

SECOND AMENDMENT TO LEASE AGREEMENT
Lease No. 1259

This Second Lease Amendment to Lease Agreement ("Amendment"), dated for reference purposes only as of February 1, 2008 is by and between BOREL ESTATE COMPANY, 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. 65601, Landlord and County entered into a lease agreement, dated for reference purposes as of September 11, 2002 (the "Lease") for approximately 1,855 square feet of rentable space in that certain building commonly known as 1700 South El Camino Real, San Mateo, California.

B. As authorized by San Mateo County Resolution No. 66297, Landlord and County entered into the First Amendment to Lease Agreement dated October 7, 2003 (the "Lease As Amended"). The First Amendment expanded the area of the Premises to 2,278 square feet of rentable space, correspondingly adjusted the monthly rent and set forth improvements to be performed by the Landlord.

C. Landlord and County wish to further amend the Lease to extend the term, expand the premises, increase the rent and set forth ADA and Leasehold improvements to be performed by Landlord, otherwise 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. **Term.** Any references to the Term or Termination Date in the Lease As Amended notwithstanding, and subject to the County's Option to Extend as set forth below, the expiration date of the Lease As Amended is hereby extended to October 31, 2012.
2. **Option to Extend Term.** At the conclusion of the current term of the Lease As Amended (October 31, 2012), County shall have the right to extend the Term for two separate additional terms of one year each (the "Extension Options"). County, at its sole discretion, may exercise the Extension Options, if at all, by giving written notice to Landlord no later than Ninety (90) days prior to the expiration of the term to be extended; provided, however, if County is in material default under the Lease as amended on the date of giving such notice and fails to cure such default within a reasonable amount of time, Landlord may reject such exercise by delivering written notice thereof to County promptly after such failure to cure.

3. **Premises.** Any references to the Premises notwithstanding; Landlord hereby leases to County approximately 2,997 square feet of office space as shown in the attached Exhibit A2 ("Site Plan of Premises"), which is made a part hereof by reference.
4. **Rent.** Any references to the Base Rent of the Lease notwithstanding; effective November 1, 2007, the Base Rent shall be \$7,492.50 per month, which rate shall be in effect through October 31, 2008.
5. **Adjustments in Base Rent.** Beginning on November 1, 2008, and on the 1st day of November of each year of the term of this lease, the Base Rent for the following twelve month period shall be adjusted to equal three percent (3%) of the Base Rent for the lease year preceding such Adjustment Date, as follows:

Initial Term	Monthly Base Rent
November 1, 2007 – October 30, 2008	\$7,492.50
November 1, 2008 – October 30, 2009	\$7,717.28
November 1, 2009 – October 30, 2010	\$7,948.80
November 1, 2010 – October 30, 2011	\$8,187.26
November 1, 2011 – October 30, 2012	\$8,432.87

During each Extended Term, if exercised, including any holdover period as set forth herein, the Base Rent for the following twelve month period shall be adjusted to equal five percent (5%) of the Base Rent for the lease year preceding such Adjustment Date, as follows:

Extended Terms (If Exercised)	Monthly Base Rent
November 1, 2012 – October 30, 2013	\$8,854.52
November 1, 2013 – October 30, 2014	\$9,297.25

6. **Improvements by Landlord.**
 - A. Landlord, through its general contractor ("Contractor"), shall perform the work and make the improvements to the Building as set forth in the attached Exhibit B2, Section A ("ADA Improvements"), in order to comply with ADA (Americans with Disabilities Act) requirements (the "ADA Improvements"). Said work shall be completed within six months from the Effective Date of this amendment at Landlord's sole cost.

If the ADA Improvements are not complete within the time frame set forth above, as evidenced by a signed final inspection from the applicable governmental authority, the County may, at its sole discretion, elect to cause the ADA Improvements to be completed at Landlord's expense. In such event, the County may engage an independent contractor or utilize qualified County staff to complete the ADA Improvements. If the County completes the ADA Improvements, after providing Landlord with a complete written

summary of the cost incurred by the County in connection herewith, Landlord shall reimburse County for said costs. The entire amount of such reimbursement shall be immediately due and payable. Should Landlord fail to reimburse the County in full within ten days of the date of receipt of the herein described written summary of costs, Landlord shall pay to County interest and charges as set forth in Section 4.2 in the event of late payment of Rent by County. The County may not offset the payment of any Base Rent due hereunder to recover the costs incurred by County.

- B. Landlord, through its general contractor ("Contractor"), shall improve the Premises, perform the work and make the installations in the Premises as set forth in Exhibit B2, Section B ("Leasehold Improvements"). Said work shall be made at Landlord's sole cost. All work shall be performed pursuant to the Construction Documents (as defined in Exhibit B2) and in accordance with the provisions of such Exhibit. 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 set forth above, County shall have the right, but not the obligation, to complete the improvements, the Cost of which will be paid by Landlord and reimbursed as set forth herein.

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

8. **Counterparts.** This Second 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.

9. **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 Second Amendment constitutes the entire agreement between Landlord and County regarding the leased premises 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 Second Amendment, the terms of this Second Amendment shall control.

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

LANDLORD:

BOREL ESTATE COMPANY, a California
Limited Partnership

By: _____
Miller Ream
General Partner

COUNTY:

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

By: _____
Adrienne J. Tissier
President, Board of Supervisors

Attest:

Clerk of the Board

Resolution No.: _____

Exhibit A2 Site Plan of Premises

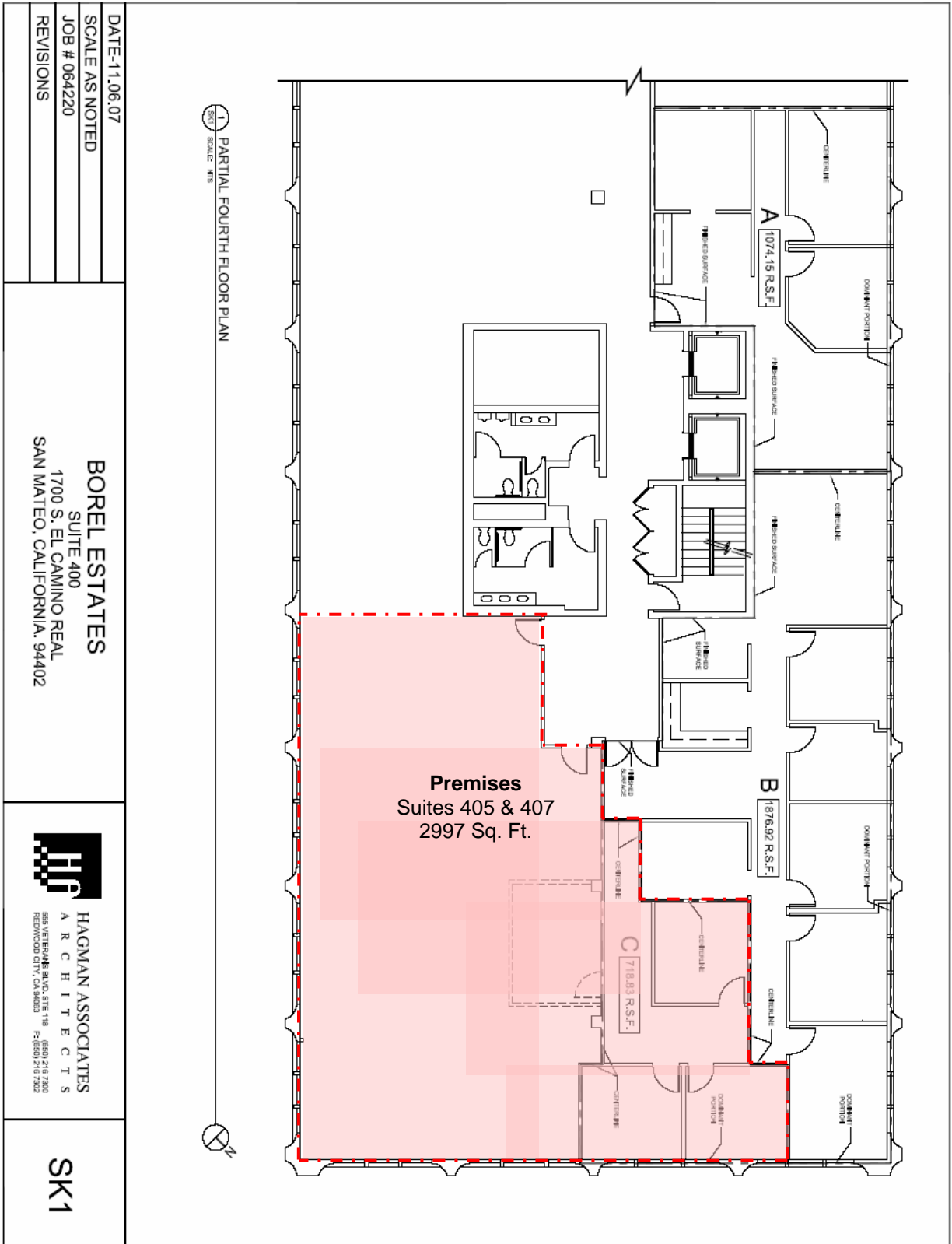


Exhibit B2

Improvements by Landlord

A. **ADA 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 8, 2005 (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	1. The 8' van access aisle is on the wrong side of the parking space.
1	Curb Ramps	2. No scoring.
1	Entrances/Doors	1. No signage.
		2. Thresholds are too high.
		3. Effort to operate doors is excessive.
1	Building Lobby	1. Floor mats are not secured.
		2. Inadequate building directory.
2	Elevators	1. The handle at the emergency phone cabinets requires grasping.
2	Common Corridors/Aisles	1. U.S. Mail drop at the lobby and adjacent to the elevators are too high.

B. **Leasehold Improvements.** Landlord shall make the attached improvements at its own cost.

(Plans Attached)

Immediately following the Effective Date of this Second 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.