

**Hotel Master Lease  
505 Cypress Avenue, South San Francisco, CA 94080**

THIS HOTEL MASTER LEASE (" Master Lease"), which is effective **March 1, 2022** is entered into by and between Landlord, **KISMET PARTNERS, LLC, a California Limited Liability Company**, as landlord and **The County of San Mateo, a political subdivision of the State of California**, as Tenant.

**RECITALS**

- A. Landlord is the owner of that certain real property located at **505 Cypress Avenue, South San Francisco, California 94080** ("Property"); and
- B. Tenant wishes to lease from Landlord the building located on the Property (hereinafter referred to as "Premises" or "Building"), which is a Single Room Occupancy Hotel consisting of 45 rooms (all residential units). Landlord is willing to lease to Tenant on the terms and conditions set forth in this Lease.
- C. Except as expressly provided otherwise herein, Landlord and Tenant agree that this Lease shall be a net Lease to Landlord with expenses to be borne by the Tenant except for fire insurance and real property taxes.
- D. All furniture and other personal property existing in the premises upon execution hereof shall be the personal property of tenant.

**AGREEMENT**

**1. LEASE OF PREMISES; TERMS**

- 1.1. **Recitals.** The above Recitals are incorporated herein by reference and made a part of this lease.
- 1.2. **Term.** Landlord hereby leases to Tenant and Tenant leases from Landlord the Premises for an initial Ten (10) Year term commencing on March 1, 2022 and expiring on February 28, 2032 ("Term").
- 1.3. **Acceptance of Premises.** Tenant acknowledges that Tenant has examined the Premises, is fully aware of and informed of the physical condition, and accepts the Premises in "as-is" Condition, subject to Section 1.3.1 and Section 5 below. Landlord makes no representation or warranty as to whether or not the Premises conform to the requirements of the Americans with Disabilities Act or similar regulations. In the event Tenant's use requires modifications or additions to the Premises in order to comply with ADA or similar legislation, Tenant agrees to make such modifications at Tenant's sole expense.
  - 1.3.1. Notwithstanding anything to the contrary in this Lease, Tenant shall not be responsible for, and Landlord shall indemnify and hold Tenant harmless from any liability, loss, cost, or obligation arising from any pre-existing conditions at the Premises, including the following:
    - Any Hazardous Materials (defined below) existing on or under the Premises prior to the commencement of the Term.
    - Any standing water issues at the Premises, including under the building, and any negative effects resulting therefrom at the Premises, including water control issues, mold and damage to the Premises and any building systems (such as the furnace).

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**1.4 Non-Appropriation.** Landlord understands that monies paid to Landlord by County as rent are derived from federal, state, or local sources, including local taxes, and are subject to curtailment, reduction, or cancellation by government agencies or sources beyond the control of County. County shall have the right to terminate this Lease in the event that such curtailment, reduction, or cancellation occurs, provided Tenant's notice of termination contains a reasonably detailed explanation of the curtailment, reduction, or cancellation event and supporting documentation. Termination shall be effective upon the expiration of six (6) calendar months after the mailing of termination notice by County to Landlord, and the liability of the parties hereunder for further performance under the terms of the Lease, except as otherwise set forth in the Lease, but neither party shall be relieved of their duty to perform their obligations up to the date of termination.

**1.5 Quiet Possession.** Landlord covenants that Tenant, so long as Tenant is performing its obligations and is not in default hereunder, shall peaceably and quietly have, hold and enjoy exclusive possession of the Premises and all rights granted Tenant by this Lease throughout the Term of this Lease. Tenant acknowledges that Landlord has made no representations or promises with respect to the Premises, or this Lease except as herein expressly set forth herein. Except as expressly provided in this Lease, Landlord shall have no obligation to furnish, equip or improve the Premises.

**2. RENT AND INITIAL PAYMENTS**

**2.1 Base Rent.** Subject to adjustment as provided in Section 2.2, and except in the event of a Landlord Default, Tenant will pay to Landlord as rent without offsets, deductions, or abatement, the sum of \$ 34,744.34 per month ("Base Rent"). Base Rent (\$34,744.34) shall commence on March 1, 2022 without offsets, deductions, or abatement and shall be due on every first (1<sup>st</sup>) day of the month. Said payments shall be adjusted accordingly as set forth below.

**2.2 Adjustments to Monthly Rent.**

The Monthly Rent shall be increased at the commencement of each Term Year by 3.5% as follows:

1. March 1, 2022 -February 28, 2023: \$34,744.34
2. March 1, 2023 -February 28, 2024: \$35,960.39
3. March 1, 2024 -February 29, 2025: \$37,219.00
4. March 1, 2025 - February 28, 2026: \$38,521.67
5. March 1, 2026 - February 28, 2027: \$39,869.93
6. March 1, 2027 -February 28, 2028: \$41,265.38
7. March 1, 2028 -February 29, 2029: \$42,709.66
8. March 1, 2029 -February 28, 2030: \$44,204.50
9. March 1, 2030 -February 28, 2031: \$45,751.66
10. March 1, 2031 -February 28, 2032: \$47,352.97

**2.3 Additional Rent: No Waiver.** All sums other than Base Rent which Tenant is obligated to pay under this Lease shall be deemed to be additional rent due hereunder, whether such sums are designated "additional rent." The term "Rent" means the Base Rent and all additional rent payable hereunder. All Rent shall be paid to Landlord at the address to which notices to Landlord are given or such other address as Landlord may notify Tenant in accordance with Section 14. Landlord's acceptance of any lesser amount than that due under this Lease or any endorsement or statement on any check or any letter accompanying any check shall not be deemed to be an accord and satisfaction or an agreement by Landlord to modify this Lease or a waiver of Landlord's right to receive all sums provided for herein.

**2.4 General.**

**a. Late and Other Administrative Charges.** The late payment by Tenant of Rent will cause Landlord to incur

Initials: \_\_\_\_/\_\_\_\_

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additional costs, such as administrative and collection costs, processing and accounting expenses, and late charges imposed on Landlord. If Landlord has not received any installment of Rent within Six (6) days after such amount is due, Tenant shall immediately pay Landlord a late charge of three percent (3%) of the overdue amount (the "Late Fee"), which represents a reasonable estimate of the costs incurred by Landlord. Returned checks are subject to a \$50.00 service charge plus the Late Fee. Payment made by check will be considered received on the day funds are available to the Landlord. Notwithstanding the foregoing, Landlord shall waive the Late Fee the first time in any twelve consecutive month period that Tenant fails to timely pay Rent, provided that Tenant pays the rent within the notice and cure period set out in Section 12.1.

**b. Other Payments.** When not otherwise specified in this Lease, any sum payable by Tenant hereunder shall be paid within thirty (30) days after demand, provided such demand contains a reasonably detailed explanation of the charge and supporting documentation.

**c. Interest.** All amounts payable by Tenant to Landlord hereunder, if not paid within thirty (30) days after the due date, shall bear interest at the rate of ten percent (10%) per annum (the "Interest Rate").

**d. Security Deposit.** Tenant shall pay Landlord a refundable, non-interest bearing, security deposit in the total sum of Thirty-Four Thousand Seven Hundred and Forty Four and 34/100 Dollars (\$34,744.34) ("Security Deposit") for the full and faithful performance by Tenant of the terms, conditions, and covenants of this Lease. The Security Deposit shall be due in full on or before March 1, 2022. If at any time during the term hereof Tenant shall be in default in the payment of rent or any portion hereof beyond all applicable notice and cure periods, or of any other sums expressly constituting rent hereunder, or is otherwise in default Landlord may, but shall not be required to, appropriate and use, apply or retain any portion of the Security Deposit reasonably necessary to remedy any such default and/or for the compensation of Landlord for any losses incurred, by reason of such default (including any damage or deficiency arising in connection with the reletting of the Premises). Upon such occurrence and upon written demand Tenant shall replenish the full amount of the Security Deposit utilized by Landlord within Ten (10) days of the written demand or shall be deemed in default of this Lease. If on termination of the tenancy for any reason Tenant does not leave the Premises vacant and in reasonably good condition ordinary wear and tear excepted, then Landlord may appropriate and apply any portion of the Security Deposit as may be reasonably necessary to put the Premises in such reasonably good condition ordinary wear and tear excepted and or to vacate any and all tenants, subtenants or licensees. Any remaining portion of the Security Deposit, after any lawful deductions as previously mentioned or otherwise permitted pursuant to applicable law, shall be returned to the Tenant. Except as may be required by law, Tenant will be entitled to no interest on any portion of such deposit. Tenant shall not have the right to apply the Security Deposit in payment of the last month's rent. If and so long as Landlord transfers the Security Deposit to any purchaser or other transferee of Landlord's interest in the Property, then Tenant shall look only to such purchaser or transferee for the return of the Security Deposit, and Landlord shall be released from all liability to Tenant for the return of such Security Deposit. Tenant acknowledges that the holder of any lien on the Property shall not be liable for the return of any security deposit made by Tenant hereunder unless such holder actually receives such Security Deposit.

**e.** All payments required to be made by Tenant under this Lease shall be made payable to KISMET PARTNERS, LLC and mailed to the following address:

KISMET PARTNERS, LLC  
Dean Mathew  
21781 VENTURA BLVD # 666  
WOODLAND HILL, CA 91364

or at such other place as Landlord may hereafter designate from time to time in a written notice to Tenant. Notice of a new address shall take effect on the later of (i) the effective date specified in such notice or (ii) ten (10) days after the date such notice is received by Tenant.

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**3. TAXES AND ASSESSMENTS**

**3.1 Taxes on Tenant Improvements and Personal Property.** Tenant will pay before delinquent the full amount of any real property taxes and personal property taxes resulting from alterations or improvements made to the Premises by or for the benefit of Tenant. Tenant shall also pay any taxes, assessments, license fees, and other charges that are levied and assessed against Tenant's personal property in or on the Premises ("Personal Property Taxes"). Tenant will either pay all such taxes directly to the taxing authority or reimburse Landlord for payment of such taxes. Whenever possible, Tenant shall cause its personal property to be assessed and billed separately from the real or personal property. Landlord will pay all real property taxes applicable to the Premises other than those resulting from Alterations or improvements made to or constructed at the Premises by or for the benefit of Tenant. Tenant shall also pay annual sewer charges and/or assessment, currently estimated at \$10,000.

**4. USE AND COMPLIANCE WITH LAW**

**4.1 Use.** Tenant shall not be allowed to use the Premises for anything other than (a) a Single Room Occupancy (SRO) Hotel; and (b) the provision of supportive housing services, in accordance with section (11)

**4.2 Compliance with Law and Other Requirements.** Tenant shall not use the Premises in any manner that will tend to create waste or a nuisance or to disturb neighbors of the Premises. Tenant shall not store, dispose or abandon any Hazardous Materials (as defined below) on the Premises in violation of Environmental Laws. Tenant shall not permit the Premises to be used for any purpose or in any manner, which, would render the insurance thereon void or the insurance risk more hazardous or result in any loss or reduction of insurance benefit for Landlord.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Premises or on any other property arising out of or in any way connected with Tenant's use and occupancy of the Premises ("Contamination"), Tenant, at its expense, shall clean all the property affected by such Contamination to the satisfaction of Landlord and any governmental body having jurisdiction. Tenant shall indemnify and hold Landlord harmless from and against any and all claims, liability, cost and expense (including reasonable attorneys' fees) arising from or relating to the existence of hazardous or toxic materials located in, on or under the Premises or the surrounding That are due to actions or inactions of tenant or tenant licensee. The foregoing indemnification shall survive termination of the Lease.

As used herein, "Environmental Laws" shall mean all federal, state and local laws, rules, regulations, codes and ordinances governing, regulating or otherwise affecting the environment, health or safety, including without limitation the federal Clean Air Act, the federal Clean Water Act, the federal Resource, Conservation and Recovery Act, the federal Comprehensive Environmental Response, Compensation and Liability Act, the federal Toxic Substances Control Act and their state and local counterparts. The term "Hazardous Materials" means the existence in any form of (i) polychlorinated biphenyls; (ii) asbestos or asbestos containing materials; (iii) urea formaldehyde foam insulation; (iv) oil, gasoline or other petroleum products (other than vehicles operated in the ordinary course of business); (v) pesticides and herbicides; (vi) any other chemical, material or substance to which exposure is prohibited, limited or regulated by any Environmental Laws and any federal, state, county, regional or local authority.

Tenant shall provide to Landlord, upon Landlord's request, a Rent Roll listing only the Commencement Date, confirmation of fully executed License Agreement in the form required hereunder, Room Number, Occupancy Status, the amount of Rent collected for the particular room.

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**5. MAINTENANCE AND REPAIR; UTILITIES**

**5.1 Tenant's Responsibility.** Subject to Landlord payment obligations as called for in this Section 5.1, Tenant shall, at Tenant's expense, maintain and keep in good order, condition and repair the Premises and every part thereof, excluding the roof, the Building foundation, the Building envelope (including, without limitation siding), subterranean plumbing, and all structural components of the Building (collectively, the "Excluded Portions"). Such Excluded Portions shall be repaired and replaced at Landlord's sole expense. For clarification, in the event windows are replaced as part of Building envelope upgrade, repair or replacement, such replacement shall be an Excluded Portion, provided that if a window is damaged from time to time requiring repair or replacement, such repair or replacement shall be at Tenant's expense. With respect to any improvements or Alterations constructed at the Premises by Tenant after the commencement of the Term, any deficiencies with code enforcement, health department, Department of Building Inspection and or any other governmental agency will be the sole responsibility of Tenant to repair. Tenant shall be solely responsible for the elimination and removal of any and all graffiti on the Building interior and exterior. In the event Tenant fails or refuses to make such required repairs Tenant shall refund to Landlord any and all expenses incurred to make said repairs and legal fees.

Tenant agrees that any repairs costing more than \$5,000.00 shall be deemed to be an Alteration and shall be subject to Section 6 hereof. If Tenant fails to perform Tenant's obligation under this Section 5.1, Landlord may enter upon the Premises after thirty (30) days' prior written notice to Tenant (except in the case of an emergency, in which case no notice shall be required) and perform such obligations on Tenant's behalf. The cost of Landlord's work, together with interest thereon at the Interest Rate, shall be due and payable as additional rent to Landlord when Tenant's next Base Rent installment is due.

Without limiting Landlord's obligation with respect to the Excluded Portions (which shall be maintained, repaired and/or replaced solely at Landlord's cost and expense), where the cost (for services and materials) of any routine or extraordinary maintenance and/or replacement and/or repair of any major system ("Major Systems" defined as plumbing, electrical or HVAC system servicing the Building and units) or equipment in the Premises exceeds Ten Thousand Dollars (\$10,000.00) for a replacement or repair, the Landlord shall pay the excess cost of any routine or extraordinary maintenance or replacement over \$10,000.00.

Major system maintenance and/or repair cost and/or replacement cost shall be deemed to exceed \$10,000.00 if the parties so agree in writing, or Tenant secures three proposals from contractors who are licensed to perform the required services and who have not been informed of the \$10,000.00 limit, and at least two of the proposals either exceed \$10,000.00 or state that the cost cannot be currently ascertained but could and ultimately does exceed \$10,000.00. If the proposal is for a fixed cost of less than \$10,000.00, Tenant shall be responsible for paying the cost of such project for maintenance or repair. If the proposal is for a fixed cost of more than \$10,000.00, or states that the ultimate cost cannot be currently ascertained but could exceed \$10,000.00 (the "Over \$10,000 Proposal"), and if the maintenance or repair project is not an urgent life- safety problem requiring immediate action, Landlord shall have the right to obtain within ten (10) days two proposals from contractors who are licensed to perform the required services and who have not been informed of the \$10,000.00 limit. If either of the two proposals is below \$10,000.00, and the Tenant has no good faith objection to the contractor making said proposal performing the work, and the work is satisfactorily performed at this below \$10,000.00 cost, the cost of the repair shall be paid by Tenant. Landlord shall provide copies of such two proposals to Tenant, and if both proposals exceed \$10,000, then Tenant may choose whether to use the Over \$10,000 Proposal or either of the two proposals obtained by Landlord.

If during any consecutive twelve (12) month period the aggregate cost of Tenant's maintenance and repair obligations for Major Systems exceeds (or, based on a reasonable estimate procured pursuant to Section 5.1, would exceed Twenty-Five Thousand Dollars (\$25,000.00)), then Tenant may submit to Landlord a written request that Landlord pay such excess costs over \$25,000.00. If within thirty (30) days after receiving Tenant's written request Landlord gives Tenant written notice that Landlord is unwilling to pay such excess costs, then Tenant shall have the right, within thirty (30) days after receiving Landlord's response, to terminate this Lease upon at least ninety (90) days prior written notice to Landlord to the extent the lack of repairs do not impede habitability and thirty (30)

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days if the lack of repairs render the Premises uninhabitable. If Tenant fails to so terminate this Lease, then (i) this Lease shall remain in full force and effect, and (ii) Tenant shall pay such excess costs. If within thirty (30) days after receiving Tenant's written request Landlord gives Tenant written notice that Landlord is willing to pay such excess costs, then Landlords shall pay such excess costs.

**5.2 Utilities.** Tenant shall arrange and pay for all utilities, janitorial services and upkeep of the Premises. Landlord shall not be responsible for any interruption in utility service, except that which is caused by Landlord, and Tenant shall not be entitled to any abatement of rent or right to terminate by reason of such interruption.

**6. ALTERATION**

**6.1 Alterations.** The term "Alterations" means: (i) repairs costing more than \$5,000.00; (ii) alterations, improvements, additions, and removals of such alteration's improvement or additions; and (iii) installations such as carpeting, hardwood flooring, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, and plumbing. Tenant shall not make any Alterations to the Premises without Landlord's prior written consent which shall not be unreasonably withheld, conditioned, or delayed. Tenant shall request such consent in writing, accompanied by detailed plans and specifications.

Tenant shall acquire (and furnish Landlord with copies of) all applicable governmental permits, shall comply with permits, and shall perform all Alterations in a workmanlike manner with good and sufficient materials. Landlord may require Tenant to remove any Alteration made in violation of this Section 6. All permanent Alterations and improvements made by Tenant immediately shall become Landlord's property and shall remain upon and be surrendered with the Premises as a part thereof at the expiration or earlier termination of this Lease.

**6.2 Sign/Awnings.** Tenant shall obtain Landlord's prior approval (not to be unreasonably withheld) to install any exterior signs, awnings or other attachments to the Building that project over the sidewalk. All such signs, awnings and attachments shall be installed in full compliance with applicable codes, ordinances, and regulations.

**7. MECHANIC'S LIENS**

Tenant shall give Landlord at least ten (10) day's written notice before the start of any work on the Premises or the delivery of materials to the Premises for use in Alterations or repairs. Landlord shall have the right to post notices of non-responsibility on the Premises. Tenant shall not permit a mechanics' or other liens to be filed neither against the Premises nor against Tenant's leasehold interest therein by reason of labor or materials furnished to the Premises at Tenant's direction or request. Tenant shall, within five (5) days after demand by Landlord, cause any such lien filed against the Premises to be discharged of record, or post and record the bond contemplated by California Civil Code Section 3143, Tenant shall indemnify, hold harmless and defend Landlord and the Premises from and against all claims, suits, costs, expenses, judgments and losses (including without limitation attorney's fees) arising out of any Alterations work, including any such lien.

**8. INSURANCE**

**8.1 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 additional insurance with respect to this lease. County assumes the risk of damage to any of County's Personal Property. During the Lease term, County is presently self-insured in the amount of \$1,000,000 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 \$55,000,000 annual in the aggregate. 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,

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and employees, while on the Premises and shall name Landlord as additional insured/loss payee. County upon request of Landlord shall furnish Landlord with a Certificate of Insurance that shall provide that Landlord would receive days' prior notice of cancellation, change in scope or modification in coverage of such coverage.

**8.2 Landlord's Insurance.** At all times during the Term, Landlord shall carry general liability insurance as well as 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.

**8.3 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 Property 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.

## **9. DAMAGE AND DESTRUCTION**

**9.1 Scope of Damage.** Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Premises or damage to the Building, which makes the Premises untenable (a "Casualty"). Such damage shall be deemed partial if it can be repaired and the Premises made tenable within 180 days and does not occur during the last year of the Term ("Partial Damage"). All damage resulting from a Casualty other than Partial Damage shall be deemed to be destruction ("Total Destruction").

**9.2 Total Destruction.** In the event of Total Destruction, the Lease shall terminate as of the date of the Casualty ("Casualty Date")

**9.3 Partial Damage - Insured.** In the event of Partial Damage which is covered by property insurance carried by Landlord ("Landlord's Insurance"), Landlord, at Landlord's expense shall restore the Premises to their condition prior to the Casualty (including if necessary, to restore the building to enable the Tenant to utilize the Premises in the same manner as before the Casualty); provided, that the Landlord shall not be obligated to expend sums in excess of the proceeds of Landlord's insurance.

**9.4 Uninsured damage.** In the event of Partial Damage, which is not covered by Landlord's Insurance, Landlord shall, within fifteen (15) days after the Casualty Date, notify Tenant whether Landlord elects to restore the Premises or not. If Landlord elects to restore the Premises, the restoration shall be at Landlord's expense, provided that Tenant shall be responsible for the restoration, at Tenant's expense, of the tenant's fixtures, equipment and other improvements installed by the Tenant. If Landlord elects not to restore the Premises, either party may elect to terminate this Lease by 30 days' notice to the other.

**9.5 Tenant's Costs.** If Landlord restores the Premises, Tenant shall reimburse Landlord for the deductible under Landlord's Insurance if the Casualty was caused or contributed to by the Tenant or Tenant's Invitees, or others. Tenant shall have no right to any insurance proceeds other than proceeds that Tenant obtained with respect to tenant's personal property and fixtures.

If this Lease is not terminated, the Base Rent shall abate in proportion to the Premises damaged until the

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Premises are restored.

**10. CONDEMNATION**

**10.1 Effect on Lease.** If the Premises, or any portion thereof, are taken under the power of eminent domain or are sold under the threat of the exercise of said power (all of which are herein called a "Condemnation"), this Lease shall terminate as to any part of the Premises take as of the date the condemning authority take title or possession, whichever occurs first, and shall remain in effect as to the remainder of the Premises.

**10.2 Award.** All compensation or damages awarded or paid for any taking hereunder shall belong to and be the property of Landlord, except that Tenant shall be entitled to any award for loss of or damage to Tenant's trade fixtures and removable personal property, for interruption to Tenant's business, and for relocation expenses. Any claim for the bonus value of this Lease shall belong to the Landlord and is expressly excluded from Tenant's claim.

**11. ASSIGNMENT AND SUBLETTING**

**11.1 Sublet.** Without limiting Tenant's right to license or lease the rooms at the Premises to individuals without any prior consent needed from Landlord, Tenant may not sublet the entire Premises to any entity or individual without Landlord's prior written consent, Which shall not be unreasonably withheld. All restrictions and obligations imposed pursuant to this Lease on Tenant shall be deemed to extend to any subtenant, assignee, licensee, concessionaire or other occupant or transferee, and Tenant shall cause such person to comply with such restrictions and obligations. Each sublease is subject to the condition that if the Lease term is terminated or Landlord succeeds to Tenant's interest in the Premises by voluntary surrender or otherwise, at Landlord's option the subtenant shall be bound to Landlord for the balance of the term of such sublease and shall attorn to and recognize Landlord as its Landlord under the then executory terms of such sublease. Tenant shall provide a copy of such sublease to Landlord.

**11.2 Landlord's Consent Required.** Without limiting Tenant's right to license or lease the rooms at the Premises to individuals without any prior consent needed from Landlord, Tenant shall not assign or encumber or otherwise transfer its interest in this Lease without the prior written consent of Landlord, which consent will not be unreasonably withheld. (The term "Transfer" means any assignment, encumbrance, transfer, or subletting.) For any Transfer including a sublet requiring Landlord's consent, Tenant, at least 45 days prior to the expected date of Transfer, shall provide to Landlord all information about Tenant's proposed Transferee and the Transferee's intended use of the Premises that Landlord reasonably requests. If Landlord's consent is required and Landlord consents to a Transfer, Tenant may proceed with the Transfer on the terms approved by Landlord.

**11.3 Tenant's Obligations.** Except to the extent that maintenance or repair responsibilities are assigned by this Lease to Landlord, Tenant shall, at Tenant's expense, keep the Premises and the Common Areas in good repair, in a clean condition, and property maintained at all times. Tenant shall provide for the preventive maintenance of the HVAC system serving the Premises.

Tenant will pay to Landlord, whether or not consent is ultimately given, Landlord's reasonable attorneys' fees incurred in connection with each request for such consent, not to exceed \$1,000. No Transfer, even with Landlord's written consent thereto, shall release Tenant from its obligations hereunder. Landlord's consent to one Transfer shall not constitute its consent to any another Transfer or a waiver of Landlord's rights hereunder. Tenant's Transferee shall agree in writing to be bound by all of the terms and conditions of this Lease that are to be performed by Tenant. Any purported Transfer in violation of this Section 11 shall be void and constitute a default hereunder.

**12. DEFAULT AND REMEDIES**

**12.1 Tenant's Default.** The occurrence of any of the following will constitute a material breach and default of this



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Lease by Tenant.

- a. Failure to pay Base Rent within ten (10) days of the due date, this Lease comprising Tenant's notice of such payment obligation;
- b. Failure to pay any additional Rent or replenish the Security Deposit or any other sums (other than Base Rent) when due if the failure continues for fifteen (15) days after notice has been given to Tenant.
- c. Failure to perform any other material provision of this Lease if not cured within thirty (30) days after notice has been given to Tenant.
- d. Abandonment or vacation of the Premises.
- e. The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (ii) Tenant's becoming a "debtor" as defined in 11 U.S.C. I 01, or any successor statute thereto (unless, in the case of an involuntary petition filed against Tenant, the same is dismissed within sixty (60) days; (iii) appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days, or (v) Tenant's becoming insolvent or making a transfer of its property in fraud of creditors.

**12.2 Landlord's Remedies.** In the event of a default by Tenant, Landlord may, at any time thereafter, in addition to pursuing any other remedies take any other action Landlord may have at law or equity:

- a. Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have vacated or abandoned the Premises, in which event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the Rent as it becomes due hereunder as provided in California Civil Code Section 1951.4. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. No act by Landlord other than giving written notice to Tenant will terminate this Lease.
- b. Terminate Tenant's right to possession of the Premises by any Lawful means, in which case this Lease shall terminate, and Tenant shall immediately surrender possession of the Premises to the Landlord. In such event Landlord shall be entitled to recover from Tenant the Sum of all amounts set forth in California Civil Code Section 1951.2(a), including without limitation, the worth at the time of award of the amount by which all unpaid rent for the balance of the Term of this Lease exceeds the amount of rental loss that Tenant proves could be reasonable avoided, and all other damages incurred by Landlord by reason of tenant's default including without limitation, the cost of recovering possession of the Premises and expenses of reletting, such as restoring the premises to condition at time of Lease and real estate commissions and finder's fees actually paid for such reletting. The "worth at the time of award" shall be computed in the manner provided in California Civil Code Section 1951.2(6) or its successor statute. For the purpose of determining unpaid rent under this paragraph, the rent reserved in this Lease shall be deemed to be the sum of all items defined as Rent in Section 2.1 through 2.4 herein.
- c. Cure any default by Tenant at Tenant's expense. Tenant shall, upon demand, immediately reimburse Landlord for the cost of such cure plus interest at the Interest Rate from the date of the expenditure by Landlord until such reimbursement is received by Landlord.

**12.3 Landlord's Default.** If Landlord defaults in the performance of any of the terms, covenants and conditions of this Lease, Tenant shall promptly notify Landlord in writing. If Landlord fails to cure such default within 30 days

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after receipt of such notice, or if the default is of such character as to require more than 30 days to cure and Landlord fails to commence to cure within 30 days after receipt of such notice and thereafter diligently proceeds to cure such default, then Tenant may, at its option, (a) cure such default and setoff or deduct any expense so incurred from the rent or other amounts due, (b) cancel and terminate this Lease and/or or (c) bring an action against Landlord arising out of such breach. Failure by Landlord to pay amounts due under this Lease or reimburse any overpayments by Tenant of rental or other charges, within 30 days after receipt by Landlord of notice of such failure to pay or overpayment shall constitute a default by Landlord hereunder.

**13. LANDLORD'S ENTRY ON PREMISES**

Landlord and its authorized representatives will have the right to enter the Premises at all reasonable times to inspect the Premises, to perform Landlord's obligations under this Lease, and to post any notices, "For lease" during the last six (6) months of the Term, or, at any time, "For Sale" signs as appropriate, and to show the Premises to brokers, agents, buyers, tenants, or others interested in the Premises at any time during the Term.

**14. NOTICES**

All notices required or permitted to be given under this Lease shall be in writing and shall be sufficiently given if personally served or delivered by overnight courier or delivery service or sent by registered or certified mail, first class, postage prepaid, or by certified mail addressed as follows:

To Landlord:

KISMET PARTNERS, LLC  
Dean Mathew  
21781 VENTURA BLVD 666  
WOODLAND HILL, CA 91364  
Telephone: 818-307-2471  
e-mail: [dean@laxmicapital.com](mailto:dean@laxmicapital.com)

To Tenant:

Real Property Services Manager  
County of San Mateo  
Real Property Services  
555 County Center, 4th Floor  
Redwood City, CA 94063  
Telephone: 650-363-4047  
e-mail: [realproperty@smcgov.org](mailto:realproperty@smcgov.org)

Or such other address as such party may from time to time notify the other party. Any such notice shall be deemed to have been given (i) if so mailed, as of the close of the third business day following the date mailed, and (ii) if otherwise delivered or sent as provided above, on the date delivered, and on the fifth business day after the date sent in all other cases.

**15. NO WAIVER**

No delay or omission in the exercise of any right or remedy of either party on any default by the other party will impair such a right or remedy or be construed as a waiver. Any waiver by either party or any default must be in writing and will not be a waiver of any other concurrent or future default concerning the same or any other provision of this Lease. The acceptance of Rent by Landlord shall not be deemed as waiver of any prior breach of this Lease

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by Tenant, other than the failure of Tenant to pay the particular payment of Rent so accepted.

**16. ATTORNEY'S FEES; WAIVER OF JURY TRIAL**

**16.1 Attorney's Fees; Collection Costs.** Tenant shall pay all costs incurred by Landlord in collecting any amounts due Landlord hereunder, including reasonable attorney's fees. Landlord shall pay all costs incurred by Tenant in collecting any amounts due Tenant hereunder, including reasonable attorney's fees. If either Landlord or Tenant commences an action against the other arising out of or in connection with this Lease, the prevailing party will be entitled to have and recover from the other party reasonable attorney's fees and cost of suit.

**16.2 Waiver of Jury Trial.** TENANT AND LANDLORD ACKNOWLEDGE THAT THE TIME AND EXPENSE REQUIRED FOR TRIAL BY JURY EXCEED THE TIME AND EXPENSE REQUIRED FOR A BENCH TRIAL AND HEREBY WAIVE, TO THE EXTENT PERMITTED BY LAW, THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR HEARING ARISING OUT OF OR IN ANYWAY CONNECTED WITH THIS LEASE, OR TENANT'S USE OR POSSESSION OF THE PREMISES.

**17. SURRENDER OF PREMISES AND HOLDING OVER**

**17.1 Surrender of Premises.** Upon expiration of the Term, Tenant will surrender to Landlord the Premises in good condition reasonable wear and tear excepted and Tenant will remove all its personal property therefrom. Tenant shall not remove any permanent Alterations made during the Term unless Landlord requires such removal under the next sentence. Landlord may require Tenant to remove, at Tenant's expense and no later than the termination of this Lease; any or all Alterations made by Tenant (other than the Improvements previously approved or described in Section 6.1). Tenant shall, at its expense, repair all damage to the Premises caused by the removal of trade fixtures or Alterations. Landlord may elect, without any liability to Landlord and at Tenant's cost, to retain or dispose of in any manner any personal property the Tenant does not remove from the Premises on expiration of the Lease after giving fifteen (15) days' notice to Tenant, which property shall be conclusively deemed abandoned by Tenant.

**17.2 Holding Over.** If Tenant without Landlord's written consent, remains in possession of all or part of the Premises after termination or expiration of this Lease, such occupancy shall be constructed to be a tenancy of from month to month, subject to the terms and conditions of this Lease, except that the Base Rent shall automatically increase to 125% of the Base Rent in effect immediately prior to such termination or expiration.

**18. SUBORDINATION**

This Lease is subject and subordinate to all ground or underlying leases, mortgages and deeds of trust which now or in the future may affect the Premises, and all renewals, modifications and extensions thereof, provided in each case that such ground or underlying Landlord, mortgagee, or deed of trust beneficiary shall enter into a reasonable non-disturbance agreement with Tenant. Tenant shall, within ten (10) days of Landlord's request, execute any instruments acknowledging such subordination to such underlying lease, mortgage, or deed of trust, provided in each instance that such instrument includes such reasonable non- disturbance agreement with Tenant.

**19. ESTOPPEL CERTIFICATES**

Within ten (10) days of any written request by Landlord or his agent, Tenant shall execute, acknowledge and deliver to Landlord a written statement in form and substance satisfactory to Landlord (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which Rent and other charges are paid in advance, (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord, or, if any, specifying such defaults as are claimed, and (iii) acknowledging that Tenant is not aware of any event or

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circumstance which is or, but for the passage of time, would be an event of default of Tenant hereunder. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrances of the Premises.

**20. MISCELLANEOUS PROVISIONS**

20.1 **Interpretation.** This Lease will be construed in accordance with the laws of the State of California.

20.2 **Integration/ Modification.** This Lease contains the entire agreement of the parties and cannot be amended or modified except by written agreement signed by the parties.

20.3 **Covenants and Conditions.** All provisions whether covenants or conditions on the part of Tenant will be deemed to be both covenants and conditions for use.

20.4 **Captions: Singular and Plural.** The captions of this Lease will have no effect on its interpretations. When required by the context of this Lease, the singular will include the plural, and the masculine, feminine, or neuter will include any other gender.

20.5 **Joint and Several Obligations.** If more than one person or entity is Landlord or Tenant, the obligations or that party hereunder are joint and several.

20.6 **Severability.** The enforceability, validity, or illegality of any provision in this Lease will not render the other provisions of this Lease unenforceable, invalid or illegal.

20.7 **Counterparts.** This Lease may be executed in several counterparts, each of which shall be deemed an original and said counterparts shall together constitute one and the same agreement.

20.8 **Brokers.** Landlord and Tenant each represents and warrants to the other that no person is entitled to a broker's commission or finder's fee in connection with this Lease. Landlord and Tenant each agree to indemnify, defend and hold the other part harmless from and against claims and suits made by any broker, agent or other person claiming a commission or other form of compensation against the other party by virtue of having dealt with Landlord or Tenant, respectively, with regard to this Lease.

20.9 **Recording.** Tenant shall not record this Lease or a memorandum of "Short Form" thereof.

20.10 **Time of Essence.** Time is of the essence with respect to the obligations to be performed under this Lease.

20.11 **No Partnership.** This Lease shall not be construed to constitute any form of partnership or joint venture between the Landlord and Tenant. The Landlord and Tenant acknowledge that no business or financial relationship exists between them other than as landlord and tenant, that the Landlord is not responsible in any way for the debts of the Tenant or any other party, and that the Tenant is not responsible in any way for the debts of the Landlord or any other party.

20.12 **Laundry Machines.** The parties acknowledge that there are currently money operated washers and dryers at the Premises. Landlord agrees that it shall not be entitled to any payment for use of such machines after the commencement of the Term.

**20.13 Landlord's Covenants**

Landlord covenants that it has good and marketable title to the Premises which is free of all leases, tenancies, agreements, encumbrances, liens, restrictions and defects in title affecting the rights granted Tenant in this Lease. To the best of Landlord's knowledge, information and belief, the Premises is free from Hazardous Materials.

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**21. Indemnification.**

**21.1 Indemnification by Lessor:** LESSOR shall indemnify, defend and hold COUNTY, its agents, officers and employees, harmless from and against all claims, damages, losses, causes of action and expenses, including attorneys' fees, for any personal injury, bodily injury, loss of life or damage to property, violation of any federal, state or municipal law, ordinance or constitutional provision, or other cause which arise out of, relate to or result from the activities or omissions, negligent or otherwise, under this lease by LESSOR, its officers, agents and employees.

**21.2 Indemnification by Lessee:** LESSEE shall indemnify, defend and hold LESSOR, its agents, officers and employees, harmless from and against all claims, damages, losses, causes of action and expenses, including attorneys' fees, for any personal injury, bodily injury, loss of life or damage to property, violation of any federal, state or municipal law, ordinance or constitutional provision, or other cause which arise out of, relate to or result from the activities or omissions, negligent or otherwise, under this Sublease of LESSEE, and LESSEE's officers, agents and employees.

The provisions of this Section 21 shall survive the termination or expiration of this Lease.

**22. SPECIAL PROVISIONS**

**22.1 Right of First Refusal to Purchase Premises.** If Landlord determines to sell the Premises to an unaffiliated third-party at any time during the Term, Landlord shall obtain from such unaffiliated third-party a bona fide arm's length written offer (the "Offer"), acceptable to Landlord, to purchase the Premises; and Landlord shall submit a written copy of the Offer to Tenant and shall give Tenant thirty (30) days within which to elect to purchase the Premises on the precise terms and conditions of the Offer (except that if the Offer shall be in whole or in part for consideration other than cash, Tenant shall have the right to pay in cash the fair market value of such non-cash consideration). If Tenant elects to so purchase the Premises, Tenant shall give to Landlord written notice thereof ("Acceptance Notice") and closing shall be held within sixty (60) days after the date of the Acceptance Notice, whereupon Landlord shall convey the Premises to Tenant. At closing Landlord shall deliver to Tenant a special warranty deed ( or local equivalent) sufficient to convey to Tenant fee simple title to the Premises free and clear of all liens, restrictions and encumbrances created by Landlord, and any encumbrances consented or agreed to by at the time of closing.

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IN WITNESS WHEREOF, the parties have executed this Lease effective as of the date set forth below.

**LANDLORD:** KISMET PARTNERS, LLC,  
a California Limited Liability Company

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

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

BY: \_\_\_\_\_  
Don Horsley  
President, Board of Supervisors

DATE: \_\_\_\_\_

**\*IN EXECUTION OF THIS LEASE LANDLORD AND TENANT HAVE HAD THE OPTION TO REVIEW IT WITH THE ATTORNEY OF THEIR CHOICE\***