

## **AMENDMENT TO LEASE**

This Amendment to Lease (this "Amendment") is entered into as of this 1st day of November, 2007, to be effective as of the 1st day of July, 2007, by and between HMB STONE PINE, LLC, a Delaware limited liability company ("Landlord"), and COUNTY OF SAN MATEO, a political subdivision of the State of California ("County" or "Tenant").

### **RECITALS**

- A. Landlord and County entered into that certain Office Lease dated as of June 8, 2004 (the "Lease"), covering premises located at 80 Stone Pine, Suite 100, Half Moon Bay, California, containing approximately 2,730 rentable square feet, all as more particularly set forth in the Lease (the "Premises").
- B. The term of the Lease is scheduled to expire on June 30, 2007, and Landlord and County now desire to extend the term of the Lease for an additional five (5) years upon the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the parties hereto agree as follows:

The Lease is hereby amended as follows:

1. Extension of Term. The term of the Lease is hereby extended by a period of five (5) years from and including July 1, 2007 to and including June 30, 2012 (such new expiry date hereinafter referred to as the "Extension Termination Date" and such new period hereinafter referred to as the "Extension Period").
2. Early Termination Option. The date after which County may exercise the early termination option set forth in the fourth subsection of Section 1.7 and the last paragraph of Section 3.1 of the Lease is hereby changed from "March 31, 2005" to "June 30, 2010."
3. Condition of Premises. Except as expressly set forth herein below, Landlord shall not be responsible for making any improvements to the Premises or the Building prior to or during the Extension Period, and County acknowledges that it is in possession of the Premises as of the date hereof and agrees to accept the Premises during the Extension Period in their "as-is" condition as of the date hereof. Notwithstanding the foregoing, Landlord shall, through a general contractor reasonably acceptable to County, perform the work and improve the Premises as set forth in Exhibit A attached hereto and made a part hereof (collectively, the "Landlord Improvements") in order to cause the Premises to comply with the requirements of the Americans with Disabilities Act of 1990, as amended, as further described therein. Landlord shall use all commercially reasonable efforts to cause the substantial completion of the Landlord

Improvements within six (6) months after the approval by County of the Construction Documents (as that term is defined in Exhibit A attached hereto).

4. Base Rent During Extension Term. The following schedule of Base Rent is hereby added to Section 1.8 of the Lease:

July 1, 2007 - June 30, 2008: Monthly Base Rent of \$6,552 (\$2.40 per sq ft. per month).

July 1, 2008 - June 30, 2009: Monthly Base Rent of \$6,749 (approximately \$2.47 per sq ft. per month).

July 1, 2009 - June 30, 2010: Monthly Base Rent of \$6,951 (approximately \$2.55 per sq ft. per month).

July 1, 2010 - June 30, 2011: Monthly Base Rent of \$7,160 (approximately \$2.62 per sq ft. per month).

July 1, 2011 - June 30, 2012: Monthly Base Rent of \$7,374 (approximately \$2.70 per sq ft. per month).

5. Additional Rent. Commencing on January 1, 2008, in addition to Base Rent, Tenant shall pay Additional Rent monthly in the same manner and time as Base Rent, on an estimated basis, with subsequent annual reconciliation, in accordance with the following procedures. Additional Rent is the rental payable during each calendar year subsequent to the Base Year equal to Tenant's Percentage Share of the total dollar increase, if any, in Operating Expenses paid or incurred by Landlord in that year over the Base Operating Expenses, and also increased by Tenant's Percentage Share of the total dollar increase, if any, in Property Taxes paid by Landlord in that year over the Base Property Taxes.

(a) No later than ninety (90) days prior to the end of the Base Year and no later than ninety (90) days prior to the end of each subsequent calendar year, or as soon after that time as practicable, Landlord shall give Tenant notice of Landlord's estimate of any Additional Rent due for the ensuing year. On or before the first day of each month during the ensuing year, Tenant shall pay to Landlord one-twelfth (1/12th) of the estimated Additional Rent. If Landlord fails to give notice as required in this Section, Tenant shall continue to pay on the basis of the prior year's estimate until the month after that notice is given. If at any time it appears to Landlord that the Additional Rent for the current year will vary from the estimate by more than five percent (5%), Landlord shall, by notice to Tenant, revise the estimate for that year, and subsequent payments by Tenant for that year shall be based on the revised estimate.

(b) Within ninety (90) days after the close of each year following the Base Year, or as soon after the ninety (90) day period as practicable, Landlord shall deliver to Tenant a statement of the actual Additional Rent for that year showing Operating Expenses and Property Taxes on the basis of which the actual Additional Rent was determined. At Tenant's request, Landlord

shall provide Tenant reasonable supporting detail underlying the calculations of Operating Expenses and Property Taxes. If Landlord's statement discloses that Tenant owes an amount that is less than the estimated payments for that year previously made by Tenant, Landlord shall credit the excess first against any sums then owed by Tenant, and then against the next payments of rental due. If Landlord's statement discloses that Tenant owes an amount that is more than the estimated payments for that year previously made by Tenant, Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of the statement.

(c) The amount of Additional Rent for any fractional year in the Extension Period shall be appropriately prorated. The proration of Additional Rent for the applicable year in which termination occurs shall be calculated on the basis of a fraction of the Operating Expenses for that entire year and the proration of Property Taxes for the year in which termination occurs shall be calculated on the basis of a fraction of the Property Taxes for that entire year, but shall exclude any Property Taxes attributable to any increase in the assessed valuation of the Building occurring after termination. The termination of this Lease shall not affect the obligations of the parties pursuant to Section 5(b) above to be performed after the termination.

(d) For purposes hereof, "Tenant's Percentage Share" means twenty five and 45/100 percent (25.45%). Tenant's Percentage Share has been obtained by dividing the net rentable area of the Premises by the total net rentable area of the Building and multiplying that quotient by one hundred (100). In the event the rentable area of the Premises is increased or decreased by the addition to or deletion from the Premises of any office space, Tenant's Percentage Share shall be appropriately adjusted. For the purposes of this Section 5, Tenant's Percentage Share shall be based on the number of days during the calendar year in which this change occurs.

(e) For purposes hereof, "Base Year" means the calendar year 2007.

(f) For purposes hereof, "Operating Expenses" 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 Property 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 Expenses shall be made in accordance with generally accepted accounting principles. With respect to the costs of items included in Operating Expenses 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 Prime Rate (as listed in the Money Rates section of the Wall Street Journal) charged 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 or in any following calendar year the Building is less than ninety-five percent (95%) occupied, the Operating Expenses 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 Expenses in any calendar year.

Notwithstanding the foregoing, "Operating Expenses" shall exclude the items described on Exhibit B attached hereto and made a part hereof.

(g) For purposes hereof, "Property Taxes" means all real property taxes (and any tax levied wholly or partly in lieu of real property taxes), assessments (whether general or special), excises, transit charges, housing fund assessments, charges, levies or fees, ordinary or extraordinary, foreseen or unforeseen, levied, charged, confirmed or imposed against the Building and the land upon which it sits, and all reasonable real estate tax consultant expenses and reasonable attorneys' fees incurred for the purpose of maintaining an equitable assessed valuation of the Building and the land upon which it sits.

(h) For purposes hereof, "Base Operating Expenses" means the Operating Expenses paid or incurred by Landlord in the Base Year, and "Base Property Taxes" means the amount of Property Taxes for the Base Year.

6. **Brokers.** County and Landlord agree that no brokers or finders have been involved in the transaction described in this Amendment other than Corporate Realty Management, a division of Touchstone Development Company, Inc., representing Landlord ("Landlord's Broker"). Landlord shall pay a commission to Landlord's Broker pursuant to a separate agreement between Landlord and Landlord's Broker. Landlord and County agree that in the event any other

broker, salesperson or other person makes any claim for any commission or finder's fee based upon any items or interests contemplated by this Amendment, the party through whom said broker, salesperson or other person makes its claim shall defend, indemnify and hold harmless the other party from said claim and all liabilities, costs and expenses relating thereto, including reasonable attorneys' fees, which may be incurred by such other party in connection with such claim.

7. Landlord's Notice Address. From and after the date of this Amendment, Landlord's notice address shall be as follows:

HMB Stone Pine, LLC  
c/o Corporate Realty Management  
280 Second Street, Suite 210  
Los Altos, CA 94022

8. Entire Agreement. This Amendment and the Lease contain all of the covenants, conditions and agreements between the parties concerning the Premises, and shall supersede all prior correspondence, agreements and understandings concerning the Premises, both oral and written.

9. Authority. Each person executing this Amendment on behalf of a party hereto represents and warrants that he or she is authorized and empowered to do so and to thereby bind the party on whose behalf he or she is authorized and empowered to do so and to thereby bind the party on whose behalf he or she is signing.

10. Definitions. All capitalized terms used herein shall have the meanings set forth herein or, if not set forth herein, shall have the meanings set forth in the Lease for said terms.

11. Effect of Amendment. Except as specifically amended hereby, all of the terms and conditions of the Lease shall be and remain in full force and effect.

12. Incorporation of Recitals. The Recitals and Sections 1 through 5, inclusive, and 7 and 10 set forth in this Amendment are hereby incorporated into the Lease by this reference.

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IN WITNESS WHEREOF, the parties have executed this Amendment to be effective as of the date and year hereinabove first written.

Landlord: HMB STONE PINE, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

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

By: \_\_\_\_\_  
Rose Jacobs Gibson  
President, Board of Supervisors

ATTESTED:

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

## EXHIBIT A

### The Landlord Improvements

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 August 19, 2005 (the "ADA Assessment"). Landlord shall, at its sole cost, make the repairs and improvements necessary, in Landlord's reasonable discretion, to correct the following deficiencies identified in the ADA Assessment (collectively, the "Landlord Improvements").

Page	Barrier Category	Barrier No./Description
1	Parking	<ol style="list-style-type: none"> <li>1. No warning sign posted at entry to parking lot.</li> <li>2. Accessible stalls not level.</li> <li>3. 36"x36" accessible ground signage at accessible stalls is worn.</li> </ol>
1	Curb Ramp	<ol style="list-style-type: none"> <li>1. The ramp projects into the access aisle.</li> <li>2. The flared sides of the ramp are not flush to the asphalt drive.</li> <li>3. No grooved border 12 inches wide width and depth of the ramp.</li> <li>4. No visual impact warning full width and depth of ramp.</li> </ol>
1	Entrance Doors	<ol style="list-style-type: none"> <li>1. No signage.</li> <li>2. Doors require excessive effort to operate at 15 pounds.</li> <li>3. Floor mats are loose and create a tripping hazard.</li> </ol>
2	Office Interior	<ol style="list-style-type: none"> <li>5. The U.S. Mail drop within the lobby is too high at 63"</li> </ol>
2	Restrooms	<ol style="list-style-type: none"> <li>1. Doors require excessive effort to operate.</li> <li>2. Women's restroom lacks 44" minimum width from entry to accessible stall. (41")</li> <li>3. There are no handles at the front and back of the men's room accessible stall door.</li> <li>4. The door at the men's accessible stall is not self - closing.</li> </ol>
3	Restrooms	<ol style="list-style-type: none"> <li>4. There is no handle at the back of the women's room accessible stall door.</li> <li>5. Centerline of accessible toilet within men's restroom is too far</li> </ol>

		<p>from the narrow wall. (20" vs.18")</p> <p>6. Centerline of accessible toilet within women's restroom is too far from the narrow wall. (19" vs.18")</p>
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Immediately following the mutual execution and delivery of the Amendment, Landlord shall cause plans, specifications and working drawings for the Landlord Improvements (the "Plans") to be prepared. Landlord shall submit a copy of the Plans to County within sixty (60) days after the date of mutual execution and delivery of the Amendment. The Plans shall be subject to County's approval, which approval shall not be unreasonably withheld, conditioned or delayed. If County reasonably disapproves the Plans, or any portion thereof, then County shall promptly notify Landlord thereof in writing and of the revisions that County reasonably requires in order to obtain County's approval. As soon as reasonably possible thereafter, Landlord shall submit to County revised Plans addressing the revisions reasonably required by County. Such revised Plans shall also be subject to County's approval, which shall not be unreasonably withheld, conditioned or delayed. The Plans finally approved by County shall be referred to herein 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 Landlord Improvements shown on the approved Construction Documents. Promptly following County's approval of the Plans constituting the Construction Documents, Landlord shall apply for any permits, approvals or licenses necessary to complete the Landlord Improvements and shall provide copies thereof to County promptly following receipt. Landlord shall be responsible for arranging for all inspections required by the applicable local building inspection division.

Promptly following Landlord's procurement of all necessary permits and approvals to construct the Landlord Improvements, Landlord shall commence construction and shall cause the Landlord 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 Landlord Improvements. Without limiting the foregoing, construction of the Landlord 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 of the Landlord Improvements. Upon receipt of notice from Landlord that the Landlord 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 completely finished in accordance with the Construction Documents. Landlord and County shall promptly jointly review County's punchlist and determine if any items noted therein are in error and, upon agreement, Landlord shall thereafter promptly complete all defective or incomplete items identified in such punchlist. County's failure to include any item on such list shall not alter the Landlord's responsibility hereunder to complete the Landlord Improvements in accordance with the Construction Documents and the permits issued in connection therewith, nor constitute any waiver of County's right to have Landlord later correct any latent defects in the Landlord Improvements.



No approval by County of the Construction Documents or completion of the Landlord Improvements for purposes of this Lease as tenant hereunder (as opposed to the performance of County's official functions in permitting and inspecting the construction of the Landlord Improvements) 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.

## EXHIBIT B

### Operating Expenses Exclusions

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 Expenses, amortized over the useful life of such improvements at an annual rate reasonably calculated to equal the amount of Operating Expenses 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;

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 and restaurant 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 untenantable 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 Expenses;
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.