

WORK LETTER

Health Services Department –
Women, Infants, & Children Program
2731 Systron Drive
Concord, California

August 9, 2022

This work letter (“**Work Letter**”) is part of the lease being executed concurrently between SYSTRON BUSINESS CENTER, LLC, a California limited liability company, as landlord (Lessor), and the COUNTY OF CONTRA COSTA, as tenant (County), under which the County is leasing approximately 8,741 square feet of space in the Building located at 2727-2731 Systron Drive, 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 Building, and the Building 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 March 1, 2023, so long as the lease is fully executed by August 15, 2022. (Lessor shall strive to complete the construction as soon as possible prior to March 1, 2023.)

3. Base Building Work. Lessor, at Lessor’s cost and expense, has constructed the Building shell and core (collectively, the “**Base Building Work**”). The Base Building Work includes, but is not limited to, the following elements of the Building: (a) concrete floors (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, (i) all items necessary for the Building to satisfy the provisions of the Americans with Disabilities Act, including, without limitation, washrooms, drinking fountains, and the parking area, (j) all code-required items relating to the other elements of the Base Building Work, such as exit signs, speakers, fire doors, and any other life-safety support system for each floor, and (k) dry wall and tape of interior columns.

4. Tenant Improvements. Subject to the conditions set forth below, Lessor, at its sole cost and expense, shall demolish existing interior improvements as required and 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. Any other work on the Premises 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) identifies the work to be accomplished to complete the Tenant Improvements and the sequence of that work, and (ii) sets forth the dates by which certain components of the work must be completed. Lessor to provide County notice when County’s work (cabling, IT, etc) can be done during the construction of the Tenant Improvements.

5. Plans.

- a. Prior to the execution of the lease, Lessor and County approved in writing space plans for the build-out of 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. Lessor shall pay for all 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 the additional fees or costs have been incurred.

6. 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 final plans and specifications to be prepared in substantial conformity with the Space Plans, taking into account (i) Structural Modifications, (ii) the requirements of the Applicable Laws and Restrictions, (iii) other modifications resulting from physical constraints of the Premises, and (iv) modifications requested by County and consented to by Lessor, which consent may not be unreasonably withheld (the “**Final Plans**”). Once completed, the Final Plans will be attached to this Work Letter as Schedule 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.
7. Inspections. The County and its representatives may enter the Premises at all reasonable times for the purpose of inspecting the progress of construction of the Tenant Improvements.
 8. Compliance with Laws; Standards of Performance. Lessor, at its expense, shall (i) obtain all approvals, permits and other consents required to commence, perform and complete the Tenant Improvements, and, 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 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.
 9. 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 and a representative of Lessor will immediately inspect the Tenant Improvements for the purpose of establishing that the Tenant Improvements are Substantially Complete. Once County is satisfied that the Tenant Improvements appear to be Substantially Complete, County shall so indicate by countersigning the Completion Notice. The Premises will be deemed delivered to County on the day that County countersigns the Completion Notice (the "**Commencement Date**" and the "**Substantial Completion Date**").
10. Punchlist. County has forty-five (45) 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'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 (exempt 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.
11. Tenant's Work.
 - a. Any item of work not shown in the Final Plans, including, for example, telephone and data service or furnishings ("**Tenant's Work**"), may be performed by County through contractors selected by County and approved by Lessor, which approval may not be unreasonably withheld or delayed. Upon a timely request by County, Lessor shall perform the 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, 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.

12. 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 cause construction of the Tenant Improvements to commence on or before October 1, 2022.
- b. The Substantial Completion Date does not occur on or before the Scheduled Completion Date and Lessor fails to Substantially Complete the Tenant Improvements on or before the fifth day after written notice by County to Lessor of its intent to terminate pursuant to this section;

provided, however, County may not terminate the Lease if the failure to commence or complete construction by the deadlines set forth above is solely the result of delays that are caused by force majeure, supply chain issues, or any other delay outside of Lessor's control.

13. 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 13 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 on the Building are 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 required insurance coverage that is reasonably satisfactory to the County Representative.
14. 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 60 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.
15. Pre-Move-In Cleaning. Lessor shall clean and ventilate the Premises immediately prior to County moving into the Premises.
16. 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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17. 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

SYSTRON BUSINESS CENTER, LLC, a
California limited liability company

By: _____
Brian M. Balbas
Public Works Director

By: _____
Jeff Wilcox
Managing Director

RECOMMENDED FOR APPROVAL:

By: _____
Jessica L. Dillingham
Principal Real Property Agent

By: _____
Margaret J. Eychner
Senior Real Property Agent

APPROVED AS TO FORM
Mary Ann McNett Mason, COUNTY COUNSEL

By: _____
Kathleen M. Andrus
Deputy County Counsel

SCHEDULE 1

TENANT IMPROVEMENTS

Note: Room numbers referenced below correspond to Room numbers on Schedule 2 – Space Plans and Schedule 2-A -Floors.

WIC Suite/Common Areas

1. **Entire Suite:** Create WIC Suite 200 and all of its offices and spaces (shown in pink) as depicted in Schedule 2 – Space Plans.
2. **Flooring:** Install new Luxury Vinyl Tile (“LVT”), Vinyl Composition Tile (“VCT”), Carpet Tiles (“CT”), Sheet Vinyl (“SV”), and rubber wall base throughout, in colors and patterns to be chosen by the County in locations described below and depicted in Schedule 2-A – Floors. If available, County requests use of Tandus Centiva products for flooring (or equivalent based on current availability).
 - a. Install new LVT and rubber wall base in the following rooms:
 - i. Waiting Room 100
 - ii. Conference Room 110
 - iii. Break Room 140 in Common Area (shown in green on Schedule 2-A)
 - b. Install new VCT and rubber wall base at the following rooms:
 - i. IZ Supply – Room 144;
 - ii. Secure File – Room 107;
 - iii. General Storage – Room 106.
 - c. Install new SV and rubber wall base in the following rooms:
 - i. IZ Offices – Rooms 146 & 147;
 - ii. Pump and Supply Cleaning – Room 109;
 - iii. Toilet Rooms 109, 112, and 113.
 - d. Install new carpet tiles and rubber wall base in all other areas of the suite and common areas.

3. **Paint:** Patch and repair walls as and apply fresh paint throughout suite and Common Areas in colors to be chosen by the County.
4. **Millwork:**
 - a. In IZ Offices – Rooms 146 & 147, install upper and lower cabinets with hard-surface counter-tops and undermounted sinks in colors and styles to be chosen by the County.
 - b. In Pump and Supply Cleaning – Room 108, install lower 8’ cabinets with hard-surface counter-tops and a deep, undermounted, utility-type sink in colors and styles to be chosen by the County.
 - c. Replace all existing upper and lower cabinets and countertops in Break Room 140 with new cabinets and hard-surface countertops with two separate undermounted sinks in colors and styles to be selected by County.
5. **Existing Restrooms 114 and 115:** Existing restrooms to be delivered in like-new condition with the following:
 - a. Replace counter-tops with hard-surface countertops and undermounted sinks.
 - b. Refurbish wall and base tile in color to be chosen by County.
 - c. Replace/repair sheetrock as needed. Repaint walls in color to be selected by County.
 - d. Deep clean existing floor tile.
 - e. Remove tampon dispenser and sharps containers.
6. **Technology/Server Room 116:**
 - a. County to utilize existing supplemental HVAC system. (Landlord does not warrant this system and County to maintain at County’s cost.) Any replacement of the supplemental system to be at County’s cost.
 - b. Install fire-rated plywood on the two walls to the right of the door. Leave existing plywood where it exists.
 - c. Provide dedicated NEMA 5-20 circuits for each of the four racks County will be using (the four racks to the right side when entering the room).
 - d. Remove all white cabling on back wall.
 - e. Remove telephone system from room.
 - f. County will remove all other existing cabling as necessary.

g. Clean existing flooring.

7. **Existing Break Room:** Remove existing refrigerators. Install new millwork as described in Section 4.c. above.

8. **Tenant Work in WIC and Common Area Spaces:**

The following Tenant Work in the WIC and Common Area Spaces will be included in estimates for the Tenant Improvements. Once County is informed as to the cost of the work, County can decide whether or not to proceed with the improvements, which will be completed by the Lessor, but at the sole cost of the County, per Section 4 of this Work Letter.

a. **Millwork:** Install upper and lower cabinets in Conference Room 110 that run the full length of the wall opposite from the pillar.

b. **Water Fountain:** Install at least one water fountain with a bottle-filler. Location to be determined.

NOTE: Building Standard Finishes and Supply Chain Remedy: Lessor to use good faith efforts to supply County's requested building standard finishes as described above. In the event Lessor encounters lack of materials or supply chain issues, Lessor and County shall mutually agree on like-kind replacement materials in order to facilitate completion of construction.

SCHEDULE 2

SPACE PLANS

SCHEDULE 2-A

FLOORS

SCHEDULE 3

CONSTRUCTION SCHEDULE

SCHEDULE 4

FINAL PLANS

SCHEDULE 5

FORM OF COMPLETION NOTICE

To: Contra Costa County
From: Systron Business Center. LLC
Date:
Re: Completion Notice

This notice is provided in compliance with Section 9 of that certain Work Letter dated _____, 2022 between Systron Business Center. 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.

Systron Business Center. LLC

By: _____

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: _____