

WORK LETTER NO. 2

**EMPLOYMENT AND HUMAN SERVICES DEPARTMENT
2600 STANWELL DRIVE, SUITE 101, CONCORD**

Date: May 12, 2015

This work letter ("**Work Letter**") is part of the first amendment to lease executed concurrently herewith between Balco Properties, Ltd, LLC, a California limited liability company, as landlord ("**Lessor**"), and the County of Contra Costa, as tenant ("**County**"), under which the County is leasing Suite 101 in the building located at 2600 Stanwell Drive, Concord, California (the "**Building**"), as more particularly described in the lease.

Lessor and County mutually agree as follows:

1. Terms. All capitalized terms not defined herein have the meanings ascribed to them in the lease. The provisions of this Work Letter supplement the lease and are specifically subject to the provisions of the lease. If there is a conflict between the provisions of the lease and the provisions of this Work Letter, the provisions of the lease control. Whenever the approval of County is required hereunder, approval is required of the Director of Public Works or her designee.
2. Scheduled Completion Date. Lessor covenants and agrees that it will cause the Substantial Completion Date, as defined below, to occur no later than August 1, 2015 (the "**Scheduled Completion Date**").
3. Base Building Work. Lessor, at Lessor's cost and expense, has constructed the Building shell and core (collectively, the "**Base Building Work**"). The Base Building Work includes, but is not limited to, the following elements of the Building: (a) concrete floors (with floor coverings), (b) finished perimeter walls (including windows, window frames, window blinds, and doors), (c) finished ceilings, including lights and light fixtures, (d) finished restrooms, (e) closets for telephone and electrical systems (but not the telephone systems themselves), (f) Building mechanical, electrical, and plumbing systems within the Building core only, (g) interior core and stairwell walls, (h) fire suppression sprinkler system, (i) all improvements necessary for the Building to satisfy the provisions of the Americans with Disabilities Act, including, without limitation, washrooms, drinking fountains, and the parking area, (j) all code-required items relating to the other elements of the Base Building Work, such as exit signs, speakers, fire doors, and any other life-safety support system, (k) dry wall and tape interior columns and (l) will expand sidewalk leading from parking lot to back double door entrance.
4. Tenant Improvements. Subject to the conditions set forth below, Lessor shall remove all prior data cabling from the Premises, and construct and install all the improvements to the Premises that are described on Schedule 1A – Tenant Improvements attached hereto

and incorporated herein (the “**Tenant Improvements**”) at its sole cost and expense. Lessor shall construct the Tenant Improvements in accordance with the Construction Schedule attached hereto as Schedule 2A – Construction Schedule and the Final Plans, as defined below.

5. Design and Construction.

Lessor shall provide all architectural and engineering services necessary to construct the Tenant Improvements. Lessor shall hire and pay for the services of MWA Architects, Inc. (“**Lessor’s Architect**”) to provide architectural services for the design and construction of Tenant Improvements. Lessor shall cause Lessor’s Architect to assist and support County with furniture and equipment plans, as requested by County.

6. Plans.

- a. Except as otherwise provided in this Section 6, prior to the execution of the lease, Lessor and County approved in writing space plans for the build-out of the Tenant Improvements that were prepared by Lessor’s Architect (the “**Space Plans**”). A copy of the Space Plans is attached hereto as Schedule 3A – Space Plans.
- b. If Lessor and County enter into the lease prior to reaching agreement on the Space Plans, Lessor and County shall cooperate in good faith to finalize the Space Plans without delay. County shall fully cooperate by providing Lessor, Lessor’s Architect, and Lessor’s engineers and contractors with timely information and approvals of plans, drawings, and specifications. Upon agreement by Lessor and County on the Space Plans, a true and correct copy will be attached to this Work Letter as Schedule 3A.

7. Modifications to the Plans.

- a. Lessor and County acknowledge that the Space Plans may not depict certain structural elements of the Building and/or various elements of the Building systems that may necessitate modifications to the Space Plans and specifications for the Tenant Improvements (collectively “**Structural Modifications**”). Furthermore, any final plans and specifications for the construction of the Tenant Improvements may require modification based on the demands of Applicable Laws and Restrictions. “**Applicable Laws and Restrictions**” means all Federal, State, and local laws (including, without limitation, the Americans with Disabilities Act and California State Labor Codes 1720 - 1861), building codes, ordinances, regulations, applicable to the Premises and the Tenant Improvements that are in place and in effect at the time of the execution of the lease. Within sixty days after the date of the lease, Lessor shall cause final plans and specifications to be prepared in substantial conformity with the Space Plans, taking into account (i) Structural Modifications, (ii) the requirements of the Applicable Laws and Restrictions, (iii) other modifications resulting from physical constraints of the Premises, and (iv) modifications requested by County and consented to by Lessor, which consent may not be unreasonably withheld (the “**Final**

Plans”). Once completed, the Final Plans will be attached to this Work Letter as Schedule 4A.

- b. Any and all modifications of, or amendments to, the Space Plans and the Final Plans (including all working drawings and other supplements thereto, but excluding immaterial field changes and Structural Modifications), are subject to the prior written approval of the County. Material "or equal" items or substitute items provided for in the specifications forming part of the Final Plans are subject to the prior written approval of the County, which approval may not be unreasonably withheld or delayed. Samples of such "or equal" or substitute materials, together with any additional supplemental information that may be necessary for County's review, are to be submitted to County in a timely manner. Notwithstanding the foregoing, County shall pay for all changes to the Final Plans that are requested by County subsequent to the Final Plans being finalized and incorporated into this agreement that result in increased costs in constructing the Tenant Improvements (the "**Tenant's Expenses**"). Lessor may not include any administrative or supervisory fee payable to Lessor in the Tenant's Expenses.
 - c. If there are any modifications to the Space Plans or the Final Plans due to the requirements of any Applicable Laws and Restrictions, the Lessor is solely responsible for the cost of such modifications. If there are any modifications to the Final Plans by the County or the County requires Lessor to perform any changes in the work to be performed by Lessor under this Work Letter, the County will be solely responsible for the cost of such modifications and changes.
8. County's Right to Terminate. County may terminate the lease and this Work Letter by delivering a written termination notice to Lessor upon the occurrence of any of the following events:
- a. A permit required for construction of the Tenant Improvements is not issued on or before May 1, 2015.
 - b. Lessor fails to execute a construction contract with a general contractor on or before May 1, 2015 for the construction of the Tenant Improvements.
 - c. Lessor fails to cause construction of the Tenant Improvements to commence on or before June 1, 2015.
 - d. The Substantial Completion Date does not occur on or before the Scheduled Completion Date (as the same may be adjusted for County Delays in accordance with this Work Letter) and Lessor fails to Substantially Complete the Tenant Improvements on or before the day that is sixty (60) days after written notice by County to Lessor of its intent to terminate pursuant to this section.
9. County's Work. The installation of (i) a telephone system, (ii) a data communication system, (iii) an alarm system, as more particularly described on the Final Plans, (iv) the

installation of County's furniture and equipment, and (v) such other work determined by County and Lessor that County desires to complete is, together, the "**County's Work.**"

- a. The County and Lessor shall together coordinate the installation of the County's Work and the Tenant Improvements that are required to be completed prior to the installation of the County's Work.
 - b. The County's Work may be performed by County through contractors selected by County and approved by Lessor, which approval may not be unreasonably withheld or delayed. Upon a timely request by County, Lessor shall perform the County's Work through contractors selected by Lessor and approved by County. If any portion of the County's Work is completed by Lessor, upon completion of such work, Lessor shall submit an invoice to County for the actual cost of the work. The County shall then reimburse Lessor for the cost of the work.
 - c. If the County performs all or any portion of the County's Work, Lessor shall allow County prompt and reasonable access to the Premises, provided, in Lessor's reasonable opinion, the County's Work can be performed without undue interference with the completion of the Tenant Improvements.
 - d. Lessor shall furnish water, electricity, adequate elevator service and HVAC to the Building during the performance of any of County's Work during normal working hours, without charge to County.
10. Inspections. The County and its representatives may enter the Premises at all reasonable times and with reasonable notice to Lessor for the purpose of inspecting the progress of construction of the Tenant Improvements.
11. Compliance with Laws; Standards of Performance. Lessor, at its expense, shall (i) obtain all approvals, permits and other consents required to commence, perform and complete the Tenant Improvements, and (ii) cause the Tenant Improvements to be constructed in accordance with the following performance standards: the Tenant Improvements are to be constructed by qualified, well-trained, adequately supervised workers, in a good and workmanlike manner, free from design, material and workmanship defects in accordance with the Final Plans, all Applicable Laws and Restrictions (the "**Performance Standards**"). Lessor hereby warrants that all Tenant Improvements shall be constructed in accordance with the Performance Standards. Notwithstanding anything to the contrary in the lease or this Work Letter, County's acceptance of possession of the Premises does not waive this warranty and Lessor shall promptly remedy all violations of the warranty at its sole cost and expense.
12. Completion Notice; Inspection; Substantial Completion Date.
- a. When Lessor deems the Tenant Improvements to be Substantially Complete, as defined below, Lessor shall tender delivery to County by delivering a "**Completion Notice**" in substantial conformity with Schedule 5A. For purposes of this Work

Letter, the term “**Substantially Complete**” means (i) construction of the Tenant Improvements has been substantially completed in accordance with the Performance Standards, (ii) there is no incomplete or defective work that unreasonably interferes with County’s use of the Premises, (iii) all necessary government approvals for legal occupancy of the Premises have been obtained (including, if applicable, a Certificate of Occupancy), and (v) all Operating Systems are operational and available for use by County in the Premises.

- b. Upon receipt of the Completion Notice, representatives of the County, representatives of Lessor, and the Lessor’s Architect will inspect the Premises for the purpose of establishing that the Tenant Improvements are Substantially Complete. Once the County and the Architect accept that the Tenant Improvements appear to substantially conform to the Performance Standards, which acceptance shall not be unreasonably withheld, both shall so indicate by countersigning the Completion Notice. The Premises will be deemed delivered to the County on the day that both the County and the Architect have countersigned the Completion Notice (the “**Commencement Date**” and the “**Substantial Completion Date**”).
13. Delay. The Commencement Date will be delayed by one day for each day of delay in the design, or completion, of the Tenant Improvements that is caused by a Lessor Delay, if the Commencement Date occurs after August 1, 2015. The Commencement Date will not be delayed due to a County Delay. No Lessor Delay or County Delay will be deemed to have occurred unless and until the party claiming the delay provides written notice to the other party specifying the action or inaction that constitutes a Lessor Delay or County Delay, as applicable. If such action, inaction or event is not cured within one day after receipt of the notice, then a Lessor Delay or County Delay, as set forth in the notice, will be deemed to have occurred commencing as of the date the notice is received and continuing for the number days the design or completion of the Tenant Improvements is in fact delayed as a direct result of such action, inaction or event.
- a. County Delay. A “**County Delay**” means any actual delay in the design and/or completion of the Tenant Improvements that is caused solely by any of the following: (i) changes in the Final Plans requested by County, (ii) the County not furnishing information or giving any approvals or authorizations within the time limits set forth in this Work Letter, or if no time is set forth for such performance in this Work Letter, then a reasonable time therefor but in no event to exceed five (5) business days, and (iii) the acts or failures to act, whether willful, negligent, or otherwise, of County, its agents, or contractors, to the extent contrary to the terms hereof.
 - b. Lessor Delay. A “**Lessor Delay**” means any actual delay in the design and/or completion of the Tenant Improvements that is caused solely by any of the following: (i) Lessor not responding to requests for authorization or approval within the time period provided for a response to such request or, if no such time is stated, beyond a reasonable time therefor but in no event to exceed five (5) business days, and (ii) the acts or failures to act, whether willful, negligent, or

otherwise, of Lessor, its agents, or contractors, to the extent contrary to the terms hereof.

14. Punch List. County has forty-five days after the Substantial Completion Date to provide Lessor with a final written list of any items that are defective, incomplete, or do not conform to the Performance Standards (the “**Punch List**”). County may augment the Punch List at any time, but no later than the forty-fifth day after the Substantial Completion Date. County’s failure to specify any item on the Punch List, however, does not waive Lessor’s obligation to construct the Tenant Improvements in accordance with this Work Letter. Lessor shall remedy all items on the Punch List as soon as practicable and in any event within thirty days after Lessor receives the Punch List. If Lessor fails to remedy all items on the Punch List within the thirty-day period (except as to items, if any, that the Lessor determines will require more than thirty days to complete), then County may, upon twenty days prior notice to Lessor, complete any Punch List items and deduct the cost of such work from the County’s Rent.

15. Construction Period Insurance.
 - a. Throughout the performance of the Tenant Improvements and the County’s Work, if the County’s Work is performed by Lessor, Lessor shall carry and shall cause all contractors and their subcontractors to carry the insurance set forth below covering all occurrences in or about the Building, and the County shall be named as a party assured, together with the Lessor, contractor or subcontractor, as the case may be:
 - i. Workers' compensation insurance in statutory limits;
 - ii. Lessor: Commercial general liability insurance, including contractual liability, owners and contractors protective liability for a period of one year after the Substantial Completion Date, with limits of not less than \$2,000,000 per person and \$2,000,000 per occurrence;
 - iii. Contractors and Subcontractors: Commercial general liability insurance, including contractual liability, owners and contractors protective liability for a period of one year after the Substantial Completion Date, with limits of not less than \$1,000,000 per person and \$1,000,000 per occurrence;
 - iv. Comprehensive automobile liability in minimum limits of \$500,000 for bodily injury or death to one person and \$1,000,000 for bodily injury or death in any one occurrence and \$500,000 per occurrence for property damage;

- v. Employer's liability insurance in minimum limits of \$1,000,000 per occurrence for bodily injury or disease; and
 - vi. Excess liability insurance over the insurance required by subsections (ii), (iii), (iv), and (v) of this section with combined, minimum coverage of \$2,000,000.
- b. All insurance required by this Section 14 may be carried in whole or in part under a blanket policy (or policies). Lessor agrees to require each contractor and subcontractor to furnish Lessor with evidence reasonably satisfactory to Lessor of the maintenance of the required insurance coverage, with assurances that it will not be cancelled without fifteen days advance written notice to Lessor, and, in the case of blanket insurance, setting forth that the Building and the work with respect thereto is covered by the blanket policy and specifying the amount of coverage relating thereto. Upon the request of the County Representative, Lessor shall provide to the County Representative evidence of the maintenance of the required insurance coverage that is reasonably satisfactory to the County Representative.
16. Pre-Move-In Cleaning. Lessor shall clean the Premises immediately prior to County moving into the Premises.
17. Tenant's Expenses. Following the County Representative's receipt of an invoice reasonably acceptable to the County Representative evidencing the cost incurred, County shall pay Lessor the Tenant's Expenses. Payment for Tenant's Expenses is due to Lessor within twenty-one business days after the County Representative's receipt of the Supporting Documentation.

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18. Time of the Essence. Time is of the essence in fulfilling all terms and conditions of this Work Letter.

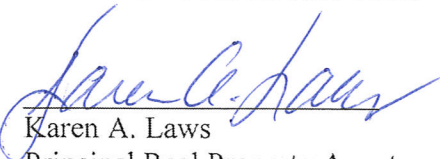
The parties are executing this Work Letter as of the date hereinabove set forth.

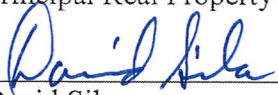
COUNTY

COUNTY OF CONTRA COSTA, a political subdivision of the State of California


By: _____
Julia R. Bueren
Public Works Director

RECOMMENDED FOR APPROVAL:

By: 
Karen A. Laws
Principal Real Property Agent

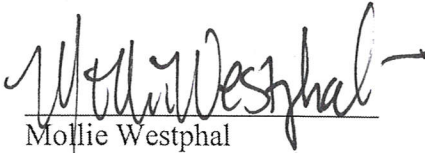
By: 
David Silva
Supervisor Real Property Agent


APPROVED AS TO FORM:
SHARON L. ANDERSON, COUNTY COUNSEL

By: 
Kathleen M. Andrus
Deputy County Counsel

LESSOR

BALCO PROPERTIES, LTD, LLC, a California limited liability company

By: 
Mollie Westphal
President

By: 
Graham Westphal
Manager

DS:mc

G:\realprop\Board Orders\2015\05-May\2600 Stanwell Dr., Concord\2600 Stanwell - 1st floor work letter V3.docx

SCHEDULE 1A

TENANT IMPROVEMENTS

2600 Stanwell Drive, Suite 101 , Concord

Lessor shall pay for and provide the following items in the leased Premises, except as noted otherwise:

- All electrical wiring and outlets for County's furniture including workstation, private offices, break rooms, printers/copiers, TV and computer monitors, display boards, mailrooms, storerooms, as noted on the Final Plans.
- A minimum of five (5) existing hard-walled (with acoustical batt sound insulation in the walls and with acoustical batt sound installation above the T-bar ceiling) for private offices with solid-core doors for managers/supervisors. Each private office may have windows located on walls that will give the occupant a view of the room they are supervising, as noted on the Final Plans.
- One area for 31 cubicles (with acoustical batt sound insulation in the walls and with acoustical batt sound installation above the T-bar ceiling) including all electrical, data cabling and outlets as noted on the Final Plans. There will be one or two WIFI nodes placed strategically throughout the area, as noted on the Final Plans.
- One area for mailroom and 7 cubicles (with acoustical batt sound insulation in the walls and with acoustical batt sound installation above the T-bar ceiling) including all electrical, data cabling and outlets as noted on the Final Plans. There will be three WIFI nodes placed strategically throughout the area, as noted on the Final Plans.
- One (1) existing smaller break room that will accommodate one (1) refrigerator and minimum of one (1) microwave oven and one (1) existing large break room that will seat approximately 32 or more people and will accommodate a minimum of 2 refrigerators, 4 microwave ovens, 2 vending machines, and 2 water line coffee makers, as noted on the Final Plans. Lessor shall install all cabinetry, sinks, garbage disposal, water lines, exhaust fans, and sewer connections as detailed on the Final Plans. All electrical outlets for the break rooms will meet specific requirements of refrigerators and microwave equipment installed by County. Both break rooms will be plumbed with running water. All refrigerators, microwave ovens, vending machines, and other break room appliances will be provided and installed by County.
- The Premises must meet all federal, state, and local requirements, including provisions for ADA.
- The entire interior of the Premises will be re-painted with colors determined by County. Any new carpet and linoleum will be in colors and patterns as determined by County, as noted on

the Final Plans. Final plans will have Mondo Contract Rubber Flooring in mailroom area with 7 cubicles. Will use linoleum in both break rooms, lobby and hallway leading to back corridor as well as corridor and the remaining areas will be carpeted.

- All cabling services necessary to complete Tenant Improvements. Lessor shall hire and pay for the services of E3 (the "Cable Contractor"), and Cable Contractor will design drawings for all cabling to the Premises. All Systemax Category 6 ("CAT 6") cabling and face-plates that support 568B, 1000Base-TX/1000Base-T/IEEE 802.3ab, and POE+/IEEE 802.3 at standards are required throughout the entire leased space for computer network connections, as shown on the Final Plans. County shall purchase the CAT 6 cabling to be installed by Cable Contractor. Lessor shall reimburse County for the CAT 6 cabling installed in the Premises. The Cabling Contractor will provide as built drawings for all data cabling. The Lessor's cabling contractor must be certified by the manufacturer to install, test, and warranty the product installed. One telephone and two data cable runs and jacks will be required to each workstation, private office, and conference rooms, and office face plate, network printer, copiers, flat screen monitors, and any other computer-related network device and run back to the telecommunications and data room. Lessor's cable contractor will terminate all telecom/data jacks as required in the telecommunications and data room, and provide cable ends to end test results. All cabling to be terminated on Systemax iPatch 360 panel with a single controller, and allow 2U of Rackspace between patch panels, and place a 1U wire manager below each patch panel.
- Direct, securable access to the Main Point of Entry ("MPOE") for communication service to the Building.
- An AT&T-approved pathway to curb-side for the MPOE.
- The telecommunications and data room will include ¾" fire-rated painted plywood on three walls and a single NEMA5-20 outlet. The telecommunications and data room will be approximately ten feet by five feet. Lessor's contractor will provide one dedicated single NEMA5-20 outlet, between the two data racks.
- Monitored Entry Security system, which will include 24/7 monitoring of alarms from the HVAC system and the UPS.
- Key card access control system for all exterior and interior doors as noted on the Final Plans. All electrical wiring for each key card access door will be installed per the Final Plans. Any required door hardware to be coordinated with County's Representative per the Final Plans.
- Emergency doors shall be fail-safe and have internal hinges.
- Outside air intake emergency push-button shut-off capability for the HVAC system shall be tested and verified.
- All electrical wiring at all WIFI AP access points, 120 VAC outlets as needed, break rooms, conference rooms and reception areas as per the Final Plans. All copiers/printers and display monitors will be provided by County. All copier/multi-function printer locations to have 20 amp dedicated circuits.

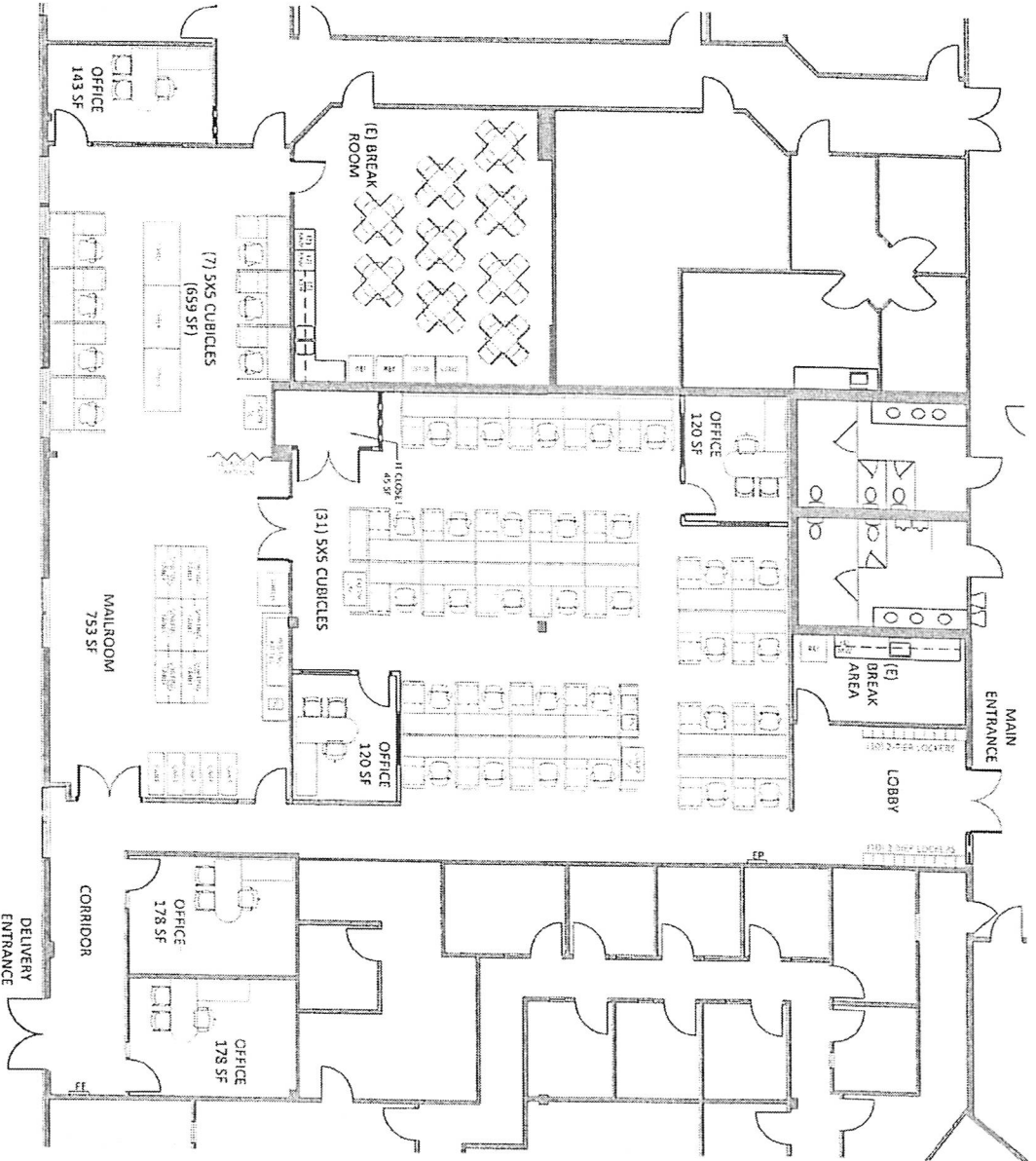
- All electrical wiring for County scanners, printers, mail sorters and other equipment in the Premises will be installed per the Final Plans.
- Clean all finishes on counters, walls, ceilings, doors, window treatments and floors, and repair or replace as needed prior to occupancy.
- Coordinate all keying and door hardware requirements with County's Representative per the Final Plans.

The above items shall be included on the Final Plans, including the construction documents, to be submitted for building permits and Fire District approvals.

SCHEDULE 2A

CONSTRUCTION SCHEDULE

SCHEDULE 3A
SPACE PLANS



mwa architects

project name
CCC - EMPLOYMENT AND HUMANN SERVICES

project number
201434.00

drawing
MAILROOM

file name
FILENAME

revision drawing
SP-3

scale
1/8"=1'-0"

revision
EIA

checked
EIA

issue date
3/13/15

approved drawing
FILE

David White, Public Works - Supervisor de Real Hogerel, 3/16/15

SCHEDULE 4A

FINAL PLANS

SCHEDULE 5A
FORM OF COMPLETION NOTICE

To: Contra Costa County
From: Balco Properties, LTD, LLC, a California limited liability company
Date: _____, 2015
Re: 2600 Stanwell Drive, Suite 101, Concord - Completion Notice

This notice is provided in compliance with Section 11 - Completion Notice; Inspection; Substantial Completion Date of that certain Work Letter dated _____, 2015, between Balco Properties, Ltd and Contra Costa County (the "**Work Letter**"). All terms not otherwise defined herein have the meaning ascribed to them in the Work Letter.

Tender by Lessor

The undersigned, a duly authorized representative of Lessor, hereby represents that (s)he has inspected the Tenant Improvements and determined them to be Substantially Complete. Lessor hereby tenders the Premises for delivery to County.

Balco Properties, Ltd, LLC, a California limited
liability company
By: _____
Julie Mitchell
Senior Real Property Manager

Certification by Architect

_____, Lessor's licensed architect, hereby represents that he has inspected the Tenant Improvements and determined them to be Substantially Complete.

MWA Architects, Inc., architect

Date: _____ By: _____
Emmanuelle Ichaye, FAIA

Acceptance by Contra Costa County

The undersigned, a duly authorized representative of Contra Costa County, hereby represents that the County has caused the Tenant Improvements to be inspected and that they appear to be Substantially Complete.

Contra Costa County
Date: _____ By: _____
Bill Perry
Project Manager