

WORK LETTER

Health Services Department
Technology Division
2380 Bisso Lane, Suite B,
Concord, California

_____, 2017

This work letter (“**Work Letter**”) is part of the lease (“**Lease**”) executed concurrently herewith between RIO PROPERTIES I, LLC (“**Lessor**”), and the COUNTY OF CONTRA COSTA, (“**County**”) under which the County is leasing real property situated in Concord, California, 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 County’s Director of Public Works or her designee (the “**County Representative**”).
2. Lessor's Representation and Warranties. Lessor represents and warrants to County that Lessor is the owner of the Property, and the Property is presently zoned to permit its use for the purposes contemplated by this Work Letter and the Lease and is free of any covenants, restrictions and other encumbrances. In addition, Lessor represents and warrants that the individuals signing this Work Letter on behalf of Lessor are authorized to do so.

Lessor covenants and agrees that it will cause the Substantial Completion Date, as defined below, to occur no later than June 30, 2017.

3. Base Building Work. Lessor has constructed the Building’s shell and core (collectively, the “**Base Building Work**”) at Lessor’s cost and expense. The Base Building Work includes, but is not limited to, the following elements of the Building: (a) concrete floors (without 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 walls, (h) fire alarms and fire suppression systems on each floor of the Building, (i) all items necessary for the Building

to satisfy the provisions of the Americans with Disabilities Act, including, without limitation, washrooms, elevators, 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 for each floor, and (k) dry wall and tape of interior columns.

4. **Tenant Improvements.** Subject to the conditions set forth below, Lessor shall construct and install the improvements to the Premises that are described on Schedule 1 attached hereto and incorporated herein (the “**Tenant Improvements**”) in accordance with (i) the Space Plans, as defined below, (ii) the Construction Schedule, attached hereto as Schedule 3 – Construction Schedule, and (iii) the Final Plans, as defined below. As discussed in more detail in Section 14 – Tenant’s Work, any item of work not shown in the Final Plans, including, for example, telephone and data service or furnishings (“**Tenant’s Work**”) is to be performed at County’s expense by County, or, if requested by County, Lessor (“**Tenant’s Work**”). The Lessor may not charge an administrative fee in connection with Tenant’s Work.

For purposes of this Work Letter, “**Construction Schedule**” means the schedule that (i) has been agreed upon by Lessor and County, (ii) identifies the work to be accomplished to complete the Tenant Improvements and the sequence of that work, and (iii) sets forth the dates by which certain components of the work must be completed.

5. **Build Out Allowance.** Lessor shall provide County with an allowance in an amount equal to Four Hundred Twenty One Thousand Two Hundred Thirty and no/100 Dollars (\$421,230.00) (the “**Allowance**”). The County may use the Allowance for fees and costs connected with the Tenant Improvements that are approved by the County Representative, including, but not limited to: architect and design fees, hard construction costs, demolition fees, contractor fees, engineering fees, the cost of plans and permits obtained in connection with the Tenant Improvements, and the cost of the batteries in the battery room. Any portion of the Allowance not required to complete the Tenant Improvements in accordance with the final plans referred to below is the property of the Lessor; provided, however, if the cost of the Tenant Improvements is less than the Allowance, the Rent over the Initial Term will be adjusted downward to reflect the actual cost of the Tenant Improvements. To the extent that the actual cost of the Tenant Improvements exceeds the Allowance, the Rent paid by the County will increase in accordance with Section 3.e. of the Lease.
6. **Contractor.** Lessor shall use a competitive bid package approved by the County to select a contractor that is acceptable to the County (the “**Contractor**”) to construct the Tenant Improvements. Lessor shall provide a copy of all proposals and bids related to the construction of the Tenant Improvements to County. Lessor shall permit County to participate in any meetings between Lessor and potential contractors that precede the award of a contract. Lessor shall cause Contractor to obtain all licenses and permits

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necessary to effect the construction of the Tenant Improvements and, upon completion of the Tenant Improvements, any required occupancy permits.

7. 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 Studio Benavente Architects Inc. (“**Architect**”) to provide architectural services for the design and construction of Tenant Improvements. Lessor shall cause the Architect to assist and support County with furniture and equipment plans, as requested by County.

8. Plans.

- a. Except as otherwise provided in this Section 8, prior to the execution of the Lease, Lessor and County approved in writing space plans for the build-out of the Tenant Improvements and an estimate of the cost to design and/or construct the Tenant Improvements for the Premises that were prepared by Lessor or Lessor’s designated architect (the “**Space Plans**”). A copy of the Space Plans is attached hereto as Schedule 2.
- b. In the event that 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, its architects, engineers, and contractors with timely information and approvals of plans, drawings, and specifications. Any acts by County to delay or otherwise act negligently or in bad faith in approving the Space Plans and/or cooperating with Lessor in the design and construction of the Tenant Improvements will result in a Tenant Delay (as hereinafter defined) under this Work Letter. Upon agreement by Lessor and County on the Space Plans, a true and correct copy will be attached to this Work Letter as Schedule 2.
- c. Lessor shall pay from the Allowance all architectural and engineering fees and costs incurred in connection with the Tenant Improvements depicted on the Final Plans, as defined below, including architectural plans required to depict accessibility routes for the Building in general. Any and all architectural and engineering fees and costs incurred as a result of changes in the Final Plans requested by County will be County’s sole responsibility and paid for by County as additional rent within ten (10) days after receipt of invoices from Lessor showing that such additional fees or costs have been incurred.

9. 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 to account for 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. Within sixty days after the date of the Lease, Lessor shall cause to be prepared final plans and specifications 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 4.
- 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 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 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.

10. Inspections. The County and its representatives may enter the Premises at all reasonable times upon reasonable advance 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 and chargeable to the Allowance, shall (i) obtain all approvals, permits and other consents required to commence, perform and complete the Tenant Improvements, and, if applicable, shall deliver a certificate of occupancy to County, and (ii) cause the Tenant Improvements to be constructed in accordance with the following performance standards: the Tenant Improvements are to be constructed by well-trained, adequately supervised workers, in good and workmanlike manner, free from design, material and workmanship defects in accordance with the Final Plans and all Applicable Laws and Restrictions (the “**Performance Standards**”). Lessor warrants that all Tenant Improvements shall be constructed in accordance with the Performance Standards. Notwithstanding anything to

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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 construction of 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 5. 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 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 Tenant Improvements have been obtained (including, if applicable, a Certificate of Occupancy), and (iv) all utilities are hooked up and available for use by County in the Premises.
- b. Upon receipt of the Completion Notice, a representative of the County, a representative of Lessor, and the Architect will immediately inspect the Tenant Improvements for the purpose of establishing that the Tenant Improvements are Substantially Complete. Once County and the Architect are satisfied that the Tenant Improvements appear to be Substantially Complete, both shall so indicate by countersigning the Completion Notice. The Premises will be deemed delivered to County on the day that both 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, as defined below. The Commencement Date will not be delayed due to a County Delay, as defined below. 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 or inaction 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. The term "**Lessor Delay**" means any actual delay in the design of the Final Plans or in the completion of 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 therefore, 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.

- b. The term “**County Delay**” means any actual delay in the design and/or completion of Tenant Improvements that is caused solely by any of the following: (i) changes in the Space Plans or the Final Plans requested by County, (ii) the County not furnishing information or giving any approvals or authorizations within the time limits set forth for such performance in this Work Letter, or if no time is set forth for such performance in this Work Letter, then a reasonable time therefor, 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.

14. Punchlist. County has thirty days from the Substantial Completion Date to provide Lessor 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**”). County may augment the Punchlist at any time on or before ten days after the Substantial Completion Date. County’s failure to specify any item on the Punchlist, 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 Punchlist as soon as practicable and in any event within thirty days of Lessor receiving the Punchlist. If Lessor 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 County may, upon twenty days prior notice to Lessor, complete any Punchlist items and deduct the cost of such work from the Rent next coming due under the Lease in an amount not to exceed twenty-five percent (25%) of the Rent per month for a period not to exceed six months.

15. Tenant's Work.
 - a. Upon a timely request by County, Lessor shall perform the Tenant's Work through contractors selected by Lessor and approved by County. If Lessor performs the Tenant's Work, County shall reimburse Lessor for the full cost of the work upon receipt by County of receipted invoices for work performed or materials supplied. If County performs all or any portion of the Tenant's Work, Lessor shall allow County prompt and reasonable access to the Premises, provided, in Lessor's reasonable opinion, the Tenant’s Work can be performed by County without undue interference with the completion of the Tenant Improvements.
 - b. Lessor shall furnish water, electricity, adequate elevator service and HVAC to the Premises during the performance of any of Tenant's Work during normal working hours of the Tenant Improvement project, without charge to County.

16. 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. Lessor fails to execute a construction contract with a general contractor on or before February 1, 2017.
- b. A permit required for construction of the Tenant Improvements has not been issued on or before the last day for issuance of the permits specified in the Construction Schedule.
- c. Lessor fails to cause construction of the Tenant Improvements to commence on or before March 1, 2017.
- 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 ninety day after written notice by County to Lessor of its intent to terminate pursuant to this section.

17. Construction Period Insurance.

- a. Throughout the performance of the Tenant Improvements and the Tenant's Work, if the Tenant'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 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 substantial completion, with limits of not less than \$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 substantial completion, 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 16 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.
18. Risk of Loss.
- a. If the Premises or any portion of the Tenant Improvements or Tenant's Work is damaged or destroyed prior to the Substantial Completion Date, County may terminate the Lease if, in the reasonable opinion of Architect, the Building cannot be restored and the Tenant Improvements Substantially Completed prior to 120 days after the Scheduled Completion Date. If the Lease is terminated pursuant to this section, Lessor shall cause its insurance to pay County an amount that is equal to the cost of constructing the Tenant's Work paid by County prior to the casualty.
 - b. If the Premises or the Tenant Improvements are damaged or destroyed prior to the Substantial Completion Date and the Lease is not terminated pursuant to this section, Lessor shall promptly and diligently cause its contractor to restore the Premises and complete construction of the Tenant Improvements.
19. Pre-Move-In Cleaning. Lessor shall clean and ventilate the Premises immediately prior to County moving into the Premises.
20. Move-In. Lessor shall make available to County on any weekday between the hours of 8:00 a.m. and 6:00 p.m. and, in addition, at County's request either on any three weekends between the hours of 6:00 p.m. on Friday and 8:00 a.m. on Monday or, in lieu of any one weekend, any four nights between the hours of 7:00 p.m. and 8:00 a.m., and the electricity and HVAC that County may reasonably require in connection with County's moving into the Premises. Lessor shall provide a qualified property management employee during County's move-in. County shall provide reasonable security at the Building in the event County moves into the Leased Premises at any time other than Normal Business Hours.

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21. 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 OF CONTRA COSTA, a
political subdivision of the State of
California

RIO Properties I, LLC, a
California limited liability company

By: _____
Julia R. Bueren
Director of Public Works

By: _____
Christopher L. Paulson
Authorized Member

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

2380 Bisso Lane, Suite B, Concord, CA

This project involves the renovation of approximately 13,008 square foot of rentable space, suite B located at 2380 Bisso Lane, Concord, California. The renovated facility will include private and open offices, meeting rooms, storage, filing rooms, server room, work areas, staff breakroom, restrooms and warehouse area. The Tenant Improvements scope of work includes upgrades to the existing mechanical, plumbing, fire protection lighting and electrical systems to comply with current California Building Code 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.

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

- **TBD As per final plans.**
- All electrical wiring and outlets for County's furniture including workstation, private offices, breakroom, printers/copiers, TV and computer monitors, storerooms, as noted on the Final Plans.
- Separate ADA restrooms for each gender as required per local and state code for all staff.
- The Premises must meet all federal, state, and local requirements, including provisions for ADA. Restroom floors and walls shall be ceramic tile.
- 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. Provide linoleum in breakroom and hallway leading to shipping area, large storage room. All other ancillary space floors will be vinyl composition tile (VCT) as noted on the Final Plans.
- All cabling services necessary to complete Tenant Improvements. County shall hire and pay for the services of a cable contractor (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 leased space for computer network connections, as shown on the

Final Plans. The Cabling Contractor will provide as built drawings for all data cabling. The County's cabling contractor must be certified by the manufacturer to install, test, and warranty the product installed. One telephone and four 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, as noted on the Final Plans. County's cable contractor will terminate all 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.

- Integration Lab / data/ phone room with ¾" fire-rated painted plywood on two (2) walls and a single NEMA5-20 outlet. Lessor's Contractor will provide one dedicated single NEMA5-20 outlet, between the two data racks. A separate air conditioning supply system in the Integration Lab/ data / phone room as noted on the Final Plans, with a minimum 3-ton capacity unit, and that operates 24 hours per day, 7 days per week ("24/7"). 24/7 alarm monitoring service for the telecommunications and data room is required in the event of air conditioning failure, including a High-Low temperature alarm.
- 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.
- Remove and replace, as and when determined by County, the batteries in the battery room that provide backup power to the data center in the building.
- 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.

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- 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.
- Any other specification for this project as specified in 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.

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SCHEDULE 2

SPACE PLANS

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SCHEDULE 3

CONSTRUCTION SCHEDULE

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SCHEDULE 4

FINAL PLANS

SCHEDULE 5

FORM OF COMPLETION NOTICE

To: Contra Costa County
From: RIO Properties I, LLC
Date:
Re: Completion Notice

This notice is provided in compliance with Section 12 of that certain Work Letter dated December 7, 2016, between RIO Properties 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 Lessor

Lessor 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.

RIO Properties I, LLC

By: _____

Its: _____

Certification by Architect

The undersigned, a duly authorized representative of Studio Benavente Architects Inc. Architectural Group, hereby represents that (s) he has inspected the Tenant Improvements and determined them to be in substantial conformity with the Final Plans.

Studio Benavente Architects Inc.

By: _____

Date: _____

Its: _____

Certification 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 has determined them to be in substantial conformity with the Final Plans.

Contra Costa County

By: _____

Date: _____

Its: _____