

S T A N F O R D



R E S E A R C H P A R K

H A N D B O O K

“Everybody always wants
to know what’s next.
I always say that
what I can imagine is rather dull.
What I can’t imagine
is what excites me.”

– Arthur Schawlow, Stanford physicist and Nobel Laureate

Welcome to the Stanford Research Park. We have developed this handbook in order to summarize some of the basic aspects of the relationship between Stanford, as ground lessor in the Stanford Research Park (SRP), and you and your company as a lessee or tenant in the Park, by addressing the typical questions that may arise in managing your leasehold.

While this booklet is intended to provide a framework for our relationship, please keep in mind that it is not meant to be used as a substitute for carefully reviewing and complying with the terms and conditions of your ground lease. As you will see, these guidelines are quite general; we reserve the right to allow for exceptions or variances on a case-by-case basis.

We encourage you to discuss any issues or questions you may have with Stanford Management Company (SMC) staff. We're here to help, and we welcome your comments.

Stanford Research Park tenants have traditionally complied very closely with the terms of their leases, and the fine appearance of the Park is a testament to that. We are very proud of our continued position as the premier research park of this kind, and we're grateful to our tenants for all they do to help create such an appealing environment.

This handbook is divided into three parts:

- PART I covers Planning Guidelines for site developments
- PART II presents Structure And Site Modification procedures
- PART III discusses Ongoing Lessee/Tenant Activities

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PLANNING GUIDELINES



SITE PLANNING

Our objectives in site planning are to guide the location of buildings, access roads, parking lots, and landscaping on the property in a way that supports your operations and maintains the park's first class appearance. Toward this end, projects should be planned in ways that will:

- fit the respective site well
- be compatible with neighboring sites
- reflect high aesthetic standards
- protect and be compatible with the environment (i.e., drought-sensitive plantings, elements of sustainable building and site design)
- comply with all appropriate codes and regulations

Zoning Requirements

The Stanford Research Park is incorporated in the City of Palo Alto and is subject to its zoning and other regulations. Tenants must comply with the

requirements of both jurisdictions, in addition to any other relevant jurisdiction (e.g., county and state regulatory agencies).

**Please note that in some instances Stanford's requirements are stricter than the City's.*

The two zones within the Stanford Research Park are:

Limited Industrial/Research Park (LM):

1 acre minimum parcel size

Limited Industrial Site Combining District (LM-5):

5 acre minimum parcel size

Naturally, all uses are to preclude any nuisance, hazard, or commonly-recognized offensive conditions. The following table offers a snapshot of regulations for the LM and LM-5 combining district zones. For current zoning information affecting the Stanford Research Park, please visit the City of Palo Alto Web site at www.city.palo-alto.ca.us/

Site Development Regulation	LM Zone	LM-5 Combining District (1)
Minimum site size	1 acre	5 acres
Minimum site width	100 ft.	250 ft.
Minimum site depth	150 ft.	250 ft.
Minimum front setback (2)	20 ft.	100 ft.
Minimum rear yard (2)	20 ft.	40 ft.
Minimum interior side setback (3)	20 ft.	40 ft.
Minimum street side setback (3)	20 ft.	70 ft.
Maximum floor area ratio (FAR)	0.4 to 1	0.3 to 1
Maximum site coverage	30%	15%
Maximum height	35 ft.	35 ft.
Maximum height next to residential area	25 ft. if within 40 ft. of residential use	25 ft. if within 80 ft. of residential use
Parking	1 sp. per 300 gross s.f	1 sp. per 300 gross s.f

Notes:

1) The Palo Alto Zoning Ordinance has a Landscape Regulation Overlay on parcels fronting Arastradero Road in the LM-5 district, in which plantings are required to provide a physical and visual separation from the residential development on the other side of the street.

2) Stanford requires more generous setbacks than those in the Palo Alto zoning requirements. In the LM district, Stanford requires a minimum setback of 50 feet and up to 70 feet on Page Mill Road, as appropriate.

3) Side and rear setbacks are subject to review in conjunction with zoning regulations and adjacent properties.

Building Sites

Buildings should be located so the approaches to visitor parking and entries are easily discernible. In most cases in the LM zone, buildings may be oriented parallel or perpendicular to the street. A few facilities on Page Mill Road have buildings oriented to true north rather than to Page Mill Road. Where such facilities oriented to north are visible from a proposed facility, and where otherwise appropriate, this alternative orientation may be considered. In the LM-5 district, which includes larger parcels, there is more latitude in siting buildings.

Service Areas

Service areas should not be visible from the street, and must be screened from on-site views (please see section on Walls and Fences on page 5). We encourage recycling and expect it will be a significant element of your waste management program. Be sure to consider recycling containers when planning exterior enclosure dimensions.

Grading and Drainage

Our intent is always to preserve existing topography and significant trees in order to maintain the original character of the site as much as possible. We generally discourage artificial berms, however, we may make an exception in order to better screen parking from the street. Please avoid severe cuts and fills, especially on hillsides; buildings, parking, and circulation are to be designed to step up or down as necessary. Surface drainage must be properly engineered to collect all storm water on-site for discharge at approved points. To reduce storm water run-off, we encourage the use of permeable surfaces such as pavers and D.G. where appropriate.

Utilities

All utility lines must be underground, and utility equipment such as transformers, storage tanks, meters, backflow prevention assemblies, etc., must be screened from both on and offsite lines.

Above ground-backflow prevention assemblies, whether or not they are located within a cage, should be screened with plantings that are complementary to the overall planting scheme of the site. Please paint assemblies dark green or a similar camouflaging color.

Excavation of Soil

Stanford must approve permanent removal of any soil and any excavation so that archeological and environmental monitoring, if appropriate, may be arranged. Please give us a minimum notice of 10 working days prior to beginning construction when soil will be removed or excavated.

Mechanical Equipment

All major systems requiring large components (e.g., air conditioners, storage tanks, etc.) should be located in enclosed mechanical rooms. Alternately, systems might include an exterior location at or below grade as necessary to limit heights to a maximum eight feet above grade. Equipment may also be fully recessed into roof wells, with allowances for future equipment. Please make certain that mechanical equipment located this way is screened on all sides. If you do utilize surface-mounted roof equipment, please make sure it is screened in a low profile manner, and completely integrated with the overall architectural design of the building. All equipment installed on site must meet the City of Palo Alto noise ordinance. We strongly recommend that an acoustical engineer be involved in the design of roof screens and the choice of mechanical equipment in order to avoid costly retrofitting of non-compliant installations. Where the building site is adjacent to any residential development, we require that an acoustical engineer certify that the completed project meets the restrictions of the Palo Alto noise ordinance.

Mechanical equipment and auxiliary buildings, if otherwise acceptable, should not be located within five feet of property lines, and the design of auxiliary buildings should be consistent with the design of your main buildings. Please leave ample space for landscaping, and note that portable storage containers may be used on a temporary basis only. We are especially concerned that the following items be completely screened:

- Storage tanks
- Air-conditioning and other mechanical equipment
- Duct work and ventilation/exhaust stacks
- Cooling towers and chillers
- Generators
- Transformers
- All but very small flues/vents
- Temporary buildings
- Any other non-architectural appurtenance

Hazardous Materials Storage and Handling

Hazardous materials are commonly used by many firms operating in the Stanford Research Park. Stanford expects tenants to employ best management practices and comply with all governmental regulations with respect to the usage, handling, storage, and disposal of hazardous materials and to prevent the occurrence of any spills or releases on the property.

In the event of a spill or release, the master tenant of the property must immediately remedy, repair, and remediate any damage. We require the tenant to notify Stanford as soon as possible, but in all cases within 24 hours of any spill or release event.

When no longer needed, storage facilities for hazardous materials, such as sumps, subsurface pipes used for transporting chemicals and/or waste chemicals, and above/underground tanks, must be removed from the property in coordination with the University as well as the appropriate regulatory agencies. If needed, soil and/or groundwater test samples and remediation may be required by regulatory agencies and/or Stanford.

Prior to conducting any investigation or remedial activities on land that you do not lease, you must obtain an access agreement from Stanford. (Please refer to Section III, Access.) Copies of any test results or reports related to soil and groundwater investigations of any kind must be provided to Stanford. Notifications regarding, and copies of, closure plans and reports for decommissioning facilities (i.e., plating shops, maintenance shops, labs, storage facilities, etc.) must also be provided to Stanford seven days prior to initiating closure activities. Stanford may send a representative to be present during these activities.

SITE CIRCULATION

Vehicular Access

Primary access to the site should be from one of the dedicated streets in the Stanford Research Park. Access easements may cross another parcel, but are not to be designated for primary access. Please make sure that on-site vehicular circulation patterns are clear. We encourage new developments and major remodels to include passenger loading zones near the main building entrance for carpool and van-pool drop-off.

Bicycle Circulation

Stanford actively supports efforts to reduce vehicular traffic in the region, and bicycle commuting is a significant element of Stanford's Transportation Demand Management program. Site circulation plans must incorporate bicycle circulation, with safe and clearly marked routes from bicycle paths to bicycle parking and lockers. Official bicycle lanes are located on the following roads:

Arastradero Road	Page Mill Road
Hillview Avenue	Porter Drive
Foothill Expressway	Hanover Street
Junipero Serra Boulevard	California Avenue

Pedestrian Circulation

Safe, convenient pedestrian connections shall be provided from the project to surrounding external streets and, if applicable, trails. Lighting (See Site Furnishings, Lighting on page 4), landscaping and building orientation should be designed to enhance pedestrian safety. Wherever possible, we urge you to provide separate pedestrian sidewalks. Sidewalks are to be a minimum of five feet wide. In the LM district, wherever the topography permits, there is to be a continuous sidewalk along the street frontage and to the main entry of the building.

PARKING

Parking Requirements

Palo Alto zoning requirements include:

LM District:

One space for each 300 gross square feet of building(s)

LM-5 District:

One space for each 300 gross square feet of building(s)

Where the standards seem inappropriate for the number of people working onsite, Stanford and Palo Alto may be willing to grant a temporary waiver (reduction) of total initial dedicated parking. We ask you to express, in writing, your willingness to place an equal amount of land in a Landscape Reserve. The City has guidelines governing the identification and subsequent modification of such landscape parking reserve. Please note that while we prefer to minimize on-site paving, particularly for parking purposes, we reserve the right to require full parking requirement compliance. Regardless of the actual parking count, a minimum of one carpool or vanpool space shall be provided for each site.

In addition, sufficient and conveniently located visitor parking is required, and disabled persons parking is to be clearly signed and conveniently located in accordance with State and City regulations.

Parking Lots

Parking areas are to be articulated at frequent intervals with landscaped openings. Please note that openings should be of sufficient size and design to insure that trees and other plants will not be damaged by overhanging bumpers. Paved areas are to be a minimum of five feet from property lines, as these areas are reserved for planting.

There can be distinct functional and aesthetic advantages to locating parking under buildings, and we urge you to consider this option where practical. There is to be no above-ground parking within the front setback.

Please design parking lots to reduce overall runoff volume and nonpoint source pollution contained in runoff. Techniques for achieving these goals include minimizing impervious area, using permeable pavements, and directing runoff to landscape swales designed for stormwater treatment.

Service areas should not be visible from the street, and must be appropriately screened from on-site views (please see Walls and Fences on page 5). Dead-end parking bays should be avoided.

In some cases, Stanford's requirements may exceed the minimum City of Palo Alto requirements for parking lot trees. Please discuss any specific questions with us during the planning stages.

SITE FURNISHINGS

Lighting

Building lights, parking areas, courtyards and other relatively large open areas should be part of the architectural design, whether free-standing or building-mounted. Lighting design should balance energy conservation with aesthetic, architectural, and safety factors.

The maximum mounting height for any luminaire is 20 feet. Please note that both site flood lighting (building mounted or otherwise) and tall freeway-type fixtures are prohibited. No direct glare from any source, internal or external, is to be visible from off-site. Finally, we require high-pressure sodium or other acceptable equivalent energy-efficient alternative lighting, but will consider other types of lighting on a case-by-case basis. In general, lesser-intensity lighting is preferred consistent with adequate safety.

Signs

We encourage reasonable use of monument signs, and suggest that all signs be scaled to relate to their environment. Signage is allowed in setback areas. Notwithstanding any allowance by the City of Palo Alto, no tenant signage will be allowed on the building façade unless the tenant is the primary occupant of a campus that exceeds 250,000 square feet. However, no building façade signage will be allowed regardless of tenant size, on the side of the building

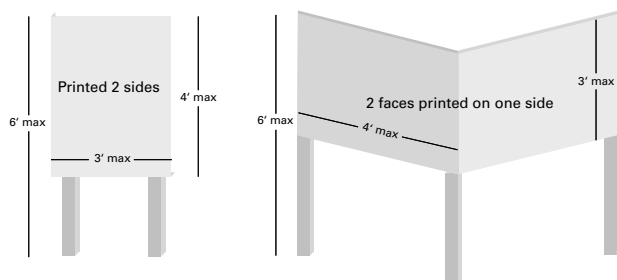
that faces a residential development. If applicable, Stanford will consider conservatively sized signage near or over the main entry door of a building that is occupied by a single tenant, of a multi-tenant campus. Please be aware that the City of Palo Alto has very specific sign requirements.

Professional design is required. Logos and lettering may be either raised or recessed; vinyl or painted lettering is prohibited. Illuminated signs are to have soft, concealed, non-glare external lighting. Internal lighting, unfinished or exposed aluminum edges, and signs using plastic or similar commercial materials are prohibited, as are signs that are glossy, reflective, flashing, or have moving parts.

Leasing Signs

Leasing signs are allowed with the following restrictions:

- One leasing sign per site, per major road frontage
- Sign faces may be a maximum width of four feet and a maximum height of three feet
- Signs may be printed on two sides (back to back) or one side in a chevron layout
- Signs must be professionally designed and produced, may not be illuminated and must be maintained in a professional manner. Signs are to be removed promptly when the space has been leased



Walls and Fences

Walls are not permitted within the streetside setback(s). Any wall between the streetside landscaping and a building front is limited to a maximum height of three feet. No side or rear wall may exceed eight feet in height unless approved by Stanford. Refuse enclosure walls are to be six feet high and must be of suitable material and finish (no chain-link fencing).

All walls are to be constructed of materials and finishes that are compatible with adjacent build-

ings. We strongly discourage chain link or other non-architectural fences; if they are used, they must be screened with vines or shrubs and be at least twenty feet from side street frontage(s). Barbed wire or redwood slats in chain link fencing are strictly prohibited. No fencing (including security fencing) is permitted within the front setback. Should there be sloping conditions, the tops of all fences should be stepped to carry level.

Landscaping and Maintenance

To maintain the park-like setting in the Stanford Research Park, we encourage all tenants to plant a combination of lawn and green drought-tolerant plantings. New or re-landscape plans must be received and approved by the Stanford Management Company. We also are happy to provide input on landscape issues as requested.

Property line planting, particularly trees, must be compatible with adjacent landscaping. Boulevard strips must be planted with ground cover, shrubs, lawn, trees or a combination of the same. No bare dirt is allowed in this area. In addition, a regular maintenance program must be established to protect the visual aspects of the landscape by properly grooming and trimming lawns, trees, and shrubs. The prompt removal and replacement of dead or dying plants, and strict control of litter, weeds, and growth restricting circulation is required. Where plants or lawn or other landscaping features have become unsightly, diseased, dying or dead, new plantings or landscape features must replace it in accordance with the guidelines in this section. We encourage you to choose plants with minimum watering requirements to promote water conservation.

In addition to what it can do for the overall appeal of a site, landscaping supplements air-conditioning by providing shade, and helps to raise the level of humidity and oxygen in the surrounding air. Landscaping also can provide, and is the recommended material for, effective screening of the following:

- Mechanical/electrical equipment
- Trash containers
- All parking and other large paved or open spaces
- Large blank walls, fences (mesh or solid)
- Loading docks
- Rear of single-faced signs
- Utility yards and equipment storage areas
- Backflow prevention assemblies

A Partial List of Plants Recommended for Sites in the Stanford Research Park

TREES

<i>Aesculus californica</i>	California buckeye
<i>Albizia julibrissin</i>	Mimosa, Silk tree
<i>Cedrus deodara</i>	Deodar cedar
<i>Ceratonia siliqua</i>	Carob tree
<i>Eriobotrya japonica</i>	Loquat
<i>Geijera parviflora</i>	Australian willow
<i>Koelreuteria paniculata</i>	Goldenrain tree
<i>Lyonothamnus floribundus</i>	Fernleaf Catalina ironwood
<i>Melia azedarach</i>	China-berry
<i>Olea europaea</i>	Olive
<i>Pinus</i> (many)	e.g. Eldarica pine
<i>Pistacia chinensis</i>	Chinese pistache
<i>Quercus</i> (many)	e.g. Holly oak
<i>Rhus lancea</i>	African sumac
<i>Sapium sebiferum</i>	Chinese tallow tree
<i>Tristania conferta</i>	Brisbane box

SHRUBS

<i>Arbutus unedo</i>	Strawberry tree
<i>Arctostaphylos</i> (many)	Howard McMinn manzanita
<i>Callistemon citrinus</i>	Lemon bottlebrush
<i>Ceanothus</i> (many)	e.g. Julia Phelps ceanothus
<i>Cercis occidentalis</i>	Western redbud
<i>Chaenomeles</i> varieties	Flowering quince
<i>Cistus</i> (several)	e.g. White rockrose
<i>Cotinus coggygria</i>	Smokebush
<i>Dodonaea viscosa</i>	Hopbush
<i>Escallonia</i> (several)	e.g. Frade's escallonia
<i>Fremontodendron californicum</i>	Flannel bush
<i>Garrya elliptica</i>	Coast silktassel
<i>Grevillea</i> (several)	e.g. Woolly grevillea
<i>Heteromeles arbutifolia</i>	Toyon
<i>Lantana camara</i> varieties	Lantana
<i>Lavandula</i> (several)	e.g. Spanish lavender
<i>Leptospermum scoparium</i>	New Zealand tea tree
<i>Myrtus communis</i>	Myrtle
<i>Nerium oleander</i> varieties	Oleander
<i>Pittosporum</i> (several)	e.g. Willow pittosporum
<i>Plumbago auriculata</i>	Cape leadwort
<i>Prunus ilicifolia</i>	Holly-leaf cherry
<i>Punica granatum</i>	Pomegranate
<i>Rhamnus alaternus</i>	Italian buckthorn
<i>Rosmarinus officinalis</i>	Rosemary

HERBACEOUS PLANTS

<i>Acanthus mollis</i>	Bear's breech
<i>Achillea</i> (several)	Common yarrow
<i>Aloe</i> (several)	e.g.: Tree aloe
<i>Amaryllis belladonna</i>	Naked ladies
<i>Aspidistra elatior</i>	Cast iron plant
<i>Centranthus ruber</i>	Red valerian
<i>Coreopsis grandiflora</i> , <i>verticillata</i>	Coreopsis
<i>Diplacus</i> hybrids	Monkey flower
<i>Dietes iridioides</i>	Fortnight lily
<i>Erigeron karvinskianus</i>	Santa Barbara daisy, Fleabane
<i>Eschscholzia californica</i>	California poppy
<i>Eriogonum</i> (several)	e.g. Santa Cruz Island buckwheat
<i>Gaillardia grandiflora</i>	Blanket flower
<i>Geranium incanum</i>	Crane's bill
<i>Hypericum calycinum</i>	St. Johnswort
<i>Iris douglasiana</i> , <i>foetidissima</i>	Douglas iris, Gladwin iris
<i>Kniphofia uvaria</i>	Red hot poker
<i>Lantana montevidensis</i>	Trailing lantana
<i>Limonium perezii</i>	Sea lavender
<i>Narcissus</i> (many)	Narcissus, daffodils
<i>Oenothera berlandieri</i>	Mexican evening primrose
<i>Pelargonium</i> (several)	Geraniums
<i>Romneya coulteri</i>	Matilija poppy
<i>Salvia clevelandii</i> , <i>leucantha</i>	Cleveland sage, Mexican Bush sage
<i>Santolina chamecyparissus</i>	Lavender cotton
<i>Sedum</i> (many)	e.g. Cape Blanco sedum
<i>Senecio cineraria</i>	Dusty miller
<i>Stachys byzantina</i>	Lamb's ears
<i>Teucrium chamaedrys</i>	Germander
<i>Verbena tenuisecta</i>	Perennial verbena
<i>Zauschneria californica</i>	California fuchsia

VINES

<i>Bougainvillea</i> (several)	Bougainvillea
<i>Macfadyena unguis-catii</i>	Yellow trumpet vine
<i>Polygonum aubertii</i>	Silver lace vine
<i>Wisteria sinensis</i>	Chinese wisteria



STRUCTURE AND SITE MODIFICATIONS

OVERVIEW

Any modification to your site or building(s) must be approved by the Stanford Management Company before you submit it to the City of Palo Alto. Once you have documented Stanford approval, Palo Alto, in consultation with SMC, will accept project(s) for either a building permit, or for Architectural Review Board and/or Planning Commission review.

All development within the Stanford Research Park must comply with the codes and regulations of the State of California, the County of Santa Clara, the City of Palo Alto, and the Board of Trustees of The Leland Stanford Junior University. Any lands that abut the Creek may require review by the Department of Fish and Game and the Santa Clara Valley Water District. Review by the University does not include consideration of structural, code, or other applicable regulations administered by other jurisdictions.

Please contact SMC with information regarding the scope of your project. We will be happy to discuss your proposal, and provide information on the process to be used in approving your project.

ARCHITECTURAL DESIGN

In designing projects for The Stanford Research Park, please consider the following items:

- Quality of building materials, and their appropriate use
- Quality of design detailing
- Scale and proportion appropriate to the building forms chosen
- Appropriate integration of screening devices for mechanical and electrical components
- Compatibility with existing forms, materials, colors, and detailing of adjacent structures
- Integration of the building forms, materials, and colors with the landscape setting
- Clarity of circulation paths for automobiles and pedestrians
- Appropriate sense of entry to both the site and the building
- Compatibility with the overall architecture of the Park

Sustainable Design

Stanford encourages developments in the Stanford Research Park to approach the design, construction and operation of a building and site with reasonable consideration for reducing impacts on the environment and the community, while also improving the interior environment for occupants.

DESIGN REVIEW CATEGORIES AND PROCESS

We ask that you discuss projects with SMC prior to submitting them. We can make an assessment by telephone as to the category of project involved, as follows:

Interior Renovations

Projects with no exterior aesthetic impacts need not be reviewed by SMC, unless required by your lease.

Low-impact Projects

Projects with a low aesthetic impact (projects that do not materially change the character of the building) are reviewed by and approved by SMC. Following this review, you may go to the City of Palo Alto for review, approval, and building permit.

Process for Review of Low-impact Projects

Upon the instructions of SMC, you may submit four sets of drawings to SMC. We will then review the drawings for lease and design guideline compliance. If modifications to the submitted drawings are needed, SMC will work with you to resolve any design issues.

High-impact Projects

Significant projects, including new building proposals, are subject to review throughout the schematic design, design development, and working drawing phases. You must obtain Stanford review and approval at each phase before submitting your proposal to the City of Palo Alto. (Please note: Concurrent applications may be possible for Palo Alto Architectural Review Board and Planning Commission review. We suggest that you discuss this option with SMC prior to proceeding.)

Process for Review of High-impact Projects

You will find it helpful to discuss significant projects with SMC staff as early in the process as possible.

When concept drawings are ready for review, you will meet with SMC staff to discuss the progress of the project. Please submit four copies of your concept plans not less than five days prior to the scheduled meeting to give our staff time to evaluate them. If modifications to the submitted drawings are needed, we will work with you to resolve any design issues.

When the concept review is completed, you will receive the drawings and an annotated cover sheet describing any conditional design modifications that you may submit to the City of Palo Alto for Architectural Review Board review and other process scheduling. SMC staff may attend the ARB review meeting in order to coordinate ARB comments on the project into the final preliminary drawings submitted to the City for the second ARB review.

Please note that at each stage of design development – through to working drawings – we ask that you submit designs for SMC review in the same manner as for the initial submittal (see below).

Submittal Requirements

Please submit four complete sets of drawings for each of three review phases: schematic design, design development, and construction documents. The site master plan is to include a complete summary of building areas; planting areas; conceptual lighting, signing and site furnishings; site circulation; and parking counts (including bicycle parking/storage) present and future. In addition, you should include:

- Floor plans
- Roof plans
- Building elevations (including mechanical equipment) and sections
- Colored perspective drawings of the development (as viewed from the street at eye level)
- Landscape plan, including irrigation system
- Color/materials board representing all exterior finishes, materials, and colors
- Photographs or slides of existing site that characterize its current condition

Procedure Following Stanford Design Approval – City of Palo Alto Review

In addition to review and approval by the University, the City of Palo Alto requires that proposed projects be submitted for review and approval by the Architectural Review Board. Other City departmental review may also be required, for example, within the Site Design Review of Combining Districts (LM-5) (D), Palo Alto requires that proposed projects be submitted for review and approval by the Architectural Review Board, the Planning Commission and the City Council.

You may apply for preliminary review by City of Palo Alto, Architectural Review Board, but please note that this does not take the place of on-going project development reviews with Stanford leading to submission to the ARB for final approval.

PRE-CONSTRUCTION REQUIREMENTS

Notices of Non-Responsibility

Whenever any contracted physical improvement work is done to the land, buildings, or landscaping, SMC must be advised of the timing and scope of the work so that we may post a Notice of Non-responsibility and record the original with the County Recorder's Office. This protects Stanford against financial claims alleged by any contractor or vendor which they may file against you or Stanford as landowner. As a general guideline, if the total cost of such work exceeds \$20,000, such notice is required. Please give us a minimum notice of ten working days prior to commencing construction.

Excavation Work

Before beginning any excavation work, you must receive approval from SMC. Installation of storage tanks or other underground equipment must also receive prior approval as specified within the procedures for site modifications. SMC must be notified at least four weeks prior to construction. In the case of emergency repairs, please notify us within forty-eight hours.

Archeological Monitoring

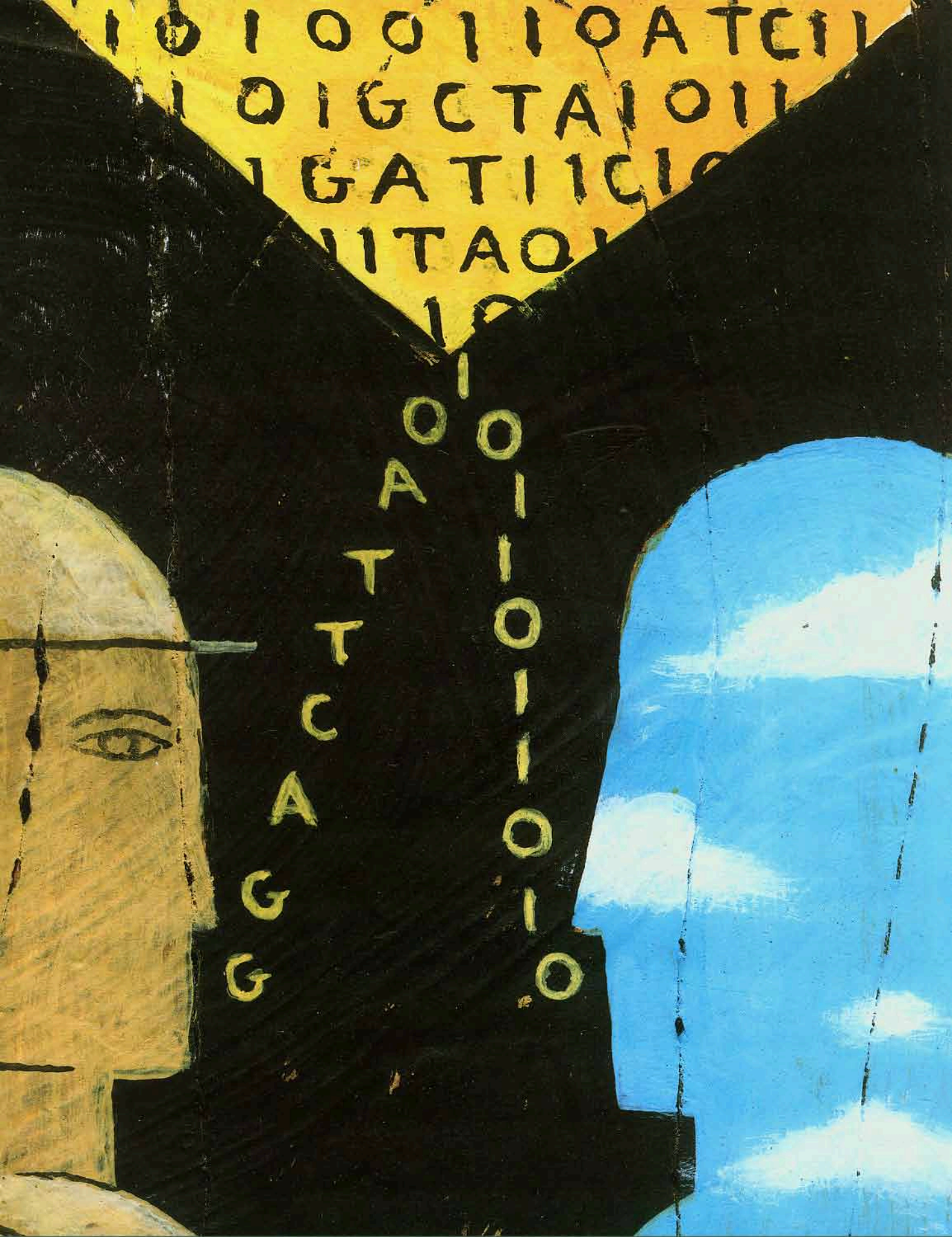
Stanford retains the right to utilize an archeologist or other suitable representative approved by SMC to monitor ground excavation or grading during any construction project. This right also includes the ability to suspend the construction activity while any discovered artifacts or suspected artifacts are investigated or removed. Such archeological finds are considered a significant resource to the University and therefore require suitable protection. The areas bordering any of the creeks in the Stanford Research Park are particularly sensitive in this regard.

Landscaping Standards

Please see Planning Guidelines for further information.

POST-CONSTRUCTION REQUIREMENTS

Within 30 days of completion of the project, the University requires that one set of record drawings (as-builts) be delivered to SMC.



ONGOING LESSEE/TENANT ACTIVITIES

PERIODIC PROPERTY INSPECTIONS

On a periodic basis, we conduct drive-by inspections of our leasehold properties. Any lessees out of conformity with the maintenance, architectural, and aesthetic standards of the Stanford Research Park will be notified of the problem and requested to take remedial action. These inspections are very important to maintain the Stanford Research Park's high-caliber appearance.

Occasionally, SMC may request the removal or improvement of an existing defect or eyesore – new or old. This is to avoid undesirable elements, which, while seemingly insignificant when taken individually, can collectively reduce the quality and appeal of the Stanford Research Park. Please note that any new construction or installation not officially approved by SMC is subject to revision or removal at the lessee's expense.

LENDERS: ESTOPPELS, TRI-PARTY AGREEMENTS

Lenders who wish to secure their loans by a borrowers' leasehold interest in the Stanford Research Park should bear in mind that under no circumstances can this affect the fee interest retained by Stanford. In general, leaseholds in the Stanford Research Park may be encumbered by deeds of trust, which are facilitated by a tri-party lender agreement executed by SMC, the lender, and the borrower/lessee.

SMC will enter into tri-party agreements if the terms are acceptable and do not compromise Stanford's rights under the existing ground lease. Accordingly, it is very important to provide complete details of the proposed transaction. When a tri-party agreement is required to consummate a financial transaction, the lenders or lessee should take the following steps:

- Contact SMC to make the request. Include a title report, a summary of the transaction (including the loan amount), term, amortization period, and interest rate along with a complete summary of all assets used as security, as well as loans that will be repaid as a result of the proposed financing.
- Once SMC agrees to enter into the requested tri-party agreement, SMC will prepare an agreement for review and approval by the lender and the lessee. SMC policy is to prepare all legal documents to be executed by Stanford relating to its real estate holdings.
- Assuming all parties agree to the terms of the agreement, SMC will prepare and distribute execution copies of the tri-party agreement. After the lender and the lessee have executed the document, it should then be returned to SMC for execution and final distribution.

Finally, please allow at least two to three weeks for tri-party agreements.

Often a lender is willing to extend a loan to a borrower without a tri-party lender agreement. For such transactions, an estoppel letter from SMC is adequate. The requirements for estoppels are much the same as for tri-party lender agreements, but generally we can deliver an estoppel letter within one week of receipt of all materials.

BROKERS: SUBLEASE CONSENTS

SMC encourages strong working relationships with brokers in the community. Please feel free to contact us with any questions, ideas, or proposals you may have. We are always willing to consider proposals concerning investment and leasing opportunities and are eager to stay abreast of the local real estate market.

Because the properties in the Stanford Research Park are almost entirely ground leased by Stanford, the major form of lease transaction in the Stanford Research Park is some form of sublease. When leasing space in the Stanford Research park, please bear in mind that SMC must give its consent before any such lease becomes effective.

Additionally, many leases in the Stanford Research Park have restrictive use clauses that prohibit certain (and sometimes many) uses. When taking a listing on Stanford Research Park space, please make sure you are familiar with any use restrictions stipulated by the lease (see following section on Use Clause Exceptions).

Once you have found a potential sublessee acceptable to SMC, you should let SMC know that you are approaching executing a deal and provide a draft of the sublease document and any other supporting information. SMC will prepare a sublease consent once the sublease has been fully executed and presented to SMC with a request for review and consent by the Master Lessee.

Please allow up to two weeks for a standard lease approval.

USE CLAUSE EXCEPTIONS

Background

Since its origin in the 1950s, the Stanford Research Park has been built upon the cultivation of high-tech and research-based companies whose R&D efforts were synergistic with academic and research programs at Stanford. Today the Park is recognized as one of the world's preeminent research parks based on its size and concentration of leading high-tech companies engaged in cutting -edge research and development.

Lease clauses restricting use of Research Park lands for R&D-related purposes were originally included in many leases to ensure that the connection with academic objectives was cultivated and maintained

throughout the Park. As the Park grew, and a concentration of high-tech activity developed, a few land leases were executed without R&D restrictions to allow for other uses that support the R&D core.

The Research Park is now a community of companies predominantly engaged in R&D activities. Over the years, the use clause restrictions have had the desired effect of attracting Park tenants who are focused on technology and life science disciplines, and who often enjoy interactive relationships with researchers at Stanford.

Non-R&D related companies are also essential in providing professional and other services to support the core park community. In light of this need, the University will consider making specific changes in restrictive use clauses, on a case-by-case basis, to enhance the Park's overall attractiveness for current and prospective R&D tenants. However, consistent with the strategic plan for the Park, R&D tenants may not fall below 75% of total Park tenancies.

Purpose of Guidelines

The purpose of these guidelines is to establish criteria under which use clause exceptions may be allowed and to define the process tenants should follow when requesting exceptions. These guidelines reflect the current policy of Stanford Management Company, which reserves the right to change these guidelines at any time and in any manner, in its sole discretion. These guidelines do not constitute a waiver of Stanford's rights to strictly enforce restrictive use clauses in Research Park leases.

Criteria for Use Clause Exception Requests

The determination to either grant or deny a use clause exception request to accommodate non-R&D use generally will be based upon the ability of the prospective non-R&D tenant to fit at least two of the following criteria. The prospective tenant:

- Provides essential services to R&D tenants in the Park
- Has synergy with the University through an existing or potential relationship
- Is a leading firm in its field

Review Process

To request a use clause exception, you must send a written request to the Director of the Stanford Research Park detailing the following information:

- lessee's name and building address
- square footage and lease term desired for prospective tenant
- complete information about the prospective tenant and its business that addresses the criteria outlined above

This request is then submitted to the Use Clause Exception Review Committee for consideration. The Committee will determine whether to grant the request based on its review of the information in light of the criteria outlined above and its professional judgment as to whether granting such a request would be in the best interests of the Park and the University. Decisions are made by the Committee, in its sole discretion, taking into account the needs of the Stanford Research Park, the University, and the market.

Should a request for a use clause exception be submitted that does not meet the necessary criteria, but the Committee still believes the proposed change would be in the Park's best interests, the decision to grant such an exception can be made finally by the Board of Directors of The Stanford Management Company.

Use Clause Exception – Parameters

If granted, use clause exceptions will be narrowly defined to include:

- specific space
- square footage
- lease term
- approved tenancy

Please note that any subleasing by the non-R&D subtenant requires the master lessee to submit the sublease, with the use clause exception request, to Stanford for approval. An exception for a particular subtenant is in no way a permanent exception for the specific space in question and Stanford reserves the right to deny an exception to future tenants in the same space.

Use Exception Surcharge

In consideration for any grant of a use clause exception, the master lessee will pay a surcharge to Stanford in the amount of 17% of the gross rental income payable by the approved sub-tenant. The fee is paid on a quarterly basis for the duration of the approved term.

CONTRACTORS: NOTICE REQUIREMENTS

Contractors doing business in the Stanford Research Park should be aware that the University is not liable for any work or materials ordered by its lessees or tenants in the Stanford Research Park. Prior to commencing any job in the Stanford Research Park, you must give SMC at least 10 days notice in order for SMC to post and record a notice of nonresponsibility.

You must also observe all safety regulations and requirements of all applicable jurisdictions.

Signs

Posting signs related to construction must be approved in advance and must follow the Leasing Signs restrictions on page 5 of this handbook.

Access

Often lessees need access to other parts of University land for utility lines, environmental investigation, remediation work, or other purposes. Whenever such a need arises, please make the request through SMC, providing a written description of the work and map identifying locations as needed. If the request for access is acceptable to the University and any other affected lessee or landowner, SMC will draft the applicable documentation and work with you and any other party affected to facilitate your needs. Please be aware that these documents can require lengthy discussions, so please approach SMC with your request at the earliest possible date.

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When to call: Any question regarding investigation or remediation of hazardous materials contamination. Any emergency concerning hazardous materials. Any occurrence or discovery of hazardous materials contamination.

www.stanfordmanage.org/smc_srp.html