

WORK LETTER

HEALTH SERVICES DEPARTMENT
171 Sand Creek Road, Brentwood, California 94513

This work letter ("**Work Letter**") is dated October 1, 2015, and is between SAND CREEK BUSINESS ASSOCIATES I, LLC a Delaware limited liability company ("**Landlord**"), and the COUNTY OF CONTRA COSTA, a political subdivision of the State of California ("**Tenant**").

Recitals

- A. The Landlord and the Tenant are parties to a lease dated October 5, 2004, as amended October 22, 2013 (the "**Lease**"). Under the Lease, the Tenant is leasing approximately 10,052 square feet in the Sand Creek Business Center located at 171 Sand Creek Road, Building 4, Unit A through Unit E.
- B. Simultaneous with the execution of this Work Letter, the Landlord and the Tenant are entering in a second amendment to the Lease dated the same date as this Work Letter. Under the second amendment, the parties are amending the Lease to include Unit F and Unit G, consisting of approximately 4,046 square feet.
- C. The parties desire that the tenant improvements to Unit F and Unit G, which are described on Schedule 1 (the "**Tenant Improvements**"), be carried out in accordance with the terms of this work letter.

The parties therefore agree as follows:

Agreement

- 1. Definitions. Capitalized terms used but not defined in this Work Letter have the meanings ascribed to them in the Lease.
- 2. Supplement to Lease. This Work Letter supplements and is part of the Lease. In the event of a conflict between this Work Letter and the Lease, this Work Letter will prevail.
- 3. Project Cost; Allowance. The estimated cost of completing the Tenant Improvements is \$1,275,000 (the "**Total Cost**"). The Total Cost is comprised of the fees and costs connected with the Tenant Improvements that are approved by the Tenant through its Director of Public Works, or her designee (the "**Tenant Representative**"), including, but not limited to: hard construction costs, demolition fees, architect and design fees, contractor fees, engineering fees, and the cost of plans and permits obtained in connection with the Tenant Improvements.

The Landlord is providing the Tenant with an allowance in the amount of \$89,012.00 (the "**Allowance**") to be applied to the Total Cost. The Landlord shall make payments to the Contractor for construction of the Tenant Improvements in accordance with Section 6 -

Progress Payments. Once the Landlord has paid all of the Allowance to the Contractor in accordance with Section 6 - Progress Payments, the Tenant shall reimburse Landlord for payments made to the Contractor. The total amount reimbursed to Landlord by the Tenant will equal to the result obtained by subtracting the Allowance from the Total Cost. Such reimbursements are to be made in accordance with Section 6 – Progress Payments.

If, subsequent to the execution of this agreement, the Tenant requests, in writing, changes to the Final Plans that increase the cost of constructing the Tenant Improvements, the Tenant will reimburse Landlord for such additional costs.

4. Contractor. Landlord shall use a competitive bid package approved by the Tenant to select a contractor that is acceptable to the Tenant (the “**Contractor**”) to design and construct the Tenant Improvements. Landlord shall cause the Contractor to obtain all licenses and permits necessary to effect the Tenant Improvements and, upon completion of the Tenant Improvements, any required occupancy permits.
5. Schedule, Plans and Costs. The Landlord shall cause the Tenant Improvements to be constructed and completed in accordance with (i) the estimated completion schedule attached hereto as Schedule 2 (the “**Completion Schedule**”), (ii) the final plans and specifications prepared by Landlord’s architect attached hereto as Schedule 3 (the “**Final Plans**”) and (iii) Applicable Laws and Restrictions. “**Applicable Laws and Restrictions**” means all laws (including, without limitation, the Americans with Disabilities Act), building codes, ordinances, regulations, title covenants, conditions, and restrictions, and casualty underwriters’ requirements applicable to the Premises and the Tenant Improvements. Neither party may make changes to the Completion Schedule, the Final Plans or the Cost Schedule without the prior written consent of the other party, which consent may not be unreasonably withheld. Landlord hereby acknowledges that approval of the Final Plans by the Tenant does not relieve the Landlord of liability for the adequacy, fitness, and correctness of the Final Plans.
6. Progress Payments. The Landlord shall pay the Contractor for work performed in constructing the Tenant Improvements at the thirty percent (30%), sixty percent (60%), and ninety percent (90%) completion points (each such payment a “**Progress Payment**”). Each completion point will be determined by RMW Architecture and Interior (the “**Architect**”) and confirmed by the Tenant Representative.
 - a. Basis of Payment. Subject to Section 6.b. below, the amount of each Progress Payment is to be equal to the approved cost of the work performed, as established by the Cost Schedule, less any amounts previously paid.
 - b. Progress Payment Retention. The Landlord shall retain an amount equal to ten percent (10%) of each Progress Payment (the “**Retention**”). The Retention will be paid when the Tenant Improvements have received final inspection and all Punchlist (defined below) items have been completed to the Tenant’s satisfaction.

- c. Reimbursement. Tenant shall reimburse the Landlord for the Progress Payments and the Retention within ten business days after receipt of all of the following:
 - i. An invoice from the Landlord that is accompanied by (i) copies of invoices from the Contractor and suppliers that support the amount for which the Landlord seeks reimbursement, and (ii) any other documentation reasonably requested by Tenant.
 - ii. A copy of all lien releases from all contractors and suppliers.
- 7. Completion and Acceptance. The following procedures apply to completion and acceptance of the Tenant Improvements.
 - a. When the Landlord deems construction of the Tenant Improvements to be Substantially Complete, as defined below, the Landlord shall tender delivery to the Tenant by delivering a “**Completion Notice**” in substantial conformity with Schedule 4. For purposes of this Work Letter, the phrase “**Substantially Complete**” means (i) construction of the Tenant Improvements has been substantially completed in accordance with the Final Plans and Applicable Laws and Restrictions, (ii) there is no incomplete or defective work that unreasonably interferes with the Tenant’s use of the Premises, (iii) all necessary government approvals for legal occupancy of the Tenant Improvements have been obtained (including, if applicable, a Certificate of Occupancy), and (iv) all utilities are hooked up and available for use by the Tenant in the Premises.
 - b. Upon receipt of the Completion Notice, a representative of the Tenant, a representative of the Landlord, and the Architect will immediately inspect the Tenant Improvements for the purpose of establishing that the Tenant Improvements conform to the Final Plans. Once the Tenant and the Architect are reasonably satisfied that the Tenant Improvements conform to the Final Plans, both shall so indicate by countersigning the Completion Notice. The Premises will be deemed delivered to the Tenant on the day that both the Tenant and the Architect have countersigned the Completion Notice (the “**Substantial Completion Date**,” or the “**Start Date**”).
- 8. Punchlist. The Tenant has 50 days after the Substantial Completion Date to provide the Landlord with a written list of any items that are defective, incomplete, or do not conform to the Final Plans or to Applicable Laws and Restrictions (a “**Punchlist**”). The Tenant’s failure to specify any item on the Punchlist, however, does not waive Landlord’s obligation to construct the Tenant Improvements in accordance with this Work Letter. Landlord shall remedy all items on the Punchlist as soon as practicable and in any event within thirty days of Landlord receiving the Punchlist. If Landlord fails to remedy all items on the Punchlist within the thirty-day period (except as to items, if any, that require more than thirty days to complete), then Tenant may, upon twenty days prior notice to Landlord, complete any Punchlist items and deduct the cost of such work from the Base Rent next coming due under the Lease in an amount not to exceed twenty-five percent (25%) of the Base Rent per month for a period not to exceed six months.

9. Labor Code. In effecting the Tenant Improvements, the Landlord shall comply with California Labor Code sections 1720-1861, to the extent such statutes are applicable.

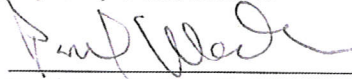
The parties are executing this Work Letter as of the date set forth in the introductory paragraph.

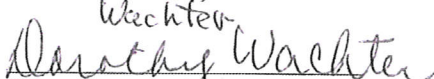
COUNTY OF CONTRA COSTA, a
political subdivision of the State of
California

SAND CREEK BUSINESS
ASSOCIATES I, LLC, a Delaware
limited liability company

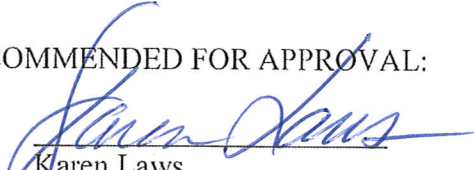
By: _____
Julia R. Bueren
Director of Public Works

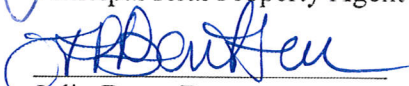
By: The Paul and Dorothy Watcher
Living Trust, dated November 28,
1979, as amended May 9, 1997, and
July 30, 2002, its sole member

By: 
Paul I. Watcher, Trustee

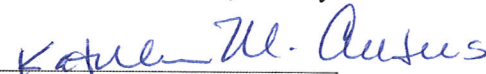
By: 
Dorothy Watcher, Trustee

RECOMMENDED FOR APPROVAL:

By: 
Karen Laws
Principal Real Property Agent

By: 
Julin Perez-Berntsen
Assistant Real Property Agent

APPROVED AS TO FORM
SHARON L. ANDERSON, County Counsel

By: 
Kathleen M. Andrus
Deputy County Counsel

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Schedule 1
Tenant Improvements

171 Sand Creek Rd., Suite F and G, Brentwood

This project involves the renovation of approximately 4,046 square foot space, suite F and G, adjacent to the Brentwood Health Center, located at 171 Sand Creek Road, in Brentwood, California. The Expansion Premises will be designed to comply with the Office of Statewide Health Planning and Development (“**OSHPD3**”) requirements, and will be constructed as an addition to the Original Premises. The Expansion Premises is to consist of exam rooms, offices, storage and intake areas, nurses’ and providers’ work areas, lactation rooms and single accommodation restrooms for patients and staff. The Tenant Improvements scope of work includes upgrades to the existing mechanical, plumbing, fire protection and electrical systems to comply with OSHPD3 and Tenant requirements. New security, telecommunications, IT and fire alarm systems are part of the Tenant Improvements and are to conform to local and state standards.

Landlord shall cause the following items to be provided in the Expansion Premises:

- Painted shell and interior walls; electrical outlets, mechanical and plumbing system; cabling and telephone outlets for County’s furniture, office and medical equipment including workstations, private offices, exam rooms, treatment room, printers/copiers, computer monitors, display boards, mailrooms, storerooms, as noted on the Final Plans.
- A minimum of eight (8) private exam rooms with acoustical batt sound insulation in the walls, including all plumbing, cabling for data, electrical and telephone outlets. Any bracing on walls for holding computer screen, keyboard and medical equipment, as noted on the Final Plans.
- One (1) private treatment room with acoustical batt sound insulation in the walls, including all plumbing, cabling for data, electrical and telephone outlets. Any bracing on walls for holding computer screen, keyboard and medical equipment, as noted on the Final Plans.
- Three (3) restrooms with acoustical batt sound insulation in the walls, including all plumbing and electrical as noted on the Final Plans.
- A minimum of ten (10) offices with acoustical batt sound insulation in the walls, including all plumbing, cabling for data, electrical and telephone outlets. Any bracing on walls for holding computer screen, keyboard and medical equipment, as noted on the Final Plans.

- Painted walls in the entire interior of the Premises, in colors determined by Tenant. Any new carpet and linoleum is to be in colors and patterns determined by Tenant, as noted on the Final Plans.
- All cabling services necessary to complete Tenant Improvements. Tenant shall hire 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**”) plenum rated 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 Expansion Premises space for computer network connections, as shown on the Final Plans. The Cabling Contractor will provide as built drawings for all data cabling. The Tenant’s cabling contractor must be certified by the manufacturer to install, test, and warranty the product installed. One telephone and three 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. Tenant’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. The Cable Contractor will provide two dedicated quad NEMA5-20 outlets, one at the end of the data rack and one for County’s Alarm Division. 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.
- 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 to be installed per the Final Plans.
- Emergency doors are to be fail-safe and have internal hinges.
- An outside air intake emergency push-button shut-off capability for the HVAC system that has been tested and verified.
- The cleaning of all finishes on counters, walls, ceilings, doors, window treatments and floors, and any repair or replacement of such items that is needed prior to occupancy.
- The coordination of all keying and door hardware system to match the hardware in Original Premises, as per the Final Plans.
- The satisfaction of all federal, state, and local requirements, including provisions for ADA.

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

Schedule 2
Completion Schedule

Schedule 3
Final Plans

Schedule 4
Completion Notice

To: Contra Costa County
From: Sand Creek Business Associates I, LLC
Date:
Re: Completion Notice

This notice is provided in compliance with Section 9 (a) of that certain Work Letter dated _____, 2015 between Sand Creek Business Associates I, LLC 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 Landlord

Landlord hereby represents that it has completed construction of the Tenant Improvements in substantial conformity with the Final Plans.

Landlord hereby tenders the Premises for delivery to Tenant.

Sand Creek Business Associates I, LLC

By: _____
Name
Its: _____

Certification by Architect

The undersigned, a duly authorized representative of RMV Architecture and Interior, hereby represents that (s)he has inspected the Tenant Improvements and determined them to be in substantial conformity with the Final Plans.

By: _____
Bart McClelland
Its: Architect

Date: _____

Certification by Contra Costa County

The undersigned, a duly authorized representative of Contra Costa County, hereby represents that the Tenant has caused the Tenant Improvements to be inspected and has determined them to be in substantial conformity with the Final Plans.

Contra Costa County
By: _____
Ramesh Kanzaria
Its: Capital Projects Manager

Date: _____