

ESCROW AGREEMENT FOR SECURITY DEPOSITS IN LIEU OF RETENTION

This Escrow Agreement is made and entered into this 25th day of January, 2011, by and between **COUNTY OF TULARE**, whose address is 5961 South Mooney Boulevard, Visalia, CA 93277 hereinafter called "Owner", **TEICHERT CONSTRUCTION** whose address is 3500 American River Drive, Sacramento, CA 95864; P.O. Box 15002, Sacramento, CA 95851-1002 hereinafter called "Contractor", and **BANK OF THE WEST** whose address is 500 Capitol Mall, Suite 1200, Sacramento, CA 95814 hereinafter called "Escrow Agent".

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

1. Pursuant to Section 22300 of the Public Contract Code of the State of California, Contractor has the option to deposit securities with Escrow Agent as a substitute for retention earnings required to be withheld by Owner pursuant to the Construction Contract entered into between the Owner and Contractor for **Road 80 From Avenue 328 To St. Johns River Including Bridge And Culvert Extensions** in the amount of \$7,317,768 dated **August 10, 2010** (hereinafter referred to as the "Contract"). Alternatively, on written request of Contractor, the Owner shall make payments of the retention earnings directly to the Escrow Agent. When Contractor deposits the securities as a substitute for Contract earnings, the Escrow Agent shall notify the Owner within ten (10) days of the deposit. The market value of the securities at the time of the substitution shall be at least equal to the cash amount then required to be withheld as retention under the terms of the Contract between the Owner and Contractor. Securities shall be held in the name of Escrow Agent, and shall designate the Contractor as the beneficial owner.
2. The Owner shall make progress payments to the Contractor for those funds which otherwise would be withheld from progress payments pursuant to the Contract provisions, provided that the Escrow Agent hold securities in the form and amount specified above.
3. When the Owner makes payment of retentions earned directly to the Escrow Agent, the Escrow Agent shall hold them for the benefit of the Contractor until the time that the escrow created under this contract is terminated. The Contractor may direct the investment of the payments into securities. All terms and conditions of this agreement and the rights and responsibilities of the parties shall be equally applicable and binding when the Owner pays the Escrow Agent directly.
4. Contractor shall be responsible for paying all fees for the expenses incurred by Escrow Agent in administering the escrow account and all expenses of the Owner. These expenses and payment terms shall be determined by the Owner, Contractor and Escrow Agent.
5. The interest earned on the securities or the money market accounts held in escrow and all interest earned on that interest shall be for the sole account of Contractor and shall be subject to withdrawal by Contractor at any time and from time to time without notice to the Owner.
6. Contractor shall have the right to withdraw all or any part of the principal in the escrow account only by written notice to Escrow Agent accompanied by written authorization from Owner to the Escrow Agent that Owner consents to the withdrawal of the amount sought to be withdrawn by Contractor.
7. The Owner shall have a right to draw upon the securities or any amount paid directly to Escrow Agent in the event of default by the Contractor. Upon seven (7) days written notice to the Escrow Agent from the Owner of the default, the Escrow Agent shall immediately convert the securities to cash and shall distribute the cash, including any amounts paid directly to Escrow Agent, as instructed by the Owner. Escrow Agent shall not be concerned with the validity of any notice of default given by Owner pursuant to this paragraph, and shall promptly comply with Owner's instructions to pay over said escrowed assets. Escrow Agent further agrees to not interplead the escrowed assets in response to conflicting demands and hereby waives any present or future right of interpleader.
8. Upon receipt of written notification from the Owner certifying that the Contract is final and complete, and that the Contractor has complied with all requirements and procedures applicable to the Contract, Escrow Agent shall release to Contractor all securities and interest on deposit less escrow fees and charges of the Escrow Account. The escrow shall be closed immediately upon disbursement of all moneys and securities on deposit and payments of fees and charges.
9. Escrow Agent shall rely on the written notifications from the Owner and the Contractor pursuant to Sections (5) to (8), inclusive, of this agreement and the Owner and Contractor shall hold Escrow Agent harmless from Escrow Agent's release and disbursement of the securities and interest as set forth above.

- 10. Securities eligible for investment under this Agreement, as provided by Public Contract Code § 22300, shall be those listed in Section 16430 of the Government Code, bank or savings and loan certificates of deposit, interest bearing demand deposit accounts, standby letters of credit, or any other security mutually agreed to by the Contractor and Owner.
- 11. The names of the persons who are authorized to give written notice or to receive written notice on behalf of the Owner and on behalf of Contractor in connection with the foregoing, and exemplars of their respective signatures are as follows:

On behalf of Owner:
COUNTY OF TULARE
 Chairman
 Title

 Name

 Signature
5961 South Mooney Boulevard, Visalia, CA 93277
 Address

On behalf of Contractor:
TEICHERT CONSTRUCTION
 Assistant Secretary
 Title

 Kenneth J. McCurdy
 Name

 Signature
P.O. Box 15002, Sacramento, CA 95851
 Address

On behalf of Escrow Agent:
BANK OF THE WEST
 Senior Vice President
 Title

 Steven M. Dominguez
 Name

 Signature
500 Capitol Mall, Suite 1200, Sacramento, CA 95814
 Address

On behalf of Contractor:
TEICHERT CONSTRUCTION
 Treasury Specialist
 Title

 Alan Hillier
 Name

 Signature
P.O. Box 15002, Sacramento, CA 95851
 Address

On behalf of Escrow Agent:
BANK OF THE WEST
 Assistant Vice President
 Title

 Faraz Khan
 Name

 Signature
500 Capitol Mall, Suite 1200, Sacramento, CA 95814
 Address

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

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

Owner:
COUNTY OF TULARE

 Title

 Name

 Signature
5961 South Mooney Boulevard, Visalia, CA 93277
 Address

Contractor:
TEICHERT CONSTRUCTION
 Assistant Secretary
 Title

 Kenneth J. McCurdy
 Name

 Signature
P.O. Box 15002, Sacramento, CA 95851
 Address

APPROVED AS TO FORM:
 COUNTY COUNSEL
 By Clara O. Lopez
 Deputy ZOPKTS