

THIRD AMENDMENT TO LEASE AGREEMENT
Lease No. 5108

This Third Amendment to Lease Agreement ("Third Amendment"), dated August 7, 2018, is by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California ("County" or "Landlord"), as Lessor, and the CITY OF EAST PALO ALTO ("City" or "Tenant"), as Lessee.

Recitals

A. WHEREAS, County and City entered into a lease agreement, authorized by San Mateo County Resolution No. 63162 and dated for reference purposes only as November 2, 1999 (the "Lease"), for approximately 7,801 square feet of office space and 6,200 square feet of fenced vehicle parking at that certain property commonly known as 2415 University Avenue, East Palo Alto, California; and

B. WHEREAS, County and City entered into the First Amendment to Lease Agreement, authorized by San Mateo County Resolution No. 65622 and dated October 22, 2002 (the "First Amendment"), authorizing the expansion of leased space on the Premises to 8,343 square feet of office space and 6,200 square feet of fenced vehicle parking, correspondingly adjusting the quarterly rental amount, and extended the expiration date to June 30, 2007; and

C. WHEREAS, County and City entered into the Second Amendment to Lease Agreement, authorized by San Mateo County Resolution No. 69225 and dated January 1, 2007 (the "Second Amendment"), (collectively, along with the Lease and First Amendment, the "Lease As Amended") extending the expiration date to June 30, 2012; and

D. WHEREAS, the Lease As Amended expired on June 30, 2012, but remains in effect under the holdover provision set forth in Section 27D (Holding Over) of the Lease; and

E. WHEREAS, County and City wish to further amend the Lease As Amended, as herein set forth.

Agreement

For good and valuable consideration as hereinafter set forth, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Term**. Any references to the Term or Termination Date in the Lease As Amended notwithstanding, the expiration date of the Lease As Amended is hereby extended to June 30, 2023.
2. **Options to Extend Term**. City shall have the right to extend the Term (collectively, the "Extension Options", and each, an "Extension Option") for two (2), 5-year periods

(respectively, the "First Extension Term" and the "Second Extension Term", with each being referred to from time to time as an "Extension Term") if City is not in default under the terms of the Lease As Amended as amended by this Third Amendment ("Current Lease"). City may exercise its Extension Option for the respective Extension Term if it gives County written notice of such election no earlier than twelve (12) months, and no later than six (6) months, before the expiration of the then current Term of the Current Lease. City cannot exercise its Extension Option to extend the Term for the Second Extension Term unless the Term has previously been extended for the First Extension Term.

3. **Option to Terminate.** The text of Section 7 of the Lease, which is titled "Option to Terminate" is hereby deleted in its entirety.
4. **Capital Improvement Project.** County is assessing the feasibility of undertaking a largescale capital improvement project encompassing improvements that generally benefit the building (i.e., provide benefits to more than a single tenant) ("Capital Improvement Project"), although no scope of work has been developed as of the Effective Date. Once a draft of the scope of work for the Capital Improvement Project, if any, has been developed, the County will provide said draft to the City for its examination, though the final scope of work shall be within the sole discretion of the County.

If County proceeds with the Capital Improvement Project, County reserves the right, at County's sole discretion, to relocate City during the Term to space within the City of East Palo Alto of reasonably similar utility as the Premises located at 2415 University Avenue, East Palo Alto, California. If County exercises its right to relocate City, then only reasonable moving expenses incurred by City for physically relocating its furniture, fixtures and equipment (and no amount for any lost revenues, profits or other expenses) shall be paid by County. City's obligation to make any payment as provided in the Lease As Amended shall not be suspended or otherwise modified by the exercise of County's right to relocate City. County shall provide written notice to City of relocation no less than ninety (90) days prior to the relocation, and City shall relocate on or before the date set by County. City agrees to execute, upon County's request, an amendment to the Lease confirming the change in location, but City's failure to do so shall not negate, void or otherwise affect County's rights under this Section. All other terms and provisions of the Lease as Amended shall remain in full force and effect. County shall have the right of self-help to implement the provisions of this Section.

Parties agree that should County construct the Capital Improvement Project, City's rent will be increased based on a formula that will amortize the City's proportionate share of the Capital Improvement Project's cost over a duration of time to be determined when a scope of work is developed ("Capital Improvement Rental Adjustment"). City's proportionate share of the Capital Improvement Project's cost will be based on the percentage of the building occupied by City (example: if City occupies 25% of the building, City's proportionate share of the Capital Improvement

Project cost will be 25%). Should construction of the Capital Improvement Project lead to a Capital Improvement Rental Adjustment that is unacceptable to City, City shall have the option to terminate this Lease by delivering written notice (the "Termination Notice") to County of City's intent to terminate this Lease, on or before the thirtieth (30th) day immediately following the date the County advises City of proposed or actual Capital Improvement Rental Adjustments (the "Termination Notice Deadline"). If City timely delivers the Termination Notice, then such termination shall be effective as of the ninetieth (90th) day immediately following the date on which County receives the Termination Notice. If City fails to deliver the Termination Notice before the Termination Notice Deadline, City shall be deemed to have waived its right to terminate this Lease based on any Capital Improvement Rental Adjustment. Nothing in this Section shall be construed to in any way alter the provisions of Section 9 of the Lease as Amended ("Rental Adjustments").

5. **Alterations and Additions.** Any plans and designs submitted by the City to County's Planning and Building Department shall be reviewed within thirty (30) days of receipt. Any Alterations and Additions shall be made in accordance with Section 21 of the Lease.
6. **Security.** Subject to Section 9 of the Lease (Rental Adjustments), County shall provide security services to the common areas of the building and the Parking Facilities. The City's pro-rata share of the estimated and actual security services cost shall be included in the calculation of the Minimum Quarterly Rental and Rental Adjustments.
7. **Parking.** It is the intent of County to implement new parking regulations at County-owned facilities. County may limit access to and use of parking lot provided that such restrictions have no impact on City's ability to directly provide services to constituents.
8. **Effective Date; Approval.** This Third Amendment shall become effective (the "Effective Date") when the County Board of Supervisors adopts a resolution authorizing the execution of this Third Amendment, and the Third Amendment is duly executed by the County and the City.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE AMENDMENT, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF COUNTY HAS AUTHORITY TO COMMIT COUNTY HERETO UNLESS AND UNTIL THE COUNTY BOARD OF SUPERVISORS HAS ADOPTED A RESOLUTION AUTHORIZING THE EXECUTION OF THIS THIRD AMENDMENT TO THE AGREEMENT. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF COUNTY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS THE BOARD OF SUPERVISORS ADOPTS A RESOLUTION AUTHORIZING THE EXECUTION OF THIS THIRD AMENDMENT. APPROVAL OF THIS AMENDMENT 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.

9. **Counterparts.** This Third Amendment 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.
10. **No Further Amendments; Conflicts.** All the terms and conditions of the Lease As Amended remain in full force and effect except as expressly amended herein. The Lease as amended by this Third Amendment constitutes the entire agreement between County and City and may not be modified except by an instrument in writing duly executed by the parties hereto. In the event of any conflict between the terms of the Lease As Amended and the terms of this Third Amendment, the terms of this Third Amendment shall control.

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County and City have executed this Third Lease Amendment as of the date first written above.

TENANT:

CITY OF EAST PALO ALTO

By: 

Its: City Manager

COUNTY:

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

Attest:

By: _____

Dave Pine

President, Board of Supervisors

Clerk of the Board

Resolution No.: _____