



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: October 10, 2001

BOARD MEETING DATE: October 23, 2001

TO: Honorable Board of Supervisors
FROM: Paul T. Scannell, Assistant County Manager
SUBJECT: Lease/Concession Agreement with The Hertz Corporation for the Mary Griffin Ramseur Terminal Building, San Carlos Airport (Lease No. 5289)

Recommendation

Adopt a resolution authorizing the President of the Board of Supervisors to execute a Lease/Concession Agreement with Hertz Corporation to lease office space at the Mary Griffin Ramseur Terminal Building.

Background

The Mary Griffin Ramseur Terminal Building is occupied by the Airport Manager's office with the remainder of the building being rented to various companies. One of the offices has been vacated and the Airport Manager has negotiated an agreement with Hertz to rent approximately 240 square feet of office space for the operation of a car rental business.

Discussion

The Lease/Concession Agreement presented for your consideration is summarized as follows:

1. The term is for approximately five (5) years commencing upon approval by the Board of Supervisors and expiring on July 31, 2006.

Honorable Board of Supervisors
October 10, 2001
Page Two

2. The total monthly fee is \$1,290, which includes a base rent of \$540 and \$750 for 15 parking stalls. In addition, Hertz will also be charged 5% of the gross revenues of its car rental and related services.
3. The Landlord will furnish utilities and janitorial services to the premises. The Tenant shall reimburse Landlord \$180 per month for these services.
4. Either party may terminate by giving written notice to the other party at least six months in advance.
5. There is a mutual hold harmless provision included in the agreement.

The Hertz Corporation complies with the County's Equal Benefits Ordinance. County Counsel has approved the agreement. The Director of Public Works concurs with our recommendation.

Fiscal Impact

The monthly rent payments will be deposited into the Airport Enterprise Fund.

Cc/enc: Milton Mares, Deputy County Counsel

cc: Neil Cullen, Director, Public Works Department
Attn: Susan Durling, Executive Secretary
Mark Larson, Acting, Airport Manager, Department of Public Works
Steve Alms, Manager, Real Property Services
Carolyn Hamilton, Real Property Agent, Real Property Services

RESOLUTION NO. _____

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

RESOLUTION AUTHORIZING EXECUTION OF A LEASE/CONCESSION AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
THE HERTZ CORPORATION FOR THE
MARY GRIFFIN RAMSEUR TERMINAL BUILDING,
620 AIRPORT DRIVE, SAN CARLOS
(LEASE NO. 5289)

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

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance a Lease/Concession Agreement, reference to which is hereby made for further particulars, whereby the County of San Mateo shall lease to The Hertz Corporation, a portion of that certain building at 620 Airport Drive, San Carlos, known as the Mary Griffin Ramseur Terminal Building, in accordance with the terms and conditions contained in said agreement; and

WHEREAS, this Board has been presented with a Lease/Concession Agreement and said Board has examined and approved same as to both form and content and desires to enter into same:

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED as follows:

1. That the President of this Board of Supervisors be, and is hereby, authorized and directed to execute said Lease/Concession Agreement for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest to the signature thereto.
2. That the Assistant County Manager is hereby authorized to accept or execute on behalf of the County, any and all written notices and documents in connection with the Lease/Concession Agreement.

COUNTY OF SAN MATEO

Equal Benefits Compliance Declaration Form

I Vendor Identification

Name of Contractor: Hertz Local Edition
 Contact Person: Craig Olson, City Manager
 Address: 7555 Mission Street
Daly City, CA 94014
 Phone Number: 650-992-1582 Fax Number: 650-992-1589

II Employees

Does the Contractor have any employees? Yes No
 Does the Contractor provide benefits to spouses of employees? Yes No

If the answer to one or both of the above is no, please skip to Section IV.

III Equal Benefits Compliance (Check one)

- Yes, the Contractor complies by offering equal benefits, as defined by Chapter 2.93, to its employees with spouses and its employees with domestic partners.
- Yes, the Contractor complies by offering a cash equivalent payment to eligible employees in lieu of equal benefits.
- No, the Contractor does not comply.
- The Contractor is under a collective bargaining agreement which began on 1/00 (date) and expires on 1/05 (date).

IV Declaration

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this 25th day of July, 2001 at Daly City, CA
 (City) (State)

[Signature]
 Signature
City Manager
 Title

Craig Olson
 Name (Please Print)
13-3053797
 Contractor Tax Identification Number

LEASE/CONCESSION AGREEMENT

(No. 5289)

SAN CARLOS AIRPORT

620 AIRPORT DRIVE

TENANT: HERTZ

1. PARTIES 1

2. TERMS, COVENANTS AND CONDITIONS 1

3. PREMISES 1

4. TERM 1

5. MONTHLY RENTAL 2

6. EXTENSION OPTION 2

7. COST-OF-LIVING RENTAL ADJUSTMENTS. 4

8. GROSS REVENUES 4

9. ACCOUNTS AND RECORDS. 6

10. LATE CHARGES AND RETURNED CHECK CHARGE 7

11. USE 7

12. USE OF AIRPORT FACILITIES 7

13. MOTOR VEHICLES 8

14. UTILITIES 8

15. JANITORIAL SERVICES 8

 A. Daily 8

 B. Weekly 9

 C. Monthly 9

 D. Quarterly 9

16. EMPLOYEE PARKING 9

17. ASSESSMENTS/TAXES 9

18. POSSESSORY INTEREST TAX 10

19. MAINTENANCE AND REPAIRS 10

 A. Routine Maintenance by Tenant 10

 B. Structural Repairs by Landlord 10

20. TERMINATION 10

21.	<u>DAMAGE OR DESTRUCTION</u>	10
22.	<u>SURRENDER OF PREMISES</u>	11
23.	<u>ENTRY BY LANDLORD</u>	11
24.	<u>RESERVATIONS</u>	12
25.	<u>CONSENT OF PARTIES</u>	12
26.	<u>ALTERATIONS AND ADDITIONS</u>	12
27.	<u>DEFAULT</u>	13
	A. <u>Default by Tenant</u>	13
	B. <u>Landlord's Remedies</u>	14
	C. <u>Default by Landlord</u>	14
	D. <u>Tenant's Remedies</u>	14
	E. <u>California Law Notice Requirements</u>	14
28.	<u>INDEMNIFICATION AND INSURANCE</u>	15
	A. <u>Hold Harmless</u>	15
	B. <u>Fire legal Insurance</u>	15
	C. <u>Liability and Property Damage Insurance</u>	15
	D. <u>Workers' Compensation and Employer's Liability Insurance</u>	16
	E. <u>Miscellaneous Insurance Provisions</u>	16
	F. <u>Certificate of Insurance</u>	16
	G. <u>Increase in Coverage</u>	17
	H. <u>Fire and Extended Coverage Insurance</u>	17
	I. <u>Fire and Extended Coverage Insurance</u>	17
29.	<u>HAZARDOUS MATERIALS ACTIVITY</u>	17
30.	<u>COMPLIANCE WITH SAN CARLOS AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS</u>	18
31.	<u>NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS</u>	19
32.	<u>HOLDING OVER</u>	19
33.	<u>ASSIGNMENT AND SUBLETTING</u>	19
34.	<u>SAN MATEO COUNTY NO SMOKING ORDINANCE</u>	20
35.	<u>OPERATION OF RADIO EQUIPMENT</u>	20
36.	<u>CLOSING OF AIRPORT FOR MAINTENANCE AND CONSTRUCTION</u>	20
37.	<u>LAWS, RULES, REGULATIONS AND PERMITS</u>	20
38.	<u>PERSONAL PROPERTY</u>	21

39.	<u>NOTICES</u>	21
40.	<u>LIENS</u>	21
41.	<u>NON-DISCRIMINATION</u>	21
42.	<u>GENERAL PROVISIONS</u>	22
	A. COMPLIANCE WITH LAW	22
	B. AUTHORITY OF PARTIES	22
	C. OTHER TERMS	23
	D. WAIVER	23
	E. JOINT OBLIGATION	23
	F. TIME	23
	G. SUCCESSORS AND ASSIGNS.	23
	H. RECORDATION	23
	I. QUIET POSSESSION	23
	J. PRIOR AGREEMENTS	24
	K. INABILITY TO PERFORM	24
	L. NEGATION OF PARTNERSHIP	24
	M. SALE OR TRANSFER OF PREMISES	24
	N. NAME	24
	O. CUMULATIVE REMEDIES	24
	P. SIGNS AND AUCTIONS	25
	Q. PROVISIONS, COVENANTS AND CONDITIONS	25
	R. CAPTIONS, TABLE OF CONTENTS	25
	S. PAYMENTS IN U.S. MONEY	25
	T. SINGULAR AND PLURAL	25
	U. CHOICE OF LAW	25
	V. VENUE	25
EXHIBIT	"A"	27
EXHIBIT	"B"	28

LEASE/CONCESSION AGREEMENT

(No. 5289)

620 Airport Drive, San Carlos (San Carlos Airport)

This is intended to be a legally binding contract - Read it carefully and consult an attorney.

1. PARTIES. This Lease, dated, for reference purposes only, this _____ day of _____, 2001 is made by and between the COUNTY OF SAN MATEO a political subdivision of the State of California ("Landlord") whose address is:

County of San Mateo
Real Property Division, County Manager's Office
455 County Center, 5th Floor
Redwood City, CA 94063

and THE HERTZ CORPORATION
~~HERTZ LOCAL EDITION CORPORATION~~, a Delaware corporation ("Tenant") whose address is:

225 Brae Boulevard
Parkridge, N.J. 07656

Both Parties agree as follows:

2. TERMS, COVENANTS AND CONDITIONS. This Lease is subject to the terms, covenants and conditions herein set forth. Each party covenants, as a material part of the consideration for this Lease, to keep and perform each and all of said terms, covenants and conditions which are to be performed, and that this Lease is made upon the condition of said performance.

3. PREMISES. Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord that certain real property described as a portion of Office #4 on that certain drawing entitled Office-Administration Building, San Carlos Airport (Drawing #A-2, Sheet 2 of 16, Job #6526) as prepared by Keller & Daseking dated January 13, 1966, in that certain building identified as 620 Airport Drive, San Carlos, California, consisting of approximately 240 square feet and shown in Exhibit "A" attached hereto and incorporated herein by reference, together with the exclusive use of 15 parking spaces designated by the Airport Manager. Tenant shall have the authority to designate said spaces as "Hertz Parking Only".

4. TERM. The term of this Lease shall commence on the date of delivery of a fully executed Lease and shall expire on the 31th day

of July, 2006.

5. MONTHLY RENTAL. Tenant agrees to pay to Landlord as rental, without prior notice or demand, for the Premises the sum of Five Hundred and Forty Dollars (\$540) ("Base Rent"), Seven Hundred and Fifty Dollars (\$750) for 15 parking stalls and 5% of Gross Revenues ("Percentage Rent") on or before the first day of the first full calendar month of the term hereof, and a like sum on or before the first day of each and every successive calendar month thereafter.

In addition to and concurrently with the monthly rent payments set forth in this section, Tenant shall pay an additional \$180.00 per month which shall include gas, electricity, garbage removal service, janitorial services and for the cost of paper products for the restrooms in the building. Said monthly fee shall be based on an annual average and can be adjusted accordingly periodically to reflect actual usage and costs.

Rent for any period during the term hereof which is for less than one (1) month shall be a prorated portion of the monthly installment herein on a per diem basis, based upon a thirty (30) day month. Said rental shall be paid to Landlord at:

County of San Mateo
Department of Public Works
Airports Division
620 Airport Drive
San Carlos, CA 94070

or to such other person or at such other place as Landlord may from time to time designate in writing.

Tenant shall, by the twentieth day of each month, furnish to County a written report of its vehicle rental and related activities during the preceding month on a form provided by County or approved by the Airport Manager.

6. EXTENSION OPTION. Tenant shall have the right to extend the Initial Term of this Lease (the "Extension Option") for one additional term of five years (the "Extended Term"). Such Extension Option shall be on all of the terms and conditions contained in this Lease except that, at Landlord's election, the Base Rent may be adjusted to an amount equal to the Prevailing Market Rate as set forth below. Tenant may exercise the Extension Option, if at all, by giving written notice to Landlord no later than one hundred eighty (180) days prior to expiration of the term to be extended; provided, however, if Tenant is in material default hereunder on the date of giving such notice and fails to cure such

default as provided herein, Landlord may reject such exercise by delivering written notice thereof to Tenant promptly after such failure to cure.

At the commencement of the Extended Term, the Base Rent shall be adjusted as set for in Section 7 [Cost-of-Living Rental Adjustments] hereof or, at the election of Landlord delivered to Tenant in writing within thirty days of receipt of Tenant's notice, shall be adjusted to 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; 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 (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) All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in the area. 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.

7. COST-OF-LIVING RENTAL ADJUSTMENTS. On August 1 of each year of the term, the Base Rent as set forth in Section 5 [Monthly Rental] shall be adjusted as follows:

The Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"), which is published most immediately preceding the Adjustment Date (the "Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date (June) in the case of the first Adjustment Date (August 1, 2002) or, in the case of any subsequent Adjustment Date, the Index published most immediately preceding the prior Adjustment Date (the "Base Index").

If the Adjustment Index has increased over the Base Index, then the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Base Index. In no event shall the monthly Base Rent on or after the Adjustment Date be less than the monthly Base Rent in effect for the last full month immediately prior to the Adjustment Date.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

Formula:

$$\text{Base Rent} \times \frac{\text{Adjustment Index}}{\text{Base Index}} = \text{Adjusted Rent (new Base Rent)}$$

8. GROSS REVENUES. Gross revenues are defined to mean:

A. The gross amount received by Tenant, without deduction or offset, from all vehicles rented at the San Carlos Airport (hereinafter "Airport") and for all incidental sales and services relating to such rentals permitted under this Agreement, both for cash and on credit.

Vehicles shall be deemed to be rented at the Airport if:

1. the vehicle is delivered to the customer at or from the Airport;
2. the rental contract is negotiated and signed at Airport but the vehicle is delivered elsewhere;
3. the rental car customer is an air passenger or private pilot who rents a vehicle within 24 hours of arrival at the Airport;
4. the vehicle delivered to a customer at Airport or negotiated for in whole or in part by a customer at Airport is exchanged for another vehicle, except where such exchange takes place at another airport and a fee is paid at such other airport;
5. there are further exchanges. In the event of any such exchange by which the Airport is deliberately deprived of revenue which should accrue to it, the same shall constitute a default hereunder, and Airport may, at its option, terminate this Agreement. Said termination shall be immediately effective by written notice from County.

B. All rentals or incidental sales and services on credit whether or not payment has actually been made;

C. All charges paid or payable to Tenant by customers except those specifically excluded as hereinafter provided; and

D. "Net fees" only from the rental or sale of mobile telephone services. Net fees are defined as the difference between the actual selling price to Airport customers and the actual cost to Tenant for the purchase of mobile telephone service from a provider.

Any credits for rental charges to customer by reason of the purchase of gasoline, oil, repairs or for any other reason, shall not be deducted from gross revenues.

E. Gross Revenues shall not include:

1. charges for damages to vehicles;
2. charges incurred as a result of a conversion or abandonment of vehicles;

3. any tax levied by any municipality, state or federal government which is required by law to be separately stated and collected from the customer;
4. funds derived from the disposition of used vehicles or other capital equipment of Tenant in the course of Tenant's program for replacement and retirement of such vehicles and equipment;
5. funds derived from any waivers or insurance offered in conjunction with an automobile rental;
6. funds for reimbursement of replacement fuel;
7. any transportation fees or any other pass-through fees permitted by law;
8. any inter-city or drop charges.

9. ACCOUNTS AND RECORDS. In order to make the payments required by Section 5, Tenant shall maintain locally a system of accounts, reports, statements and records satisfactory to County covering the transactions and operations under this Agreement which shall be preserved during the life of this Agreement and for twelve (12) months thereafter. In addition County shall have the right to inspect and audit the books and records of Tenant from which the statement of gross receipts is prepared at any reasonable time upon request. Expenses of such audit shall be borne by County unless such examination shall disclose an additional amount owing to the Airport of greater than One Thousand and No/100 Dollars (\$1,000) for any one year, in which event all costs of audit shall be paid by Tenant.

The County shall have the right to accept and apply on account any amount tendered by Tenant, as in full of all or any portion of additional rental without prejudicing County's right to recover the full correct amount after reduction by the amount so accepted and applied on account. Tenant hereby waives the right to insist upon any condition of any such tender that it be accepted in full, if at all.

If County's audit or examination shall reveal that Tenant has not paid the proper amount of additional fees, any increase of additional fees resulting from such audit shall be paid by Tenant within fifteen (15) days after Tenant has received a copy of such audit or examination.

If Tenant fails to prepare and deliver within the time specified any reports, statements or payments required by this section and sections 5 and 8 of this agreement, County may elect to treat Tenant's said failure as a substantial breach of this agreement entitling County to terminate this agreement, but only

after County has given Tenant ten (10) days written notice to submit said statement or payment.

10. LATE CHARGES AND RETURNED CHECK CHARGE. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices and accounting charges. Accordingly, if any installment of rent or of a sum due from Tenant is not received by Landlord within ten (10) days after said amount is due, that payment shall be delinquent and Tenant shall pay to Landlord a late charge equal to one percent (1%) of the rent in effect at that time or Twenty-five Dollars (\$25), whichever is greater. A late charge shall be applied each month rent is delinquent. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

Tenant agrees to pay Landlord a special handling charge of Twenty Five Dollars (\$25.00) for any check dishonored by the bank for any reason. This charge shall be added to and become part of Tenant's obligations hereunder, and shall be in addition to any charge for late payment provided for herein. Tenant agrees to pay Landlord immediately upon request any and all charges for dishonored checks.

11. USE. Tenant shall use the Premises exclusively for the rental of vehicles and related services, and general office purposes and shall not use or permit the Premises to be used for any other purpose including, but not limited to, the sale or disposition of used vehicles or other capital equipment, without the prior consent of Landlord.

Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Premises or any of its contents, or cause cancellation of any insurance policy covering the Premises or any part thereof or any of its contents. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

12. USE OF AIRPORT FACILITIES. Landlord shall allow Tenant full use of all facilities on the Airport which are normally open to and

usable by the public, subject to Airport rules and regulations. The right to use Airport facilities shall be non-exclusive and shall allow Tenant to use the runway, taxiways, loading and transient aprons, fueling facilities, parking areas and any other facilities as required, if they are normally furnished to the public. If Landlord normally receives payment for use of the facilities, Tenant shall pay Landlord in accordance with fees charged users of the facilities.

13. MOTOR VEHICLES. Vehicles owned or operated by Tenant or visitors to the premises or employees of Tenant shall be parked within areas specifically designated for vehicle parking. County's Airport Manager may from time to time grant permission to Tenant to park in areas outside this area but permission shall be revocable at will and without reason and no rights shall accrue to Tenant on account of such permission having been granted.

14. UTILITIES. Landlord shall furnish to the Premises reasonable quantities of gas, water, sewer, electricity, and heating as required for Tenant's use of the Premises. Such utilities and services shall be furnished to the Premises at all times during the term. Landlord shall not be required to construct new or additional utility installations, including, without limitation, wiring, plumbing, conduits, and mains, resulting from Tenant's changed or increased utility requirements.

15. JANITORIAL SERVICES. Landlord shall provide janitorial services sufficient to maintain the Premises and the common areas of the building in a clean well-maintained condition, that is, to eliminate all visible dust, dirt, litter, grime, stains, smears, finger marks, etc., to the greatest practical degree possible, by performing at least the following:

A. Daily.

(i) Empty all trash containers and dispose of all trash.

(ii) Restrooms: Clean and disinfect floors, wash basins, toilets, and urinals to maintain a sanitary and odor-free condition. Clean mirrors, metal, dispensers and receptacles. Empty and wipe out all waste receptacles. Replenish all toilet room supplies (including soap, towels, seat covers, and toilet tissue). Clean walls, partitions, ceilings, doors, as needed.

(iii) Sweep or dust mop, all hard surface floors. Damp mop as needed. Vacuum heavy traffic carpeted areas.

(iv) Remove smudges from doors, door frames, light switches and counters, as needed.

(v) Spot clean door and partition glass.

(vi) Clean and polish drinking fountains.

- (vii) Remove trash and debris from landscaped areas.
- (viii) Dust the tops of desks, chairs and office furniture (which are free of interfering objects).
- (ix) Remove spots and/or spills from the carpets, rugs, floors, and stairways.
- (x) Kitchen, coffee, and/or lunchroom areas excluding public restaurant area), if any: Clean floors, counter tabletops, wipe front of appliances, dust furniture.

B. Weekly.

- (i) Vacuum all carpeted areas and damp mop all hard surface floors.
- (ii) Spot clean all wall switches, door facings, painted partitions and painted walls.
- (iii) Dust counters, shelves, bookcases and file cabinets.
- (iv) Sweep walkway and wipe down benches. Hose down walkway as needed.

C. Monthly.

- (i) Dust picture frames, baseboards, ledges, window sills, venetian blinds and low reach areas.
- (ii) Clean and disinfect telephones.
- (iii) Clean and buff or refinish resilient and tile floors.

D. Quarterly.

- (i) Dust high reach areas (i.e., partition tops, door tops, air conditioning vents).
- (ii) Brush down or vacuum wall and ceiling vents.
- (iii) Brush or vacuum upholstered furniture.
- (iv) Wipe down plastic and leather furniture.

16. EMPLOYEE PARKING. In addition to the exclusive use of the 15 parking spaces included in the Premises as set forth in Section 3, Tenant shall have the non-exclusive use of the general parking areas of the Airport for the reasonable use of its employees, invitees, and other guests. All such parking shall be subject to the limitation, rules and regulations established from time to time by Landlord. No vehicle offered for rent by Tenant shall be parked or stored in the general parking areas of the Airport.

17. ASSESSMENTS/TAXES. This Lease is entered into upon the assumption that there will be no ad valorem taxes or assessments applicable to the building. Tenant shall pay all federal, state and local taxes that are levied or required with respect to its employees, such as, but not limited to, social security and workers' compensation. As between Tenant and Landlord, Tenant shall be responsible for the payment of all sales or excise taxes on its operation. Tenant shall also be liable for any special assessments levied against the property. Tenant reserves the right

to challenge any tax and special assessments.

Tenant shall pay, or cause to be paid, before delinquency, any and all taxes and assessments levied against Tenant's personal property in the Premises.

18. POSSESSORY INTEREST TAX. Tenant recognizes and understands in executing this Lease that its interest in the Premises created herein may be subject to a "possessory interest tax" that the County Assessor may impose on such interest, and any such tax would be the liability of and be paid solely by Tenant. Tenant agrees to pay promptly when due, any possessory interest tax imposed on its interest in the Premises.

19. MAINTENANCE AND REPAIRS.

A. Routine Maintenance by Tenant. By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof in good condition and repair, damage thereto from causes beyond the reasonable control of Tenant and ordinary wear and tear excepted. Tenant shall upon the expiration or termination of this Lease surrender the Premises to Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted.

B. Structural Repairs by Landlord. Notwithstanding the provisions of Sub-Section A herein above, Landlord shall repair and maintain the structural portions of the Premises including the roof, basic plumbing, air conditioning (if any), heating, and electrical systems, installed or furnished by Landlord, unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees or invites, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after notice of the need of such repairs or maintenance is given to Landlord by Tenant.

20. TERMINATION. Either party shall have the option to terminate this Lease at anytime, at will and with or without cause by giving written notice to the other party at least six months in advance.

21. DAMAGE OR DESTRUCTION. If, during the term of this Lease, the improvements which are a part of the Premises and/or the building where the Premises are located are damaged from any cause, rendering the Premises totally or partially inaccessible or unusable, Landlord at its election, may either terminate this Lease or restore such improvements and/or building within a reasonable time and this Lease shall continue in full force and effect. If then existing laws do not permit restoration, either party may

terminate this Lease immediately by giving notice to the other party.

In case of damage there shall be an abatement or reduction of rent, except any percentage rent (if any), between the date of the damage and the date of completion of restoration, based on the extent to which the damage interferes with Tenant's use of the Premises. If any damage to said improvements and/or building is due to the fault or neglect of Tenant, its agents, contractors, employees or invites, there shall not be an abatement or reduction of rent.

Landlord shall not be required to restore or replace any panels, decoration, office fixtures, railings, floor covering, partitions, or any other property installed in the Premises by Tenant.

Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Tenant's personal property, loss of revenue, or any inconvenience or annoyance occasioned by such damage or restoration.

22. SURRENDER OF PREMISES. At the expiration or termination of this Lease, Tenant shall surrender to Landlord possession of the Premises, including all improvements constructed by Tenant. Tenant shall leave the surrendered Premises in good condition, except as may be specifically provided to the contrary in other provisions of this Lease. All property that Tenant is required to surrender shall become Landlord's property at the expiration or termination of this Lease. All property, including Tenant's personal property, that Tenant is not required to surrender but that Tenant abandons shall, at Landlord's election, become Landlord's property at the expiration or termination of this Lease.

23. ENTRY BY LANDLORD. Landlord reserves and shall at any and all reasonable times, with the accompaniment by authorized County personnel, have the right to enter the Premises, upon reasonable notice to Tenant, inspect the same, supply any services to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve, repair or restore the Premises as Landlord may deem necessary or desirable, without abatement of rent. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, cabinets, safes and files, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or

unlawful entry into, or a detailed of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

24. RESERVATIONS. This Lease shall at all time be subject to such rights-of-way for such sewers, pipe lines, conduits, and for such telephone, telegraph, light, heat or power lines, as shall have been duly established or as may from time to time be reasonably determined by Landlord.

This Lease is subsequent to and subject to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same appear on record in the office of the County Recorder, County of San Mateo, State of California, or in the official records of said County and of the various departments thereof. Tenant covenants not to disturb the quiet and peaceful enjoyment of any and all parties having any legal right, title, interest or privilege in and to the Premises and that the use of the Premises by Tenant shall at all times be conducted with proper regard for such rights, titles, interests and privileges.

It is specifically understood and agreed that any and all of the terms and conditions of this Lease are subordinate to all rights of the United States Government to use the Airport in times of war or national emergency.

25. CONSENT OF PARTIES. Whenever the consent, approval or permission of either party is required, that party shall not unreasonably delay or withhold such consent, approval or permission.

26. ALTERATIONS AND ADDITIONS.

Tenant shall, at its sole expense, construct improvements to the premises and these improvements will include the addition of a hallway through the building and a new exterior door entrance to the premises. All plans and specifications for the project will be approved by the Airport Manager prior to construction. Failure to construct said improvements within sixty (60) days of commencement of this lease shall give Landlord the right to terminate this Lease immediately upon written notice to Tenant.

Tenant shall not make any other structural or exterior alterations to the Premises without Landlord's consent. Tenant at its cost shall have the right to make, without Landlord's consent, nonstructural alterations to the interior of the Premises that Tenant requires in order to conduct its business on the Premises. In making any alterations that Tenant has a right to make, Tenant shall comply with the following:

1. Tenant shall submit reasonably detailed final plans and specifications and working drawings of the proposed alterations and the name of its contractor at least thirty (30) days before the date it intends to commence the alterations.

2. The alterations shall not be commenced until ten (10) days after Landlord has received notice from Tenant stating the date the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of nonresponsibility.

3. The alterations shall be approved by all appropriate government agencies, and all applicable permits and authorizations shall be obtained before commencement of the alterations.

4. All alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings and all applicable laws.

5. Any alterations made shall remain on and be surrendered with the Premises on expiration or termination of this lease, except that Landlord can elect within thirty (30) days before the expiration of the term, or within ten (10) days after termination of the term, to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later.

27. DEFAULT.

A. Default by Tenant. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

(i) The vacating or abandonment of the Premises by Tenant. (Failure to use or occupy the Premises for fifteen (15) consecutive days shall be deemed a vacation or abandonment.)

(ii) The failure by Tenant to make any payment of rental, or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after notice thereof by Landlord to Tenant.

(iii) The failure by Tenant to observe or perform any of the terms, covenants or conditions of this Lease to be observed or performed by Tenant, other than described in Subsections (A (i)) and (A (ii)) hereinabove, where such failure shall continue for a period of thirty (30) days after notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default and breach is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default and breach if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within ninety (90) days.

(iv) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty

(60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's personal property at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of a Tenant's personal property at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

B. Landlord's Remedies. In the event of any such default and breach by Tenant described hereinabove, Landlord may at any time thereafter:

(i) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In the event Tenant shall have abandoned the Premises, Landlord shall have the option of either (1) taking possession of the Premises and recovering from Tenant the amount specified in this Section, or (2) proceeding under the provisions of the following Sub-section (ii).

(ii) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(iii) Pursue any other remedy now or hereafter available to Landlord under applicable laws and judicial decisions.

C. Default by Landlord. Landlord shall be in material default and breach of this Lease if it fails or refuses to perform any of the terms, covenants or conditions of this Lease that it is obligated to perform if the failure to perform is not cured within thirty (30) days after written notice of the default and breach has been given by Tenant to Landlord; provided, however, that if the default and breach of Landlord is such that more than thirty (30) days are reasonably required for its cure, then, Landlord shall not be deemed in default and breach if Landlord commences to cure the default within thirty (30) days after the written notice and thereafter diligently prosecuted such cure to completion within ninety (90) days.

D. Tenant's Remedies. In the event of any such material default and breach by Landlord described hereinabove, Tenant may at any time thereafter: (a) Terminate this Lease with a notice to Landlord and vacate the Premises on the date of termination; and/or (b) Pursue any other remedy now or hereafter available to Tenant under the applicable laws and judicial decisions.

E. California Law Notice Requirements. The notice requirements set forth in this Section modify and supersede the notice requirements of the unlawful detainer statutes of California.

28. INDEMNIFICATION AND INSURANCE.

A. Hold Harmless. Tenant shall at all times relieve, indemnify, protect and hold harmless, Landlord, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description, brought for, or on account of injuries to or death of any person, including tenant, or damage to property of any kind whatsoever and to whomever belonging, that may in whole or in part arise from, or be caused by:

(i) The operation, maintenance, use, or occupation of the Premises and defects on the property in which the County has no control;

(ii) The acts or omissions of Tenant, its officers, agents, employees, servants, invitees or permittees; or

(iii) The failure of Tenant, its officers, agents, employees, servants, invitees or permittees, to observe or abide by any of the terms, covenants and conditions of this Lease or any applicable federal, state, county or municipal law, rule, or regulation.

(iv) Any other loss or cost, including but not limited to, the concurrent active or passive negligence of County, its officers, agents, employees, or servants resulting from the performance of any work required of Contractor or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which the County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Tenant to relieve, indemnify, protect and hold harmless, as set forth hereinabove, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

B. Fire legal Insurance. Tenant at its sole cost shall maintain fire legal insurance on the Premises with a limit of at least Fifty Thousand Dollars (\$50,000), with water damage and debris clean up provisions to be included. The insurance policy shall provide that any proceeds shall be made payable to Landlord.

C. Liability and Property Damage Insurance. Tenant at its cost shall maintain the following insurance with the following limits insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises:

(i) Combined Public Liability and Property Damage Insurance, self insurance or combination thereof, with liability limits of not less than One Million Dollars (\$1,000,000); and

(ii) Comprehensive Airport and Aircraft Liability coverage in the minimum amount of \$1,000,000 Combined Single Limit (CSL) Bodily Injury and Property Damage with a minimum sublimit of \$100,000 each person. The policy shall include coverage for Owned,

Non-Owned or Leased aircraft; and

(iii) Commercial Automobile liability coverage for all Owned, Non-Owned and Hired automobiles in the minimum amount of \$1,000,000 each accident; and

(iv) All public liability and property damage insurance shall insure performance by Tenant of the Hold Harmless Sub-section of this Lease; and

(v) Landlord shall be named as "additionally insured" and the policy shall contain cross-liability endorsements; and

(vi) All required insurance shall contain a Separation of Insureds or Severability of Interests provision; and

(vii) The policy shall not be cancelled or non-renewed unless the County has received 30 days prior written notice. (Ten day prior notice in the event of cancellation for nonpayment of premium is acceptable). Written notice shall be sent to: County of San Mateo, Attn: Airport Manager, 620 Airport Drive, San Carlos, CA 94070.

D. Workers' Compensation and Employer's Liability Insurance. During the entire term of this Lease, Tenant shall have in effect Workers' Compensation coverage providing full statutory benefits and employer's liability in the minimum amount of \$1,000,000. In executing this Lease, Tenant makes the following certification:

I am aware of the provisions of Section 3700 of the California Labor Code which require every employer (1) to be insured against liability for Workers' Compensation or (2) to undertake self-insurance in accordance with the provisions of the Code. I will comply with such provisions.

E. Miscellaneous Insurance Provisions. Tenant shall pay the premiums for maintaining the insurance required hereinabove. All the insurance required under this Lease shall:

(i) Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an A V status as rated in the most recent edition of Best's Insurance Reports.

(ii) Be issued as a primary policy.

(iii) Contain an endorsement requiring thirty (30) days' notice from the insurance company to both parties before cancellation or change in the coverage, scope, or amount of any policy.

(iv) Landlord shall be named as "additionally insured" on each policy.

(v) Each policy shall contain cross-liability endorsements.

F. Certificate of Insurance. A certificate of insurance,

together with evidence of payment of premium, shall be deposited with Landlord at the commencement of this Lease, and on renewal of the policy not less than twenty (20) days before expiration of each policy.

In the event Tenant fails to deliver the certificate of insurance verifying insurance coverage as required in this Section, Landlord shall have the option, after a ten (10) day notice to Tenant requesting a certificate, either (a) to terminate this Lease immediately thereafter with a notice to Tenant, or (b) to take out all or part of the required insurance and pay the premium thereon on behalf of Tenant. If Landlord opts to take out the insurance on behalf of Tenant, the cost of the premium paid by Landlord shall be deemed additional rent due and payable by Tenant with the next regular rent payment.

G. Increase in Coverage. Landlord reserves the right to require at any time that the required public liability and property damage insurance minimum coverage be increased in accordance with standard County of San Mateo Risk Management practice in effect at the time the increase is required. Tenant shall be given at thirty (30) days' notice of the required increase.

H. Fire and Extended Coverage Insurance. (Landlord's Improvements). Tenant at its cost shall maintain on the improvements that are a part of the Premises a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least the replacement value of the improvements which are a part of the Premises.

The insurance policy shall be issued in the names of Landlord and Tenant as their interests appear. The insurance policy shall provide that any proceeds shall be payable to Landlord.

I. Fire and Extended Coverage Insurance. (Tenant's Improvements). Tenant shall secure, and shall maintain at all times during the term of this Lease, insurance against damage or destruction by fire, windstorm, riot or civil commotion on Tenant's improvements at the Premises in the full amount of their replacement value, with such provision in the policies issued to cover the same, or in riders attached thereto, as shall provide for payment for losses thereunder sustained by Tenant; the proceeds of said policies to be held in trust by any reputable bank or trust company. Landlord shall release all proceeds from insurance policy.

29. HAZARDOUS MATERIALS ACTIVITY. Tenant may not store, handle or generate hazardous materials/waste/underground tanks on the property unless Tenant has completed and filed a San Mateo County Hazardous Materials Release Response Plan and Inventory ("Business Plan") with the San Mateo County Environmental Health Department.

Hazardous material means any material that, because of its

quantity, concentration, or physical or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment if released into the work place or the environment. Hazardous materials include, but are not limited to, hazardous substances, hazardous waste, and any material which a handler or the administering agency has a reasonable basis for believing that it would be injurious to the health and safety of persons or harmful to the environment if released into the work place or the environment. Examples of such hazardous materials are, but are not limited to: waste oil, solvents, gasoline and compressed gases.

If Tenant does store, handle or generate hazardous materials/waste, or operate an underground storage tank, Tenant must do so in compliance with all state and federal regulations regarding hazardous materials, including but not limited to, California Health and Safety Code, Chapters 6.5, Sections 25100-25249, California Code of Regulations Title 26 and Code of Federal Regulations Section 40 Parts 240-281. Tenant shall be in default hereunder in the event of Tenant's failure to (1) file the Business Plan, (2) follow the Business Plan, and (3) comply with applicable State and Federal statutes regarding the handling of hazardous materials/waste/underground tanks. In addition, County may exercise any rights applicable under State and Federal law, in regards to requiring Tenant to be responsible for disposal or removal of the hazardous materials/waste/underground tanks in a safe manner.

Subject to Section 21 herein, Landlord shall have the right to inspect the premises to ensure Tenant's compliance, and charge inspection fees, in accordance with applicable State and Federal statutes.

If Tenant does not intend to and will not store, handle hazardous materials/underground tanks or general hazardous waste, then Tenant must complete and file a "Hazardous Materials Negative Response Form" to that effect with the San Mateo County Environmental Health Department. If, at any time during the term of this Agreement, Tenant commences activity which would involve the handling, storage or generation of hazardous materials/waste/underground tanks, Tenant must follow the directives set forth above.

30. COMPLIANCE WITH SAN CARLOS AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS. Tenant agrees to abide by rules and regulations of San Carlos Airport applicable to the Premises and at all times to cooperate with County in its operation and management of said airport. The regulations currently in effect are set forth in Chapter 2.140 of the County Ordinance Code. Tenant shall notify all users of its facilities of all applicable rules and regulations.

Tenant shall comply with the standard provisions for all leases of airport land promulgated by the Federal Aviation

Administration, as set forth in the attached Exhibit "B", and as those provisions may be revised from time to time.

Tenant shall comply with Standards for Fixed Base Operators adopted from time to time by the Board of Supervisors affecting all operators on County Airports holding concessions similar to Tenant's. The standards currently in effect are set forth in County of San Mateo, Airport Business Operating Standards dated May, 1994. Tenant recognizes that it has full responsibility for meeting these Standards.

Tenant shall notify all users of its facilities and pilots of aircraft as to all applicable rules and regulations and require users and pilots to comply with them.

31. NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS. The provisions of this Agreement in no way abrogate any rights vested in the United States of America relative to the airport as such rights exist between the United States of America and the County of San Mateo.

32. HOLDING OVER. If Tenant holds over after the expiration or earlier termination of the term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at the monthly rental rate of fifty per cent (50%) above the rent in effect upon the date of such expiration and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of monthly payments after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this paragraph are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord hereunder or as otherwise provided by law.

33. ASSIGNMENT AND SUBLETTING. Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld, and a consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be voidable, and shall, at the option of Landlord, constitute a default under this Lease.

If Tenant is a partnership, a withdrawal or change, voluntary, involuntary, or by operation of law, of any general partner, or the dissolution of the partnership, shall be deemed a

voluntary assignment.

If Tenant consists of more than one person, a purported assignment, voluntary, involuntary, or by operation of law, from one person to the other shall be deemed a voluntary assignment.

If Tenant is a corporation, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of at least 51 percent of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 10% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations the stock of which is traded through an exchange or over the counter.

34. SAN MATEO COUNTY NO SMOKING ORDINANCE. Tenant is aware that the County of San Mateo has adopted an Ordinance (No. 03239) which prohibits smoking in all County facilities whether owned or leased. Tenant understands that said Ordinance authorizes County to enforce the provisions contained therein and Tenant agrees to enforce the provisions of said ordinance on the Premises.

35. OPERATION OF RADIO EQUIPMENT. Tenant shall not operate any radio equipment at the airport transmitting electronic signals which might interfere with operations of the Airport Control Tower, UNICOM, County Radios or other electronic transmissions essential to the operation of the airport.

36. CLOSING OF AIRPORT FOR MAINTENANCE AND CONSTRUCTION. Landlord may from time to time be required to close the runway and taxiways for purposes of necessary maintenance, repair or new construction. Landlord shall conduct these operations at a time and in a manner consistent with cost considerations so as to minimize the impact on Tenant's activities and shall furnish Tenant reasonable advance notice of any such work.

37. LAWS, RULES, REGULATIONS AND PERMITS. Tenant shall construct any improvements, use, maintain and occupy the Premises in compliance with all applicable laws, rules, and regulations. These include, but are not limited to, the provisions of any and all permits issued by the City of San Carlos for any improvements, any applicable laws, rules, and regulations of the City of San Carlos, and any applicable County, State or Federal ordinances, rules, policies, laws and regulations. Tenant is responsible for ascertaining the need for and obtaining all required permits, licenses, etc., for all of its activities on the Premises. The cost for all permits, licenses, etc., shall be borne solely by Tenant.

38. PERSONAL PROPERTY. Tenant's personal property shall include equipment, furniture, merchandise, and movable property placed in the Premises by Tenant, including trade fixtures. Trade fixtures include any property installed in or on the Premises by Tenant for purposes of trade, manufacture, ornament, or related use.

39. NOTICES. Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid mail, and if given by mail shall be deemed sufficiently given when sent by registered or certified mail. Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give by mail to the other party shall be addressed to the other party at the address set forth in Section 1 (Parties) of this Lease. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this Section.

40. LIENS. Tenant shall keep the Premises, free from any liens arising out of the work performed, materials furnished or obligations incurred by Tenant.

41. NON-DISCRIMINATION.

A. Tenant assures that it will comply with applicable federal regulations regarding "non-discrimination in airport aid," as required by 14 CFR, Part 152, and will require its subcontractors to do the same.

B. Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, which provides that no otherwise qualified handicapped individual shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of this contract.

C. No person shall, on the grounds of race, color, religion, ancestry, sex, age (over 40), national origin, medical condition (cancer), physical or mental disability, sexual orientation, pregnancy, childbirth or related medical condition, marital status, or political affiliation be denied any benefits or subject to discrimination under this agreement.

D. Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this agreement. Contractor's equal employment policies shall be made available to

County of San Mateo upon request.

E. With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.

42. GENERAL PROVISIONS.

A. COMPLIANCE WITH LAW. Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

B. AUTHORITY OF PARTIES.

(i) Corporate Authority. If either party hereto is a corporation, each party executing this Lease on behalf of the corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted Resolution of the Board of Directors of the corporation or in accordance with the By-Laws of the corporation, and that this Lease is binding upon the corporation in accordance with its terms.

(ii) Partnership. If either party hereto is a partnership or other unincorporated association, each party executing this Lease on behalf of the partnership or other association represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the partnership or association, in accordance with the partnership agreement or the agreement of said association.

(iii) Authorized Lease Representative of the County of San Mateo. The Assistant County Manager shall be the only authorized agent of the County of San Mateo for purposes of giving any notices or exercising any rights, options, privileges or

obligations of the County of San Mateo under this Lease. This Lease shall not be valid unless executed by the President of the Board of Supervisors of the County of San Mateo pursuant to a Resolution adopted in accordance with the California Government Code.

(iv) Community Property. If title to the Premises is held by Landlord as community property, the spouse of Landlord shall join in executing this Lease. Tenant shall have the right to rely on Landlord's representations without further inquiry as to whether or not its title to the Premises is held as separate or community property. Landlord shall be liable to Tenant for any damages suffered by Tenant in the event this Lease is voided by a spouse with a community property interest in the Premises who has not joined in executing this Lease. In addition, Landlord shall be liable for misrepresentation to Tenant of a material fact.

C. OTHER TERMS. Clauses, plats, exhibits and riders, if any, initialed and dated by Landlord and Tenant and endorsed on or affixed to this Lease are a part hereof.

D. WAIVER. The waiver by either party of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

E. JOINT OBLIGATION. "Party" shall mean Landlord or Tenant; and if there be more than one Tenant or Landlord, the obligations hereunder imposed upon Tenants or Landlords shall be joint and several.

F. TIME. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

G. SUCCESSORS AND ASSIGNS. The terms, covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

H. RECORDATION. Neither Landlord nor Tenant shall record this Lease, except that if either party requests the other party to do so, the parties shall execute a short form memorandum hereof in recordable form.

I. QUIET POSSESSION. Upon Tenant paying the rent and

other fees or charges reserved hereunder and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.

J. PRIOR AGREEMENTS. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

K. INABILITY TO PERFORM. This Lease and the obligations of Tenant hereunder shall not be affected or impaired because Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of Landlord.

L. NEGATION OF PARTNERSHIP. Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reasons of the provisions of this Lease.

M. SALE OR TRANSFER OF PREMISES. In the event of any sale or transfer of the Premises, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale or transfer; and the purchaser or transferee, at such sale or transfer or any subsequent sale or transfer of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties or their successors in interest or between the parties and any such purchaser or transferee, to have assumed and agreed to carry out any and all of the covenants and obligations and agreed to carry out any and all of the covenants and obligations of Landlord under this lease.

N. NAME. Tenant shall not use the name of the Premises or of the development, building or facility in which the Premises may be situated for any purpose other than as an address of the business to be conducted by Tenant in the Premises.

O. CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

P. SIGNS AND AUCTIONS. Tenant shall not place any sign upon the Premises or conduct any auction thereon without Landlord's prior written consent.

Q. PROVISIONS, COVENANTS AND CONDITIONS. All provisions herein, whether covenants or conditions, on the part of either party shall be deemed to be both covenants and conditions.

R. CAPTIONS, TABLE OF CONTENTS. The captions and the Table of Contents of this Lease (if any) shall have no effect on the interpretation of this Lease.

S. PAYMENTS IN U.S. MONEY. Rent and all sums payable under this Lease must be paid in lawful money of the United States of America.

T. SINGULAR AND PLURAL. When required by the context of this Lease, the singular shall include the plural.

U. CHOICE OF LAW. This Lease shall be construed, interpreted and governed in accordance with the laws of the State of California.

V. VENUE. The Venue for any court action to interpret or enforce this agreement or to litigate any claim arising out of this agreement shall be had in State Court of the County of San Mateo.

Handwritten initials

"TENANT"

~~HERTZ LOCAL EDITION CORPORATION~~
THE HERTZ CORPORATION

By _____

TOM SABELLA

Title: Vice President,
Properties and Concessions

"LANDLORD"

COUNTY OF SAN MATEO

By _____
President, Board of Supervisors

Resolution No. _____

ATTEST: _____
Clerk of said Board

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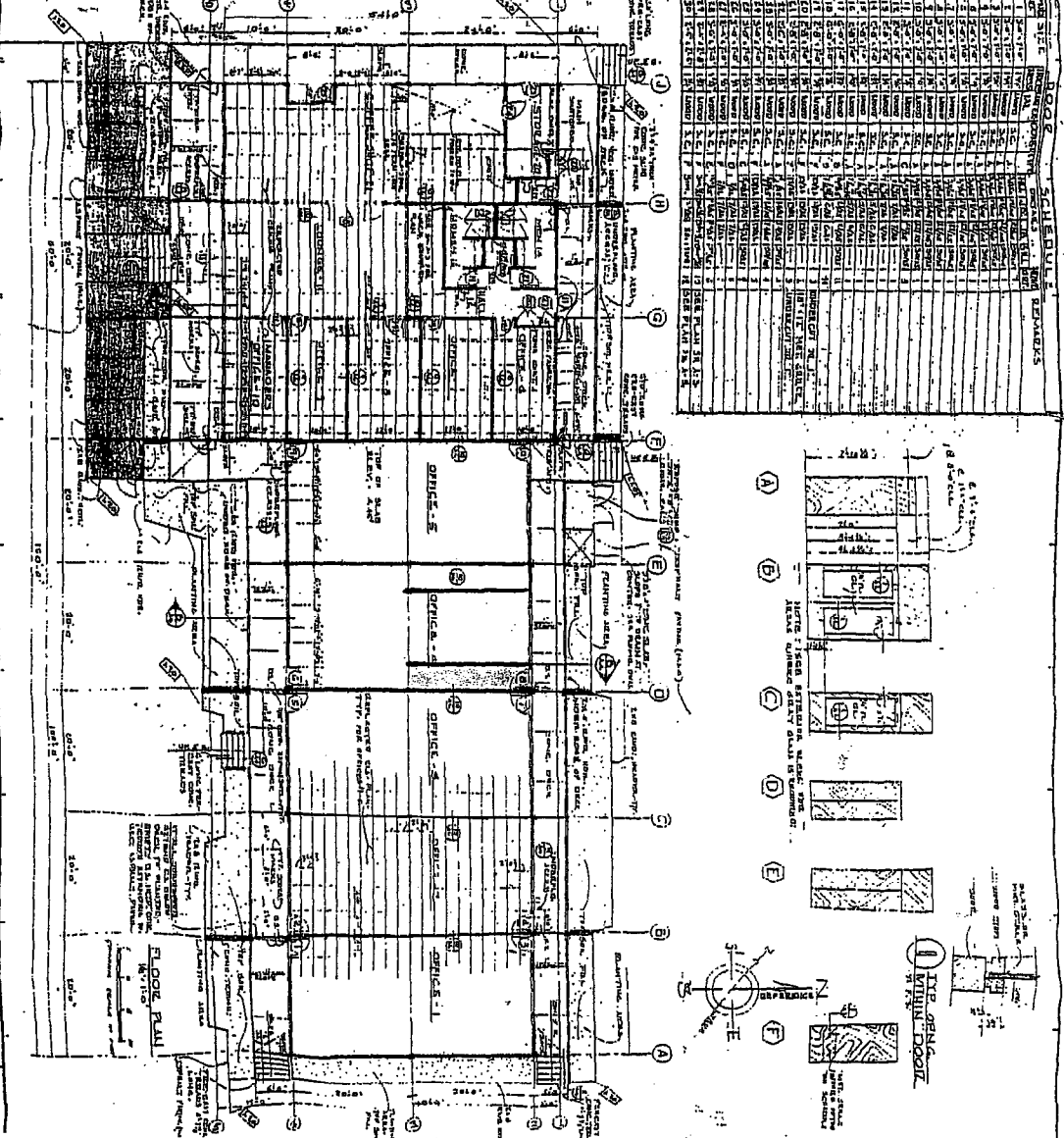
ROOM / ELEVATOR	BASE	MATERIAL	CEILING		DOOR		FINISH	REMARKS
			INTERNAL	EXTERNAL	INTERNAL	EXTERNAL		
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50 OFFICE	WOOD	WOOD	WOOD	WOOD	WOOD	WOOD	WOOD	

= Hertz Office
= New Hallway

DIRECTOR OF BUILDING CONSTRUCTION
SAN MATHEO COUNTY, CALIFORNIA

OFFICE ADMINISTRATION BUILDING
SAN CARLOS AIRPORT
SAN CARLOS, CALIFORNIA

EXHIBIT 'A'



NO.	DOOR	REMARKS
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Initials: LAD

KELLER AND DASEKING ARCHITECTS
1021 W. 11th St.
SAN CARLOS, CALIF.
A-2
0526

EXHIBIT "B"

STANDARD PROVISIONS FOR ALL LEASES,
USE, AND OTHER AGREEMENTS AND PERMITS
SAN MATEO COUNTY AIRPORTS

1. Tenant for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree "as a covenant running with the land" that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease, agreement or permit for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

2. Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, sex, sexual orientation, color, national origin, religion, age or disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the lands and furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

3. In the event of breach of any of the above nondiscrimination covenants, Landlord may terminate the lease, agreement or permit and re-enter and repossess the land and the facilities thereon and hold them as if the lease, agreement or permit had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are

followed and completed, including expiration of appeal rights.

4. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Tenant may make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach of the lease, agreement or permit. In the event of such non-compliance, Landlord may terminate this lease, agreement or permit and the estate hereby created without liability thereof; or, at the election of Landlord or the United States either or both of these governments may judicially enforce the provision.

6. Landlord may further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of Tenant and without interference or hindrance.

7. Landlord may, but shall not be obligated to Tenant to, maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport. Landlord also may direct and control the activities of Tenant in this regard.

8. The lease, agreement or permit shall be subordinate to the provisions and requirements of any existing or future agreement between County and the United States relative to the development, operation or maintenance of the airport.

9. There is hereby reserved to Landlord, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises covered by the lease, agreement or permit. This public right of flight shall include the right to cause in this airspace any noise inherent in the operation of any aircraft used for navigation of flight through the airspace or to land at, take off from or operate on the San Carlos or Half Moon Bay Airport, as the case may be.

10. Tenant shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations if future construction of a building is planned for the premises covered by the lease, agreement or permit or in the event of any planned modification or alteration of any present or future building or structure on the premises.

11. Tenant, by accepting this lease, agreement or permit, expressly agrees for itself, its successors and assigns

that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on any land leased that would be in conflict with the provisions of Part 77 of the Federal Aviation regulations. If these covenants are breached, County may enter upon the land and remove the offending structure or object and cut the offending tree, all of which shall be at Tenant's expense.

12. Tenant, by accepting this lease, agreement or permit, agrees for itself, its successors and assigns that it will not make use of the premises covered by the lease, agreement or permit in any manner which might interfere with the landing and taking off of aircraft from the airport or otherwise constitute a hazard. If this covenant is breached, County may enter upon the premises and cause the abatement of such interference at Tenant's expense.

13. Nothing contained in the lease, agreement or permit shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 (49 U.S.C. 1349A).

14. The lease, agreement or permit and all its provisions shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the airport or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency.

15. Tenant will conduct its programs and operate its facilities in accordance with the requirements of the Americans with Disabilities Act of 1992 and will assure that no qualified disabled person shall, solely by reason of his or her disability be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination, including discrimination in employment. Tenant will conduct its programs and operate its facilities in compliance with all the requirements imposed by or pursuant to 49 CFR Part 27.

16. Tenant shall insert the above provisions in any lease, agreement, contract, permit, etc., by which it grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises covered by the lease, agreement or permit, including any subleases, and hereby assures that the above provisions will be included in any agreement, contract, permit or further sub-lease granted or entered into by any sub-lessee of the Tenant.