

LEASE

Department of Conservation and Development
3685 Mount Diablo Boulevard, Suite 120,
Lafayette, CA

This lease is dated December 15, 2020 and is between Desco Investments, LLC, and Desco Plaza I, LLC (together the “**Lessor**”) and the County of Contra Costa, a political subdivision of the State of California (the “**County**”).

Recitals

- A. Lessor is the owner of the building located at 3685 Mt. Diablo Boulevard, Lafayette, California (the “**Building**”).
- B. The Lessor and the County are parties to a lease dated March 9, 2010, under which the County is leasing Suite 120 in the Building, which consists of approximately 1,712 square feet (the “**Premises**”) and has the non-exclusive use of 40 parking spaces (the “**Original Lease**”).
- C. Section A.6. of the Original Lease requires the County to pay its proportionate share of the amount (if any) by which certain operating expenses exceed the cost of those expenses in 2010. In the Original Lease, as in this lease, the “**Base Year**” is calendar year 2010.
- D. The parties now desire to enter into a new lease for the Premises, updating the terms of the Original Lease.
- E. Simultaneous with the effectiveness of this lease, the Original Lease is terminated.

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.
- 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 five years, commencing on April 1, 2020 (the “**Commencement Date**”) and ending March 31, 2025.
 - b. Renewal Terms. County has two options to renew this lease for a term of one year 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>Period</u>	<u>Monthly Rent</u>
April 1, 2020 – March 31, 2021	\$5,650
April 1, 2021 – March 31, 2022	\$5,819
April 1, 2022 – March 31, 2023	\$5,994
April 1, 2023 – March 31, 2024	\$6,174
April 1, 2024 – March 31, 2025	\$6,359

b. First Renewal Term. \$6,550 per month commencing April 1, 2025 and ending March 31, 2026.

c. Second Renewal Term. \$6,746 per month commencing April 1, 2026 and ending March 31, 2027.

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. Additional Rent. In addition to the rent set forth above, County shall pay Lessor the amounts set forth below (collectively, “**Additional Rent**”). Lessor shall invoice County for any Additional Rent due within ninety days after the end of each calendar year during the Term. County shall pay the amount so invoiced within thirty days of receipt of the invoice. County has the right, exercisable upon reasonable prior written notice to Lessor, to inspect Lessor’s books and records relating to the amounts charged to County as Additional Rent. County shall cause any such inspection to occur within ninety days of receipt of the annual invoice. County may not withhold payment of the invoice until after the completion of such inspection.

a. Proportionate Share. For purposes of this Lease, “**Proportionate Share**” means the ratio, expressed as a percentage, of the square feet of the Premises to the total square

footage of the Building. As of the date of this Lease, the parties estimate that County's Proportionate Share of the Building is 4.23%.

- b. Real Property Taxes. County's Proportionate Share of the Excess Amount of Real Property Tax Expense, as defined below.

"Excess Amount of Real Property Tax Expense" means the amount by which Real Property Taxes, as defined below, actually paid by Lessor in any calendar year (or portion thereof) exceeds the amount Lessor actually paid for Real Property Taxes in the Base Year.

"Real Property Taxes" means and includes all taxes, assessments (amortized over the longest period available to Lessor) levied or assessed upon the Building and the real property upon which it is situated, any state or local business taxes or fees measured by or assessed upon gross rentals or receipts, and other governmental charges, general and special, including, without limitation, assessments for public improvements or benefits, that are, during the Term of this Lease, assessed, levied, and imposed by any governmental authority upon the Building. Real Property Taxes do not include any late fees or penalties, any municipal, county, state or federal net income, estate, succession, inheritance, sales, use or franchise taxes of Lessor or documentary transfer taxes.

- c. Insurance. County's Proportionate Share of the Excess Amount of Insurance Expense, as defined below.

"Excess Amount of Insurance Expense" means the amount by which Insurance, as defined below, actually paid by Lessor in any calendar year (or portion thereof) exceeds the amount Lessor actually paid for Insurance in the Base Year.

"Insurance" means the All Risk Property Insurance maintained by Lessor covering the Building and all improvements thereto for perils including fire and earthquake, if applicable, for an amount equal to full replacement cost; liability and other insurance that Lessor reasonably deems necessary on the Premises or that may be required by Lessor's mortgagee, including, but not limited to, earthquake, and flood insurance.

- d. Maintenance and Repairs. County's Proportionate Share of the Excess Amount of CAM Charges, as defined below.

"Excess Amount of the Cost of CAM Charges" means the amount by which CAM Charges, as defined below, actually paid by Lessor in any calendar year (or portion thereof) exceeds the amount Lessor actually paid for CAM Charges in the Base Year.

"CAM Charges" means common area maintenance charges and includes (i) all actual costs and expenses incurred by Lessor to operate and maintain those areas within the Building, including the Building's entrances, walkways, sidewalks, lavatories, drives, parking facilities, and other areas that are not leased or held for

lease but are within or contiguous to or serving the Building and are necessary or desirable for County's full use and enjoyment of the Premises (the "**Common Area**"), to repair Common Area facilities when reasonably required, to clean and remove trash from the Common Area and to provide security services to the Common Area, (ii) all actual costs and expenses incurred by Lessor to maintain and repair all common areas, parking lots, sidewalks, driveways, all landscaped areas, and other areas that are used in common by the tenants or occupants of the Building, and (iii) an administrative fee for services rendered by a third party manager that is equal to no more than ten percent (10%) of the total CAM Charges.

Notwithstanding any provision of this Lease to the contrary, Lessor and County acknowledge and agree that the following items are excluded from CAM Charges or other Additional Rent to be reimbursed or paid by County:

- i. Payments on any loans or ground leases affecting the Building.
 - ii. Depreciation of any Building or any major systems of Building service equipment.
 - iii. All costs and expenses associated with leasing to other tenants, including tenant improvements allowances, attorneys' fees, brokerage commissions, and architectural fees, if any.
 - iv. Any cost incurred in complying with hazardous materials laws.
 - v. Capital taxes, income taxes, corporate taxes, corporation capital taxes, excise taxes, profits taxes or other taxes personal to the Lessor.
5. Use. County may use the Premises for the purpose of conducting various functions of County and any other purpose permitted by law.
6. Obligation to Pay Utilities and Janitorial. Lessor shall pay for all gas, electric, water, sewer, refuse collection and janitorial services provided to the Premises. Janitorial specifications are more particularly described in Exhibit A.
7. 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, exterior windows, glass and glazing, and all locks and key systems used in the Premises.
 - 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. The County may install and maintain an alarm system, if deemed necessary by County.

- c. Utility Systems. Lessor shall repair and maintain the electrical, lighting, water and plumbing systems in good order, condition and repair.
 - d. HVAC. Lessor shall maintain and repair the heating, ventilating, and air-conditioning (HVAC) systems.
 - e. Parking; Exterior Lighting; Landscaping. Lessor shall maintain the parking lot, exterior lighting system, and landscaping in good order, condition and repair.
 - f. 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.
8. 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.
 9. 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 with Lessor's prior written consent. Upon the assignment of the lease by County, the County will have no further obligation under the lease.
 10. 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 with Lessor's prior written consent. 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.
 11. 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.
12. 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.
13. 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.
14. 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.
15. 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 such 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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: Desco Plaza 1
750 Menlo Avenue, Ste 250
Menlo Park, CA 94025

To County: Contra Costa County
Public Works Department
Attn: Principal Real Property Agent
40 Muir Rd. 2nd Floor
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.

22. Successors and Assigns. This lease binds and inures to the benefit of the heirs, successors, and assigns of the parties hereto.
23. 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.
24. Time is of the Essence. In fulfilling all terms and conditions of this lease, time is of the essence.
25. Governing Law. The laws of the State of California govern all matters arising out of this lease.
26. 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]

27. 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 as of the date set forth in the introductory paragraph.

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

DESCO PLAZA 1, LLC

By: _____
Brian M. Balbas
Director of Public Works

By: _____
Robert Gould
Managing Partner

RECOMMENDED FOR APPROVAL:

DESCO INVESTMENT, LLC

By: _____
Jessica L. Dillingham
Principal Real Property Agent

By: _____
Robert Gould
Managing Partner

By: _____
Julin E. Perez
Supervising Real Property Agent

APPROVED AS TO FORM
SHARON L. ANDERSON, COUNTY COUNSEL

By: _____
Kathleen M. Andrus
Deputy County Counsel

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EXHIBIT A

CONTRA COSTA COUNTY JANITORIAL SPECIFICATIONS

- Contra Costa County requires that custodial contractors use industrial and institutional cleaning products that meet Green Seal certification standards for environmental preferability and performance to the extent that products are available.
- To the extent practicable, Contra Costa County requires janitorial contractors to supply vacuum cleaners that meet the requirements of the Carpet and Rug Institute "Green Label" Testing Program - Vacuum Cleaner Criteria. Contra Costa County requires the use of a "hepa filter" vacuum.
- The use of micro fiber cleaning cloths that capture fine particles using less wetting agents shall be phased in whenever possible.
- All paper products supplied by the custodial contractor shall be recycled paper products.

The scope of work is as follows:

A. Entire Office Suite

1. Nightly

- a) Carpeted Areas: Thoroughly vacuum and spot clean carpets and floor mats to remove spots and spills.
- b) Uncarpeted Areas: Thoroughly sweep (being sure to pick up all dust balls) and spot mop with a germicidal solution to remove all marks, spills and stains.
- c) Walls, Doors, and Frames: Spot clean to remove all finger marks and smudges. Thoroughly clean all glass entryway doors.
- d) Drinking Fountains: Sanitize and polish all drinking fountains.
- e) Light Bulb Replacement: Check for burned out light bulbs and replace (less than 15 feet high).
- f) Trash Can and Liners: Empty all trash cans and replace liners as necessary.
- g) Counter Tops: Wash reception and kitchen counter tops, where applicable.
- h) Waste Materials: Break down cardboard and place at Recycle Pickup Point. Deposit other waste materials in outside trash dumpster.

- i) Gum Removal: Remove all gum from under the tables and chairs where applicable.
2. Semi-Weekly (2x)
- a) Uncarpeted Areas: Remove area rugs/mats, sweep and damp mop to remove all loose dirt and grit. Thereafter buff all vinyl, tile, and linoleum floors to a uniformly bright condition as required.
3. Weekly
- a) Carpeted Areas & Carpet Mats: Thoroughly vacuum and edge carpeted floors using pile lifter to remove all embedded dirt and grit.
 - b) Chairs & Tables: Thoroughly wipe down all chairs and tables with a mild germicidal solution, leaving the same in a streak-free condition.
4. Monthly
- a) Dusting: Dust all mini-blinds, partitions, windowsills and other horizontal surfaces. Remove all cobwebs from walls and ceilings including ventilation grills 15 feet and lower.
 - b) Wipe all telephones with treated dust cloth.
5. Bimonthly (Every 2 months)
- a) Area Rugs and Carpets: Thoroughly vacuum, edge and Bonnet Buff all carpeted areas and area rugs.
6. Yearly
- a) Uncarpeted Areas: Completely strip down all vinyl, tile and linoleum floors to the bare floor surface, totally free of any wax, sealer or other finish. After stripping, apply 3 coats of finish. At the next service date, or after 24 hours, buff the floors to a uniformly bright condition. Walls, baseboards, furniture and adjoining carpeted areas shall be free of wax, water, and other marks.
 - b) Carpeted Area and Area Rugs/Mats: Thoroughly vacuum, hot water extract all carpeted floors including stairways and area rugs to remove any spots, stains or other spills, and leave same in a uniformly clean condition.
 - c) Windows: Wash windows inside and out and wipe windowsills.
 - d) Window Blinds: Remove, wash and rehang window blinds as required.
 - e) Light Fixtures and Diffusers: Wash and clean all light fixtures and diffusers, 15 feet and lower.

B. Restrooms

1. Nightly

- a) Uncarpeted Areas: Sweep, clean and remove all debris from floors. Wet mop using a germicidal detergent paying particular attention to corners and areas around the toilet and under urinals.
- b) Metal Fixtures: Wash and polish all mirrors, powder shelves, bright work (including exposed piping below washbasins and behind toilet fixtures), towel dispensers, receptacles, metal partitions, and any other metal accessories. Contractor shall use only non-abrasive, non-acidic materials to avoid damage to metal fixtures.
- c) Ceramic Fixtures: Wash and disinfect all basins, including faucet handles, bowls, and urinals and tile walls around the urinals with a germicidal detergent solution. Wash both sides of all toilet seats with a non-abrasive cloth/sponge and a germicidal solution and wipe dry. Special care must be taken to inspect and clean areas of difficult access, such as underside of toilet bowl rings and urinals to prevent building up of calcium and iron oxide deposits.
- d) Dispensers: Fully restock all dispensers nightly, excluding the sanitary napkin machine.
- e) Trash Cans and Liners: Empty trash cans and sanitary napkin disposal containers and replace liners.
- f) Dusting: Dust the edges of all partitions, ledges, and mirror tops.

2. Bi-Weekly

- a) Restroom Floors: Sweep, damp mop, and thereafter buff all hard surface, except ceramic surfaces, leaving the floor in a streak free and uniform condition.

3. Monthly

- a) Drains: Pour water down floor drains to prevent gaseous odor.

4. Every 4 Months

- a) Chemical Enzyme Solution: Pour a chemical enzyme solution (specified by County) down all floor drains.

C. Stairwells

1. Weekly

- a) Uncarpeted Stairs: Sweep all uncarpeted stair treads and landings with a treated dust mop daily and spot clean as necessary, to remove all spills and stains.
- b) Carpeted Stairs: Vacuum carpeted stairs and spot clean to remove all spills and stains.
- c) Stair Rail: Wipe down all stair rails with a germicidal solution.