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September 30, 2005

Mr. Richard Watson  
U.S. Communities  
2033 N. Main St., Suite 700  
Walnut Creek, CA 94596

RE: Extension of School Furniture contract with Virco, Inc., Amendment 3

Dear Mr. Watson:

The Board of Education of the Wichita (KS) Public Schools– Unified School District 259, Lead Public Agency, has approved a recommendation to extend the contract of Virco, Inc., effective September 27, 2005 through January 31, 2007. I am pleased to advise you that this extension begins the contractual period for the first three-year renewal allowed per the contract.

This contractual renewal provides the deepest discounts Virco will offer in 2006. Virco's corporate commitment to Wichita (KS) Public Schools - USD 259 - and US Communities will ensure that this contract is the company standard. If overall costs decrease in 2006, Virco, Inc., will take all necessary actions which may include, but is not limited to, offering promotional discounts to customers that utilize this important contract.

Virco has requested that language be included in this agreement that includes the terms, conditions and procedures for full service installation. To ensure customers are getting the best value, installation pricing is based on work being performed well after the construction is complete and the building is safely turned over to a school district or governmental agency utilizing this contract.

Virco's installation charges are based on the following standard conditions:

- Complete and unobstructed access to the building. In the event of new construction, Virco will not install while construction employees or projects are underway. The building must be turned over to the school district or governmental agency. If Virco agrees to perform the installation while construction is underway, additional charges may apply. Installation while contractors are on site can cause delays; and the charge, in these cases, will be \$50.00 per man hour and will be billed to the school district or governmental agency.

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- Installation charges include the delivery, set-up and placement of furniture once. Virco will not set in place furniture multiple times so that contractors can have sequential access to particular areas of a school. If a contractor moves Virco furniture, for any reason, they will be responsible for returning it to its proper location and will assume full responsibility of any damages as a result of their actions.
- The request for multiple deliveries, due to construction delays, will result in additional freight charges. Freight charges will be added to the invoice.
- In rare cases Virco has agreed to work under “hard-hat” conditions. In these cases the additional labor charges (see above) will apply. Moreover, hard-hat conditions may also incur other charges that delay Virco’s attempt to quickly and efficiently perform jobs. These charges will have to be determined at that the job site and will vary from project to project.
- Installation projects have a project scope that includes time required (both in the number of days and hours per day) and the manpower needed. All projects use the calculation of ten hour work days, five days a week. When construction delays cause us to work more than ten hours day, five days a week; or we are forced to install the project in a fewer number of days than planned, which results in more hours per day; all overtime charges will be charged back to the school district or governmental agency.

This letter and attachments shall become a part of the contractual agreement between the Wichita (KS) Public Schools and Virco, Inc., and, as such, should be posted on the U.S. Communities website for access and viewing.

Sincerely,

Darren C. Muci

Attachments

Cc: Chris Robb, U.S. Communities  
Brian True, Director of Sales, Virco, Inc.  
Larry Wonder, Virco, Inc.  
Jane Maggett, Purchasing Agent, Wichita (KS) Public Schools  
U.S. Communities AB School Team and Associates -  
Willie Campbell, Hillsborough County PS, Florida  
Anthony Crosby, Fairfax County PS, Virginia  
Art Hanby, San Diego PS, California  
John Miller, Harford County PS, Maryland  
Hildred Pepper, Detroit PS, Michigan  
Rey Reyes, Davis County JUPS, California