

LEASE

CONTRA COSTA HEALTH SERVICES
1160 Brickyard Cove Road, Suite 111 & 112
Richmond, California

This lease is dated October 1, 2019 (the “**Commencement Date**”), and is between COVE INVESTMENTS, LLC, a California limited liability company (“**Lessor**”) and the COUNTY OF CONTRA COSTA, a political subdivision of the State of California (“**County**”).

Recitals

- A. Lessor is the owner of that certain premises located at 1160 Brickyard Cove Road, Richmond, California (the “**Building**”). Lessor and County are parties to a lease dated July 1, 2018, under which the County leased from Lessor Suite 111 in the Building, consisting of approximately 1,340 square feet of floor space, as shown on Exhibit A – Floor Plan of Original Lease (the “**Original Lease**”).
- B. The parties desire to replace the Original Lease with this lease in order to (i) expand the area within the Building that is being leased by the County, (ii) modify the rents, and (iii) incorporate terms related to tenant improvements.
- C. Under this lease, the County is leasing from Lessor both Suite 111 and Suite 112 in the Building, which, together, consist of approximately 2,184 square feet of floor space (the “**Premises**”), as shown in Exhibit B1 - Floor Plan. County is also being granted the non-exclusive use of five parking spaces.
- D. During the term of this lease, Lessor intends to reconfigure Suite 112 in order to construct a set of stairs leading to the second floor of the Building, as shown in Exhibit B2 – Future Floor Plan. The reconfiguration of Suite 112 will require the construction of a wall to close off the suite from the new stairwell, as shown on Exhibit B2, and the installation of a new door between Suite 112 and the patio. All work related to the reconfiguration of Suite 112 is the “**Future Buildout**.”
- E. The Original Lease will terminate on the Effective Date.

The parties therefore agree as follows:

Agreement

1. Lease of Premises. In consideration of the rents and subject to the terms herein set forth, Lessor hereby leases to County and County hereby leases from Lessor, the Premises. In addition, Lessor hereby grants County the non-exclusive use of five parking spaces adjacent to the Building.

2. **Term.** The “**Term**” of this lease is comprised of an Initial Term and, at County’s election, Renewal Terms, each as defined below.
- a. **Initial Term.** The “**Initial Term**” is four years, commencing on the Commencement Date, as defined below, and ending September 30, 2023.
- b. **Renewal Terms.** County has two options to renew this lease for a term of two years for each option (each, a “**Renewal Term**”) upon all the terms and conditions set forth herein.
- i. County will provide Lessor with written notice of its election to renew the Lease thirty days prior to the end of the Term. However, if County fails to provide such notice, its right to renew the Lease will not expire until fifteen working days after County’s receipt of Lessor’s written demand that County exercise or forfeit the option to renew.
- ii. Upon the commencement of a Renewal Term, all references to the Term of this lease will be deemed to mean the Term as extended pursuant to this Section.
3. **Rent.** County shall pay rent (“**Rent**”) to Lessor monthly in advance beginning on the Commencement Date. Rent is payable on the tenth day of each month during the Initial Term and, if applicable, the Renewal Terms, in the amounts set forth below:

a. Initial Term

<u>Months</u>	<u>Monthly Rent</u>
October 1, 2019 - September 30, 2020	\$5,621
October 1, 2020 - September 30, 2021	\$5,760
October 1, 2021 - September 30, 2022	\$5,901
October 1, 2022 - September 30, 2023	\$6,045

b. First Renewal Term

<u>Months</u>	<u>Monthly Rent</u>
October 1, 2023 - September 30, 2024	\$6,191
October 1, 2024 - September 30, 2025	\$6,339

c. Second Renewal Term

<u>Months</u>	<u>Monthly Rent</u>
October 1, 2025 - September 30, 2026	\$6,490
October 1, 2026 - September 30, 2027	\$6,643

Rent for any fractional month will be prorated and computed on a daily basis with each day's rent equal to one-thirtieth (1/30) of the monthly Rent.

4. Improvements.

a. Improvements by Lessor. Lessor shall cause the following improvements (together, the "**Tenant Improvements**") to be made to the Premises prior to the Effective Date, or as soon thereafter as is practicable:

- i. The construction of two offices in Suite 111, in the location shown on Exhibit B2 (together, the "**New Offices**"). Lessor shall cause the New Offices to include the features set forth in Exhibit C – New Office Specifications.
- ii. The installation of new carpet and baseboard in Suite 112 to match existing carpet and baseboard in Suite 111 (the "**New Carpet**").
- iii. Lighting updates in Suite 112 to include rewiring and installing 10 LED retro kits with dimming modules, occupancy sensors and wall controls (the "**New Lighting**").

b. Tenant Improvements Cost Allocation.

- i. County is responsible for up to \$18,676.82 of the cost of the New Offices (such amount, the "**Cap**"); provided, however, County will be responsible for the cost of the New Offices in excess of the Cap that result from changes to the specifications for the New Offices set forth in Exhibit C that are requested by County.
- ii. Lessor is responsible for the cost of the New Carpet.
- iii. Lessor is responsible for the cost of the New Lighting.

c. Future Buildout.

- i. Lessor shall provide County with as much notice of the commencement of the Future Buildout as possible, but in no event less than 15 days' notice. Following receipt of the notice and prior to the commencement of the Future Buildout, County will move furniture, supplies, equipment and other items away from the area where the construction work is to occur.
- ii. Lessor will work with County to schedule construction work in a manner that causes the least amount of disruption to County. Prior to the construction of the stairs, a wall will be built separating the area of Suite 112 from the future stairs. This wall will be built out over a weekend and will not disrupt any County activities. An exterior door will also be built out over a weekend and have no impact on County operations. Once the wall is complete the County will be

completely separated from the construction of the stairs. If a concern about noise arises, construction of the stairs will be completed during the weekend or agreed upon hours of time to minimize noise disruption to the County.

- iii. Lessor shall bear all costs associated with the Future Buildout, including, but not limited to, the cost of installing a new wall, installing a new door to the patio, painting and installing new baseboard on the new wall, relocating any affected electrical outlets, and replacing any affected carpet to the Premises during the Future Buildout.
 - iv. For purposes of this lease, “**Substantially Complete**” means (i) there is no incomplete or defective work that unreasonably interferes with County’s use of Suite 112, all necessary government approvals for legal occupancy of Suite 112 have been obtained, and (ii) all utilities are hooked up and available for use by County in Suite 112.
- d. Performance Standards. Lessor warrants that all construction in connection with the Tenant Improvements and the Future Buildout has been, or will be, performed by well-trained, adequately supervised workers, in a good and workmanlike manner, free from design, material and workmanship defects. Lessor shall, at its sole cost and expense, repair and replace any poor workmanship or defective materials within a reasonable time after written notice thereof, provided the notice is sent by County within one year of the acceptance of the Tenant Improvements. Lessor’s obligations under this paragraph are in addition to and not in limitation of any other obligation of Lessor. Enforcement of contractors’ express warranties and guarantees to repair are in addition to and not in limitation of any other rights or remedies County may have under this lease or law or in equity for defective work.
5. Use. County may use the Premises for the purpose of conducting various functions of County and any other purpose permitted by law.
6. No Disorderly Conduct. County will not permit clients or guests who are visiting the Premises to engage in loud or disruptive behavior that disturbs the quiet enjoyment of other tenants of the Building.
7. Obligation to Pay Utilities and Janitorial. Lessor shall pay for all water, sewer, gas, electricity, janitorial cleaning, and refuse collection services provided to the Premises.
8. Maintenance and Repairs.
- a. Roof and Exterior of Premises. Lessor shall keep the roof and exterior of the Premises in good order, condition, and repair, and shall maintain the structural integrity of the Building, including the exterior doors and their fixtures, closers and hinges, glass and glazing, used in the Premises. The County is responsible for all locks and key systems used in the Premises and those keys will be to the master system.

- b. Interior of Premises. County shall keep and maintain the interior of the Premises in good order, condition and repair, but Lessor shall repair damage to the interior caused by its failure to maintain the exterior in good repair, including damage to the interior caused by roof leaks and/or interior and exterior wall leaks.
 - c. Janitorial. Lessor shall provide janitorial services, consisting of emptying trash daily, other than weekends and holidays, and vacuuming the carpets in the Premises once a week, in and about the Premises and window washing services in a manner consistent with other comparable buildings in the vicinity of the Building.
 - d. Utilities. Lessor shall repair and maintain the electrical, lighting, water and plumbing systems in good order, condition and repair.
 - e. HVAC. Lessor shall maintain and repair the heating, ventilating, and air-conditioning (HVAC) systems.
 - f. Parking; Exterior Lighting. Lessor shall maintain the parking lot and exterior lighting system in good order, condition and repair.
 - g. Services by Lessor. If County determines that the Premises are in need of maintenance, construction, remodeling or similar service that is beyond Lessor's responsibilities under this lease, at County's request, Lessor shall perform such service at County's expense. In performing the service, Lessor shall consult with County and use either licensed insured contractors or employees of Lessor. Lessor shall obtain County's prior written approval of the scope, terms, and cost of any contracts. County may, by giving Lessor thirty (30) days prior written notice, change the level of service, terminate any or all service, or require that a service be performed by a different contractor.
9. Quiet Enjoyment. Provided County is in compliance with the material terms of this lease, Lessor shall warrant and defend County in the quiet enjoyment and possession of the Premises during the Term.
10. Assignment and Sublease. County has the right to assign this lease or sublease the Premises or any part thereof at any time during the Term to other county entities only.
11. Alterations; Fixtures and Signs. County may (i) make any lawful and proper minor alterations to the Premises and (ii) attach fixtures and signs ("**County Fixtures**") in or upon the Premises. Any County Fixtures will remain the property of County and may be removed from the Premises by County at any time during the Term. County is responsible for the cost of all alterations and County Fixtures. All alterations and County Fixtures are subject to Lessor's approval and must comply with existing code requirements.

All signs and graphics of every kind visible in or from public view or corridors, the common areas or the exterior of the Premises (whether located inside or outside the Premises) are subject to Lessor's prior written approval, in Lessor's sole and absolute discretion, and are subject to any applicable governmental laws, ordinances, and

regulations. County shall remove all of its signs and graphics prior to the termination of this lease. The installation and removal of County signs and graphics is to be done at County's sole cost and expense and in a manner that avoids injury or defacement of the Premises or the Building. County shall repair, at County's sole cost and expense, any injury or defacement, including without limitation, discoloration caused by such installation or removal. County signs and graphics are to be maintained by County in a neat, clean and professional manner, at County's sole cost and expense.

12. Prior Possession. Commencing on September 15, 2019, County has the right to install fixtures, telephones and other items required to prepare the New Offices and Suite 112 for County's occupancy and to store furniture, supplies and equipment, provided such work and storage can be effected without unduly interfering with Lessor's completion of any Tenant Improvements.
13. Insurance.
 - a. Liability Insurance. Throughout the Term, County shall maintain in full force and effect, at its sole expense, a general self-insurance program covering bodily injury (including death), personal injury, and property damage, including loss of use. County shall provide Lessor with a letter of self-insurance affirming the existence of the aforementioned self-insurance program.
 - b. Self-Insurance Exclusion. County's self-insurance does not provide coverage for (i) areas to be maintained by Lessor under this lease, or (ii) negligence, willful misconduct, or other intentional act, error or omission of Lessor, its officers, agents, or employees.
14. Surrender of Premises. On the last day of the Term, or sooner termination of this lease, County shall peaceably and quietly leave and surrender to Lessor the Premises, along with appurtenances and fixtures at the Premises (except County Fixtures), all in good condition, ordinary wear and tear, damage by casualty, condemnation, acts of God and Lessor's failure to make repairs required of Lessor excepted. County is not responsible for painting or for repairing or replacing any floor coverings in the Premises upon the expiration or earlier termination of this lease.
15. Waste, Nuisance. County may not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing that may disturb the quiet enjoyment of any other occupant of the Building.
16. Inspection. Lessor, or its proper representative or contractor, may enter the Premises by prior appointment between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday, holidays excepted, to determine that (i) the Premises is being reasonably cared for, (ii) no waste is being made and that all actions affecting the Premises are done in the manner best calculated to preserve the Premises, and (iii) County is in compliance with the terms and conditions of this lease.

17. Perilous Conditions. If the County’s Director of Public Works becomes aware of a perilous condition on the Premises that, in his or her opinion, substantially and significantly threatens the health and safety of County employees and/or invitees (a “**Perilous Condition**”), the Director of Public Works, or his or her designee, will immediately notify Lessor of the Perilous Condition and Lessor shall use best efforts to immediately eliminate the Perilous Condition.

Lessor shall immediately address any condition reasonably constituting an emergency, whether Lessor learns of the condition through County or otherwise.

If Lessor fails to address a Perilous Condition within twenty-four (24) hours after County’s notice or to immediately address an emergency situation, County may attempt to resolve the Perilous Condition or emergency situation. Lessor shall reimburse County for any costs incurred by County in addressing the Perilous Condition or emergency situation promptly upon receipt of County’s invoice.

18. Destruction. If damage occurs that causes a partial destruction of the Premises during the Term from any cause and repairs can be made within sixty days from the date of the damage under the applicable laws and regulations of governmental authorities, Lessor shall repair the damage promptly. Such partial destruction will not void this lease, except that County will be entitled to a proportionate reduction in Rent while such repairs are being made. The proportionate reduction in Rent will be calculated by multiplying Rent by a fraction, the numerator of which is the number of square feet that are unusable by County and the denominator of which is the total number of square feet in the Premises.

If repairs cannot be made in sixty days, County will have the option to terminate the lease or request that Lessor make the repairs within a reasonable time, in which case, Lessor will make the repairs and Rent will be proportionately reduced as provided in the previous paragraph.

This lease will terminate in the event of a total destruction of the Building or the Premises.

19. Hazardous Material. Lessor warrants to County that Lessor does not have any knowledge of the presence of Hazardous Material (as defined below) or contamination of the Building or Premises in violation of environmental laws. Lessor shall defend, save, protect and hold County harmless from any loss arising out of the presence of any Hazardous Material on the Premises that was not brought to the Premises by or at the request of County, its agents, contractors, invitees or employees. Lessor acknowledges and agrees that County has no obligation to clean up or remediate, or contribute to the cost of clean-up or remediation, of any Hazardous Material unless such Hazardous Material is released, discharged or spilled on or about the Premises by County or any of its agents, employees, contractors, invitees or other representatives. The obligations of this Section shall survive the expiration or earlier termination of this lease.

“**Hazardous Material**” means any substance, material or waste, including lead based paint, asbestos and petroleum (including crude oil or any fraction thereof), that is or

becomes designated as a hazardous substance, hazardous waste, hazardous material, toxic substance, or toxic material under any federal, state or local law, regulation, or ordinance.

20. Indemnification.

- a. County. County shall defend, indemnify and hold Lessor harmless from County's share of any and all claims, costs and liability for any damage, injury or death of or to any person or the property of any person, including attorneys' fees, caused by the willful misconduct or the negligent acts, errors, or omissions of County, its officers, agents or employees in using the Premises pursuant to this lease, or the County's performance under this lease, except to the extent caused or contributed to by (i) the structural, mechanical, or other failure of buildings owned or maintained by Lessor, and/or (ii) the negligent acts, errors, or omissions of Lessor, its officers, agents, or employees.
- b. Lessor. Lessor shall defend, indemnify and hold County harmless from Lessor's share of any and all claims, costs and liability for any damage, injury or death of or to any person or the property of any person, including attorneys' fees, caused by the willful misconduct or the negligent acts, errors or omissions of Lessor, its officers, agents, employees, with respect to the Premises, or Lessor's performance under this lease, or the Lessor's performance, delivery or supervision of services at the Premises, or by the structural, mechanical or other failure of buildings owned or maintained by Lessor, except to the extent caused or contributed to by the negligent acts, errors, or omissions of County, its officers, agents, or employees.

21. Default.

The occurrence of any of the following events is a default under this lease:

- a. County.
 - i. County's failure to pay Rent within ten business days after receipt of a written notice of failure (a "**Notice**") from Lessor to County; provided, however, that County will have additional time if its failure to pay Rent is due to circumstances beyond its reasonable control, including, without limitation, failure of the County's Board of Supervisors to adopt a budget. In no event may such additional time exceed seventy-five days from receipt of a Notice.
 - ii. County's failure to comply with any other material term or provision of this lease if such failure is not remedied within thirty days after receipt of a Notice from Lessor to County specifying the nature of the breach in reasonably sufficient detail; provided, however, if such default cannot reasonably be remedied within such thirty day period, then a default will not be deemed to occur until the occurrence of County's failure to comply within the period of time that may be reasonably required to remedy the default, up to an aggregate of ninety days,

provided County commences curing such default within thirty days and thereafter diligently proceeds to cure such default.

- b. Lessor. Lessor's failure to perform any obligation under this lease if such failure is not remedied within thirty days after receipt of a Notice from County to Lessor specifying the nature of the breach in reasonably sufficient detail; provided, however, if such breach cannot reasonably be remedied within such thirty day period, then a default will not be deemed to occur until the occurrence of Lessor's failure to perform within the period of time that may be reasonably required to remedy the breach, up to an aggregate of ninety days, provided Lessor commences curing such breach within thirty days and thereafter diligently proceeds to cure such breach.

22. Remedies.

- a. Lessor. Upon the occurrence of a default by County, Lessor may, after giving County written notice of the default, and in accordance with due process of law, reenter and repossess the Premises and remove all persons and property from the Premises.
- b. County. Upon the occurrence of a default by Lessor, County may (i) terminate this lease by giving written notice to Lessor and quit the Premises without further cost or obligation to County or (ii) proceed to repair or correct the failure and, at County's option, either deduct the cost thereof from Rent due to Lessor, or invoice Lessor for the cost of repair, which invoice Lessor shall pay promptly upon receipt.

23. Notices. Any notice required or permitted under this lease shall be in writing and sent by overnight delivery service or registered or certified mail, postage prepaid and directed as follows:

To Lessor: Cove Investment's LLC
1160 Brickyard Cove, Suite 110
Richmond, CA 94081

To County: Contra Costa County
Public Works Department
Attn: Real Estate Manager
255 Glacier Drive
Martinez, CA 94553

Either party may at any time designate in writing a substitute address for that set forth above and thereafter notices are to be directed to such substituted address. If sent in accordance with this Section, all notices will be deemed effective (i) the next business day, if sent by overnight courier, or (ii) three days after being deposited in the United States Postal system.

24. Successors and Assigns. This lease binds and inures to the benefit of the heirs, successors, and assigns of the parties hereto.

25. Holding Over. Any holding over after the Term of this lease is a tenancy from month to month and is subject to the terms of this lease.
26. Time is of the Essence. In fulfilling all terms and conditions of this lease, time is of the essence.
27. Governing Law. The laws of the State of California govern all matters arising out of this lease.
28. Severability. In the event that any provision herein contained is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions of this lease will not in any way be affected or impaired.

[Remainder of Page Intentionally Left Blank]

29. Entire Agreement; Construction; Modification. Neither party has relied on any promise or representation not contained in this lease. All previous conversations, negotiations, and understandings are of no further force or effect. This lease is not to be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. This lease may be modified only by a writing signed by both parties.

The parties are executing this lease on the date set forth in the introductory paragraph.

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

COVE INVESTMENTS, LLC

By: _____
Brian M. Balbas
Director of Public Works

By: _____
Carey Clausen
Authorized Agent

RECOMMENDED FOR APPROVAL:

By: _____
Karen A. Laws
Principal Real Property Agent

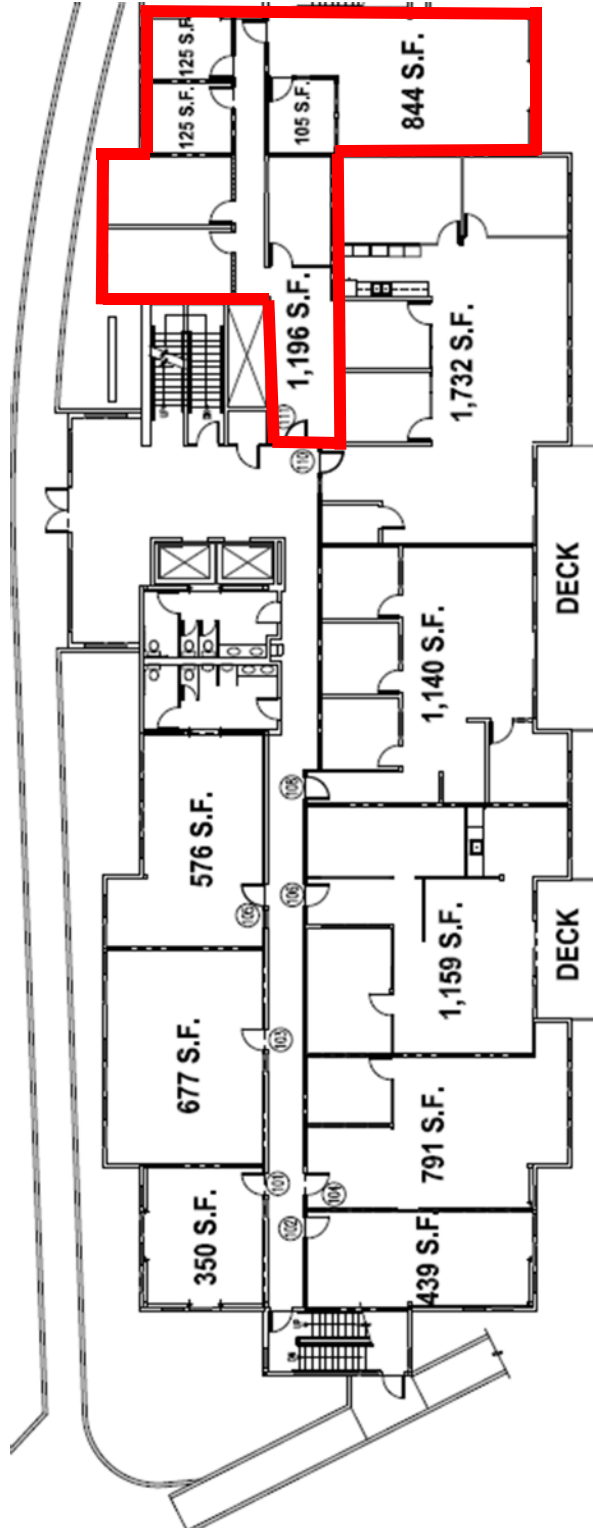
By: _____
Stacey Sinclair
Senior Real Property Agent

APPROVED AS TO FORM
SHARON L. ANDERSON, COUNTY COUNSEL

By: _____
Kathleen M. Andrus
Deputy County Counsel

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EXHIBIT B1
Floorplan



COMMON AREAS THIS LEVEL ■ 2,324 S.F.

**EXHIBIT B2
Future Floor plan**

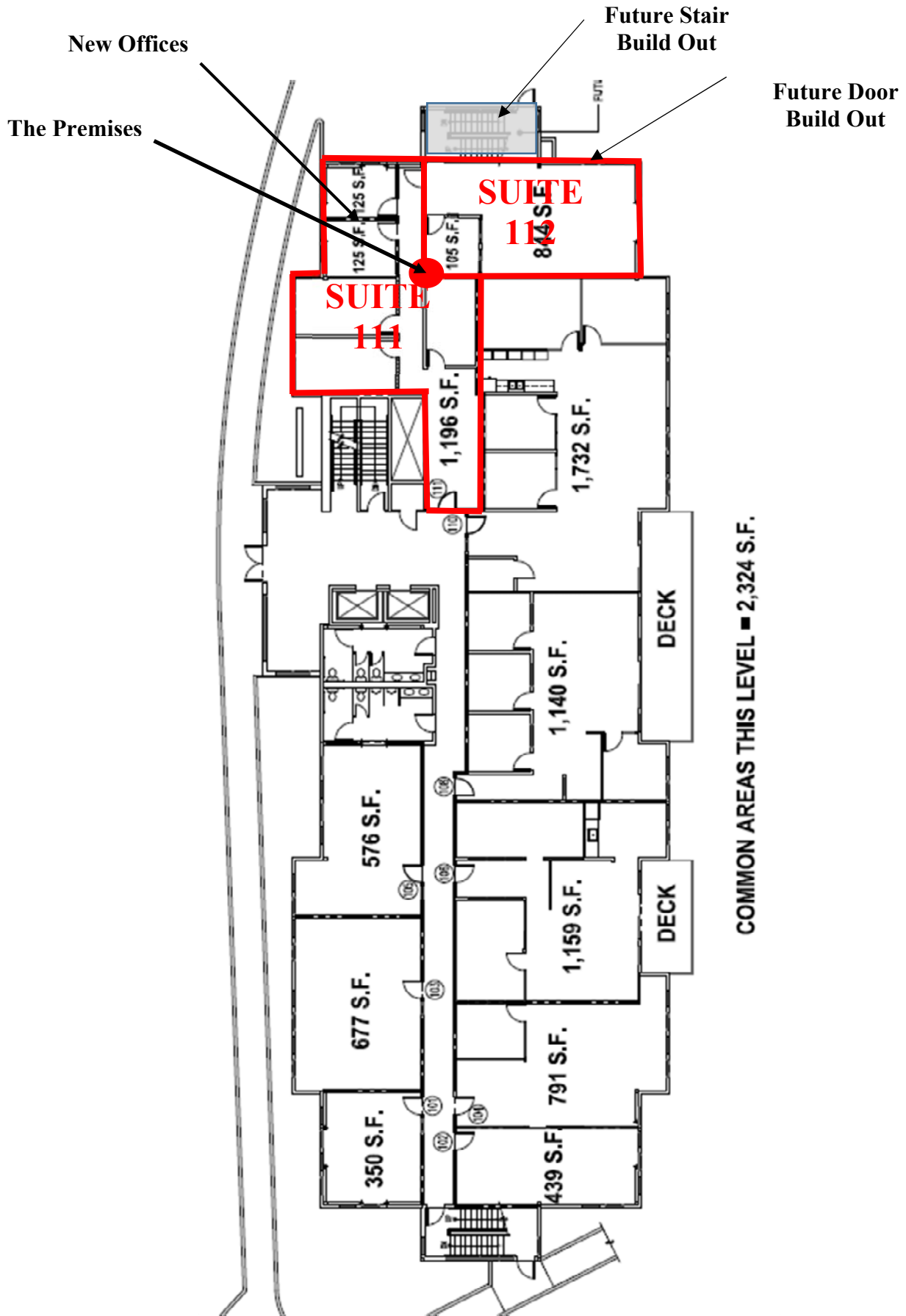


EXHIBIT C

NEW OFFICE SPECIFICATIONS

1. General Contractor
 - 1.1. Frame 3 5/8" metal stud walls over existing carpet and up to ceiling tile, approximately 33 lin. Ft.
 - 1.2. Drywall and texture to match existing walls.
 - 1.3. Install new doors, frames & hardware to match adjacent openings. Black anodized frames, clear birch doors, and Schlage cylindrical lockset.
 - 1.4. Paint all walls at new office and a new drywall to match existing walls.
 - 1.5. Replace up to 6 acoustical tiles from lighting changes and potential damage.
 - 1.6. Furnish and install new 4" rubber base at new walls & 2 offices to match existing.
2. Electrical Contractor
 - 2.1. Relocating 4 lights (2 in hall and 2 in new office) with new occupancy sensors, one new diming module, new room switches.
 - 2.2. Install new electrical and data outlets per Exhibit D. The new outlet located on the wall facing the parking lot will be placed above the lower level of the window sill as the wall below the window is concrete.
 - 2.3. Fire Sprinkler
 - 2.3.1. Install 2 FIFR sprinkler heads.
 - 2.4. HVAC
 - 2.4.1. No changes to HVAC will take place at this time.

EXHIBIT D

ELECTRICAL AND DATA OUTLETS

