the extent (i) such loss or damage is actually recovered from valid and collectible insurance covering the Landlord, and (ii) the Landlord's insurance carrier agrees to its written waiver of right to recover such loss or damage.

## **18. ACCESS BY LANDLORD**

Landlord reserves for itself and any designated Agent the right to enter the Premises at all reasonable times and, except in cases of emergency (in which event Landlord shall give any reasonable notice), after giving County at least twenty four (24) hours' advance written or oral notice, for the purpose of (i) inspecting the Premises, (ii) supplying any service to be provided by Landlord hereunder, (iii) showing the Premises to any prospective purchasers, mortgagees or, during the last twelve (12) months of the Term of this Lease, tenants, (iv) posting notices of non-responsibility, and (v) altering, improving or repairing the Premises and any portion of the Building, and Landlord may for that purpose erect, use and maintain necessary structures in and through the Premises where reasonably required by the character of the work to be performed, provided that the entrance to the Premises shall not be blocked thereby, and further provided that County's use shall not be materially interfered with.

## **19. ESTOPPEL CERTIFICATES**

Either party, from time to time during the Term upon not less than ten (10) days' prior written notice from the other party, shall execute, acknowledge and deliver to the other party, or such persons or entities designated by such other party, a certificate stating: (a) the Commencement Date and Expiration Date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), (d) the date to which Rent has been paid, and (e) any other information that may be reasonably required.

## **20. SURRENDER OF PREMISES**

Upon the expiration or sooner termination of this Lease, County shall surrender the Premises to Landlord in good order and condition, reasonable use and wear and damage by fire or other casualty excepted. On or before the Expiration Date, County shall remove from the Premises all of County's Personal Property, County's telecommunications, data and computer facilities and any Alterations County

desires or is required to remove from the Premises pursuant to the provisions of Section 7.1 (Alterations by County), above. County shall repair or pay the cost of repairing any damage to the Premises or the Building resulting from such removal. Notwithstanding anything to the contrary in this Lease, County shall not be required to demolish or remove from the Premises any of the Leasehold Improvements. County's obligations under this Section shall survive the expiration or earlier termination of this Lease.

## **21. HAZARDOUS MATERIALS**

### **21.1. Definitions**

As used in this Lease, the following terms shall have the meanings hereinafter set forth:

(a) "Environmental Laws" shall mean any federal, state, local or administrative law, rule, regulation, order or requirement relating to industrial hygiene, environmental conditions or Hazardous Material, whether now in effect or hereafter adopted.

"Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Building or are naturally occurring substances on or about the Property; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

(b) "Release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside the Building, or in, on, under or about the Property.

### **21.2. Landlord's Representations and Covenants**

Except for the conditions described in Exhibit F hereof, Landlord represents and warrants to County that, to the best of Landlord's knowledge, the following statements are true and correct and will be true and correct as of the Commencement Date: (a) the Property is not in violation of any Environmental Laws; (b) the Property is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except for the use of such substances in such limited quantities as are customarily used in offices, which limited use has been and is in compliance with Environmental Laws; (c) the Property does not consist of any landfill or contain any underground storage tanks; (d) the Building does not consist of any asbestos-containing materials or building materials that contain any other Hazardous Material, nor do the Premises or the common areas of the Building contain any lead-based paints; (e) there has been and is no Release of any Hazardous Material in the Building or in, on, under or about the Property; and (f) the Property is not subject to any claim by any governmental regulatory agency or third party related to the Release of any Hazardous Material, and there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in the Building or in, on, under or about the Property, or the migration of Hazardous Material from or to other real property. Subject to County's obligations under this Section below, Landlord shall maintain the Property throughout the Term in compliance with all Environmental Laws that could affect the health, safety and welfare of County's employees or County's use, occupancy or enjoyment of the Premises for their intended purposes.

### **21.3. Landlord's Environmental Indemnity**

Without limiting Landlord's Indemnity in Section 16.2 (Landlord's Indemnity), above, Landlord shall Indemnify County and its Agents against any and all Claims arising during or after the Term of this

Lease (a) as a result of any breach of any of Landlord's representations, warranties or covenants in the preceding Section, or (b) in connection with any presence or Release of Hazardous Material in the Building or on, under or about the Property, unless County or its Agents caused such Release.

#### **21.4. County's Covenants**

Neither County nor its Agents shall cause any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or the Property, or transported to or from the Premises or the Property, in violation of any Environmental Laws, provided that County may use such substances in such limited amounts as are customarily used in offices so long as such use is in compliance with all applicable Environmental Laws.

#### **21.5. County's Environmental Indemnity**

If County breaches its obligations contained in the preceding Section 21.4, or if County or its Agents cause the Release of Hazardous Material from, in, on or about the Premises or the Property, then County shall Indemnify Landlord against any and all Claims arising during or after the Term of this Lease as a result of such Release, except to the extent Landlord or its Agents is responsible for the Release. The foregoing Indemnity shall not include any Claims resulting from the non-negligent aggravation by County, its Agents or Invitees of physical conditions of the Premises, or other parts of the Property, existing prior to County's occupancy.

### **22. SPECIAL PROVISIONS**

Not Used

### **23. GENERAL PROVISIONS**

#### **23.1. Notices**

Except as otherwise specifically provided in this Lease, any notice given under this Lease shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or Express Mail, return receipt requested, with postage prepaid, to: (a) County at County's address set forth in the Basic Lease Information; or (b) Landlord at Landlord's address set forth in the Basic Lease Information; or (c) such other address as either Landlord or County may designate as its new address for such purpose by notice given to the other in accordance with this Section. Any notice hereunder shall be deemed to have been given and received two (2) days after the date when it is mailed if sent by first-class, certified mail, one day after the date when it is mailed if sent by Express Mail, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telephone facsimile to the facsimile number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by telephone facsimile.

#### **23.2. No Implied Waiver**

No failure by either party to insist upon the strict performance of any obligation of the other party under this Lease or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such term, covenant or condition. No acceptance of full or partial Rent by Landlord while County is in default hereunder shall constitute a waiver of such default by Landlord. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Landlord or County given in one instance under the terms of this Lease shall not relieve the other party of any obligation to secure the consent to any other or future instance under the terms of the Lease.

### **23.3. 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 County of its consent or approval, the County Manager, or his or her designee shall be authorized to provide such approval, except as otherwise provided by applicable law, including the County's Ordinance Code and Charter. 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 Landlord and County and may be made upon the sole approval of the County Manager, or his or her designee; provided, however, material amendments or modifications to this Lease which are not anticipated as set forth in Section 22 (i) changing the legal description of the Premises, (ii) increasing the Term, (iii) increasing the Rent, (iv) changing the general use of the Premises from the use authorized under Section 5.1 of this Lease, and (vi) any other amendment or modification which materially increases the County's liabilities or financial obligations under this Lease shall additionally require the approval of the County's Board of Supervisors.

### **23.4. Authority**

Landlord represents and warrants to County that the execution and delivery of this Lease by Landlord has been duly authorized and does not violate any provision of any agreement, law or regulation to which Landlord or the Property is subject.

### **23.5. Parties and Their Agents; Approvals**

If applicable, the word "Landlord" as used in this Lease shall include the plural as well as the singular. As used in this Lease, the term "Agents" when used with respect to either party shall include the agents, employees, officers and contractors of such party, and the term "Invitees" when used with respect to County shall include the clients, customers, invitees, guests, licensees, assignees or subtenants of County. All approvals, consents or other determinations permitted or required by County under this Lease shall be made by or through the County Manager, or his or her designee, unless otherwise provided in this Lease, subject to any applicable limitations in the Ordinance Code or the Charter of the County of San Mateo.

### **23.6. Interpretation of Lease**

The captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intent and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Except as otherwise specifically provided herein, wherever in this Lease Landlord or County is required or requested to give its consent or approval to any matter or action by the other, such consent or approval shall not be unreasonably withheld or delayed and the reasons for disapproval of consent shall be stated in reasonable detail in writing. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or County holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

### **23.7. Successors and Assigns**

Subject to the provisions of Section 14 relating to assignment and subletting, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and

County and, except as otherwise provided herein, their personal representatives and successors and assigns. There are no third-party beneficiaries to this Lease.

### **23.8. Brokers**

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein, except for the broker, if any, identified in the Basic Lease Information, whose commission, if any is due, shall be the sole responsibility of Landlord pursuant to a separate written agreement between Landlord and such broker, and County shall have no liability therefor. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

### **23.9. Severability**

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the full extent permitted by law.

### **23.10. Governing Law**

This Lease shall be construed and enforced in accordance with the laws of the State of California and the Ordinance Code and Charter of the County of San Mateo.

### **23.11. Entire Agreement**

The parties intend that this Lease (including all of the attached exhibits, which are made a part of this Lease) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings. The parties further intend that this Lease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Lease.

### **23.12. Holding Over**

Should County hold over in possession of the Premises after the expiration of the Term with Landlord's consent, such holding over shall not be deemed to extend the Term or renew this Lease, but such tenancy thereafter shall continue as a month-to-month tenancy. Such tenancy shall be on all the terms and conditions set forth in this Lease and at the monthly Base Rent in effect during the last month of the Term of the Lease or such other rental as Landlord and County may mutually agree in writing as a condition to Landlord's consent to such holding over, and County shall continue as a month-to-month tenant until the tenancy shall be terminated by Landlord giving County or County giving Landlord at least thirty (30) days' prior written notice of termination. Should County hold over without Landlord's consent, the rent payable by County during the period of such holding over shall be one hundred twenty five percent (125%) of the monthly Base Rent in effect during the last month of the Term of this Lease, and such tenancy shall otherwise be on the terms and conditions contained herein.

### **23.13. Cumulative Remedies**

All rights and remedies of either party hereto set forth in this Lease shall be cumulative, except as may otherwise be provided herein.

#### **23.14. Time of Essence**

Time is of the essence with respect to all provisions of this Lease in which a definite time for performance is specified.

#### **23.15. Survival of Indemnities**

Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, nor shall it effect any provision of this Lease that expressly states it shall survive termination hereof. Each party hereto specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Lease, the indemnitor has an immediate and independent obligation to defend the indemnitees from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the indemnitor by the indemnitee and continues at all times thereafter.

#### **23.16. Signs**

County may erect or post signs on or about the Premises subject to Landlord's prior approval as provided below. Landlord reserves the right to review the placement, design, and plan for any such sign prior to its erection or posting and agrees that the approval thereof shall not be unreasonably withheld or delayed.

#### **23.17. Quiet Enjoyment and Title**

Landlord covenants and represents that it has full right, power and authority to grant the leasehold estate hereunder, and covenants that County, upon paying the Rent hereunder and performing the covenants hereof, shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full Term of this Lease as against all persons or entities claiming by and through Landlord or on account of any action, inaction or agreement of Landlord or its Agents. Without limiting the provisions of Section 16.2 (Indemnities), Landlord agrees to Indemnify County and its Agents against Claims arising out of any assertion that would interfere with County's right to quiet enjoyment as provided in this Section.

#### **23.18. Bankruptcy**

Landlord represents and warrants to County that Landlord has neither filed nor been the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Landlord's knowledge, no such filing is threatened. Landlord and County agree that County's leasehold estate created hereby includes, without limitation, all rights to receive and enjoy all services, facilities and amenities of the Premises and the Building as provided herein, and that if any of such services, facilities or amenities are terminated, or materially limited or restricted on account of any such case or proceeding, or for any other reason, County shall have the right to (i) contract directly with any third-party provider of such services, facilities or amenities to obtain the same, and (ii) offset against the Base Rent or other charges payable hereunder any and all reasonable costs and expenses incurred by County in obtaining such services, facilities or amenities.

#### **23.19. Transfer of Landlord's Interest**

Landlord shall have the right to transfer its interest in the Property, the Building or this Lease to any other financially responsible person or entity. In the event of any such transfer, Landlord shall be relieved, upon notice to County of the name and address of Landlord's successor, of any obligations accruing hereunder from and after the date of such transfer and upon delivering to County an express assumption by the transferee of all of Landlord's obligations hereunder.

#### **23.20. Non-Liability of County Officials, Employees and Agents**

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee or agent of County shall be personally liable to Landlord, its

successors and assigns, in the event of any default or breach by County or for any amount which may become due to Landlord, its successors and assigns, or for any obligation of County under this Lease.

**23.21. Counterparts**

This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

**23.22. Certification by Landlord**

By executing this Lease, Landlord certifies that Landlord is not suspended, debarred or otherwise excluded from participation in federal assistance programs. Landlord acknowledges that this certification of eligibility to receive federal funds is a material term of this Lease.


**23.23. Acceptance of Lease by Landlord**

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF COUNTY HAS AUTHORITY TO COMMIT COUNTY HERETO UNLESS AND UNTIL THE COUNTY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION OF THE TRANSACTION CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF COUNTY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE SHALL BE NULL AND VOID UNLESS COUNTY'S BOARD OF SUPERVISORS AUTHORIZES EXECUTION OF THIS LEASE, IN ITS RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF COUNTY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ADOPTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON COUNTY.

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Landlord and County have executed this Lease as of the date first written above.

**LANDLORD:** BUTLER REALTY LLC,  
a California limited liability company

BY:   
\_\_\_\_\_  
William L. Butler  
President

**COUNTY:** COUNTY OF SAN MATEO,  
a political subdivision of the State of California

BY: \_\_\_\_\_  
Dave Pine  
President, Board of Supervisors

ATTESTED:

\_\_\_\_\_  
Clerk of Said Board

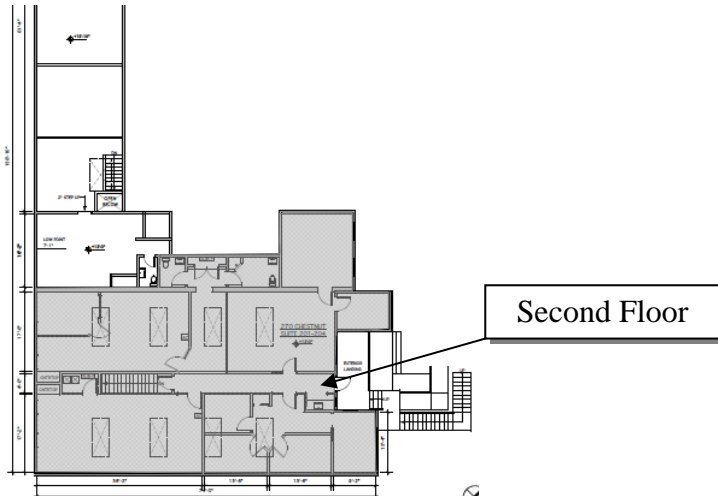
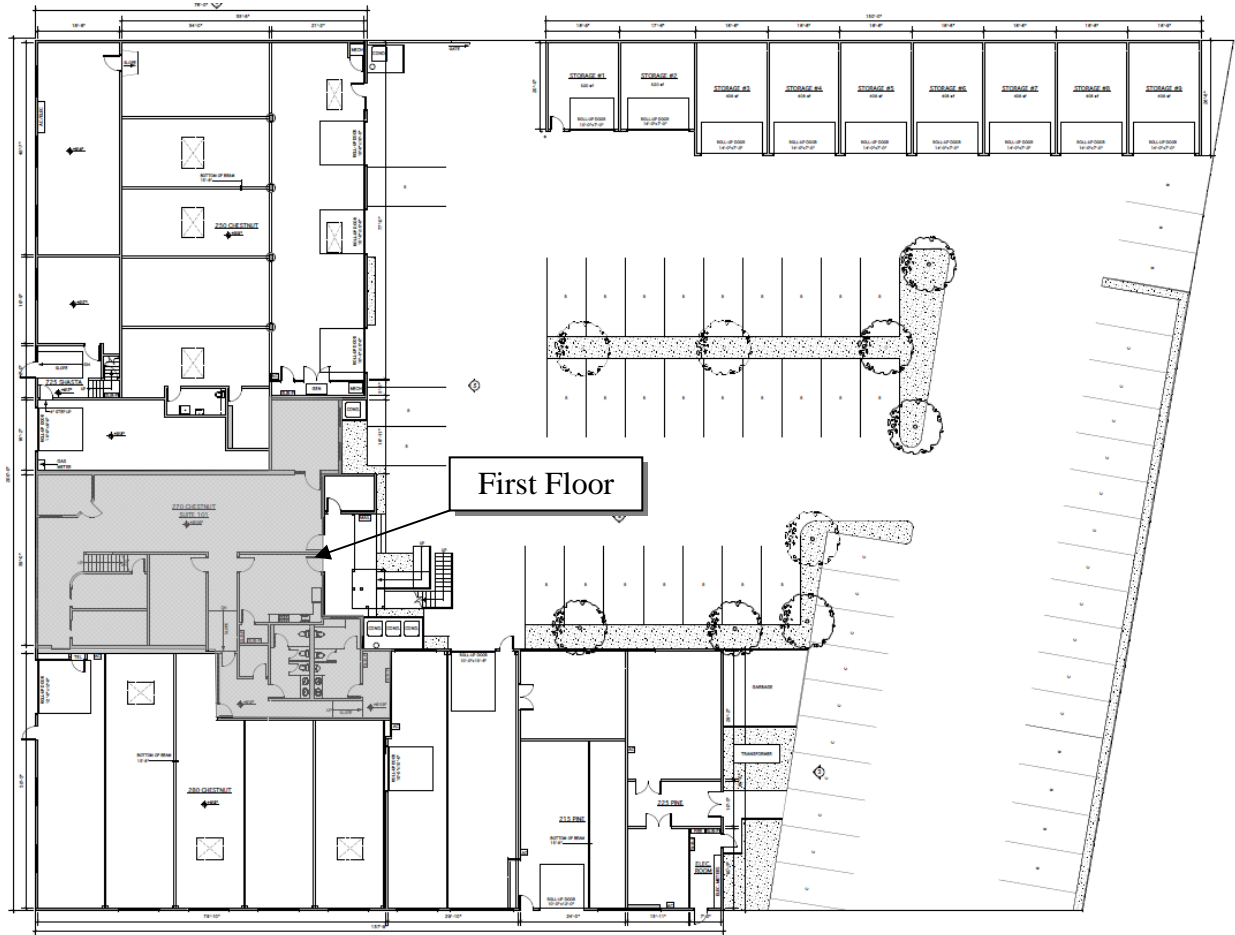
RESOLUTION:

\_\_\_\_\_

**EXHIBIT A-1**

**SITE PLAN**

**727 Shasta Street, Redwood City**



## EXHIBIT A-2

### ADA BARRIERS

Landlord acknowledges that the San Mateo County Commission on Disabilities performed an assessment of the Property on May 16, 2013 to evaluate compliance with the Americans with Disabilities Act (the "ADA Assessment"). Within 180 days of the Commencement Date, Landlord shall make improvements (the "ADA Improvements") necessary to correct the following deficiencies identified in the ADA Assessment:

1. Parking lot: There is no accessible parking with an accessible path of travel to the main entry. According to our findings, there are 54 off-street parking spaces serving the facility, of which 7 are reserved for an off-site tenant. There will need to be 2 accessible spaces provided, including 1 van accessible stall.
2. First floor exterior stairs: Handrails are mounted more than 60" apart.
3. Interior stairs: Handrails are not continuous on both sides.
4. Elevator: None. Second story access requires an elevator or other accessible lift device.
5. Exterior ramp: The exterior ramp is too narrow and lacks a 60" by 60" intermediate landing for the change of direction.
6. Interior ramps: The wide interior ramp lacks handrails and has varying slopes up to 8.5%, which exceed the maximum 8.33%. The narrow ramp (near men's restroom) is less than 48" wide.
7. Floormats are not fixed to the floor or recessed.
8. Rooms with sliding glass doorways have thresholds that exceed ½".
9. Interior doors have non-compliant hold-open devices installed.
10. One door in Suite 201 is less than 32" wide when fully open.
11. First Floor Restrooms: Dispensers are mounted more than 40" above floor, there are no visual and audible fire alarms, toilets are not centered 18" to narrow wall, one women's flush control is not mounted on the wide side of toilet, toilet seat cover dispenser is not fixed to the wall. Additionally, the men's restroom has two bolts protruding into the path of travel that need to be protected.

Landlord shall provide a description letter and construction plans for the ADA Improvements to County within thirty (30) days after the Effective Date. This letter shall be subject to County's approval, which approval shall not be unreasonably withheld or delayed. If County disapproves proposed work described, or any portion thereof, then County shall promptly notify Landlord thereof and of the revisions that County reasonably requires in order to obtain County's approval. As soon as reasonably possible thereafter, but in no event later than ten (10) days after County's notice, Landlord shall submit to County revised letter incorporating the revisions required by County. Such revisions shall be subject to County's approval, which shall not be unreasonably withheld or delayed. The description letter and construction drawings for the ADA Improvements approved by County shall be referred to as the "Construction Documents."

Landlord shall secure and pay for any building and other applicable and necessary permits and approvals, government fees, licenses and inspections necessary for the proper performance and completion of the Improvements shown on the approved Construction Documents. Promptly following County's approval of the Construction Documents, Landlord shall apply for any permits, approvals or licenses necessary to complete such construction and shall provide copies to County promptly following receipt thereof. Landlord shall be responsible for arranging for all inspections required by the applicable local building inspection division.

Immediately upon approval of the Construction Documents and Landlord's procurement of all necessary permits and approvals, Landlord shall commence construction and shall cause the Improvements to be completed in a good and professional manner in accordance with sound building practice. Landlord shall comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the Improvements. Without limiting the foregoing, construction of the Improvements shall comply with all applicable disabled

access laws, including, without limitation, the requirements of the Americans with Disabilities Act of 1990, Title 24 of the California Code of Regulations (or its successor) and County's requirements for program accessibility.

Landlord shall keep County apprised on a regular basis of the status of plan preparation, permit issuance and the progress of construction. Upon receipt of notice from Landlord that the Improvements are substantially complete, County shall have the right to present to Landlord within ten (10) days of receipt of such notice, a written punchlist consisting of any items that have not been finished in accordance with the Construction Documents. Landlord shall promptly complete all defective or incomplete items identified in such punchlist, and shall in any event complete all items within thirty (30) days after the delivery of such list. County's failure to include any item on such list shall not alter the Landlord's responsibility hereunder to complete all Improvement Work in accordance with the approved Construction Documents, nor constitute any waiver of any latent defects.

No approval by County or any of its Agents of the Construction Documents or completion of the Improvements for purposes of this Lease shall be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing herein shall limit Landlord's obligations to obtain all such approvals.

**EXHIBIT A-3**

**TENANT IMPROVEMENT PLAN  
CONSISTING OF 5 PAGES**

**TITLE: County Office T.I., 272 Shasta Street, Redwood City, CA 94063**

**PREPARED BY: DES Architects and Engineers, A. Hurin**

**DATED: December 18, 2013 (Progress Print)**

**PAGES: D2.01 through D2.02, A1.01 and A2.01 through A2.02**







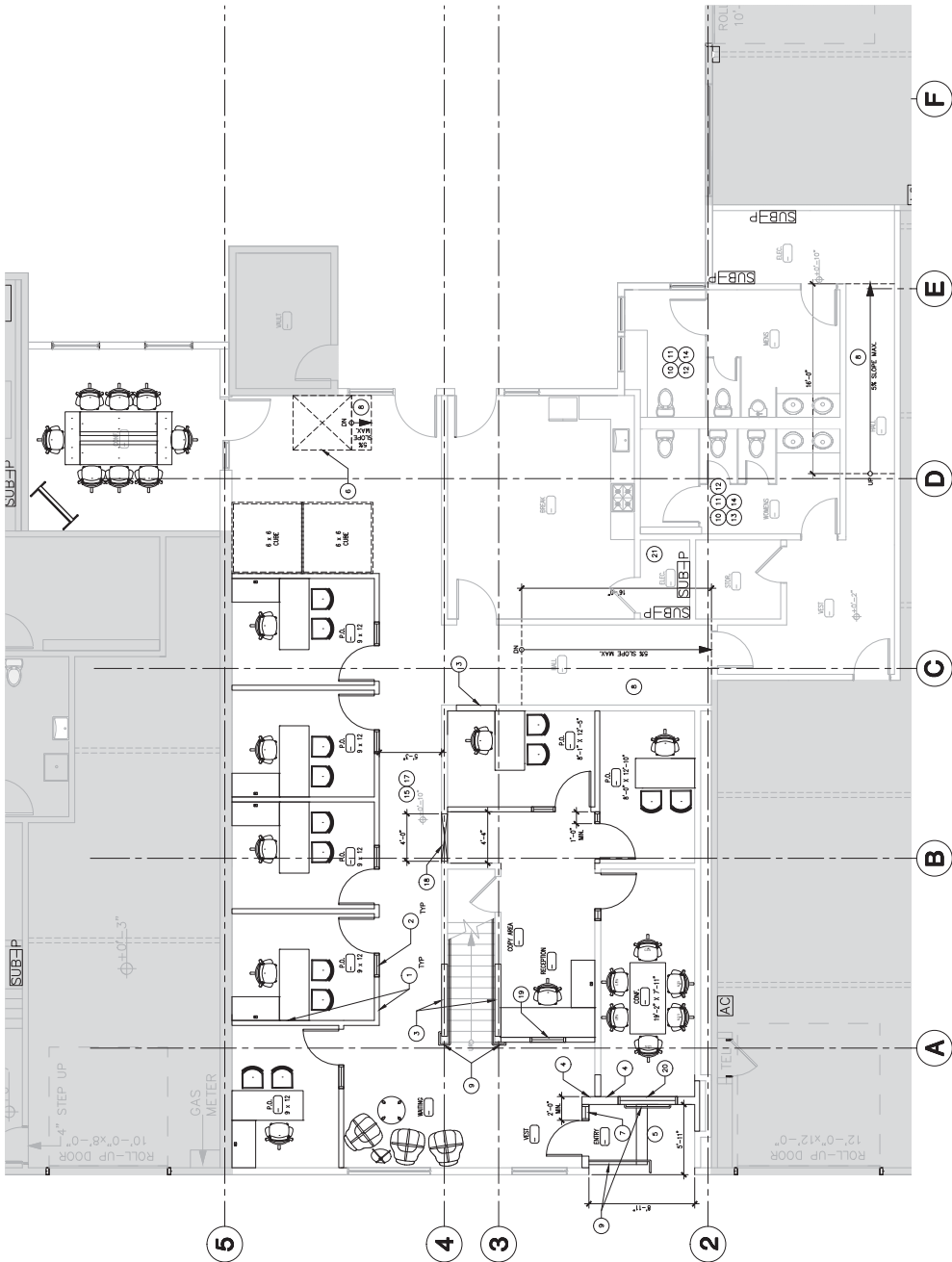
DESIGNED BY:	A. HUBB
REVIEWED BY:	S. MURPHY
APPROVED BY:	S. MURPHY
DATE:	12.16.13
PROJECT:	9894.002

FLOOR PLAN NOTES

1. REPAIR ANY DAMAGED AREAS AND REPAINT SCOPE AREA WITH COLOR SECTION TBO. ALL PAINT PRODUCTS USED SHALL CONTAIN NOT MORE THAN 50 GRAMS/LITER (1.4 OZ GALLON) OR 150 GRAMS/LITER (5.1 OZ GALLON) OF VOLATILE ORGANIC COMPOUNDS (VOC).  
 2. ALL WALL AND CEILING FINISHES TO BE CONSISTENT WITH EXISTING FINISHES.  
 3. ALL DOORS TO BE FULL HEIGHT AND TO BE CONSISTENT WITH EXISTING FINISHES.  
 4. ALL DOORS TO BE FULL HEIGHT AND TO BE CONSISTENT WITH EXISTING FINISHES.  
 5. ALL DOORS TO BE FULL HEIGHT AND TO BE CONSISTENT WITH EXISTING FINISHES.

FLOOR PLAN LEGEND

- NOT IN SCOPE
- SCOPE OF WORK
- (1) INSTALL HORN/SROBE
- (2) VERIFY/RELOCATE (E) TOILET FIXTURE TO WITHIN 18" FROM NEAR WALL
- (3) REPLACE TOILET TO HAVE CLEAR SIDE FLUSH
- (4) VERIFY (E) TOILET SEAT COVER DISPENSER TO WALL MOUNTING HEIGHT PER XX(1)01
- (5) REPLACE DAMAGED OR STAINED CEILING TILES THROUGHOUT AREA OF WORK - REPAIR CEILING GRID AND REPAIR CEILING LIGHTS TO MATCH EXISTING CONDITIONS. REFER TO DEMOLITION PLANS.
- (6) REPLACE OR REPAIR ALL WINDOW SHAKES IN AREA OF WORK TO FULLY FUNCTIONAL
- (7) REPLACE OR REPAIR LIGHTING FIXTURES IN AREA OF WORK FOR FULL FUNCTIONAL AND CONSISTENT COLOR
- (8) USED OPENINGS
- (9) (N) CONTIGUOUS HINGERS
- (10) RELOCATE SHAF AND TONEL DISPENSERS TO MEET ACCESSIBILITY STANDARDS. REFER TO XX(1)01
- (11) (N) UNDER GRID PARTITION, TYP.
- (12) (N) DOOR AND SKEWITE (WHERE SHOWN), NEW DOORS TO HAVE ADA COMPLIANT LOOKING HINGERS
- (13) INFL OPENING, FINISH TO MATCH (E) ADJACENT
- (14) (N) EXTERIOR WALL TO MATCH (E)
- (15) (N) STAIR, LANDING AND RAIL
- (16) (N) ACCESSIBILITY LIFT
- (17) (N) STOREROOM GLAZING AND DOOR, NEW DOORS TO HINGE ADA COMPLIANT (LOOKING HINGERS)
- (18) (N) REPAIR WORK TO MATCH EXISTING ADJACENT OVER FLOOR JOIST
- (19) (N) CONTIGUOUS HINGERS
- (20) RELOCATE SHAF AND TONEL DISPENSERS TO MEET ACCESSIBILITY STANDARDS. REFER TO XX(1)01
- (21) (N) INSTALL EXHAUST FAN
- (22) (N) EXTERIOR WINDOW AND SHADE
- (23) (N) EXTERIOR WINDOW AND SHADE
- (24) (N) EXTERIOR WINDOW AND SHADE
- (25) (N) EXTERIOR WINDOW AND SHADE
- (26) (N) EXTERIOR WINDOW AND SHADE



1 FIRST LEVEL CONSTRUCTION PLAN

FLOOR PLAN KEY NOTES

- (1) (N) UNDER GRID PARTITION, TYP.
- (2) (N) DOOR AND SKEWITE (WHERE SHOWN), NEW DOORS TO HAVE ADA COMPLIANT LOOKING HINGERS
- (3) INFL OPENING, FINISH TO MATCH (E) ADJACENT
- (4) (N) EXTERIOR WALL TO MATCH (E)
- (5) (N) STAIR, LANDING AND RAIL
- (6) (N) ACCESSIBILITY LIFT
- (7) (N) STOREROOM GLAZING AND DOOR, NEW DOORS TO HINGE ADA COMPLIANT (LOOKING HINGERS)
- (8) (N) REPAIR WORK TO MATCH EXISTING ADJACENT OVER FLOOR JOIST
- (9) (N) CONTIGUOUS HINGERS
- (10) RELOCATE SHAF AND TONEL DISPENSERS TO MEET ACCESSIBILITY STANDARDS. REFER TO XX(1)01
- (11) (N) UNDER GRID PARTITION, TYP.
- (12) (N) DOOR AND SKEWITE (WHERE SHOWN), NEW DOORS TO HAVE ADA COMPLIANT LOOKING HINGERS
- (13) INFL OPENING, FINISH TO MATCH (E) ADJACENT
- (14) (N) EXTERIOR WALL TO MATCH (E)
- (15) (N) STAIR, LANDING AND RAIL
- (16) (N) ACCESSIBILITY LIFT
- (17) (N) STOREROOM GLAZING AND DOOR, NEW DOORS TO HINGE ADA COMPLIANT (LOOKING HINGERS)
- (18) (N) REPAIR WORK TO MATCH EXISTING ADJACENT OVER FLOOR JOIST
- (19) (N) CONTIGUOUS HINGERS
- (20) RELOCATE SHAF AND TONEL DISPENSERS TO MEET ACCESSIBILITY STANDARDS. REFER TO XX(1)01
- (21) (N) INSTALL EXHAUST FAN
- (22) (N) EXTERIOR WINDOW AND SHADE
- (23) (N) EXTERIOR WINDOW AND SHADE
- (24) (N) EXTERIOR WINDOW AND SHADE
- (25) (N) EXTERIOR WINDOW AND SHADE
- (26) (N) EXTERIOR WINDOW AND SHADE



**EXHIBIT B**

[Date]

Ms. Margaret Jensen  
Deputy County Manager  
County of San Mateo  
400 County Center  
Redwood City, CA 94063

RE: Acknowledgement of Commencement Date, Lease Between HARBOR BELMONT ASSOCIATES (Landlord), and the COUNTY OF SAN MATEO (Tenant), for the premises known as 400 Harbor Boulevard

Dear Ms. Jensen:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is \_\_\_\_\_, 2014.

Please acknowledge your acceptance of this letter by signing and returning a copy of this letter.

Very truly yours,

\_\_\_\_\_  
By \_\_\_\_\_  
Title \_\_\_\_\_

Accepted and Agreed:

By \_\_\_\_\_  
Deputy County Manager

**EXHIBIT C**

**NOT USED**

**EXHIBIT D**

**BUILDING RULES AND REGULATIONS**

*TO BE PROVIDED BY LANDLORD; SUBJECT TO COUNTY REVIEW AND APPROVAL*