

**THIRD LEASE AMENDMENT**  
**Lease No. 1146**

This Third Lease Amendment ("Amendment"), dated for reference purposes only as of March 1, 2004 is by and between RAYMOND J. VERNAZZA and DIANA J. VERNAZZA, dba VERNAZZA PROPERTIES, ("Landlord"), as Lessor, and the COUNTY OF SAN MATEO, a political subdivision of the State of California ("County" or "Tenant"), as Lessee.

**Recitals**

A. As authorized by San Mateo County Resolution No. 62466, Landlord and Tenant entered into a lease agreement dated for reference purposes as of December 15, 1998 (the "Lease") for approximately 62,104 rentable square feet of building area at 550 Quarry Road, San Carlos, California, which premises consisted of approximately 41,568 rentable square feet of warehouse and workshop area, 2,140 square feet of cafeteria and kitchen, and 18,396 square feet of office and classroom space together with approximately 31 parking spaces on a separate parcel at 591 Quarry Road.

B. As authorized by San Mateo County Resolution No. 63164, Landlord and Tenant entered into the First Amendment of Lease dated November 2, 1999. The First Amendment provided for the improvement by Landlord of approximately 4,200 square feet of warehouse and workshop space for use as office area. In addition, the First Amendment modified the base rent and established November 1, 1999 as the date of commencement for payments of adjusted base rent together Supplemental Monthly Rental representing the amortized cost of certain improvements.

C. As authorized by San Mateo County Resolution No. 66177, Landlord and Tenant entered into the Second Amendment of Lease dated July 15, 2003. The Second Amendment provided for occupancy of an additional 5,000 of rentable square feet of space on the second floor with improvements constructed by the Landlord.

D. County desires to lease from Landlord, and Landlord desires to lease to County, additional space within the Building. Such area is comprised of approximately 3,000 rentable square feet of first floor office area.

For good and valuable consideration as hereinafter set forth, the sufficiency of which is hereby acknowledged, Landlord and County hereby agree to amend the Lease as follows:

**Agreement**

1. **Premises.** The first paragraph of Section 3 of the Amended Lease is further amended to read as follows:

3. **PREMISES.** Landlord does hereby lease to Tenant, and Tenant hereby leases from Landlord, a portion of that certain building and appurtenant improvements and common area ("Premises") located at 550 Quarry Road,

Belmont, California, and shown on **Exhibit 3A**, attached hereto and incorporated by reference herein. Said Exhibit 3A replaces Exhibit A to the Original Lease (as amended). The Premises consist of approximately 70,104 rentable square feet.

2. **Monthly Rental:**

Commencing on the later of September 1, 2003, or the Substantial Completion of Improvements as set forth in Section 5 of Exhibit 2B, (the "Rent Commencement Date"), the monthly rent ("Base Rent") and Supplement to Monthly Rent as follows:

To Vernazza Properties:

Base Rent:	\$68,148.12
Supplement to Monthly Rent:	<u>\$7,033.18</u>
Total Monthly Payment to Vernazza Properties:	\$75,181.30

To Raymond E. Vernazza (by separate check):

Base Rent:	<u>\$7,500.00</u>
------------	-------------------

Combined Monthly Payment as of the Rent Commencement Date:	\$82,681.30
---	-------------

The Base Rent shall be in effect through November 30, 2004. The Base Rent shall thereafter be adjusted in accordance with Section 12 of the Lease [Cost of Living Rental Adjustments].

In addition to the Base Rent as set forth herein, County shall, throughout the initial Term of the Lease, continue to pay to Landlord the Supplement to Monthly Rent in the amount of \$7,033.18 as set forth in Section 11 of the Lease.

3. **Effective Date; Approval.** This Third Amendment shall become effective (the "Effective Date") when the County Board of Supervisors, adopts a resolution authorizing the execution of this Third Amendment, and the Third Amendment is duly executed by the County and delivered to landlord. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF COUNTY HAS AUTHORITY TO COMMIT COUNTY HERETO UNLESS AND UNTIL THE COUNTY BOARD OF SUPERVISORS HAS ADOPTED A RESOLUTION AUTHORIZING THE EXECUTION OF THIS SECOND AMENDMENT TO THE AGREEMENT. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF COUNTY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS THE BOARD OF SUPERVISORS ADOPTS A RESOLUTION AUTHORIZING THE EXECUTION OF THIS THIRD AMENDMENT. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT, COMMISSION OR AGENCY OF COUNTY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL

BE ADOPTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON COUNTY.

4. **Counterparts.** This Lease Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
5. **No Further Amendments; Conflicts.** All the terms and conditions of the Lease remain in full force and effect except as expressly amended herein. The Lease as amended by this Amendment constitutes the entire agreement between Landlord and County and may not be modified except by an instrument in writing duly executed by the parties hereto. In the event of any conflict between the terms of the Lease and the terms of this Third Amendment, the terms of this Third Amendment shall control.

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

**LANDLORD:**  
VERNAZZA PROPERTIES

By: Raymond J. Vernazza  
Raymond J. Vernazza

By: Diana J. Vernazza  
Diana J. Vernazza

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

By: \_\_\_\_\_  
Mark Church  
President, Board of Supervisors

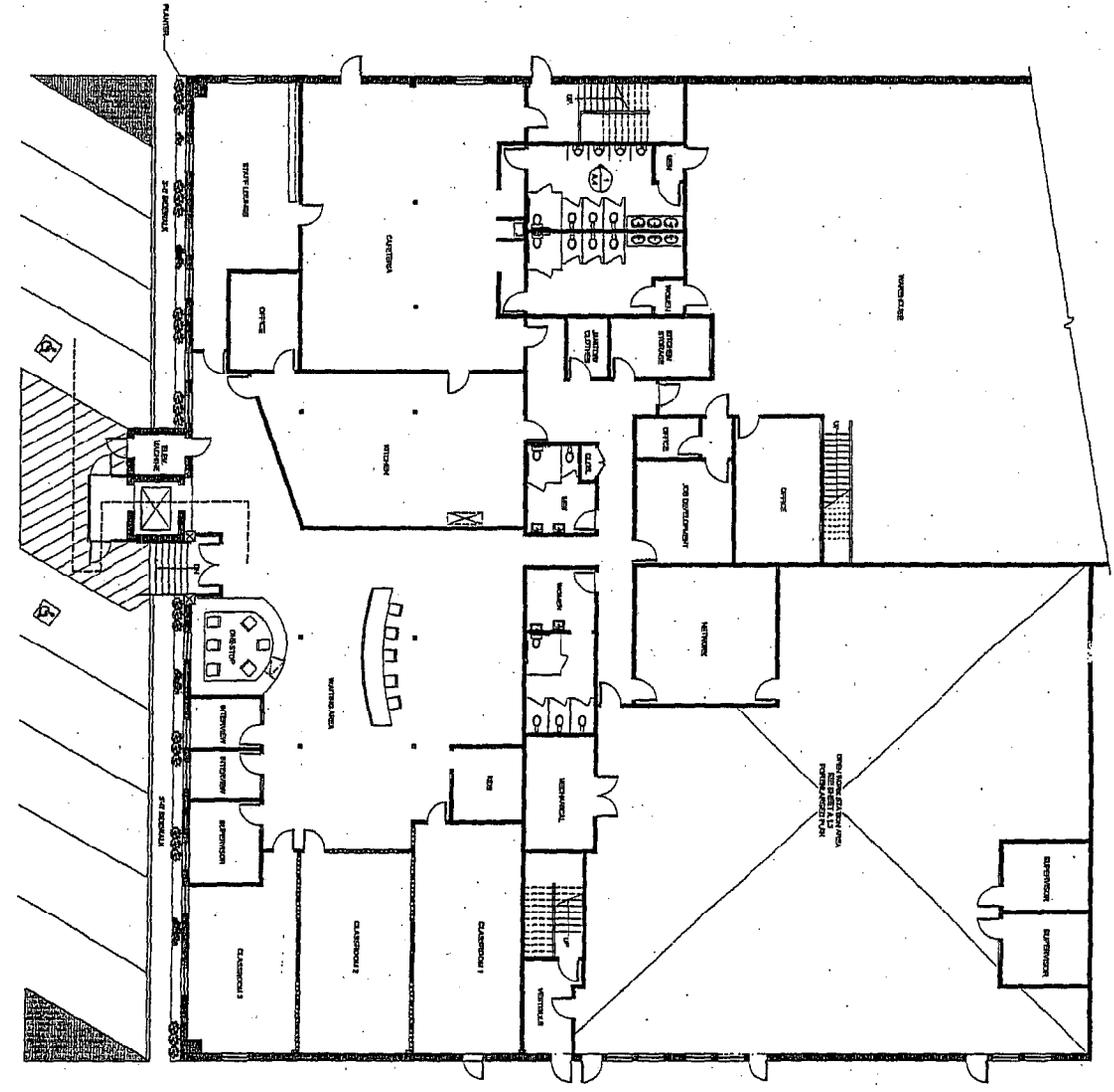
Resolution No.: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Clerk of the Board

**EXHIBIT 3A**  
**PREMISES PLAN**

1 EXISTING FIRST LEVEL PLAN  
 A.1.1 10'-1/2"

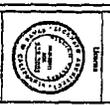


REVISIONS BY  
 DATE  
 BY



**WALTERS ARCHITECTS**  
 1299 24th Avenue SE  
 San Francisco, CA 94116  
 TEL: 415.398.1111  
 FAX: 415.398.1111

**VOCATIONAL REHABILITATION SERVICES**  
 530 QUARRY ROAD  
 SAN CARLOS CA 94002

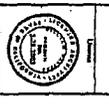


**A.1.1**

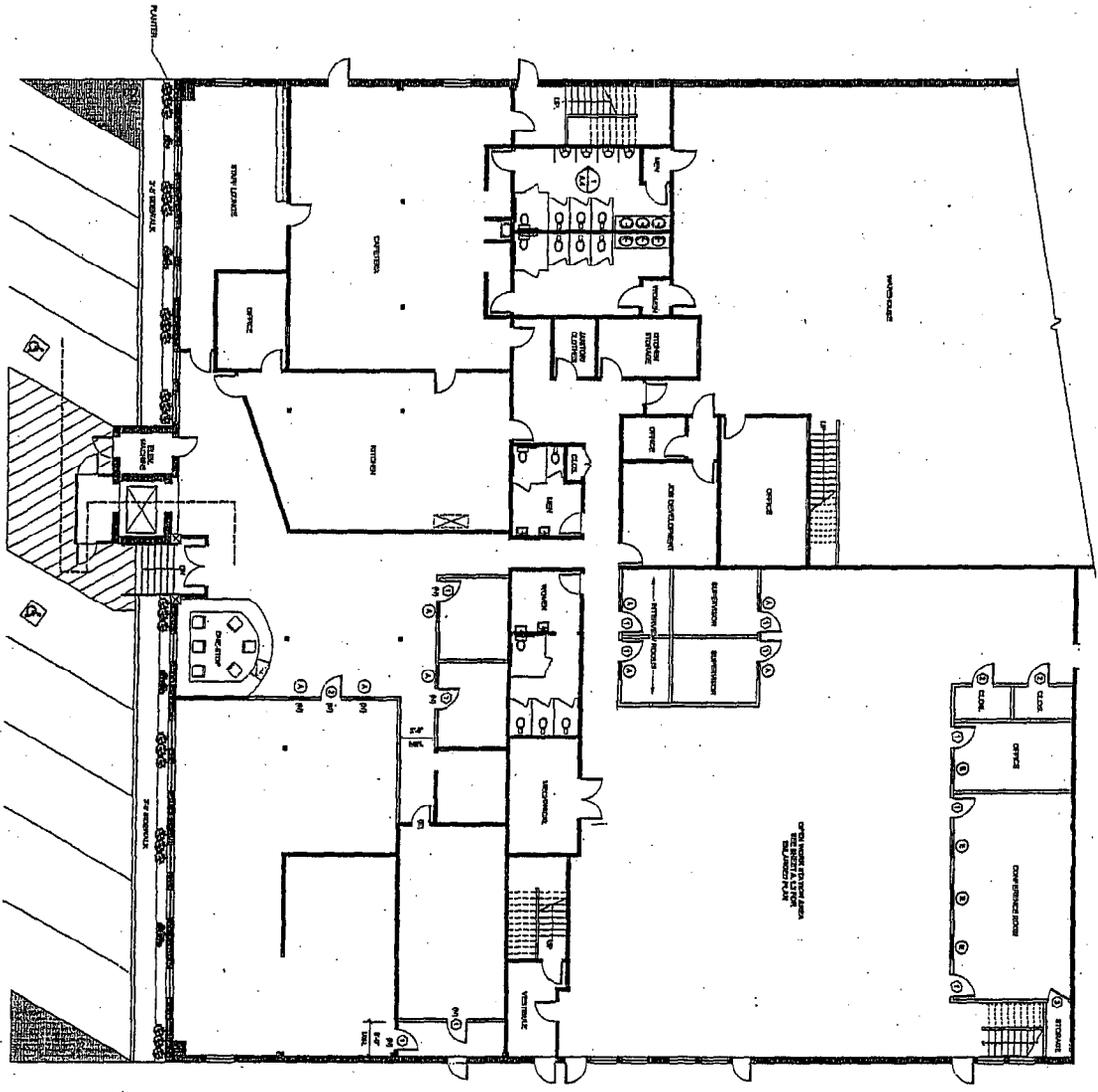


**WALTERS ARCHITECTS**  
 1299 Delwood St.  
 San Francisco, CA 94115  
 Tel. 415.774.1122  
 Fax. 415.241.2293

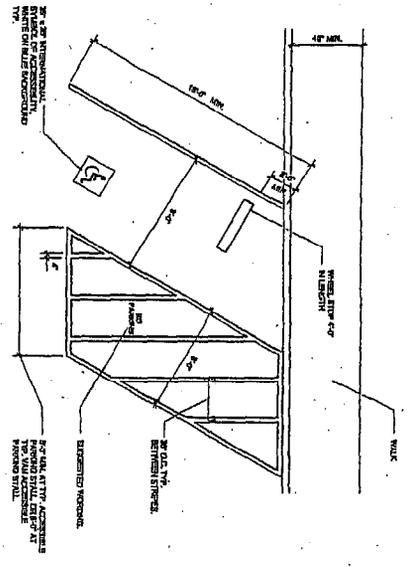
**VOCATIONAL REHABILITATION SERVICES**  
 580 QUARRY ROAD  
 SAN CARLOS, CA 94002



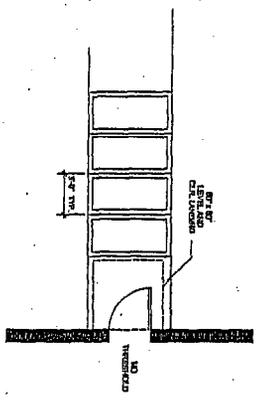
**A.1.2**



1 PROPOSED FIRST LEVEL PLAN  
 A.1.2 1/8" = 1'-0"



3 ACCESSIBLE PARKING  
 A.1.2 1/8" = 1'-0"



2 LEVEL LANDING  
 A.1.2 1/8" = 1'-0"



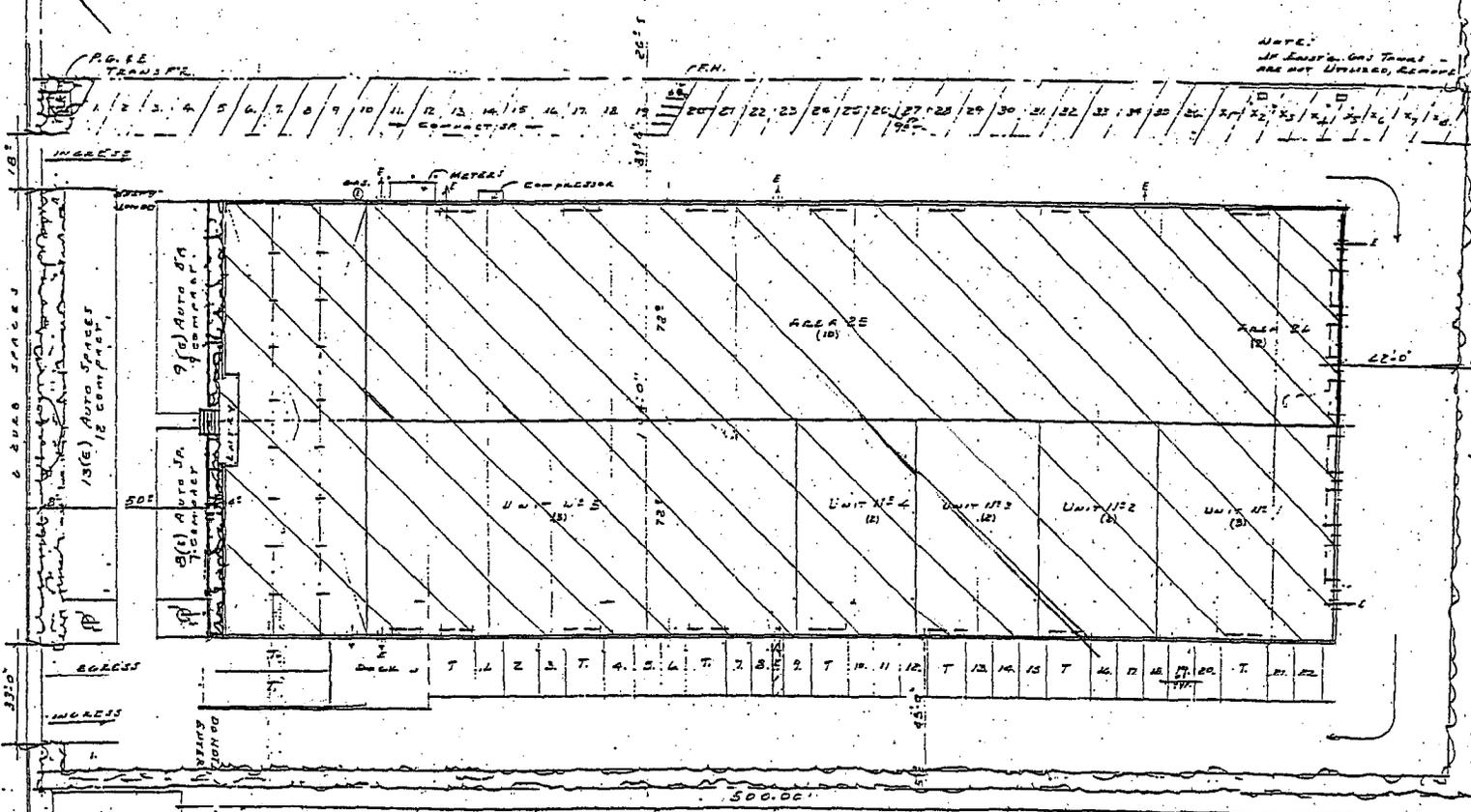
REFERENCE L.C.P.

EXISTING SITE: 117,580 #

OFFICES: 7,020 SQ. FT.	(1:250)	20.1
WAREHOUSE: 47,520 SQ. FT.	(1:200)	23.76
FURVAL		
MEZZANINE: 7,564 SQ. FT.	(1:250)	30.25
TOTAL		82.09

Auto Spaces: 89 Min. - 97 Max.

EXISTING STRUCTURE



SITE PLAN