

THREE RIVERS LEVEE IMPROVEMENT AUTHORITY DECEMBER 19, 2006 SPECIAL MEETING

AMENDED AGENDA

Yuba County Government Center
Board Chambers
915 Eighth Street, Suite 109A
Marysville, California

Unless otherwise indicated

No other business shall be conducted at this meeting. The public shall have an opportunity to address the Authority only with respect to items set forth in this agenda. Each individual or group will be limited to no more than five minutes. Prior to this time, speakers must fill out a "Request to Speak" card and submit it to the Clerk of the Board of Supervisors.

2:00 P.M. I **CALL TO ORDER**

II **ROLL CALL** – Directors Rick Brown, Jerry Crippen, Mary Jane Griego, Dan Logue, Richard Webb

III **ACTION ITEMS**

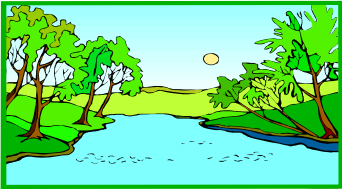
- A. Approve escrow agreement with Nordic Industries, Inc. and US Bank on Contract No. PH4-2006/07 as a substitute for retention earnings and authorize Executive Director to execute same.
- B. Adopt resolution accepting Implementation Grant from State of California for the Construction of the Bear River Setback Levee.

ADDED C. Approve relocation of Administrative office to 1114 Yuba Street, Marysville; approve two-year lease agreement with Yuba County Office of Education and authorize Chairman to execute upon review and approval of County Counsel.

IV **CLOSED SESSION**

Personnel pursuant to Government Code §54957 – Executive Director Evaluation

V **ADJOURN**



THREE RIVERS LEVEE IMPROVEMENT AUTHORITY DECEMBER 19, 2006 SPECIAL MEETING

Yuba County Government Center
Board Chambers
915 Eighth Street, Suite 109A
Marysville, California

Unless otherwise indicated

No other business shall be conducted at this meeting. The public shall have an opportunity to address the Authority only with respect to items set forth in this agenda. Each individual or group will be limited to no more than five minutes. Prior to this time, speakers must fill out a "Request to Speak" card and submit it to the Clerk of the Board of Supervisors.

2:00 P.M. I **CALL TO ORDER**

II **ROLL CALL** – Directors Rick Brown, Jerry Crippen, Mary Jane Griego, Dan Logue, Richard Webb

III **ACTION ITEMS**

- A. Approve escrow agreement with Nordic Industries, Inc. and US Bank on Contract No. PH4-2006/07 as a substitute for retention earnings and authorize Executive Director to execute same.
- B. Adopt resolution accepting Implementation Grant from State of California for the Construction of the Bear River Setback Levee.

IV **CLOSED SESSION**

Personnel pursuant to Government Code §54957 – Executive Director Evaluation

V **ADJOURN**



THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

Government Center
915 Eighth Street, Suite 115
Marysville, CA 95901-5273
(530) 749-7841 (530) 749-7884 Fax

December 19, 2006

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
James S. Kennedy, Treasurer
SUBJECT: Request for Escrow Agreement

Recommended Action

Consider Escrow Agreement with Nordic Industries, Inc. and US Bank on Contract No. Ph4-2006/07 as a substitute for retention earnings.

Discussion

The Three Rivers Levee Improvement Authority currently has a contract with Nordic Industries, Inc. for levee repair. This contract is No. Ph4-2006/07 in the amount of \$12,915,630 dated August 24, 2006. The contractor (Nordic Industries) would like and the law (Section 22300 of the Public Contract Code) and our contracts allow the contractor to deposit securities with an Escrow Agent (US Bank) as a substitute for retention earnings.

Fiscal Impact

None as all costs of the Escrow Agreement are borne by the Contractor.

**ESCROW AGREEMENT FOR SECURITY DEPOSITS
IN LIEU OF RETENTION**

This Escrow Agreement is made and entered into by and between **Three Rivers Levee Improvement Authority whose address is 915 8th Street, Suite 115, Marysville, California 95901** hereinafter called "Owner", **Nordic Industries, whose address is 1437 Furneaux Road, Marysville, California 95901**, hereinafter called "Contractor" and **U.S. Bank National Association, whose address is 980 9th Street, Suite 1100, Sacramento, CA 95814**, hereinafter called "Escrow Agent"

For the consideration hereinafter set forth, the Owner, Contractor, and Escrow Agent agree as follows:

- (1) Pursuant to Section 22300 of the Public Contract Code of the State of California, Contractor has the option to deposit securities with Escrow Agent as a substitute for retention earnings required to be withheld by Owner pursuant to the Construction Contract entered into between Owner and Contractor for **Three Rivers Levee Improvement Authority Phase 4 Yuba River Levee Repair Project, Contract No: PH4-2006/07, in the amount of \$12,915,630.00, dated August 24, 2006** (hereinafter referred to as the "Contract"). Alternatively, on written request of the Contractor, the Owner shall make payments of the retention earnings directly to the Escrow Agent. When Contractor deposits the securities as a substitute for Contract earnings, Escrow Agent shall notify the Owner within ten (10) days of the deposit. The market value of the securities at the time of the substitution shall be at least equal to the cash amount then required to be withheld as retention under the terms of the Contract between Owner and Contractor. Securities shall be held in the name of U.S. Bancorp. as Escrow Agent, and shall designate the Contractor as the beneficial owner.
- 2) Owner shall make progress payments to Contractor for those funds which otherwise would be withheld from progress payments pursuant to the Contract provisions, provided that the Escrow Agent holds securities in the form and amount specified above.
- 3) When the owner makes payment of retentions earned directly to the Escrow Agent, the Escrow Agent shall hold them for the benefit of the Contractor until the time that the Escrow created hereunder is terminated. The Contractor may direct the investment of the payments into securities. All terms and conditions of this Agreement and the rights and responsibilities of the parties shall be equally applicable and binding when the owner pays the Escrow Agent directly.
- 4) Contractor shall be responsible for paying all fees for the expenses incurred by Escrow Agent in administering the escrow account (hereinafter the "Escrow Account") and all expenses of the Owner. These expenses and payment terms shall be determined by the Owner, Contractor, and Escrow Agent.
- 5) The interest earned on the securities or the money market accounts held in escrow and all interest earned on that interest shall be for the sole account of Contractor and shall be subject to withdrawal by Contractor at any time and from time to time without notice to the Owner.
- 6) Contractor shall have the right to withdraw all or any part of the principal in the Escrow Account only by written notice to Escrow Agent accompanied by written authorization from Owner to the Escrow Agent that Owner consents to the withdrawal of the amount sought to be withdrawn by Contractor.
- 7) Owner shall have a right to draw upon the securities in the event of default by Contractor. Upon seven (7) days' written notice to the Escrow Agent from Owner of the default, Escrow Agent shall immediately convert the securities to cash and shall distribute the cash as instructed by the Owner.

8) Upon receipt of written notification from Owner certifying that the Contract is final and complete, and that Contractor has complied with all requirements and procedures applicable to the Contract, Escrow Agent shall release to Contractor all securities and interest on deposit less escrow fees and charges of the Escrow Account. The escrow shall be closed immediately upon disbursement of all moneys and securities on deposit and payments of fees and charges.

9) Escrow Agent shall rely on the written notifications from Owner and Contractor pursuant to Sections Five (5) through Eight (8), inclusive, of this Agreement and Owner and Contractor shall hold Escrow Agent harmless from Escrow Agent's release and disbursement of the securities and interest as set forth above.

10) The names of the persons who are authorized to give written notice or to receive written notice on behalf of Owner, on behalf of Contractor and on behalf of Escrow Agent in connection with the foregoing, and exemplars of their respective signatures are as follows:

On behalf of Owner:

Name

Executive Director

Title

Signature

915 8th Street
Marysville, CA 95901

Address

On behalf of Contractor:

Clifford A. Yarnell

Name

Vice President

Title

Signature

1437 Furneaux Road
Marysville, CA 95901

Address

On behalf of Escrow Agent:

Mark McElroy

Name

Senior Vice President & Manager

Title



Signature

Commercial Banking
980 9th Street, Suite 1100
Sacramento, Ca. 95814

Address

At the time the Escrow Account is opened, the Owner and Contractor shall deliver to Escrow Agent fully executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their proper officers on the date first set forth above.

Owner:

Contractor:

Name

Clifford A. Yarnell

Name

Executive Director

Vice President

Title

Title

Signature

Signature

APPROVED AS TO FORM
DANIEL G. MONTGOMERY
COUNTY COUNSEL

BY:





THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

915 8th Street, Suite 115
Marysville, CA 95901-5273
(530) 749-7575 (530) 749-7312 Fax

December 19, 2006

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director *PB/ob*
SUBJECT: State of California Proposition 13 Grant of Phase 3, Unit 2
Levee Improvements on the Bear River

Recommended Action

Adopt a resolution formally accepting Proposition 13 grant from the State of California for construction of the Phase 3, Unit 2 levee improvements on the Bear River, and authorize the Executive Director of TRLIA (and in the Executive Director's absence, his authorized TRLIA representative) to execute the grant contract and sign requests for disbursement of State funds. The dollar value of this proposed grant is \$6,051,135.

Discussion

On August 11, 2005 TRLIA submitted a Grant application to the Department of Water Resources for Phase 3 levee construction work. Due to design issues the application was submitted in two parts; Unit 1 and Unit 2.

- Unit 1 was for land acquisition and construction of the new levee foundation. The Unit 1 grant was executed by TRLIA Resolution No. 05-18 adopted on October 18, 2005.
- Unit 2 was for construction of the new levee embankment and demolition of the existing levee. The grant for Unit 2 was not completed until now, mostly due to the State's problem with finalizing internal regulations allowing the Department of Water Resources to execute the Unit 2 Grant.

Article A-5(a) of grant contract #4600004542 (Phase 3, Unit 2 construction), requires the TRLIA Board of Directors to formally accept the grant. The article also requires the Board to designate a representative to execute the grant contract and sign requests for disbursement of State funds, before such disbursement can be effected. This is a precondition to the State's reimbursement of TRLIA's construction costs for Phase 3 Unit 2 projects.

TRLIA's estimated costs for the construction of Phase 3 Unit 2 improvements are \$14,019,773. The grant contract provides for 70% of TRLIA Phase 3 Unit 2 construction costs to be eligible to be reimbursed by the State, which is \$9,828,841. However, the State only has \$6,051,135 available, which is the value of this grant. TRLIA staff is working with DWR to allow the unfunded eligible grant dollars in this Phase 3 Unit 2 grant to be applied to the Phase 3 Unit 1 contracts, which still has available dollars.

Fiscal Impact

The funds from this grant are needed to offset TRLIA expenses incurred during the 2006 construction season. Without these funds TRLIA will need to find funding from other sources (ex. County of Yuba Loan) to pay bills.

**BEFORE THE BOARD OF DIRECTORS
OF THREE RIVERS LEVEE IMPROVEMENT AUTHORITY**

IN RE:

RESOLUTION NO. _____

**RESOLUTION ACCEPTING IMPLEMENTATION
GRANT FROM THE STATE OF CALIFORNIA FOR
THE CONSTRUCTION OF THE BEAR RIVER
SETBACK LEVEE**

WHEREAS, the Board of Directors of Three Rivers Levee Improvement Authority (TRLIA) adopted resolution No.05-11 on August 2, 2005, directing and authorizing the Executive Director of the Authority to prepare, sign and file an application for obtaining State of California Proposition 13 grant funds for construction of the Bear River Setback Levee in South Yuba County.

WHEREAS, the Board of Directors of Three Rivers Levee Improvement Authority adopted resolution No. 05-18 on October 18, 2005, which made State funds available from Grant No. 4600004327 for Phase 3 construction work, specifically for Phase 3 Unit 1.

WHEREAS, the proposed work is referred to as the TRLIA Phase 3 Construction project; specifically Phase 3, Unit 2

WHEREAS, in December, 2006 the California Department of Water Resources (acting on behalf of the State of California) forwarded for TRLIA's consideration and acceptance Grant Contract No.4600004542 , which if accepted and signed by the TRLIA Board of Directors, will make State funds available for the Phase 3 construction work (Phase 3, Unit 2).

WHEREAS, Article A-5(a) of the grant contract requires the TRLIA Board of Directors to formally accept the grant, and designate a representative to execute the grant contract and sign requests for disbursement of State funds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE THREE RIVERS LEVEE IMPROVEMENT AUTHORITY AS FOLLOWS:

1. The forgoing recitals are true and correct.
2. The Authority Board of Directors accept the subject grant, and designate the Executive Director, TRLIA (and in the Executive Director's absence his/her authorized TRLIA representative) as the Board's representative to execute the grant contract and sign requests for disbursement of State funds.

PASSED AND ADOPTED this 19th day of December, 2006, by the Board of Directors of the Three Rivers Levee Improvement Authority, by the following vote:

AYES:

NOES:

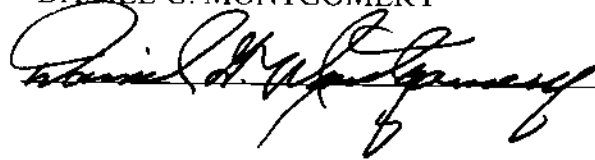
ABSENT:

ABSTAIN:

Richard E. Webb, Chairman

ATTEST: DONNA STOTTLEMEYER
Clerk of the Board of Supervisors

APPROVED AS TO FORM: COUNTY COUNSEL
DANIEL G. MONTGOMERY





THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

Government Center
915 Eighth Street, Suite 115
Marysville, CA 95901-5273
(530) 749-7841 (530) 749-7884 Fax

December 19, 2006

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul G. Brunner, Executive Director *PGB lw*
SUBJECT: Office Relocation and Lease Agreement

Recommended Action

Approve relocation of Three Rivers Levee Improvement Authority office and authorize Chairman to sign a two-year lease agreement with Yuba County Office of Education upon County Counsel review and approval. The new offices for Three Rivers Levee Improvement Authority would relocate from the Yuba County Government Center located at 915 8th Street Suite 115, to the One Stop Center for Business and Workplace Development located at 1114 Yuba Street, Marysville, CA.

Discussion

The Three Rivers Levee Improvement Authority (TRLIA) has temporarily been working out of the Yuba County Government Center located at 915 8th Street. TRLIA has outgrown the space the Yuba County Government Center allocated for its use and can no longer accommodate TRLIA and its staff. A new permanent site for office space has been found at 1114 Yuba Street in Marysville. This area has two office spaces, a file storage area and a conference room. The new office will be able to accommodate TRLIA at an approximate useable square footage of 925 sq ft. and a common area square footage of approximately 814 sq ft. The common areas would provide a lunch room, bathrooms, reception /waiting area as well as additional storage areas in the hallway.

Fiscal Impact

The approved budget for FY06/07 and FY 07/08 allows for the costs associated with the lease of the new office space. The proposed lease is a two-year gross lease with a cost of \$1.30 per sq ft for the first year and \$1.35 per sq. ft for the second year for an averaged estimated yearly cost of \$27,500 per year.

**GROSS LEASE
BETWEEN YUBA COUNTY OFFICE OF EDUCATION
AND THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
1114 Yuba Street, Marysville, California**

Recitals

Section 1.	Lease
Section 2.	Warranty by Landlord
Section 3.	Term
Section 4.	Renewal Extension Option
Section 5.	Holding Over
Section 6.	First Refusal
Section 7.	Rent
Section 8.	Service, Utilities and Supplies
Section 9.	Use of Premises
Section 10.	Insurance
Section 11.	Insurance for Tenant's Personal Property
Section 12.	Indemnification
Section 13.	Assignment and Subletting
Section 14.	Other Provisions of Lease
Section 15.	No Broker
Section 16.	Notices
Section 17.	Successors and Assigns
Section 18.	Entry
Section 19.	Late Charge and Interest
Section 20.	Compliance with Legal Requirements; Tenant's Obligations
Section 21.	Environmental Certification
Section 22.	Parking
Section 23.	Attorney Fees
Section 24.	Entire Agreement
Section 25.	Time of Essence
Section 26.	Governing Laws
Exhibit "A"	Rentable Area Reference Plan Drawing
Exhibit "B"	Space Allocation Sheets
Exhibit "C"	Technical Support of Computers, Phone Systems, and Security Systems
Exhibit "D"	C.B.W.D. Rules

This Lease ("**Lease**") is made between **RICHARD D. TEAGARDEN**, the Yuba County Superintendent of Schools, solely in his official capacity as an elected public official of Yuba County, California (**Landlord**), and the **THREE RIVERS LEVEE IMPROVEMENT AUTHORITY**.

Recitals

Landlord is the authorized agent of the Yuba County Board of Education, ("**Owner**") the real property located in the City of Marysville, County of Yuba, State of California, described as One Stop Center for Business and Workforce Development ("**Premises**").

Section 1. Lease.

Landlord leases to Tenant on the terms and conditions in this Lease the following portion of the Premises:

Portions of a two-story office building located on Premises as set forth in Exhibit "A", attached hereto and by reference incorporated herein, and more specifically referred to as One Stop Center for Business and Workforce Development located at 1114 Yuba Street, Marysville, California.

Section 2. Warranty by Landlord.

Landlord warrants to Tenant that the Landlord is an authorized agent of the Owner and is empowered to enter into this Lease agreement on the Owner's behalf.

Section 3. Term

The term of this Lease will commence on the latter of January 1, 2007, or when Tenant obtains required approval of the Three Rivers Levee Authority Board for leasing space of the subject office building to be occupied by Tenant, (**Commencement Date**), and ends on December 31, 2008 (**Termination Date**) (**Term**), unless terminated sooner in accordance with the provisions of this Lease. If the Term commences on a date other than the Commencement Date, Landlord and Tenant will execute a memorandum setting forth the actual date of commencement of the Term. Upon Tenant's possession of the Premises (**Possession**), tenancy will continue in accordance with terms of the lease until the Termination Date of this lease.

Section 4. Renewal Extension Option.

Landlord grants to Tenant the option to negotiate a new Lease upon written notification of intent to renew the Lease to Landlord from Tenant at least ninety (90) days prior to the Termination Date of this Lease. Tenant's privilege to exercise this option is expressly conditioned upon Tenant not having previously defaulted on the terms of the Lease, not being in default at the time the option is exercised, and not being in default between the time the option is exercised and the start of the new lease term.

Section 5. Holding Over.

Any holding over after the expiration of the Term of this Lease, with the consent of Landlord, shall be construed to be a tenancy from month-to-month, cancelable upon ninety (90) days written notice, with a Monthly Rent as existing during the last year of the Term of this Lease, and upon terms and conditions as existing during the last year of the Term of this Lease, until a new Lease is negotiated. Any holding over after the expiration of the Term, without the consent of Landlord, shall be construed to be a tenancy-at-will at a Monthly Rent of two hundred percent (200%) but otherwise on the terms and conditions in this Lease.

Section 6. First Refusal.

If the Landlord elects to lease any space in the Premises other than that space presently occupied by Tenant, then Landlord shall first offer such space in writing to the Tenant and Yuba County Health and Human Service Department whom is a Co-Tenant within the lease space with the Tenant. Lease space will be offered on terms and conditions no less favorable than those offered in their original lease agreement. The election of occupancy by Co-Tenants will be on a "first come first serve" notification basis. If within ten (10) working days after receipt of such offer, either Tenant does not notify Landlord in writing that Tenant elects to lease such space, Landlord shall be relieved of any obligations to either Tenant with regard to any such offering. If Tenant elects to lease space in accordance with the terms herein, Landlord shall allow the Tenant forty-five additional days to obtain necessary approvals to consummate lease.

Section 7. Rent

Commencing on the Commencement Date, the Tenant shall pay monthly, in advance, a rent ("Monthly Rent") without notice or demand, as set forth below:

- (a) For the first year period of the Term of the Lease commencing from the date that Landlord delivers possession of the entire Premises and ending December 31, 2008, the Monthly Rent shall be computed at one dollar and thirty cents (\$1.30) per Square Foot for 1,739 square feet of rentable completed office space.
- (b) The second year period of the Term of the Lease shall be computed at one dollar and thirty-five cents (\$1.35) per Square Foot for 1,739 square feet of rentable completed office space.

The 1,739 square feet of rentable completed Tenant office space is set forth in Exhibit "A" - Rentable Area Reference Plan Drawing and Exhibit "B" - Space Allocation Sheets. The Monthly Rent includes base lease space rental for the Premises, and services, utilities, supplies and maintenance as set forth in more detail in Section 8. of this Lease.

The Monthly Rent shall be payable on the Commencement Date and continuing thereafter on the first day of each month. Monthly Rent payment shall be delivered to the following address: 935 Fourteenth Street, Marysville, California 95901, or at another address that Landlord may from time to time designate by written notice to Tenant. If the Term begins or ends on a day other than the first or last day of a month, the rent for the partial months will be prorated on a per diem basis.

Section 8. Services, Utilities and Supplies.

Landlord, at Landlord's sole cost and expense, during the term of this lease, shall furnish the following services, utilities, and supplies to the areas leased by the Tenant:

- (a) Elevator service.
- (b) Maintenance of Premises in good operating condition and appearance to include, but not necessarily limited to, the following:
 - 1) Furnishing and promptly replacing any inoperative light bulbs, fluorescent tubes, ballast, starters, and filters

- for the heating, ventilating and air conditioning equipment as required.
- 2) Furnishing remedial painting as necessary to maintain the premises in a neat and clean condition.
 - 3) Furnishing prompt, good quality repair of the building, equipment, and appurtenances.
 - 4) Annual testing and maintenance of all fire extinguishers in or adjacent to the leased premises.
- (c) Security monitoring service with access fobs and security codes. Gross lease services do not include physical on-site security services.
- (d) Janitorial services sufficient to maintain the interior in a clean well-maintained condition to the greatest practical degree possible, by more specially performing the following:

***Daily:**

- 1) Empty and clean all trash containers, and dispose of all trash and rubbish.
 - 2) Clean and maintain in a sanitary and odor-free condition all floors, wash mirrors, basins, toilet bowls and urinals.
 - 3) Furnish and replenish all toilet room supplies (including soap, towels, seat covers, and toilet tissue.)
 - 4) Clean and damp-mop reception area daily.
 - 5) Carpet sweep all carpeted areas
- * *Extent of janitorial services dependent on Tenant spaces being kept in a manner whereby surfaces and areas to be cleaned can be accessed without moving and replacing personal items and equipment.*

Twice Weekly:

- 1) Vacuum all carpets.
- 2) Dust the tops of all furniture, counters, cabinets, and window sills

As Needed:

- 1) Spot clean all walls
- 2) Sweep parking areas and sidewalks
- 3) Dust all window blinds
- 4) Strip all hard surface floors and apply a new coat of floor finish; buff as necessary to produce a uniformly shining appearance.
- 5) Wash all windows, window blinds, light fixtures, walls and painted surfaces.

6) Steam clean carpets to remove all stains and spots

The utility baseline expenses incurred by the Landlord are established at the Commencement Date. The Tenant's Commencement Date baseline utility costs are established at an averaged monthly cost of \$0.20 per square foot of rentable area leased per month. Baseline utility expense rate established covers the Tenant's share of the Landlord's utility costs related to electric, gas, water, sewer and garbage in providing the services and utilities, as set forth below:

- (a) Sewer, trash disposal, and water service including both hot and cold water to the lavatories.
- (b) Electricity and/or gas as necessary to provide power for heating, ventilating, and air conditioning.

Landlord reserves the right to adjust the Monthly Rent upwards in the event of an increase in the established baseline utility costs. For purposes of this section, an increase in utilities costs means a cumulative increase in any such charges in excess of five percent (5%) aggregate over the term of the Lease. Utility increases shall be documented and solely reflect the increase in costs of utility operation of the Premises.

Landlord shall make available a telephone system for the Premises. There is an initial \$500.00 one-time licensing and set-up fee for phone systems. Tenant shall utilize said telephone system and receive local area phone service at Landlord's expense. Landlord shall make available a local area cabling network for computers from the Tenant's space to a shared Computer Room on the Premises. Landlord shall provide technical and support services for phone system and building Security Systems in accordance with Exhibit "C".

Section 9. Use of Premises.

The Premises will be used and occupied only for office, classroom, and education purposes in accordance with both this Agreement and the Center for Business and Workforce Development (C.B.W.D.) Rules as set forth in Exhibit "D", and for any necessary and related use or purpose, and for no other use or purpose. Any extended use of the Premises beyond the Tenant's normal business hours shall result in a pro rata increase in rental assessments to compensate Landlord for such extended use. Tenant's normal business hours shall be deemed to be 7:00am to 6:30pm Monday through Friday. Tenant shall maintain the Premises in a professional manner and appearance. This does not alter in any fashion any obligation of

Landlord to maintain the Premises and the common areas of the Premises. Tenant shall not undertake any remodeling, redecoration, or alteration, including painting and wall coverings, to the Premises without first receiving Landlord's written permission.

Section 10. Insurance

For the mutual benefit of Landlord and Tenant, Tenant shall, during the term of this lease, cause to be issued and maintained public liability insurance in the sum of at least \$1,000,000 for injury to or death of one person, and \$3,000,000 for injury to or death of more than one person in anyone accident, insuring the Tenant against liability for injury and/or death occurring in or on the Premises or the common areas. Landlord shall be named as an additional insured and the policy shall contain cross-liability endorsements. The Tenant shall maintain all such insurance in full force and effect during the entire term of this Lease and shall pay all premiums for the insurance. Tenant shall furnish the Landlord a current copy of their public liability insurance policy to be maintained on file by the Landlord. Subsequent insurance premium renewals shall be provided the Landlord upon renewal. Such liability insurance, including the deductible, may be maintained as part of or in conjunction with any other insurance coverage carried by Tenant and may be maintained in the form of self-insurance by Tenant.

Section 11. Insurance for Tenant's Personal Property.

Tenant agrees at all times during the term of this Lease to keep, at Tenant's sole expense, all of Tenant's personal property, including trade fixtures and equipment of Tenant that may be on or in the Premises from time to time, insured against loss or damage by fire and by any peril included within fire and extended coverage insurance for an amount that will insure the ability of Tenant to fully replace the personal property, trade fixtures, and equipment or, in the alternate, Tenant shall waive any claim against Landlord for any such loss or damage.

Section 12. Indemnification

Each party to this Lease shall indemnify and hold harmless the other party from any and all claims or liability for any injury or damage to any person or property whatsoever occurring in, on, or about the Premises when that injury or damage was caused in part or

in whole by the act, neglect, fault of, or omission of any duty by the party, its agents, servants, employees, or invitees.

Section 13. Assignment and Subletting

Tenant will not assign this Lease or further sublet all or any part of the Premises without the prior written consent of Landlord. Tenant further agrees that it shall not assign or sublet all or any part of the Premises to any party other than a public, governmental, or municipal entity.

Section 14. Other Provisions of Lease

Landlord reserves the right to terminate the Lease in the event of the partial or total damage, destruction, or condemnation of the Premises or the building or project of which the Premises are a part. The exercise of this right by Landlord will not constitute a default or breach, and the parties will be relieved of any further liability or obligation under this Lease.

Section 15. No Broker.

Landlord and Tenant each warrant that they have not dealt with any real estate broker in connection with this transaction. Landlord and Tenant each agree to indemnify, defend, and hold the other harmless against any damages incurred as a result of the breach of the warranty contained in this Section.

Section 16. Notices.

All notices and demands that may be required or permitted by either party to the other will be in writing. All notices and demands by the Landlord to Tenant will be sent by United States Mail, postage prepaid, addressed to the Tenant at the Premises, and to the address in this Lease below, or to any other place that Tenant may from time to time designate in a notice to the Landlord. All notices and demands by the Tenant to Landlord will be sent by United States Mail, postage prepaid, addressed to the Landlord at the address in this Lease, and to any other person or place that the Landlord may from time to time designate in a notice to the Tenant.

To Landlord: RICHARD D. TEAGARDEN
Yuba County Superintendent of Schools
935 Fourteenth Street
Marysville, California 95901

To Tenant: PAUL BRUNNER
Director
915 Eighth Street, Suite 115
Marysville, California 95901

Section 17. Successors and Assigns.

This Lease will be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

Section 18. Entry

Landlord reserves the right to enter the Premises on reasonable notice to Tenant to inspect the Premises or the performance by Tenant of the terms and conditions of this Lease and, during the last six months of the Term, to show the Premises to prospective Tenants. In an emergency, no notice will be required for entry.

Section 19. Late Charge and Interest.

The late payment of any Monthly Rent will cause Landlord to incur additional costs, including the cost to maintain in full force the Lease, administration and collection costs, and processing and accounting expenses. If Landlord has not received any installment of Monthly Rent within five (5) days after that amount is due, Tenant will pay five percent (5%) of the delinquent amount, which is agreed to represent a reasonable estimate of the cost incurred by Landlord. In addition, all delinquent amounts will bear interest from the date the amount was due until paid in full at a rate as established by applicable California law. In no event will the Applicable Interest Rate exceed the maximum interest rate permitted by law that may be charged under these circumstances. Landlord and Tenant recognize that the damage Landlord will suffer in the event of Tenant's failure to pay this amount is difficult to ascertain and that the late charge and interest are the best estimate of the damage that Landlord will suffer. If a late charge becomes payable for any three (3) installments of Monthly Rent within any twelve (12) month period, the Monthly Rent will automatically become payable quarterly in advance.

**Section 20. Compliance with Legal Requirements;
Tenant's Obligations.**

(a) Compliance with Legal Requirements. At Landlord's sole cost, Landlord will promptly comply with all laws, statutes, ordinances, rules, regulations, orders, recorded covenants and restrictions, and requirements of all municipal, state, and federal authorities now or later in force, including, but not limited to all provisions of the Americans with Disabilities Act; the requirements of any board of fire underwriters or other similar body now or in the future constituted; and any direction or occupancy certificate issued by public officers (**Legal Requirements**), insofar as they relate to the construction, condition, use, or occupancy of the Premises.

(b) Tenant's Obligations. Tenant will comply in a timely manner with all Legal Requirements that are not Landlord's responsibility under this Section to the extent that noncompliance would adversely affect Landlord's use or occupancy of the Premises.

(c) The judgment of any court of competent jurisdiction or Landlord's admission in any action or proceeding against Landlord that Landlord has violated any Legal Requirement in the condition, use, or occupancy of the Premises will be conclusive of that fact as between Tenant and Landlord.

Section 21. Environmental Certification.

Landlord certifies to Tenant that Landlord has complied with all applicable Environmental Laws and the requirements of all applicable Agencies and that no soil or groundwater contamination has occurred on or under or originated from the Premises.

Section 22. Parking.

Landlord shall, at Landlord's sole cost and expense, provide Tenant four (4) assigned numbered parking space adjacent to the Building in which the Premises is located. Building parking spaces are assigned at a ratio of 1:397 square feet of rentable square footage. Forty-seven unassigned visitor parking spaces and handicap parking sufficient to comply with municipal codes shall be provided to the Building in addition to parking spaces assigned Building Tenants.

Section 23. Attorney Fees.

If either party brings an action to enforce or declare rights hereunder, the prevailing party in action shall be entitled to reasonable attorney fees fixed by the court.

Section 24. Entire Agreement.

This Lease and the C.B.W.D. Rules for the Office Building set forth all the agreements between Landlord and Tenant concerning the Premises, and there are no agreements, either oral or written, other than as set forth in this Lease.

Section 25. Time of Essence.

Time is of the essence in this Lease.

Section 26. Governing Law.

This Lease will be governed by and construed in accordance with California law. In the event of any litigation arising from this Lease, the parties agree that any such dispute shall be submitted to the jurisdiction of the courts of Yuba County, State of California.

In Witness Whereof, the parties have executed this Lease as of the date first above written.

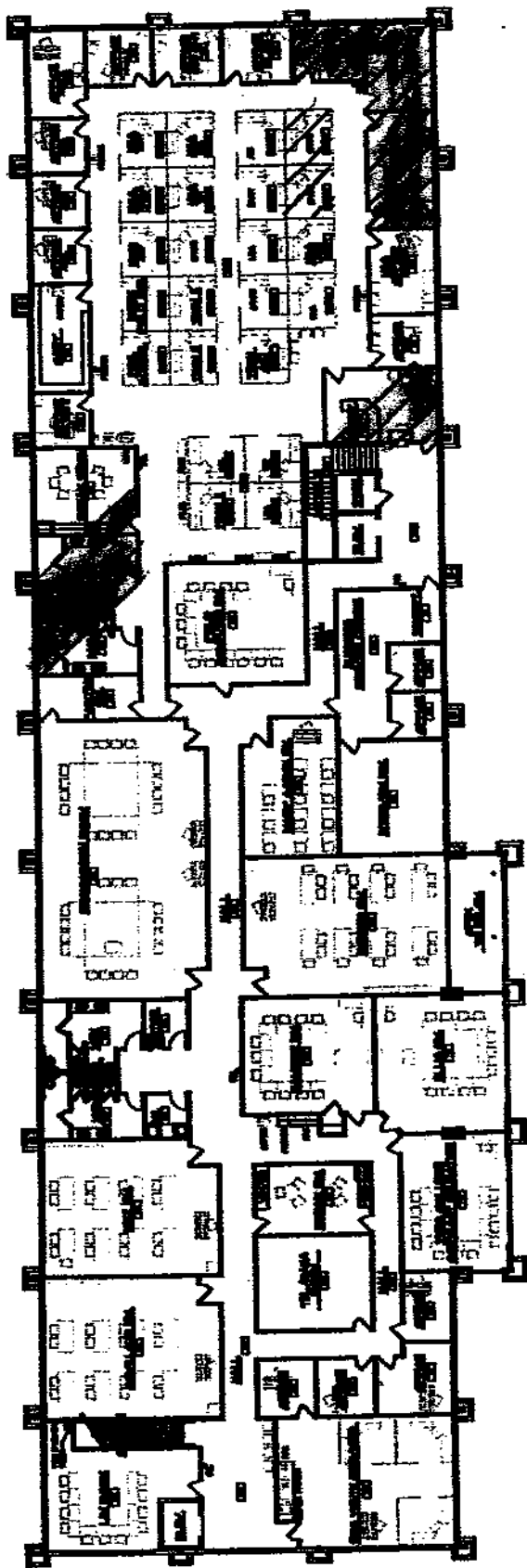
Tenant: _____ Date: _____

RICHARD E. WEBB
Chairman of the Board
Three Rivers Levee Improvement Authority

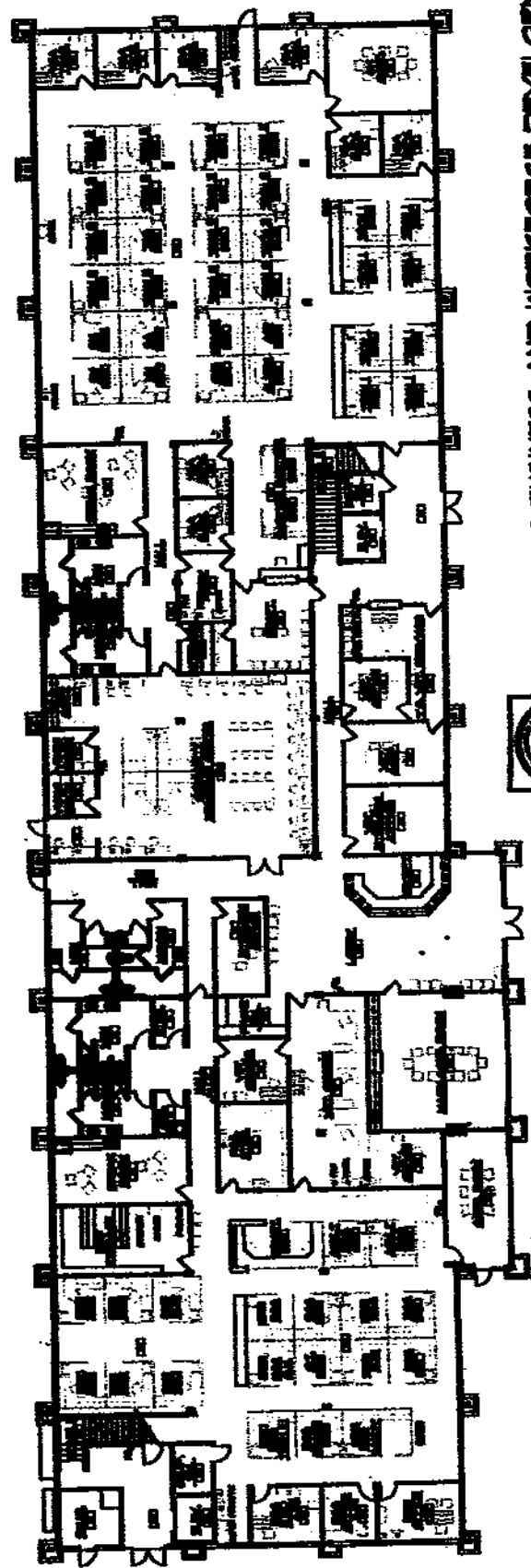
Landlord: *Richard D. Teagarden* Date: 12-15-06

RICHARD D. TEAGARDEN
Superintendent of Schools
Yuba County Board of Education

EXHIBIT "A"
Three Rivers Levee Improvement Authority Lease Proposal



2ND FLOOR - SCALE PLAN



1ST FLOOR - SCALE PLAN



CENTER FOR BUSINESS AND WORKFORCE DEVELOPMENT
117 YORK STREET NORFOLK, VA 23510

EXHIBIT "C"
**Gross Lease Between Yuba County Office of Education & Three Rivers Levee
Improvement Authority**
Technical Support of Computers, Phone Systems and Security Systems

Landlord provides technical support to Tenant within the One Stop Premises. Landlord's technician coordinates and supports Tenant on computer network cabling, security monitoring systems, and phone systems issues as listed below:

Technical Support of Computers, Phone Systems and Security Systems Services-

1. Inclusions:
 - a. Except as otherwise stated, partner under this lease agreement is entitled to, and Landlord's Technology Services Department will provide, repairs as listed below to maintain program and restore items to working condition if necessary:
 - b. Phone system to include:
 - i. Internal phone programming
 - ii. Installation and replacement of phones
 - iii. Internal voice mail programming
 - iv. Phone system maintenance and software updates
 - v. Voice mail maintenance and software updates
 - vi. Call accounting system maintenance and software updates
 - vii. PRI trunk lines
 - viii. DID numbers
 - ix. Communication and coordination with telephone vendors
 - c. Security Alarm:
 - i. Programming of burglar alarm staff codes
 - ii. Programming of security fobs for staff; issuance of fobs
 - iii. Alarm – security system maintenance and software updates
 - d. Infrastructure:
 - i. Data/voice infrastructure cabling and patch panels
 - ii. Data/voice drops
 - iii. Data Room maintenance and security
2. Exclusions:
 - a. The following are excluded from prepaid gross lease services and if provided by Landlord's Technology Department, shall be deemed a billable service:
 - i. Repair work caused by Tenant's misuse of equipment
 - ii. Operating supplies and accessories
 - iii. Damages not caused by Landlord's Technology Services Department, including, without limitation, damage caused by accident, transport, neglect or abuse, environmental conditions, or failure or fluctuation of electrical power, use of equipment in a manner for which it was not intended or designed, and failure to follow manufacturer's recommendation for use.
 - iv. Repairs or maintenance necessitated by attempted repairs not made by the Landlord's Technology Services Department personnel, and
 - v. Third parties components and external adapters

EXHIBIT "D"
C.B.W.D. Rules

**Lease Between Yuba County Office of Education and
Three Rivers Levee Improvement Authority Document Attachment**

1. The sidewalks, halls, passages, exits, entrances, shopping malls, elevators, escalators, and stairways of the Buildings shall not be obstructed by any of the tenants or used for any purpose other than for ingress to and egress from their respective Premises. The halls, passages, exits, entrances, shopping malls, elevators, escalators, and stairways are not for the general public, and Landlord shall in all cases retain the right to control and prevent access to them by all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation, and interests of the Buildings and its tenants. However, nothing here shall be construed to prevent access to persons with whom any tenant normally deals in the ordinary course of business, unless these persons are engaged in illegal activities.

2. A sign, placard, picture, name, advertisement, or notice visible from the exterior of any tenant's Premises shall not be inscribed, painted, affixed, or otherwise displayed by any tenant on any part of the Building without the prior written consent of Tenant. Tenant will adopt and furnish to subtenants general guidelines relating to signs inside the Building on the office floors. Each tenant shall conform to these guidelines, but may request approval of Landlord for modifications, which will not be unreasonably withheld. All approved signs or lettering on doors shall be printed, painted, affixed, or inscribed at the expense of the tenant by a person approved by Landlord, which will not be unreasonably withheld. Material visible from outside the Building will not be permitted.

3. The Premises of each tenant shall not be used for the storage of merchandise held for sale to the general public or for lodging. No cooking shall be done or permitted by any tenant on the Premises, except that (a) each tenant may establish and operate a lunchroom facility for use by tenant's employees, and (b) each tenant may use and install food and beverage vending machines and Underwriters' Laboratory approved, microwave ovens and equipment for brewing coffee, tea, hot chocolate, and similar beverages, provided that adequate provisions are made for venting and control of odors and all facilities and equipment are in accordance with all applicable-federal, state, and city laws, codes, ordinances, rules, and regulations.

4. No tenant shall employ any person other than Landlord's janitorial service for cleaning the Premises, unless otherwise approved by Landlord. No person other than those approved by Landlord shall be permitted to enter the Building to clean it. No tenant shall cause any unnecessary labor because of carelessness or indifference in the preservation of good order and cleanliness. Janitor service will not be furnished on nights when rooms are occupied after 8:00 p.m., unless, by prior arrangement with Landlord, service is extended to a later hour for specifically designated rooms.

5. Landlord will furnish each tenant, free of charge, two keys to each door lock in the Premises. Landlord may make a reasonable charge for any additional keys. No tenant shall have any keys made.

No tenant shall alter any lock or install a new or additional lock or any bolt on any door of the premises without the prior consent of Landlord. The tenant shall in each case furnish Landlord with a key for any lock. Each tenant, upon the termination of the tenancy, shall deliver to Landlord all keys to doors in the Building that have been furnished to the tenant.

6. The freight elevator shall be available for use by all tenants in the Building, subject to reasonable scheduling as Landlord deems appropriate. The persons employed to move equipment in or out of the Building must be acceptable to Landlord. Landlord shall have the right to prescribe the weight, size, and position of all equipment, materials, furniture, or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on wood strips of a thickness necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any property from any cause, and all damage done to the Building by moving or maintaining property shall be repaired at the expense of the tenant.

7. No tenant shall use or keep in the Premises or the Building any kerosene, gasoline, or inflammable or combustible fluid or material other than limited quantities reasonably necessary for the operation or maintenance of office equipment, and may not, without Landlord's prior approval, use any method of heating or air conditioning other than that supplied by Landlord. No tenant shall use or keep any foul, noxious, or hazardous gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building because of noise, odors, or vibrations, or interfere in any way with other tenants or those having business in the Building. No pets shall be kept in the Premises.

8. Landlord shall have the right, exercisable without notice and without liability to any Tenant, to change the name and street address of the Building.

9. Landlord reserves the right to exclude from the Building between the hours of 10:00 p.m. and 7:00 a.m., and at all hours on Saturdays, Sundays, and legal holidays, any person who does not present a proper access card or other identification as a tenant or an employee of a tenant, or who does not otherwise present proper authorization by a tenant for access to the premises. Each tenant shall be responsible for all persons for whom it authorizes access and shall be liable to Landlord for all acts of these persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement, or other circumstances rendering an action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the circumstance by any action Landlord deems appropriate.

10. A directory of the Building will be provided to display the name and location of tenants, their subtenants, and a reasonable number of the principal officers and employees of tenants, and Landlord reserves the right to exclude any other names. Any additional name that a tenant desires to have added to the directory shall be subject to Landlord's approval and may be subject to a

charge.

11. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings, or decorations shall be attached to, hung, or placed in, or used in connection with any exterior window in the Building without the prior consent of Landlord. If consented to by Landlord, these items shall be installed on the office side of the standard window covering and shall in no way be visible from the exterior of the Building.

12. Messenger services and suppliers of bottled water, food, beverages, and other products or services shall be subject to reasonable regulations as may be adopted by Landlord. Landlord may establish a central receiving station in the Building for delivery and pick up by all messenger services, and may limit delivery and pick up at tenant Premises to Building personnel.

13. Each tenant shall see that the doors of the premises are closed and locked and that all water faucets or apparatus, cooking facilities, and office equipment, excluding office equipment required to be operative at all times, are shut off before the tenant or employees leave the Premises at night, so as to prevent waste or damage. For any default or carelessness in this regard the tenant shall be responsible for any damage sustained by other tenants or occupants of the Building or Landlord. On multiple tenancy floors, tenants shall keep the doors to the Building corridors closed at all times except for ingress and egress.

14. The toilets, urinals, wash bowls, and other restroom facilities shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind shall be thrown in them, and the expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, have caused it.

15. Except with the prior consent of Landlord, no tenant shall sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets, or any other goods or merchandise to the general public in the Premises, nor shall any tenant carry on, permit, or allow any employee or other person to carry on the business of stenography, typewriting, or any similar business in or from the Premises for the service or accommodation of occupants of any other portion of the Building, nor shall the Premises of any tenant be used for manufacturing of any kind, or any business or activity other than that specifically provided for in the tenant's lease.

16. No tenant shall install any antenna, loudspeaker, or other device on the roof or exterior walls of the Building, without the prior written consent of the Tenant, a copy of which shall be provided to Landlord.

17. No motorcycles or motor scooters shall be parked or stored anywhere in the Building other than the designated parking area of the Premises and no bicycles may be parked or stored anywhere in the Premises, other than in facilities provided in the Common Area of the Building. Parking facilities shall be under the supervision and control of the Premises Facility Manager, subject to his reasonable supervision and control.

18. Hand trucks or other material handling equipment, except

those equipped with rubber tires and side guards, may not be used in any portion of the Building unless approved by Landlord.

19. Each tenant shall store refuse within that tenant's premises. No material of a nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of refuse in the city of Marysville without being in violation of any law or ordinance governing this disposal shall be placed in the refuse boxes or receptacles. All refuse disposals shall be made only through entryways and elevators provided for these purposes and at the times Landlord shall designate. The Premises shall not be used for storage without the prior written approval of the Premises Facility Manager, said approval shall not be unreasonably withheld.

20. Canvassing, peddling, soliciting, and handbills or any other written materials in the prohibited and each tenant shall cooperate to prevent occurrence.

21. The requirements of the tenants will be attended to only on application by telephone or in person at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

22. Landlord may waive anyone or more of these Rules and Regulations for the benefit of any particular tenant, so long as Tenant's use of the Premises is not adversely affected by the waiver, and no waiver by Landlord shall be construed as a waiver of the Rules in favor of any other tenant, nor prevent Landlord from later enforcing any of the Rules against any of the tenants of the Building.

23. These Rules are in addition to, and shall not be construed to modify or amend, in whole or in part, the terms, covenants, agreements, and conditions of any lease of Premises in the Building.

24. To the extent permitted by law, Tenant shall prohibit the smoking of cigarettes, cigars, pipes and any other tobacco products within the Buildings and on the Premises.

The undersigned have read, understand, agree to, and have received a copy of the C.B.W.D. Rules.

Tenant Authorized Signatory: _____

Dated: _____