

LEASEHOLD IMPROVEMENT AGREEMENT

This Leasehold Improvement Agreement ("Agreement") is dated for reference purposes only as _____, 2023 ("Effective Date"), and is made by and between **SR Office Properties DE, LLC and Redbird SR Office Properties DE, LLC** (hereinafter collectively called "Landlord"), and the **COUNTY OF SONOMA**, a political subdivision of the State of California (hereinafter called "Tenant"), as part of that certain Lease dated as of the same date as this LIA between them, affecting the real property commonly known as **463 Aviation Boulevard**, located in the City of Santa Rosa, State of California. Capitalized terms used, but not otherwise defined, in this LIA shall have meanings ascribed to those terms in the Lease. The following provisions are added to the Lease and, in the event of conflict between this LIA and the Lease, this LIA shall prevail.

ARTICLE I

DEFINITIONS

1.1 Definitions. Wherever used in this LIA, the following terms are defined as follows:

Additional Landlord Work means the work described in Attachment C to the Leasehold Improvement Agreement.

Architect means Wayne Bossier, or designee.

Approved Space Plan means the space plan attached as Attachment A to the Leasehold Improvement Agreement.

Contractors means the General Contractor and all other general contractors, design-build contractors, subcontractors, and material suppliers who provide labor and materials for construction of the Leasehold Improvements. Each Contractor shall be duly licensed by the State of California and in good professional standing.

Construction Costs means all costs incurred to complete the Leasehold Improvements, including, without limitation, the following:

- a. Payments to Contractors for labor, material, equipment, and fixture supplied pursuant to any construction contract entered into in accordance with this Agreement;
- b. Fees paid to Designers for services required by this Agreement;
- c. Taxes, fees, charges, and levies by governmental and quasi-governmental agencies for Permits or for inspections of the work;
- d. Utilities incurred in the course of the construction;
- e. Premiums for builder's risk insurance and other insurance required by this Agreement;
- f. Costs incurred for the management and administration of the construction, including without limitation, wages, labor burden, and expediting, procurement, and administrative expenses; and
- g. Any and all other costs incurred to complete the Leasehold Improvements.

Construction Documents means this AGREEMENT and the Final Plans.

Design and Construction Schedule means the following schedule for preparation, approval, disapproval, modification, and completion of the Final Plans and for obtaining Permits required for the Leasehold Improvements and for the commencement, prosecution, and Substantial Completion of all Leasehold Improvements:

SCHEDULE	DATE or DAYS TO COMPLETE
1. Architect completes the Final Plans and Specifications	
2. Tenant will approve/disapprove the Final Plans	
3. Last day for Landlord and Tenant to agree upon and initial Final Plans	
4. Last day for Landlord to obtain all Permits	
5. Scheduled Completion Date of Leasehold Improvements and start of County Fixturization period	
6. Last day for Substantial Completion of Leasehold Improvements	
7. Fixturization period completed	
8. Punch list and final (walkthrough and correction)	

Design Process means the process for creation of the Final Plans as set forth in **Attachment B**.

Designers means the Architect and all other architects, structural engineers, mechanical engineers, and the other design professionals that are needed to design the Leasehold Improvements, each of whom shall be duly licensed by the State of California and in good professional standing.

Engineered Plans means the heating, ventilating and air conditioning system engineering plans, specifications and calculations prepared by an independent, licensed mechanical engineer or a design-build contractor selected by Landlord in its reasonable discretion and engaged by the Architect.

Final Plans are those working drawings, plans, specifications, elevations, finishes and other documents, including, without limitation, the Engineered Plans, prepared by the Designers and approved by the parties in accordance with this Agreement.

General Contractor means Icon General Contractors, Inc., the general contractor selected by Landlord and previously approved by Tenant, or such other general contractor that Landlord may reasonably request and which Tenant shall consider and accept unless Tenant has reasonable cause to reject. Tenant, with prior written approval by Landlord which shall not be unreasonably withheld, may elect to contract directly with certain vendors for particular services for the construction of the Premises, which services shall not be materially critical to the Work of Landlord's Contractors, and the total cost for work contracted through the Landlord shall be adjusted downward accordingly. Tenant shall require Tenant's vendors, if any, to adhere to the Design and Construction Schedule as overseen and managed by Landlord and Contractors, and conduct their services in accordance with the work procedures, safety program, and logistic and general project management plans of the Contractors. Any delay caused by Tenant's vendors as reasonably determined by Landlord shall be deemed Tenant Delays.

Landlord's Representative means Matt Sherrill, Vice President, or such other person as Landlord shall designate in writing to Tenant as its authorized representative for the purposes of administering this Agreement. Landlord's Representative shall have no right to modify any term or conditions of this Agreement or the Lease.

Laws and Orders shall have the meaning set forth in Section 12.1 of the Lease.

Leasehold Improvements means the improvements, modifications, and alterations to be constructed in or about the Premises in accordance with this Agreement, including the Additional Landlord Work.

Permits means the permits, approvals, and consents of governmental authorities having jurisdiction over the Leasehold Improvements that are required for commencement and completion of the Leasehold Improvements, including without limitation, conditional use permits, building permits, sign permits and other permits.

Punchlist is defined in Section 5.2 of this Agreement.

Substantial Completion or Substantially Completed or Substantially Complete is defined in Section 5.1 below.

Scheduled Completion Date means the scheduled date for Substantial Completion of the Leasehold Improvements as specified in Section 2.3 of the Lease.

Tenant Delay means any actual delay in the Substantial Completion of the Leasehold Improvements as a consequence of:

a. Tenant's failure to fulfill its obligation as set forth in the Design and Construction Schedule, or this Agreement which is not cured within twenty-four (24) hours following written notice to Tenant of the default;

b. Change Orders requested by Tenant;

c. A willful or negligent act or omission of Tenant or Tenant's Representative, Tenant's agents, Tenant's vendors or employees that interferes with the progress of the work and which is not remedied within twenty-four (24) hours after delivery of notice from Landlord's Representative to Tenant's Representative of the interference.

Tenant's Representative means [_____], of the **County of Sonoma, Department of Health Services**, or such other person as Tenant shall designate in writing to Landlord as its authorized representative for the purposes of administering this Agreement.

Tenant's Work means furniture, fixtures and equipment not shown on the Approved Space Plan, telephone or data cable from the Building's point-of-demarcation to and within the Premises, computer and phone cable within the Premises, interior signs not shown or described on the Approved Space Plan, Tenant's security system if one is to be installed, and Tenant's personal and business property.

ARTICLE II

DESIGNATION OF REPRESENTATIVES

2.1 Designation of Representatives. Landlord and Tenant respectively appoint Landlord's Representative and Tenant's Representative as their sole representatives for the purposes of administering this Agreement. Until replaced upon written notice, Landlord's Representative and Tenant's Representative will have the full authority and responsibility to act on behalf of Landlord and Tenant, respectively, as required in this Agreement, but shall have no right to modify this Agreement or the Lease or to waive any material right of his or her principal under this Agreement.

ARTICLE III

CONTRACT DOCUMENTS AND PERMITS

3.1 Retention of Architect and Design Process. Landlord shall retain the Architect to prepare the plans and specifications for the Leasehold Improvements, including the Engineered Plans, in accordance with Approved Space Plan and the Design Process.

3.2 Preparation and Approval of Final Plans. Landlord shall cause the Architect to prepare proposed Final Plans (which Final Plans shall include, but not by way of limitation, the Engineered Plans), on or before the last date specified in the Design Schedule for completion of such items. Tenant shall review the Final Plans and deliver to Landlord Tenant's written approval or disapproval of the Final Plans with a detailed written list of requested changes within the time limits stated in the Design Schedule. If Tenant disapproves in any respect the Final Plans, the parties shall confer and negotiate in good faith to reach written agreement on such item(s), using all reasonable efforts to achieve final agreement on such item(s) by the last date for agreement specified in the Design Schedule. Tenant agrees to work closely with the Architect to value engineer the proposed Final Plans, provided, however, that, such value engineering shall not reduce the standards for the Premises below building-standard finishes or finishes matching those in the Premises currently.

3.3 Standards for Consent. Tenant shall not unreasonably withhold its approval of the Final Plans, unless the Final Plans do not conform to the Approved Space Plan with finishes that match existing or building-standard finishes, or unless the Leasehold Improvements are unsuitable for the conduct of Tenant's business. Any disapproval by Tenant shall be accompanied by a written statement of the disapproved item, the reasons for disapproval, and the specific changes required to make the Final Plans acceptable. If Tenant's written notice of disapproval is not delivered in accordance with the time limits and standards set forth in this section, approval shall be deemed given.

3.4 Application for Approvals. When Tenant approves the Final Plans, Landlord shall submit them to all appropriate governmental agencies for issuance of the Permits required for the construction of the Leasehold Improvements and occupancy by Tenant of the Premises for its intended use; provided that Landlord may elect in its discretion to proceed with the construction of the Leasehold Improvement without Permits, in which case any references to the issuance of, or compliance with, Permits in this LIA shall be disregarded.

3.5 Changes to Construction Documents. The Approved Space Plan, and after being approved by Tenant in accordance with the foregoing, the Final Plans established in accordance with Article III, may be modified only by a written "Change Order" executed by Landlord and Tenant, which clearly describes: (a) the change; (b) the party required to perform the change; (c) any modification of the Final Plans necessitated by the Change Order; (d) the cost or credit to Tenant, if any, of the Change Order and (e) any anticipated delay in Substantial Completion resulting from the Change Order, with the actual period of delay to constitute a Tenant Delay. Neither Landlord nor Tenant shall unreasonably withhold or delay its approval of any Change Order (whether requested by a party or required by Laws and Orders as interpreted and enforced by governmental agencies having jurisdiction over the work prior to the delivery of the Premises to Tenant). Landlord may require that Tenant accompany any Change Order with a written confirmation that such Change Order will have no affect on Tenant's representation and warranty set forth in Section 4.2.

ARTICLE IV

PERFORMANCE OF THE WORK

4.1 Selection of Contractors. When Tenant has approved the Final Plans, Landlord shall cause the General Contractor to prepare and circulate an appropriate bid package for bidding by the various subcontractors (the "Contractors"). Landlord, in consultation with the General Contractor, shall select the Contractors in Landlord's reasonable discretion and shall enter into a construction contract with the General Contractor. No Contractor shall have any direct right or remedy against Tenant for payment of any sum or performance of any obligation with respect to the Leasehold Improvements.

4.2 Commencement and Completion of Leasehold Improvements/Prevailing Wages. When all Permits for construction of the Leasehold Improvements have been obtained and Landlord and the General Contractor have entered into a construction contract in accordance with Section 4.1 above, Landlord shall cause the General Contractor to commence and to thereafter diligently prosecute the construction of the Leasehold Improvements in accordance with the Permits and the Final Plans, with the goal that the Leasehold Improvements will be Substantially Completed on or before June 1, 2024. The construction being performed under this LIA is subject to California Labor Code section 1720.2 and the prevailing wage requirements under Labor Code section 1770 et seq. Landlord shall ensure that the provisions regarding prevailing wages set forth in the attached Attachment D – Prevailing Wage Addendum (the "Prevailing Wage Addendum") are included in the contract with the General Contractor. Further, promptly following written notice from Tenant or the Department of Industrial Relations that the General Contractor is in violation of any Prevailing Wage requirement, Landlord shall take all actions reasonably necessary to enforce the provisions of the Prevailing Wage Addendum as against the General Contractor at Tenant's sole cost and expense. Tenant shall obtain a project number for the Leasehold Improvements from the Department of Industrial Relations and provide such number to Landlord, which Landlord shall promptly provide to the General Contractor. Tenant acknowledges that, if applicable, Tenant shall be the "awarding body" under prevailing wage laws with respect to the Leasehold Improvements, and agrees that, if and to the extent applicable, those reasonable costs and expenses incurred by Landlord to enforce General Contractor's or its subcontractors' obligations to comply with the Prevailing Wage Addendum shall be reimbursed by Tenant pursuant to this Agreement. Provided that Landlord carries out its obligations set forth in this Section 4.2 and except to the extent prohibited by law, Tenant shall indemnify, defend and hold Landlord harmless from all claims, loss, cost, liability, damage, expense, and fines in connection with Landlord's or Tenant's failure or alleged failure to comply with prevailing wage law or living wage law.

4.3 Tenant's Entry. Landlord shall notify Tenant when the Leasehold Improvements are sufficiently complete to permit Tenant's contractors to enter into the Premises for the purpose of conducting Tenant's Work, which includes installation of manufactured systems furniture ("MSF"), access control and office and telecommunication equipment. The Tenant shall pursue the timely installation of Tenant's MSF and any other equipment requiring power connection and building permit inspection, without which Substantial Completion will be caused to be delayed. Tenant and Landlord shall cooperate in good faith to schedule, coordinate, and perform their respective construction activities in an orderly manner and Tenant shall comply, and shall cause its contractors to comply, with all reasonable rules and regulations promulgated in writing by Landlord and provided to Tenant for the performance of Tenant's Work in the Premises.

4.4 Standards for Performance of the Work. Landlord shall cause the Leasehold Improvements to be constructed by licensed, reputable contractors, in a good and professional manner, in accordance with all Construction Documents, and in accordance with all Laws and Orders as interpreted and enforced by governmental agencies having jurisdiction over the work prior to the delivery of the Premises to Tenant. For a period of one (1) year, Landlord shall warrant that the Leasehold Improvements are free from design, material and workmanship defects. Notwithstanding anything stated to the contrary in the Lease or this LIA, Tenant's acceptance of possession of the Leasehold Improvements shall not waive this warranty and Landlord shall promptly remedy all violations of the warranty occurring within the one-year period following delivery of the Premises to Tenant at Landlord's sole cost and expense.

ARTICLE V

COMPLETION OF THE WORK

5.1 Substantial Completion. Landlord's Work shall be deemed "Substantially Complete" when: (a) construction of the Leasehold Improvements has been substantially completed in accordance with the Final Plans, the Permits, and Laws and Orders as interpreted and enforced by governmental agencies having jurisdiction over the work prior to the delivery of the Premises to Tenant; (b) the Architect has certified that the Leasehold Improvements have been constructed in accordance with the Final Plans; (c) Landlord's Representative and Tenant's Representative agree that all work has been substantially

performed, such agreement not to be unreasonably withheld; (d) there is no incomplete or defective work that unreasonably interferes with Tenant's use of the Premises; (e) the Leasehold Improvements are ready for occupancy by Tenant (including a building permit final only if Landlord elects to obtain Permits pursuant to Section 3.4) except for the completion of Tenant's Work; and (f) all utilities provided by Landlord are hooked up and available for use by Tenant in the Premises. The Substantial Completion Date shall not occur until the Leasehold Improvements are Substantially Completed and Tenant has had at least thirty (30) calendar days to complete Tenant's Work.

5.2 Inspection and Punchlist. Tenant's Representative and Designers shall have the right to enter the Premises at all reasonable times for the purpose of inspecting the progress of construction of the Leasehold Improvements. Landlord shall notify Tenant's Representative when the Leasehold Improvements are Substantially Completed. On receipt of such notice, Tenant's Representative, Landlord's Representative, and the Architect shall inspect the Leasehold Improvements and prepare a written list of any items that are defective, incomplete, or do not conform to the Final Plans or the Permits and Laws and Orders as interpreted and enforced by governmental agencies having jurisdiction over the work prior to the delivery of the Premises to Tenant (the "Punchlist"). Tenant may augment the Punchlist at any time on or before sixty (60) days following the Substantial Completion Date. Tenant's failure to specify any item on the Punchlist, however, shall not waive Landlord's obligation to construct the Leasehold Improvements in accordance with this LIA. Landlord shall cause all Punchlist items to be remedied within sixty (60) days after the Substantial Completion Date.

5.3 Delay in Substantial Completion. If the Substantial Completion of the Leasehold Improvements is delayed, the provisions of Sections 2.3 and 2.4 of the Lease shall govern.

ARTICLE VI

PAYMENT OF CONSTRUCTION COSTS

6.1 Duty to Pay Construction Costs. The scope of Leasehold Improvements reflected in the Approved Space Plan with finishes and quantities to match those currently existing in the Premises or building-standard finishes, plus the Additional Landlord Work, shall be completed by the Landlord at its sole cost and expense. Any modifications to such work, including without limitation changes to the Approved Space Plan, upgrades to finishes, and increases in quantities, that increase costs, and any additional tenant improvements required by Tenant and approved by Landlord and Tenant by executed Change Order pursuant to Section 3.5 of this Agreement, shall be paid for by the Tenant. In addition, Tenant shall bear all costs of performing Tenant's Work.

6.2 Notice of Non-responsibility. Landlord shall provide Tenant with at least ten (10) days' prior written notice of the date of commencement of construction of the Leasehold Improvements, in order to permit Tenant to post, file, and record such Notices of Non-Responsibility and other instruments as may be necessary to protect Tenant and its property from claims by Contractors for Construction Costs that are to be paid by Landlord pursuant to this Agreement.

ARTICLE VII

RISK OF LOSS

7.1 Builder's Risk Insurance. At all times prior to the Substantial Completion Date, Landlord shall maintain, or cause the General Contractor to maintain, so-called contingent liability and broad form "builder's risk" insurance with coverage in an amount equal to the replacement cost of the Premises and the Leasehold Improvements to be constructed pursuant to this Agreement.

7.2 Casualty. If the Premises or any portion of the Leasehold Improvements are damaged or destroyed prior to the Substantial Completion Date, the parties shall have the following rights to terminate the Lease:

a. Tenant may terminate the Lease, if (in the reasonable opinion of the Architect) the building cannot be restored and the Leasehold Improvements Substantially Completed prior to one hundred twenty (120) days after the Scheduled Completion Date.

b. If the Lease is so terminated, Landlord shall be entitled to the proceeds of the builder's risk insurance specified in Section 7.1.

c. If the Premises or the Leasehold Improvements are damaged or destroyed prior to the Substantial Completion Date and the Lease is not terminated pursuant to this section, Landlord shall promptly and diligently cause the General Contractor to restore the Premises and complete the construction of the Leasehold Improvements. Landlord shall be entitled to the proceeds of the builder's risk insurance specified in Section 7.1.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Agreement, intending to be bound by it as of the Effective Date.

LANDLORD:

SR OFFICE PROPERTIES DE, LLC,
a Delaware limited liability company

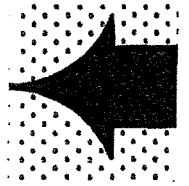
By: G&W Ventures, LLC, a California
limited liability company, its Manager

By: *Matthew T. White*
Matthew T. White, Manager *for MW BR*

REDBIRD SR OFFICE PROPERTIES DE LLC,
a Delaware limited liability company

By: Redbird Investment Group, LLC: Santa Rosa Office
Series, a Delaware Series limited liability company,
its Sole Member

By: *Bruce J. Cardinal*, *as attorney in fact*
Bruce J. Cardinal, Trustee of The
Bruce J. Cardinal Living Trust
Agreement dated December 15,
1997, its Managing Member



TENANT: COUNTY OF SONOMA, a political subdivision of the State of California

By: _____
Johannes J. Hoevertsz, Director
Sonoma County Public Infrastructure Department

APPROVED AS TO FORM FOR TENANT:

Deputy County Counsel

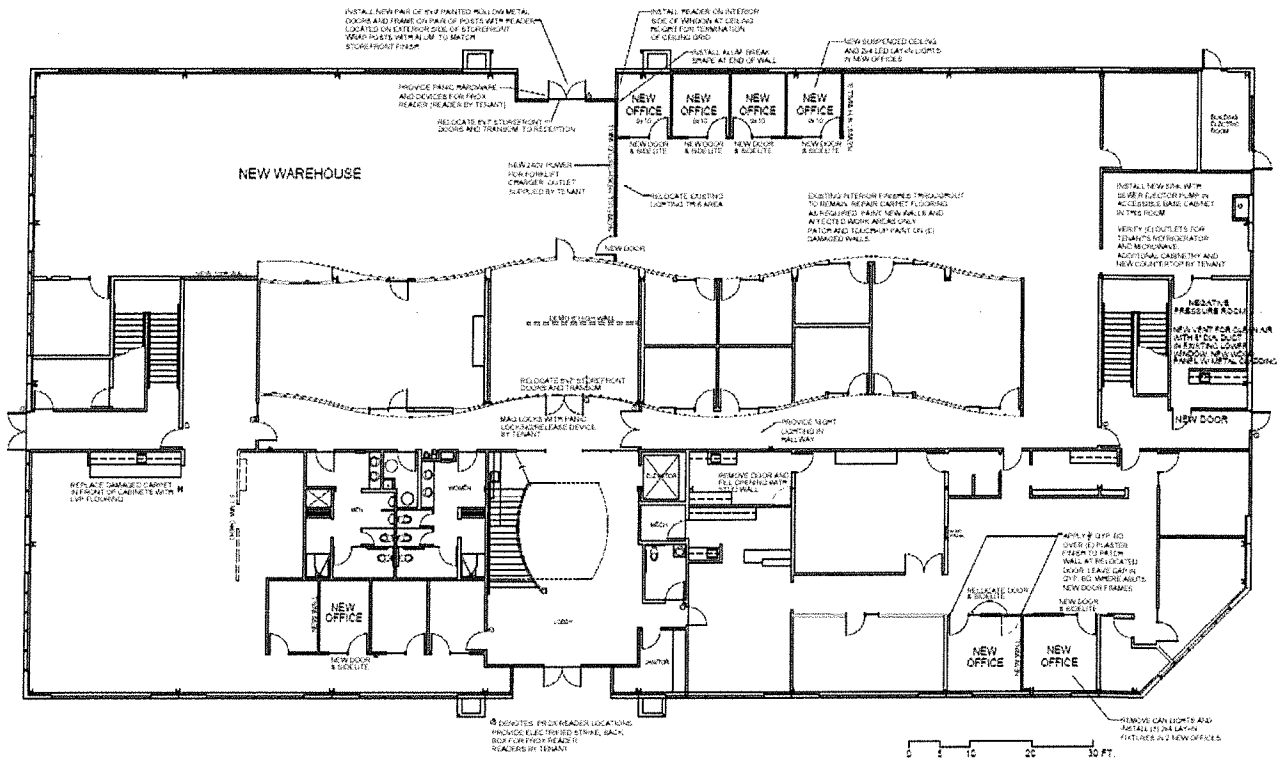
APPROVED AS TO CONTENT FOR TENANT:

Tina Rivera, Director
Human Services Department

Warren Sattler, Real Estate Manager
Sonoma County Public Infrastructure Department

Attachment A

Approved Space Plan



463 AVIATION BLVD.
FIRST FLOOR

9-28-23

Attachment B

Design Process

Final Plans (Construction Documents). Based on the Approved Space Plan and the intention for the Leasehold Improvements to match the existing finishes within the Premises (or alternatively, building standard finishes), Landlord's Architect shall promptly prepare the Final Plans and Specifications for approval by the Tenant and Landlord, which approval shall not be unreasonably withheld.

Attachment C

Additional Landlord Work

None.

Attachment D

Prevailing Wage Addendum

1. **Compliance With Prevailing Wage.** General Contractor agrees and acknowledges it shall comply with all applicable requirements of California's Prevailing Wage Law (Labor Code, § 1720, et seq.) under California Labor Code § 1722 for improvements to the Premises pursuant to this Agreement. General Contractor shall pay to any worker on the job to which prevailing wage applies and for whom prevailing wages have been established an amount equal to or more than the general prevailing wage rate of per diem wages for (1) work of a similar character in the locality in which the work is performed and (2) legal holiday and overtime work in said locality. The per diem wages shall be an amount equal to or more than the stipulated rates contained in a schedule that has been ascertained and determined by the Director of the State Department of Industrial Relations or County of Sonoma, as applicable, to be the general prevailing rate of per diem wages for each craft or type of workman or mechanic needed to perform the Project. General Contractor shall also cause a copy of this determination of the prevailing rate of per diem wages to be posted at the site work is being performed, in addition to all other job site notices prescribed by regulation. Copies of the prevailing wage rate of per diem wages are on file with the County of Sonoma and will be made available to any person upon request.

2. **Compliance Monitoring and Registration.** General Contractor shall comply with all monitoring and enforcement requirements imposed by the Department of Industrial Relations. General Contractor shall furnish and shall require all subcontractors to furnish the records specified in Labor Code section 1776 (e.g. electronic certified payroll records) directly to the Labor Commissioner in a format prescribed by the Labor Commissioner at least monthly (Labor Code section 1771.4(a)(3)). The General Contractor shall ensure that all subcontractors performing work that requires payment of prevailing wages shall be registered and qualified to perform public work pursuant to Labor Code section 1725.5 as a condition to engage in the performance of any work.

3. **Subcontracts.** General Contractor shall comply with all legal requirements to insert in every contract, subcontract or other arrangement which General Contractor may make for performance of such work or labor on work, provision that contractors or subcontractors shall pay persons performing labor or rendering service under contract or subcontract or other arrangement not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed in the Labor Code. Pursuant to Labor Code section 1775(b)(1), Landlord shall provide to each Contractor and Subcontractor a copy of sections 1771, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code.

4. **Compliance with Law.** General. Contractor shall comply with all applicable wage and hour laws, including without limitation Labor Code sections 1725.5, 1775, 1776, 1777.5, 1813, and 1815 and California Code of Regulations, Title 8, section 16000, et seq.

5. **Statutory Compliance/Living Wage Ordinance.** General Contractor agrees to comply, and to ensure compliance by its contractors and consultants, or subcontractors and subconsultants, with all applicable federal, state, and local laws—including, but not limited to the County of Sonoma living wage ordinance—affecting the improvement work under this Agreement. Without limiting the generality of the foregoing, General Contractor expressly acknowledges and agrees that such work under this Agreement may be subject to the provisions of Article XXVI of [Chapter 2](#) of the Sonoma County Code, requiring payment of a living wage to covered employee

6. **Conflicts.** In the event of any conflict between this Prevailing Wage Addendum and the [insert name of contract with General Contractor], this Prevailing Wage Addendum shall control.