



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



DATE: March 12, 2012
BOARD MEETING DATE: March 27, 2012
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Steve Alms, Manager, Real Property Division

SUBJECT: Lease with Harbor Belmont Associates of Approximately 11,674 Square Feet of Warehouse and Office Space at 330 Harbor Blvd. in Unincorporated Belmont. (Lease No. 1296)

RECOMMENDATION:

Adopt a Resolution authorizing:

1. The President of the Board of Supervisors to execute a Lease Agreement with Harbor Belmont Associates, of approximately 11,674 square feet of warehouse and office space at 330 Harbor Blvd. in unincorporated Belmont, for the use of the Health System, for a term of seven years commencing on March 27, 2012 and expiring on February 28, 2019, at an initial monthly base rent of \$8,172 with 2.5% annual increases; and
2. The County Manager or his designee to accept or execute notices, options and documents associated with the Lease including, but not limited to, extension or termination of the Lease under the terms set forth therein.

BACKGROUND:

Since 1989, the Public Guardian and Public Administrator programs have occupied 16,183 square feet of warehouse space at 2700 Middlefield Road in North Fair Oaks for the storage of conserved and deceased clients' personal property until it is auctioned for funds to pay for the conservatee's personal care or dispersed to appropriate heirs/beneficiaries of the deceased. The County has entered into an agreement with the landlord at 2700 Middlefield to redevelop the site as a consolidated health clinic. The existing warehouse must be demolished to accommodate the redevelopment, while the existing health clinic will remain in place until the completion of the new facility. Upon County's vacating of the warehouse space, the rent for the remainder of the facility will be reduced accordingly.

The County has identified the Harbor Park industrial park located at 330 Harbor Blvd in unincorporated Belmont as an appropriate location for the Public Guardian/Public Administrator warehouse functions. The County and Harbor Belmont Associates desire to enter into a lease of 11,674 square feet of warehouse and office space.

DISCUSSION:

Real Property Services has negotiated a Lease Agreement with Harbor Belmont Associates for a term of seven years, commencing on March 27, 2012 and expiring on February 28, 2019, at an initial base rent of \$8,172 per month, which increases annually by 2.5%. The Landlord will make improvements to the building and premises to provide a secure storage area, necessary shower facilities and comply with requirements of the Americans With Disabilities Act. The County will make a one-time contribution of \$30,000 towards the cost of the improvements. A long term lease at the centrally located industrial facility is consistent with the County's Facilities Master Plan.

It is estimated that the new lease will result in an annual savings of \$110,000 due to the lower lease rate and reduction of area from 16,183 square feet at 2700 Middlefield to 11,674 square feet at Harbor.

County Counsel has reviewed and approved the Lease and Resolution as to form. The Chief of the Health System and the ADA Compliance Committee concur in this recommendation.

Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing a central location for the Public Guardian/Public Administrator programs to safely and securely store conserved and deceased clients' personal property.

Performance Measure(s):

Real Property Services strives to maintain an average cost of leased facilities that compares favorably with the average asking rate for comparable facilities in the County. The negotiated lease rate of \$0.70 per square foot per month compares favorably with the average asking rate in the Belmont/San Carlos area of \$0.82 per square foot for industrial/warehouse space.

Measure	Lease – Actual (Triple Net) FY 2011/2012	Avg. Asking Rate Belmont/San Carlos Industrial/Warehouse (Triple Net) Q4-2011
Monthly Rate:	\$0.70	\$0.82

FISCAL IMPACT:

The one-time contribution of \$30,000 and initial rent of \$8,172 per month is included in the adopted FY 2011-12 budget of the Health System.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

*** * * * ***

**RESOLUTION AUTHORIZING 1) THE PRESIDENT OF THE BOARD OF SUPERVISORS TO EXECUTE A LEASE AGREEMENT WITH HARBOR BELMONT ASSOCIATES, OF APPROXIMATELY 11,674 SQUARE FEET OF WAREHOUSE AND OFFICE SPACE AT 330 HARBOR BLVD. IN UNINCORPORATED BELMONT, FOR THE USE OF THE HEALTH SYSTEM, FOR A TERM OF SEVEN YEARS COMMENCING ON MARCH 27, 2012 AND EXPIRING ON FEBRUARY 28, 2019, AT AN INITIAL MONTHLY BASE RENT OF \$8,172 WITH 2.5% ANNUAL INCREASES; AND 2) THE COUNTY MANAGER OR HIS DESIGNEE TO ACCEPT OR EXECUTE NOTICES, OPTIONS AND DOCUMENTS ASSOCIATED WITH THE LEASE INCLUDING, BUT NOT LIMITED TO, EXTENSION OR TERMINATION OF THE LEASE UNDER THE TERMS SET FORTH THEREIN.
(LEASE NO. 1296)**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance a lease of real property ("Lease"), reference to which is hereby made for further particulars, whereby the County of San Mateo shall lease approximately 11,674 square feet of warehouse and office space at 330 Harbor Blvd. in unincorporated Belmont, for a term of seven years commencing on March 27, 2012 and expiring on February 28, 2019, at an initial monthly base rent of \$8,172 with 2.5% annual increases, from Harbor Belmont Associates, in accordance with the terms and conditions contained in said agreement, and

WHEREAS, this Board has been presented with the Lease and has examined and approved same as to both form and content and desires to enter into same.

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the President of this Board of Supervisors be, and is hereby, authorized and directed to execute said Lease Agreement for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto; and

IT IS FURTHER DETERMINED AND ORDERED that the County Manager or his designee is hereby authorized to accept or execute on behalf of the County, any and all notices, options and documents associated with the Lease including, but not limited to, extension or termination of the Lease under the terms set forth therein.

* * * * *

LEASE

between

COUNTY OF SAN MATEO,
as Tenant

and

HARBOR BELMONT ASSOCIATES
as Landlord

For the lease of

A portion of
330 Harbor Boulevard
Belmont, California

March 27, 2012

TABLE OF CONTENTS

1.	BASIC LEASE INFORMATION.....	1
2.	PREMISES	4
2.1.	Lease Premises	4
2.2.	Common Areas	4
2.3.	Parking.....	4
3.	TERM	4
3.1.	Term of Lease.....	4
3.2.	Effective Date, Commencement Date and Expiration Date	4
3.3.	Delivery of Possession	4
3.4.	Extension Options.....	5
3.5.	Determination of Base Rent for the Extended Term	5
4.	RENT	5
4.1.	Base Rent	5
4.2.	Adjustments in Base Rent	5
4.3.	Additional Charges	5
4.4.	Definitions	5
4.5.	Payment of Percentage Share of Operating Costs	7
4.6.	Payment of Percentage Share of Real Estate Taxes.....	7
4.7.	Proration	7
4.8.	Audits	8
4.9.	Records	8
5.	USE	8
5.1.	Permitted Use	8
5.2.	Observance of Rules and Regulations.....	8
5.3.	Interference with Access	8
6.	IMPROVEMENTS	9
6.1.	Landlord's Obligation to Construct Base Building Improvements	9
6.2.	Landlord's Obligation to Construct Leasehold Improvements.....	9
6.3.	Installation of Telecommunications and Other Equipment.....	10
7.	ALTERATIONS	10
7.1.	Alterations by County.....	10
7.2.	Title to Improvements	10
7.3.	County's Personal Property	10
7.4.	Alteration by Landlord.....	11
8.	REPAIRS AND MAINTENANCE.....	11
8.1.	Landlord's Repairs.....	11
8.2.	County's Repairs	11
8.3.	Liens	11
9.	UTILITIES AND SERVICES.....	12
10.	COMPLIANCE WITH LAWS; PREMISES CONDITION	12
10.1.	Premises Condition and Landlord's Compliance with Laws;.....	12
10.2.	County's Compliance with Laws	12
10.3.	County's Compliance with Insurance Requirements.....	12
11.	SUBORDINATION	12
12.	DAMAGE AND DESTRUCTION	13

13.	EMINENT DOMAIN	14
13.1.	Definitions	14
13.2.	General	14
13.3.	Total Taking; Automatic Termination	14
13.4.	Partial Taking; Election to Terminate	14
13.5.	Rent; Award	15
13.6.	Partial Taking; Continuation of Lease	15
13.7.	Temporary Taking	15
14.	ASSIGNMENT AND SUBLETTING	15
15.	DEFAULT; REMEDIES	16
15.1.	Events of Default by County	16
15.2.	Landlord's Remedies	16
15.3.	Landlord's Default	16
16.	INDEMNITIES	17
16.1.	County's Indemnity	17
16.2.	Landlord's Indemnity	17
16.3.	Concurrent Negligence	17
17.	INSURANCE	17
17.1.	County's Self-Insurance	17
17.2.	Landlord's Insurance	18
17.3.	Waiver of Subrogation	18
18.	ACCESS BY LANDLORD	18
19.	ESTOPPEL CERTIFICATES	18
20.	SURRENDER OF PREMISES	19
21.	HAZARDOUS MATERIALS	19
21.1.	Definitions	19
21.2.	Landlord's Representations and Covenants	19
21.3.	Landlord's Environmental Indemnity	20
21.4.	County's Covenants	20
21.5.	County's Environmental Indemnity	20
22.	SPECIAL PROVISIONS	20
23.	GENERAL PROVISIONS	20
23.1.	Notices	20
23.2.	No Implied Waiver	20
23.3.	Amendments	21
23.4.	Authority	21
23.5.	Parties and Their Agents; Approvals	21
23.6.	Interpretation of Lease	21
23.7.	Successors and Assigns	22
23.8.	Brokers	22
23.9.	Severability	22
23.10.	Governing Law	22
23.11.	Entire Agreement	22
23.12.	Holding Over	22
23.13.	Cumulative Remedies	23
23.14.	Time of Essence	23
23.15.	Survival of Indemnities	23
23.16.	Signs	23
23.17.	Quiet Enjoyment and Title	23
23.18.	Bankruptcy	23
23.19.	Transfer of Landlord's Interest	23

23.20.	Non-Liability of County Officials, Employees and Agents	24
23.21.	Counterparts	24
23.22.	Certification by Landlord	24
23.23.	Acceptance of Lease by Landlord	24

LIST OF EXHIBITS:

EXHIBIT A-1 -- Site Plan of the Property
EXHIBIT A-2 -- Floor Plan of Premises
EXHIBIT A-3 -- Parking Plan
EXHIBIT B -- Notice of Commencement
EXHIBIT C -- Exclusions from Operating Costs
EXHIBIT D -- Rules and Regulations
EXHIBIT E -- Classification of Operating Costs as Fixed or Variable

LEASE
Lease No. 1296

This Lease (the "Lease"), dated for reference purposes only as of March 27, 2012 is by and between HARBOR BELMONT ASSOCIATES, a California General Partnership ("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: | March 27, 2012 |
| 1.2 | Landlord: | HARBOR BELMONT ASSOCIATES |
| 1.3 | Tenant: | COUNTY OF SAN MATEO |
| 1.4 | Property and Building (Section 2.1): | The property is comprised of San Mateo County Assessor's Parcel Number 046-010-270, together with the improvements thereon and commonly known as Harbor Park (the "Property"). The 98,000 square foot one story warehouse and office building located on the Property is commonly known as Building E, and also known as 330 Harbor Boulevard, Belmont, California (the "Building"). The Property and the Building are shown on the attached <u>Exhibit A-1</u> . |
| 1.5 | Premises (Section 2.1): | The premises consist of a portion of the Building, comprised of approximately 11,674 rentable square feet of warehouse and office area, and more particularly shown on the attached <u>Exhibit A-2</u> , together with the exclusive use of the contiguous loading area, exclusive parking as set forth hereinafter, and the non-exclusive use of the parking and common areas of the Building and the Property (the "Premises"). |
| 1.6 | Parking (Section 2.3) | County shall have the exclusive right to use the 16 parking spaces in the rear parking lot as identified in <u>Exhibit A-3</u> , together with the non-exclusive right to use the parking facilities of the Property in common with other tenants of the Building and the Property, as set forth in Section 2.3. |
| 1.7 | Rentable Area of Premises (Section 2.1): | Approximately 11,674 rentable square feet. |

- 1.8 Term (Section 3): The Effective Date shall be as set forth in Section 3.2 hereof.
- Estimated Commencement Date: March 27, 2012
- Expiration Date: February 28, 2019
- 1.9 Extension Options (Section 3.4): None.
- 1.10 Adjustment Dates (Section 4.2): April 1, 2013, and April 1 of each subsequent year throughout the Term of the Lease.
- 1.11 Base Rent (Section 4.1): Monthly Base Rent of: \$8,172.00, subject to adjustment as set forth in Section 4.2 hereof.
- 1.12 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 two and a half percent (102.5%) of the Base Rent for the lease year preceding such Adjustment Date, which amount shall be rounded to the nearest dollar.
- 1.13 Additional Charges (Section 4.3): County shall pay, on a monthly basis throughout the Term as hereinafter set forth, County's Share of Real Property Taxes and actual monthly Operating Expenses, including but not limited to: insurance, landscaping, maintenance, repairs and management fees, as set forth in Section 4.3 hereof.
- The County shall pay, as a one time additional charge, \$30,000 as a contribution towards the cost of the improvements set forth in Section 6.2 (Leasehold Improvements).
- 1.14 Expense Year (Section 4.4): The Expense Year shall be each calendar year commencing January 1st of each year during the Term, including any partial year in which this Lease commences as set forth in Section 4.4 hereof.
- 1.15 County's Percentage Share (Section 4.4): County's percentage share of the Building shall be 12%. County's percentage share of the Property shall be 5.5%.
- 1.16 Use (Section 5.1): The Premises shall be used for the storage of records, files, equipment and other property of the County of San Mateo, and general office purposes including, but not limited to, those that the County, in its sole discretion, deems appropriate, provided that no such use shall unreasonably interfere with Landlord's ability to lease portions of the Property to other tenants.

- | | | |
|------|---|--|
| 1.17 | Leasehold Improvements (Section 6.2) | Landlord shall, at Landlord's sole cost and expense, renovate the existing restrooms to meet the requirements of the Americans with Disabilities Act (ADA) of 1990 as amended by the ADA Amendments Act of 2008 and install ADA compliant shower stalls, renovate the existing kitchen area to comply with ADA, and install a minimum 20' x 20' chain link cage area in the warehouse, all as more specifically set forth in Section 5.2 (Leasehold Improvements). |
| 1.18 | Utilities (Section 9.1): | County shall pay for all separately metered utilities provided to the Premises for the benefit of County. |
| 1.19 | Services (Section 9.2): | None |
| 1.20 | Other Noteworthy Provisions (Section 22) | None |
| 1.21 | Notice Address of Landlord
(Section 23.1): | Harbor Belmont Associates
800 South Claremont Street, #201
San Mateo, CA 94402
Fax No.: (650) 344-4158 |
| 1.22 | Key Contact for Landlord: | Ellen Roy
Property Manager
The Raiser Organization
800 South Claremont Street, #201
San Mateo, CA 94402 |
| | Landlord Contact Telephone No.: | (650) 342-9026 |
| 1.23 | Notice Address for County (Section 23.1): | County Manager
400 County Center
Redwood City, CA 94063
Fax No.: (650) 363-4832 |
| 1.24 | and to: | Not Used |
| 1.25 | Key Contact for County: | Real Property Services Manager
455 County Center, 4 th Floor
Redwood City, CA 994063 |
| | County Contact Telephone No.: | (650) 363-4326 |
| 1.26 | Broker (Section 23.8) | Robert McSweeney, CB Richard Ellis |

BALANCE OF PAGE INTENTIONALLY BLANK

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 "Building") and shown on the floor plan attached hereto as Exhibit A-2 (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 of the Property, the public areas of the Property (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 exclusive right to use the 16 parking spaces in the rear parking lot as identified in Exhibit A-3, which shall be marked by Landlord as "Reserved, Aging and Adult Services", together with the non-exclusive right to use the parking facilities of the Property in common with other tenants of the Building and 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, 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 of the Property 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 the County Board of Supervisors authorizes the execution of this Lease. 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 authorizing the execution of this Lease, 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. 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's Deputy County Manager 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. 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 ninety (90) 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 Options

Not Used

3.5.Determination of Base Rent for the Extended Term

Not Used

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 1.11 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 1.21 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 1.12 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 two and a half percent (102.5%) of the Base Rent for the lease year preceding such Adjustment Date, which amount shall be rounded to the nearest dollar.

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 Real Estate Taxes and Operating Costs provided for herein below. 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."

In addition to the Base Rent set forth above, within thirty (30) days of the Commencement Date, County shall pay, as a one time additional charge, thirty thousand dollars (\$30,000) as the County's share of the cost of the improvements set forth in Section 5.2 (Leasehold Improvements).

4.4.Definitions

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

(a) Operating Costs shall be designated either Fixed Costs or Variable Costs as identified in the attached Exhibit E. Costs incurred that are not classified in Exhibit E shall be classified as Fixed or Variable in a manner consistent with generally accepted accounting principles.

(b) "County's Share" means 100% of Variable Costs related to the Premises together with County's Proportionate Share of Fixed Costs and Variable Costs related to the Building and Property, which Proportionate Share shall be 12% of the Building and 5.5% of the Property.

(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 Operating Costs shall be equitably adjusted for the Expense Years involved in any such change.

(d) "Operating Costs" means the total reasonable and prudent costs and expenses actually paid or incurred by Landlord in connection with the management, operation, maintenance and repair of the Building and Property, including, but not limited to: (1) the cost of air conditioning, electricity, water, heating, mechanical, telephone, ventilating, and all other utilities requested by or provided for the benefit of Tenant, together with any taxes thereon, except those paid for directly by Tenant, (2) the cost of repairs and all labor and material costs related thereto, and the cost of general maintenance, cleaning and service contracts and the cost of all supplies, tools and equipment required in connection therewith, (3) the cost incurred by Landlord for all insurance required to be carried on the Building and Property or the use or occupancy thereof; (4) wages, salaries, payroll taxes and other labor costs and employee benefits relating to employees of Landlord or its agents engaged in the operating, repair, or maintenance of the Building and Property, allocated in proportion to the percentage of such person's working time actually spent working in connection with the Building and Property, (5) reasonable management fees, (6) fees, charges and other costs of all independent contractors engaged by Landlord, allocated in proportion to the percentage of such person's working time actually spent working in connection with the Building and Property, (7) accounting and legal expenses, (8) depreciation on personal property, including, without limitation, carpeting in public corridor and Common Areas and window coverings provided by Landlord, (9) the cost of capital improvements made to the Building and Property made to the Building and Property after the date of this Lease that are required under any governmental law or regulation that was not applicable to the Building and Property at the time that permits for the construction thereof were obtained, unless caused by Landlord's deliberate or negligent violation of such law, rule or regulation, and except to the extent such improvements are attributable to or are made for the primary benefit of a tenant or occupant other than County, and (10) any other expenses reasonably incurred in connection with the management, operation, maintenance or repair of the Building and Property (other than Real Estate Taxes and any services for which Landlord is separately and directly reimbursed by County) which would, under generally accepted accounting principles, be considered an operating expense. The computation of Operating Costs shall be made in accordance with Landlord's tax basis accounting method. With respect to the costs of items included in Operating Costs under (9), such costs shall be amortized over the useful life thereof, together with interest on the unamortized balance at a rate per annum equal to two (2) percentage points over the Treasuring Rate charged at the time such item is constructed, but not more than the maximum rate permitted by law at the time such item is constructed.

Notwithstanding the foregoing, "Operating Costs" shall exclude the items described on the attached Exhibit C.

(e) "Real Estate Taxes" means all taxes, assessments and charges levied upon or with respect to the portion of the Property occupied by County or any personal property of Landlord used in the operation thereof, or Landlord's interest in the portion of the Property occupied by County or such personal property. County's Share of Real Estate Taxes shall be County's Proportionate Share for any given month of the Term as set forth in Section 4.3(b) hereof. 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 and Property or any part thereof, or on the rent payable under any lease or in connection with the business of renting space in the Building and Property, 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 Property, 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 Property or due to improvements or modifications to the Building or Property outside the Premises.

(f) "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.

4.5.Payment of Percentage Share of Operating Costs

County shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of County's Share of the Operating Costs for each Expense 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 Operating 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, except for adjustments made in relation to a modification in the area of the Premises, Landlord may not make any such revisions more than twice in any given Expense Year or 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 Expense Statement"), setting forth in reasonable detail the Operating Costs for such Expense Year and County's Share thereof. If County's Share of the actual Operating Costs for such Expense Year exceeds the estimated Operating 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 Operating Costs paid by County and County's Share of the actual Operating Costs within thirty (30) days after the receipt of Landlord's Expense Statement. If the total amount paid by County for estimated Operating Costs exceeds County's Share of the actual Operating 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

County shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of County's Percentage Share of the Real Estate Taxes for each Tax Year. County shall make such payments, in advance, in an amount estimated by Landlord in reasonable detail in writing delivered to County. With reasonable promptness not to exceed thirty (30) days after Landlord has received the tax bills for any 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 Share thereof. If County's 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 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 Share of the actual Real Estate Taxes for such Tax Year, such excess shall be credited against the next installments of Real Estate Taxes 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 Real Estate Taxes or Operating Costs for the Tax Year or Expense 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 Property related to Operating Costs and Real Estate Taxes. If such audit discloses any discrepancies that would result in a reduction of County's Percentage Share of Operating 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 Operating 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 Property or at its offices in San Mateo County in a safe, complete and organized manner all of its records pertaining to this Lease and Real Estate Taxes, Operating Costs 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 warehouse and 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 Property subject to the provisions of this Lease. County acknowledges and agrees to the current 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 apply equitably to the other tenants of the Property, are not in conflict with the provisions of this Lease, do not materially increase the burdens or obligations upon County, do not impose a charge 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 tenants of the Property 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 Property 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 Property; provided, however, that Landlord may, after consultation with the County Manager or the County Manager's designee, interrupt County's access to the Premises or the Property in the event of an immediate risk of danger to the Premises, the Common Areas or any other portion of the Property being rendered unsafe for human occupancy to the extent that such condition affects the Premises. 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 Property 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. IMPROVEMENTS

6.1.Landlord's Obligation to Construct Base Building Improvements

Landlord, through its general contractor, shall construct certain base building improvements, perform the work and make the installations in the Premises and the Common Areas ("Base Building Improvements") at Landlord's sole cost. The Base Building Improvements shall include, without limitation, any improvements required in order to comply with the Americans with Disabilities Act (ADA) of 1990 as amended by the ADA Amendments Act of 2008, including but not limited to the Building, Common Areas, Parking and path of travel.

6.2.Landlord's Obligation to Construct Leasehold Improvements

Landlord, through its general contractor, shall construct certain leasehold improvements, perform the work and make the installations in the Premises (the "Leasehold Improvements") at Landlord's sole cost, except for the County's Contribution as set forth in Section 3.3 (Additional Charges) herein. The Leasehold improvements shall be completed with 60 days of the Commencement Date and shall include the renovation of the existing restrooms to comply with ADA and installation of ADA compliant shower stalls within each restroom, the renovation of the existing kitchen area to comply with ADA, and the installation of a minimum 20' x 20' chain-link cage area within the warehouse as indicated on Exhibit A-2 (Premises). Such work and installations are referred to as the "Leasehold Improvement Work" and "Leasehold Improvements." Provided such work is completed in the time and manner set forth herein, the Leasehold Improvement Work shall not constitute interference with County's access to the Premises as set forth in Section 4.3 above. Except for the thirty thousand dollar (\$30,000) one-time contribution for the cost of the Leasehold Improvements that the Tenant will make as additional rent, such work shall be at Landlord's sole cost, and shall be completed in accordance with the provisions of this Section below.

(a) Permits

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 Leasehold Improvement Work. Landlord shall be responsible for arranging for all inspections required by the applicable local building inspection division.

(b) Construction

Immediately upon approval of the necessary permits and approvals, 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 and according to all applicable codes and legal requirements in effect at the time of construction.

(c) Construction Schedule; Completion

Landlord shall keep County apprised on a regular basis of the status of plan preparation, permit issuance and the progress of construction of the Leasehold Improvements. If the Leasehold Improvements are not, in the reasonable judgment of the County Manager or his designee, substantially

complete except for minor punch list items by May 27, 2012, the County may, at its sole discretion, elect to cause the Leasehold Improvements to be completed at Landlord's expense. In such event, the County may engage an independent contractor or utilize qualified County staff to complete the Leasehold Improvements. If the County completes the Leasehold Improvements, after providing Landlord with a complete written summary of the cost incurred by the County in connection herewith, Landlord shall reimburse County for said costs. The entire amount of such reimbursement shall be immediately due and payable. The County may not offset the payment of any Base Rent due hereunder to recover the costs incurred by County.

6.3.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 Premises and all other parts of the Property 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 Property 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.

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 10. 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 or the Property, including without limitation any leasehold improvement work for other tenants in the Property. 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, including, without limitation, the driveways, parking areas, sidewalks and landscaped areas of the Property. 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 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 Landlord and reasonably approved by County, (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 and the Property 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 Property, 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

County shall pay for all separately metered utilities provided to the Premises for the benefit of Tenant, including water, gas, heat, light, power, telephone, trash, recycling and other utilities and services requested by or provided for the benefit of Tenant, together with any taxes thereon.

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, or as of the completion of the Leasehold Improvements will be, 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, drinking fountains and parking areas are now, or as of the completion of the Base Building and Leasehold Improvements will be, in compliance with the requirements of the Americans With Disabilities Act of 1990 as amended by the ADA Amendments Act of 2008 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, the Premises or the Property 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 9.1 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 Property or any property located therein, (b) result in a refusal by fire insurance companies of good standing to insure the Property or any such property in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Property, (c) cause an increase in the fire insurance premium for the Property 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 or the Property, 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 or the Property 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 (30th) 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 \$300,000 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 \$4,750,000 per occurrence with an annual aggregate of \$54,750,000. 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 Property (excluding the land upon which the improvements are 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 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.

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 Property, 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 L hereof (Known Conditions Relating to Hazardous Materials), 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 do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Material, nor do the Premises or the Common Areas 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 specifically set forth in this Lease (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 ten percent (110%) 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, the Building and the Property 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.

BALANCE OF PAGE INTENTIONALLY BLANK

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

LANDLORD: HARBOR BELMONT ASSOCIATES,
a California General Partnership

BY: _____
Phillip H. Raiser,
Agent of JHR TRUST, General Partner

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

BY: _____
Adrienne J. Tissier
President, Board of Supervisors

ATTESTED:

Clerk of Said Board

EXHIBIT A-1
SITE PLAN

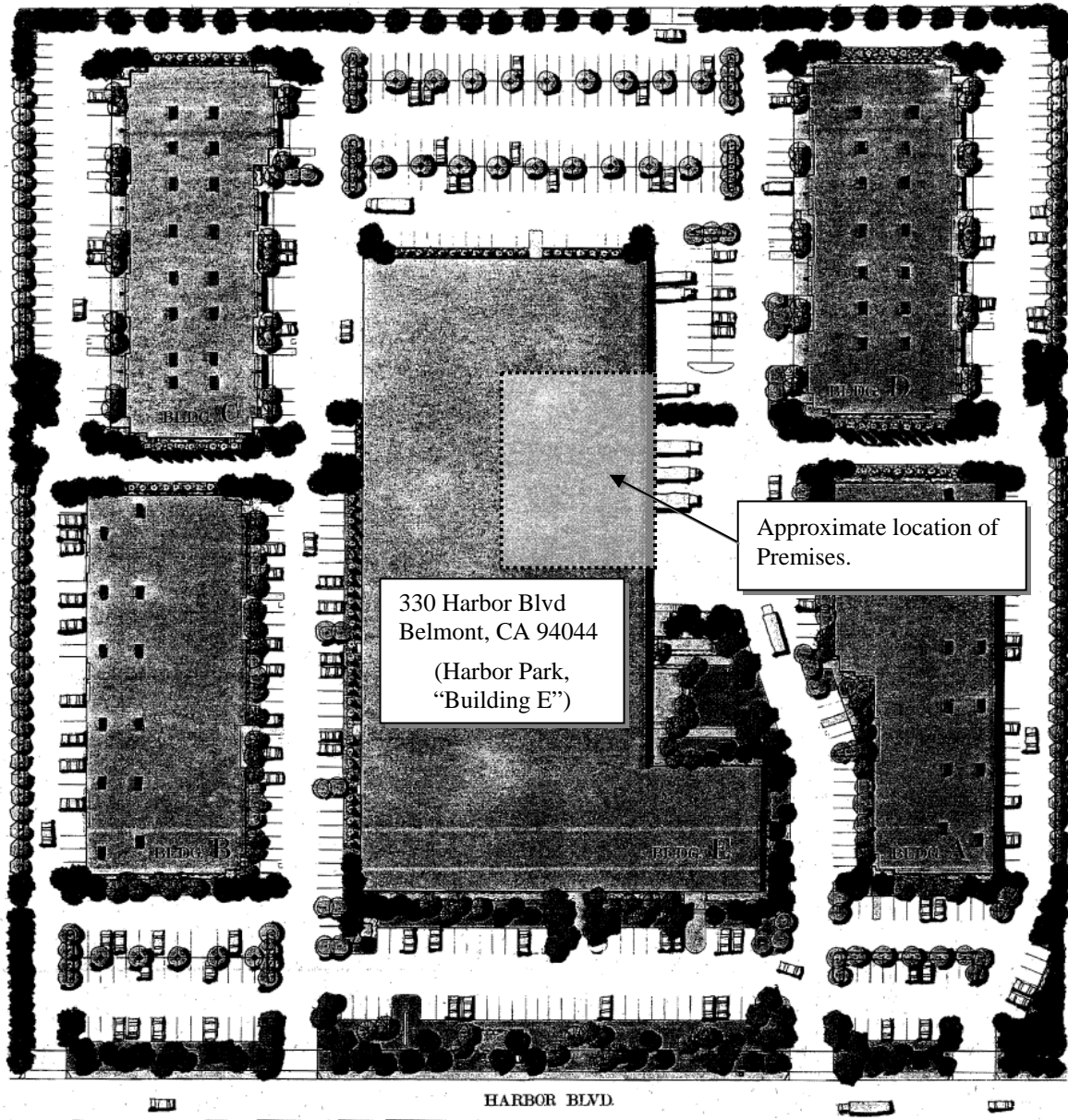
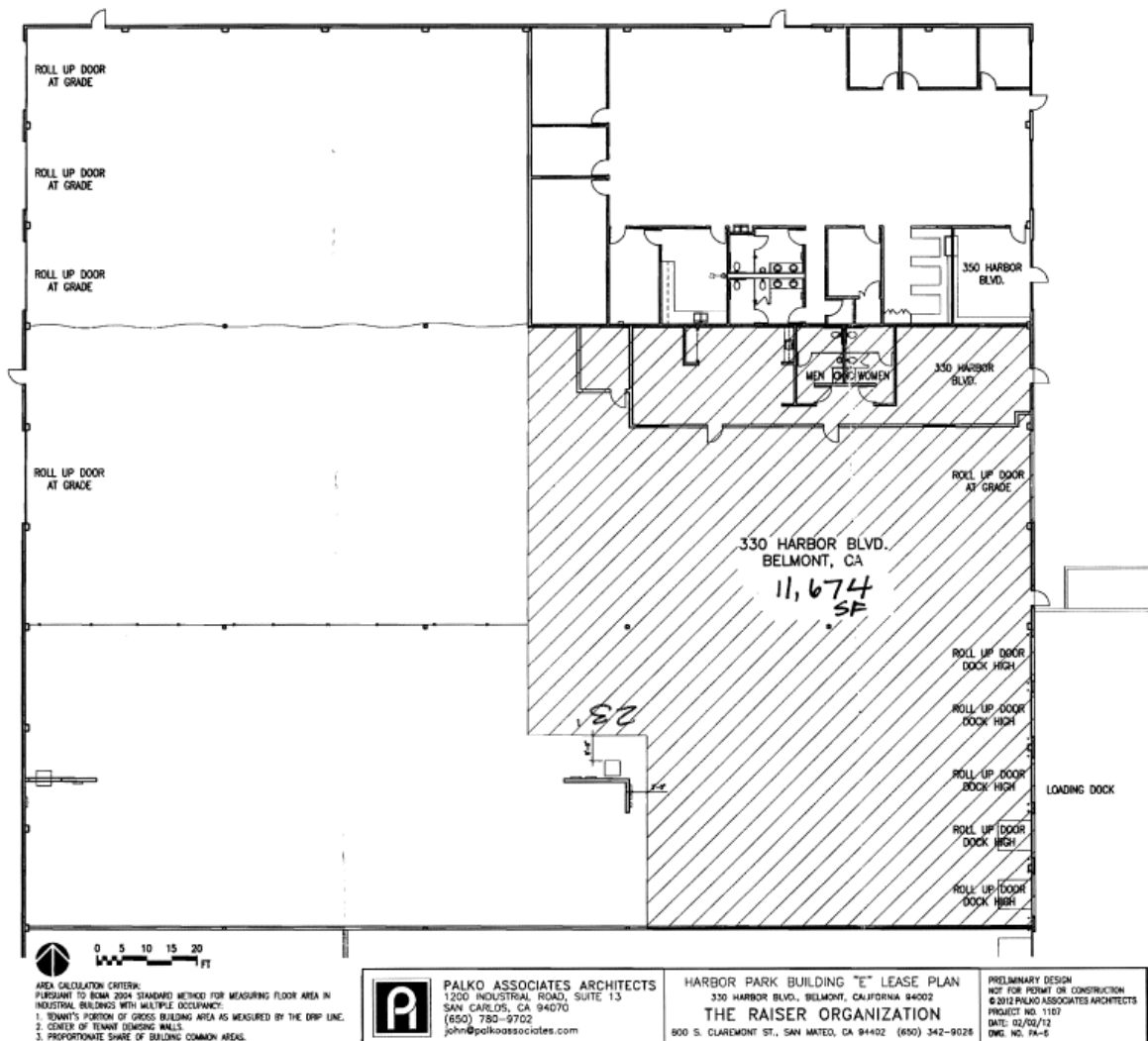


EXHIBIT A-2 **FLOOR PLAN**



AREA CALCULATION CRITERIA:
PURSUANT TO BOMA 2004 STANDARD METHOD FOR MEASURING FLOOR AREA IN INDUSTRIAL BUILDINGS WITH MULTIPLE OCCUPANCY.
1. TENANT'S PORTION OF GROSS BUILDING AREA AS MEASURED BY THE DRIP LINE.
2. CENTER OF TENANT DEMISING WALLS.
3. PROPORTIONATE SHARE OF BUILDING COMMON AREAS.



PALKO ASSOCIATES ARCHITECTS
1200 INDUSTRIAL ROAD, SUITE 13
SAN CARLOS, CA 94070
(650) 780-9702
john@palkoassociates.com

HARBOR PARK BUILDING "E" LEASE PLAN
330 HARBOR BLVD., BELMONT, CALIFORNIA 94002
THE RAISER ORGANIZATION
800 S. CLAREMONT ST., SAN MATEO, CA 94402 (650) 342-9028

PRELIMINARY DESIGN
NOT FOR PERMIT OR CONSTRUCTION
© 2012 PALKO ASSOCIATES ARCHITECTS
PROJECT NO. 1107
DATE: 02/02/12
DWG. NO. PA-E

EXHIBIT A-3
PARKING PLAN

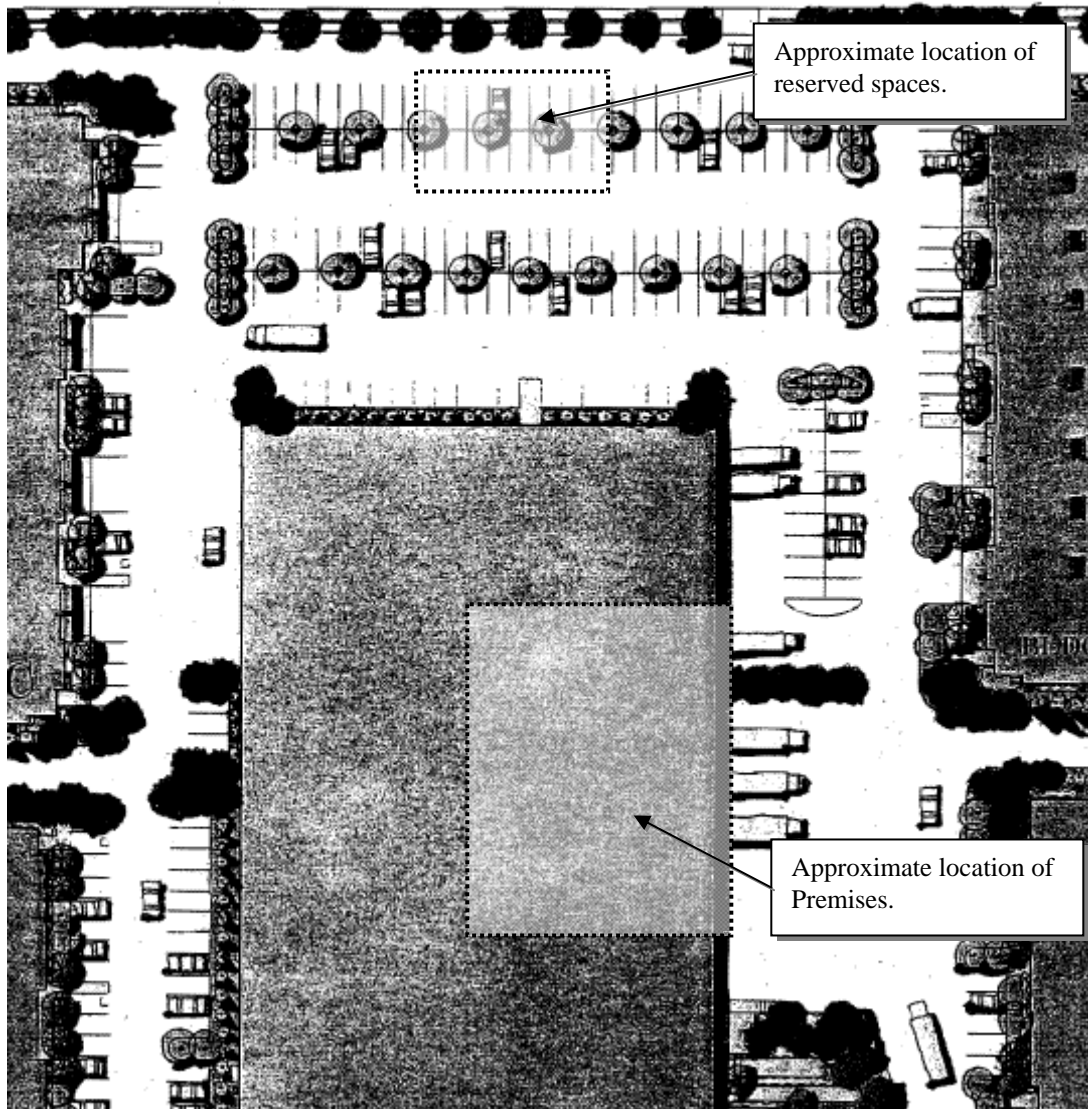


EXHIBIT B

[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 330 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 _____, 2012.

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

EXCLUSIONS FROM OPERATING COSTS

1. Rentals and other related expenses for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased rather than rented, would constitute a capital improvement which is specifically excluded from the definition of Operating Costs in Section 3.4(d) of the Lease (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);
2. Costs incurred by Landlord for the repair of damage to the Building or the Property, to the extent that Landlord is reimbursed by insurance proceeds (excluding any deductible) and costs occasioned by the exercise of the right of eminent domain;
3. Costs, including, without limitation, permit, license and inspection costs, incurred with respect to the installation of improvements made for other tenants or occupants of the Property or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for other tenants or occupants in the Property;
4. Depreciation, amortization and interest payments, except to the extent provided herein pursuant to Section 3.4(d) of the Lease and except on materials, tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with generally accepted accounting principles, consistently applied (as applied to commercial real estate), and when depreciation or amortization is permitted or required, the item shall be amortized over its reasonably anticipated useful life (as reasonably determined by Landlord);
5. Leasing commissions, attorneys' and other professionals' fees, space planning costs and all other costs and expenses in connection with negotiations with present or prospective tenants or other occupants in the Property or any present or future ground lessors or holders of any mortgages or other encumbrances affecting any of the Property or the defense of Landlord's title to the Property;
6. Expenses in connection with services or other benefits which are not offered to County or for which County is charged directly but which are provided to another tenant or occupant of the Property;
7. Costs incurred by Landlord due to violation by Landlord or any other tenant or occupant of the Property of applicable laws, rules or regulations, the terms and conditions of any lease, ground lease, mortgage or deed of trust, or other covenants, conditions or restrictions encumbering the Property;
8. Overhead and profit increments paid to Landlord or to subsidiaries or affiliates of Landlord, or to any party as a result of a non-competitive selection process, for management, or other services, supplies or materials, to the extent the same exceed the costs of such goods and/or services rendered by unaffiliated third parties on a competitive, arms-length basis;
9. Any ground lease rental or rental under any other underlying leases;
10. Except as specifically permitted by Section 3.4(d) of the Lease, interest, principal, points and fees on debts or amortization on any mortgage, deed of trust or any other debt instrument encumbering any of the Property;
11. Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord on the Property;
12. All items and services for which County or any other tenant or occupant of the Property separately reimburses Landlord (other than through such tenant's or occupant's proportionate share of operating expenses), or which Landlord provides selectively to one or more other tenants or occupants without reimbursement, or which are not provided in reasonable proportion to the space leased by County but which Landlord provides to another tenant or other occupant of the Property;

13. Advertising or promotional expenditures, and the costs of acquiring and installing signs in or on any of the Property identifying the owner of the Property or any other tenant or occupant of the Property;
14. Electric power costs for which any tenant or occupant directly contracts with the local public service company (provided that the charge for such services shall be computed for purposes of the gross-up provision of the Lease (i.e. expenses to be grossed up to reflect full occupancy of the Property) to reflect an average charge for power costs);
15. Services provided, taxes attributable to, and costs incurred in connection with the operation of retail, restaurant or similar operations on the Property;
16. Costs incurred in connection with upgrading the Property to comply with disabled access, life, fire and safety codes in effect prior to the date of the Lease, and, subject to the limitations set forth in Section 3.4(d)(10) of the Lease, costs incurred in connection with upgrading the Property to comply with the Americans with Disabilities Act of 1990 and Title 24 of the California Code of Regulations (or its successor);
17. Tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments when due;
18. Costs arising from the presence of Hazardous Material in or about the Property including, without limitation, groundwater or soil conditions, except if such Hazardous Material is brought on to the Property by County in violation of applicable laws;
19. Landlord's charitable or political contributions;
20. To the extent the following costs arise during any applicable warranty periods, costs as a result of repairs of latent defects in the core and shell improvements or installed by Landlord or in the Building Systems, and any costs incurred by Landlord in the event any portion of the Property is made untenantable by fire or other casualty required to be insured against pursuant to the terms of the Lease;
21. Capital costs for sculpture, paintings or other objects of art;
22. Costs (including, without limitation, all attorneys' fees and costs of settlement, judgments and payments in lieu thereof) arising from claims, disputes or potential disputes, including, without limitation, tax disputes where the tenants of the Property would receive benefits if Landlord prevails) in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord or the Property;
23. All direct cost of refinancing, selling, exchanging or otherwise transferring ownership of the Property or the real property on which it is located or any interest therein or portion thereof, including broker commissions, attorney's fees and closing costs;
24. Reserves for bad debts, rent loss, capital items or further Operating Costs;
25. Landlord's general corporate overhead and general and administrative expenses not related to the operation or management of the Property; and
26. Any other expense that under generally accepted accounting principles would not be considered a maintenance or operating expense.

EXHIBIT D

BUILDING RULES AND REGULATIONS

To be provided by Landlord.

EXHIBIT E

CLASSIFICATION OF OPERATING COSTS AS FIXED OR VARIABLE

Fixed and Variable Costs shall include, without limitation, the following:

FIXED COSTS

Alarms & Monitoring (quarterly inspections)
Alarms & Monitoring - Fire (remote monitor)
Alarms & Monitoring – Burglar(remote monitor)
Fire Extinguishers
Fire Systems – Quarterly Testing & Maint.
Landscaping – Exterior
Landscaping – Exterior, Other
Licenses, Fees & Permits
Life Safety Management System – R & M
Pest Control Contract
Telephone – Burglar Line
Telephone – Fire Alarm Line
Telephone – Trimax Line
Telephone – Other
Telephone – Other
HVAC Maintenance Contract
Insurance – Property
Insurance – General Liability

VARIABLE COSTS

Contract Cleaning
Carpet Cleaning
Floor Cleaning
Window Washing
Supplies – Janitorial
Electric
Gas
Water
Sewer
Disposal
Fire Systems – Service Calls
Fire Systems – Repairs & Maintenance
Pest Control – Service Calls
Electrical Repair & Maintenance
Electrical Supplies
HVAC Service Calls
HVAC Repairs & Maintenance
Labor – Repairs & Maintenance, General
Labor – Stationary Engineer, Shared
Lamps & Ballasts
Parking Lot Lighting
Parking Lot Repairs & Maintenance
Plumbing Repairs & Maintenance
Plumbing Supplies
Repairs & Maintenance – Other
Fuel – Emergency Generator
Maintenance – Emergency Generator

Operating Costs not classified in this Exhibit E shall, as the need arises, be classified as Fixed or Variable in a manner consistent with generally accepted accounting principles.