

OFFICE LEASE

between

THREE SISTERS RANCH ENTERPRISES, LLC  
as Landlord

and

COUNTY OF SAN MATEO,  
as Tenant

For the lease of a portion of  
1390 El Camino Real  
San Carlos, California

June 1, 2002

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**LIST OF EXHIBITS:**

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- EXHIBIT B -- Not Used**
- EXHIBIT C -- Exclusions From Operating Costs**
- EXHIBIT D -- Rules and Regulations**
- EXHIBIT E -- Not Used**
- EXHIBIT F -- Standards for Janitorial Service**

**OFFICE LEASE**  
Lease No. 1258

THIS OFFICE LEASE (this "Lease"), dated for reference purposes only as of June 1, 2002 is by and between THREE SISTERS RANCH, LLC, a limited liability company ("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:                    | June 1, 2002   |
| 1.2 | Landlord:                                | THREE SISTERS RANCH ENTERPRISES, LLC   |
| 1.3 | Tenant:                                  | COUNTY OF SAN MATEO  |
| 1.4 | Building (Section 2.1):                  | Assessor's Parcel Number 051-361-060, together with the improvements thereon, and commonly known as 1390 El Camino Real, San Carlos, California.   |
| 1.5 | Premises (Section 2.1):                  | The first floor of that certain three-story office building commonly known as 1390 El Camino Real, San Carlos, California  |
| 1.6 | Rentable Area of Premises (Section 2.1): | Approximately 4,000 rentable square feet of office area (includes interior lobby).   |
| 1.7 | Term (Section 3):                        | The Effective Date shall be the date on which the Lease is fully executed pursuant to a duly adopted resolution of the Board of Supervisors of the County of San Mateo as set forth in Section 3.2 hereof. |

Estimated Commencement Date: June 15, 2002

Rent Commencement Date: June 15, 2002

Expiration date: June 30, 2003

Termination: County may terminate the Lease at any time prior to May 31, 2003 by giving Landlord 30 days written notice as set forth in Section 3.1. Landlord may terminate at any time after initial six (6) months and during any option period by giving ninety (90) days notice. All termination notices are

- at the sole discretion of the party giving notice.
- 1.8 Extension Options (Section 3.4): Two additional terms of five (5) years each, exercisable by County by notice to Landlord given not less than one hundred twenty (120) days in advance, with rent determined based on the increase in the Consumer Price Index. Extension Options are subject to Landlord's termination right.
- 1.9 Base Rent (Section 4.1): Monthly Base Rent of \$7,000 (\$1.75 per sq. ft. per month)
- 1.10 Adjustment Dates (Section 4.2): Commencing July 1, 2003, the rent shall be adjusted annually on July 1 of each successive year during the term of the lease, including option periods. The increase will be calculated based on the increase in the Consumer Price Index. In no event shall any increase exceed an amount equal to 4% of the Base Rent then subject to adjustment.
- 1.11 Additional Charges (Section 4.3): County shall pay its Proportionate Share of increases in Operating Costs and Real Estate Taxes over those of the Base Year.
- 1.12 Base Year (Section 4.3): The Base Year shall be the calendar year 2003.
- 1.13 County's Percentage Share (Section 4.3): County's Percentage Share shall initially be 32%. If County leases the Expansion Space, or any of it, or if portions of the Building are occupied by others, County's Percentage Share shall be recalculated based on BOMA Standards.
- 1.14 Use (Section 5.1): The Premises shall be used for general office purposes, training, counseling and such other functions and programs as the County may, in its sole discretion, deem appropriate subject to Landlord's termination right as set forth in Section 3.1.
- 1.15 Leasehold Improvements (Section 6): County will, at its sole cost and expense, install all necessary telecommunications, data and computer cabling facilities and equipment to the Premises as set forth in Section 6.
- 1.16 Utilities (Section 9.1): Landlord, at its sole cost and expense, shall provide all utilities to the Premises.
- 1.17 Services (Section 9.2): Landlord, at its sole cost and expense, shall provide all standard office services to the Premises.
- 1.18 Notice Address of Landlord (Section 23.1): 2991 El Camino Real  
Redwood City, CA 94061  
  
Fax No.: (650) 482-5598

- 1.19 Key Contact for Landlord: Mr. Martin E. Ruberry  
General Manager  
Three Sisters Ranch Enterprises, LLC  
P.O. Box 1444  
San Carlos, CA 94070-1444
- Landlord Contact Telephone No.: (650) 595-3800
- 1.20 with a copy to: Ted J. Hannig  
Hannig Law Firm, LLP  
2991 El Camino Real  
Redwood City, CA 94061  
Fax No. (650) 482-5598
- 1.21 Notice Address for Tenant (Section 23.1): Paul Scannell  
Assistant County Manager  
400 County Center  
Redwood City, CA 94063  
Fax No.: (650) 363-4832
- 1.22 with a copy to: Loren Buddress  
Director, Probation Department  
400 County Center  
Redwood City, CA 94063  
Fax No.: (650) 312-5597]
- 1.23 and to: Real Property Services Manager  
455 County Center, 5<sup>th</sup> Floor  
Redwood City, CA 94063  
Fax No.: (650) 363-4832
- 1.24 Key Contact for Tenant: Sheri Norbosh  
1390 El Camino Real  
San Carlos, CA
- Tenant Contact Telephone No.: (650) 312-8938
- 1.25 Brokers (Section 23.8): Robert McSweeney  
CB Richard Ellis
- 1.26 Other Noteworthy Provisions (Section 22): County shall have the right to lease additional space in the Building on the same terms and conditions contained in this Lease.

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## 2. PREMISES

### 2.1. Lease Premises

Landlord leases to County and County leases from Landlord, subject to the provisions of this Lease, those premises in the building identified in the Basic Lease Information (the "Building") and shown on the floor plan(s) attached hereto as Exhibit A (the "Premises"). The Premises contain the rentable area and are located on the floor(s) of the Building specified in the Basic Lease Information. As used in this Lease, the term "rentable area" shall mean that measurement of interior floor area computed in accordance with the "Standard Method for Measuring Floor Area in Office Buildings, the American National Standard" (ANSI Z65.1 1980, reaffirmed 1989), adopted by the Building Owners and Managers Association (BOMA), provided, however, that the interior lobby shall be included in any such calculation if the County has exclusive use thereof. 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 in the Building, the lobbies, corridors, elevators, stairways and other public areas of the Building and the Property (collectively, 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. If County has not rented any space other than the first floor, County shall not have access to elevator, stairs or any space above the first floor.

### 2.3. Parking

County shall have the right to park in the Building's parking facilities, in common with other tenants of the Building, provided that County agrees not to use in excess of its proportionate share of parking facilities, which is 4 spaces for each 1,000 rentable square feet of the Premises, and agrees to cooperate with Landlord and the other tenants in the use of the parking facilities.

## 3. TERM

### 3.1. Term of Lease

The Premises are leased for a 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 Landlord shall have delivered the Premises to County, and the County Board of Supervisors shall have authorized the execution of this Lease, in its sole and absolute discretion. Regardless of the Commencement Date, Base Rent shall be payable commencing June 15, 2002 (the "Rent Commencement Date"). The Term of this 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, provided that County shall have the right to extend the Initial Term pursuant to Section 3.4 (Extension Options), below. The word "Term" as used herein shall refer to the Initial Term and any Extended Terms if County exercises the Extension Options as provided in Sections 1.10 and 3.4.

Notwithstanding anything to the contrary herein, County shall have the right at any time prior to May 31, 2003 to terminate this Lease, without any penalty, fee or other liability, by giving Landlord not less than thirty (30) days prior written notice.

Notwithstanding anything to the contrary herein, Landlord shall have the discretionary right at any time after December 31, 2002 to terminate this Lease, without cause or any penalty, fee or other liability, by giving County not less than ninety (90) days prior written notice.



### **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 approving this Lease in accordance with all applicable laws and (ii) this Lease is duly executed by 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." It is hereby acknowledged that the Commencement Date shall be June 15, 2002 and, subject to the Extension Options as set forth in Section 3.4, and County's right to terminate as set forth in Section 3.1, the Expiration Date shall be June 30, 2003.

### **3.3. Delay in Delivery of Possession**

Landlord shall use its best efforts to deliver possession of the Premises on or before the Estimated Commencement Date. However, if Landlord is unable to deliver possession of the Premises as provided above, then, subject to the provisions of this Section below, the validity of this Lease shall not be affected by such inability to deliver possession. If the Term commences later or earlier than the Estimated Commencement Date, this Lease shall nevertheless expire on the Expiration Date, unless sooner terminated pursuant to the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to County as required hereunder within twenty one (21) days after the Estimated Commencement Date, then County may, at its option, terminate this Lease, without any further liability under this Lease, and such termination shall be effective immediately upon written notice to Landlord.

### **3.4. Extension Options**

County shall have the right to extend the Initial Term of this Lease (the "Extension Options") for the additional terms specified in the Basic Lease Information (the "Extended Terms"). Such Extension Options shall be on all of the terms and conditions contained in this Lease. County, at its sole discretion, may exercise the Extension Options, if at all, by giving written notice to Landlord no later than one hundred twenty (120) days prior to expiration of the term to be extended; provided, however, if 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, or has materially defaulted on three (3) prior occasions, Landlord may reject such exercise by delivering written notice thereof to County promptly after such failure to cure. Landlord acknowledges and agrees that County's notice of its intent to exercise an Extension Option shall be subject to enactment of a resolution by the Board of Supervisors, in their respective sole and absolute discretion, approving and authorizing the same, within sixty (60) days after the date such notice of exercise is given.

## **4. RENT**

### **4.1. Base Rent**

Beginning on the Commencement Date, County shall pay to Landlord during the Term the annual 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 1.19 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 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 payable under Section 4.1 shall be adjusted as follows:

The Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Mateo-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 in the case of the first Adjustment Date 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 more than one hundred four percent (104%) of 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.

#### **4.3. Additional Charges**

County shall pay to Landlord any charges or other amounts required under this Lease as additional rent ("Additional Charges"), including the charges for Real Estate Taxes and Operating Costs provided for 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 a default in the payment of any Additional Charges as for a 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 Section 1.12 of the Basic Lease Information.

(b) "County's Percentage Share" means the percentage specified in Section 1.13 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 Building, 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 Building or the use or occupancy thereof; (4) wages, salaries, payroll taxes and other labor costs and employee benefits relating to employees of Landlord or its agents engaged in the operating, repair, or maintenance of the Building, allocated in proportion to the percentage of such person's working time actually spent working in connection with the Building, (5) reasonable management fees, (6) fees, charges and other costs of all independent contractors engaged by Landlord, allocated in proportion to

the percentage of such person's working time actually spent working in connection with the Building, (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 Building for the property manager, (10) the cost of capital improvements made to the Building 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 Building and which benefit the Premises, or made to the Building after the date of this Lease that are required under any governmental law or regulation that was not applicable to the Building 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 Building (other than Real Estate Taxes and any services for which Landlord is separately and directly reimbursed by County or other tenants in the Building) which would, under generally accepted accounting principles, be considered an operating expense. The computation of Operating Costs shall be made in accordance with generally accepted accounting principles. With respect to the costs of items included in Operating Costs under (10), such costs shall be amortized over the useful life thereof, together with interest on the unamortized balance at a rate per annum equal to three (3) percentage points over the Treasuring Rate changed 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 Building is less than ninety-five percent (95%) occupied, 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.

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 Building owned by Landlord or any personal property of Landlord used in the operation thereof, or Landlord's interest in the Building 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 Building or any part thereof, or on the rent payable under any lease or in connection with the business of renting space in the Building, that are now or hereafter levied or assessed against Landlord by the United States of America, the State of California or any political subdivision thereof, public corporation, district, or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes, whether or not now customary or in the contemplation of the parties on the date of this Lease.

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

(f) "Tax Year" means each calendar year during the Term, including any partial year during which the Lease may commence; provided that Landlord, upon notice to County, may change the Tax Year from time to time to any other twelve (12) consecutive month period and, in the event of any

such change, County's Percentage Share of Real Estate Taxes shall be equitably adjusted for the Tax Year involved in any such change. 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 sixty (60) days after the expiration of each Expense Year, Landlord shall furnish County with a statement (herein called "Landlord's Expense Statement"), prepared by Landlord's bookkeeper in the normal course of business, 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 any such Percentage Share of Operating Costs exceeds County's Operating Costs Share of the actual Operating Costs for such Expense Year, such excess shall be credited against the next installments of Operating Costs due from County to Landlord hereunder, or refunded to County, at County's option. Notwithstanding anything to the contrary contained herein, in no event shall any annual increase in County's Percentage Share of Operating Costs for any Expense Year exceed ten percent (10%), and the aggregate increase in County's Percentage Share of Operating Costs over any five year period shall not exceed forty percent (40%).

#### **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 writing delivered to County. With reasonable promptness not to exceed thirty (30) days after Landlord has received the tax bills for any Tax Year, Landlord shall furnish County with a statement ("Landlord's Tax Statement") setting forth the amount of Real Property Taxes for such Tax Year and County's 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 installments of Real Estate Taxes due from County hereunder, or at County's option, 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 five (5) business days' notice to Landlord, to audit the books and records of the Building 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 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 of three percent (3%) or more for any Expense Year, then Landlord shall pay the costs of such audit.

#### **4.9.Records**

Landlord shall maintain 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. All such books and records shall be available for inspection, copying and audit by County and its representatives, at County's expense, subject to the provisions of subsection (e) above.]

### **5. USE**

#### **5.1.Permitted Use**

County may use the Premises for general office uses, training, counseling and such other functions and programs as the County may, in its sole discretion, deem appropriate subject to Landlord's termination right as set forth in Section 3.1, and for no other use without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed.

#### **5.2.Observance of Rules and Regulations**

County shall observe Landlord's reasonable rules and regulations for the Building subject to the provisions of this Lease. County acknowledges and agrees to the current Building rules and regulations, if any, attached hereto as Exhibit D (the "Rules and Regulations"). Landlord may make reasonable additions or modifications thereto, which shall be binding upon County within a reasonable implementation period upon Landlord's delivery to County of a copy thereof, provided that such additions or modifications shall not reduce Landlord's obligations hereunder nor interfere with County's business in the Premises, and such additions or modifications must be applicable to the other Building tenants are not in conflict with the provisions of this Lease, do not materially increase the burdens or obligations upon County, do not impose a change 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 Building tenants 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 Building 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 Building; provided, however, that Landlord may, after consultation with the Assistant County Manager, interrupt County's access to the Premises or the Building in the event of an immediate risk of danger to the Premises, the Common Areas or any other portion of the Building being rendered unsafe for human occupancy. 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 Building 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 necessary steps to correct such condition. In the event such condition continues for twenty-four (24) hours and 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 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 sixty (60) days of the date County's use was interrupted, and such use is actually restored within such 60-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. LEASEHOLD IMPROVEMENTS**

### **6.1. Installation of Telecommunications and Other Equipment**

County shall be responsible for installing 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 floor(s) on which the Premises are located and all other parts of the Building 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 Building at reasonable times 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 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 the interior 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 15. 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. In the event of lease termination, County shall restore the Premises to their condition existing at the commencement of the Lease, normal wear and tear excepted.

### **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 within thirty (30) days after 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 repair any damage caused by the removal of County's Personal Property. Landlord shall recognize the rights of an 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 or within thirty (30) days after the Expiration Date.

#### **7.4. Alteration by Landlord**

Landlord shall use its best 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, including without limitation any leasehold improvement work for other tenants in the Building. 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 and in condition commensurate with other County owned and operated office buildings in San Mateo, 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. Without limiting the foregoing, Landlord shall maintain the Building in a clean, safe and attractive manner and shall not permit any other tenants of the Building to disturb or interfere with County's use of the Premises or permit to be done in or about the Building or 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), and Landlord's repair and maintenance obligations set forth in Section 8.1, County 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 County and reasonably approved by Landlord, (iii) so that same shall be at least substantially equal in quality, value and utility to the original work or installation prior to damage thereof, (iv) in a manner and using equipment and materials that will not materially interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (v) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under the Ordinance Code or the Charter of the County of San Mateo. At all times during the Term of the Lease, Landlord shall, upon reasonable notice by County, afford County and its Agents with access to those portions of the Building which are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by County. County shall not disturb or interfere with other tenant's use of the Building or the Common Areas or permit to be done in or about the Building anything that is illegal, is dangerous to persons or property or constitutes a nuisance.

#### **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 Building, 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**

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 8:00 a.m. to 6:00 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"); (c) elevator service on a Daily Basis; and (d) 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 Building in San Mateo County. Landlord shall not be responsible for "rolling blackouts" or similar utility outages or reductions beyond Landlord's direct control.

### **9.2.Services**

#### **(a) Janitorial Service**

Landlord shall provide at its cost janitorial service in accordance with the specifications contained in Exhibit F attached hereto, provided, however, that to the extent and required janitorial services exceed standard office janitorial service or exceed janitorial service levels in County owned and operated office facilities, such additional incremental cost will be at County's cost and it shall constitute additional rent.

### **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**

Subject to outages and reductions beyond Landlord's direct control, for which Landlord has no responsibility, 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's sanitary, electrical, heating, air conditioning, water, elevator, 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 one (1) or more business day if such failure is in the reasonable control of Landlord or a period of five (5) or more consecutive business days if such failure is not within the reasonable control of Landlord, then the Rent shall be abated based on the extent such inability of Landlord impairs County's ability to carry on its business in the Premises, or, alternatively at County's election, County shall have the option to provide such services and offset the reasonable cost thereof against the Rent next due under this Lease. Such abatement, or right to provide the services and offset against Rent, shall continue until the Essential Services have been restored so that the lack of any remaining services no longer materially impairs County's ability to carry on its business in the Premises. Landlord shall use its best efforts to restore disrupted Essential Services as soon as possible. However, if such failure to provide any Essential Services continues for any reason for thirty (30) days and such failure interferes with County's ability to carry on its business in the Premises, 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. County shall not be entitled to any abatement of Rent or right to terminate 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; Indemnity**

Landlord represents and warrants to County, and covenants with County, as follows to the best of Landlord's actual knowledge: (a) the physical structure, fixtures and permanent improvements of the Premises and 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, elevator, lobbies, telephone banks, drinking fountains and parking areas) are now, and as of the Commencement Date 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"); (b) the Building is not an unreinforced masonry building, and is now, and as of the Commencement Date will be, in compliance with all applicable federal, state, local and administrative laws, rules, regulations, orders and requirements relating to seismic safety (collectively, "Seismic Safety Laws"); (c) the Building, the Common Areas and Building Systems serving the Premises are now, and as of the Commencement Date will be, in full compliance with all applicable federal, state, local and administrative laws, rules, regulations, orders and requirements relating to fire and life safety (collectively, "Life Safety Laws"); (d) the Building, the Common Areas and Building Systems serving the Premises are now, and as of the Commencement Date will be, in compliance with all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements; and (e) there are not now, and as of the Commencement Date will not be, any material physical or mechanical defects in the Premises, Building or the Building Systems that would materially adversely affect County's intended use of the Premises. Landlord shall at all times during the Term maintain, at its cost, the Property, Building, Common Areas and the Building Systems serving the Premises in compliance with applicable present or future federal, state, local and administrative laws, rules, regulations, orders and requirements (collectively, "Laws"), including, without limitation, Disabilities Laws, Seismic Safety Laws, and Life Safety Laws. Without limiting Section 16.2 (Landlord's Indemnity), Landlord shall Indemnify County against any and all Claims arising out of any failure of the Property, Building, Common Areas, Building Systems, or any portion thereof, to comply with applicable Laws as provided in this Section or any misrepresentation by Landlord under this Section.

### **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 any Alterations to the Premises made by County pursuant to Section 7 hereof and such modifications are not otherwise Landlord's responsibility under this Lease. 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.

### **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 Building or any property located therein, (b) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, (c) cause an increase in the fire insurance premium for the Building 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 County's normal business in the Premises.

## **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 any such Encumbrance, 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.

(a) Landlord shall use its best efforts to provide to County, before the Effective Date, 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.

(b) Tenant shall subordinate to any future encumbrance provided County receives an executed non-disturbance and attornment agreement from the holder of any future 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 delay, provided that such repairs can be made under applicable laws within sixty (60) days after Landlord obtains all necessary permits for such repairs but not later than two hundred ten (210) 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 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 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 by reason of flood or earthquake, and such damage or destruction is not fully covered by insurance proceeds payable under the insurance policies Landlord is required to carry hereunder (excluding any deductible, for which Landlord shall be responsible), Landlord may terminate this Lease by written notice to County within thirty (30) days of the date Landlord receives written notice that such damage is not 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 six (6) 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, Landlord may terminate this Lease only if it would take more than thirty (30) days to repair such damage.

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 Tenant is dispossessed.

(c) "Award" means all compensation, sums or anything of value paid, awarded or received for a Taking, whether pursuant to judgment, agreement, settlement or otherwise.

### **13.2. General**

If during the Term or during the period between the execution of this Lease and the Commencement Date, there is any Taking of all or any part of the Premises or any interest in this Lease, the rights and obligations of the parties hereunder shall be determined pursuant to this Section. County and Landlord intend that the provisions hereof govern fully in the event of a Taking and accordingly, the parties each hereby waive any right to terminate this Lease in whole or in part under Sections 1265.10, 1265.40, 1265.120 and 1265.130 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

### **13.3. Total Taking; Automatic Termination**

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

#### **13.4. Partial Taking; Election to Terminate**

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

(b) In the case of a partial taking of a substantial portion of the Building, 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 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 (30<sup>th</sup>) day after such written notice is given or the Date of Taking.

#### **13.5. Rent; Award**

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

#### **13.6. Partial Taking; Continuation of Lease**

If there is a partial Taking of the Premises under circumstances where this Lease is not terminated in its entirety under Section 13.4 above, then this Lease shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and the rights and obligations of the parties shall be as follows: (a) Rent shall be reduced by an amount that is in the same ratio to the Rent as the area of the Premises taken bears to the area of the Premises prior to the Date of Taking, and (b) Landlord shall be entitled to the entire Award in connection therewith, provided that County shall receive any Award made specifically for County's relocation expenses or the interruption of or damage to County's business or damage to County's Personal Property.

#### **13.7. Temporary Taking**

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

### **14. ASSIGNMENT AND SUBLETTING**

Except as provided in this Section below, County shall not directly or indirectly sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed. County shall

have the right from time to time, upon notice to but without the consent of Landlord, to transfer this Lease or use and occupancy of all or any of the Premises to any department, commission or agency of the County of San Mateo, or for uses incidental, ancillary and otherwise related to governmental purposes including, but not limited to, those of any multi-jurisdictional task force in which the County of San Mateo is a participant, provided such uses are consistent and in compliance with uses permitted under this Lease.

## **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.

(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 or granted hereunder, including 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 obligations under this Lease, then (without limiting any of County's other cure rights under this Lease) County may, at its sole option, cure such default at Landlord's expense if such default continues after ten (10) days from the date County gives notice to Landlord of County's intention to perform such cure. However, in the case of a default which for causes beyond Landlord's control (excluding any financial inability to perform) cannot with due diligence be cured within such 10-day period, such 10-day period shall be extended if Landlord, promptly upon receipt of County's notice, advises County of Landlord's intention to take all steps required to cure such default, and Landlord promptly commences such cure and diligently prosecutes the same to completion. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the cure period provided above, then, whether or not County elects to cure Landlord's default as provided herein, the Base Rent and any other charges 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. Notwithstanding the foregoing, if any such default by Landlord continues for sixty (60) days and impairs County's ability to carry on 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 60-day period. County's rights hereunder shall not limit in any way any of its other rights and remedies hereunder or at law or in equity.

## **16. INDEMNITIES**

### **16.1. County's Indemnity**

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. 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**

Landlord shall Indemnify County and its Agents against any and all Claims incurred as a result of (a) any default by Landlord in the performance of any of its obligations under this Lease or any breach of any representations or warranties made by Landlord under this Lease, or (b) any negligent acts or omissions of Landlord or its Agents in, on or about the Premises or the Property; provided, however, Landlord shall not be obligated to Indemnify County or its Agents to the extent any Claim arises out of the negligence or willful misconduct of County or its Agents. 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 excess insurance. County assumes the risk of damage to any of County's Personal Property, except for damage caused by Landlord or its Agents.

As of the Effective Date, Tenant is self-insured in the amount of \$250,000 each occurrence giving rise to personal injury and property damage liabilities for which Tenant could be held responsible. In addition, Tenant presently has in force excess insurance in the amount of \$1,750,000 per occurrence with an annual aggregate. Said self-insurance and excess insurance provide coverage for personal injury and property damage liabilities arising out of the acts and/or omissions of Tenant, its officers, agents, contractors and employees, while on the Premises. Tenant, upon request of Landlord, shall furnish Landlord with a Certificate of Insurance which shall name Landlord and its Agents as additional insureds, and 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 Tenant 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 Building (excluding the land upon which it is 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 in an amount equal to 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.

### **17.3. Waiver of Subrogation**

Notwithstanding anything to the contrary contained herein, Landlord and County hereby waive any right of recovery against the other for any loss or damage sustained with respect to the Building 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 the insured, to the extent (i) such loss or damage is actually recovered from valid and collectible insurance, and (ii) the insurance carriers agree to the insured's 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 six (6) 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 Building, 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 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. Within ten (10) days after the Expiration Date, County shall remove from the Premises all of County's Personal Property, County's telecommunications, data and computer facilities and any Alterations County desires or is required to remove from the Premises pursuant to the provisions of Section 7.1 (Alterations by County), above. County shall repair or pay the cost of repairing any damage to the Premises or the Building resulting from such removal. Notwithstanding anything to the contrary in this Lease, County shall not be required to demolish or remove from the Premises any of the Leasehold

Improvements. County's obligations under this Section shall survive the expiration or earlier termination of this Lease.

## **21. HAZARDOUS MATERIALS**

### **21.1. Definitions**

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

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

(b) "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.

(c) "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**

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 does not consist of any asbestos-containing materials or building materials that contain any other Hazardous Material, nor do the Premises or the common areas of the Building 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 defend, indemnify and hold Landlord harmless 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**

#### **22.1. Right to Expand**

During the Term of this Lease, provided Landlord has not entered into a lease with another party for such portion of the Building, County shall have the right to lease either the second floor or the third floor, or both the second and third floors (but not a portion of any floor), of the Building (the "Expansion Space"). County shall have the option to lease the Expansion Space (the "Expansion Option") at the same rental rate per square foot and on the same terms and conditions then in effect under this Lease. County, at its sole discretion, may exercise the Expansion Option, if at all, by giving written notice to Landlord 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, or has materially defaulted on three (3) prior occasions, Landlord may reject such exercise by delivering written notice thereof to County promptly after such failure to cure. Landlord acknowledges and agrees that County's notice of its intent to exercise an Extension Option shall be subject to enactment of a resolution by the Board of Supervisors, in their respective sole and absolute discretion, approving and authorizing the same, within thirty (30) days after the date such notice of exercise is given. County acknowledges that Landlord may exercise its termination right at any time, regardless of any expansion notice or actual expansion.

Prior to leasing the Expansion Space, or any portion thereof, to a third party, Landlord shall give County thirty (30) days written notice of Landlord's intention to enter into such an agreement, and shall identify the prospective tenant and the affected portion of the Building. If County, within thirty (30) days after receipt of Landlord's notice, exercises the Expansion Option in writing in relation to such portion of the Building, the Expansion Space shall, subject to enactment of a resolution of the Board of Supervisors within such thirty (30) day period, be included in the Premises and leased to County at the same rental rate per square foot and on the same terms and conditions then in effect under this Lease, subject to Landlord's lease termination right, and the parties agree to promptly execute an amendment to this Lease so stating. If Tenant does not exercise the option within thirty (30) days, Landlord thereafter shall have the right to lease the Expansion Space, or such affected portion, to such third party. The provisions of this Section shall be operative each time Landlord determines to lease all or part of the Expansion Space to a third party.

Landlord's lease termination rights shall prevail over this and all other provisions of this lease.

### **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 Tenant'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 telefacsimile to the telefacsimile 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 telefacsimile.

### **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 Assistant 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 Assistant County Manager, or his or her designee; provided, however, material amendments or modifications to 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 (v) 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 County's Assistant County Manager unless otherwise provided in this

Lease, subject to any applicable limitations in the Ordinance Code or the Charter of the County of San Mateo.

### **23.6. Interpretation of Lease**

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

### **23.7. Successors and Assigns**

Subject to the provisions of Section 14 relating to assignment and subletting, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and County and, except as otherwise provided herein, their personal representatives and successors and assigns. There are no third-party beneficiaries to this Lease.

### **23.8. Brokers**

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

### **23.9. Severability**

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

### **23.10. Governing Law**

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

### **23.11. Entire Agreement**

The parties intend that this Lease (including all of the attached exhibits, which are made a part of this Lease) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or

understandings. The parties further intend that this Lease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Lease.

### **23.12. Holding Over**

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

### **23.13. Cumulative Remedies**

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

### **23.14. Time of Essence**

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

### **23.15. Survival of Indemnities**

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

### **23.16. Signs**

County may erect or post signs on or about the Premises subject to Landlord's prior approval as provided below. Landlord reserves the right to review the placement, design, and plan for any such sign prior to its erection or posting and agrees that the approval thereof shall not be unreasonably withheld or delayed. Tenant shall comply with all laws with respect to such signage.

### **23.17. Quiet Enjoyment and Title**

Landlord covenants and represents that it has full right, power and authority to grant the leasehold estate hereunder, and covenants that County, upon paying the Rent hereunder and performing the covenants hereof, shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full Term of this Lease as against all persons or entities claiming by and through Landlord or on account of any action, inaction or agreement of Landlord or its Agents. Without limiting the provisions of Section 16.2 (Indemnities), Landlord agrees to indemnify County and its Agents against Claims arising out of any assertion that would interfere with County's right to quiet enjoyment as provided in this Section.

### **23.18. Bankruptcy**

Landlord represents and warrants to County that Landlord has neither filed nor been the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Landlord's knowledge, no such filing is threatened. Landlord and County agree that County's leasehold estate created hereby includes, without limitation, all rights to receive and enjoy all services, facilities and amenities of the Premises and the Building 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**

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 APPROVE THIS LEASE, IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF COUNTY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ADOPTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON COUNTY.

**BALANCE OF THIS PAGE INTENTIONALLY BLANK**

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

**LANDLORD:** THREE SISTERS RANCH Enterprises, LLC  
a limited liability company

BY: Mark E. Rubery

ITS: President / CEO

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

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

BY: \_\_\_\_\_

Jerry Hill  
President, Board of Supervisors

**ATTESTED:**

\_\_\_\_\_  
Clerk of Said Board

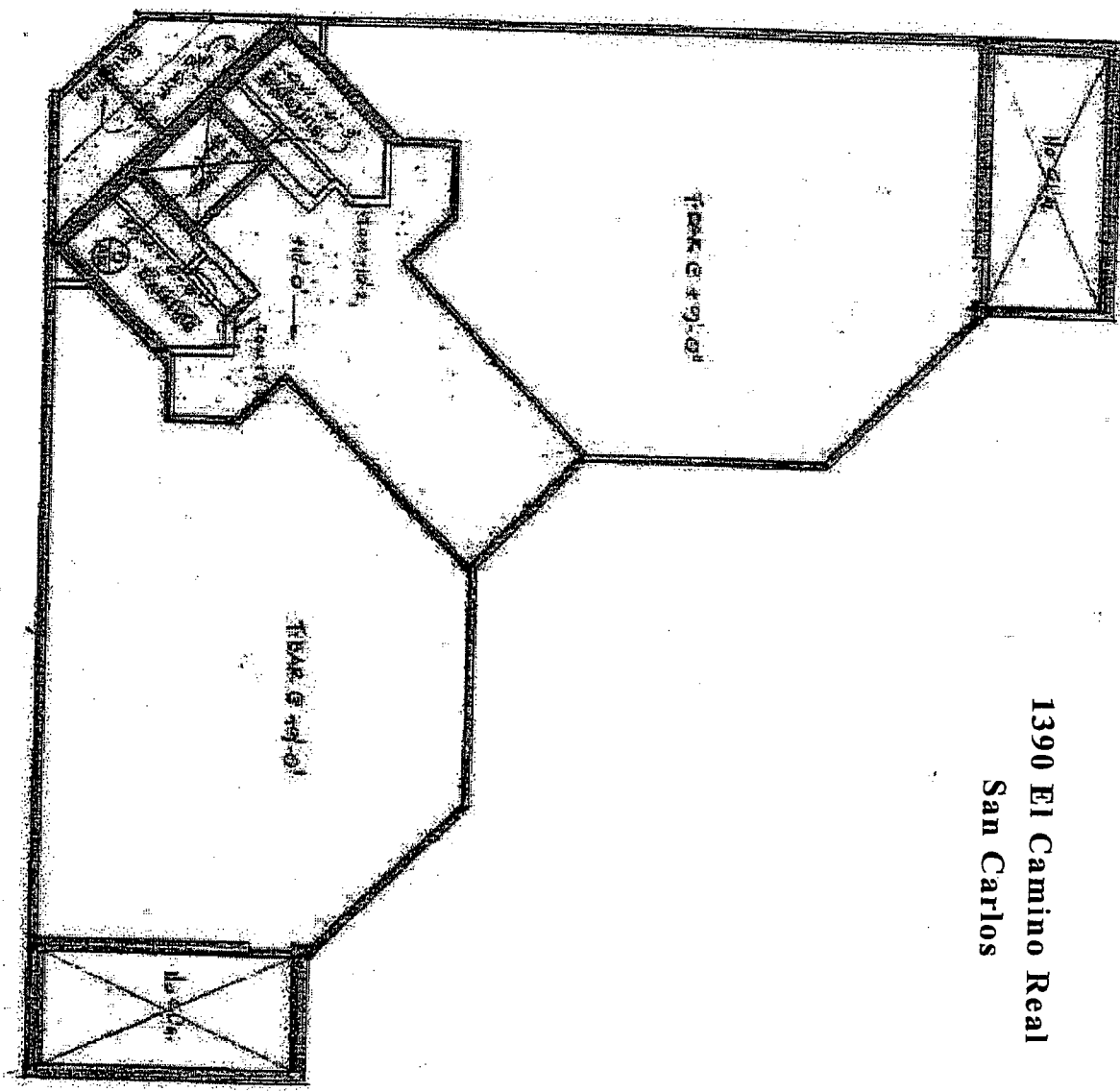
Resolution No. \_\_\_\_\_

OFFICE LEASE

EXHIBIT A

FLOOR PLAN(S)  
CONSISTING OF ONE PAGES)

1390 El Camino Real  
San Carlos



Not to Scale

EXHIBIT A



## EXHIBIT C

### EXCLUSIONS FROM OPERATING COSTS

1. Costs of capital repairs, capital improvements and equipment, except for those (i) required by laws enacted on or after the date of the Lease amortized over the useful life of the improvement and/or equipment, together with interest at the actual interest rate incurred by Landlord in connection with such capital improvements, or (ii) acquired to cause, in Landlord's good faith judgment, an immediate (i.e., commencing within the first year after completion of such repairs or improvements or installation of such equipment) reduction in other Operating Costs, amortized over the useful life of such improvements at an annual rate reasonably calculated to equal the amount of Operating Costs to be saved in each calendar year throughout the Term (as determined at the time Landlord elected to proceed with the capital improvement or acquisition of the capital equipment to reduce operating expenses), together with interest at the actual interest rate incurred by Landlord;
2. 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 in item 1 above (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);
3. Costs incurred by Landlord for the repair of damage to the Building, 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;
4. 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 Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for other tenants or occupants in the Building;
5. Depreciation, amortization and interest payments, except to the extent provided herein pursuant to items 1(i) and 1(ii) above 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);
6. 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 Building or any present or future ground lessors or holders of any mortgages or other encumbrances affecting any of the Building or the defense of Landlord's title to the Building or the real property on which it is located;
7. 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 Building;
8. Costs incurred by Landlord due to violation by Landlord or any other tenant or occupant of the Building 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 Building or the real property on which it is located;

9. 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;
10. Any ground lease rental or rental under any other underlying leases;
11. Except as specifically permitted by items 1(i) and 1(ii) above, interest, principal, points and fees on debts or amortization on any mortgage, deed of trust or any other debt instrument encumbering any of the Building or the real property on which it is located;
12. Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord or in the parking garage in the Building;
13. All items and services for which County or any other tenant or occupant of the Building 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 Building;
14. Advertising or promotional expenditures, and the costs of acquiring and installing signs in or on any of the Building identifying the owner of the Building or any other tenant or occupant of the Building;
15. 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 Building) to reflect an average charge for power costs);
16. Services provided, taxes attributable to, and costs incurred in connection with the operation of retail, restaurant and garage operations in the Building;
17. Costs incurred in connection with upgrading the Building to comply with disabled access, life, fire and safety codes in effect prior to the date of the Lease, and costs incurred in connection with upgrading the Building to comply with the Americans with Disabilities Act of 1990 and Title 24 of the California Code of Regulations (or its successor);
18. Tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments when due;
19. Costs arising from the presence of Hazardous Material in or about the Building including, without limitation, groundwater or soil conditions, except if such Hazardous Material is brought on to the Building by County in violation of applicable laws;
20. Landlord's charitable or political contributions;
21. To the extent the following costs arise during any applicable warranty periods, costs as a result of repairs of latent defects in the Building core and shell or improvements installed by Landlord or in the Building Systems, and any costs incurred by Landlord in the event any portion of the Building is made untenable by fire or other casualty required to be insured against pursuant to the terms of the Lease;
22. Capital costs for sculpture, paintings or other objects of art;
23. 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 Building would receive benefits if Landlord prevails) in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord or the Building;

24. All direct cost of refinancing, selling, exchanging or otherwise transferring ownership of the Building 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;

25. Reserves for bad debts, rent loss, capital items or further Operating Costs;

26. Landlord's general corporate overhead and general and administrative expenses not related to the operation or management of the Building; and

27. Any other expense that under generally accepted accounting principles would not be considered a maintenance or operating expense.

EXHIBIT D

BUILDING RULES AND REGULATIONS

**TO BE PROVIDED BY LANDLORD; SUBJECT TO COUNTY REVIEW AND APPROVAL**

EXHIBIT F

STANDARDS FOR JANITORIAL SERVICE  
1390 El Camino Real  
San Carlos, CA

- 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). Tenant 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  
Probation Department
  - 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 Tenant.
  - G. Tenant's Recycling Program includes recycling materials from offices in the Building. Bins for recyclable materials can be obtained from Tenant.
  - 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. Secure 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 Tenant.
  - 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 doorjambs.
  - 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 doorjamb.

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 tenant 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 tenant 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 tenant space as necessary and shampoo carpets in tenant office space and any common areas once each year (exact schedule to be approved in advance by Tenant).

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 Tenant 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

Tenant shall have the right to prohibit the use of any product proposed or being used by Landlord's Contractor should the Tenant deem the product to be unsafe or harmful to those items being cleaned or to Tenant'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 Tenant 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 Tenant 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 Tenant, 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 Tenant 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 Tenant 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 Tenant, to participate in inspection walk through. Contractor will supervise all janitors during all shifts.

XI. VERIFICATION OF SERVICE

Tenant 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 Tenant if said system so requires.

XII. HOLIDAY SCHEDULE FOR TENANT

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