

**CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS
AND CARSON RIVER WATERSHED COMMITTEE**

NOTICE OF PUBLIC MEETING

DATE: June 20, 2018
TIME: 6:30 P.M.
LOCATION: Douglas County Commission Chambers
1616 Eighth St.
Minden, NV

The meeting will be preceded by a tour of the Carson River sites along Hwy. 88 in Douglas County, NV at 3:30 p.m., followed by dinner at the Francisco's Mexican Restaurant, 1588 N. Hwy. 395, Minden, NV at 5:00 p.m. A quorum of the CWSD Directors may be present at the events preceding the board meeting but no action will be taken.

AGENDA

Please Note: The Carson Water Subconservancy District (CWSD) Board may: 1) take agenda items out of order; 2) combine two or more items for consideration; and/or 3) remove an item from the agenda or delay discussion related to an item at any time. Reasonable efforts will be made to assist and accommodate individuals with disabilities who wish to attend the meeting. Please contact Toni Leffler at (775)887-7450 (<mailto:toni@cwsd.org>), at least three days in advance so that arrangements can be made.

1. Call to Order the CWSD Board of Directors
2. Roll Call
3. Pledge of Allegiance
4. For Discussion Only: Public Comment - Action may not be taken on any matter brought up under public comment until scheduled on an agenda for action at a later meeting.
5. For Possible Action: Approval of Agenda
6. For Possible Action: Approval of the Board Meeting Minutes of May 16, 2018.

CONSENT AGENDA

Please Note: All matters listed under the consent agenda are considered routine and may be acted upon by the Board of Directors with one action and without an extensive hearing. Any member of the board or any citizen may request that an item be taken from the consent agenda, discussed and acted upon separately during this meeting.

7. For Possible Action: Approval of Treasurer's Report for May 2018.
8. For Possible Action: Payment of Bills for May 2018.
9. For Possible Action: Approval of Interlocal Agreement #2018-8 with River Wranglers for Conserve Carson River Work Days and Vegetation Management.
10. For Possible Action: Approval of Interlocal Agreement #2018-9 with Alpine Watershed Group for Upper Carson River Watershed Programs.

****END OF CONSENT AGENDA****

**RECESS TO CONVENE AS THE
CARSON RIVER WATERSHED COMMITTEE**

11. Roll Call
12. For Discussion Only: Public Comment - Action may not be taken on any matter brought up under public comment until scheduled on an agenda for action at a later meeting.

Carson Water Subconservancy District Board of Directors and
Carson River Watershed Committee
6/20/18 Meeting Agenda

13. For Possible Recommendation: Approval to submit for the Bureau of Reclamation WaterSMART Water Marketing Strategy Grant to develop the Carson River Watershed Water Market (Exchange/Transfer) Program.
14. For Possible Recommendation: Approval of Resolution #2018-1 authorizing application to the Bureau of Reclamation for a WaterSMART Water Marketing Strategy Grant to fund the Carson River Watershed Water Market (Exchange/Transfer) Program.
15. For Possible Recommendation: Approval to change CWSD office space from Suites #102 and #103 to Suite #111 with accompanying rent increase.
16. For Possible Recommendation: Approval to submit a grant application for FEMA Cooperating Technical Partner funds.
17. For Discussion Only: Public Comment - Action may not be taken on any matter brought up under public comment until scheduled on an agenda for action at a later meeting.

ADJOURN TO RECONVENE AS
THE CARSON WATER SUBCONSERVANCY DISTRICT BOARD OF DIRECTORS

18. For Possible Action: Approval to submit for the Bureau of Reclamation WaterSMART Grant to develop a Water Marketing Strategy Grant to develop the Carson River Watershed Water Market (Exchange/Transfer) Program.
19. For Possible Action: Approval of Resolution #2018-1 authorizing application to the Bureau of Reclamation for a WaterSMART Water Marketing Strategy Grant to fund the Carson River Watershed Water Market (Exchange/Transfer) Program.
20. For Possible Action: Approval to change CWSD office space from Suites #102 and #103 to Suite #111 with accompanying rent increase.
21. For Possible Action: Approval to submit a grant application for FEMA Cooperating Technical Partners funds.
22. For Discussion Only: Staff Reports - General Manager
- Legal
- Correspondence
23. For Discussion Only: Directors Reports
24. For Discussion Only: Update on activities in Alpine County.
25. For Discussion Only: Update on activities in Storey County.
26. For Discussion Only: Public Comment - Action may not be taken on any matter brought up under public comment until scheduled on an agenda for action at a later meeting.
27. For Possible Action: Adjournment

Supporting material for this meeting may be requested from Toni Leffler at 775-887-7450 (<mailto:toni@cwsd.org>) and is available at the CWSD offices at 777 E. William St., #110A, Carson City, NV 89701 and on the CWSD website at www.cwsd.org.

In accordance with NRS 241.020, this notice and agenda has been posted at the following locations :

-Dayton Utilities Complex
34 Lakes Blvd
Dayton, NV

-Minden Inn Office Complex
1594 Esmeralda Avenue
Minden, NV

-Lyon County Administrative Building
27 S. Main St.
Yerington, NV

-Churchill County Administrative Complex
155 N Taylor St.
Fallon, NV

Carson Water Subconservancy District Board of Directors and
Carson River Watershed Committee
6/20/18 Meeting Agenda

-Carson City Hall
201 N. Carson St.
Carson City, NV

-Alpine County Administrative Building
99 Water St.
Markleeville, CA

-Carson Water Subconservancy District Office
777 E. William St., #110A
Carson City, NV

-CWSD website:
<http://www.cwsd.org>

-State public meetings website:
<http://notice.nv.gov>

AFFIDAVIT OF POSTING

The undersigned affirms that on or before 9:00 A.M. on June 14, 2018, he/she posted a copy of the Notice of Public Meeting and Agenda for the June 20, 2018, regular meeting of the Carson Water Subconservancy District and the Carson River Watershed Committee, in accordance with NRS 241.020; said agenda was posted at the following location:

_____.

SIGNATURE

Name: _____

Title: _____

Date & Time of Posting: _____

AGENDA ITEM #6

**MINUTES OF LAST
BOARD MEETING**

CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS AND
CARSON RIVER WATERSHED COMMITTEE MEETING
May 16, 2018, 6:30 P.M.
DRAFT Minutes

Chairman Abowd called the meeting of the Carson Water Subconservancy District (CWSD) to order at 6:32 p.m. in the Conference Room of Dayton Utilities, 34 Lakes Blvd., Dayton NV. Roll call of the CWSD Board was taken and a quorum was determined to be present.

CWSD Directors present:

Karen Abowd, Chairman
Brad Bonkowski
Carl Erquiaga, Vice Chairman
Ken Gray
Barry Penzel
Chuck Roberts
Ernie Schank
Fred Stodieck

Directors not present:

Don Frensdorff
Doug Johnson
Steve Thaler

Staff present:

Edwin James, General Manager
Patrick King, Legal Counsel
Toni Leffler, Administrative Assistant/Secretary to the Board

Also present:

David Griffith, Alpine County
Jack Jacobs, Jacobs Family Berry Farm
Mike Kellogg, JE Fuller, Inc.
Austin Osborne, Storey County
Andrew Roberts, private citizen
Bettina Scherer, NV Dept. of Conservation & Natural Resources
Richard Waskowsky, JE Fuller, Inc.

The Pledge of Allegiance was led by Director Abowd.

Item #4 – Discussion Only: Public Comment –

Item #5 – For Possible Action: Approval of Agenda. *Director Schank made the motion to approve the agenda. The motion was seconded by Director Stodieck and unanimously approved by the CWSD Board.*

Item #6 – For Discussion and Possible Action: Approval of the Board Meeting Minutes from April 18, 2018. *Director Gray made the motion to approve the Minutes of the Board meeting on April 18, 2018. The motion was seconded by Director Penzel and unanimously approved by the CWSD Board, with Directors Bonkowski and Schank abstaining for not having been at that meeting.*

CONSENT AGENDA

Item #7 – For Possible Action: Approval of Treasurer’s Report for April 2018.

Item #8 – For Possible Action: Payment of Bills for April 2018.

Item #9 – For Possible Action: Approval of the Legal Services Agreement with Patrick O. King, Esq. of King & Russo, Ltd. as CWSD’s new legal counsel.

Item #11 – To have Director Gray and Director Roberts change places on the Finance Committee and Administrative Committee.

Director Bonkowski requested that Item #10 be pulled from the consent agenda. *Director Schank made the motion to approve Items #7-9 and #11 of the Consent Agenda. The motion was seconded by Director Erquiaga and unanimously approved by the CWSD Board.*

END OF CONSENT AGENDA

Item #10 – For Possible Action: Approval of Agreement #2018-7 Addressing Funding from Alpine County, California to Carson Water Subconservancy District for a Groundwater Elevation Monitoring Program (CASGEM). Mr. James explained that Item #5 of the agreement was missing the last word which was “terminated.” Director Penzel asked about the reference to the Carson Valley Water Basin and wondered if it should include the words “in Nevada.” Mr. James responded that the portion of the Carson Valley Water Basin which is included in the program is in California.

Director Bonkowski made the motion to approve Agreement #2018-7 Addressing Funding from Alpine County, California to Carson Water Subconservancy District for a Groundwater Elevation Monitoring Program. The motion was seconded by Director Penzel and unanimously approved by the Board.

RECESS TO CONVENE AS THE CARSON RIVER WATERSHED COMMITTEE

Item #12 – Roll Call – Director Abowd convened the Carson River Watershed Committee and a roll call was taken.

Committee Members present:

CWSD Directors as present in roll call above

David Griffith, Alpine County
Austin Osborne, Storey County

Committee Members not present:

Don Frensdorff
Don Jardine
Doug Johnson
Steve Thaler

Item #13 – Discussion Only: Public Comment – None

Item #14 – For Discussion Only: Presentation by JE Fuller on the Johnson Lane Area Drainage Master Plan. Mr. James introduced Mike Kellogg with JE Fuller, Inc. Mr. Kellogg explained that this presentation is an abbreviated version from that given at a public open house in the Johnson Lane area and at the 2018 Forum. An Area Drainage Master Plan (ADMP) is a planning level study of flooding hazards within the watershed over multiple water courses. The general goals of ADMP are to develop a comprehensive understanding of the drainage exiting conditions and to develop alternative mitigation solutions. Funding for development of the Johnson Lane ADMP is through a FEMA Cooperative Technical Partner (CTP) grant and Douglas County. The ADMP was developed by JE Fuller and Lumos and Associates.

The major project elements included data collection; topographic mapping by LiDAR and field survey; comprehensive watershed assessment of geology and historical flow paths; flood hazard assessment through hydrologic modeling and hydraulic (2D) modeling; and flood hazard classifications.

Alternatives included OHV impacts; an individual lot management plan; individual lot retention; contour trenching; arterial road all-weather access; and roadside ditch lining. Regional alternatives were also considered.

The Flood Hazard Assessment started with hydrologic modeling (HEC-HMS) to include four storm events: a 25-yr., 24-hr. storm; a 100-yr., 6-hr. storm; a 100-yr., 24-hr. storm; and the July 2015 storm estimate. They built hydraulic modeling (FLO-2D) based on a 10-ft. grid element (4 million total grids). Sedimentation engineering was considered.

Animation of the model showed the dynamics of a flooding event. The Johnson Lane community was built without consideration of drainage flow. The goal of modeling is to eliminate uncertainties. The models were verified by USGS records for Johnson Lane Wash and resident flooding experience. It was determined that the model was well calibrated.

The flood hazard classification is to identify specific hazard areas for pedestrians, vehicles, and buildings. The model provided information to county about what areas are vulnerable. They used the HAZUS Analysis which is the FEMA model used for estimating potential economic losses from natural disasters. Pulling their information into the HAZUS Analysis helps determine potential economic loss for each type of flooding event.

When considering regional mitigation alternatives, they recognized that the Johnson Lane area presents unique challenges including no drainage infrastructure as the community was developed and high sedimentation. On-site mitigation would provide limited protection, so community-wide solutions were considered.

The chart of economic loss showed the estimated loss for a 100-yr. 6-hr. event to be higher than for a 100-yr. 24-hr. event which Mr. Bonkowski questioned. Mr. Kellogg explained that the loss is greater for a 6-hr. event because it is more intense.

Mr. Penzel asked if HAZUS includes landscaping. Richard Waskowsky from JE Fuller responded that the HAZUS only includes structures and the contents of structures, not landscaping losses. Mr. Penzel noted there was no significant in-house loss in the 2015 event but a great amount of landscape loss. Mr. Kellogg explained that a census block means a block of information based on population density and type of housing. It is a rough estimate but the standard of how things are calculated. Mr. Penzel asked if that economic number can be used to claim FEMA loss. Mr. Kellogg responded that it couldn't; this is just for planning. Mr. James explained that these are the figures that FEMA would use for planning grant purposes.

Mr. Penzel asked if Kermin Depression was considered in determining that the water didn't get to the Carson River. Mr. Kellogg stressed that the modeling is to get storm water as safely through community as possible. Mr. Penzel noted that the county ordinance requires planning for water in and water out so it doesn't go through the community, so you have to consider water from where it begins and ends. Mr. James explained that ordinances deal with a development and runoff can't be greater than it was historically. Mr. Penzel suggested stopping water as high up as possible and plan for water to flow through community. BLM's lack of planning has caused the county and community great problems. Mr. Kellogg pointed out that there is no development on BLM land and if there was no development below, there would not have been damage. Mr. Bonkowski noted that developers only have to develop to county requirements.

Mr. Griffith asked if infrastructure is included in estimates. Mr. Waskowsky responded that it is not factored into these numbers but can be factored into HAZUS. Mr. Bonkowski stressed that this is a planning tool, not reflecting what has happened. It is hard to plan for every circumstance since storm clouds will not be over the same land every time. It was suggested that the county phase changes to remedy drainage problems over time. Mr. Schank noted that planning tool helps the planning commission to require developers to plan for these events.

Mr. Penzel asked if recurrence interval designations are used throughout the US and whether it is skewed by East Coast vs. West Coast conditions. Mr. Kellogg explained that storm statistics are determined regionally. Every new storm event will change data as it occurs to provide greater predictability. The more data, the more accurate storm information will be. Mr. Waskowsky noted that this modeling is based on data up to 2010.

Constraints on this community are primarily lack of drainage infrastructure and high sedimentation. On-site mitigation has a limited impact because most of the storm water is coming from off-site, from the watershed above. Therefore, we need community-wide solutions. For the purpose of study the area was divided into five regional systems. They include Unnamed

Wash A System; Hot Springs-Buckbrush System; Pine Nut North System; Pine Nut South System; and Johnson Lane Wash Dam System.

Several locations were investigated for detention basins, looking for the greatest amount of benefit at the least cost. Johnson Lane Wash is largest area with a unique geology so there wasn't a lot of room to put in a basin. Installing a basin on undeveloped area downstream doesn't help residents higher upstream. The most viable alternative was a dam structure upstream of the Mackay Street alignment. They created a concept level design of what this might look like to determine whether this will fit within the topography and work as a hydrologic system.

JE Fuller ranked the various projects based on the number of structures/homes removed from the flooding hazard by dam structures. Designing for 25-yr storm costs less than the 100-yr basin but the 100-yr. basin can contain more water. The prioritized list is as follows:

- 1 – Pine Nut North projects designed to the 25-yr. level would provide most of the benefit.
- 2 – Johnson Lane Wash Dam
- 3 – Hot Springs-Buckbrush projects designed to the 100-yr. level
- 4 – Pine Nut South projects designed to the 25-yr. level
- 5 – Unnamed Wash A projects designed to the 25-yr. level

Mr. Kellogg showed an animation with and without the preventative measures in place. Mr. Stodieck asked how much water is backed up behind the dam. Mr. Kellogg estimated 200 AF which would be released through a pipe, but he noted the system also has an overflow spillway.

Potential funding sources for structure construction include:

- FEMA Pre-Disaster Mitigation (PDM) – Requires a FEMA approved Hazard Mitigation Plan which Douglas County has. Awards planning and project grants and provides opportunities for raising public awareness about reducing future losses before disaster strikes.
- FEMA Flood Mitigation Assistance (FMA) – Requires structures to be insured under the NFIP. Projects submitted for consideration must be consistent with the goals and objectives identified in the agency's Hazard Mitigation Plan. Awards projects and planning grants that reduce or eliminate long-term risk of flood damage to structures insured under the NFIP.
- FEMA Hazard Mitigation Grand Program (GMGP) – Requires a Presidential Major Disaster Declaration and 25% cost share from applicant. Funding for projects listed in the agency Hazard Mitigation Plan.

Item #15 – For Possible Recommendation: Approval of the FY 2018-19 Final Budgets for the General Fund, Acquisition/Construction Fund, and Floodplain Management Fund.

Mr. James explained that on p. 59 of the Board package begins the explanation of the final budgets. Changes from the tentative budget are in red, grants in blue. The Dept. of Taxation ad valorem tax numbers are compared to the tentative estimate in the notes column. Bottom line on p. 62 of the General Budget proposes to increase funds moved from the General Fund to the Acquisition/Construction Fund by \$15,000. On p. 64, the Acquisition/Construction Fund is

budgeted as a holding place for projects, but nothing can be spent without Board approval. One project considered is the grant from the Bureau of Reclamation which staff is proposing to increase by \$20,000. In the Floodplain Management Fund budget on p. 65, the amount received from the Mutual of Omaha CD has changed since the CD matured and the account is closed.

Committee Member Roberts made the motion that the Carson River Watershed Committee recommend CWSD Board approval of the 2018-19 Final Budgets for the General Fund, Acquisition/Construction Fund, and Floodplain Management Fund at the Special Board meeting and Tentative Budget Hearing on May 22, 2018. The motion was seconded by Committee Member Griffith and approved by the Carson River Watershed Committee.

Item #16 – For Possible Recommendation: Approval to pursue Water Smart Grant to develop a Water Marketing Strategy for the Carson River Watershed. Mr. James explained that the Bureau of Reclamation (USBR) Water Smart grant focuses on water marketing, but its purpose is to achieve a more stable water source through storage. Combining a study of both water storage and marketing options will provide a more comprehensive picture of storage options in the watershed. We will need letters of support from the water purveyors within the watershed. The grant proposal will be provided to the Board at a future meeting.

Mr. Schank asked Mr. James whether he thinks it would be wise to include Fish and Wildlife from the beginning. Mr. James responded that it is critical to form partnerships with water purveyors, counties, farmers, etc., so that everyone understands that no one is trying to take water from another community. This study would be to determine what water is available and what makes sense in infrastructure to move that water around. The farther east in the watershed, the less water is available. If locations for water storage are identified beforehand, the need to release water into the desert during a flooding event would be minimized.

Mr. Griffith expressed his concern about the language used in the title. Mr. James noted that water marketing is USBR's grant title. We would focus on water storage and infrastructure to allow water to be moved to enhance the reliability of water supplies in communities. All options must be within Alpine Decree, as well as Federal and State water laws.

Mr. Stodieck asked if the only water that can be considered is flood water. Mr. James responded that flood water is not a reliable source of water. The focus will be on water rights identified in the Alpine Decree. Mr. Stodieck noted that the Alpine Decree created a segmentation issue and asked what water can go behind a storage structure and how the water can be transferred to the area where it is needed. Mr. James responded that this grant would help to identify storage sites throughout the watershed and an inventory of what is available. The study would be to identify how to get the water to the location of need. The amount of water needed is a couple thousand acre-feet. The focus is on seasonal storage instead of storage over multiple years.

Mr. Schank asked if this will require protocol with State Engineer for a temporary permit. Mr. James responded that you'd have to own permitted water rights and transfer them to a storage site. Mr. Schank clarified that this study is to identify potential water rights that can be transferred and identify potential storage sites. Mr. James confirmed that it would be to identify potential storage sites and what water rights could be put into them without drying up

agriculture. Mr. Schank asked if there are any current storage sites that can be enlarged. Mr. James responded that Mud Lake could be enlarged, but there are issues with seepage. There might be some off-stream storage like Brunswick Reservoir or groundwater aquifers. Mr. Bonkowski noted that it would be necessary to identify funding to acquire water rights. Mr. Roberts asked how much the grant is. Mr. James responded that it is up to \$200,000, but it must be matched. Mr. James is hoping that CWSD can provide about \$115,000 in cash and in-kind match.

Mr. James explained that the initial focus would be on creating the Request for Proposals (RFP) and Scope of Work. Mr. Roberts asked whether we are studying something that has no remedy. A lot of money doesn't get you very far toward a utilizing minimal amount of benefit. Mr. Schank noted that top priority from CWSD's strategic planning was potential storage. We can do that without the USBR Water Smart grant, but this will get us farther. Mr. Bonkowski asked who is going to come up with funds to build storage facility. Mr. James pointed out that the most likely sources would come from developers. Mr. Roberts asked whether the strategic plan is in alignment with a practical approach. Mr. Schank asked whether this is the best way we want to use the \$75,000 which is reserved. Mr. Roberts asked what if when the study is done and you have the information, no one wants to spend money to develop the storage. Mr. Schank responded that Mr. James will need to have meetings and find out if we can get support. Mr. James explained that staff will put a in time and effort into applying for this grant, but it is not guaranteed to us since it is a competitive grant.

Mr. Stodieck asked whether the State Engineer would approve. This study would only benefit the developer. Mr. Gray noted that it would benefit the community and would require a conglomeration of resources. Mr. James suggested that the study may need to just focus on lower watershed. He agreed that the infrastructure is expensive, but the water source needs to be identified. Stagecoach would be a good place to store water but would need a pipeline and spreading location to build up water for future use.

Mr. Penzel asked if staff has had a conference with the State Engineer about doing this study in theory. He suggested finding out how the State Engineer views what we are suggesting before we do this study. Mr. Schank noted that Fish and Wildlife can't use all the water in their system, but their rationale is that all the water belongs to them. Under the Alpine Decree, if there is available water, we can transfer water which stays in the river and lose priority; but if it is in a pipeline, there would be a change of use, but you don't lose the priority.

Mr. Gray suggested authorizing staff to begin to plan for the grant application and bring it back to Board in June.

Committee Member Gray made the motion that the Carson River Watershed Committee recommend CWSD Board approval for staff to put the grant proposal together for the Water Smart Grant to develop a Water Marketing Strategy for the Carson River Watershed and bring it back to the Board in June. The motion was seconded by Committee Member Roberts and unanimously approved by the Carson River Watershed Committee.

Mr. Schank mentioned his concern for the potential of a lawsuit by the Pyramid Lake Paiute Tribe. Mr. Gray commented that we can let the threat prevent us from exploring the options or do due diligence. Mr. James noted CWSD's role is to maximize the benefits of the water that's available in the watershed. Mr. Penzel agreed that the study can assist us in developing a coordinated view of managing the water resources.

Item #17 – For Possible Recommendation: Authorize staff to retain Patrick King, Esq. to assist with developing an agreement between the conservation districts and State Lands to do routine maintenance in the Carson River in an amount not to exceed \$2,000.00. Mr. James explained that Mr. King's negotiating skills would be helpful in developing an agreement to do routine river maintenance.

Committee Member Roberts made the motion that the Carson River Watershed Committee recommend CWSD Board authorization for staff to retain Patrick King, Esq. to assist with developing an agreement between the conservation districts and State Lands to do routine maintenance in the Carson River in an amount not to exceed \$2,000.00. The motion was seconded by Committee Member Penzel and unanimously approved by the Carson River Watershed Committee.

Item #18 – Discussion Only: Public Comment. None.

ADJOURN TO RECONVENE AS THE CARSON WATER SUBCONSERVANCY DISTRICT BOARD OF DIRECTORS

Item #19 – For Possible Action: Approval to pursue Water Smart Grant to develop a Water Marketing Strategy for the Carson River Watershed.

Item #20 – For Possible Action: Authorize staff to retain Patrick King, Esq. to assist with developing an agreement between the conservation districts and State Lands to do routine maintenance in the Carson River in an amount not to exceed \$2,000.00.

Items #19 and #20 were discussed earlier in the meeting under Agenda Items #16 and #17, respectively. There were no further Board or public comments, so both items were taken in one motion.

Director Schank made the motion to approve the Carson River Watershed Committee's recommendations on Items #19 and #20. The motion was seconded by Director Stodieck and unanimously approved by the Board.

Item #21– Discussion Only: Staff Reports

General Manager - Mr. James reported:

- He has been working on a workshop with the US Army Corps of Engineers (ACOE) to explain when a permit is needed and not. The goal of determining what is exempt from permitting. The workshop will be on June 1 in 2nd floor conference room of the Bryan Building. Mr. Stodieck asked if the workshop could include going out to the river. Mr. James will follow up on that suggestion.

- On Friday, 5/18/18, Mr. James is going to the Legislative Public Lands Committee meeting in Hawthorne to give a presentation on CWSD.
- The FY 2018-19 Tentative Budget public hearing will be on Tuesday, 5/22/18, at 8:00 a.m. A conference call will be set up for Directors to call in since it is expected to be a very short meeting.

Item #27- Discussion Only: Directors' Reports –

Director Schank asked how the Governor will select a new State Engineer when Jason King retires. Mr. James responded that as head of Nevada Department of Conservation and Natural Resources, Brad Crowell will appoint the new State Engineer.

Director Abowd reported:

- The Curry Street sewer/storm water infrastructure update project started yesterday, and the first day the crew hit a gas main.

Item #28 – Discussion Only: Update on activities in Alpine County.

Supervisor Griffith reported:

- Alpine Watershed Group, selected Kimra McAfee to replace Sarah Green as Executive Director. Gavin Feiger resigned so AWG is seeking a new Coordinator.

Item #29 – Discussion Only: Update on activities in Storey County. Committee Member Osborne reported:

- The Virginia City sewer project is 65-70% done. The community has been disrupted while pipes from 1860s and 1870s were discovered. Archeologists have documented everything. Ames Construction has done a great job of working with the community.

Item #30 – Discussion Only: Public Comment. None.

There being no further business to come before the Board, Director Schank made the motion to adjourn, and the meeting was adjourned at 8:27 p.m.

Respectfully submitted,

Toni Leffler
Secretary

CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS

SPECIAL BOARD MEETING AND
PUBLIC HEARING OF THE FY 2018-19 TENTATIVE BUDGET

May 22, 2018, 8:00 A.M.

DRAFT Minutes

Chairman Abowd called the special meeting of the Carson Water Subconservancy District (CWSD) to order at 8:00 a.m. in the CWSD Conference Room, 777 E. William St., #110, Carson City, NV. Roll call of the CWSD Board was taken and a quorum was determined to be present.

CWSD Directors present:

Karen Abowd, Chairman
Brad Bonkowski (by teleconference)
Ken Gray
Chuck Roberts (by teleconference)
Ernie Schank (by teleconference)
Fred Stodieck (by teleconference)
Steve Thaler (by teleconference)

Directors not present:

Carl Erquiaga, Vice Chairman
Don Frensdorff
Doug Johnson
Barry Penzel

Staff present:

Edwin James, General Manager

Also present: None.

Item #3 – For Possible Action: Approval of Agenda. *Director Schank made the motion to approve the agenda. The motion was seconded by Director Gray and unanimously approved by the CWSD Board.*

Item #4 – Discussion Only: Public Comment – None.

Item #5 – For Possible Action: PUBLIC HEARING – The Carson Water Subconservancy District will hold a Public Hearing on its FY 2018-19 Tentative Budget. Chairman Abowd opened the public hearing of the CWSD on its FY 2018-19 Tentative Budget. There being no questions or comments, the hearing was closed.

Item #6 – For Possible Action: Discussion for possible action regarding rejection, modification, or adoption of the FY 2018-19 Final Budget. Mr. James noted that the changes from the FY 2018-19 Tentative Budget to the Final Budget were discussed at the regular CWSD Board meeting on May 16, 2018, and the Carson River Watershed Committee had recommended approval. There was no further discussion at this meeting.

Director Schank made the motion to adopt the FY 2018-19 Final Budgets. The motion was seconded by Director Gray and unanimously approved by the Board.

Item #7– Discussion Only: Public Comment – None.

There being no further business to come before the Board, Director Gray made the motion to adjourn, and the meeting was adjourned at 8:05 a.m.

Respectfully submitted,

Edwin James
General Manager

AGENDA ITEM #7

TREASURER'S REPORT

Balance Sheet

As of May 31, 2018

	May 31, 18
ASSETS	
Current Assets	
Checking/Savings	
1010-00 · Cash in Checking - B of A	73,241.14
1011-00 · Petty Cash	100.00
1014-00 · Local Gov't Inv. Pool-Regular	878,545.67
1029-00 · Bank of America-Savings	148.97
Total Checking/Savings	952,035.78
Other Current Assets	
1055-00 · Payroll Deposit - Carson City	500.00
Total Other Current Assets	500.00
Total Current Assets	952,535.78
TOTAL ASSETS	952,535.78
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
3360-00 · Accrued Vacation	28,591.67
3362-00 · Accrued sick leave	47,342.91
Total Other Current Liabilities	75,934.58
Total Current Liabilities	75,934.58
Total Liabilities	75,934.58
Equity	
4000-00 · Fund Balance	608,255.94
Net Income	268,345.26
Total Equity	876,601.20
TOTAL LIABILITIES & EQUITY	952,535.78

CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

06/05/18

Profit & Loss YTD Comparison

Accrual Basis

May 2018

	May 18	Jul '17 - May 18
Ordinary Income/Expense		
Income		
5009-00 · Churchill County Ad Valorem		179,604.30
5010-00 · Lyon County Ad Valorem		149,626.34
5011-00 · Douglas County Ad Valorem	9,794.04	502,248.90
5012-00 · Carson City Ad Valorem	63,090.41	416,126.94
5022-00 · Water Lease - Mud Lake		
5023-00 · Water Lease-Lost Lakes		
5031-00 · Interest Income-LGIP Reg.	1,231.52	8,306.65
5045-00 · Interest Income-B of A Savings		2.65
5050-00 · Watershed Coordinator		
5050-10 · NDEP Watershed Coord. 2015-18		12,822.33
5050-12 · NDEP-WS Coordinator 2018	12,894.50	12,894.50
Total 5050-00 · Watershed Coordinator	12,894.50	25,716.83
5058-00 · 208 Water Quality Plan		
5058-04 · NDEP-LID Implementation 2018-19		1,115.95
Total 5058-00 · 208 Water Quality Plan		1,115.95
5060-00 · Misc. Income	25.00	25.00
5063-00 · Environmental Education Program		
5063-04 · NDEP-Env.Ed.Coord.2015-17		9,381.49
5063-05 · NDEP-Env.Ed.Coord. 2017-18	10,385.98	29,037.05
Total 5063-00 · Environmental Education Program	10,385.98	38,418.54
5093-00 · FEMA - MAS #6		10,920.24
5094-00 · NDEP-VA/Rocky Bank Stab.Design		
5095-00 · NDEP-WS Literacy Implementation		2,068.46
5096-00 · NFWF-Weed Mgmt.		-8,082.23
5097-00 · BLM-Weed Mgmt. Grant		
5098-00 · FEMA -MAS #7		
5098-01 · DoCo pmt for Johnson Ln.		95,000.00
5098-00 · FEMA -MAS #7 - Other		302,511.03
Total 5098-00 · FEMA -MAS #7		397,511.03
5099-00 · NDEP-WS Lit.Implement.-Phase 3	4,960.91	6,581.26
6000-00 · FEMA-MAS #8		
6000-01 · LyCo-Dayton Vly ADMP		22,498.80
6000-00 · FEMA-MAS #8 - Other		16,640.47
Total 6000-00 · FEMA-MAS #8		39,139.27
Total Income	102,382.36	1,769,330.13
Expense		
7015-00 · Salaries & Wages	29,483.27	325,241.62
7020-00 · Employee Benefits	10,283.58	117,097.68
7021-00 · Workers Comp Ins.		557.64
7101-00 · Director's Fees		
7101-01 · Director Benefits	8.12	145.47
7101-02 · Director's Fees-Alpine Co.	1,680.00	1,680.00
7101-00 · Director's Fees - Other	560.00	10,035.04
Total 7101-00 · Director's Fees	2,248.12	11,860.51
7102-00 · Insurance		5,569.76
7103-00 · Office Supplies	71.53	1,545.42
7104-00 · Postage	14.45	740.33
7105-00 · Rent	2,157.00	23,727.00
7106-00 · Telephone/Internet	299.94	3,299.34
7107-00 · Travel-transport/meals/lodging		
7107-01 · Car Allowance	566.42	6,343.90
7107-00 · Travel-transport/meals/lodging - Other	143.36	4,233.36

CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

06/05/18

Profit & Loss YTD Comparison

Accrual Basis

May 2018

	May 18	Jul '17 - May 18
Total 7107-00 · Travel-transport/meals/lodging	709.78	10,577.26
7108-00 · Dues & Publications	213.44	848.36
7109-00 · Miscellaneous Expense		39.50
7110-00 · Seminars & Education		590.00
7111-00 · Office Equipment		1,519.63
7112-00 · Bank Charges		1.00
7114-00 · Outside Professional Services		3,950.00
7115-00 · Accounting		8,650.00
7116-00 · Legal	3,369.33	33,935.10
7117-00 · Lost Lakes Expenses		9,575.74
7118-00 · Mud Lake O & M		859.69
7120-00 · Integrated Watershed Programs		
7120-07 · Watershed Tour		26.95
7120-30 · Watershed Coord.Exp. 2015-17		2,852.69
7120-31 · NDEP-WS Program Exp. 2018		
7120-32 · WS Program 2018-Match	627.59	2,588.77
7120-31 · NDEP-WS Program Exp. 2018 - Other	414.80	5,643.74
Total 7120-31 · NDEP-WS Program Exp. 2018	1,042.39	8,232.51
Total 7120-00 · Integrated Watershed Programs	1,042.39	11,112.15
7121-00 · Misc. Water Right Expenses		82.33
7125-00 · Environmental Ed.Coord.Exp.		
7125-02 · Env.Ed.Coord.Exp. 2015-17		7,027.92
7125-03 · Env. Ed. Coord. Exp. 2017-18	183.50	26,942.71
Total 7125-00 · Environmental Ed.Coord.Exp.	183.50	33,970.63
7332-00 · Carson River Work Days		
7332-02 · CR Work Days 2016-17		
7332-03 · CR Work Days 2017-18		13,603.56
Total 7332-00 · Carson River Work Days		13,603.56
7337-00 · Carson River Restoration		
7337-01 · Upper Carson River Grant.		
7337-17 · CVCD-CV Clearing & Snagging		98,234.15
Total 7337-01 · Upper Carson River Grant.		98,234.15
7337-02 · Carson River Adv. Gr.		
7337-23 · Golden Eagle Ln Erosion		30,853.20
Total 7337-02 · Carson River Adv. Gr.		30,853.20
7337-03 · Dayton Valley Conserv		
7337-31 · DVCD-Restoration Proj.2015-17		
7337-32 · DVCD-Storey Co. Weed Abatement		
7337-33 · DVCD--Restoration Proj. 2017-19	8,976.75	35,201.89
Total 7337-03 · Dayton Valley Conserv	8,976.75	35,201.89
Total 7337-00 · Carson River Restoration	8,976.75	164,289.24
7404-00 · Noxious Weeds Control-CR Wtrshd		
7404-01 · Noxious Weed Control-Alpine Co.		
7404-02 · Noxious Weed Control-Douglas Co		
7404-03 · Noxious Weed Control-CarsonCity		
7404-04 · Noxious Weed Control-Lyon Co.		14,989.28
7404-05 · Noxious Weed Control-Churchill		
Total 7404-00 · Noxious Weeds Control-CR Wtrshd		14,989.28
7406-00 · 208 Water Quality Mgmt. Plan		
7406-03 · LID Implementation 2018-19		807.50
7406-00 · 208 Water Quality Mgmt. Plan - Other		0.99

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CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

06/05/18

Profit & Loss YTD Comparison

Accrual Basis

May 2018

	May 18	Jul '17 - May 18
Total 7406-00 · 208 Water Quality Mgmt. Plan		808.49
7427-00 · FEMA MAS #6		
7427-02 · Goni Cr(CC)-M.Baker		8,918.44
7427-03 · Ramsey (LyCo)-Kimley & ROA		1,500.00
7427-04 · CC Inundation Map-Kimley		
7427-05 · Public Outreach-Orangetree		
7427-00 · FEMA MAS #6 - Other		14.47
Total 7427-00 · FEMA MAS #6		10,432.91
7428-00 · NDEP-VA/Rocky Bank Stab. Design		0.05
7429-00 · NDEP-Wtrshd Lit.Implementation	17.54	217.25
7430-00 · NFWF - Weed Mgmt.		3.71
7431-00 · BLM - Weed Mgmt.		5.10
7432-00 · FEMA MAS #7		
7432-01 · Voltaire Cyn.(Cardno)		13,327.97
7432-02 · Johnson Ln.(JE Fuller)	5,636.80	324,019.53
7432-03 · Outreach-FAW		8,734.72
7432-04 · Discovery/Flood Plan Update(MB)	2,604.00	37,928.00
7432-00 · FEMA MAS #7 - Other	3.27	333.41
Total 7432-00 · FEMA MAS #7	8,244.07	384,343.63
7433-00 · NDEP-WS Lit.Impl.-Phase 3	3,703.71	10,291.78
7434-00 · FEMA MAS #8		
7434-01 · Dayton ADMP(JE Fuller)	18,206.00	18,206.00
7434-02 · Update Floodplain Ord.(Loveberg)		6,145.00
7434-03 · Public Outreach-FAW	13.61	229.84
7434-00 · FEMA MAS #8 - Other	0.99	118.28
Total 7434-00 · FEMA MAS #8	18,220.60	24,699.12
7436-00 · NDA Weed Mgmt - Starthistle		45.83
7500-00 · USGS Stream Gage Contract		
7500-02 · Stream Gages 2017-19		58,803.50
Total 7500-00 · USGS Stream Gage Contract		58,803.50
7508-00 · USGS Do.Co.WQ & GW Monitoring		
7508-02 · DoCo WQ/GW Mon. 2017-19		12,566.00
Total 7508-00 · USGS Do.Co.WQ & GW Monitoring		12,566.00
7524-00 · USGS-GW Lvl & WQ in Ch.Co.		
7524-01 · USGS-GW Lvl & WQ-ChCo 2014-17		2,232.00
Total 7524-00 · USGS-GW Lvl & WQ in Ch.Co.		2,232.00
7526-00 · USGS-Eagle/Dayton/Ch.Vly.Mon.		17,344.00
7600-00 · Alpine County Projects		
7600-05 · Alpine Watershed Programs		20,000.00
7600-09 · Al.Co.-CASGEM		3.12
7600-10 · Al.Co.-Mesa GW Monitoring		107.00
Total 7600-00 · Alpine County Projects		20,110.12
7610-00 · Douglas County Projects		
7610-10 · Do.Co.Reg.Pipeline Debt Service		62,500.00
Total 7610-00 · Douglas County Projects		62,500.00
7620-00 · Carson City Projects		
7620-11 · CC Reg.Pipeline Debt Service		62,500.00
Total 7620-00 · Carson City Projects		62,500.00
7630-00 · Lyon County Projects		
7630-11 · USGS Maint Costs-Dayton Gauge		5,375.00

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CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

06/05/18

Profit & Loss YTD Comparison

Accrual Basis

May 2018

	May 18	Jul '17 - May 18
Total 7630-00 · Lyon County Projects		5,375.00
7640-00 · Churchill County Projects		
7640-09 · Lahontan Vly.Wtr.Lvl.Measure.		13,414.80
7640-16 · Dixie Vly.Wtr.Lvl.Measurement		17,058.81
Total 7640-00 · Churchill County Projects		30,473.61
Total Expense	89,239.00	1,500,984.87
Net Ordinary Income	13,143.36	268,345.26
Other Income/Expense		
Other Income		
8009-00 · Trans. In-Floodplain Mgmt. Fd.		
Total Other Income		
Net Other Income		
Net Income	13,143.36	268,345.26

CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

06/05/18

Profit & Loss Budget vs. Actual

Accrual Basis

July 2017 through May 2018

	Jul '17 - May 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
5008-00 · Alpine Co. Joint Powers contrib		9,500.00	-9,500.00	
5009-00 · Churchill County Ad Valorem	179,604.30	202,623.80	-23,019.50	88.6%
5010-00 · Lyon County Ad Valorem	149,626.34	159,278.00	-9,651.66	93.9%
5011-00 · Douglas County Ad Valorem	502,248.90	509,928.53	-7,679.63	98.5%
5012-00 · Carson City Ad Valorem	416,126.94	392,614.77	23,512.17	106.0%
5022-00 · Water Lease - Mud Lake		52,500.00	-52,500.00	
5023-00 · Water Lease-Lost Lakes		2,000.00	-2,000.00	
5031-00 · Interest Income-LGIP Reg.	8,306.65	4,000.00	4,306.65	207.7%
5045-00 · Interest Income-B of A Savings	2.65	20.00	-17.35	13.3%
5050-00 · Watershed Coordinator				
5050-10 · NDEP Watershed Coord. 2015-18	12,822.33	20,930.00	-8,107.67	61.3%
5050-12 · NDEP-WS Coordinator 2018	12,894.50	24,810.00	-11,915.50	52.0%
Total 5050-00 · Watershed Coordinator	25,716.83	45,740.00	-20,023.17	56.2%
5060-00 · Misc. Income				
5060-02 · Watershed Tour		5,900.00	-5,900.00	
Total 5060-00 · Misc. Income	25.00	5,900.00	-5,875.00	0.4%
5063-00 · Environmental Education Program				
5063-04 · NDEP-Env.Ed.Coord.2015-17	9,381.49	10,400.00	-1,018.51	90.2%
5063-05 · NDEP-Env.Ed.Coord. 2017-18	29,037.05	49,550.00	-20,512.95	58.6%
Total 5063-00 · Environmental Education Program	38,418.54	59,950.00	-21,531.46	64.1%
5082-00 · Alpine Co.-CASGEM Grant		1,450.00	-1,450.00	
5083-00 · Al.Co.-Mesa GW Monitoring Grant		1,400.00	-1,400.00	
5093-00 · FEMA - MAS #6	10,920.24	3,542.00	7,378.24	308.3%
5095-00 · NDEP-WS Literacy Implementation	2,068.46	31,136.00	-29,067.54	6.6%
5096-00 · NFWF-Weed Mgmt.	-8,082.23	18,900.00	-26,982.23	-42.8%
5097-00 · BLM-Weed Mgmt. Grant		31,360.00	-31,360.00	
5098-00 · FEMA -MAS #7	397,511.03	384,900.00	12,611.03	103.3%
5099-00 · NDEP-WS Lit.Implement.-Phase 3	6,581.26	66,790.00	-60,208.74	9.9%
6000-00 · FEMA-MAS #8	39,139.27		39,139.27	100.0%
Total Income	1,769,330.13	1,983,533.10	-214,202.97	89.2%
Expense				
7015-00 · Salaries & Wages	325,241.62	375,000.00	-49,758.38	86.7%
7020-00 · Employee Benefits	117,097.68	149,000.00	-31,902.32	78.6%
7021-00 · Workers Comp Ins.	557.64	1,500.00	-942.36	37.2%
7101-00 · Director's Fees	11,860.51	13,500.00	-1,639.49	87.9%
7102-00 · Insurance	5,569.76	6,500.00	-930.24	85.7%
7103-00 · Office Supplies	1,545.42	3,000.00	-1,454.58	51.5%
7104-00 · Postage	740.33	800.00	-59.67	92.5%
7105-00 · Rent	23,727.00	25,780.00	-2,053.00	92.0%
7106-00 · Telephone/Internet	3,299.34	4,000.00	-700.66	82.5%
7107-00 · Travel-transport/meals/lodging	10,577.26	16,000.00	-5,422.74	66.1%
7108-00 · Dues & Publications	848.36	1,200.00	-351.64	70.7%
7109-00 · Miscellaneous Expense	39.50	1,500.00	-1,460.50	2.6%
7110-00 · Seminars & Education	590.00	3,000.00	-2,410.00	19.7%
7111-00 · Office Equipment	1,519.63	3,000.00	-1,480.37	50.7%
7112-00 · Bank Charges	1.00	200.00	-199.00	0.5%
7114-00 · Outside Professional Services	3,950.00	10,000.00	-6,050.00	39.5%
7115-00 · Accounting	8,650.00	16,000.00	-7,350.00	54.1%
7116-00 · Legal	33,935.10	40,700.00	-6,764.90	83.4%
7117-00 · Lost Lakes Expenses	9,575.74	11,000.00	-1,424.26	87.1%
7118-00 · Mud Lake O & M	859.69	1,000.00	-140.31	86.0%
7120-00 · Integrated Watershed Programs				
7120-07 · Watershed Tour	26.95	6,000.00	-5,973.05	0.4%
7120-30 · Watershed Coord.Exp. 2015-17	2,852.69	8,444.00	-5,591.31	33.8%

CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

06/05/18

Profit & Loss Budget vs. Actual

Accrual Basis

July 2017 through May 2018

	Jul '17 - May 18	Budget	\$ Over Budget	% of Budget
7120-31 · NDEP-WS Program Exp. 2018	8,232.51	2,000.00	6,232.51	411.6%
Total 7120-00 · Integrated Watershed Programs	11,112.15	16,444.00	-5,331.85	67.6%
7125-00 · Environmental Ed.Coord.Exp.				
7125-02 · Env.Ed.Coord.Exp. 2015-17	7,027.92	8,360.00	-1,332.08	84.1%
7125-03 · Env. Ed. Coord. Exp. 2017-18	26,942.71	46,430.00	-19,487.29	58.0%
Total 7125-00 · Environmental Ed.Coord.Exp.	33,970.63	54,790.00	-20,819.37	62.0%
7215-00 · Sierra NV Journeys-Family Night		3,000.00	-3,000.00	
7332-00 · Carson River Work Days				
7332-03 · CR Work Days 2017-18	13,603.56	26,000.00	-12,396.44	52.3%
Total 7332-00 · Carson River Work Days	13,603.56	26,000.00	-12,396.44	52.3%
7337-00 · Carson River Restoration				
7337-01 · Upper Carson River Grant.				
7337-17 · CVCD-CV Clearing & Snagging	98,234.15	105,000.00	-6,765.85	93.6%
Total 7337-01 · Upper Carson River Grant.	98,234.15	105,000.00	-6,765.85	93.6%
7337-02 · Carson River Adv. Gr.				
7337-23 · Golden Eagle Ln Erosion	30,853.20	60,000.00	-29,146.80	51.4%
Total 7337-02 · Carson River Adv. Gr.	30,853.20	60,000.00	-29,146.80	51.4%
7337-03 · Dayton Valley Conserv				
7337-32 · DVCD-Storey Co. Weed Abatement		2,000.00	-2,000.00	
7337-33 · DVCD--Restoration Proj. 2017-19	35,201.89	176,500.00	-141,298.11	19.9%
Total 7337-03 · Dayton Valley Conserv	35,201.89	178,500.00	-143,298.11	19.7%
7337-04 · Lahontan Conserv.Dist		15,000.00	-15,000.00	
Total 7337-00 · Carson River Restoration	164,289.24	358,500.00	-194,210.76	45.8%
7404-00 · Noxious Weeds Control-CR Wtrshd				
7404-01 · Noxious Weed Control-Alpine Co.		15,000.00	-15,000.00	
7404-02 · Noxious Weed Control-Douglas Co		15,000.00	-15,000.00	
7404-03 · Noxious Weed Control-CarsonCity		15,000.00	-15,000.00	
7404-04 · Noxious Weed Control-Lyon Co.	14,989.28	15,000.00	-10.72	99.9%
7404-05 · Noxious Weed Control-Churchill		15,000.00	-15,000.00	
Total 7404-00 · Noxious Weeds Control-CR Wtrshd	14,989.28	75,000.00	-60,010.72	20.0%
7427-00 · FEMA MAS #6	10,432.91	1,920.00	8,512.91	543.4%
7428-00 · NDEP-VA/Rocky Bank Stab. Design	0.05		0.05	100.0%
7429-00 · NDEP-Wtrshd Lit.Implementation	217.25	30,251.00	-30,033.75	0.7%
7430-00 · NFWF - Weed Mgmt.	3.71	14,400.00	-14,396.29	0.0%
7431-00 · BLM - Weed Mgmt.	5.10	29,090.00	-29,084.90	0.0%
7432-00 · FEMA MAS #7	384,343.63	356,809.00	27,534.63	107.7%
7433-00 · NDEP-WS Lit.Impl.-Phase 3	10,291.78	61,290.00	-50,998.22	16.8%
7434-00 · FEMA MAS #8	24,699.12		24,699.12	100.0%
7500-00 · USGS Stream Gage Contract				
7500-02 · Stream Gages 2017-19	58,803.50	75,530.00	-16,726.50	77.9%
Total 7500-00 · USGS Stream Gage Contract	58,803.50	75,530.00	-16,726.50	77.9%
7508-00 · USGS Do.Co.WQ & GW Monitoring				
7508-02 · DoCo WQ/GW Mon. 2017-19	12,566.00	14,440.00	-1,874.00	87.0%
Total 7508-00 · USGS Do.Co.WQ & GW Monitoring	12,566.00	14,440.00	-1,874.00	87.0%
7524-00 · USGS-GW Lvl & WQ in Ch.Co.				
7524-01 · USGS-GW Lvl & WQ-ChCo 2014-17	2,232.00		2,232.00	100.0%
Total 7524-00 · USGS-GW Lvl & WQ in Ch.Co.	2,232.00		2,232.00	100.0%

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CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

06/05/18

Profit & Loss Budget vs. Actual

Accrual Basis

July 2017 through May 2018

	Jul '17 - May 18	Budget	\$ Over Budget	% of Budget
7526-00 · USGS-Eagle/Dayton/Ch.Vly.Mon.	17,344.00	19,195.00	-1,851.00	90.4%
7600-00 · Alpine County Projects				
7600-05 · Alpine Watershed Programs	20,000.00	20,000.00		100.0%
7600-09 · Al.Co.-CASGEM	3.12	10.00	-6.88	31.2%
7600-10 · Al.Co.-Mesa GW Monitoring	107.00	10.00	97.00	1,070.0%
Total 7600-00 · Alpine County Projects	20,110.12	20,020.00	90.12	100.5%
7610-00 · Douglas County Projects				
7610-10 · Do.Co.Reg.Pipeline Debt Service	62,500.00	125,000.00	-62,500.00	50.0%
Total 7610-00 · Douglas County Projects	62,500.00	125,000.00	-62,500.00	50.0%
7620-00 · Carson City Projects				
7620-11 · CC Reg.Pipeline Debt Service	62,500.00	125,000.00	-62,500.00	50.0%
Total 7620-00 · Carson City Projects	62,500.00	125,000.00	-62,500.00	50.0%
7630-00 · Lyon County Projects				
7630-11 · USGS Maint Costs-Dayton Gauge	5,375.00	9,300.00	-3,925.00	57.8%
Total 7630-00 · Lyon County Projects	5,375.00	9,300.00	-3,925.00	57.8%
7640-00 · Churchill County Projects				
7640-09 · Lahontan Vly.Wtr.Lvl.Measure.	13,414.80	30,700.00	-17,285.20	43.7%
7640-15 · LCD-Sand Bar Removal in ChCo		15,000.00	-15,000.00	
7640-16 · Dixie Vly.Wtr.Lvl.Measurement	17,058.81	23,600.00	-6,541.19	72.3%
Total 7640-00 · Churchill County Projects	30,473.61	69,300.00	-38,826.39	44.0%
Total Expense	1,500,984.87	2,167,959.00	-666,974.13	69.2%
Net Ordinary Income	268,345.26	-184,425.90	452,771.16	-145.5%
Other Income/Expense				
Other Income				
8005-00 · Beginning Equity		711,536.00	-711,536.00	
Total Other Income		711,536.00	-711,536.00	
Other Expense				
8008-00 · Preliminary Planning		405,000.00	-405,000.00	
Total Other Expense		405,000.00	-405,000.00	
Net Other Income		306,536.00	-306,536.00	
Net Income	268,345.26	122,110.10	146,235.16	219.8%

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06/05/18
Cash Basis

Floodplain Management Fund
Balance Sheet
As of May 31, 2018

	May 31, 18
ASSETS	
Current Assets	
Checking/Savings	
1013-03 · LGIP - Floodplain	360,444.64
Total Checking/Savings	360,444.64
Total Current Assets	360,444.64
TOTAL ASSETS	360,444.64
LIABILITIES & EQUITY	
Equity	
32000 · Retained Earnings	382,074.12
Net Income	-21,629.48
Total Equity	360,444.64
TOTAL LIABILITIES & EQUITY	360,444.64

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06/05/18
Cash Basis

Floodplain Management Fund
Profit & Loss YTD Comparison
May 2018

	May 18	Jul '17 - May 18
Ordinary Income/Expense		
Income		
5032-03 · Int. Inc.-LGIP-Floodplain	396.61	2,738.67
5033-03 · Int.Inc.-Mutual of Omaha CD	0.00	1,459.91
Total Income	396.61	4,198.58
Expense		
7212-03 · CVCD-2017 Flood Permit/Repairs	0.00	23,107.18
7213-03 · DVCD-2017 Flood Permit/Repairs	403.83	2,720.88
Total Expense	403.83	25,828.06
Net Ordinary Income	-7.22	-21,629.48
Net Income	<u>-7.22</u>	<u>-21,629.48</u>

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06/05/18

Cash Basis

Floodplain Management Fund
Profit & Loss Budget vs. Actual
 July 2017 through May 2018

	Jul '17 - May 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
5032-03 · Int. Inc.-LGIP-Floodplain	2,738.67	1,000.00	1,738.67	273.9%
5033-03 · Int.Inc.-Mutual of Omaha CD	1,459.91	1,330.00	129.91	109.8%
Total Income	4,198.58	2,330.00	1,868.58	180.2%
Expense				
7203-03 · Reg. Flood Preliminary Planning	0.00	210,000.00	-210,000.00	0.0%
7206-03 · Flood Project Along SR88-Minden	0.00	40,000.00	-40,000.00	0.0%
7210-03 · CVCD-2017 Flood Damage Assess.	0.00	0.00	0.00	0.0%
7211-03 · DVCD-2017 Flood Damage Assess.	0.00	0.00	0.00	0.0%
7212-03 · CVCD-2017 Flood Permit/Repairs	23,107.18	135,000.00	-111,892.82	17.1%
7213-03 · DVCD-2017 Flood Permit/Repairs	2,720.88	32,000.00	-29,279.12	8.5%
Total Expense	25,828.06	417,000.00	-391,171.94	6.2%
Net Ordinary Income	-21,629.48	-414,670.00	393,040.52	5.2%
Other Income/Expense				
Other Income				
8000-03 · Beginning Equity	0.00	381,928.00	-381,928.00	0.0%
Total Other Income	0.00	381,928.00	-381,928.00	0.0%
Other Expense				
8002-03 · Trans.Out-General Fund	0.00			
Total Other Expense	0.00			
Net Other Income	0.00	381,928.00	-381,928.00	0.0%
Net Income	-21,629.48	-32,742.00	11,112.52	66.1%

CARSON WTR SUBCONSERVANCY DIST - ACQUISITION/CONSTRUCTION

06/05/18

Balance Sheet

As of May 31, 2018

	May 31, 18
ASSETS	
Current Assets	
Checking/Savings	
1013-01 · Local Gov't Inv.Pool-Reserve	698,052.65
Total Checking/Savings	698,052.65
Total Current Assets	698,052.65
TOTAL ASSETS	698,052.65
LIABILITIES & EQUITY	
Equity	
4000-01 · Fund Balance - Capital Project	689,849.34
Net Income	8,203.31
Total Equity	698,052.65
TOTAL LIABILITIES & EQUITY	698,052.65

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CARSON WTR SUBCONSERVANCY DIST - ACQUISITION/CONSTRUCTION

06/05/18

Profit & Loss YTD Comparison

Accrual Basis

May 2018

	May 18	Jul '17 - May 18
Ordinary Income/Expense		
Income		
5032-01 · Interest Income - LGIP Res.	1,007.57	8,203.31
Total Income	1,007.57	8,203.31
Net Ordinary Income	1,007.57	8,203.31
Net Income	1,007.57	8,203.31

Profit & Loss Budget vs. Actual

July 2017 through May 2018

	Jul '17 - May 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
5032-01 · Interest Income - LGIP Res.	8,203.31	5,850.00	2,353.31	140.2%
Total Income	8,203.31	5,850.00	2,353.31	140.2%
Expense				
7325-01 · Acquisition Wtr Rts/Structures		660,000.00	-660,000.00	
Total Expense		660,000.00	-660,000.00	
Net Ordinary Income	8,203.31	-654,150.00	662,353.31	-1.3%
Other Income/Expense				
Other Income				
8000-01 · Beginning Equity		689,629.00	-689,629.00	
Total Other Income		689,629.00	-689,629.00	
Net Other Income		689,629.00	-689,629.00	
Net Income	8,203.31	35,479.00	-27,275.69	23.1%

AGENDA ITEM #8

PAYMENT OF BILLS

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06/05/18

Accrual Basis

CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

Transaction Detail by Account

May 2018

Type	Date	Num	Name	Memo	Amount	Balance
1010-00 · Cash in Checking - B of A						
Deposit	05/02/2018			Deposit	24,158.80	24,158.80
Check	05/02/2018	9075	Euronev, Ltd.	May 2018 rent-777 E. William St., #102, #103, #110 & #110A	-2,157.00	22,001.80
Check	05/02/2018	9076	Law Office of George N. Benesch	Apr. 2018 legal services, Inv. #14909	-3,369.33	18,632.47
Check	05/02/2018	9077	JE Fuller Hydrology & Geomorphology, Inc.	Inv. #P2751.01-12, Johnson Ln.Area Drainage Master Plan	-5,636.80	12,995.67
Check	05/02/2018	9078	JE Fuller Hydrology & Geomorphology, Inc.	Inv. #P2921.01-1, Dayton Vly..Area Drainage Master Plan	-18,206.00	-5,210.33
Check	05/03/2018	9079	Edwin James	Reimb.for River Rally rafting refreshments	-197.96	-5,408.29
Check	05/03/2018	9080	Division of Water Resources	2018 State Water Right Surveyor renewal-Edwin James	-20.00	-5,428.29
Check	05/03/2018	9081	Carson City	Reimb. for 4/13-26/18 payroll #9	-20,841.34	-26,269.63
Check	05/09/2018	9082	Amador Stage Lines	5/1/18 River Rally tour bus, inv. #77188	-78.65	-26,348.28
Check	05/09/2018	9083	Charter Communications	Acct. #8354 11 001 0917880, 4513-6/12/18	-299.94	-26,648.22
Check	05/09/2018	9084	Konica Minolta Business Solutions USA Inc	VOID: Acct. #3091, inv. #251563039(misprint)		-26,648.22
Check	05/09/2018	9085	Konica Minolta Business Solutions USA Inc	Acct. #3091, inv. #251563039	-146.47	-26,794.69
Check	05/09/2018	9086	Lynn Zonge	Inv. #1, 3 raft rentals-River Rally	-375.00	-27,169.69
Check	05/09/2018	9087	The Nature Conservancy	Donation for River Rally tour	-150.00	-27,319.69
Check	05/09/2018	9088	Dayton Valley Conservation District	Inv. #DVCD-3, 1/1-3/31/18 river restoration projects	-8,976.75	-36,296.44
Check	05/09/2018	9089	Dayton Valley Conservation District	Inv. #DVCD-1, 1/1-3/31/18 flood damage assistance	-403.83	-36,700.27
Gener...	05/09/2018			1/1-3/31/18 DVCD flood repair assistance	403.83	-36,296.44
Deposit	05/16/2018			Deposit	12,894.50	-23,401.94
Check	05/17/2018	9090	Carson City	Reimb. for 4/27-5/10/18 payroll #10	-20,060.05	-43,461.99
Check	05/17/2018	9091	Edwin James	Reimb. for 5/15 NWRA & 5/16 Bd.dinner salad	-77.08	-43,539.07
Check	05/18/2018	9092	Brenda Hunt	Reimb. 4/29/18 River Rally expenses	-184.26	-43,723.33
Check	05/18/2018	9093	NEON Agency	Inv. #1362, Mar-Apr. WS Lit. Campaign design	-3,600.00	-47,323.33
Check	05/18/2018	9094	American Water Works Assn.	D.Neddenriep-6/1/18-5/31/19 membership renewal	-105.00	-47,428.33
Check	05/23/2018	9095	Edwin James	Reimb. for 5/23/18 breakfast mtg.w/CVCD	-66.28	-47,494.61
Check	05/23/2018	9096	David Griffith	Aug. 2017-May 2018, Director Fees	-800.00	-48,294.61
Check	05/23/2018	9097	Donald Jardine	Aug. 2017-May 2018, Director Fees	-880.00	-49,174.61
Check	05/23/2018	9098	Michael Baker International, Inc.	Inv. #1013796, Proj. #161465, Discovery through 4/29/18	-2,604.00	-51,778.61
Check	05/23/2018	9099	Office Depot Business Credit	May 2018, acct. #6011 5656 1002 0915	-164.56	-51,943.17
Check	05/24/2018	9100	Nevada Appeal	Acct #1060827, ad #239490-01	-88.44	-52,031.61
Deposit	05/29/2018			Deposit	48,750.65	-3,280.96
Deposit	05/29/2018			Deposit	10,385.98	7,105.02
Deposit	05/30/2018			Deposit	4,960.91	12,065.93
Check	05/30/2018	9101	McAvoy Layne	Mark Twain in CR Watershed video	-100.00	11,965.93
Check	05/31/2018	9102	cash	May 2018 petty cash reimb.	-54.09	11,911.84
Total 1010-00 · Cash in Checking - B of A					11,911.84	11,911.84
1011-00 · Petty Cash						
Gener...	05/31/2018			May petty cash reimb.	-54.09	-54.09
Check	05/31/2018	9102	cash	May 2018 petty cash reimb.	54.09	
Total 1011-00 · Petty Cash						
1014-00 · Local Gov't Inv. Pool-Regular						
Deposit	05/01/2018			Interest	1,231.52	1,231.52
Total 1014-00 · Local Gov't Inv. Pool-Regular					1,231.52	1,231.52
3307-00 · CC Payroll Due						
Check	05/03/2018	9081	Carson City	Reimb. for 4/13-26/18 payroll #9	20,841.34	20,841.34
Gener...	05/04/2018			5/4 SF,BH,EJ,TL,DN: Apr.-KA,CE,KG,WP,CR,FS,ST	-20,841.34	
Check	05/17/2018	9090	Carson City	Reimb. for 4/27-5/10/18 payroll #10	20,060.05	20,060.05
Gener...	05/18/2018			5/18 SF,BH,EJ,TL,DN	-20,060.05	
Total 3307-00 · CC Payroll Due						
5011-00 · Douglas County Ad Valorem						
Deposit	05/29/2018	677005	Douglas County	Apr. 2018	-9,794.04	-9,794.04
Total 5011-00 · Douglas County Ad Valorem					-9,794.04	-9,794.04
5012-00 · Carson City Ad Valorem						
Deposit	05/02/2018	377105	Carson City	Mar. 2018	-24,133.80	-24,133.80
Deposit	05/29/2018	378002	Carson City	Apr. 2018	-38,956.61	-63,090.41
Total 5012-00 · Carson City Ad Valorem					-63,090.41	-63,090.41
5031-00 · Interest Income-LGIP Reg.						
Deposit	05/01/2018			Interest	-1,231.52	-1,231.52
Total 5031-00 · Interest Income-LGIP Reg.					-1,231.52	-1,231.52
5050-00 · Watershed Coordinator						
5050-12 · NDEP-WS Coordinator 2018						
Deposit	05/16/2018	9249...	NV Bur. of Water Quality Protection	Inv. #2	-12,894.50	-12,894.50
Total 5050-12 · NDEP-WS Coordinator 2018					-12,894.50	-12,894.50
Total 5050-00 · Watershed Coordinator					-12,894.50	-12,894.50
5060-00 · Misc. Income						
Deposit	05/02/2018	10882	Toni Leffler	reimb.for mistaken 3/20 PayPal charge	-25.00	-25.00
Total 5060-00 · Misc. Income					-25.00	-25.00
5063-00 · Environmental Education Program						
5063-05 · NDEP-Env.Ed.Coord. 2017-18						
Deposit	05/29/2018	9255...	NV Bur. of Corrective Actions	Inv. #3-17-020, Jan.-Mar. 2018	-10,385.98	-10,385.98
Total 5063-05 · NDEP-Env.Ed.Coord. 2017-18					-10,385.98	-10,385.98
Total 5063-00 · Environmental Education Program					-10,385.98	-10,385.98
5099-00 · NDEP-WS Lit.Implement.-Phase 3						

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Accrual Basis

CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND **Transaction Detail by Account**

May 2018

Type	Date	Num	Name	Memo	Amount	Balance
Deposit	05/30/2018	9255...	NV Div. of Environmental Protection	Inv. #4 17021 18, Jan.-Mar. 2018	-4,960.91	-4,960.91
Total 5099-00 · NDEP-WS Lit.Implement.-Phase 3					-4,960.91	-4,960.91
7015-00 · Salaries & Wages						
Gener...	05/04/2018		5/4 S.Fryer		2,588.80	2,588.80
Gener...	05/04/2018		5/4 B.Hunt		2,950.09	5,538.89
Gener...	05/04/2018		5/4 E.James		4,976.80	10,515.69
Gener...	05/04/2018		5/4 T.Leffler		2,349.62	12,865.31
Gener...	05/04/2018		5/4 D.Neddenriep		1,968.25	14,833.56
Gener...	05/18/2018		5/18 S.Fryer		2,475.21	17,308.77
Gener...	05/18/2018		5/18 B.Hunt		2,879.86	20,188.63
Gener...	05/18/2018		5/18 E.James		4,976.80	25,165.43
Gener...	05/18/2018		5/18 T.Leffler		2,349.60	27,515.03
Gener...	05/18/2018		5/18 D.Neddenriep		1,968.24	29,483.27
Total 7015-00 · Salaries & Wages					29,483.27	29,483.27
7020-00 · Employee Benefits						
Gener...	05/04/2018		5/4 S.Fryer		383.47	383.47
Gener...	05/04/2018		5/4 B.Hunt		860.66	1,244.13
Gener...	05/04/2018		5/4 E.James		1,862.81	3,106.94
Gener...	05/04/2018		5/4 T.Leffler		1,080.96	4,187.90
Gener...	05/04/2018		5/4 D.Neddenriep		968.55	5,156.45
Gener...	05/18/2018		5/18 S.Fryer		365.35	5,521.80
Gener...	05/18/2018		5/18 B.Hunt		849.46	6,371.26
Gener...	05/18/2018		5/18 E.James		1,862.81	8,234.07
Gener...	05/18/2018		5/18 T.Leffler		1,080.96	9,315.03
Gener...	05/18/2018		5/18 D.Neddenriep		968.55	10,283.58
Total 7020-00 · Employee Benefits					10,283.58	10,283.58
7101-00 · Director's Fees						
7101-01 · Director Benefits						
Gener...	05/04/2018		Apr.- K.Abowd		1.16	1.16
Gener...	05/04/2018		Apr.- C.Erquiaga		1.16	2.32
Gener...	05/04/2018		Apr.- K.Gray		1.16	3.48
Gener...	05/04/2018		Apr.- W.Penzel		1.16	4.64
Gener...	05/04/2018		Apr.- C.Roberts		1.16	5.80
Gener...	05/04/2018		Apr.- F.Stodieck		1.16	6.96
Gener...	05/04/2018		Apr.- S.Thaler		1.16	8.12
Total 7101-01 · Director Benefits					8.12	8.12
7101-02 · Director's Fees-Alpine Co.						
Check	05/23/2018	9096	David Griffith	Aug. 2017-May 2018, Director Fees	800.00	800.00
Check	05/23/2018	9097	Donald Jardine	Aug. 2017-May 2018, Director Fees	880.00	1,680.00
Total 7101-02 · Director's Fees-Alpine Co.					1,680.00	1,680.00
7101-00 · Director's Fees - Other						
Gener...	05/04/2018		Apr.- K.Abowd		80.00	80.00
Gener...	05/04/2018		Apr.- C.Erquiaga		80.00	160.00
Gener...	05/04/2018		Apr.- K.Gray		80.00	240.00
Gener...	05/04/2018		Apr.- W.Penzel		80.00	320.00
Gener...	05/04/2018		Apr.- C.Roberts		80.00	400.00
Gener...	05/04/2018		Apr.- F.Stodieck		80.00	480.00
Gener...	05/04/2018		Apr.- S.Thaler		80.00	560.00
Total 7101-00 · Director's Fees - Other					560.00	560.00
Total 7101-00 · Director's Fees					2,248.12	2,248.12
7103-00 · Office Supplies						
Check	05/09/2018	9084	Konica Minolta Business Solutions USA Inc	4/1-30/18 copies		
Check	05/09/2018	9085	Konica Minolta Business Solutions USA Inc	4/1-30/18 copies	146.47	146.47
Check	05/23/2018	9099	Office Depot Business Credit	May office supplies	152.32	298.79
Gener...	05/31/2018			May petty cash reimb.	2.09	300.88
Gener...	05/31/2018			May copies reimb. from grants	-229.35	71.53
Total 7103-00 · Office Supplies					71.53	71.53
7104-00 · Postage						
Gener...	05/31/2018			May petty cash reimb.	14.45	14.45
Total 7104-00 · Postage					14.45	14.45
7105-00 · Rent						
Check	05/02/2018	9075	Euronev, Ltd.	May 2018 rent-777 E. William St., #102, #103, #110 & #110A	2,157.00	2,157.00
Total 7105-00 · Rent					2,157.00	2,157.00
7106-00 · Telephone/Internet						
Check	05/09/2018	9083	Charter Communications	May 2018 internet & phones	299.94	299.94
Total 7106-00 · Telephone/Internet					299.94	299.94
7107-00 · Travel-transport/meals/lodging						
7107-01 · Car Allowance						
Gener...	05/04/2018		5/4 E.James		283.21	283.21
Gener...	05/18/2018		5/18 E.James		283.21	566.42
Total 7107-01 · Car Allowance					566.42	566.42
7107-00 · Travel-transport/meals/lodging - Other						

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CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND

Transaction Detail by Account

Accrual Basis

May 2018

Type	Date	Num	Name	Memo	Amount	Balance
Check	05/17/2018	9091	Edwin James	Reimb. for 5/15 NWRA Bd.mtg.-Elko	66.11	66.11
Check	05/17/2018	9091	Edwin James	Reimb. for 5/16 CWSD Bd.dinner salad	10.97	77.08
Check	05/23/2018	9095	Edwin James	Reimb. for 5/23/18 breakfast mtg.w/CVCD	66.28	143.36
Total 7107-00 · Travel-transport/meals/lodging - Other					143.36	143.36
Total 7107-00 · Travel-transport/meals/lodging					709.78	709.78
7108-00 · Dues & Publications						
Check	05/03/2018	9080	Division of Water Resources	E.James-2018 State WR Surveyor renewal	20.00	20.00
Check	05/18/2018	9094	American Water Works Assn.	D.Neddenriep-6/1/18-5/31/19 membership renewal	105.00	125.00
Check	05/24/2018	9100	Nevada Appeal	FY 2018-19 Tentative Budget Hearing Notice	88.44	213.44
Total 7108-00 · Dues & Publications					213.44	213.44
7116-00 · Legal						
Check	05/02/2018	9076	Law Office of George N. Benesch	Apr. 2018 legal services	3,369.33	3,369.33
Total 7116-00 · Legal					3,369.33	3,369.33
7120-00 · Integrated Watershed Programs						
7120-31 · NDEP-WS Program Exp. 2018						
7120-32 · WS Program 2018-Match						
Check	05/09/2018	9082	Amador Stage Lines	bal. of 5/1/18 River Rally tour bus	78.65	78.65
Check	05/09/2018	9086	Lynn Zonge	3 raft rentals-River Rally	375.00	453.65
Check	05/09/2018	9087	The Nature Conservancy	Donation for River Rally tour	150.00	603.65
Gener...	05/31/2018			May petty cash reimb.	23.94	627.59
Total 7120-32 · WS Program 2018-Match					627.59	627.59
7120-31 · NDEP-WS Program Exp. 2018 - Other						
Check	05/03/2018	9079	Edwin James	Reimb.for River Rally rafting refreshments	197.96	197.96
Check	05/18/2018	9092	Brenda Hunt	Reimb. 4/29/18 River Rally expenses	184.26	382.22
Gener...	05/31/2018			May copies	32.58	414.80
Total 7120-31 · NDEP-WS Program Exp. 2018 - Other					414.80	414.80
Total 7120-31 · NDEP-WS Program Exp. 2018					1,042.39	1,042.39
Total 7120-00 · Integrated Watershed Programs					1,042.39	1,042.39
7125-00 · Environmental Ed.Coord.Exp.						
7125-03 · Env. Ed. Coord. Exp. 2017-18						
Check	05/23/2018	9099	Office Depot Business Credit	May office supplies	12.24	12.24
Gener...	05/31/2018			May copies	171.26	183.50
Total 7125-03 · Env. Ed. Coord. Exp. 2017-18					183.50	183.50
Total 7125-00 · Environmental Ed.Coord.Exp.					183.50	183.50
7337-00 · Carson River Restoration						
7337-03 · Dayton Valley Conserv						
7337-33 · DVCD--Restoration Proj. 2017-19						
Check	05/09/2018	9088	Dayton Valley Conservation District	1/1-3/31/18 river restoration projects	8,976.75	8,976.75
Total 7337-33 · DVCD--Restoration Proj. 2017-19					8,976.75	8,976.75
Total 7337-03 · Dayton Valley Conserv					8,976.75	8,976.75
Total 7337-00 · Carson River Restoration					8,976.75	8,976.75
7429-00 · NDEP-Wtrshd Lit.Implementation						
Gener...	05/31/2018			May copies	17.54	17.54
Total 7429-00 · NDEP-Wtrshd Lit.Implementation					17.54	17.54
7432-00 · FEMA MAS #7						
7432-02 · Johnson Ln.(JE Fuller)						
Check	05/02/2018	9077	JE Fuller Hydrology & Geomorphology, Inc.	4/1-30/18 services	5,636.80	5,636.80
Total 7432-02 · Johnson Ln.(JE Fuller)					5,636.80	5,636.80
7432-04 · Discovery/Flood Plan Update(MB)						
Check	05/23/2018	9098	Michael Baker International, Inc.	services through 4/29/18	2,604.00	2,604.00
Total 7432-04 · Discovery/Flood Plan Update(MB)					2,604.00	2,604.00
7432-00 · FEMA MAS #7 - Other						
Gener...	05/31/2018			May copies	3.27	3.27
Total 7432-00 · FEMA MAS #7 - Other					3.27	3.27
Total 7432-00 · FEMA MAS #7					8,244.07	8,244.07
7433-00 · NDEP-WS Lit.Impl.-Phase 3						
Check	05/18/2018	9093	NEON Agency	Mar-Apr. WS Lit. Campaign design	3,600.00	3,600.00
Check	05/30/2018	9101	McAvoy Layne	WS Lit. Campaign video	100.00	3,700.00
Gener...	05/31/2018			May copies	3.71	3,703.71
Total 7433-00 · NDEP-WS Lit.Impl.-Phase 3					3,703.71	3,703.71
7434-00 · FEMA MAS #8						
7434-01 · Dayton ADMP(JE Fuller)						
Check	05/02/2018	9078	JE Fuller Hydrology & Geomorphology, Inc.	3/1-4/30/18 services	18,206.00	18,206.00
Total 7434-01 · Dayton ADMP(JE Fuller)					18,206.00	18,206.00

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CARSON WATER SUBCONSERVANCY DISTRICT - GENERAL FUND Transaction Detail by Account

Accrual Basis

May 2018

Type	Date	Num	Name	Memo	Amount	Balance
7434-03 · Public Outreach-FAW						
Gener...	05/31/2018			May petty cash reimb.	13.61	13.61
Total 7434-03 · Public Outreach-FAW					13.61	13.61
7434-00 · FEMA MAS #8 - Other						
Gener...	05/31/2018			May copies	0.99	0.99
Total 7434-00 · FEMA MAS #8 - Other					0.99	0.99
Total 7434-00 · FEMA MAS #8					18,220.60	18,220.60
8009-00 · Trans. In-Floodplain Mgmt. Fd.						
Check	05/09/2018	9089	Dayton Valley Conservation District	1/1-3/31/18 flood damage assistance	403.83	403.83
Gener...	05/09/2018			1/1-3/31/18 DVCD flood repair assistance	-403.83	
Total 8009-00 · Trans. In-Floodplain Mgmt. Fd.						
TOTAL						

CWSD PETTY CASH TRANSACTION RECORD
May 2018

<u>Date</u>	<u>G/L No.</u>	<u>Description</u>	<u>Debits</u>	<u>Credits</u>	<u>Balance</u>
		4/30/18 cash balance			\$100.00
5/4/18	7103-00	from D.Neddenriep		\$0.10	\$100.10
	Office Supplies	copies			
5/8/18	7104-00	USPS	(\$14.45)		\$85.65
	Postage	Board packages			
5/9/18	7120-31	Smith's	(\$23.94)		\$61.71
	Watershed Coord.	River Rally (match)			
5/9/18	7103-00	from D.Neddenriep		\$0.20	\$61.91
	Office Supplies	copies			
5/9/18	7103-00	from T.Leffler		\$1.00	\$62.91
	Office Supplies	copies			
5/9/18	7103-00	Smith's	(\$3.39)		\$59.52
	Office Supplies	sugar			
5/31/18	7434-03	F.I.S.H.	(\$5.00)		\$54.52
	FEMA MAS #8-FAW	FAW props			
5/31/18	7434-03	Dollar Tree Stores	(\$8.61)		\$45.91
	FEMA MAS #8-FAW	FAW props			
5/31/18	1011-00	Balance in Petty Cash		\$54.09	\$100.00
	Petty Cash				

Date: 5-31-18 Prepared by: Toni Leffler
 Approved by: Edwin James

pd. 5-31-18
ck. #9102

Telephone
[775) 853-8210

Law Office of
GEORGE N. BENESCH
3600 Lamay Lane
Reno, NV 89511

Tax I.D. #88-0329442

Invoice submitted to:

Carson Water Subconservancy District
777 E. William, Suite 110A
Carson City, NV 89701

April 30, 2018

In Reference To: General

Invoice # 14909

	Hours	Amount
For professional services rendered	0.00	\$3,333.33
Additional Charges :		
<u>April 2018</u>		
4/18/2018 Mileage charge for trip to Carson City.		36.00
SUBTOTAL:	[36.00]
Total additional charges		\$36.00
Total amount of this bill		\$3,369.33
For Legal Services Rendered		
Previous balance		\$3,369.33
Accounts receivable transactions		
4/5/2018 Payment - thank you. Check No. 9042		(\$3,369.33)
Total payments and adjustments		(\$3,369.33)
Balance due		<u>\$3,369.33</u>

*pd. 5-2-18
ck. #9076
OK to pay
Edwin James
5-1-18*

#711600 legal

AGENDA ITEM #9

**CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS**

TO: BOARD OF DIRECTORS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #9 - For Possible Action: Approval of Interlocal Agreement #2018-8 with River Wranglers for Conserve Carson River Work Days and Vegetation Management.

DISCUSSION: The Board approved the FY 2018-19 Final Budget which included a \$26,000 grant to River Wranglers for Conserve Carson River Work Days and Vegetation Management (Account #7332-04). Attached is Interlocal Agreement #2018-8 with River Wranglers for that project.

STAFF RECOMMENDATION: Approve Interlocal Agreement #2018-8 with River Wranglers for Conserve Carson River Work Days and Vegetation Management.

INTERLOCAL CONTRACT

**Addressing Funding from Carson Water Subconservancy
to River Wranglers
to Assist with Carson River Workdays and
Carson River Vegetation Management**

THIS AGREEMENT dated this ____ day of _____, 2018, is entered into by and between RIVER WRANGLERS, a non-profit association (hereinafter "RW") and the CARSON WATER SUBCONSERVANCY DISTRICT, a political subdivision of the State of Nevada (hereinafter "CWSD").

WITNESSETH:

WHEREAS, RW is a 501(C)(3) non-profit organization; and

WHEREAS, RW has organized a program for the Carson River Workday Projects and Carson River Channel and Vegetation Maintenance, in which members of the respective communities within the district participate in river conservation and maintenance; and

WHEREAS, CWSD is a water subconservancy district created and organized under the provisions of Chapter 541 of NRS; and

WHEREAS, this Contract is entered into under the provisions of NRS 277.180 and must be ratified by appropriate official action of the governing body of each party as a condition precedent to its entry into force; and

WHEREAS, CWSD and RW each possess common objectives and responsibilities with regard to the Carson River; and

WHEREAS, RW has requested funding to perform work during fiscal year 2018-19 on the Carson River Workday Projects and Carson River Vegetation Management; and

WHEREAS, CWSD has agreed to set aside \$26,000.00 for the fiscal year beginning July 1, 2018, and to grant RW said amount in order to assist with the projects set forth in Exhibit "A."

NOW THEREFORE, in consideration of the premises and of the mutual covenants herein contained, it is mutually agreed by and between the parties as follows:

1. CONTRACT TERM:

- a CWSD hereby grants RW up to \$26,000.00 to assist with the costs to conduct Carson River Water Days and Carson River Vegetation, as described in Exhibit "A."
- b RW will submit requests for funding periodically. The request for funding shall be accompanied by a description of what the funds will be used for and shall reference this Contract.
- c CWSD commits to pay the approved amount of the request to RW within four (4) weeks of said request.
- d RW will submit Project Summary Reports (See Exhibit "B"), including before and after project pictures, project goals, etc., prior to final invoice payment or ten percent of grant funding will be withheld until reports are submitted.
- e CWSD shall have no responsibility for costs exceeding \$26,000.00.
- f This Contract shall terminate June 30, 2019, at which time RW shall have one (1) month thereafter to submit its final invoice for payment related to work performed under this Contract.
- g Notwithstanding any other provision of this Agreement, any obligation of CWSD hereunder is conditioned upon CWSD's funding resources. If for whatever reason the CWSD's funding resources are reduced or eliminated, CWSD reserves the right to terminate this Agreement immediately in writing. CWSD will reimburse RW for all costs that occurred under this Agreement up to the date the Agreement is terminated.

2. LIMITED LIABILITY AND INDEMNIFICATION:

- a. Each party shall indemnify, hold harmless and defend (not excluding the others right to participate) the other party from and against all liability, claims, actions, damages, losses, and expenses, including, but not limited to, reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of the indemnifying party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this paragraph.
- b. The indemnification obligation under this paragraph is conditioned upon receipt of written notice by the indemnifying party within thirty (30) days of the indemnified party's accrual notice of any actual or pending claim or

cause of action. The indemnifying party shall not be liable to hold harmless any attorneys' fees and costs for the indemnified party's chosen right to participate with its own legal counsel.

- c. Prior to commencing the activities that constitute the Project, RW shall deliver to CWSD a certificate issued by its insurance carrier naming CWSD as an additional insured and stating that the policy will not be modified or cancelled without 30 days' notice to CWSD.
3. RW shall provide CWSD insurance as follows:
- a. General Liability Insurance: Prior to commencement and for the duration of activities that constitute the Project that is the subject of this Contract, RW shall maintain commercial general liability (CGL) as follows:
 - i. Two Million Dollars (\$2,000,000.00) - General Aggregate.
 - ii. Two Million Dollars (\$2,000,000.00) - Products & Completed Operations Aggregate.
 - iii. One Million Dollars (\$1,000,000.00) - Each Occurrence.
 - iv. CGL insurance shall be written on ISO occurrence form CG 00 01 04 13 (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, products-completed operations, personal and advertising injury, and liability assumed under an insured contract [(including the tort liability of another assumed in a business contract)].
 - v. CWSD, its officers, employees and immune contractors shall be included as an insured under the CGL, using ISO additional insured endorsement CG 20 10 or CG 20 26, or a substitute providing equivalent coverage, including coverage under the commercial umbrella, if any.
 - vi. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to CWSD. There shall be no endorsement or modification of the CGL to make it excess over other available insurance; alternatively, if the CGL states that it is excess or pro rata, the policy shall be endorsed to be primary with respect to the additional insured.
 - vii. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability assumed under a contract.
 - viii. RW waives all rights against CWSD and its agents, officers, directors and employees for recovery of damages to the extent

these damages are covered by the commercial general liability or commercial umbrella liability insurance maintained pursuant to this Contract. Insurer shall endorse CGL policy as required to waive subrogation against CWSD with respect to any loss paid under the policy.

b. Business Automobile Liability Insurance:

- i. RW shall maintain automobile liability and, if necessary, commercial umbrella liability insurance with a limit of not less than \$1,000,000 each accident for bodily injury and property damage.
- ii. Such insurance shall cover liability arising out of owned, hired, and non-owned autos (as applicable). Coverage as required above shall be written on ISO form CA 00 01, CA 00 05, CA 00 25, or a substitute form providing equivalent liability coverage.
- iii. RW waives all rights against CWSD and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the automobile liability or other liability insurance obtained by RW pursuant this Contract.

c. Workers Compensation Insurance

- i. RW will secure and maintain Workers Compensation during the period of the contract.

4. **NOTICE:** For invoicing and notice purposes, the address of each party is as follows:

RW
Attn.: Darcy Phillips
Executive Director
P.O. Box 1612
Dayton, NV 89403
(775) 856-9268

CWSD
Attn.: Edwin James
General Manager
777 E. William St., #110
Carson City, NV 89706
(775) 887-7456

5. **ENTIRE CONTRACT AND MODIFICATION:**

- a. This Contract shall be by and between the parties hereto and shall not be assignable or transferable.

- b. Any dispute regarding this Contract shall be decided according to the laws of the State of Nevada. If any part of this Contract is declared to be unlawful, any remaining obligations shall be deemed terminated.
- c. This Contract may only be amended by consent of both parties. Any amendments must be written and executed with the same formality as this Contract.
- d. This Contract constitutes the entire understanding between the parties and there are no representations, conditions, warranties or collateral agreements (expressed or implied), statutory or otherwise, with respect to the subject of this Contract.

6. PROPER AUTHORITY:

- a. This Contract becomes effective when ratified by appropriate official action of the governing body of each party; however, the RW can submit expenses that have been incurred from July 1, 2018, forward.
- b. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract and that the parties are authorized by law to engage in cooperative action set forth herein.
- c. This Contract shall be entered into with duplicate originals, realizing that each entity, by necessity, must approve and execute the subject document at different dates, times and places.

IN WITNESS WHEREOF, the parties have executed this Contract on the day and year first written above.

DATED: _____

RIVER WRANGLERS

Dan Kaffer, Chairperson

ATTEST:

Eric Johnson, Secretary

DATED: _____

CARSON WATER
SUBCONSERVANCY DISTRICT

Karen Abowd, Chairperson

ATTEST:

Toni M. Leffler, Secretary to the Board

Exhibit "A"

River Wranglers Conserve Carson River Work Days & Vegetation Management

River Wranglers plans to continue Conserve Carson River Work Days and Vegetation Management Projects in the Carson River Watershed. As part of the grant goals, River Wranglers will attempt to allocate approximately \$6,000 per county. The \$6,000 will be used to help fund the Conserve Carson River Workdays and Vegetation Management Projects. The Conserve Carson River Workdays provides students hands-on experience doing projects on the river. The Vegetation Management Projects provide the various conservation districts opportunities to utilize local labor crews and conservation crews to cut and plant willows for workdays and restoration, rodent control, and reduce potential flood hazards in the river and tributaries. The funding also assists the conservation districts with outreach and education.

Exhibit "B"

Project Summary Form				
Project name				
Type of Project				
Map ID#	<i>Per Stewardship Plan Maps if previously mapped</i>			
Date Started				
Date Completed				
Location Details/Address				
<i>Add Project #</i>	Latitude		Longitude	
<i>Add Project #</i>	Latitude		Longitude	
<i>Add Project #</i>	Latitude		Longitude	
HUC				
Contact Person				
Primary Objective	<i>(What will the project achieve? Was the objective achieved?)</i>			
Area restored/stabilized	<i>Add linear feet of project/acreage/an applicable measurable unit/material used (rock, plants, etc.)</i>			
Estimated Load Reduction	<i>Only if applicable</i>			
Total Project Cost	\$			
Project Partners	<i>List all partners</i>			

Tracking Updates and Milestones	
Date	Activity
<i>Add data and expand table/insert rows as required</i>	<i>Add data and expand table/insert rows as required</i>

Project Photos:

Before construction:

After construction:

Title: *Example Photos (replace with specific project)*



AGENDA ITEM #10

**CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS**

TO: BOARD OF DIRECTORS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #10 - For Possible Action: Approval of Interlocal Agreement #2018-9 with Alpine Watershed Group for Upper Carson River Watershed Programs.

DISCUSSION: The Board approved the FY 2018-19 Final Budget which included a \$25,000 grant to Alpine Watershed Group for Upper Carson River Watershed Programs (Account #7600-05). Attached is Interlocal Agreement #2018-9 with Alpine Watershed Group for that project.

STAFF RECOMMENDATION: Approve Interlocal Agreement #2018-9 Interlocal Agreement #2018-9 with Alpine Watershed Group for Upper Carson River Watershed Programs.

INTERLOCAL CONTRACT

**Addressing Funding from Carson Water Subconservancy
to Alpine Watershed Group
to Assist with Upper Carson River Watershed Programs**

THIS AGREEMENT dated this ____ day of _____, 2018, is entered into by and between ALPINE WATERSHED GROUP, a non-profit association (hereinafter "AWG") and the CARSON WATER SUBCONSERVANCY DISTRICT, a political subdivision of the State of Nevada (hereinafter "CWSD").

WITNESSETH:

WHEREAS, AWG is a 501(C)(3) non-profit organization; and

WHEREAS, CWSD is a water subconservancy district created and organized under the provisions of Chapter 541 of NRS; and

WHEREAS, CWSD and AWG each possess common objectives and responsibilities with regard to the Carson River; and

WHEREAS, AWG desires to conduct several projects in the Upper Carson River watershed; and

WHEREAS, AWG has requested funding to during fiscal year 2018-19 for Upper Carson River Watershed Programs; and

WHEREAS, CWSD has agreed to set aside \$25,000.00 for the fiscal year beginning July 1, 2018, and to grant AWG said amount in order to assist with the projects set forth in Exhibit "A."

NOW THEREFORE, in consideration of the premises and of the mutual covenants herein contained, it is mutually agreed by and between the parties as follows:

1. CONTRACT TERM:

- a CWSD hereby grants AWG up to \$25,000.00 to assist with the costs to conduct Upper Carson River Watershed Programs, as described in Exhibit "A."
- b AWG will submit requests for funding periodically. The request for funding shall be accompanied by a description of what the funds will be used for and shall reference this Contract.

- c CWSD commits to pay the approved amount of the request to AWG within four (4) weeks of said request.
- d AWG will submit Project Summary Reports (see Exhibit "B"), including before and after project pictures, project goals, etc., prior to final invoice payment or ten percent of grant funding will be withheld until reports are submitted.
- e CWSD shall have no responsibility for costs exceeding \$25,000.00.
- f This Contract shall terminate June 30, 2019, at which time AWG shall have one (1) month thereafter to submit its final invoice for payment related to work performed under this Contract.
- g Notwithstanding any other provision of this Agreement, any obligation of CWSD hereunder is conditioned upon CWSD's funding resources. If for whatever reason the CWSD's funding resources are reduced or eliminated, CWSD reserves the right to terminate this Agreement immediately in writing. CWSD will reimburse AWG for all costs that occurred under this Agreement up to the date the Agreement is terminated.

2. LIMITED LIABILITY AND INDEMNIFICATION:

- a. Each party shall indemnify, hold harmless and defend (not excluding the others right to participate) the other party from and against all liability, claims, actions, damages, losses, and expenses, including, but not limited to, reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of the indemnifying party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this paragraph.
- b. The indemnification obligation under this paragraph is conditioned upon receipt of written notice by the indemnifying party within thirty (30) days of the indemnified party's accrual notice of any actual or pending claim or cause of action. The indemnifying party shall not be liable to hold harmless any attorneys' fees and costs for the indemnified party's chosen right to participate with its own legal counsel.
- c. Prior to commencing the activities that constitute the Project, AWG shall deliver to CWSD a certificate issued by its insurance carrier naming CWSD as an additional insured and stating that the policy will not be modified or cancelled without 30 days' notice to CWSD.

3. AWG shall provide CWSD insurance as follows:

- a. General Liability Insurance: Prior to commencement and for the duration of activities that constitute the Project that is the subject of this Contract, AWG shall maintain commercial general liability (CGL) as follows:
- i. Two Million Dollars (\$2,000,000.00) - General Aggregate.
 - ii. Two Million Dollars (\$2,000,000.00) - Products & Completed Operations Aggregate.
 - iii. One Million Dollars (\$1,000,000.00) - Each Occurrence.
 - iv. CGL insurance shall be written on ISO occurrence form CG 00 01 04 13 (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, products-completed operations, personal and advertising injury, and liability assumed under an insured contract [(including the tort liability of another assumed in a business contract)].
 - v. CWSD, its officers, employees and immune contractors shall be included as an insured under the CGL, using ISO additional insured endorsement CG 20 10 or CG 20 26, or a substitute providing equivalent coverage, including coverage under the commercial umbrella, if any.
 - vi. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to CWSD. There shall be no endorsement or modification of the CGL to make it excess over other available insurance; alternatively, if the CGL states that it is excess or pro rata, the policy shall be endorsed to be primary with respect to the additional insured.
 - vii. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability assumed under a contract.
 - viii. AWG waives all rights against CWSD and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the commercial general liability or commercial umbrella liability insurance maintained pursuant to this Contract. Insurer shall endorse CGL policy as required to waive subrogation against CWSD with respect to any loss paid under the policy.
- b. Business Automobile Liability Insurance:

- i. AWG shall maintain automobile liability and, if necessary, commercial umbrella liability insurance with a limit of not less than \$1,000,000 each accident for bodily injury and property damage.
 - ii. Such insurance shall cover liability arising out of owned, hired, and non-owned autos (as applicable). Coverage as required above shall be written on ISO form CA 00 01, CA 00 05, CA 00 25, or a substitute form providing equivalent liability coverage.
 - iii. AWG waives all rights against CWSD and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the automobile liability or other liability insurance obtained by AWG pursuant this Contract.
- c. Workers Compensation Insurance
 - i. AWG will secure and maintain Workers Compensation during the period of the contract.

4. NOTICE: For invoicing and notice purposes, the address of each party is as follows:

AWG
Attn.: Kimra McAfee
Executive Director
P.O. Box 296
Markleeville, CA 96120
(530) 694-2327

CWSD
Attn.: Edwin James
General Manager
777 E. William St., #110
Carson City, NV 89706
(775) 887-7456

5. ENTIRE CONTRACT AND MODIFICATION:

- a. This Contract shall be by and between the parties hereto and shall not be assignable or transferable.
- b. Any dispute regarding this Contract shall be decided according to the laws of the State of Nevada. If any part of this Contract is declared to be unlawful, any remaining obligations shall be deemed terminated.
- c. This Contract may only be amended by consent of both parties. Any amendments must be written and executed with the same formality as this Contract.
- d. This Contract constitutes the entire understanding between the parties and there are no representations, conditions, warranties or collateral

agreements (expressed or implied), statutory or otherwise, with respect to the subject of this Contract.

6. PROPER AUTHORITY:

- a. This Contract becomes effective when ratified by appropriate official action of the governing body of each party; however, the AWG can submit expenses that have been incurred from July 1, 2018, forward.
- b. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract and that the parties are authorized by law to engage in cooperative action set forth herein.
- c. This Contract shall be entered into with duplicate originals, realizing that each entity, by necessity, must approve and execute the subject document at different dates, times and places.

IN WITNESS WHEREOF, the parties have executed this Contract on the day and year first written above.

DATED: _____

DATED: _____

ALPINE WATERSHED GROUP

CARSON WATER
SUBCONSERVANCY DISTRICT

Kirma McAfee, Executive Director

Karen Abowd, Chairperson

ATTEST:

ATTEST:

Zach Wood, Secretary

Toni M. Leffler, Secretary to the Board

Exhibit "A"

Alpine Watershed Group

Specific activities for AWG's Upper Carson River watershed program include the following:

Goal #1: Access and restore the natural systems by identifying impacts to watershed systems and addressing these degradations with monitoring and restoration practices.

- Hope Valley Aquatic Habitat Restoration Planning
- Markleeville Creek Restoration
- Grover Meadow Restoration & ADA Access Project
- Markleevillage Fuels Reduction Project
- East Fork of the Carson Restoration Project
- Faith & Forestdale Project

Goal #2: Increase community awareness and participation for watershed stewardship by educating community members and visitors about the values of our natural resources.

- Annual Aspen Festival
- Watershed Education Program integrated into the Diamond Valley School's Advanced Learning Program

Goal #3: Build the capacity of the Alpine Watershed Group by partnering with natural resource agencies and community organizations and collaborating with regional land managers, local resource specialists, and diverse community organizations in order to identify watershed needs and develop a community response.

Exhibit "B"

Project Summary Form				
Project name				
Type of Project				
Map ID#	Per Stewardship Plan Maps if previously mapped			
Date Started				
Date Completed				
Location Details/Address				
Add Project #	Latitude		Longitude	
Add Project #	Latitude		Longitude	
Add Project #	Latitude		Longitude	
HUC				
Contact Person				
Primary Objective	(What will the project achieve? Was the objective achieved?)			
Area restored/stabilized	Add linear feet of project/acreage/an applicable measurable unit/material used (rock, plants, etc.)			
Estimated Load Reduction	Only if applicable			
Total Project Cost	\$			
Project Partners	List all partners			

Tracking Updates and Milestones	
Date	Activity
Add data and expand table/insert rows as required	Add data and expand table/insert rows as required

Project Photos:

Before construction:

After construction:

Title: Example Photos (replace with specific project)



AGENDA ITEM #11

CARSON RIVER WATERSHED COMMITTEE

ROLL CALL

AGENDA ITEM #12

CARSON RIVER WATERSHED COMMITTEE

PUBLIC COMMENT

AGENDA ITEM #13

**CARSON WATER SUBCONSERVANCY DISTRICT
CARSON RIVER WATERSHED COMMITTEE**

TO: COMMITTEE MEMBERS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #13 - For Possible Recommendation: Approval to submit an application for the Bureau of Reclamation WaterSMART Water Marketing Strategy Grant to develop the Carson River Watershed Water Market (Exchange/Transfer) Program.

DISCUSSION: As part of the 2017 CWSD strategic planning process, one of the top priorities of the Board was to evaluate possible storage sites throughout the watershed. Included in the 2018-19 budget is \$50,000 to hire a firm to do this analysis. In May of this year, CWSD came across a proposed grant from the Bureau of Reclamation (BOR) for a WaterSMART grant to develop a water marketing strategy. Part of the grant includes the evaluation of storage options.

Staff believes this grant is a good fit for CWSD to pursue since it will expand CWSD's study of evaluating possible storage sites to also identify what water resources would possibly be available for each storage site. Attached for your information is a copy of the first five pages of the draft grant application.

One of grant requirements is the applicant must provide at least a match of 50 percent of the total costs of the study. The match can be a combination of cash and in-kind. Below is the proposed budget for the grant:

CWSD Cash Match	\$ 50,000
CWSD In-Kind Match	\$ 53,085
Stakeholders Match	<u>\$ 2,750</u>
Subtotal	\$ 105,835
Funding from BOR	<u>\$ 95,000</u>
Total Study Cost	\$ 200,835

The other grant requirement is that CWSD needs Letters of Support from entities in the watershed. As of June 11, 2018, CWSD has received five letters of support including ones from the Nevada State Engineer and TCID.

STAFF RECOMMENDATION: Recommend that CWSD authorize staff to pursue the Bureau of Reclamation WaterSMART Water Marketing Strategy Grant.

CARSON RIVER WATERSHED WATER MARKET (EXCHANGE/TRANSFER) PROGRAM

Water Smart Grant Application; FOA # BOR-DO-18-F010; Funding Group 1



Edwin D. James, General Manager
777 E. William Street, Carson City, NV 89701
775.887.7456
edjames@cwsd.org

MAY 15, 2018

CARSON WATER SUBCONSERVANCY DISTRICT
777 E. William Street, Suite 110A, Carson City, NV 89701

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5.0 Environmental and Cultural Resources Compliance.....	Error! Bookmark not defined.
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7.0 Project Budget	Error! Bookmark not defined.
Funding Plan and Letters of Commitment.....	Error! Bookmark not defined.
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Please see attached letters of support from:	Error! Bookmark not defined.
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1.0 Executive Summary

In the Carson River Watershed (Watershed), all the water is allocated which means any new water demand must get its water from an existing user. Enhancing water reliability for the entire Watershed is critical to address and reduce potential conflict between agricultural, municipal and industrial, and environmental users; and conflict between upstream and downstream users. The Carson River Watershed has limited upstream storage, therefore, maintaining a consistent water supply which meets all the demands of diverse users has always been a challenge. In addition, all of the groundwater basins are over-allocated and some basins are facing possible pumping curtailment by the Nevada Division of Water Resources. Users downstream of Lahontan Reservoir (Newlands Project) are concerned with increased groundwater pumping in the upper and middle portions of the watershed which may potentially reduce flows into Lahontan Reservoir. Exacerbating this concern is the change in runoff patterns; current streamflow data shows that the spring runoff has been coming earlier in the spring and there is less flow in the summer time. Recent work done by the USGS shows that this trend will continue in the future. This earlier runoff will impact agricultural users and municipalities who will need surface water to meet future demands and the environmental uses of the river. By developing a water marketing plan for the Carson River Watershed, Carson Water Subconservancy District (CWSD) will address the instability of the water supply; legal and physical constraints; and identify and rank possible storage locations in the system. Developing this water market (exchange/transfer) program will address and reduce potential conflict between agricultural, municipal and industrial, and environmental users by enhancing water reliability for the entire Watershed.

Development of the Carson River Water Marketing Strategy will take two years to complete. The tentative project schedule would begin October 1, 2018 and conclude September 30, 2020.

The Water Market (Exchange/Transfer) Program will evaluate water opportunities from the headwater to the terminus, which includes the Newlands Project, the first U.S. Bureau of Reclamation (USBR) project in the United States. The Newlands Project provides water to farmlands in Churchill and Lyon Counties utilizing Lahontan Reservoir. This storage facility is located two-thirds down the river and is the largest surface water storage on the Carson River. Water demands in the Newlands Project often exceed the available supplies coming from the Carson River. To augment the water needs of the Newlands Project water is diverted from the Truckee River through the Truckee Canal. This canal links the Truckee and Carson Rivers.



JUNE 20, 2018

CARSON WATER SUBCONSERVANCY DISTRICT

CARSON CITY, COUNTY OF CARSON CITY, NEVADA

2.0 Background Data

2.1 Carson River Watershed:

The Carson River Watershed (Watershed) encompasses approximately 3,965 square miles in California and Nevada. The Carson River begins as two separate tributaries, the East and West Forks, high in the Sierra Nevada in California. These forks join to form the main stem of the Carson River near Genoa, Nevada before continuing its journey to its terminus in the Carson Sink (Churchill County). The Watershed also encompasses five major groundwater basins: Carson Valley, Eagle Valley, Dayton Valley, Churchill Valley, and Carson Desert Valley (Fallon Area). All the water in the Watershed, both surface and groundwater, is fully allocated, so any new demands for water must come from existing sources.

The largest surface storage on the Carson River is located two-thirds down the river. This storage facility, known as Lahontan Reservoir, provides water to the Newlands Project. The Newlands Project was the first U.S. Bureau of Reclamation (USBR) project in the United States and provides water to farmlands in Churchill and Lyon Counties. Water demands in the Newlands Project often exceed the available supplies coming from the Carson River. To augment the water needs of the Newlands Project water is diverted from the Truckee River through the Truckee Canal. This canal links the Truckee and Carson Rivers.

Upstream of Lahontan Reservoir there is very limited surface water storage. The water supply of the Carson River is almost entirely dependent upon the winter snow pack that accumulates in the Sierra Nevada Mountains. Most of the annual runoff is concentrated in a three- or four-month period in the spring. Today, municipalities within the Watershed typically utilize groundwater to meet their water demands. However, as growth continues in the Watershed many water purveyors will need to consider developing surface water supplies. The availability and timing of the water runoff is further limited by the potential impacts of climate change. Climate change could mean agricultural users will be out of water earlier than they were historically, resulting in more groundwater pumping or less production for farmers. Those water purveyors who have to use surface water to meet their water demands will have to evaluate ways of utilizing the water resources in the spring time when water demands are low. This will involve conjunctive use and storing spring runoff for summer use. Any of those projects will require an active water marketing program to move water in the watershed.

All the surface water is allocated to the users described in following sections through a federal decree known as the Alpine Decree. The Alpine Decree allocated the East and West Forks, and main stem of the Carson River into eight autonomous segments. Transferring water rights from one segment to another segment changes the priority of a given water right. Based on this and other restrictions in the Alpine Decree, the movement of water must be done in a systematic and careful manner.

In 2013, CWSD developed the Comprehensive Regional Water System Plan (Plan). The Plan provides a foundation from which to move forward with this exchange/transfer program. CWSD

would take a regional approach to work with water purveyors to enhance water supply, leverage existing infrastructure investments, facilitate water transfers during critical shortages, and improve climate change resiliency.

2.2 Water Users: Agricultural:

Over 95% of the surface water of the Carson River is utilized by agricultural users. The average yearly flows (based on data from 1940 to 2017) on the East and West Forks are 264,062 acre-feet and 74,440 acre-feet, respectively. Once the Carson River flows into Nevada there are several small tributaries that only reach the Carson River during storm events. The exception to this is Clear Creek, which does flow year-round except during very dry years. The average yearly flow at the Carson City gage and at the Fort Churchill gage are 289,433 acre-feet and 282,258 acre-feet, respectively. Irrigation diversions account for the reduction in flows as the water moves down through the Watershed. A summary of minimum, maximum, and average flows and the period of continuous records are shown on Table 2.1 which are based on analysis of the USGS gage data.

Table 2.1 Summary of Water Flows in the Carson River

Gage	Period of Record	Maximum		Minimum		Average Flow
		Year	Amount	Year	Amount	
Gardnerville East Fork	1940-2017	2017	751,608	1977	66,280	264,062
Woodfords West Fork	1940-2017	2017	191,010	1977	18,885	74,440
Carson City	1940-2017	2017	933,728	1977	42,329	289,433
Fort Churchill ^{1/}	1940-2017	2017	917,829	1977	26,266	272,258

^{1/} The Buckland Ditch is located just upstream of the Ft. Churchill gage and diverts water around the gage which causes a skew in the Ft. Churchill gage readings depending on actual diversion at any one time.

2.3 Water Users: Municipal and Industrial:

In the Carson River Watershed, there are 13 major water purveyors who serve approximately 116,690 users (2018 Water Rate Report). Current water demand is approximately 25,390 acre-feet. The majority of this supply comes from groundwater resources.

Table 2.2 lists the 13 water purveyors and, of these, the majority support this project. However, some are skeptical about a water marketing program and are concerned about their water rights being encroached upon. CWSD staff is working with the water purveyor staff members to present the idea of an exchange/transfer program to their boards.

Table 2.2: Water Purveyor in the Carson River Watershed.

County	Water Purveyor	County	Water Purveyor
Alpine County	Markleeville Water Company	Douglas County	Indian Hills General Improvement District
Carson City County	Carson City Public Works	Douglas County	Town of Minden
Churchill County	Churchill County	Lyon County	Lyon County Utilities
Churchill County	City of Fallon	Lyon County	Silver Springs Mutual Water Company
Douglas County	Douglas County Public Works	Lyon County	Stagecoach General Improvement District
Douglas County	Gardnerville Ranchos General Improvement District	Storey County	Storey County Public Works
Douglas County	Gardnerville Water Company		

Citation: 2018 Water Rate Report

2.4 Water Users: Environmental

In the development of the Alpine Decree no water was reserved for environmental purposes. However, over the years some water has been purchased for environmental purposes. One example is the US Fish and Wildlife which manages Stillwater National Wildlife Refuge east of Fallon. They have purchased water rights to ensure the habitat for migratory birds is robust and healthy. Also, CWSD utilizes its water in Lost Lakes and Mud Lake to enhance instream flows. In addition to these environmental uses, the Carson River is becoming a hub for people who want to recreate in and around the river. Therefore, a healthy watershed environment contributes to the value of its communities.

2.5 Reclaimed Water for Municipal and Industrial Use:

In the Carson River Watershed all the reclaimed water is fully utilized. Treated effluent from the Tahoe Basin, Incline Village GID, Douglas County Sewer Improvement District, and South Tahoe Public Utility District is exported to the Carson River Watershed. The treated effluent is fully used for irrigation of agriculture fields, golf courses, parks, and green belts. Currently, there are no direct discharges to the Carson River. The use of reclaimed water and quantities produced by the various wastewater plants in the Watershed is provided in the “Reclaimed Water Use Analysis – Carson River Watershed” report developed by Walker and Associates for the CWSD, which is included in the Regional Comprehensive Water Plan, Appendix A.

2.6 Description of the Study Area

This project would develop an exchange/transfer program for the entire Carson River Watershed (Watershed), a large watershed encompassing over 3,965 square miles within portions of six counties in California and Nevada (Figure 1). Please refer to KMZ/KML file for latitude and longitude of the watershed. [DN1]From the headwaters to the terminus, the Carson River Watershed encompasses five major groundwater basins: Carson Valley, Eagle Valley, Dayton Valley, Churchill Valley, and Carson Desert Valley.

AGENDA ITEM #14

**CARSON WATER SUBCONSERVANCY DISTRICT
CARSON RIVER WATERSHED COMMITTEE**

TO: COMMITTEE MEMBERS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #14 - For Possible Recommendation: Approval of Resolution #2018-1 authorizing application to the Bureau of Reclamation for a WaterSMART Water Marketing Strategy Grant to develop the Carson River Watershed Water Market (Exchange/Transfer) Program.

DISCUSSION: One of the requirements of the Bureau of Reclamation WaterSMART Grant application is a Resolution from the Grantee approving application for the grant. Attached is CWSD Resolution #2018-1 to meet that requirement

STAFF RECOMMENDATION: Recommend that the CWSD Board approve Resolution #2018-1 authorizing application to the Bureau of Reclamation for a WaterSMART Water Marketing Strategy Grant to develop the Carson River Watershed Water Market (Exchange/Transfer) Program.

CARSON WATER SUBCONSERVANCY DISTRICT

RESOLUTION #2018-1

AUTHORIZING APPLICATION TO THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION FOR A WATERSMART WATER MARKETING STRATEGY GRANT TO FUND THE CARSON RIVER WATERSHED WATER MARKET (EXCHANGE/TRANSFER) PROGRAM

WHEREAS, the United States Department of the Interior, Bureau of Reclamation (Reclamation), as part of the WaterSMART Program, is offering cost-shared funding to support the development of Water Marketing Strategies and has issued Funding Opportunity Announcement Number BOR-DO-17-F010 (the FOA) stating the requirements and terms for receiving a WaterSMART Water Marketing Strategy Grant; and

WHEREAS, the Carson Water Subconservancy District (CWSD) was formed in 1959 to contract with local ranchers and Reclamation for the reimbursement of the construction of the Watasheamu Dam on the East Fork of the Carson River; and

WHEREAS, in 1989, after the Reclamation abandoned the Watasheamu Dam project, the Nevada Legislature charged CWSD with the responsibility of “management and development of water resources” to alleviate reductions and loss of water supply in the Carson River Watershed; and

WHEREAS, CWSD works with various counties, water purveyors, irrigation districts, and environmental agencies to evaluate water projects that enhance water supply for all users; and

WHEREAS, the WaterSMART Grant specifies that grant awards will not exceed 50% of the total project costs, with a requirement for local cost share of 50% or more; and

WHEREAS, CWSD requests a \$95,000 WaterSMART Water Marketing Strategy Grant; and

WHEREAS, on June 20, 2018, the Board of Directors of the Carson Water Subconservancy District (CWSD) voted to pursue funding from Reclamation for a WaterSMART Water Marketing Strategy Grant to analyze a regional Water Market (Exchange/Transfer) Program in the Carson River Watershed.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carson Water Subconservancy District (CWSD) that: 1) the Board of Directors has reviewed and supports the grant application for the above-mentioned grant, 2) the Board of Directors authorizes the General Manager to legally enter into an agreement with the U.S. Bureau of Reclamation for the above-mentioned grant, 3) the Board of Directors officially authorizes the CWSD to commit to financial and legal obligations associated with the receipt of a financial assistance award under this Funding Opportunity Agreement, 4) the Board of Directors proclaims the capacity to provide \$50,000 matching cash funds, \$55,835 of in-kind match from CWSD staff, and

cooperative in-kind match from various stakeholders in the watershed, and 5) the Board of Directors proclaims that CWSD will work with the U.S. Bureau of Reclamation to meet the established deadlines for entering into a grant agreement for the above-mentioned grant.

ADOPTED this 20th day of June 2018, by the following vote:

AYES: Directors _____

NOES: Directors _____

ABSENT: Directors _____

ABSTAIN: None.

Karen Abowd, Chairperson

ATTEST:

Toni M. Leffler, Secretary to the Board

APPROVED AS TO FORM AND PROCEDURE:

Patrick O. King, Esq., General Counsel

AGENDA ITEM #15

**CARSON WATER SUBCONSERVANCY DISTRICT
CARSON RIVER WATERSHED COMMITTEE**

TO: COMMITTEE MEMBERS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #15 - For Possible Recommendation: Approval to change CWSD office space from Suites #102 and #103 to Suite #111 with accompanying rent increase.

DISCUSSION: The owner of the building at 777 E. William St., Carson City, NV, where the CWSD office is located informed staff that the office space adjoining CWSD's main office suite (#110 and #110A) will become available in July of this year. The owner was wondering if CWSD would like to move from Suites #102 and #103 (across the hall) to this new office space (next door). The new office space is larger than what CWSD currently is renting and has more working and storage space. Anyone who has been to our office can see that we are tight on storage space. The owner would like CWSD to enter into a four-year agreement with an annual increase in rent of 3 percent (see attached draft agreement). In exchange, the owner has agreed to modify the new office to fit CWSD's needs and to install new carpet. The owner is also willing to install new carpet in our current office (#110 and #110A).

The increased office space will cost more than what we are currently paying. The total increase will be approximately \$9,000/yr. more than what is in the 2018-19 budget; however, the increase in the future will be less. The reason for this is that CWSD is not currently paying for the additional storage space we are using in the building, but we will be charged for this storage space starting in Fiscal Year 2019-20.

There will also be costs to move the office furniture and run the internet wiring. Staff is estimating this cost to be approximately \$1,500. If approved by the Board, costs associated with the increased rent and the move will come out of the Outside Professional Services account (#7114-00).

STAFF RECOMMENDATION: Recommend that the CWSD Board approve CWSD moving some of its offices from Suites #102 and #103 to Suite #111 at 777 E. William St., Carson City, NV.

STANDARD MULTI-TENANT OFFICE LEASE - GROSS
AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Lease ("Lease"), dated for reference purposes only June 15, 2018, is made by and between Euronev Ltd. ("Lessor") and Carson Water Subconservancy District ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2 (a) Premises: That certain portion of the Project (as defined below), known as Suite Number (s) # 110, 110A consisting of approximately 858 rentable sq. ft. and # 111 consisting of approximately 1,055 rentable sq.ft. The TOTAL for both Suites is 1,913 rentable square feet ("Premises"). The Premises are located at: 777 E. William Street in the City of Carson City, State of Nevada, with zip code 89701. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." The Project consists of approximately 12,807 rentable square feet. (See also Paragraph 2)

1.2(b) Parking: Unreserved parking spaces available on first come basis. (See Paragraph 2.6)

1.3 Term: Four (4) years and 0 months ("Original Term") commencing July 1, 2018 ("Commencement Date") and ending June 30, 2022 ("Expiration Date"). (See also Paragraph 3)

1.4 Early Possession: ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: \$2,965.00 per month ("Base Rent"), payable on the 1st day of each month commencing July 1, 2018. The Base Rent increases at the rate of 3 % per year commencing 12 months from the Commencement Date. (See also Paragraph 4)

The rent shall be computed as follows:

7/1/18 - 6/30/19	7/1/19 - 6/30/20	7/1/20 - 6/30/21	7/1/21 - 6/30/22
\$2,965.00	\$3,054.00	\$3,146.00	\$3,240.00

X If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted.

1.6 Lessee's Share of Operating Expense Increase: one percent (12.8%) ("Lessee's Share"). Lessee's Share has been calculated by dividing the approximate rentable square footage of the Premises by the total approximate square footage of the rentable space contained in the Project and shall not be subject to revision except in connection with an actual change in the size of the Premises or a change in the space available for lease in the Project.

1.7 Base Rent and Other Monies Paid Upon Execution:

(a) Base Rent: \$2,965.00

(b) Security Deposit: \$1,072.50 from previous lease. ("Security Deposit"). (See also Paragraph 5)

(c) Parking: \$ -0- for the period .

(d) Other: \$ 0 for .

(e) Total Due Upon Execution of this Lease: --0

1.8 Agreed Use: General office . (See also Paragraph 6)

1.9 Base Year; Insuring Party. The Base Year is the calendar year prior to the year in which the Commencement Date occurs. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

1.10 Omitted

1.11 Guarantor. The obligations of the Lessee under this Lease shall be guaranteed by

("Guarantor"). (See also Paragraph 37)

1.12 Business Hours for the Building: 8 am. to 6 p.m., Monday through Friday (except Building Holidays) . "Building Holidays" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and other bank holidays.

1.13 Lessor Supplied Services. Notwithstanding the provisions of Paragraph 11.1, Lessor is obligated to provide the following:

Janitorial services

Electricity

Other (specify):

1.14 Attachments. Attached hereto are the following, all of which constitute a part of this Lease: an Addendum consisting of Paragraphs _____ through _____

a current set of the Rules and Regulations;

a floor plan of suites #110,110A and 111

2. Premises.

2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of size set forth in this Lease, or that may have been used in calculating Rent, is an approximation which the Parties agree is reasonable and any payments based thereon are not subject to revision whether or not the actual size is more or less. **Note: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 Condition. Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date.

2.3 Compliance. Lessor warrants that the improvements comprising the Premises and the Common Areas comply with the building codes that were in effect at the time that each such improvement, or portion thereof, was constructed, and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances ("**Applicable Requirements**") in effect on the Start Date. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 50), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor and Lessee shall allocate the cost of such Capital Expenditure as follows: Lessor shall advance the funds necessary for such Capital Expenditure but Lessee shall be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying Lessee's share of the cost of such Capital Expenditure (the percentage specified in Paragraph 1.6 by a fraction, the numerator of which is one, and the denominator of which is 144 (i.e. 1/144th of the cost per month)). Lessee shall pay interest on the unamortized balance of Lessee's share at a rate that is commercially reasonable in the judgment of Lessor's accountants. Lessee may, however, prepay its obligation at any time. Provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall be fully responsible for the cost thereof, and Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgments.** Lessee acknowledges that: (a) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (b) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.

2.7 **Common Areas - Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor, from time to time, for the general non-exclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessee shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of Lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early possession. Any other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall, however, be in effect during such period. Any such early possession shall not affect the Expiration Date.

3.3 **Delay In Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent.**

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

4.2 **Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "**Operating Expense Increase**", in accordance with the following provisions:

(a) "**Base Year**" is as specified in Paragraph 1.9.

(b) "**Comparison Year**" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve 12 months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) "**Operating Expenses**" include all costs incurred by Lessor relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, including, but not limited to, the following:

(i) The operation, repair, and maintenance in neat, clean, sale, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, lessees or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(ii) Trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;

(iii) Any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;

(viii) The cost of any Capital Expenditure to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such Capital Expenditure over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) Replacement of equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase shall be payable by Lessee within 10 days after a reasonably detailed

life for accounting purposes of 5 years or more unless it is of the type described in paragraph 4.2(c) (viii), in which case their cost shall be included as above provided.

(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

4.3 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Operating Expense Increase, and any remaining amount to any other outstanding charges or costs.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof, the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor, deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 14 days after the expiration or termination of this Lease, if Lessor elects to apply the Security Deposit only to unpaid Rent, and otherwise within 30 days after the Premises have been vacated pursuant to Paragraph 7.4(c) below, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. Use.

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after

such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "**Hazardous Substance**" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination.

7. **Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations.** Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to causes beyond normal wear and tear. Lessee shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any improvements with the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder.

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed \$2000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations

and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all on any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date on any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Project) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 Insurance Premiums. The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage on deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$2,000,000 procured under Paragraph 8.2(b).

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount

not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000, an "Additional Insured-Managers on Lessors of Premises Endorsement" and contain the "Amendment of the Pollution Exclusion Endorsement" for damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. All insurance carried by Lessee shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee under Paragraph 8.4. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss on damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$1,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property; Business Interruption Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations. Lessee shall provide Lessor with written evidence that such insurance is in force.

(b) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least B+, V, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining

term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss or damage to its property arising out of incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 Exemption of Lessor from Liability. Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, on any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant of Lessor nor from the failure of Lessor to enforce the provisions of any other lease in the Project. Notwithstanding Lessor's negligence or breach of this Lease, Lessor shall under no circumstances be liable for injury to Lessee's business or for any loss of income or profit therefrom.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises which requires repair, remediation, or restoration.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures on Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, on adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such

funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage on destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage on destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor shall be obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 Termination; Advance Payments. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

9.8 Waive Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

10. Real Property Taxes.

10.1 Definitions. As used herein, the term “**Real Property Taxes**” shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor’s right to other income therefrom, and/or Lessor’s business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. “**Real Property Taxes**” shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project or any portion thereof or a change in the improvements thereon.

10.2 Payment of Taxes. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 Additional Improvements. Operating Expenses shall not include Real Property Taxes specified in the tax assessor’s records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee’s request.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor’s work sheets or such other information as may be reasonably available. Lessor’s reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee’s said property shall be assessed with Lessor’s real property, Lessee shall pay Lessor the taxes attributable to Lessee’s property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee’s property.

11. Utilities and Services.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

11.2 Services Exclusive to Lessee. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor’s option, either Lessee’s Share or a reasonable proportion to be determined by Lessor of all changes for such jointly metered service.

11.3 Hours of Service. Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 Excess Usage by Lessee. Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee’s expense supplemental equipment and/or separate metering applicable to Lessee’s excess usage or loading.

11.5 Interruptions. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor’s reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor’s Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, “**assign or assignment**”) or sublet all or any part of Lessee’s interest in this Lease on in the Premises without Lessor’s prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs,

which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustments to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, on any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay

all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents on security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee.

(c) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 4.1 (easements), or (viii) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(d) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(e) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 on any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph (e) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(f) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(g) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of the execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. The costs and expenses of any such performance by Lessor shall be due and payable by Lessee upon receipt of invoice therefor. If any check given to Lessor by Lessee shall not be honored by the bank upon which it is drawn, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessee to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring on accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, on for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other change, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due as to scheduled payments (such as Base Rent) or within 30 days following the date on which it was due for non-scheduled payment, shall bear interest from the date when due, as to scheduled payments, on the 31st day after it was due as to non-scheduled payments. The interest ("Interest") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, on if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (on in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this lease is terminated pursuant to the provisions of this Paragraph. All alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation for which is payable therefor. In the event that this Lease is not terminated by reason of the condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Omitted**

16. **Estoppel Certificates.**

(a) Each Party (as "Responding Party") shall within 10 days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published by the American Industrial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor.** The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Except as provided in Paragraph 15, upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no

other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees) of any Broker with respect to negotiation, execution, delivery or performance by either Lessor or Lessee under this Lease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

23. **Notices.**

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 48 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.** No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. The acceptance of Rent By Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

25. **Omitted**

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease

together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of such new owner, this Lease shall automatically become a new Lease between Lessee and such new owner, upon all of the terms and conditions hereof, for the remainder of the term hereof, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations hereunder, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be netitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defects the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access, Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee. Lessor may at any time place on the Premises any ordinary "**For Sale**" signs and Lessor may during the last 6 months of the term hereof place on the Premises any ordinary "**For Lease**" signs. In addition, Lessor shall have the right to retain keys to the Premises and to unlock all doors in or upon the Premises other than to files, vaults and safes, and in the case of emergency to enter the Premises by any reasonably appropriate means, and any such entry shall not be deemed a forcible or unlawful entry or detainer of the Premises or an eviction. Lessee waives any charges for damages or injuries or interference with Lessee's property or business in connection therewith.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Lessee shall not place any sign upon the Project without Lessor's prior written consent.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the American Industrial Real Estate Association.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted an Option, as defined below, then the following provisions shall apply.

39.1 **Definition.** "Option" shall mean: (a) the right to extend the term of or renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. **Reservations.**

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on pole signs

in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay.

43. **Authority.**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each party shall, within 30 days after request, deliver to the other party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Multiple Parties.** If more than one person or entity is named herein as either Lessor or Lessee, such multiple Parties shall have joint and several responsibility to comply with the terms of this Lease.

48. **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

49. **Mediation and Arbitration of Disputes.** An Addendum requiring the Mediation and/or the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is not attached to this Lease.

50. **Americans with Disabilities Act.** In the event that as a result of Lessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: Lessor's expense ☐ Lessee's expense ☒.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: 777 E. William Street #104
Carson City, N.V. 89701

on: June 15, 2018

By LESSOR:
Euronev, Ltd.

By:

Name Printed: Madalena C. Farrow

Title: Managing Member

Address:

Telephone: (775) 450-9561

Facsimile: (775) 887-1144

on: June 15, 2018

By LESSEE:
Carson Water Subconservancy District

By:

Name Printed: Edwin D. James

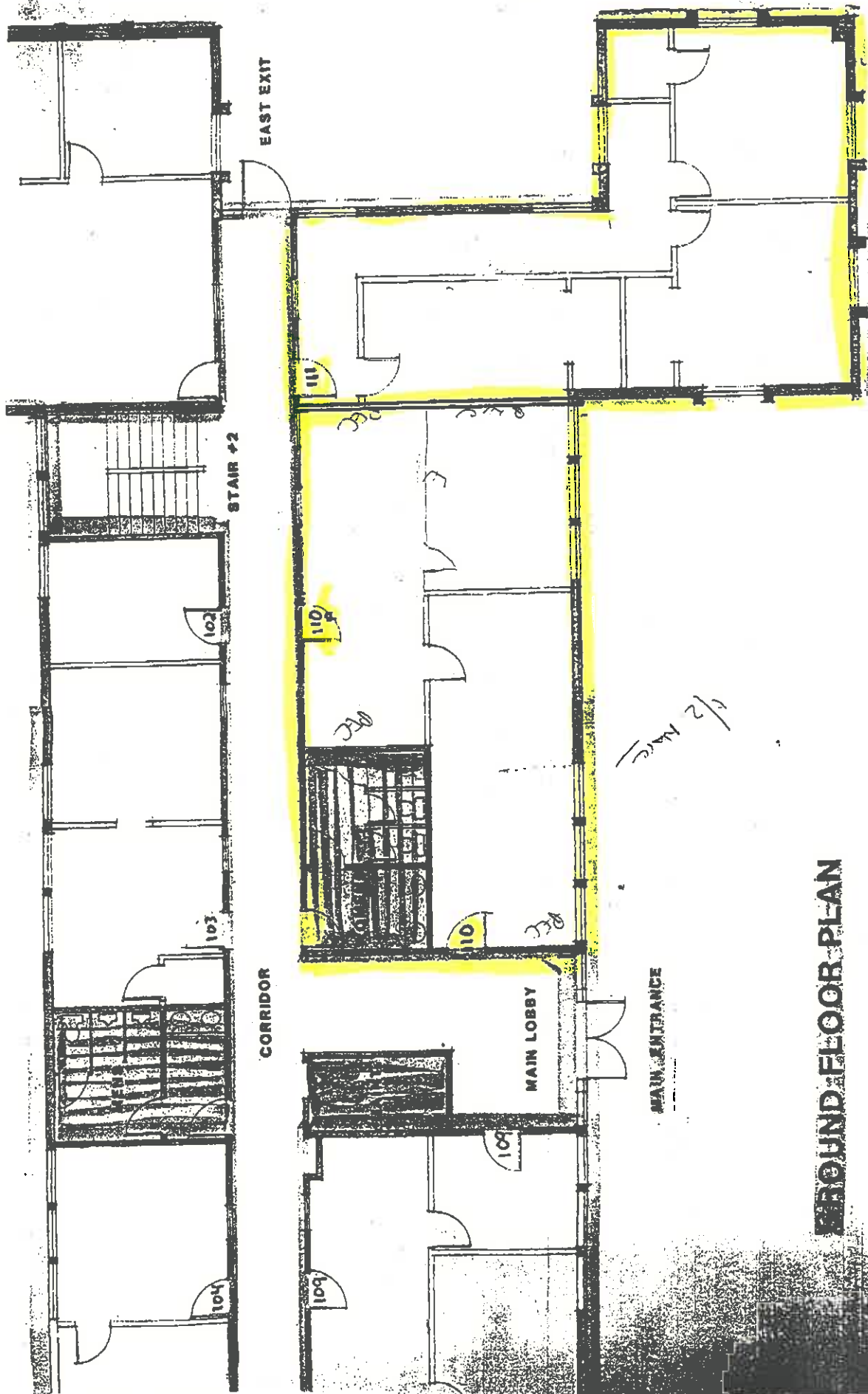
Title: General Manager

Address:

Telephone: (775) 887-7450

Cell: (775)

SECOND FLOOR PLAN



TOTAL P. 04

P = Phone
E = Elect
C = Computer

RULES AND REGULATIONS FOR STANDARD OFFICE LEASE

Dated : June 15, 2018

By and Between : Euronev, Ltd. And Water Subconservancy District without prior consent from Lessor

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety and reputation of the Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Project.
4. Lessee shall not keep animals or birds within the Project, without prior consent from Lessor. Lessee shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises or Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and Building Holidays, and on other days between the hours of 6 P.M. and 8 A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.
5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

AGENDA ITEM #16

**CARSON WATER SUBCONSERVANCY DISTRICT
CARSON RIVER WATERSHED COMMITTEE**

TO: COMMITTEE MEMBERS

FROM: EDWIN D. JAMES

DATE: June 20, 2018

SUBJECT: Agenda Item #16 – For Possible Recommendation: Approval to submit a grant application for FEMA Cooperating Technical Partners funds.

DISCUSSION: On January 23, 2018, CWSD staff met with the Carson River Watershed FEMA Charter group to begin discussing potential flood-related projects to be funded under the FEMA 2018 Cooperative Technical Partnership (CTP) Program. These funds can only be used for studies and outreach.

Based on that meeting and several follow up conversations with the various county Flood Administrators, the following is a prioritized list of potential projects to be submitted to FEMA under the CTP Program for FEMA MAS #9:

1. **Lyon County:** South Dayton Area Drainage Master Plan
2. **Carson City:** North Carson City Area Drainage Master Plan
3. **All Counties:** 2019 Flood Awareness Program
4. **Douglas County:** Restudy and Remapping of the Pinenut Flood Plan in Douglas County.

The total proposed cost for the four projects and CWSD administration is \$649,803. There is no match required for this grant; however, FEMA does want to see a leverage match. The leverage for MAS #9 will be the counties staffs' time working on the various project and some earlier work done by the counties related to these projects. CWSD staff is still calculating how much leverage will be available for MAS #9.

CWSD staff is estimating that there may be approximately \$649,803 available for this round of funding.

STAFF RECOMMENDATION: Recommend that the CWSD Board authorize staff to submit a grant application for FEMA Cooperating Technical Partners funds.

Area Drainage Master Plan for Dayton Area South of the Carson River

Background: Over the past ten years public, residential, and commercial facilities in the Dayton area have received significant damage from severe winter storms, flooding, and mudslides. In 2017, the Dayton area experienced two major flood events. Damage to public infrastructures were estimated to be over \$5 million.

Historically, the Dayton area was developed with very little consideration to potential flooding from the Pine Nut Mountain Range. Over the years growth in this area has boomed. Due to the limited planning related to flood control, the damage caused by flooding has increased with growth. Lyon County wants to evaluate what infrastructures are needed to protect the community and reduce flood losses. Lyon County also needs to know the costs to construct these facilities.

Scope: Produce an Area Drainage Master Plan (ADMP) for the area outlined in red on shown on Figure 1. The detail area is approximately 22 square miles with the total drainage area of approximately 42 square miles. The ADMP will identify drainage patterns, undersized infrastructure, as well as potential locations and sizes of detention basins, channels, and levees that would be necessary to reduce the flood risk. The ADMP would produce a preliminary cost estimate for these improvements and allow the county to budget for and prioritize flood control projects.

Leverage for this project will include LiDAR and county staff time.

Figure 1.



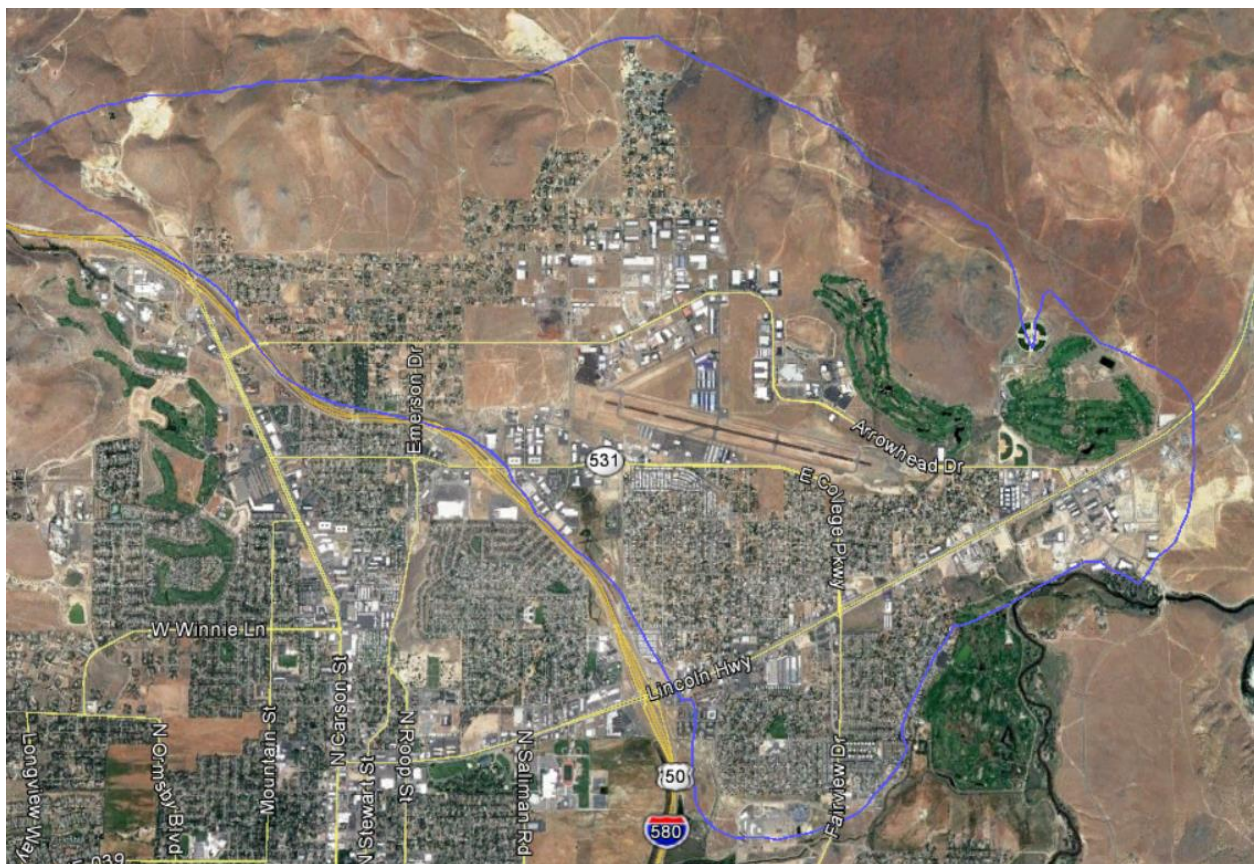
North Carson City Identification and Mitigation Project

Background: Over the past several years Carson City has remapped several of their floodplains in the north part of the City. The new floodplain maps have identified properties/structures that are located in the FEMA special flood hazard areas. Carson City is interested in reducing the number of properties/structures in the special flood hazard areas.

Scope: CWSD will hire an engineering firm to evaluate what infrastructure is needed to reduce the number of properties/structures in the special flood hazard areas. CWSD will utilize the hydrology and hydraulics developed in updating the flood hazard mapping in the northern part of Carson City. Using this information, an engineering firm will determine detention basins, channel and pipe sizes, and inlet locations, for mitigation of the SFHA. The work will also include conducting preliminary cost-to-benefit ratio analysis. Figure 1 shows the study area which is approximately 10 square miles.

Leverage for this project will include: LiDAR and Carson City staff time.

Figure 1.



Perform Community Engagement and Project Outreach

Scope: CWSD will work with floodplain administrators in the Carson River Watershed, the Nevada State Floodplain Manager, and community members to develop the Project Outreach and Communications Flood Awareness Program for 2019. This is a continuation of the Northern Nevada Flood Awareness Program that started in 2014. The implementation of this outreach is consistent with CWSD's Carson River Watershed Regional Floodplain Management Plan (2008) Suggested Action (SA-30). It is expected that community engagement will increase:

- Understanding of natural hazard risk within a community;
- Knowledge regarding the importance of avoiding those risks through floodplain protection;
- Provision of information to community residents to protect their home, property, and persons before, during, and after a flood; and
- Local support of efforts to reduce natural hazard risk within a community or watershed area.

The process will include various outreach outlets, such as billboards, radio (in both English and Spanish), and workshops during the Nevada Flood Awareness Week. The goal is to inform residents throughout Northern Nevada about how to protect themselves in case of a major flood and their role in reducing the impact of natural disasters. The outreach and workshops will be paired with presentations to county planning staffs and elected officials throughout the watershed. In 2018, a program was developed to bring flood awareness into the local elementary and middle schools throughout the watershed. The goal in 2019 is to expand the program to more schools.

The project will promote awareness of flood events in the Carson River watershed for calendar year 2019.

Restudy and Remapping the Pine Nut Wash

Background: Douglas County has been very active in restudying and remapping various floodplains throughout the Carson Valley. There are only a few places with Zone A mapping in Douglas County. Douglas County would like to restudy and remap the Pine Nut Creek area and determine base flood elevation for the area.

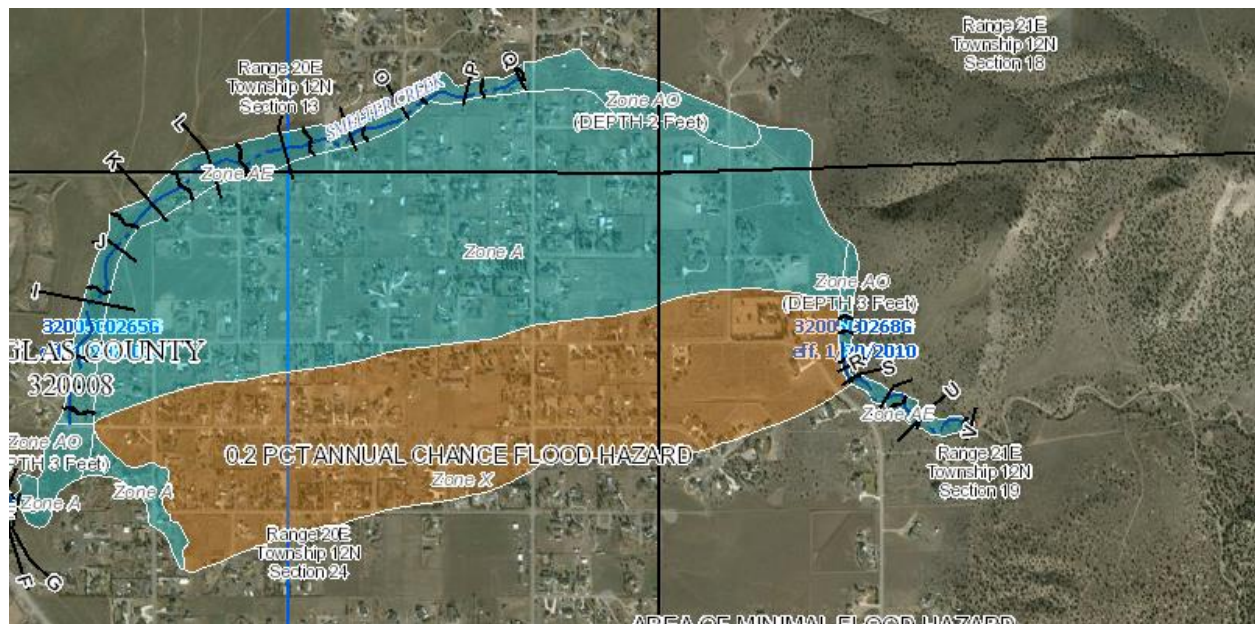
Scope: Restudy and remap the Flood Zone A portion of Pine Nut Creek in Douglas County (see attached figure). Douglas County would like to establish floodways and determine base flood elevation (BFE) to eliminate undetermined BFE in the Zone A base portion of the Pine Nut Creek area.

Project: The project would include:

- Develop Topographic Data
- Acquire Base Map
- Perform Floodplain Mapping
- Develop FIRM Database
- Produce Preliminary Map Products
- Distribute Preliminary Map Products
- Post- Preliminary Map Products

Douglas County believes they already have acceptable hydrology for the study area.

Figure 1.



AGENDA ITEM #17

CARSON RIVER WATERSHED COMMITTEE

PUBLIC COMMENT

AGENDA ITEM #18

**CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS**

TO: BOARD OF DIRECTORS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #18 – For Possible Action: Approval to submit for the Bureau of Reclamation WaterSMART Grant to develop a Water Marketing Strategy Grant to develop the Carson River Watershed Water Market (Exchange/Transfer) Program.

DISCUSSION: This topic was discussed earlier in the meeting under Agenda Item #13.

STAFF RECOMMENDATION: Pursue the recommendation of the Carson River Watershed Committee.

AGENDA ITEM #19

**CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS**

TO: BOARD OF DIRECTORS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #19 – For Possible Action: Approval of Resolution #2018-1 authorizing application to the Bureau of Reclamation for a WaterSMART Water Marketing Strategy Grant to fund the Carson River Watershed Water Market (Exchange/Transfer) Program.

DISCUSSION: This topic was addressed earlier in the meeting under Agenda Item #14.

STAFF RECOMMENDATION: Approve the recommendation of the Carson River Watershed Committee.

AGENDA ITEM #20

**CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS**

TO: BOARD OF DIRECTORS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #20 – For Possible Action: Approval to change CWSD office space from Suites #102 and #103 to Suite #111 with accompanying rent increase.

DISCUSSION: This topic was addressed earlier in the meeting under Agenda Item #15.

STAFF RECOMMENDATION: Approve the recommendation of the Carson River Watershed Committee.

AGENDA ITEM #21

**CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS**

TO: BOARD OF DIRECTORS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #21 - For Possible Action: Approval to submit a grant application for FEMA Cooperating Technical Partners fund.

DISCUSSION: This topic was discussed earlier in the meeting under Agenda Item #16.

STAFF RECOMMENDATION: Approve the recommendation of the Carson River Watershed Committee.

STAFF REPORTS

CARSON WATER SUBCONSERVANCY DISTRICT

TO: BOARD OF DIRECTORS

FROM: EDWIN D. JAMES

DATE: JUNE 20, 2018

SUBJECT: Agenda Item #22 - For Information Only: Staff report

DISCUSSION: The following is a list of meetings/activities attended by Ed James and staff since the last Board meeting on May 16, 2018:

- 5/17/18 – Brenda and Justin participated in AmeriCorps First Aid Training.
- 5/17/18 – Ed met with Mitch Blum of HDR Engineering in Reno.
- 5/17/18 – Ed met with Tim Bardsley of the National Weather Service and Jay Aldean with Truckee Meadows Flood Authority regarding flood inundation mapping.
- 5/18/18 – Shane and Justin assisted River Wranglers demonstrate the floodplain model for Ag in the Classroom at Scarcelli Elementary School in Gardnerville.
- 5/18/18 – Ed gave a presentation about CWSD to the Public Lands Committee in Hawthorne.
- 5/19/18 – Debbie helped demonstrate the floodplain model at the Douglas County Safety Day event in Gardnerville.
- 5/21/18 – Ed met with Director Penzel for his annual director's update.
- 5/21/18 – Ed, Brenda, and Shane met regarding planning the CRC 20-Year Celebration.
- 5/22/18 – Ed participated in the FY 2018-19 Tentative Budget Hearing.
- 5/22/18 – Ed participated in the Carson Truckee Water Conservancy District (CTWCD) Board meeting and FY 2018-19 Tentative Budget Hearing.
- 5/23/18 – Ed had a breakfast meeting with Patrick King and Rich Wilkinson, Mike Hayes, and James Settelmeyer of the Carson Valley Conservation District regarding river work permitting.
- 5/23/18 – Brenda and Shane met with Duane Petite of The Nature Conservancy regarding arrangements for the use of River Fork Ranch for the CRC 20-Year Celebration on June 22.
- 5/23/18 – Ed and Debbie met with Jack Jacobs of Jacobs Family Berry Farm about the WaterSMART grant.
- 5/29/18 - Ed met with Director RobertsI for his annual director's update.
- 5/30/18 – Debbie and Justin helped River Wranglers with the Flood Awareness school event.
- 5/30/18 – Ed met with Director Thaler for his annual director's update.
- 5/30/18 – Ed met with Director Bonkowski for his annual director's update.
- 5/30/18 – Ed met with Committee Member Jardine for his annual director's update.
- 5/30/18 – Brenda and Shane participated in the interview filming for Watershed Literacy 3 Campaign video project.

- 5/31/18 – Ed, Brenda, and Shane met with Birgit Henson and Mary Kay Wagner of NDEP regarding the Watershed Literacy grants.
- 6/1/18 – Ed and Brenda participated in the US Army Corps of Engineers (US ACE) permitting workshop.
- 6/1/18 – Debbie participated in the Floodplain Managers Association (FMA) conference call.
- 6/1/18 – Debbie demonstrated the floodplain model at Oodles of Noodles in Dayton.
- 6/5/18 - Ed met with Director Johnson for his annual director's update.
- 6/5/18 – Justin participated in the AmeriCorps Monthly Professional Development Training in Reno.
- 6/5/18 – Debbie helped River Wranglers demonstrate the floodplain model at Scarcelli Elementary School.
- 6/5/18 – Ed gave a presentation about CWSD to the Good Governance Group in Minden.
- 6/6/17 – Staff participated in a staff meeting regarding arrangements for the CRC 20-Year Celebration.
- 6/6/18 – Ed and Toni met with Jennifer Lewis of Bank of America regarding banking products.
- 6/6/18 – Ed met with Director Penzel, Mike Kellogg of HDR Engineering, and others regarding the Johnson Lane ADMP.
- 6/7/18 – Ed Committee Member Griffith for his annual director's update.
- 6/7/18 – Brenda participated in a Hydro Partners conference call.
- 6/7/18 – Brenda, Shane, and Justin participated in a teleconference with NEON regarding the Watershed Literacy video production.
- 6/8/18 – Ed met with Rob Holley of Dayton Valley Conservation District (DVCD) and Tom Minor regarding repair of Tom's diversion structure.
- 6/8/18 – Shane participated in the Carson City Weed Coalition meeting.
- 6/11/18 – Ed met with J.D. Frisby, the new Minden Town Manager.
- 6/11/18 – Toni participated in a training session in Minden for the new Douglas County meeting policy.
- 6/12/18 – Ed met the dam safety inspectors at Lost Lakes.
- 6/13/18 – Ed attended the Town of Minden Board meeting regarding the proposed WaterSMART grant.
- 6/14/18 – Ed met with Darcy Phillips about River Wrangler projects and grants.

Meetings/events scheduled during the balance of June:

- 6/22/18 – Staff will participate in the CRC 20-Year Celebration at River Fork Ranch.
- 6/25/18 – Brenda will participate in a meeting with Alpine Watershed Group (AWG) in Markleeville about the Hope Valley Management Plan.
- 6/26/18 – Debbie will participate in a 2018 Flood Awareness Week planning meeting.

- 6/27/18 – Staff will meet to begin planning for the 2018 Carson River Watershed “Get on the Bus” Tour on Sept. 25-26, 2018.
- 6/29/18 – Debbie will participate in a FMA conference call.

STAFF RECOMMENDATION: Receive and file.

NO CORRESPONDENCE