

OFFICE LEASE

between

HARBOR BELMONT ASSOCIATES
as Landlord

and

COUNTY OF SAN MATEO,
as Tenant

For the lease of
260 Harbor Boulevard
Belmont, California

August 17, 2015

OFFICE LEASE
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LIST OF EXHIBITS:

EXHIBIT A-1 -- Site Plan of the Property
EXHIBIT A-2 -- Floor Plan of Premises
EXHIBIT B -- Notice of Commencement
EXHIBIT C -- Exclusions from Operating Costs
EXHIBIT D -- Standards for Janitorial Service
EXHIBIT E -- County's ADA Work Plan
EXHIBIT F -- Known Conditions Relating to Hazardous Materials

OFFICE LEASE

Lease No. 1318

THIS OFFICE LEASE (this "Lease"), dated for reference purposes only as of August 17, 2015 is by and between HARBOR BELMONT ASSOCIATES, a California General Partnership ("Landlord"), and the COUNTY OF SAN MATEO, a political subdivision of the State of California ("County" or "Tenant").

Landlord and County hereby agree as follows:

1. BASIC LEASE INFORMATION

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

- | | | |
|-----|--|--|
| 1.1 | Lease Reference Date: | August 17, 2015 |
| 1.2 | Landlord: | HARBOR BELMONT ASSOCIATES |
| 1.3 | Tenant: | COUNTY OF SAN MATEO |
| 1.4 | Property and Building (Section 2.1): | The property is comprised of San Mateo County Assessor's Parcel Number 046-010-270, together with the improvements thereon and commonly known as Harbor Park (the "Property"). The one story concrete office building located on the Property is commonly known as Building A (the "Building"). The Property and the Building are shown on the attached <u>Exhibit A-1 (Site Plan of Property)</u> . |
| 1.5 | Premises (Section 2.1): | The premises consist of a portion of the Building, comprised of approximately 8,526 rentable square feet of office area (the "Premises"), and is particularly shown on the attached <u>Exhibit A-2</u> , together with the parking and common areas of the Building and the Property. |
| 1.6 | Parking (Section 2.3) | County shall have the exclusive right to use the five (5) parking spaces adjacent to the southern perimeter of the Building as identified in <u>Exhibit A-1 (Site Plan of Property)</u> , together with the non-exclusive right to use the parking facilities of the Property in common with other tenants of the Building and the Property, provided that County agrees not to use any parking that is specifically assigned to another tenant of the Property, nor any parking in excess of its proportionate share of parking facilities as set forth in Section 2.3. |
| 1.7 | Rentable Area of Premises (Section 2.1): | Approximately 8,526 rentable square feet. |

- 1.8 Term (Section 3): The Effective Date shall be as set forth in Section 3.2 hereof.
- Estimated Commencement Date: November 1, 2015
- Expiration Date: October 31, 2020
- 1.9 Extension Options (Section 3.4): Two additional terms of three years each, exercisable by County by written notice to Landlord given not less than 120 days in advance, with rent determined as set forth in Section 3.5 hereof.
- 1.10 Adjustment Dates (Section 4.2): November 1, 2016, and November 1 of each subsequent year throughout the Term of the Lease.
- 1.11 Base Rent (Section 4.1): Monthly Base Rent of: \$19,183.50, subject to adjustment as set forth in Section 4.2 hereof.
- 1.12 Rent Adjustment (Section 4.2): On each Adjustment Date, the Base Rent for the following twelve-month period shall be adjusted to equal one hundred three percent (103%) of the Base Rent for the lease year preceding such Adjustment Date, which amount shall be rounded to the nearest dollar.
- 1.13 Additional Charges (Section 4.3): The County shall pay as Additional Charges the County's Percentage Share of 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 - 4.9 hereof.
- 1.14 Base Year (Section 4.4): The Base Year shall be January 1, 2016 through December 31, 2016.
- 1.15 County's Percentage Share (Section 4.4): County's percentage share of the Building shall be 28.5%.
- 1.16 Use (Section 5.1): The Premises shall be used for general office purposes by County of San Mateo as it deems appropriate in its sole discretion provided that no such use shall unreasonably interfere with Landlord's ability to lease portions of the Property to other tenants.
- 1.17 Base Building Improvements (Section 6) Landlord shall, at Landlord's sole cost and expense, make the improvements necessary to the Premises to meet all CCR Title 24, ADA, Life Safety and other building codes (as identified in Exhibit E, County's ADA Work Plan), and to ensure that the building systems are adequate to provide quality heating, ventilation and air-conditioning to the Premises. Landlord shall, at Landlord's sole

- cost and expense, clean carpets and paint all interior walls throughout the Premises, all as more specifically set forth in Section 6.
- 1.18 Utilities (Section 9.1): Subject to the Additional Charges set forth in Section 4.3, Landlord, at its sole cost and expense, shall provide all utilities to the Premises.
- 1.19 Services (Section 9.2): Subject to the Additional Charges set forth in Section 4.3, Landlord, at its sole cost and expense, shall provide to the Premises the standard office services described in Section 9.2.
- 1.20 Other Noteworthy Provisions (Section 22) None
- 1.21 Notice Address of Landlord (Section 23.1): Harbor Belmont Associates
800 South Claremont Street, #201
San Mateo, CA 94402
Fax No.: (650) 344-4158
- 1.22 Key Contact for Landlord: Ellen Roy
Property Manager
The Raiser Organization
800 South Claremont Street, #201
San Mateo, CA 94402
- Landlord Contact Telephone No.: (650) 342-9026
- 1.23 Notice Address for County (Section 23.1): Deputy County Manager
400 County Center
Redwood City, CA 94063
Fax No.: (650) 363-4832
- 1.24 and to: Not Used
- 1.25 Key Contact for County: Real Property Services Manager
555 County Center, 4th Floor
Redwood City, CA 94063
- County Contact Telephone No.: (650) 363-4047
- 1.26 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 Section 1.4 of the Basic Lease Information (the "Building") and shown on the floor plan attached hereto as Exhibit A-2 (the "Premises"). Landlord and County hereby agree that the Premises contain the rentable area specified in the Basic Lease Information. The Building, land upon which the Building is located and all other improvements on or appurtenances to such land are referred to collectively as the "Property."

2.2. Common Areas

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

2.3. Parking

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

3. TERM

3.1. Term of Lease

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

3.2. Effective Date, Commencement Date and Expiration Date

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

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

3.3. Delay in Delivery of Possession

Landlord shall use its best efforts to deliver possession of the Premises with all of the Base Building Improvements substantially completed and accepted by County Manager of the County of San Mateo, or the County Manager's designee, pursuant to Section 6.1 (Landlord's Obligation to Construct Improvements) on or before the Commencement Date. However, if Landlord is unable to deliver possession of the Premises as provided above, then, subject to the provisions of this Section below, the validity of this Lease shall not be affected by such inability to deliver possession. If Landlord is unable to deliver possession of the Premises to County as required hereunder within ninety (90) days after the Commencement Date, then County may, at its option, terminate this Lease, without any further liability under this Lease, upon written notice to Landlord.

3.4.Extension Options

County shall have the right to extend the Initial Term of this Lease (the "Extension Option") for the additional terms specified in the Basic Lease Information (the "Extended Term"). Such Extension Options shall be on all of the terms and conditions contained in this Lease except that the rent for the Extended Term shall be as set forth in Section 3.5 (Determination of Base Rent for the Extended Term). County, at its sole discretion, may exercise the Extension Options, if at all, by giving written notice to Landlord no later than 120 days prior to expiration of the term to be extended; provided, however, if County is in material default under this Lease on the date of giving such notice and fails to cure such default as set forth in Section 15.1, Landlord may reject such exercise by delivering written notice thereof to County promptly after such failure to cure.

3.5.Determination of Base Rent for the Extended Term

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

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

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

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

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

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

(e) All appraisers specified herein shall be members of the Appraisal Institute (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in San Mateo County. Landlord and Tenant shall pay the cost of the appraiser selected by

such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

4. RENT

4.1.Base Rent

Beginning on the Commencement Date, County shall pay to Landlord during the Term the monthly Base Rent specified in Section 1.11 of the Basic Lease Information (the "Base Rent"). The Base Rent shall be payable in equal consecutive monthly payments on or before the first day of each month, in advance, at the address specified for Landlord in Section 1.21 of the Basic Lease Information, or such other place as Landlord may designate in writing upon not less than thirty (30) days' advance notice. County shall pay the Base Rent without any prior demand and without any deductions or setoff except as otherwise expressly provided in this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month or the Expiration Date occurs on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

4.2.Adjustments in Base Rent

On each date specified in Section 1.12 of the Basic Lease Information for the adjustment of Base Rent (an "Adjustment Date"), the Base Rent for the following twelve-month period shall be adjusted to equal one hundred 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 the County's percentage share of charges for Real Estate Taxes and Operating Costs provided for hereinbelow. All such Additional Charges shall be payable to Landlord at the place where the Base Rent is payable. Landlord shall have the same remedies for default in the payment of any Additional Charges as for default in the payment of Base Rent. The Base Rent and Additional Charges are sometimes collectively referred to below as "Rent."

4.4.Definitions

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

- (a) "Base Year" means the year specified in the Basic Lease Information.
- (b) "County's Percentage Share" means the percentage specified in Section 1.15 of the Basic Lease Information.
- (c) "Expense Year" means each calendar year commencing January 1st of each year during the Term, including any partial year in which this Lease commences; provided that Landlord, upon advance written notice to County, may change the Expense Year to any other twelve (12) consecutive month period and, in the event of any such change, County's Percentage Share of Operating Costs shall be equitably adjusted for the Expense Years involved in any such change. Expense Year shall not include the Base Year.
- (d) "Operating Costs" means the total reasonable and prudent costs and expenses actually paid or incurred by Landlord in connection with the management, operation, maintenance and repair of the Property, including, but not limited to: (1) the cost of air conditioning, electricity, steam, water, heating, mechanical, telephone, ventilating, escalator and elevator systems and all other utilities, (2) the cost of repairs and all labor and material costs related thereto, and the cost of general maintenance, cleaning and service contracts and the cost of all supplies, tools and equipment required in connection therewith, (3) the cost incurred by Landlord for all insurance required to be carried on the Property or the use or occupancy thereof; (4) wages, salaries, payroll taxes and other labor costs and employee benefits relating to employees of Landlord or its agents engaged in the operating, repair, or maintenance of the Property, allocated in proportion to the percentage of such person's working time actually spent working in connection with the Property, (5) reasonable management fees, (6) fees,

charges and other costs of all independent contractors engaged by Landlord, allocated in proportion to the percentage of such person's working time actually spent working in connection with the Property, (7) accounting and legal expenses, (8) depreciation on personal property, including, without limitation, carpeting in public corridor and Common Areas and window coverings provided by Landlord, (9) the fair market rental value of offices in the Property for the property manager, (10) the cost of capital improvements made to the Property after completion of its construction as a labor-saving or energy saving device or to effect other economies in the operation or maintenance of the Property and which benefit the Premises, or made to the Property after the date of this Lease that are required under any governmental law or regulation that was not applicable to the Property at the time that permits for the construction thereof were obtained, unless caused by Landlord's deliberate or negligent violation of such law, rule or regulation, and except to the extent such improvements are attributable to or are made for the primary benefit of a tenant or occupant other than County, and (11) any other expenses reasonably incurred in connection with the management, operation, maintenance or repair of the Property (other than Real Estate Taxes and any services for which Landlord is separately and directly reimbursed by County or other tenants in the Property) which would, under generally accepted accounting principles, be considered an operating expense. The computation of Operating Costs shall be made in accordance with Landlord's tax basis accounting method. With respect to the costs of items included in Operating Costs under item (10) above, such costs shall be amortized over the useful life thereof, together with interest on the unamortized balance at a rate per annum equal to two (2) percentage points over the Prime Rate as quoted in the Wall Street Journal at the time such item is constructed, but not more than the maximum rate permitted by law at the time such item is constructed.

In the event that in the Base Year for Operating Costs or in any Expense Year the Property is less than ninety-five percent (95%) occupied, including any material temporary vacancy experienced in connection with the installation of the Base Building Improvements as set forth herein, the Operating Costs shall be appropriately adjusted to reflect a ninety five percent (95%) occupancy level. In no event shall Landlord recapture more than one hundred percent (100%) of the Operating Costs in any Expense Year in aggregate from all tenants.

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

(e) "Real Estate Taxes" means all taxes, assessments and charges levied upon or with respect to the portion of the Property 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 lease of space in 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 Property, that are now or hereafter levied or assessed against Landlord by the United States of America, the State of California or any political subdivision thereof, public corporation, district, or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes, whether or not now customary or in the contemplation of the parties on the date of this Lease.

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

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

4.5.Payment of Percentage Share of Operating Costs

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

4.6.Payment of Percentage Share of Real Estate Taxes

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

4.7.Proration

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

4.8.Audits

County shall have the right, upon not less than thirty (30) business days' notice to Landlord, to audit the books and records of the Property related to Operating Costs and Real Estate Taxes. If such audit discloses any discrepancies that would result in a reduction of County's Percentage Share of

Operating Costs or Taxes for any Expense Year, Landlord shall immediately refund to County the amount of any overpayment by County. County shall pay the cost of such audit, provided that if such audit discloses any discrepancies that result in a reduction of County's Percentage Share of Operating Costs or Taxes of five percent (5%) or more for any Expense Year, then Landlord shall pay the costs of such audit.

4.9.Records

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

5. USE

5.1.Permitted Use

County may use the Premises for uses as specified in the Basic Lease Information.

5.2.Observance of Rules and Regulations

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

5.3.Interference with Access

Landlord shall provide to County at all times use of the Premises and uninterrupted access thereto to the maximum extent possible, including, without limitation, during any power outages affecting the Premises or any portion of the Property; provided, however, that Landlord may, after consultation with the County Manager or the County Manager's designee, interrupt County's access to the Premises or the Property in the event of an immediate risk of danger to the Premises, the Common Areas or any other portion of the Property being rendered unsafe for human occupancy to the extent that such condition affects the Premises. If County's use of any of the Premises or access thereto is interrupted as a result of the Premises, the Common Areas or any other portion of the Property being rendered unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than County's default hereunder, then Landlord shall immediately undertake all commercially reasonable steps to correct such condition. In the event such condition continues for five (5) days and materially impairs County's ability to carry on its business in the Premises, the Rent payable hereunder shall be abated based on the extent to which such default interferes with County's ability to carry on its business at the Premises. If any such default by Landlord shall continue for thirty (30) days or more after County's use is interrupted and materially impairs County's ability to carry on its business in the Premises, then County shall have the right, without limiting any of its other rights under this Lease to terminate this Lease, unless Landlord supplies County with evidence reasonably satisfactory to County that County's normal and safe use will be restored within ninety (90) days of the date County's use was interrupted, and

such use is actually restored within such 90-day period. Nothing in this Section shall limit County's rights with respect to any disruption due to casualty pursuant to Section 12 (Damage and Destruction) hereof.

6. IMPROVEMENTS

6.1.Landlord's Obligation to Construct Base Building Improvements

Landlord, through its general contractor, shall construct certain 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. The Base Building Improvements shall include, without limitation, (i) any improvements required in order to make the Building, Common Areas, Parking and path of travel compliant with the Americans with Disabilities Act ("ADA"), Title 24 of the California Code of Regulations ("CCR Title 24"), Life Safety and other building codes (as identified in Exhibit E, County's ADA Work Plan) (ii) clean carpet and new paint throughout the interior of the Premises. Paint colors, including accent colors, shall be selected by County, subject to Landlord's approval, which approval shall not be unreasonably withheld.

6.2.Installation of Telecommunications and Other Equipment

County shall be responsible for the installation of telecommunications, data and computer cabling 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 Base Building 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 Base Building Improvements and the installation of such facilities and equipment to be completed in a timely and cost-effective manner.

7. ALTERATIONS

7.1.Alterations by County

County shall not make or permit any alterations, installations, additions or improvements (collectively, "Alterations") to the Premises without first obtaining Landlord's written consent, which Landlord shall not unreasonably withhold or delay. However, the installation of furnishings, fixtures, equipment or decorative improvements, none of which affect the Building Systems or structural integrity of the Building and none of which involve the installation or removal of partitions, demising walls, doors or windows, and the repainting and recarpeting of the Premises shall not constitute Alterations requiring Landlord's consent. Any Alterations permitted hereunder shall be made at County's cost in compliance with applicable Laws as defined in Section 10. Landlord shall, without cost to itself, cooperate with County in securing building and other permits and authorizations needed in connection with any permitted Alterations. Landlord shall not be entitled to any construction or other administrative fee in connection with any Alteration. County shall not be required to remove any Alterations upon the expiration or earlier termination of this Lease unless Landlord notifies County in writing at the time Landlord approves such Alterations that they must be removed at the Expiration Date. Any Alterations made by County shall be made by Landlord's contractor or, at County's option, by a contractor reasonably acceptable to Landlord.

7.2.Title to Improvements

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

7.3.County's Personal Property

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

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

7.4.Alteration by Landlord

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

8. REPAIRS AND MAINTENANCE

8.1.Landlord's Repairs

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

8.2.County's Repairs

Subject to Landlord's warranty under Section 10.1 (Premises Compliance), any construction warranties or guaranties received in connection with Landlord's completion of the Base Building Improvements, and Landlord's repair and maintenance obligations hereunder, County shall repair and maintain at its cost the interior portions of the Premises and shall keep the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty. County shall make any such required repairs and replacements that Landlord specifies in writing (i) at County's cost, (ii) by contractors or mechanics selected by Landlord and reasonably approved by County, (iii) so that same shall be at least substantially equal in quality, value and utility to the original work or installation prior to damage thereof, (iv) in a manner and using equipment and materials that will not materially interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (v) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under the Ordinance Code or the Charter of the County of San Mateo. Provided that the cost of work performed does not exceed that set forth in the County's Job Order Contracting system or any successor system, it is hereby acknowledged by the parties that the selection by Landlord of Raiser Construction Company (RCC) to perform the work described herein will meet the standard of reasonableness set forth, and that any work performed by RCC will be presumed to meet the County's obligations set forth in subsections iii and iv hereof. At all times during the Term of the Lease, Landlord

shall, upon reasonable notice by County, afford County and its Agents with access to those portions of the Building and the Property which are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by County.

8.3.Liens

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

9. UTILITIES AND SERVICES

9.1.Landlord's Provision of Utilities

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

9.2.Services

Janitorial Service: Subject to Section 4.5, Landlord shall provide at its cost janitorial service in accordance with the specifications contained in Exhibit D attached hereto.

9.3.Conservation

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

9.4.Disruption in Essential Utilities or Services

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

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

10. COMPLIANCE WITH LAWS; PREMISES CONDITION

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

Landlord represents and warrants to County that, to the best of Landlord's knowledge, the Building is, or as of the completion of the Base Building Improvements will be, in compliance with all applicable building safety codes and regulations and that all portions of the Property and the Building along the path of travel to the Premises (including, but not limited to, the Building entrances, Common Areas, restrooms, elevators, lobbies, telephone banks, drinking fountains and parking areas are now, or as of the completion of the Base Building 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 Building, the Premises or the Property which would render the Building or the Premises unsafe for occupancy.

10.2. County's Compliance with Laws

County shall use the Premises during the Term in compliance with applicable Laws, except that County shall not be required to make any structural alterations, additions or other modifications in order to comply therewith unless such modifications are necessary solely because of County's particular use of the Premises as opposed to office users generally or any Alterations to the Premises made by County pursuant to Section 7 hereof. County shall be responsible for complying with any requirement of the Disabilities Laws relating to the placement of County's furniture or other County Personal Property and the operation of any programs in the Premises, other than any requirement relating to the physical structure, fixtures and permanent improvements of the Premises or portions of the Property or Building along the path of travel to the Premises, which are Landlord's obligation as provided in Section 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 Building or any Building Systems are damaged by fire or other casualty, Landlord shall repair the same without unreasonable delay (and if Landlord is then carrying insurance on the Base Building Improvements or if County at its sole option makes funds available to Landlord, Landlord shall also repair the Base Building 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 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

13.3. Total Taking; Automatic Termination

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

13.4. Partial Taking; Election to Terminate

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

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

(c) Either party electing to terminate under the provisions of this Section 13.4 shall do so by giving written notice to the other party before or within thirty (30) days after the Date of

Taking, and thereafter this Lease shall terminate upon the later of the thirtieth (30th) day after such written notice is given or the Date of Taking.

13.5. Rent; Award

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

13.7. Temporary Taking

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

14. ASSIGNMENT AND SUBLETTING

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

in connection with the assignment. County shall pay to Landlord Landlord's share of the Assignment Premium within 5 days after receipt from assignees.

15. DEFAULT; REMEDIES

15.1. Events of Default by County

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

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

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

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

15.2. Landlord's Remedies

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

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

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

15.3. Landlord's Default

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

16. INDEMNITIES

16.1. County's Indemnity

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

16.2. Landlord's Indemnity

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

16.3. Concurrent Negligence

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

17. INSURANCE

17.1. County's Self-Insurance

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

County is presently self-insured in the amount of \$300,000 each occurrence giving rise to personal injury and property damage liabilities for which County could be held responsible. In addition, County presently has in force excess insurance in the amount of \$4,750,000 per occurrence with an annual aggregate of \$54,750,000. Said self-insurance and excess insurance provide coverage for personal injury and property damage liabilities arising out of the acts and/or omissions of County, its officers, agents, contractors and employees, while on the Premises. County upon request of Landlord

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

17.2. Landlord's Insurance

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

17.3. Waiver of Subrogation

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

18. ACCESS BY LANDLORD

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

19. ESTOPPEL CERTIFICATES

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

20. SURRENDER OF PREMISES

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

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

21. HAZARDOUS MATERIALS

21.1. Definitions

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

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

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

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

21.2. Landlord's Representations and Covenants

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

21.3. Landlord's Environmental Indemnity

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

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

21.4. County's Covenants

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

21.5. County's Environmental Indemnity

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

22. SPECIAL PROVISIONS

Not Used

23. GENERAL PROVISIONS

23.1. Notices

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

23.2. No Implied Waiver

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

23.3. Amendments

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the giving by County of its consent or approval, the County Manager, or his or her designee shall be authorized to provide such approval, except as otherwise provided by applicable law, including the County's Ordinance Code and Charter. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of Landlord and County and may be made upon the sole approval of the County Manager, or his or her designee; provided, however, material amendments or modifications to this Lease which are not anticipated as specifically set forth in this Lease (i) changing the legal description of the Premises, (ii) increasing the Term, (iii) increasing the Rent, (iv) changing the general use of the Premises from the use authorized under Section 5.1 of this Lease, and (vi) any other amendment or modification which materially increases the County's liabilities or financial obligations under this Lease shall additionally require the approval of the County's Board of Supervisors.

23.4. Authority

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

23.5. Parties and Their Agents; Approvals

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

23.6. Interpretation of Lease

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

23.7. Successors and Assigns

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

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

23.8. Brokers

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

23.9. Severability

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

23.10. Governing Law

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

23.11. Entire Agreement

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

23.12. Holding Over

Should County hold over in possession of the Premises after the expiration of the Term with Landlord's consent, such holding over shall not be deemed to extend the Term or renew this Lease, but such tenancy thereafter shall continue as a month-to-month tenancy. Such tenancy shall be on all the terms and conditions set forth in this Lease and at the monthly Base Rent in effect during the last month of the Term of the Lease or such other rental as Landlord and County may mutually agree in writing as a condition to Landlord's consent to such holding over, and County shall continue as a month-to-month tenant until the tenancy shall be terminated by Landlord giving County or County giving Landlord at least thirty (30) days' prior written notice of termination. Should County hold over without Landlord's consent, the rent payable by County during the period of such holding over shall be one hundred ten percent (110%) of the monthly Base Rent in effect during the last month of the Term of this Lease, and such tenancy shall otherwise be on the terms and conditions contained herein.

23.13. Cumulative Remedies

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

23.14. Time of Essence

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

23.15. Survival of Indemnities

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

23.16. Signs

County may install window signage on 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 (Indemnities), Landlord agrees to Indemnify County and its Agents against Claims arising out of any assertion that would interfere with County's right to quiet enjoyment as provided in this Section.

23.18. Bankruptcy

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

23.19. Transfer of Landlord's Interest

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

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

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

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

23.21. Counterparts

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

23.22. Certification by Landlord

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

23.23. Acceptance of Lease by Landlord

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

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

LANDLORD: HARBOR BELMONT ASSOCIATES,
a California General Partnership

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

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

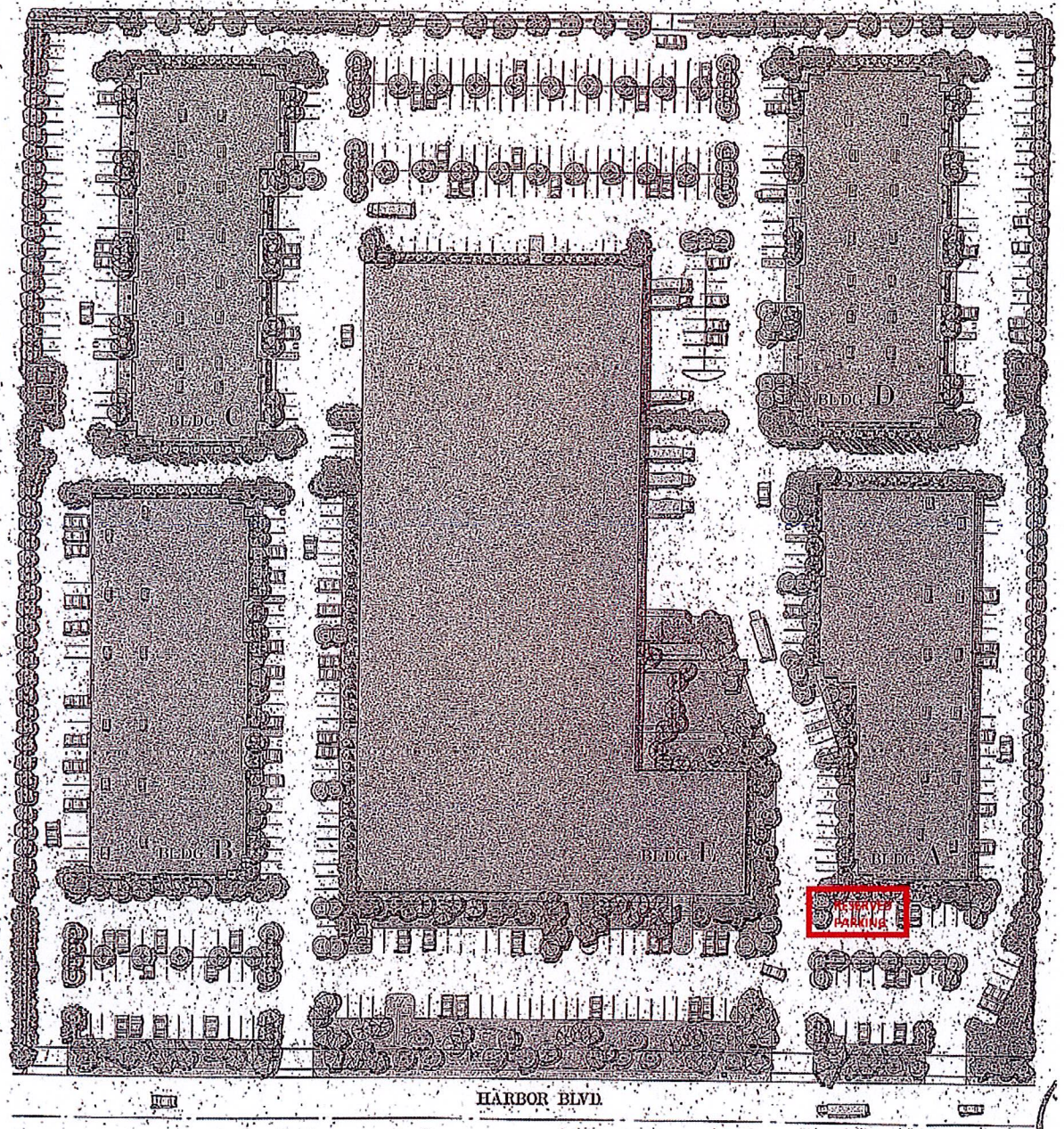
BY: _____
Carole Groom
President, Board of Supervisors

ATTESTED:

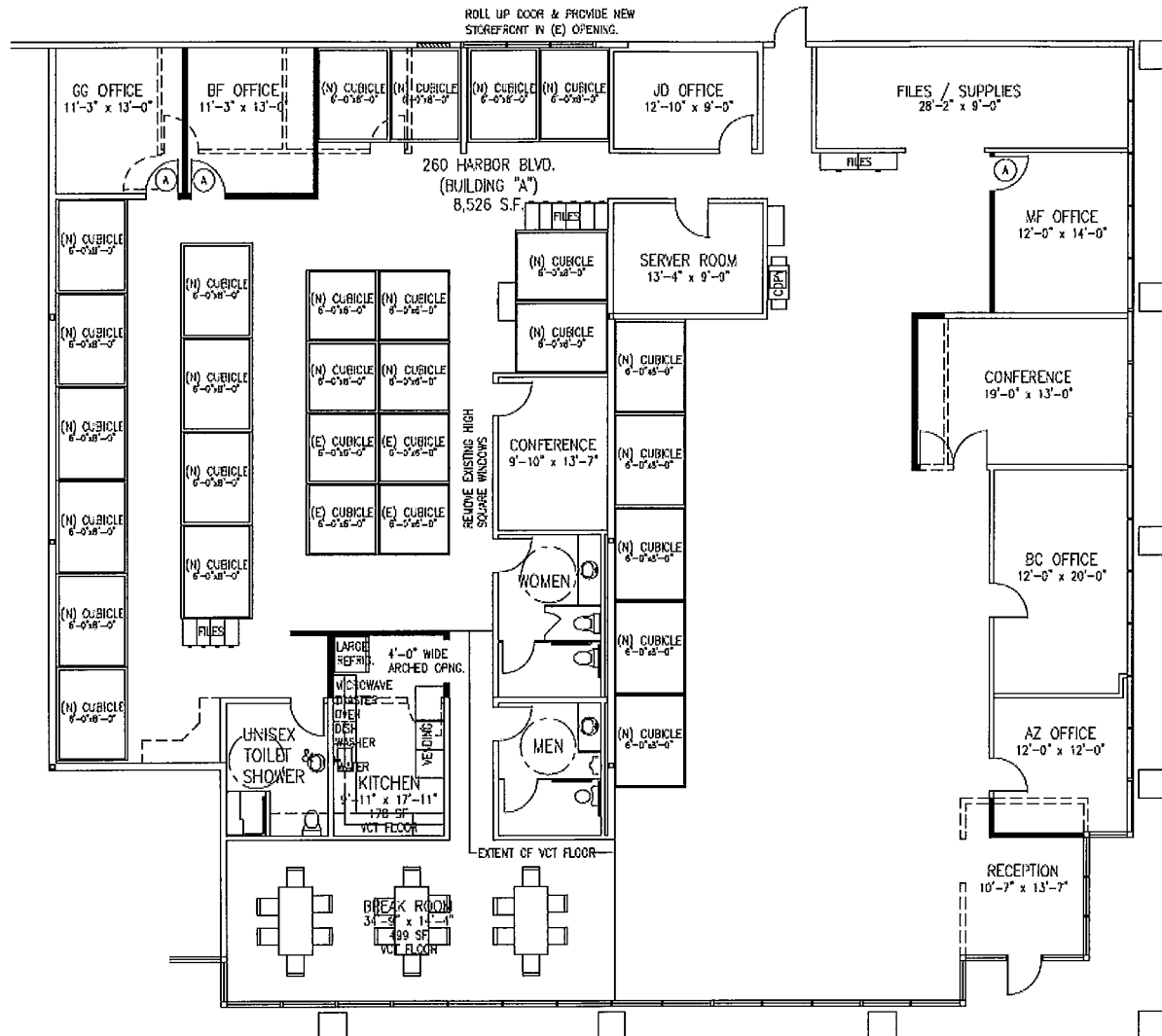
Clerk of Said Board

EXHIBIT A-1

SITE PLAN

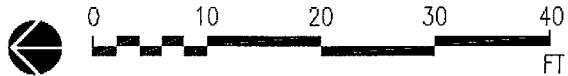


FLOOR PLAN



LEGEND

- REMOVE EXISTING
 ■ NEW FLOOR TO CEILING WALL
 ▨ CLOSE DOOR AND WALL OFF OPENING
 (A) NEW DOOR MATCH BUILDING STANDARD
 VCT NEW VINYL COMPOSITION TILE FLOOR



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

RECONFIGURATION & REMODELING
FOR

POWERSISION, INC.
298 HARBOR BLVD., BELMONT, CALIFORNIA 94002

PRELIMINARY DESIGN
NOT FOR PERMIT OR CONSTRUCTION
© 2012 PALKO ASSOCIATES ARCHITECTS
PROJECT NO. 1105
DATE: 05/23/12
DWG. NO. PA-11

EXHIBIT B

[Date]

Mr. Michael Callagy
Deputy County Manager
County of San Mateo
400 County Center
Redwood City, CA 94063

RE: Acknowledgement of Commencement Date, Lease Between HARBOR BELMONT ASSOCIATES (Landlord), and the COUNTY OF SAN MATEO (Tenant), for the premises known as 260 Harbor Boulevard, Belmont.

Dear Mr. Callagy:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is _____, 2015.

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

Very truly yours,

By _____
Title _____

Accepted and Agreed:

By _____
Deputy County Manager

EXHIBIT C

EXCLUSIONS FROM OPERATING COSTS

1. Rentals and other related expenses for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased rather than rented, would constitute a capital improvement which is specifically excluded from the definition of Operating Costs in Section 4.4(d) of the Lease (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);
2. Costs incurred by Landlord for the repair of damage to the Building or the Property, to the extent that Landlord is reimbursed by insurance proceeds (excluding any deductible) and costs occasioned by the exercise of the right of eminent domain;
3. Costs, including, without limitation, permit, license and inspection costs, incurred with respect to the installation of improvements made for other tenants or occupants of the Property or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for other tenants or occupants in the Property;
4. Depreciation, amortization and interest payments, except to the extent provided herein pursuant to Section 4.4(d) of the Lease and except on materials, tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with generally accepted accounting principles, consistently applied (as applied to commercial real estate), and when depreciation or amortization is permitted or required, the item shall be amortized over its reasonably anticipated useful life (as reasonably determined by Landlord);
5. Leasing commissions, attorneys' and other professionals' fees, space planning costs and all other costs and expenses in connection with negotiations with present or prospective tenants or other occupants in the Property or any present or future ground lessors or holders of any mortgages or other encumbrances affecting any of the Property or the defense of Landlord's title to the Property;
6. Expenses in connection with services or other benefits which are not offered to County or for which County is charged directly but which are provided to another tenant or occupant of the Property;
7. Costs incurred by Landlord due to violation by Landlord or any other tenant or occupant of the Property of applicable laws, rules or regulations, the terms and conditions of any lease, ground lease, mortgage or deed of trust, or other covenants, conditions or restrictions encumbering the Property;
8. Overhead and profit increments paid to Landlord or to subsidiaries or affiliates of Landlord, or to any party as a result of a non-competitive selection process, for management, or other services, supplies or materials, to the extent the same exceed the costs of such goods and/or services rendered by unaffiliated third parties on a competitive, arms-length basis;
9. Any ground lease rental or rental under any other underlying leases;
10. Except as specifically permitted by Section 4.4(d) of the Lease, interest, principal, points and fees on debts or amortization on any mortgage, deed of trust or any other debt instrument encumbering any of the Property;
11. Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord on the Property;
12. All items and services for which County or any other tenant or occupant of the Property separately reimburses Landlord (other than through such tenant's or occupant's proportionate share of operating expenses), or which Landlord provides selectively to one or more other tenants or occupants without reimbursement, or which are not provided in reasonable proportion to the space leased by County but which Landlord provides to another tenant or other occupant of the Property;

13. Advertising or promotional expenditures, and the costs of acquiring and installing signs in or on any of the Property identifying the owner of the Property or any other tenant or occupant of the Property;
14. Electric power costs for which any tenant or occupant directly contracts with the local public service company (provided that the charge for such services shall be computed for purposes of the gross-up provision of the Lease (i.e. expenses to be grossed up to reflect full occupancy of the Property) to reflect an average charge for power costs);
15. Services provided, taxes attributable to, and costs incurred in connection with the operation of retail, restaurant or similar operations on the Property;
16. Costs incurred in connection with upgrading the Property to comply with disabled access, life, fire and safety codes in effect prior to the date of the Lease, and, subject to the limitations set forth in Section 4.4(d)(10) of the Lease, costs incurred in connection with upgrading the Property to comply with the Americans with Disabilities Act of 1990 and Title 24 of the California Code of Regulations (or its successor);
17. Tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments when due;
18. Costs arising from the presence of Hazardous Material in or about the Property including, without limitation, groundwater or soil conditions, except if such Hazardous Material is brought on to the Property by County in violation of applicable laws;
19. Landlord's charitable or political contributions;
20. To the extent the following costs arise during any applicable warranty periods, costs as a result of repairs of latent defects in the core and shell improvements or installed by Landlord or in the Building Systems, and any costs incurred by Landlord in the event any portion of the Property is made untenantable by fire or other casualty required to be insured against pursuant to the terms of the Lease;
21. Capital costs for sculpture, paintings or other objects of art;
22. Costs (including, without limitation, all attorneys' fees and costs of settlement, judgments and payments in lieu thereof) arising from claims, disputes or potential disputes, including, without limitation, tax disputes where the tenants of the Property would receive benefits if Landlord prevails) in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord or the Property;
23. All direct cost of refinancing, selling, exchanging or otherwise transferring ownership of the Property or the real property on which it is located or any interest therein or portion thereof, including broker commissions, attorney's fees and closing costs;
24. Reserves for bad debts, rent loss, capital items or further Operating Costs;
25. Landlord's general corporate overhead and general and administrative expenses not related to the operation or management of the Property; and
26. Any other expense that under generally accepted accounting principles would not be considered a maintenance or operating expense.

EXHIBIT D

STANDARDS FOR JANITORIAL SERVICE

260 Harbor Boulevard, Building A, Belmont, California

I. SPECIFICATION OF SERVICES TO BE PERFORMED - SCOPE OF WORK

- A. Landlord's Contractor shall furnish all labor, materials and equipment required to perform exterior and interior janitorial service five days a week, Monday through Friday, excluding holidays, at the above location in accordance with these specifications:
- B. All windows and glass broken by Landlord's Contractor will be replaced at its expense.
- C. Landlord's Contractor must, at all times, maintain adequate staffing to meet these specifications. All employees must wear uniforms (See Section II). County may request Landlord to remove any janitor from the Premises at any time it desires and for any reason whatsoever, and an immediate replacement will be provided. All written notice are to be submitted to:

County of San Mateo
Real Property Services Division
555 County Center, 4th Floor
Redwood City, CA 94063

- D. All services must be performed after 5:00 p.m.
- E. All employees of Landlord's Contractor shall be fully trained and experienced in the custodial service trade.
- F. Landlord will assign space in the Building to Contractor for the storage of supplies and equipment. Materials and equipment shall be neatly stored only in areas provided by the Landlord. No supplies or equipment will be stored in the Premises without the prior approval of County.
- G. County's Recycling Program includes recycling materials from offices in the Building. Bins for recyclable materials can be obtained from County.
- H. Landlord's Contractor will provide, upon Lease Commencement, a schedule for all periodic services specified herein.
- I. Janitorial Service Specifications for Offices and Common Areas.
 - 1. Nightly Services
 - a. Turn off all lights as soon as possible each night.
 - b. Vacuum all carpets. Move electric cords to prevent damage to the corner bead.
 - c. Dust mop all resilient and composition floors with treated dust mops. Damp mop to remove spills and water stains as required.
 - d. Spot clean any stains on carpet.
 - e. Dust all desks and office furniture with treated dust cloths.
 - f. Papers and folders on desks are not to be moved.
 - g. Sanitize all telephone receivers.

- h. Empty all waste paper baskets and other trash containers and remove all trash from floors to the designated trash areas. Sort and put ALL RECYCLABLE MATERIAL into bins provided by the County.
- i. Remove fingerprints, dirt smudges, graffiti, etc., from all doors, frames, glass partitions, windows, light switches, and walls.
- j. Return chairs and wastebaskets to proper positions.
- k. Clean, sanitize and polish drinking fountains.
- l. Police any interior public planters.
- m. Dust and remove debris from all metal door thresholds.
- n. Wipe clean smudged brightwork.
- o. Spot clean resilient and composition floors as required.
- p. Service all walk-off mats as required.
- q. Close all window coverings.
- r. Check for burned out lights and replace from building stock (supplied by Landlord).

2. Weekly Services

- a. Dust all low reach areas including, but not limited to, chair rungs, structural and furniture ledges, baseboards, window sills, door louvers, wood paneling, molding, etc.
- b. Dust inside of all doorjamb.
- c. Clean and polish all metal door thresholds.
- d. Wipe clean and polish all brightwork
- e. Sweep the service stairwell.
- f. Damp mop all vinyl bases.
- g. Edge all carpeted areas.

3. Monthly Services

- a. Dust all high reach areas including, but not limited to, tops of door, frames, structural and furniture ledges, air conditioning diffusers and return grilles, tops of partitions, picture frames, etc.
- b. Vacuum upholstered furniture.
- c. Move all plastic carpet protectors and thoroughly vacuum under and around all desks and office furniture.
- d. Clean and buff all building standard resilient and/or composite flooring.

4. Quarterly Services

- a. Shower-scrub or otherwise recondition all resilient or composition flooring to provide a level of appearance equivalent to a completely refinished floor.
- b. Wash all chair pads.

5. Semi-Annual Services

- a. Vacuum all window coverings.
- b. Dust light diffusers.

6. Annual Services

- a. Shampoo carpets in offices (schedule to be approved in advance), using products and methods recommended by manufacturer and/or carpet installation contractor.

J. Rest Room Service Specifications

1. Daily Service

- a. Re-stock all rest rooms with supplies from the Landlord's stock, including paper towels, toilet tissue, seat covers and hand soap, as required.
- b. Re-stock all sanitary napkin and tampon dispensers from Contractor's stock, as required.
- c. Wash and polish all mirrors, dispensers, faucets, flushometers and brightwork with non-scratch disinfectant cleaner. Wipe dry all sinks.
- d. Wash and sanitize all toilets, toilet seats, urinals and sinks with non-scratch disinfectant cleaner.
- e. Remove stains, scale toilets, urinals and sinks, as required.
- f. Mop all rest room floors with disinfectant, germicidal solution, include scrubbing of all base, inside corners and hard to reach areas.
- g. Empty and sanitize all waste and sanitary napkin and tampon receptacles.
- h. Remove all rest room trash.
- i. Spot clean fingerprints, marks and graffiti from walls, partitions, glass, aluminum and light switches as required.
- j. Check for burned out lights and replace from building stock (supplied by Landlord).
- k. Ventilate rest rooms.

2. Weekly Services

- a. Dust all low reach and high reach areas, including but not limited to, structural ledges, mirror tops, partition tops and edges, air conditioning diffusers and return air grilles.

3. Monthly Services

- a. Wipe down all walls and metal partitions. Partitions shall be left clean and not streaked after this work.
- b. Clean all ventilation grilles.
- c. Dust all doors and doorjambs.

4. Quarterly Services

- a. Thoroughly clean and reseal all ceramic tile floors, using approved sealers.

K. Main Floor Elevator Lobbies and Public Corridors Specifications

1. Nightly Services

- a. Spot clean all glass including low partitions and the corridor side of all windows and glass doors to County premises.
- b. Spot clean all chrome brightwork including swinging door hardware, kick plates, base partition tops, handrails, waste paper receptacles, planters,

elevator call button plates, hose cabinets and visible hardware on the corridor side of County entry doors.

- c. Thoroughly clean all door saddles of dirt and debris.
- d. Empty, clean and sanitize all waste paper baskets and refuse receptacles as required.
- e. Vacuum and spot clean all carpets as necessary.
- f. Spot clean all elevator doors and frames.

L. Exterior Structure and Grounds Services Specifications

1. Daily Service

- a. Spot clean accumulations of dirt, papers and leaves in all corner areas where winds tend to cause collections of debris.
- b. Spot clean all exterior glass at building entrances.
- c. Lift nap on all entry walk-off mats as necessary with a heavy bristle brush and vacuum.
- d. Empty all waste receptacles and remove trash to designated trash areas.
- e. Clean sidewalk, steps and landscaped area, walks and benches; including gum removal.

2. Monthly Weekend Services

- a. Steam clean exterior sidewalk and walkway areas.

M. Carpet Cleaning

- 1. Provide spot cleaning to County space as necessary and shampoo carpets in County office space and any common areas once each year (exact schedule to be approved in advance by County).

N. Window Cleaning

- 1. All work to be performed in accordance with generally accepted industry standards.
- 2. Proper safety standards are to be maintained at all times, including but not limited to, use of proper warning signs and clean up of water in compliance with all County, State and Federal laws (OSHA).
- 3. Window cleaning standards are to include clean up of water, wipe down of adjacent window mullions and ledges to prevent streaking, spotting, and excessive runoff.
- 4. When necessary, drop cloths are to be used to prevent damage to floors and adjacent surfaces.
- 5. Interior and exterior window washing shall be scheduled immediately prior to Lease Commencement. Interior glass shall be cleaned not less than once per year. Exterior glass shall be cleaned as needed, but not less than once every six months, including May of each year.
- 6. Contractor to notify the County for specific scheduling of window washing one week prior to scheduled cleaning.

7. Contractor will be responsible for removing paint and putty etc. from both glass and plastic windows.
8. Exterior surfaces of windows are not to be washed when it is raining.
9. The words "window" and "light" as used herein are synonymous and are to be construed to mean any pane of glass, or glass substitute.

II. UNIFORMS

- A. Janitors must wear their uniform whenever on duty.
- B. All personnel, including the coordinator and supervisors, will be uniformed. All personnel shall have a visible company name, logo, badge, etc., on their uniform.

III. EMPLOYEE SAFETY

Landlord's Contractor shall accept responsibility for determining that all necessary safeguards for protection of Contractor's employees are available, or will be furnished. All work performed must conform to CAL-OSHA standards.

IV. SUPPLIES

Landlord or its Contractor shall supply floor wax, wax stripper, and other expendable supplies required for daily cleaning and maintenance, as well as janitorial supplies such as hand soap, paper hand towels, paper toilet tissue, paper seat covers and deodorants. Furthermore, Landlord or its Contractor shall supply all equipment including, but not limited to, ladders, vacuum cleaners, extractors, floor machines, mops and buckets.

V. APPROVAL OF PRODUCTS

County shall have the right to prohibit the use of any product proposed or being used by Landlord's Contractor should the County deem the product to be unsafe or harmful to those items being cleaned or to County's staff. In this regard, Landlord must provide upon request a complete list of products to be used in the course of this Contract, together with Material Safety Data Sheets for each cleaning chemical.

VI. DISPOSITION OF REFUSE

All trash and refuse collected by the custodians shall be deposited in a debris box as designated by the Landlord. (Landlord will pay for debris box service).

VII. MAINTENANCE PROBLEMS

Employees of Landlord's Contractor shall note maintenance problems (such as broken glass, light bulbs missing or burned out, inoperative fixtures, etc.) and report them to the Landlord. Any problem that prevents performance must be noted in the log (Section VIII) before the end of the shift. Contractor shall not claim, and County will not entertain any claim that such problems prevented Contractor's performance if said claim is not entered in the log.

VIII. JANITORIAL LOG

Landlord's Contractor shall provide, and County shall keep, a janitorial log on which deficiencies in performance, special problems or instruction shall be noted. Landlord's Contractor shall check the log daily, as arranged with the County, and correct any deficiencies in service within twenty-four (24) hours of the log entry. Contractor shall initial and date each entry when deficiency has been corrected.

IX. EMERGENCY CONTACT

Landlord's Contractor shall provide the County with an emergency telephone number where Contractor may be reached at any time during normal business hours (Monday - Friday, 8:00

a.m. - 5:00 p.m.). Contractor must respond to emergency calls relating to deficiency of service by correcting said deficiency within four hours of receipt of the call.

X. PERFORMANCE

Landlord and its Contractor shall guarantee that workmanship required for the performance of this Contract shall be in accordance with highest level of workmanship and accomplished according to the highest professional standards. The determination as to the adequacy of performance shall be made by the County or the Assistant County Manager, County and County of San Mateo. Contractor or Contractor's agent must be available at reasonable intervals during regular business hours as requested by County, to participate in inspection walk through. Contractor will supervise all janitors during all shifts.

XI. VERIFICATION OF SERVICE

County may provide, install, or establish a system of sign off slips, service receipts, or room service sign off cards. Landlord's Contractor shall faithfully comply with same by initialing, dating, and indicating time at which service was completed. It is agreed that no such service has been completed unless signed off by Contractor and countersigned by the County if said system so requires.

XII. HOLIDAY SCHEDULE FOR COUNTY

New Year's Day
Martin Luther King Day
President's Day
Memorial Day
Independence Day
Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Friday after Thanksgiving Day
Christmas Day

EXHIBIT E

County's ADA Work Plan

Not Provided

EXHIBIT F

KNOWN CONDITIONS RELATING TO HAZARDOUS MATERIALS

Those environmental issues pertaining to groundwater contamination originating from 511 O'Neill Avenue and 248 Harbor Boulevard, Belmont, CA, and related environmental contamination, including air quality, as addressed in RWQCB SOR Order No. 99-015 and related investigations and remedial action plans. To provide further detail regarding the matter, the following 13 pages are incorporated hereby as part of this Exhibit F.

LETTER OF TRANSMITTAL

Parsons
2121 N. California Blvd., Ste. 500
Walnut Creek, CA 94596
Phone: (925) 941-3700
Fax: (925) 979-9781

DATE: October 22, 2003

PROJECT: 742888.03600

TO: Harbor Belmont Associates
800 S. Claremont Street, Suite 201
San Mateo, CA 94402
Attn: Ellen Roy

RE: Remedial Action Plan for the Offsite Area, 511 O'Neill Avenue, Belmont, CA

WE ARE SENDING YOU:

ATTACHED: X UNDER SEPARATE COVER:

DOCUMENTS: OTHER:

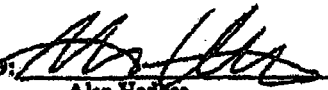
VIA MAIL EXPRESS MAIL FED EX X OTHER

ITEM	DATE	ITEM
1	8/15/03	Remedial Action Plan for Offsite Area
2	9/11/03	Approval Letter from RWQCB

Dear Ms. Roy:

Enclosed is a copy of the Remedial Action Plan for the Offsite Area for the 511 O'Neill Avenue, Belmont site. I will call you soon to discuss this plan. If there are any questions, you may call me at (925) 941-3708.

Sincerely,

SIGNED: 
Alan Hodges
Project Engineer



California Regional Water Quality Control Board
San Francisco Bay Region



Winston H. Hickox
Secretary for
Environmental
Protection

Internet Address: <http://www.swwb.ca.gov>
1515 Clay Street, Suite 1400, Oakland, California 94612
Phone (510) 622-2300 or FAX (510) 622-2460

Gray Davis
Governor

September 11, 2003
File No. 41S0084 (NK)

Mr. Benny Deghi
Honeywell International, Inc.
2525 West 190th Street
M/S 23-1-62
Torrance, CA 90504

Purex Industrials, Inc.
c/o Law Offices of Jeffrey M. Smith
19782 MacArthur Boulevard
Suite 260
Irvine, CA 92612

Mr. & Mrs. Howard Jones
1471 Woodberry Avenue
San Mateo, CA 94403

SUBJECT: Approval of Revised Remedial Action Plan No. 2 for 511 O'Neill Avenue,
Belmont, San Mateo County

Dear Mr. Deghi, Mr. Smith, and Mr. & Mrs. Jones:

Regional Board staff has reviewed the subject report, submitted by Parsons Engineering Science, Inc. (Parsons), on behalf of Honeywell International and Purex Industries. The report satisfies the requirements of Task C.b. of Order No. 99-015, and is therefore approved.

Task C.b. of Order No. 99-015 required the dischargers to submit a report containing Remedial Actions and Cleanup Standards (RAP 2) for the area east of the 260-498 Harbor Blvd. property boundary (offsite area).

Parsons submitted RAP 2 on August 15, 2003. The report proposes cleanup standards for the offsite area as well as remedial actions to address the spreading of the plume and prevent further impacts to Belmont Creek.

Due to the complex hydrogeology, Parsons has divided the offsite area into two portions, Area 1 and Area 2, and two sets of cleanup goals have been established. Area 1 is a potential drinking water source, whereas the remaining offsite portion, Area 2, is not suitable for drinking water supply due to low yields and high TDS. The following cleanup goals have been proposed:

- Area 1: MCLs, and,
- Area 2: chronic aquatic habitat goals (360 µg/L TCE, 590 µg/L cis-1,2-DCE).

California Environmental Protection Agency

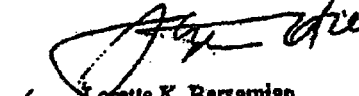


Parsons is proposing a combination of Enhanced In Situ Bioremediation (EISB) and Monitored Natural Attenuation for a final remedial action. EISB will be implemented in stages in order to cut off the source of the plume and stop migration to Belmont Creek.

A tentative project schedule is presented in Section 7.4 of the report.

If you have any questions, please contact Nancy Katyl of my staff at (510) 622-2408, or e-mail nk@rb2.swrcb.ca.gov.

Sincerely,

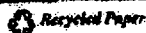

Loretta K. Barsamian
Executive Officer

cc: Dirk Jensen, SMCDEH

Mr. Terry Peng
Parsons Engineering Science, Inc.
2121 North California Blvd., Suite 500
Walnut Creek, CA 94596

Mr. Raymond E. Davis
City of Belmont Public Works
1070 Sixth Avenue, Suite 306
Belmont, CA 94002

California Environmental Protection Agency





2121 North California Boulevard, Suite 500 • Walnut Creek, California 94605 • (925) 941-3700 • Fax: (925) 979-9781 • www.parsons.com

August 15, 2003

California Regional Water Quality Control Board
San Francisco Bay Region
1515 Clay Street, Suite 1400
Oakland, California 94612
Attn: Ms. Nancy Katyl

Subject: Revised Remedial Action Plan No. 2 (RAP 2) Pertaining to the Offsite Area
511 O'Neill Avenue, Belmont, California
RWQCB SCR Order No. 99-015

Dear Ms. Katyl:

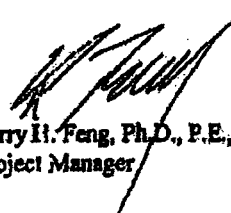
Please find the attached subject report prepared on behalf of Honeywell International Inc. and
Purix Industrial, Inc.

This Revised RAP 2 incorporates the data collected from the recent Belmont Creek
investigation and the last two years of groundwater and surface water monitoring. The
proposed remedial action goals and cleanup criteria are based on the Environmental
Screening Levels (ESLs) published recently by the Regional Board. The proposed remedial
action strategy and action levels are based on extensive discussions with the Regional Board
staff in a series of meetings. We trust this submittal meets the Regional Board requirements.

Should you have any questions, please do not hesitate to the undersigned at 925-941-3719 or
email to Terry.Feng@Parsons.com.

Sincerely Yours,

PARSONS


Terry H. Feng, Ph.D., P.E., C.H.G.
Project Manager

G:\Work\92101\92101\Revised RAP 2\Revised RAP 2 Draft\WQCB_Letter.doc

cc: Distribution



Ms. Nancy Katyl
August 15, 2003
Page 2

Distribution

California Regional Water Quality Control
Board - San Francisco Bay Region
1515 Clay Street, Suite 1400
Oakland, California 94612
Attn: Ms. Nancy Katyl

Dirk Jensen
San Mateo County Department of
Environmental Health Services
455 County Center
Redwood City, CA 94063

Raymond E. Davis III
City of Belmont Public Works
1070 Sixth Avenue, Suite 306
Belmont, CA 94002

Mr. Benny DeHghi
Honeywell International Inc.
2525 West 190th Street (M/S 23-1-62)
Torrance, CA 90504-6099

Purex Industrial, Inc.
c/o Law Offices of Jeffrey M. Smith
19782 MacArthur Boulevard, Suite 260
Irvine, CA 92612

Howard & Catharine Jones
1471 Woodberry Ave.
San Mateo, CA 94403

REVISED
REMEDIAL ACTION PLAN No. 2

for
OFFSITE AREA
IN THE VICINITY OF 511 O'NEILL AVENUE
BELMONT, CALIFORNIA

Prepared for
Purex Industrials, Inc.
Irvine, California
and
Honeywell International Inc.
Torrance, California

August 15, 2003

Prepared by



2121 N. CALIFORNIA BOULEVARD, SUITE 300, WALNUT CREEK, CA 94596 • 925/941-3700
OFFICES IN PRINCIPAL CITIES
RAP No.1.DOC

REVISED
REMEDIAL ACTION PLAN No. 2
for
OFFSITE AREA
IN THE VICINITY OF 511 O'NEILL AVENUE
BELMONT, CALIFORNIA

Prepared for

Purex Industrials, Inc.
Irvine, California

and

Honeywell International Inc.
Torrance, California

August 15, 2003

Approved by:



Alan Hodges
Project Engineer/ Task Leader



Terry H. Feng, Ph.D., P.E., C.Hg.
Project Manager



Ross Miller, Ph.D., P.E., C.I.H.
Sr. Technical Director

8/14/03
Date

8/14/03
Date

8/14/03
Date



EXECUTIVE SUMMARY

This Revised Remedial Action Plan No. 2 (Revised RAP 2) has been prepared on behalf of Honeywell International Inc. (Honeywell; formerly AlliedSignal, Inc.) and Purex Industrials, Inc. (Purex) to fulfill requirements of Task C of the California Regional Water Quality Control Board San Francisco Bay Region (RWQCB) Site Cleanup Requirements (SCR) Order No. 99-015, dated April 23, 1999 (which amended Order No. 98-018) for the former Baron-Blakeslee Facility, located at 511 O'Neill Avenue, Belmont, San Mateo County, California (the Site).

The draft *Remedial Action Plan No. 2 for Offsite Area* was submitted on May 31, 2001. This Revised RAP 2 has incorporated the RWQCB comments and pertinent feedback relating to the draft RAP 2 and a *supplemental report* for the draft RAP 2 submitted on November 30, 2001. The overall site conceptual model has been updated using data collected since the issuance of the draft RAP 2 more than two years ago. Remedial technology evaluation has also reflected advances in technologies applicable to the Site. This Revised RAP 2 will supersede and completely replace the draft RAP 2.

Site History and Regulatory Status

Former Baron-Blakeslee, Inc. (BBI) occupied and operated a chemical storage and solvent recovery/distribution business on the 0.2-acre facility from 1961 to 1974. Soil and groundwater beneath the former BBI facility and groundwater downgradient of the facility have been impacted by chlorinated solvents. The primary chemicals of concern (COCs) include trichloroethene (TCE) and cis-1,2-dichloroethene (cis-1,2-DCE). Vinyl chloride (VC), a degradation product of cis-1,2-DCE, has been detected sporadically in groundwater and is also considered a COC.

A remedial action plan (RAP No. 1) for remediation of the source area was completed in June 2000 and approved by the RWQCB in August 2000. In situ chemical oxidation (ISCO) and enhanced recovery technology was selected in RAP 1 for the source zone treatment. The primary objective for the RAP 1 was to achieve an 80 percent decrease in VOC mass in soil and a 50 percent VOC concentration decrease in groundwater. Following successful demonstrations through a bench-scale treatability study and field pilot testing, the full-scale ISCO and enhanced recovery treatment technology is currently being implemented in the source area.

Offsite, elevated concentrations of VOCs have been detected in groundwater. Low levels of VOCs were also detected in soil vapor and in Belmont Creek surface water. The purpose of the RAP 2 is to develop remedial action objectives (RAOs) and cleanup goals, and select remedial technologies to remediate COCs in offsite groundwater.

Updated Site Conceptual Model

The draft RAP 2 was completed with limited data. A significant amount of data have been collected since the issuance of the draft RAP 2 and the *Supplemental Report*. Of critical importance are the more than 2 years of quarterly groundwater and surface water monitoring and the recently completed Belmont Creek remedial investigation (RI). A detailed update of the site conceptual model is presented in Section 2. The majority of the new findings confirm and support the conclusions presented in the draft RAP 2 and the *Supplemental Report* regarding the nature and extent of the plume and fate and transport characteristics of COCs in the offsite area:

- A diverging, cone-shaped bedrock channel and the presence of a wedge-shaped saltwater interface in the downgradient area control the groundwater flow and plume migration in the offsite area. The cone-shaped bedrock channel sharply diverges in the downgradient area toward San Francisco Bay but the saltwater interface forms a wedge between Industrial Way and Redwood Shores Lagoon.
- The groundwater flow direction is consistently to the east-northeast from the Site. The average groundwater flow velocity is approximately 248 feet per year (ft/yr) in the immediate site area and approximately 41 ft/yr in the downgradient offsite area. Water levels in onsite wells show strong seasonal fluctuations, while water levels in the far downgradient portion of the plume show minimal seasonal fluctuations. The near "steady-state" groundwater flow pattern in the downgradient plume area is a result of the combined influence of tidal fluctuations from San Francisco Bay and Belmont Creek, the effect of evapotranspiration from the shallow water table (3 to 4 feet below ground surface in the offsite area), and the artificially maintained water level in Redwood Shores Lagoon.
- The plume of chemicals of potential concern (COCs) in groundwater is stable and the downgradient plume extent and concentrations have generally remained unchanged since 2001. Chemicals of potential concern (COCs) have been detected at trace levels below the laboratory reporting limit in the downgradient sentinel well, MW-106, which is located between Belmont Creek and Redwood Shores Lagoon. COCs were detected in Belmont Creek but at concentrations that are significantly lower than applicable regulatory levels for protection of human health and surface water ecological receptors.
- There is strong evidence that suggests the occurrence of anaerobic biodegradation of trichloroethene (TCE) to cis-1,2-dichloroethene (cis-1,2-DCB) in some source area wells. Dissolved oxygen data are generally indicative of weak anaerobic conditions in the majority of offsite areas as well.
- The most critical potential exposure risk scenarios include potential volatilization of Site COCs into indoor air and migration of COC-impacted groundwater at unacceptable levels to Belmont Creek. Site monitoring data and the risk assessment have concluded that other potential exposure scenarios, including consumption of aquatic organisms, dermal contact to impacted soil and water and exposure to

vapors potentially volatilized into outdoor air, will not likely to be of any concern. Human consumption of impacted groundwater is unlikely due to the poor water quality (high salt content) and low aquifer yield. Extraction of the impacted groundwater for drinking water supply can also be prevented through land use restrictions and institutional controls.

Remedial Action Objectives and Cleanup Goals

For the offsite VOC groundwater plume, we propose the following specific remedial action objectives (RAOs):

- Protect human health from potentially impacted indoor air by reducing VOC concentrations to levels comparable to RWQCB screening levels for indoor air protection;
- Protect human health from consumption of impacted groundwater by preventing extraction of VOC-impacted groundwater for domestic use until the final site cleanup goals are achieved. Groundwater from only a small portion of the offsite area could potentially be used for domestic supply. Land use restrictions and institutional controls will address this exposure pathway.
- Protect water quality in receiving water bodies from exceeding the surface water quality standard for bioaccumulation and human consumption of aquatic organisms.
- Protect benthic and aquatic organisms by maintaining groundwater VOC concentrations below the chronic aquatic habitat goal in the creek buffer zone.
- Achieve eventual restoration of offsite groundwater impacted by VOC contamination for potential beneficial uses.

These RAOs have been developed based on the updated site conceptual model in conjunction with the pertinent regulatory framework and the other supporting information. Numerical cleanup goals have also been developed and proposed to ensure protection of all potential exposure pathways for the offsite area.

Remedial Action Strategy and Action Levels

The above RAOs can be achieved through a combination of active plume core remediation, focused local area treatment (e.g., in the vicinity of Belmont Creek and Industrial Way) and monitored natural attenuation for the remainder of the dilute plume. The following action levels are proposed based on the concentration of TCE, the primary COC of the Site:

- 360 ug/L of TCE for the creek buffer zone, and
- 2,000 ug/L of TCE for the plume core.

The selection of the action level for the creek buffer zone protection is straightforward because 360 µg/L TCE is the USEPA *Chronic Aquatic Habitat Goal* for benthic organism protection.

The rationale for choosing the 2,000 µg/L of TCE as the action level for the plume core includes: 1) it is the USEPA *Acute Lowest Observed Effects Level (LOEL)* for protecting marine aquatic habitats from acute exposure, 2) it falls between the 1,800 µg/L and 6,900 µg/L groundwater screening levels for preventing potential human health exposures via indoor air; and 3) it is considered sufficient to prevent extended impact to the creek buffer zone and ensure that MNA will be effective to meet the final cleanup goals for the Site.

Identification and Screening of Remedial Technologies

Technology screening was conducted in accordance with the technology screening guidance described in applicable USEPA documents. Remedial technologies that are potentially applicable to groundwater remediation in the offsite area were developed from the list of applicable technologies provided in the *Remediation Technologies Screening Matrix and Reference Guide*. The potential remedial technologies were screened according to the following three general screening criteria:

- Technical Effectiveness,
- Implementability, and
- Cost.

Three remediation technologies, groundwater extraction and treatment (GET), *in situ* chemical oxidation (ISCO) and enhanced *in situ* bioremediation (EISB) were retained for further consideration because they passed these general screening criteria and were found to be capable of meeting the RAOs. Monitored natural attenuation (MNA) alone does not meet the RAOs but it is retained for further evaluation because it will be needed as a supplemental measure that the other technologies will need to meet the RAOs.

Preferred Alternative Selection

Five remedial alternatives including No Action were analyzed in detail and compared to the screening criteria and RAOs. The candidate remedial alternatives are listed below in order of best to worst ranking determined through the comparative analysis:

1. Enhanced *In Situ* Bioremediation (EISB), Alternative 5
2. Groundwater Extraction and Treatment (GET), Alternative 4
3. *In Situ* Chemical Oxidation (ISCO) (same rank as GET), Alternative 3
4. Monitored Natural Attenuation (alone), Alternative 2
5. No action, Alternative 1

Alternative 1 (No Action) will not meet the remedial action objectives. Alternative 2 (MNA) will not be adequate as a stand-alone remedial option and was considered only as an adjunct to another alternative.

Among the remaining three alternatives (Alternatives 3, 4, and 5), Alternative 5 (EISB) is considered to be the most effective remedy overall because plume area restoration and protection of human health and the environment are accomplished with minimum adverse effects and uncertainties. Alternative 2 (MNA) is the easiest to implement because site disruptions are minimized to the current established monitoring plan, and property access agreements are already in place. The cost effectiveness of Alternative 2 also ranks high amongst the remedial alternatives, although it does not appear to be effective as a stand-alone remedy. Overall, it appears a combination of Alternative 2 (MNA) and Alternative 5 (EISB) would be the optimal approach to achieving the Site RAOs.

Implementation of the Preferred Alternative

The preferred alternative for the offsite groundwater plume is EISB supplemented by MNA. The current groundwater monitoring program is generally adequate to address the need for the MNA component of the proposed final remedy. The following pertains exclusively to the implementation of EISB. EISB implementation involves the following:

- Laboratory bench-scale treatability study,
- Field pilot-scale testing, and
- Full-scale implementation.

Laboratory bench-scale testing is needed to partially address the feasibility and effectiveness of the EISB and provide supporting data for the field pilot test design. Certain aspects of the laboratory treatability study may be combined with the field pilot testing depending on site specific conditions and the other factors including logistics, cost, and project schedule.

The pilot test is a small scale field implementation. It will involve the selection of areas for the test, amendment to be injected to the groundwater zone and the method of delivery. Typically a groundwater and soil vapor monitoring network will be established first and one round of sampling will be conducted to set the baseline. Amendment can then be introduced and the effects monitored. Unlike the laboratory testing, the field pilot test will be focused on the injection of certain pre-determined amendments selected according to pertinent site data. The results of the pilot test will determine if the technology will be effective for full-scale implementation.

If successfully demonstrated by the pilot testing, full-scale implementation will be designed based on the pilot testing data and expanded to the target treatment areas based on the proposed action levels (i.e., 360 µg/L of TCE in the creek buffer zone and 2,000 µg/L of TCE in plume core).

Performance monitoring will be conducted to assess the effectiveness of the full-scale system and conduct routine optimization to ensure that the system is operated in the optimal mode and the final RAOs will be met. Air and water quality monitoring will be conducted at the same time to ensure that unacceptable exposure risks will not occur. Contingency plans will be developed as part of the final RAP implementation plan to lay out the road map for the follow-on actions, if needed, in case the technology will not achieve the RAOs.