

FIRST AMENDMENT TO LEASE AGREEMENT
Lease No. 1218

This First Lease Amendment ("Amendment"), dated for reference purposes only as of July 27, 2006 is by and between H.M. SHORELINE VENTURES, L.P., a California limited partnership, ("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. 61327, Landlord and Tenant entered into a lease agreement, dated for reference purposes as of August 19, 1997 (the "Lease") for approximately 3,987 square feet of office space in that certain building commonly known as 225 South Cabrillo Highway, Suite A-200, Half Moon Bay, California.

B. Landlord and County wish to amend the Lease to increase the leased area of the premises to 6,504 square feet under the same terms and conditions, as herein set forth.

Agreement

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

1. **Premises.** Any references to the Premises notwithstanding; Landlord hereby leases to Tenant and Tenant hereby leases from Landlord approximately 6,504 square feet of office and clinic space in the office building commonly known as 225 South Cabrillo Highway, Suites A-200 and B-200, Half Moon Bay, California, as more particularly shown in the attached Exhibit A ("Site Plan of Premises"), which is made a part hereof by reference.
2. **Rent.** Any references to Rent or the Monthly Installment notwithstanding; beginning on the Effective Date of the First Amendment as set forth below, the initial Monthly Installment shall be \$15,333.00 and shall consist of the following:
 - (i) **Base Rent.** The base rent for the Lease shall be Twelve Thousand Two Hundred Twenty Three Dollars (\$12,223.00) per month, subject to annual CPI increase as set forth in Section 4C (Rent Adjustment) of the Lease.
 - (ii) **Amortized Rent.** Payment to Landlord for improvements made by Landlord on County's behalf (the "Amortized Rent") shall be Three Thousand One Hundred Ten Dollars (\$3,110.00) per month for remainder of the initial term of the Lease, which amount shall not be changed by the annual CPI adjustments throughout the term of the lease.

Upon the expiration of the initial term of the Lease, the Amortized Rent shall be considered paid in full. If County exercises the First Option to Extend pursuant to Section 3B (Option to Extend) of the Lease, the monthly installment shall consist only of the adjusted Base Rent.

3. **Improvements by Landlord.** Landlord, through its general contractor approved by County ("Contractor"), shall perform the work and make the improvements to the Premises as set forth in the attached Exhibit B ("Improvements by Landlord"), in order to comply with ADA (Americans with Disabilities Act) requirements (the "Improvements"). Said work shall be completed within six months from the Effective Date of this amendment at Landlord's sole cost.

If Landlord fails to complete said work within the time frame specified above, County may provide such services at Landlord's expense and invoice Landlord for those services.

4. **Effective Date; Approval.** This First Amendment shall become effective (the "Effective Date") when the County Board of Supervisors adopts a resolution authorizing the execution of this First Amendment, and the First Amendment is duly executed by the County and executed by 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 FIRST 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 FIRST 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.

5. **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.
6. **No Further Amendments; Conflicts.** All the terms and conditions of the Lease As Amended remain in full force and effect except as expressly amended herein. The Lease as amended by this 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 As Amended and the terms of this First Amendment, the terms of this First Amendment shall control.

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

LANDLORD:

HM SHORELINE VENTURE, L.P.,
a California limited partnership

By: HB & SONS, LLC,
a California limited liability company
Its General Partner

By: ASSET MANAGEMENT
CONSULTANTS, INC.,
a California corporation
Its Manager

By: _____
James R. Hopper, President

COUNTY:

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

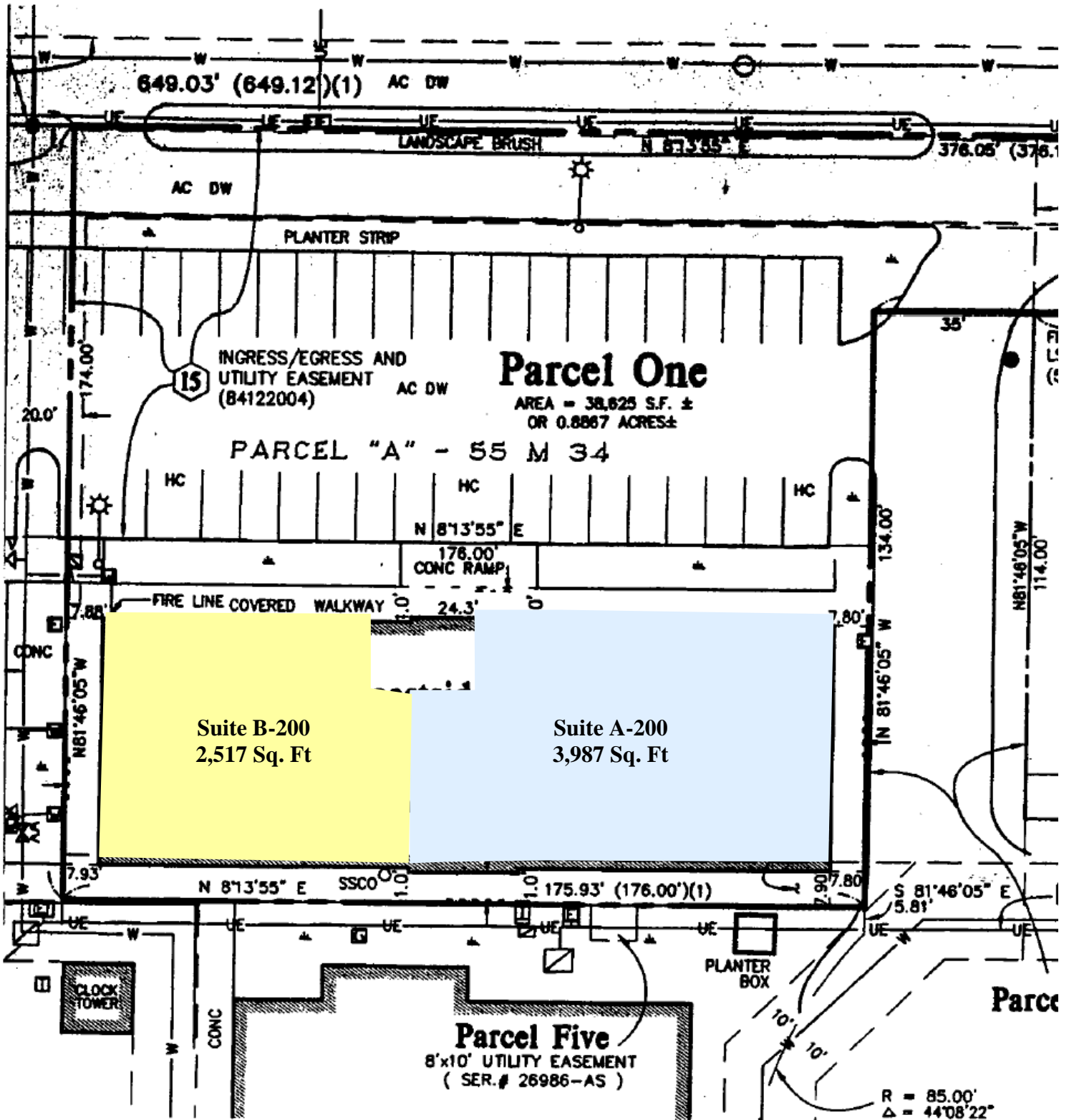
By: _____
Jerry Hill
President, Board of Supervisors

Attest:

Clerk of the Board

Resolution No.: _____

Exhibit A
Site Plan of Premises



**Exhibit B
Improvements by Landlord**

Landlord acknowledges receipt of a copy of the Americans With Disabilities Act Title II Preliminary Program Evaluation Form completed by the San Mateo County Commission on Disabilities on June 14, 2006 (the "ADA Assessment"). Landlord shall, at its sole cost, make the Improvements to correct the following deficiencies identified in the ADA Assessment.

Page	Barrier Category	Barrier No./Description
1	Parking	2. Ground signage at accessible parking stalls and accessible isles adjacent to the accessible parking stalls are worn
2	Exterior Entrances and Door	2. Threshold at the exterior entry door, providing access to the interior stair, is too high
3	Interior Doors	6. The strike side clearance at the north suite entrance doors is inadequate
		8. The call button at the common hallway, adjacent to the south suite entry doors, is mounted too high and is inaccessible to wheelchair users
3	Corridors/Aisles	1. Inadequate directory at second floor common hallway
4		9. The fire extinguisher enclosure at the second floor common hallway is considered a "protruding object". Protruding objects whose leading edge are between 27" and 80" above the finished floor may only protrude a maximum of 4"
5	Elevator	2. The elevator call button at the second floor hallway is inaccessible to wheelchair users
		3. The up indicator within the elevator does not illuminate
6		4. Several of the lamps at the elevator ceiling fixtures do not illuminate

Immediately following the Effective Date of this First Lease Amendment, Landlord shall cause plans, specifications and working drawings for the Improvements to be prepared. Landlord shall submit a copy of such plans, specifications and working drawings to County within sixty (60) days after the Effective Date. Such working drawings and specifications shall be subject to County's approval, which approval shall not be unreasonably withheld or delayed. If County disapproves such working drawings and specifications, or any portion thereof, then County shall promptly notify Landlord thereof and of the revisions that County reasonably requires in order to obtain County's approval. As soon as reasonably possible thereafter, but in no event later than ten (10) days after County's notice, Landlord shall submit to County revised plans,

specifications and working drawings incorporating the revisions required by County. Such revisions shall be subject to County's approval, which shall not be unreasonably withheld or delayed. The plans, specifications and working drawings for the Improvements approved by County shall be referred to as the "Construction Documents."

Landlord shall secure and pay for any building and other applicable and necessary permits and approvals, government fees, licenses and inspections necessary for the proper performance and completion of the Improvements shown on the approved Construction Documents. Promptly following County's approval of the Construction Documents, Landlord shall apply for any permits, approvals or licenses necessary to complete such construction and shall provide copies to County promptly following receipt thereof. Landlord shall be responsible for arranging for all inspections required by the applicable local building inspection division.

Immediately upon approval of the Construction Documents and Landlord's procurement of all necessary permits and approvals, Landlord shall commence construction and shall cause the Improvements to be completed in a good and professional manner in accordance with sound building practice. Landlord shall comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the Improvements. Without limiting the foregoing, construction of the Improvements shall comply with all applicable disabled access laws, including, without limitation, the requirements of the Americans With Disabilities Act of 1990, Title 24 of the California Code of Regulations (or its successor) and County's requirements for program accessibility.

Landlord shall keep County apprised on a regular basis of the status of plan preparation, permit issuance and the progress of construction. Upon receipt of notice from Landlord that the Improvements are substantially complete, County shall have the right to present to Landlord within ten (10) days of receipt of such notice, a written punchlist consisting of any items that have not been finished in accordance with the Construction Documents. Landlord shall promptly complete all defective or incomplete items identified in such punchlist, and shall in any event complete all items within thirty (30) days after the delivery of such list. County's failure to include any item on such list shall not alter the Landlord's responsibility hereunder to complete all Improvement Work in accordance with the approved Construction Documents, nor constitute any waiver of any latent defects.

No approval by County or any of its Agents of the Construction Documents or completion of the Improvements for purposes of this Lease shall be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing herein shall limit Landlord's obligations to obtain all such approvals.