

**Recording Requested By:**

Stanford Management Company  
 2770 Sand Hill Road  
 Menlo Park, CA 94025

**When Recorded, Mail To:**

Executive Officer  
 California Regional Water Quality Control Board  
 San Francisco Bay Region  
 1515 Clay Street, Suite 1400  
 Oakland, California 94612

Environmental Manager  
 Stanford Management Company  
 2770 Sand Hill Road  
 Menlo Park, CA 94025

**COVENANT AND ENVIRONMENTAL RESTRICTION ON PROPERTY**

4001 Miranda Avenue, Palo Alto

This Covenant and Environmental Restriction on Property ("Covenant") is made as of the 27 day of May, 2003 by The Board of Trustees of the Leland Stanford Junior University ("Covenantor") who is the fee Owner of record of that certain property situated at 4001 Miranda Avenue, in the City of Palo Alto, County of Santa Clara, State of California (such portion hereinafter referred to as "The Property"), which is more particularly described in Exhibit A attached hereto and incorporated herein by this reference for the benefit of the California Regional Water Quality Control Board for the San Francisco Bay Region (the "Regional Board") with reference to the following facts:

A. Site Cleanup Requirements. This Covenant is made in accordance with the requirements of the Regional Board as set forth in Regional Board Site Cleanup Requirements Order No. 95-013 issued on January 18, 1995 ("the Order") the Regional Board having determined that the groundwater underlying The Property contains hazardous materials.

B. Determination by Regional Board of Hazardous Materials on The Property. According to the Regional Board and as set forth in more detail in the Order, The Property contains hazardous materials as that term is defined in Health & Safety Code Section 25260, including without limitation volatile organic chemicals that were released from a dry well that existed on The Property. Remediation activities were, and are being, conducted to remediate any soil and/or groundwater contamination; however, the groundwater may contain contaminants at concentrations that exceed drinking water standards. Measures are being taken to extract contaminants and treat water prior to discharge to the sanitary sewer under the City of Palo Alto Regional Water Quality Control Plant permit #1209.

C. Exposure Pathways. The Regional Board has determined that hazardous materials addressed in this Covenant are present in groundwater on The Property.

D. Adjacent Land Uses and Population Potentially Affected. The Property is part of the Stanford Research Park that is currently used for industrial and commercial purposes. The Property is bounded on the west and south sides by industrial and commercial properties, the Veterans Administration Hospital is to the north and Henry Gunn High School to the east of The Property.

E. Disclosure and Sampling. Full and voluntary disclosure to the Regional Board of the presence of such hazardous materials on The Property has been made and extensive sampling of The Property has been conducted.

F. Purpose of Covenant. Covenantor desires and intends that in order to benefit the Regional Board, and to protect what the Regional Board considers to be the present and future public health and safety, The Property shall be used in such a manner as to avoid potential harm to persons or property that may result from hazardous materials in and on The Property. The Order provides for the remediation of any soil and groundwater contamination at the properties subject to the Order. The Order, at Provision C.2.c., requires Covenantor to implement a deed restriction for the site, or an alternative mechanism, prohibiting the use of any contaminated on-site groundwater as a source of drinking water until a determination has been made that groundwater cleanup standards have been achieved and pollutant levels have stabilized in the aquifers beneath the Property.

Covenantor desires and intends that the use of contaminated groundwater under The Property as a source of drinking water shall be prohibited, subject to the requirements stated herein, and that this Covenant will satisfy the requirements of a deed restriction under provision C.2.c. of the Order to prohibit the use of any contaminated on-site groundwater as a source of drinking water. This Covenant is being made pursuant to Civil Code § 1471.

## ARTICLE I GENERAL PROVISIONS

1.1 Provisions to Run with the Land. This Covenant sets forth protective provisions, covenants, conditions and restrictions (collectively referred to as "Restrictions") upon and subject to which The Property shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. The Regional Board has determined the restrictions set forth in Article III are reasonably necessary to protect present and future human health and safety or the environment. Each and all of the Restrictions shall run with the land, and pass with each and every portion of The Property, and shall apply to, inure to the benefit of, and bind the respective successors in interest, future purchasers, ground lessees, or possessors of The Property and shall be deemed for the benefit of the Regional Board and all Owners and Occupants. Each and all of the Restrictions are imposed upon the entire Property unless expressly stated as applicable to a specific portion of The Property. Each and all of the Restrictions run with the land pursuant to section 1471 of the Civil Code. Each and all of the Restrictions are enforceable by the Regional Board.

1.2 Concurrence of Owners and Lessees Presumed. All future purchasers, lessees, or possessors of any portion of The Property shall be deemed by their purchase, leasing, or possession of such The Property, to be in accord with the foregoing and to agree for and among themselves, their heirs, successors, and assignees, and the agents, employees, and lessees of such owners, heirs, successors, and assignees, that the Restrictions as herein established must be adhered to for the benefit of the Regional Board and such Owners and Occupants of The Property and that the interest of such Owners and Occupants of The Property shall be subject to the Restrictions contained herein.

1.3 Incorporation into Deeds and Leases. Covenantor desires and covenants that the Restrictions and obligations set out herein, until removed, shall be incorporated in and attached to each and all future deeds and leases of any portion of The Property.

1.4 Purpose. It is the purpose of this instrument to restrict the use of The Property as provided herein, which restrictions will run with the land, to facilitate the remediation of any past environmental contamination and to protect human health and the environment by reducing the risk of potential exposure to residual hazardous materials. This Covenant does not create any private right of action against Covenantor or any lessee or occupant of The Property.

1.5 Covenant Removal. Covenantor agrees that the use of on-property contaminated groundwater as a source of drinking water, is prohibited and that such prohibition shall remain in effect until (a) there is satisfactory evidence to the Regional Board that groundwater cleanup standards have been achieved and pollutant levels have stabilized in the aquifers beneath the Property; or (b) as a result of a written request and application, the Regional Board, or a successor agency, issues a written variance from the provisions of this Covenant as it applies to all or any portion of the Property, as described by the requester/applicant; or (c) the Regional Board, or a successor agency, orders an amendment or termination of this Covenant. Any release from, or termination of, the restrictions specified in this Covenant shall be effective when recorded by the Owner of the Property, or the relevant portion thereof in the County of Santa Clara.

## ARTICLE II DEFINITIONS

2.1 Regional Board or Board. "Regional Board" or "Board" shall mean the California Regional Water Quality Control Board for the San Francisco Bay Region and shall include its successor agencies, if any.

2.2 Improvements. "Improvements" shall mean all buildings, roads, driveways, regradings, and paved parking areas, constructed or placed upon any portion of The Property.

2.3 Occupants. "Occupants" shall mean Owners and those persons entitled by ownership, leasehold, or other legal relationship to the exclusive right to use and/or occupy all or any portion

of The Property.

2.4 Owner or Owners. "Owner" or "Owners" shall mean the Covenantor and/or its successors in interest, who hold title to all or any portion of The Property.

### ARTICLE III DEVELOPMENT, USE AND CONVEYANCE OF THE PROPERTY

3.1 Restrictions on Development and Use. Covenantor promises to restrict the use of The Property as follows:

a. All uses and development of The Property shall be consistent with any then existing operative Regional Board Order or Risk Management Plan. All uses and development shall preserve the integrity of any remedial measures taken or remedial equipment installed, and any groundwater monitoring system installed on The Property pursuant to the requirements of the Regional Board, unless otherwise expressly permitted in writing by the Regional Board.

b. No Owners or Occupants of The Property or any portion thereof shall drill, bore into contaminated groundwater, otherwise construct, or use a well for the purpose of extracting contaminated water for any use, including but not limited to, domestic, potable, or industrial uses, unless expressly permitted in writing by the Regional Board.

c. The Owners or Occupants shall notify the Regional Board of each of the following: (1) The type, cause, location and date of any disturbance to any remedial measures taken or remedial equipment installed, and of the groundwater monitoring system installed on The Property pursuant to the requirements of the Regional Board, of which it becomes aware, which could affect the ability of such remedial measures, remedial equipment, or monitoring system to perform their respective functions and (2) the type and date of repair of such disturbance, if known. Notification to the Regional Board shall be made by registered mail within ten (10) business days of both the discovery of such disturbance and the completion of repairs.

d. The Covenantor agrees that the Board, and/or any persons acting pursuant to Regional Board orders, shall, subject to the rights of lessees and other parties in lawful possession of The Property, have reasonable access to The Property for the purposes of inspection, surveillance, maintenance, or monitoring, as provided for in Division 7 of the Water Code.

3.2 Enforcement. Failure of the Owner to comply with any of the restrictions, as set forth in paragraph 3.1, shall be grounds for the Regional Board, by reason of this Covenant, to have the authority to require that the Owner modify or remove any Improvements (including groundwater wells) constructed by the Owner in violation of that paragraph. Violation of the Covenant by the Owner shall be grounds for the Regional Board to file civil actions against the Owner as provided by law.

3.3 Notice in Agreements. After the date of recordation hereof, Owner shall execute a

written instrument, which shall accompany all future purchase agreements or leases relating to the property. Any such instrument shall contain the following statement:

The land described herein has been deemed by the Regional Water Quality Control Board to contain hazardous materials in the groundwater under the property, and is subject to a Covenant and Environmental Restriction dated as of May 27, 2003, and recorded on \_\_\_\_\_, 2003, in the Official Records of Santa Clara County, California, as Document No. \_\_\_\_\_, which Covenant and Restriction imposes certain covenants, conditions, and restrictions on usage of the property described herein. This statement is not a declaration that a hazard exists.

ARTICLE IV  
VARIANCE AND TERMINATION

4.1 Variance. Any Owner or, with the Owner's consent, any Occupant of The Property or any portion thereof may apply to the Board for a written variance from the provisions of this Covenant.

4.2 Termination. Any Owner or, with the Owner's consent, any Occupant of The Property or a portion thereof may apply to the Board for a termination of the Restrictions as they apply to all or any portion of The Property.

4.3 Term. Unless removed in accordance with paragraph 1.6, altered in accordance with paragraph 4.1 or terminated in accordance with paragraph 4.2 above, by law or otherwise, this Covenant shall continue in effect in perpetuity.

ARTICLE V  
MISCELLANEOUS

5.1 No Dedication Intended. Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of The Property or any portion thereof to the general public.

5.2 Notices. Whenever any person gives or serves any notice, demand, or other communication with respect to this Covenant, each such notice, demand, or other communication shall be in writing and shall be deemed effective (1) when delivered, if personally delivered to the person being served or official of a government agency being served, or (2) three (3) business days after deposit in the mail if mailed by United States mail, postage paid certified, return receipt requested:

*If To: "Covenantor"*  
Stanford Management Company  
2770 Sand Hill Road  
Menlo Park, CA 94025

*If To: "Board"*  
Regional Water Quality Control Board  
San Francisco Bay Region  
Attention: Executive Officer  
1515 Clay Street, Suite 1400  
Oakland, California 94612

5.3 Partial Invalidity. If any portion of the Restrictions or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such portion had not been included herein.


5.4 Article Headings. Headings at the beginning of each numbered article of this Covenant are solely for the convenience of the parties and are not a part of the Covenant.

5.5 Recordation. This instrument shall be executed by the Covenantor and by the Executive Officer of the Board. This instrument shall be recorded by the Covenantor in the County of Santa Clara within ten (10) days of the date of execution.

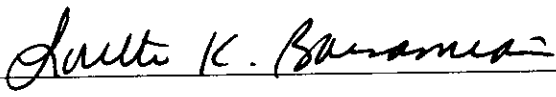
5.6 References. All references to Code sections include successor provisions.

5.7 Construction. Any general rule of construction to the contrary notwithstanding, this instrument shall be liberally construed in favor of the Covenant to effect the purpose of this instrument and the policy and purpose of the Water Code. If any provision of this instrument is found to be ambiguous, an interpretation consistent with the purpose of this instrument that would render the provision valid shall be favored over any interpretation that would render it invalid.

IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.  
Covenantor: \_\_\_\_\_

By:   
Title: MANAGING DIRECTOR REAL ESTATE  
Date: 5-28-03

Agency: State of California  
Regional Water Quality Board,  
San Francisco Bay Region

By:   
Title: Executive Officer  
Date: 6-16-03

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SAN MATEO )

On May 28, 2003, before me, Diana K. Takiguchi,  
a Notary Public in and for said County and State,  
personally appeared William T. Phillips,  
personally known to me ~~or proved to me on the basis of~~  
~~satisfactory evidence~~ to be the person(s) whose name(s)  
is/are subscribed to the within instrument and acknowledged  
to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their  
signature(s) on the instrument the person(s), or the entity  
upon behalf of which the person(s) acted, executed the  
instrument.

WITNESS my hand and official seal.

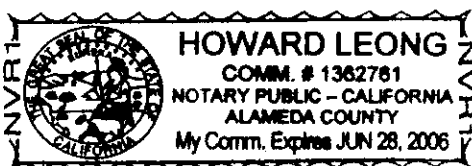


Diana K Takiguchi  
Signature of Notary Public

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ALAMEDA )

On June 16, 2003 before me, HOWARD LEONG,  
a Notary Public in and for said County and State,  
personally appeared LORETTA K BARSANIAN,  
personally known to me or proved to me on the basis of  
satisfactory evidence to be the person(s) whose name(s)  
is/are subscribed to the within instrument and acknowledged  
to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their  
signature(s) on the instrument the person(s), or the entity  
upon behalf of which the person(s) acted, executed the  
instrument.

WITNESS my hand and official seal.



Howard Leong  
Signature of Notary Public



EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Exhibit A

All that certain real property situate in the County of Santa Clara, State of California, being more particularly described as follows:

Certified to be a true and  
correct description. *C. Blacker*  
C. Blacker  
Superintendent

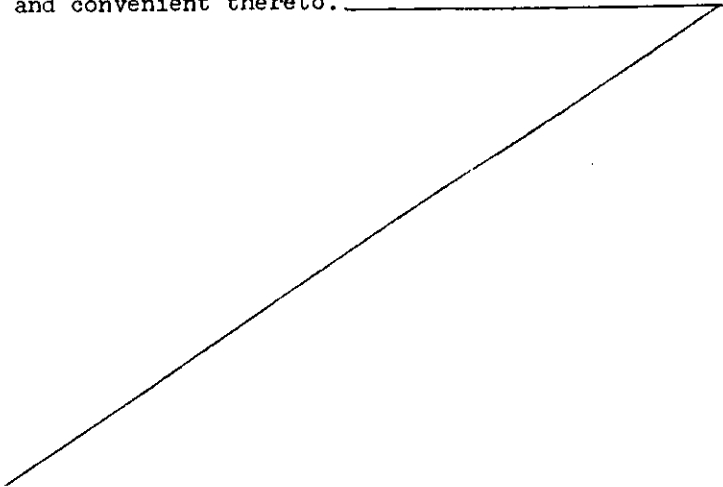
BEGINNING at the point of intersection of the Southerly line of the lands of the City and County of San Francisco (80 feet wide) acquired by that certain Final Decree of Condemnation recorded in the Office of the Recorder of the County of Santa Clara, State of California, on January 20, 1953 in Volume 2566 of Official Records at page 36, with the Southwesterly line of the lands of the Southern Pacific Company acquired by Lease dated February 23, 1906 and recorded in the Office of the Recorder of the County of Santa Clara, State of California, on June 30, 1909 in Volume "N" of Leases at page 232; thence from said point of beginning along said Southwesterly line of the lands of the Southern Pacific Company, South 18° 57' 30" East 112.97 feet to a point opposite Engineer's center line Station 378+00; thence South 71° 02' 30" West 10.00 feet; thence South 18° 57' 30" East 50.80 feet to a point opposite Engineer's center line Station 377+49.20 E.C.; thence tangent to the last mentioned course, Southeasterly on the arc of a curve to the left, having a radius of 5779.65 feet (Deed 5779.6 feet) and a central angle of 1° 03' 02", and an arc distance of 105.98 feet to a point, said point being the most Northerly point of that certain 1.70 acre tract of land described as "Parcel A" and designated on Easement Deed as granted in that certain Deed from The Board of Trustees of The Leland Stanford Junior University to the Santa Clara County Flood Control and Water Conservation District, recorded in the Office of the Recorder of the County of Santa Clara, State of California, on December 31, 1958 in Book 427 of Official Records at page 59; thence leaving said last point and said Southwesterly line of the lands of the Southern Pacific Company in a Southerly direction the following courses and distances along the Westerly line of said last 1.70 acre tract: South 38° 41' 57" West 110.70 feet; South 7° 56' 36" West 43.42 feet; South 45° 00' 00" East 120.21 feet; South 20° 22' 35" East 37.34 feet; South 0° 35' 48" West 192.01 feet; South 17° 18' 02" East 127.78 feet; South 47° 30' 41" West 117.86 feet; and South 44° 00' 00" East 4.00 feet to a point in the center of the Barron Creek Channel; thence leaving said last Westerly line in a Southwesterly direction along the center line of the Barron Creek Channel the following courses and distances: South 44° 12' 00" West 69.00 feet; South 23° 30' 00" West 51.00 feet; and South 9° 50' 00" West 63.17 feet to a point in the Northeasterly line of Junipero Serra Boulevard (90 feet wide); thence from said last point on and along said last Northeasterly line North 53° 19' 15" West 715.08 feet to the most Southerly corner of that certain 4.072 acre parcel described as "Parcel A" in that certain Decree of Condemnation between the United States of America and The Board of Trustees of The Leland Stanford Junior University, Case No. 34478, recorded in the Office of the

Certified to be a true and  
correct description. *C. Blacker*  
C. Blacker  
Superintendent

Recorder of the County of Santa Clara, State of California,  
on March 15, 1956 in Book 3439 of Official Records at page  
182; thence leaving said last corner on and along the  
Southeasterly line of said "Parcel A", North 36° 40' 45"  
East 719.86 feet to a point, said point being the inter-  
section of the aforementioned Southerly line of the City  
and County of San Francisco and said Southeasterly line  
of "Parcel A"; thence along said Southerly line of the  
City and County of San Francisco, North 71° 04' 30" East  
178.63 feet to the point of beginning.

CONTAINING 9.705 acres, more or less.

EXCEPTING AND RESERVING THEREFROM an easement 18 feet in  
width measured at right angles lying Southwesterly from  
and contiguous with that portion of the aforementioned  
Southwesterly line of the lands of the Southern Pacific  
Company which is 80 feet wide and the extension of said  
easement being 8 feet in width measured at right angles  
and radially Southwesterly from and contiguous with that  
portion of the lands of the Southern Pacific Company whose  
right of way is 100 feet wide. Said easement extends from  
the Southerly line of said lands of the City and County of  
San Francisco to the center line of Barron Creek, and  
is excepted and reserved unto Lessor, its successors and  
assigns, as appurtenant to and for the benefit of other  
lands of Lessor, for the purpose of constructing, in-  
stalling, operating, maintaining, using, altering, repair-  
ing, inspecting, replacing and relocating therein and/or  
removing therefrom drainage facilities and all appurtenances  
necessary and convenient thereto.



All that certain real property situate in the County of Santa Clara, State of California, being a portion of the Lands of Stanford University and more particularly described as follows:

BEGINNING at a point on the Easterly property line of that certain parcel of land leased by Stanford University to Fairvale Investments and recorded September 29, 1961, in Book 5313, Official Records of Santa Clara County, at page 156, said point of beginning also being the most Northerly corner of Parcel N, as said Parcel N is shown on that certain map entitled "Record of Survey, Foothill Expressway Unit No. 1" and recorded July 12, 1963, in Book 163 of Maps at pages 48, 49, 50 and 51, Santa Clara County Records (File No. 2439080); thence from said point of beginning and along the said Easterly line of the said Fairvale Investments lease North 23° 40' 10" East 21.00 feet and North 44° 22' 10" East 69.00 feet to a point on the Southwesterly property line of the Lands of Santa Clara County Flood Control and Water Conservation District; thence along said Southwesterly line South 43° 49' 50" East 16.11 feet; thence along the Southeasterly boundary line of the last said parcel North 64° 20' 45" East 279.43 feet to a point on the Southwesterly line of the Lands of Southern Pacific Company; thence along the last said Southwesterly line Southeasterly along the arc of a curve to the left, from a tangent that bears South 25° 39' 15" East, with a radius of 5,769.65 feet, through a central angle of 3° 18' 51", for an arc length of 333.74 feet, to a point on the Northerly property line of the aforesaid Parcel N; thence along the last said Northerly property line Westerly along the arc of a tangent curve to the right, from a tangent that bears South 80° 33' 02" West, with a radius of 450.00 feet, through a central angle of 31° 11' 58", for an arc length of 245.04 feet; thence North 68° 15' West 250.00 feet to the point of beginning.

CONTAINING 1.729 acres of land, more or less.

RESERVING THEREFROM an easement 10.00 feet in width for the construction, operation and maintenance of a sanitary sewer and appurtenances, the centerline of which is more particularly described as follows:

BEGINNING at a point in the Northeasterly boundary of Parcel N., as said Parcel N is shown upon that certain map entitled "Record of Survey, Foothill Expressway Unit No. 1" and recorded July 12, 1963, in Book 163 of Maps, at pages 48, 49, 50 and 51, Santa Clara County Records (File No. 2439080), distant thereon South 68° 15' East 62.40 feet from the most Northerly corner thereof; thence leaving said line North 23° 37' 47" East 80.62 feet; thence North 64° 20' 45" East parallel with and distant 15.00 feet, measured Southeasterly at right angles from the Southeasterly line of the lands of the Santa Clara County Flood Control District Holding Basin 199.00 feet; thence North 67° 09' 17" East 65 feet, more or less, to the Southwesterly line of the lands of Southern Pacific Company.

EXHIBIT A

Certified to be a true and complete description

Director

