

OFFICE AND WAREHOUSE
LEASE

between

THE COUNTY OF SAN MATEO,

as Tenant

and

550 QUARRY ROAD, LLC,

a California Limited Liability Company,

as Landlord

For the lease of

550 Quarry Road

San Carlos, California

April 22, 2014

OFFICE AND WAREHOUSE LEASE

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LIST OF EXHIBITS:

- EXHIBIT A-1 – Initial Premises, 1st Floor**
- EXHIBIT A-2 – Expansion Space, 2nd Floor**
- EXHIBIT A-3 Site Plan of the Property**
- EXHIBIT B -- Notice of Commencement**
- EXHIBIT C –County Alterations**
- EXHIBIT D – Landlord’s ADA and Base Building Systems Work**
- EXHIBIT E – Known Conditions Relating to Hazardous Materials**
- EXHIBIT F – Landlord’s additional secured parking**

OFFICE AND WAREHOUSE LEASE

Lease No.1303

THIS WAREHOUSE LEASE (this "Lease"), dated for reference purposes only as of April 22, 2014 is by and between 550 QUARRY ROAD LLC, a California Limited Liability Corporation ("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: | April 22, 2014 |
| 1.2 | Landlord: | 550 QUARRY ROAD LLC, A CALIFORNIA LIMITED LIABILITY COMPANY |
| 1.3 | Tenant: | COUNTY OF SAN MATEO |
| 1.4 | Property and Building (Section 2.1): | All of that certain industrial building constructed on San Mateo County Assessor's Parcel 046-041-360 and commonly known as 550 Quarry Road, San Carlos, California ("Building"). |
| 1.5 | Premises (Section 2.1): | The premises are comprised of the ("Initial Premises"), consisting of approximately 44,568 square feet of warehouse and workshop space, along with 2,140 square feet of cafeteria and kitchen space and 11,396 square feet of office space on the ground floor of the Building, as indicated on the attached Exhibit A-1; and the "Expansion Space" of approximately 12,000 square feet, which is the second floor of the Building, as indicated on the attached Exhibit A-2, incorporated herein by reference, and shall include without limitation the mechanical areas, equipment rooms, and electrical and janitorial closets (hereinafter together referred to as the "Premises"), together with the right to use the parking facilities, driveways and loading area on the Property as shown the attached Exhibit A-3. County shall occupy the Initial Premises throughout the term of this Lease, and shall have the option to occupy all or a portion of the Expansion Space as set forth in Section 2.2. |
| 1.6 | Term (Section 3): | The Effective Date shall be as set forth in Section 3.2 hereof.

Estimated Commencement Date: April 22, 2014

Expiration Date: The date which is ten years after the Commencement Date as set forth in Section |

- 3.2.
- 1.7 Rentable Area of the Premises (Section 2.1) Approximately 70,104 square feet.
- 1.8 Extension Options (Section 3.4): Two options to renew for an additional five (5) years each, exercisable by Tenant by notice to Landlord given not less than one hundred twenty (120) days in advance, with rent adjusted as set forth in Section 3.4.
- 1.9 Adjustment Dates (Section 4.2): On each Adjustment Date, the Base Rent for the following twelve-month period shall be adjusted as set forth in Section 4.2.
- 1.10 Base Rent (Section 4.1): The Base Rent shall be \$0.80 per square foot per month for the warehouse space, \$1.65 per square foot per month for the office and cafeteria space, \$0.55 per square foot per month for Expansion Space used for any purpose prior to December 31, 2014 and \$1.65 for Expansion Space used beginning January 1, 2015, adjusted as set forth in Section 4.2. Initial Monthly payments: \$57,988.80 plus Expansion Space occupied multiplied by \$0.55 per square foot per month.
- 1.11 Rent Adjustment (Section 4.2): On each Adjustment Date, the Base Rent for the following twelve-month period shall be adjusted to equal one hundred three percent (103%) of the Base Rent for the lease year preceding such Adjustment Date, which amount shall be rounded to the nearest dollar.
- 1.12 Additional Charges (Section 4.3): The County shall pay as Additional Charges any increase in Operating Costs and Real Estate Taxes for the Property over those of the Base Year, as set forth in Section 4.3 - 4.4 hereof.
- 1.13 Base Year (Section 4.4): The Base Year shall be a calendar year beginning on the later of May 1, 2014, or date the Commencement Date actually occurs and ending one (1) year thereafter (i.e. April 30, 2015 if the commencement Date occurs May 1, 2014)
- 1.14 Use (Section 5.1): The Premises shall be used for a cafeteria, warehouse and general office purposes and such other functions and programs that the County may, in its sole discretion, deem appropriate.
- 1.15 Leasehold Improvements (Section 6) County Alterations (Section 7) Landlord shall, at Landlord's sole cost and expense, make the improvements necessary to the exterior of the Premises to meet the requirements

of the Americans with Disabilities Act of 1990 as amended by the ADA Amendments Act of 2008 and other building code requirements. Landlord shall provide evidence that the roof is in good repair prior to the Lease Commencement and perform maintenance and repair work on the roof if necessary, as more specifically set forth in Section 6.

Landlord shall provide County with an allowance for Alterations for the "Initial Alterations" in the amount of \$336,680 based upon Ten Dollars (\$10.00) per rentable sq. ft. of office and Five Dollars (\$5.00) per rentable sq. ft. of warehouse space (i.e., \$113,960 based on 11,396 sq. ft. of office space plus \$222,840 based on 44,065 sq. ft. of warehouse space for a total of \$336,800), to be utilized by County for its Alterations to the 1st floor of the Building. If at any time within the first four years of the Lease, County elects to make any portion of the 2nd Floor Expansion Space part of the Premises for the remainder of the then existing term, Landlord shall provide County with an allowance for Alterations in the amount of Ten Dollars (\$10.00) per square foot, ("Allowance").

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|------|---|---|
| 1.16 | Utilities (Section 9): | County shall pay for the cost of identified separately metered utilities provided to the Premises for the benefit of Tenant, and for all services required by Tenant. |
| 1.17 | Services (Section 9.1): | Landlord, at its sole cost and expense, shall provide to the Premises the services described in Section 9.1. |
| 1.18 | Other Noteworthy Provisions (Section 22) | None |
| 1.19 | Notice Address of Landlord
(Section 23.1): | Ray Vernazza
140 Peralta
San Francisco
Fax No.: (650) 344-4158 |
| 1.20 | Key Contact for Landlord: | Ray Vernazza |
| | Landlord Contact Telephone No.: | (415) 282-7321 |
| 1.21 | Notice Address for County (Section 23.1): | County Manager
400 County Center
Redwood City, CA 94063
Fax No.: (650) 363-4832 |
| 1.22 | and to: | Not Used |
| 1.23 | Key Contact for County: | Real Property Services Manager |

455 County Center, 4th Floor
Redwood City, CA 994063

County Contact Telephone No.:

(650) 363-4047

1.24 Broker (Section 23.8)

None

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 the Basic Lease Information (the "Building") and shown on the floor plan(s) attached hereto as Exhibit A, and incorporated herein by reference, (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. Flexible Use of Expansion Space

As of the Rent Commencement Date, County will use only a portion of the Premises, which portion shall be comprised of approximately 58,104 square feet on the 1st Floor as shown in Exhibit A-1, (the "Initial Premises"). Upon commencement of this Lease, the 12,000 square feet comprising the second floor, as shown on Exhibit A-2, shall be designated Expansion Space for Tenant's use ("Expansion Space"). Rent will be paid based on usage, with any relinquishment or expansion allowed upon thirty (30) days notice, provided that Landlord has not already given Tenant a sixty (60) day right of first refusal to take the space or forfeit their rights, as set forth in Section 2.4. There is no limit to the number of times that the County may elect to use or relinquish all or any part of the Expansion Space. Any relinquishment or reuse after December 31, 2014 of the Expansion Space shall require a written notice, signed by Landlord and the County Manager or the County Manager's designee, which notice shall identify the useable area of the Expansion Space that the County elects to use or relinquish, and shall include an exhibit that clearly identifies such area, and the date upon which such use or relinquishment will become effective. The Notice shall clearly designate which portion of the premises are the subject of the Notice.

In the event of the County's notification that it intends to use all or part of the Expansion Space, if the Landlord does not, within Ten (10) days of receipt of such Notice, object in writing to the calculation by the County of the area set forth therein, the Notice of Election he shall be binding on the parties

In the event of the County's notification of relinquishment, the relinquishment shall become effective thirty (30) days after receipt of the notification. Relinquishment of all or part of the Expansion Space, and the corresponding reduction in rent, shall not affect the County's right during the entire Term of this Lease to elect at any time to use the Expansion Space as set forth in this Section.

For the purpose of any notice or election to use or relinquish the use of the Expansion Space as set forth in this Section, the authorized representative of the County shall be the County Manager of the County of San Mateo, or the County Manager's designee.

2.3. Adjustment of Rent for Use of Expansion Space

In the event the County uses the Expansion Space, the rent shall be calculated based on the area of the Expansion Space actually occupied by the County at any time as determined in Section 2.2 above, multiplied by the rate per square foot per month stated in Section 1.10 above or after December 31, 2014, the amount being paid for the Initial Premises at the time of election to expand, which sum shall be prorated for any partial month based on a month of 30 days.

If, at any time within the first four years following the Commencement Date, County elects to add the Expansion Space, or any part of it, to the "Initial Premises", the Expansion Space, or part of it shall be included in the Initial Premises for the remainder of the term and leased to Tenant pursuant to provisions relating to the rights and obligations of the parties with respect to the Alterations and Landlord shall pay to County the Allowance for Alternations of \$10.00 per square foot within (90) ninety days of said election as provided for in Section 7.

2.4.Right of First Refusal on Expansion Space

During the term of this Lease and during any extension thereof, County shall have the following Right of First Refusal with respect to the Expansion Space, so long as no Event of Default by County of this Lease is then in effect or outstanding at the time of the exercise of this Right of First Refusal or anytime thereafter until the right is either exercised or ends.

(a) Landlord shall not lease or agree to lease the Expansion Space, or any portions of the Expansion Space without first offering to lease the space to Tenant.

(b) Before Landlord executes a lease of the Expansion Space, or any portion thereof, with a third party, Landlord shall offer ("First Offer") the space to County. The First Offer shall, at a minimum, include the following information:

- (i) the rent proposed for the lease to the third party;
- (ii) a description of the premises to be leased;
- (iii) the amount of any deposit;
- (iv) the lease term;
- (v) rent credit or free rent, if any;
- (vi) Tenant Improvement Allowance, if any;
- (vii) the other material terms and conditions of the proposed lease;
- (viii) the timeline to provide a separate and secured ingress/egress to the Expansion Space;
- (viii) evidence that Landlord can continue to meet the parking requirements of County under this lease

(c) County shall have sixty (60) business days from the date of the First Offer to act on the First Offer ("Acceptance Period") by delivering to Landlord notice pursuant to Section 2.2 on or before 5:00 p.m. on the last day of the Acceptance Period. If the First Offer is for a lease term that exceeds the then remaining term of this Lease, excluding unexecuted options, then any acceptance by County will be deemed to be an acceptance of the First Offer, but with a term that coincides with the remaining term of this Lease, on terms that coincide with the terms set forth herein for the Initial Premises, including appropriate adjustments to rent to cover the entire lease term and any applicable Allowance for Alterations. If County fails to accept the First Offer on or before the last day of the Acceptance Period, the First Offer shall be deemed to be rejected by County, but this Right of First Refusal shall be reinstated if Landlord does not enter into a lease for the identified space on terms that are substantially identical (or better for the Landlord) than the terms set forth in the First Offer to County, within one hundred and twenty (120) days of the date County received the First Offer from Landlord..

(d) If County elects to occupy the Expansion Space, such acceptance shall be binding and irrevocable and County shall send notice in writing pursuant to Section 2.2 with the term of lease being the shorter of the then remaining term of this Lease or the term specified in the First Offer, rent as set forth in Section 2.3, and all remaining terms and conditions as herein described.

(e) In the event County is occupying any portion of the Expansion Space when Landlord receives an offer to lease from a third party interested in occupying no less than 9000 sq. ft of the Expansion Space, and County elects to reject the First Right of Refusal to occupy the same amount of space, County agrees to relinquish the Expansion Space then occupied and return all of the Expansion Space to Landlord within one-hundred and twenty (120) days. County and Landlord will thereafter agree

to a mutually acceptable plan for Landlord's management of the Expansion Space and operating expenses associated with the Expansion Space, if such terms are not addressed herein. Any such agreement will be in writing and signed by the County Manager or County Manager's designee.

2.5.Parking

County shall have the right to park in the 118 parking spaces located on the Property. County will have exclusive use of the parking lot up to and until County has relinquished rights to the Expansion Space by failing to execute a Right of First Refusal offered by Landlord at which time parking spaces will be reduced by the number of spaces required by applicable municipal or other codes to accommodate the non-County tenant that has leased some or all of the Expansion space. County shall not relinquish use of the 118 parking spaces until the time that Landlord has secured permanent alternative parking arrangements sufficient to accommodate the non-County tenant and County at the Property. Ratios to be used for County's on-site parking calculations shall be 1:200 (one space per each 200 square feet of space) for Social Service Facility uses and 1:1500 (one space per 1500 square feet of space) for Industrial uses. It is estimated that full occupancy of the building will require, at a minimum, an additional 25 parking spaces. Landlord shall be obligated to secure and pay for sufficient dedicated parking to accommodate County's use of the Expansion Space at all times and failure to provide such parking shall be a material breach of this Lease Agreement. Evidence of Landlord's alternative parking arrangements are attached hereto in Exhibit F. County shall have the right to approve any designated parking plan required to accommodate the non-County tenant, which approval shall not be unreasonably withheld, but will take into account and adequately address County's existing use of the premises.

2.6.Condition

Landlord warrants that the existing roof, bearing walls and foundation of the Premises shall be free of material defects, and that the Premises does not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a condition of non-compliance exists as of the Commencement Date, Landlord shall, as Landlord's obligation with respect to such matter, correct such deficiency at Landlord's expense.

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 and County acknowledge that, as of the Commencement Date, County is in possession of the Premises under the terms of that certain lease dated August 17, 1999, and amendments thereto,

that possession of the Premises is delivered and accepted as of the Commencement Date, and that execution by Landlord and County of this Lease supersedes and terminates any prior agreement.

3.4.Extension Option

Tenant shall have the right to extend the Initial Term of this Lease (the "Extension Option") for the additional term specified in the Basic Lease Information (the "Extended Term"). Such Extension Option shall be on all of the terms and conditions contained in this Lease, except that the rent shall be adjusted as hereinafter set forth. Tenant, at its sole discretion, may exercise the Extension Option, if at all, by giving written notice to Landlord no later than one hundred twenty (120) days prior to expiration of the term to be extended; provided, however, if Tenant is in material default under this Lease on the date of giving such notice and fails to cure such default as set forth in Section 15.1, Landlord may reject such exercise by delivering written notice thereof to Tenant promptly after such failure to cure.

3.5.Determination of Base Rent for the Extended Term

At the commencement of the Extended Term, the Base Rent shall be adjusted to an amount equal to 90% of the prevailing market rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, location and quality to the Premises situated within the immediate vicinity of the City of San Carlos ("Reference Area"); provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account without limitation (i) any additional rental and all other payments and escalations payable hereunder, (ii) floor location and size of the premises covered by leases of such comparable space, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, and (v) building standard tenant improvement allowances and other allowances given under such comparable leases. If the County exercises the second five year option, County shall be entitled to an allowance from Landlord of \$10 per square foot of office space for new carpet.

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

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

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

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

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

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

4. RENT

4.1.Base Rent

Beginning on the Commencement Date as set forth in Section 3.2 of this Lease, County shall pay to Landlord during the Term the monthly Base Rent specified below in Section 1.10 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 1.18 of the Basic Lease Information, or such other place as Landlord may designate in writing upon not less than thirty (30) days' advance notice. County shall pay the Base Rent without any prior demand and without any deductions or setoff except as otherwise expressly provided in this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month or the Expiration Date occurs on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

4.2.Adjustments in Base Rent

On each date specified in Section 1.10 of the Basic Lease Information for the adjustment of Base Rent (an "Adjustment Date"), the Base Rent for the following twelve-month period shall be adjusted to equal one hundred and three percent (103%) of the Base Rent for the lease year preceding such Adjustment Date, 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 County's Percentage Share of the charges for increases in Real Estate Taxes and Insurance Costs over those for the Base Year. 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."

"Real Estate Taxes" means all taxes, assessments and charges levied upon or with respect to the portion of the Property owned by Landlord or any personal property of Landlord used in the operation thereof, or Landlord's interest in the Property or such personal property. Real Estate Taxes shall include, without limitation, all general real property taxes and general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental services thereof, service payments in lieu of taxes, and any tax, fee, or excise on the act of entering into this Lease or any other use of the 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 or the 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 County

or occupant of the 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.

4.4. Definitions

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

(a) "Base Year" means the year specified in the Basic Lease Information.

5. USE

5.1. Permitted Use

The Premises shall be used for a cafeteria, warehouse and general office purposes and such other functions and programs that the County may, in its sole discretion, deem appropriate.

5.2. No Unlawful Uses, Nuisances or Waste

Without limiting the foregoing, Tenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Tenant shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises.

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 shall, at Landlord's sole cost and expense, deliver the Premises in a clean and orderly condition. Landlord, through its general contractor, shall construct certain improvements, perform the work and make the installations in the Premises and the Common Areas ("Base Building Improvements") at Landlord's sole cost, which cost shall not be subject to reimbursement or included in the Allowance as set forth below. The Base Building Improvements shall include, without limitation, (i) any improvements required in order to make the Buildings, Common Areas, Parking and path of travel ADA compliant (ii) repair or replacement of the roof as needed, including at a minimum repair of leaking ceiling in catering area (iii) repaving and restriping and ongoing maintenance of driveways, bollards, dumpster areas and fencing, inclusive of removal of existing asphalt and replacement with paving contractor's specification for base rock and asphalt in the 1) 5 x 20 foot area near Doors E, F, and G; 2) the 8 x 30 foot area by Door

10; and 3) replacement of 35 feet of concrete V-ditch on the west side of the building, iv) all replacements and/or upgrades to the Base Building HVAC, plumbing and electrical systems required as a result of County's Alterations, which work and upgrades will be finalized after approval of County's Alterations, and some of which are set forth in Exhibit D hereto and v) any and all work required to separate the 2nd floor Expansion Space.

6.2.ADA Improvements

Landlord, through its general contractor approved by County ("Contractor"), shall perform the work and make the improvements to the Premises as set forth in the attached Exhibit D (ADA Improvements), in order to comply with ADA (Americans with Disabilities Act) requirements (the "ADA Improvements"). Said work shall be completed within one hundred eighty (180) days of the Effective Date of this Lease at Landlord's sole cost and expense.

If Landlord fails to complete said work within the time frame specified above, County may make or cause to be made, the ADA Improvements and other Base Building Improvements identified in Section 6 at Landlord's expense and invoice Landlord for those improvements. Landlord shall make timely payment of amounts due within thirty (30) business days after receipt of written notice thereof from County and if Landlord fails to make payment within thirty (30) business days, County shall have the option to offset the cost thereof against the Rent next due under this Lease.

6.3.Carpet and Paint

Landlord understands and agrees that County, through County's contractor, plans to install new carpet and paint throughout the interior of the Premises as part of County's Alterations. Paint colors, including accent colors, shall be selected by County, subject to Landlord's approval, which approval shall not be unreasonably withheld. Replacement of carpet shall include the removal of existing carpet.

6.4.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

Landlord and County acknowledge that County shall make and Landlord shall permit alterations, installations, additions or improvements (collectively, "Alterations") to the Premises to accommodate County's uses, which Alterations when finalized shall be included as Exhibit C to the Lease. Immediately after the Effective Date, County shall cause its architect or space planner to prepare and submit to Landlord for its approval an architectural plan with finish specifications for the Alterations, based on County's program requirements for use of the Premises. County, through its general contractor, shall construct the Alterations, perform the work and install furnishings (including electrical, telephone and data cabling to the furnishings) in the Premises. Changes or modifications to the Alterations shall not be made 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 Buildings and none of which involve the installation or removal of partitions, demising walls, doors or windows, 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 Alterations. 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.

Notwithstanding the foregoing, Landlord shall provide Tenant with an allowance for the "Initial Alterations" in the amount of Ten Dollars (\$10.00) per rentable square feet of office space and Five Dollars (\$5.00) per rentable square foot of warehouse space (i.e., \$113,960 based on 11,396 square feet of office space plus \$222,840 based on 44,568 square feet of warehouse space for a total of \$336,800), to be utilized by Tenant for its Alterations to the Building, ("Initial Alteration Allowance"). On or before the date that is (90) ninety days after the Effective Date of this Lease, Landlord shall deliver to County the Initial Alteration Allowance via a check in the amount of \$336,800.

Tenant shall deliver to Landlord a request for payment that shall show the total costs incurred by Tenant, which costs shall include labor and materials, and Landlord's percentage share of the total costs in connection with the work detailed in Exhibit D. Such request for payment shall include conditional or unconditional mechanic's lien releases and/or release of stop payment notices satisfactory to Landlord, as invoices covering all the costs covered by the disbursement request. Provided Tenant delivers a disbursement request that complies with the foregoing, Landlord shall deliver a check to Tenant, within thirty (30) days after Tenant's request for payment.

Tenant's indemnity of Landlord as set forth in the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Alterations and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in the Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Premises.

All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees. Certificates for all insurance carried shall be delivered to Landlord before the commencement of construction of the Alterations. All policies carried shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents, and shall name Landlord as an additional insured.

Landlord shall have the right to inspect the Alterations at all times.

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 Buildings or 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, the exterior and structural portions of the Building and the Premises, including, without limitation, the roof, foundation, bearing and exterior walls and subflooring, including the driveways and parking areas (collectively, the "Building Systems"). Landlord shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Landlord be obligated to maintain, repair or replace windows, doors or plate glass of the Premises.

While County is the sole occupant of the Building, County shall repair and maintain, at its cost and in good condition, the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical and communications systems of the Buildings that serve the County, unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by Landlord or Landlord's tenants, its agents, servants or employees or invitees, in which case Landlord shall pay to County the reasonable cost of such maintenance and repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after notice of the need of such repairs or maintenance is given to Landlord by County. In the event Landlord obtains an additional tenant(s), County shall pay County's Share of actual monthly operating expenses.

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 Buildings 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 Buildings 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 County, including water, gas, heat, light, power, telephone, trash, recycling and other utilities and services requested by or provided for the benefit of County. County shall pay all of the cost of trash disposal for any excessive disposal required by County, and shall not be required to pay a share of the cost of any utilities or excessive disposal required by other tenants of the Building. County shall make arrangements for and pay for all janitorial services required to maintain the Premises in a clean and orderly condition during the term of this Lease. County shall not pay any fees for utilities to the Premises that do not serve County. County shall not pay any fees required for the maintenance or management of the Expansion Space unless occupying such space and then only County's percentage share of those fees based on space occupied by County. County shall pay a percentage share of elevator repairs and maintenance which calculation shall be based on space occupied for the full term of the lease.

9.1. Services

Landlord shall pay all landscape service fees and all sewer service fees to the Premises.

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 Buildings are, 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 Buildings 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 Leasehold Improvements will be, in compliance with the requirements of the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"). To best of Landlord's knowledge, the Building Systems are in working order and there are no material latent structural defects in the Buildings, the Premises or the Property which would render the Buildings 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 Buildings along the path of travel to the Premises, which are Landlord's obligation as provided in Section 10.1 above. Notwithstanding the foregoing, Landlord shall not be obligated to perform any such work if the requirement to do such work is triggered by Alterations performed by County.

10.3. County's Compliance with Insurance Requirements

County shall not conduct any use in or about the Premises that would: (a) invalidate or be in conflict with any fire or other casualty insurance policies covering the 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 Buildings 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 Buildings 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 Buildings 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 wilful 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 Buildings 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 Buildings 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 Buildings, 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 Buildings 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 Buildings 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 Buildings 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 Buildings 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 Buildings 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.

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

LANDLORD: 550 QUARRY ROAD, LLC,
a California Limited Liability Company,

BY: 

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

BY: _____
Dave Pine
President, Board of Supervisors

ATTESTED:

Clerk of Said Board

EXHIBIT A-1

INITIAL PREMISES

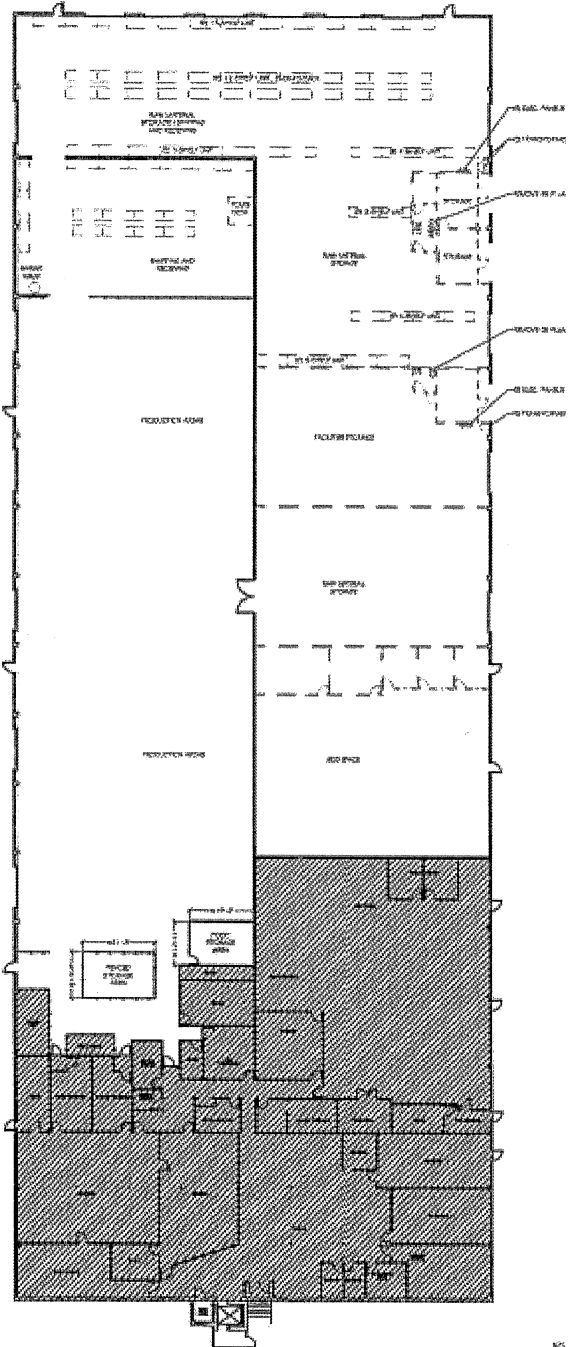
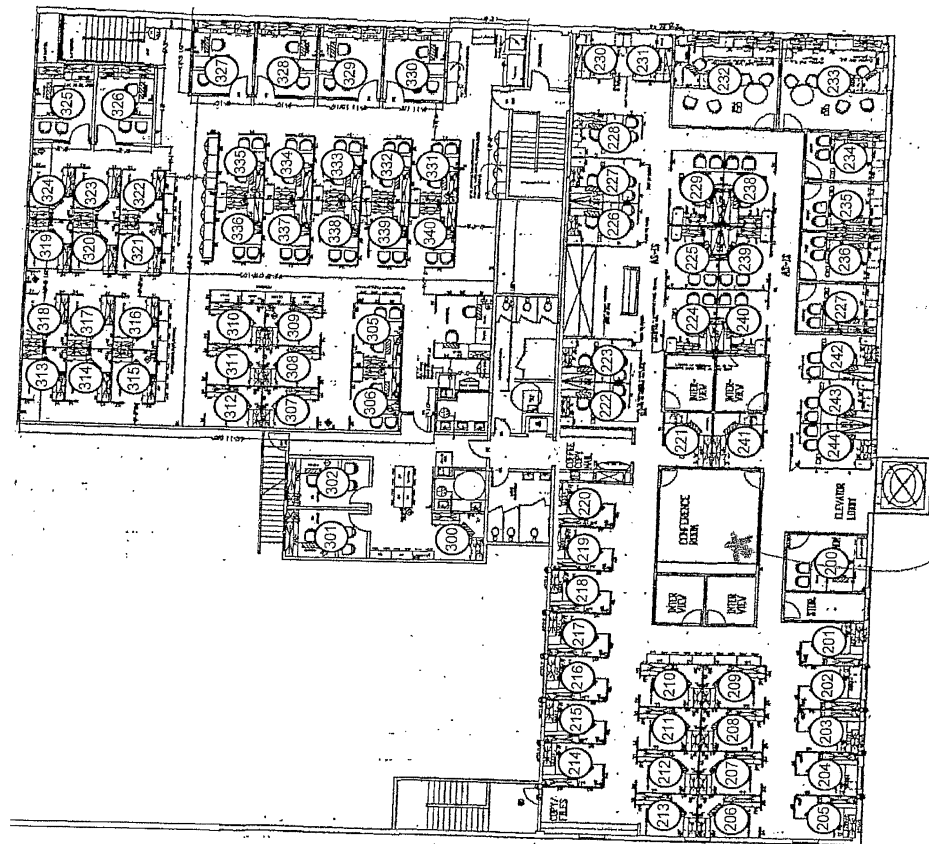


EXHIBIT A-2

EXPANSION SPACE



PROPERTY -- SITE PLAN

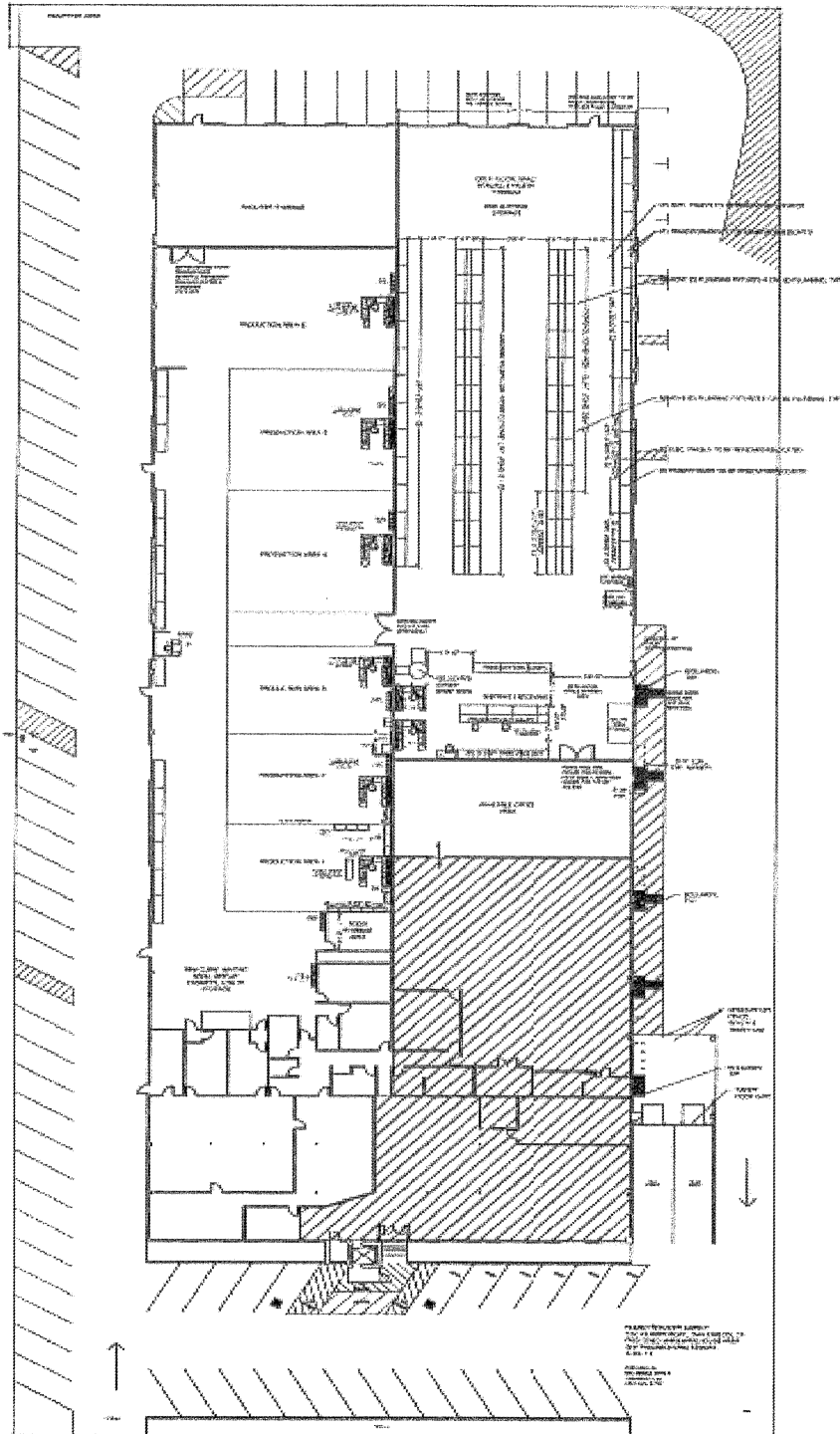


EXHIBIT B

[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 550 QUARRY ROAD, LLC,
a California Limited Liability Company, (Landlord), and the COUNTY OF SAN MATEO (Tenant),
for the premises known as 550 Quarry Road, San Carlos.

Dear Ms. Jensen:

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

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

Very truly yours,

By _____
Title _____

Accepted and Agreed:

• OSA filters need replacing
By _____
Deputy County Manager

- Compressor is low on charge need to look into leakage (left disconnected)

Ac10

- Could not read name tag recommend replacing if looking at a 10 year plan

Ac12

- Economizer damper motor is defective needs to be replaced
- Also need new OSA filters

Ac 13

- Needs new OSA filters

EXHIBIT C

Initial Plan: County Alterations

EXHIBIT D

Landlord's ADA and Base Building Systems Work Plan

ADA

As set forth in section 6.2 of the Lease, exterior non-compliant ADA items to be mitigated within 180 days of Lease commencement

HVAC

Make all repairs and perform all work and replacements as set forth in that certain "AC Condition Report" and spreadsheet delivered to Ray Vernazza and included herein

ROOF

Patching and repair at various locations to be determined with further inspection

ELECTRICAL

Site lighting – Landlord to share 50/50 in costs for upgrade of office, cafeteria and warehouse lighting to new LED lighting.

Exterior parking lot lighting to be installed and/or replaced; light fixtures installed

PLUMBING

100 percent of any work required to the water or sewer lines and/or any additional pressure line(s) required

ELEVATOR

Elevator needs maintenance and repair to meet ADA

OTHER

Landlord to share 50/50 in all material and labor costs to remove, dispose or recycle racking and reinstall used or replace with new, all racking in the warehouse. Landlord's 50% contribution for such material and labor costs shall not exceed \$250,000.00.

AC Condition report 550 Quarry, San Carlos

Hi Ray

Most of your equipment is 1998 and newer. You have 2 units from the 1980's. The normal life span of this type of equipment is thought to be 20-30 years. I have included an equipment list showing the year the unit was manufactured. Most of the recommendations I'm going to make have to do with items that normally wear out before you would replace the equipment. Some of the items below were quoted but not approved in the past. All units could use a coil cleaning (evap and condenser)

Ac1

- Motor sheave & OSA filters need replacing
- Ducts need resealing and have rust spots (surface only at this time)
- Economizer is not working (need to diagnose)

Ac2

- Motor sheave & OSA filters need replacing
- Ducts need resealing

Ac3, 4

- Motor sheave & OSA filters need replacing
- Economizer control module is defective
- #4 also needs duct resealed

At

Ac5 recommend replacing if looking at a 10 year plan

- #1 compressor trips CLO board (need to diagnose)
- Motor sheave & OSA filters need replacing

At

Ac6

At

- Motor sheave needs to be replaced
- Ducts should be resealed

At

Ac7

- A) Motor sheave & OSA filters need replacing

At

-
- Needs new OSA filters

Ac8

- OSA filters need replacing

Ac9

- Compressor is low on charge need to look into leakage (left disconnected)

Ac10

- Could not read name tag recommend replacing if looking at a 10 year plan

Ac12

- Economizer damper motor is defective needs to be replaced
- Also need new OSA filters

Ac 13

- Needs new OSA filters

Ac8

- OSA filters need replacing

Ac9

- Compressor is low on charge need to look into leakage (left disconnected)

Ac10

- Could not read name tag recommend replacing if looking at a 10 year plan

Ac12

- Economizer damper motor is defective needs to be replaced
- Also need new OSA filters

Ac 13

- Needs new OSA filters

unit # make	Model #	Serial #	Location	age	Year	Filters
1 Carrier	48TFD006---601GA	1001G20586	1st SE	12	2001	
2 Carrier	48TFD008---501GA	1501G83470	1st lobby	12	2001	
3 Carrier	48TFD008---501GA	3001G32477	1st South	12	2001	
4 Carrier	48TFD006---501GA	1801G25349	1st SW	12	2001	
5 Carrier	48LDD008600/DA	2986G65355	1st South	25	1986	REPLACE BY LL AS LEASEHOLD IMPROVEMENT WITHIN 60 DAYS X
6 BDP	580DVE120180ABAA	1899G30986	2nd SW	14	1999	REPLACE AT EXTENSION
7 BDP	58IBPV060072ADAA	3598G20434	2nd S center E	15	1998	REPLACE AT EXTENSION
8 BDP	58IBPV060072ADAA	3698G20342	2nd S center W	15	1998	REPLACE AT EXTENSION
9 BDP	582APW036060AAHF	4598G10968	2nd center	15	1998	REPLACE AT EXTENSION
10 RHEEM	name tag missing		1st N	old		REPLACE BY LL AS LEASEHOLD IMPROVEMENT WITHIN 60 DAYS X
11 Carrier	48HJE012---651	4199G30635	1st S (warehouse)	14	1999	REPLACE AT EXTENSION
12 Carrier	48HJE004---631	3499G20080	1st n (warehouse)	14	1999	REPLACE AT EXTENSION
13 Carrier	48TMD006-A-601	5103G20186	2nd NE	10	2003	
14 Carrier	48TMD006-A-601	5003G50457	1st NE	10	2003	

Needs new CSA filters

(left disconnected)

ing at a 10 year plan

laced

EXHIBIT E

Known Conditions Relating to Hazardous Materials

EXHIBIT F

Landlord Additional Parking

SCHICK PARTNERS, LLC

Post Office Box 867 • Belmont, California 94002 • 591 Quarry Road • San Carlos, California 94070 • (408) 592-7230 FAX 592-7232

April 15, 2014

Ray Vernazza
140 Peralta Avenue
San Francisco, Ca 94110

Subject: Letter of Intent to enter into a lease.

Dear Ray:

It is agreed that we will enter into a new lease replacing our current month-to-month lease with the following terms:

Premises: 25 parking spots on the Westernmost portion of our premises as currently numbered from 3 to 28

Initial Term: 10 years commencing May 1, 2014

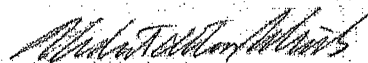
Option to extend lease: Two (2) five (5) year options to extend.

Rent: \$1,825.00 per month commencing May 1, 2014.

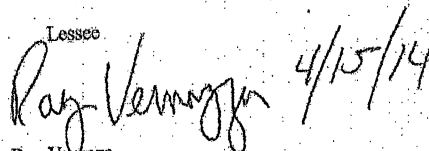
Rent escalation: 3% per year

Tenant to pay increase over base year for property tax and property insurance

Lessor


Herbert Alton Schick

Lessee


Ray Vernazza 4/15/14