

**TAKEOVER AGREEMENT BETWEEN EVEREST INSURANCE
AND
LOS ANGELES COUNTY SANITATION DISTRICT NO. 2**

I. RECITALS

- A. The parties to this Takeover Agreement are Everest Insurance (“Surety”) and the Los Angeles County Sanitation District No. 2 (“Owner” and/or “LACSD”).
- B. On or about May 13, 2020, Owner entered into a Contract 5279 (the “Contract”) with GRFCO, INC. DBA Onsite Krushing (“Principal”) for the project known as the Puente Hills Materials Recovery Facility Stormwater Conveyance To San Jose Creek Water Reclamation Plant (the “Project”).
- C. As required by the Contract, Surety issued Performance Bond ES00003920 (the “Performance and Payment Bonds”), naming Principal as Principal and Owner as Obligee, each in the amount of \$1,082,000.
- E. By letter dated July 7th, 2021 the Owner terminated Principal’s performance under the Contract due to Principal’s debarment in the State of California which was ordered by the California Department of Industrial Relations (“DIR”) on May 27, 2021. As a result of the DIR order, LACSD issued a stop work order dated June 16th, 2021 and a notice of termination for default dated July 7, 2021. As of the date of Principal’s default and termination, work remained to be performed under the Contract (“Remaining Work”).
- F. Surety has agreed to complete the Remaining Work with Bonadiman Water, Inc. (“Completion Contractor”), subject to the terms and conditions of this Agreement.
- G. By email dated July 13, 2021, Owner notified the Surety that the Completion Contractor must be licensed by the State of California and registered as a public works contractor with the DIR and the remaining work must include work and materials in accordance with the Project and Contract Drawings, and special provisions, including payment of prevailing wages for all labor and other regulations enforced by the DIR.

NOW, THEREFORE, based on the exchange of valuable consideration, the receipt and sufficiency of which is acknowledged, and based on the Recitals set forth above which form a part of this Agreement, Surety and Owner agree on August 25, 2021 ("Effective Date") to the following terms and conditions:

II. TERMS AND CONDITIONS

1. Recitals

The above Recitals and the Terms and Conditions are contractual and not merely recitals and the agreements contained herein, and consideration transferred are to satisfy rights and obligations between Owner and Surety.

2. Incorporation of the Contract

The Contract includes the Instructions for Bidders, the Contract Terms and Conditions, the Plans or Drawings, and any Special Conditions and Specifications, and all addenda and modifications to those documents issued in accordance with the Contract. The Contract also includes, and is modified by, all approved Change Orders and back charges, which the Owner represents are identified in Exhibit "A" attached hereto. The Contract and all included documents are incorporated by reference into this Agreement.

3. Remaining Work

In addition to work remaining to be performed under the Contract, Remaining Work includes each of the following: (1) patent defects, a preliminary list of which is set forth in Exhibit "B" of this Agreement, (2) any latent defects in the work performed by the Principal, and (3) such extra work as is agreed upon by LACSD and Surety, or as LACSD may otherwise require Surety to perform pursuant to the Contract, as more particularly set forth in Exhibit "C" of this Agreement. The Surety reserves the right to challenge whether it is required to perform the work set forth in Exhibit "C", and the cost and time it would be entitled to receive should the work be performed. The parties agree that the list of patent defects in Exhibit "B" is not a final list of such defects. LACSD reserves the right to add patent defects to the list if it establishes the existence of such patent defects. Conversely, the Surety does not agree that any of the items on Exhibit "B" constitute patent defects and shall have the right to have items removed from the list that it demonstrates are not patent defects.

4. The Contract Amount

The initial contract amount was \$1,082,000.00 but Bid Items No. 7 through 12 were subject to all/none/any payment terms. To date, Owner has not needed to use any of the all/none/any payment terms, except for \$23,000 under Bid Item 7, so the true initial contract amount (Bid Items 1 through 6) for this work is \$948,500. Principal has submitted payment requests totaling \$822,000 for Bid Items 1 – 6 and Owner has paid that amount less a five (5) percent retention, as discussed further below. The Owner represents that the initial Contract amount of \$948,500 (Bid Items 1 through 6) has been decreased by credit Change Orders totaling \$1,079.20 (through Change Order #2) for a current Contract amount of \$947,420.80 (the "Contract Amount"). Owner represents that: (i) each of the Change Orders is in an amount previously agreed to by Principal or otherwise calculated in accordance with the Contract; and (ii) there are presently no other pending or contemplated deductive Change Orders in favor of Owner, or other claims, of which the Owner is aware as of the date of this Agreement that Owner has against Principal related to the Contract or the Project, which might result in any decrease in, or withholding from, the amount (including retainage) remaining to be paid under the Contract, except for the following: claims related to liquidated damages; claims related to prevailing wage violations; and claims related to stop notices; and pending credit change orders 1 and 2 in the total amount of approximately \$1,079.20. Owner further represents that as of the date of this Agreement, Principal has submitted to the Owner for approval, the proposed credit Change Orders having a total value of \$1,079.20. The Contract Amount shall be decreased by the

value of the proposed credit Change Orders subsequently approved by Owner, except that the Contract Amount shall not be increased by the value of any future Change Orders necessitated by the deficient work of the Principal or Completion Contractor(s) except to the extent the Owner would otherwise be responsible for paying for such work pursuant to the terms of the Contract. The Owner agrees that the current Contract Amount (including retainage) is dedicated to and will be applied to the completion of the Contract pursuant to this Agreement.

5. Percentage of Completion and Prior Payments

Owner represents that Principal has earned the total amount of \$822,000 for Bid Items 1 – 6, through Payment Requisitions 1 and 2 (“Earned Contract Amount.”) Owner further represents that, of the Earned Contract Amount for Bid Items 1 - 6, it has paid the Principal \$780,900 through Payment Requisitions 1 and 2 under the contract. Payment Requisition No. 3-REVISED under the Contract has not yet been paid and is not acceptable to Owner. Owner represents that it is withholding \$41,110 retention for Bid Items 1 – 6 (Due to Principal).

- a. Retainage Pursuant to the Contract, Owner is withholding accrued retainage of \$42,250 under the Contract for Bid Items 1 through 13. Owner shall release this retainage to GRFCO, and any other additional retainage from future progress payments, in the manner required by the Contract, provided that Owner may use the retainage to offset any liquidated damages to be paid by Surety under Section 13 of this Agreement.
- b. Prevailing Wage Violations Owner is not withholding funds as no prevailing wage violations have been alleged.
- c. Stop Notices Owner is not withholding funds as a result of stop notices filed on the Project as no stop notices have been filed.

6. Gross Contract Balance

The Gross Contract Balance is the current Contract Amount less the Earned Contract Amount. LACSD represents that, as of the date of this Agreement, the Gross Contract Balance (Bid Items 1 – 6) is \$947,420.80 minus \$822,000.00 resulting in \$125,420.80. However, the Principal, GRFCO, Inc. submitted Payment Requisition No. 3 and the payment amount that is determined to be acceptable by LACSD will be an additional Earned Contract Amount that will reduce the Gross Contract Balance listed above and as discussed below. LACSD shall pay the Surety for completion of the Project up to a maximum amount equal to the Gross Contract Balance less the amount requested from an acceptable Payment Requisition No. 3 from the Principal (GRFCO Inc.), exclusive of the release of the Earned Contract Amount currently being withheld by LACSD. The Principal, GRFCO, Inc., has presented Payment Requisition No. 3 REVISED (Exhibit A) to LACSD in the amount of \$95,655.00 before subtracting 5% retention, of which \$64,000.00 was for Bid Items 1 – 6. If the Bid Items 1 – 6 total amount of \$64,000 were to be paid in full, then only \$61,420.80 would remain in Bid Items 1 – 6 for the work to be done by Completion Contractor. Payment Requisition No. 3 REVISED is unacceptable and LACSD will direct Principal to revise and resubmit the Payment Requisition No. 3 REVISED for Districts review and acceptance for payment. Payments of the Gross Contract Balance shall be made in the manner set forth in Section 13 of this Agreement. Surety shall be responsible for all costs of completing the Project in excess of the Gross Contract Balance.

7. Liens and Assignments Against Contract Funds

Owner represents that as of August 6, 2021, there are no stop notices, other third-party claim notices, mechanic’s liens, other third-party liens, assignments, or encumbrances against the Contract Amount that have been filed with or served upon Owner in connection with the Contract.

Owner represents that it is not aware of any other third-party claim notices, mechanic's liens, other third-party liens, assignments, or encumbrances (hereinafter "Contract Fund Creditors") against the Contract Amount in connection with the Contract. Surety shall defend (at Surety's expense, using its counsel), indemnify and hold harmless Owner from and against any and all claims of every description made by the Contract Fund Creditors or Principal arising as a consequence of payments made by Owner to Surety under this Agreement. The Surety's defense and indemnity obligations to the Owner for claims by Contract Fund Creditors and Principal shall be limited to the lesser of: (i) the total amount paid by the Owner pursuant to this Agreement (Gross Contract Amount plus Earned Contract Amount withheld by LACSD); or (ii) the penal amount of the Payment Bond.

8. Surety to Perform Remaining Work

Surety shall be responsible for completion of the Remaining Work in conformance with the terms and conditions of the Contract. Surety shall perform the Remaining Work through one or more Completion Contractors (hereinafter "Completion Contractor") which Surety shall engage. All Completion Contractors shall be subject to the qualification requirements of the Owner imposed by the Contract for those entities performing the type of work contemplated by the Contract.

9. Owner's Obligations Under the Contract

Except to the extent provided in this Agreement, Owner shall have all rights, obligations, and responsibilities under the Contract with respect to Surety, to the same extent and effect as if Surety had executed the Contract initially instead of Principal and Principal had not defaulted and been terminated.

10. Owner's Right with Respect to Changes in the Work

Owner reserves the right, to the extent appropriate under the Contract, to issue further Change Orders. The terms of these Change Orders, including attendant extensions of time and valuation of Change Order work, shall be determined as provided in the Contract. Surety reserves the right to refuse to perform any extra or additional work if such work constitutes alone, or in the aggregate with all prior Change Order work, a cardinal change under the Contract. Further, in the event the Owner seeks the performance of additional work which is not subject to valuation by application of the unit and/or lump sum prices set forth in the Contract, it shall negotiate the appropriate value for such work with the Surety. Change Orders requested by Owner shall add to the Contract Amount as set forth in Section 4 of this Agreement.

11. Schedule for Completion of Remaining Work New Completion Date and Liquidated Damages

a. Surety, through its Completion Contractor, will coordinate and cooperate with Owner in formulating a schedule for the completion of the Remaining Work. Surety acknowledges that time is of the essence in completing the Remaining Work.

b. As part of a negotiated settlement, the parties agree as follows with regard to a new Completion Date:

- 1) This Agreement must be approved by the Board of Commissioners of the LACSD at their regularly scheduled meeting of August 25, 2021. The start of work is also contingent upon the site being made available to the Completion Contractor. In consideration of the Surety's promise in Section 11.B.2, LACSD agrees to extend the Completion Date to 15 working days from the date this Agreement is executed, expected to be approximately August 25, 2021, or to 15 working days from the date

that the LACSD makes the site available to the Completion Contractor, whichever is later, from the current date of April 2, 2020, and expressly waives any rights to liquidated damages through the Completion Date as defined in this Part 11.B.1.

- 2) In consideration of LACSD's promise in Section 11.B.1, the Surety agrees that neither it nor the Principal are entitled to any damages for delay, extended overhead, acceleration, discontinuity, disruption, overtime, rescheduling, interference or change in the sequence of work arising out of any work covered by Contract Change Order Nos. 1 and 2 and expressly waives its rights to any such damages;
- 3) The settlement shall be subject to the following express reservations:
 - a. The Surety reserves its right to seek further extensions of the Completion Date as defined in Part 11.B.1. and other associated relief, including for excusable delays, that are appropriate under the Contract; and the Surety reserves its right to seek further extensions of the Completion Date as defined in Part 11.B.1. and both time and damages for any work covered by all change orders except as provided in paragraph 11.B.2 above; and
 - b. Completion Date as defined in Part 11.B.1., or additional damages; and LACSD reserves all rights and defenses with regard to any attempts by the Surety to seek extensions of the Completion Date as defined in Part 11.B.1.
 - c. The Surety and LACSD respectively reserve all rights and defenses with regard to liquidated damages accruing pursuant to the Contract after the Completion Date as defined in Part 11.B.1.

12. Completion Contractor

Each Completion Contractor shall be a subcontractor to the Surety, and no contractual relationship shall exist between Owner and any Completion Contractor pursuant to this Agreement. Each Completion Contractor shall provide all insurances required under the Contract, as well as furnishing separate payment and performance bonds to Owner and Surety (as dual Obligees) for the full amount of the Completion Contract.

a. Completion Contractor Control

The Owner acknowledges that, subject to the terms of the Contract, the Completion Contractor is authorized to make routine day-to-day decisions regarding the operation and manner of performing the Remaining Work, but does not have authority to: (i) agree to any changes in the Contract or Remaining Work; (ii) agree to any Change Orders; (iii) agree to any back charges or deductions of any nature; (iv) agree to any schedule changes; (v) agree to any adjustments in the Contract Amount or Remaining Work; or (vi) agree to perform warranty work of the Principal or corrective work as a result of latent defect(s) in the work performed by the Principal, without the Surety's prior express written consent which shall be delivered to Owner as a condition precedent to the Completion Contractor(s) negotiating items (i) through (vi).

b. Inspection by the Owner

The Remaining Work shall be subject to inspection and acceptance by the Owner, as provided in the Contract. If inspection by the Owner reveals work that the Principal or Completion Contractor did not perform in accordance with the Contract, the Surety shall

cause the Completion Contractor to redo such work so that it complies with the Contract. The cost of redoing any such work shall not be added to the Contract Amount or otherwise increase the Gross Contract Balance except to the extent the Owner would otherwise be responsible for paying for such work pursuant to the terms of the Contract. Surety shall be responsible for any claims, including claims for additional compensation or time, by the Completion Contractor relating to having to redo work except to the extent that the terms of the Contract make the Owner responsible for such claims.

c. Communications

The Owner shall forward concurrently to Surety (by email as well as U.S Mail), a copy of all its written communications directed to the Completion Contractor.

13. Payments to Surety/Penal Amount

The Gross Contract Balance shall be paid to Surety as it completes the Remaining Work in accordance with the terms and conditions of the Contract. Payment of the Gross Contract Balance shall be subject to the withholding by the Owner of any amounts that may be withheld pursuant to the Contract or California law, including, but not limited to, up to 125% of the amount of any stop notice claims on the Project and the approved portion of Principal's Pay Requisition 3 as described in Section 6 of this Agreement. Surety's performance obligation hereunder is expressly limited to expenditure of the penal amount of the Performance Bond. For each dollar the Surety so expends pursuant to the Performance Bond (over and above amounts paid by Owner to Surety), the Surety shall receive a corresponding dollar for dollar reduction in the penal amount of the Performance Bond. If, out of its own funds, the Surety either expends, or is committed to expend, the full penal amount of the Performance Bond for any one or more of the following: (i) for work completed under the Contract; (ii) for work in progress under the Contract; or (iii) for all damages, settlements and related defense and adjusting costs arising from claims under the Performance Bond (other than any claims of the Principal), then the Surety shall have no further obligation of any description to Owner arising out of, or in connection with, the Performance Bond, and Surety's completion of the work, at the Surety's option, will cease. The Owner will remain obligated to pay Surety all outstanding amounts due under the Contract, or this Agreement, including retention, notwithstanding the Surety ceasing work. Surety agrees to use its best efforts to notify Owner of its intention to cease work 30 calendar days before the exhaustion of the Performance Bond's Penal Amount. All payments made by Surety previously, and those made in the future, have been and will be credited against the penal amount of the Performance Bond, less any amounts paid to Surety by Owner under the Contract. As of the Effective Date, Surety represents that it has expended an amount not exceeding \$0, net of Surety's receipt of Gross Contract funds, which amount is hereby credited against the Performance Bond's penal amount. This amount was expended to support Principal's performance after its default on this project, but before termination, for payroll, materials and equipment required under the Contract. Nothing in this Agreement constitutes a waiver of such penal amount or an increase in the liability of the Surety under the Performance Bond.

14. Payment Bond and Payment Bond Claims

The Payment Bond shall remain in full force and effect in accordance with its terms and provisions. The total liability of the Surety under the Payment Bond is limited to and shall not exceed the penal amount of the Payment Bond. For each dollar the Surety expends pursuant to the Payment Bond, the Surety shall receive a corresponding dollar-for-dollar reduction in the penal amount of the

Payment Bond. In the event the Surety expends, out of its own funds, the full penal amount of the Payment Bond, Surety shall have no further obligation of any description arising out of, or in connection with the Payment Bond. All payments made by the Surety previously, and those made in the future, have been and will be credited against the penal amount of the

Payment Bond. The Surety's Payment Bond shall not apply to or cover the Completion Contractor or any of its subcontractors and suppliers for performance of the Remaining Work pursuant to this Agreement. Surety agrees to investigate all proper Payment Bond claims, but shall have the right to settle, compromise, defend, appeal, pay or dispute such claims as it, in its sole and complete discretion, may deem appropriate. Any amounts held by Owner pursuant to a stop notice on the Project shall be released upon (1) receipt by Owner of a valid, unconditional stop notice release in the form required by California law, or (2) receipt by LACSD of a valid stop notice release bond from Surety. Any amounts held by LACSD because of prevailing wage violations shall be released once the prevailing wage violations have been corrected and appropriate restitution made. Except as provided herein, in the Contract, or as otherwise required by law, in no event shall the Owner otherwise withhold any portion of the Contract amount, on account of claims, liens, suits or demands by any person or entity furnishing or alleging to have furnished labor and/or materials. The Surety shall defend, indemnify and hold harmless Owner from any loss which may arise by virtue of such claims, liens, suits and demands, subject to the penal amount of the Payment Bond, as reduced by payments made by Surety pursuant thereto. Nothing in this Agreement constitutes a waiver of such penal amount or an increase in the liability of Surety under the Payment Bond.

15. Payment Requisitions

Surety, through its Completion Contractor(s), shall submit to Owner whatever information or documentation is required regarding the work performed under the Contract, and stored materials, to conform to and support the requisition process and schedule established under the Contract. Owner recognizes that Surety shall be completing the Remaining Work through the services of one or more Completion Contractors. Accordingly, Owner shall receive the Completion Contractors' representations and certifications with respect to all aspects of the work, progress of the work, quality of the work, conformance of the work to the requirements of the Contract, payments to others, warranty and maintenance of the work, and all other matters pertinent to the Contract, wherever such representations are required by the Contract, as if those representations had been made by Surety, since Surety may have no personal knowledge of such matters. The Owner shall review, accept or reject, or take such other appropriate action with regard to Completion Contractor representations and certifications as required by the Contract.

16. Completion Contractor Claims

At the Surety's sole option, the Owner agrees that Completion Contractor may pursue any claims it may have in the future in its own name and for its own benefit directly against the Owner, to seek recovery from the Owner for all costs and damages arising out of any act, action, inaction, direction or order, constructive or otherwise, of the Owner or its agents, including but not limited to, claims for extra work, delays, accelerations or disruptions. Surety shall be responsible for all other claims of the Completion Contractor except those arising out of any act, action, inaction, direction, or order of the Owner. Notwithstanding any other provisions of this Agreement, the Surety shall not be obligated to defend, indemnify or hold harmless the Owner from any claim the Completion Contractor may have in the future against: (i) the Owner arising out of any act, action, inaction, direction or order of the Owner; (ii) the funds due now or in the future to the Surety under this

Agreement due to any act, action, inaction, direction, or order of the Owner ; or (iii) the real property upon which the Project is located.

17. No Offsets Against Payments to Surety

Except for monies withheld as retention under the Contract, as retention for prevailing wage violations, as required in response to stop notices, and as otherwise provided for in the Contract, all monies due, and to become due, pursuant to the Contract and this Agreement, including, without limitation, progress payments, payments for extra work or additional work orders, retention and final payment, for work on behalf of Surety by its Completion Contractor, shall be made to Surety unconditionally and without offset, including, but not limited to, any offset for claims: (i) made by the Principal's creditors; or (ii) made by parties claiming the monies due, or that become due, pursuant to the Contract. In addition, except as otherwise provided for in the Contract, Owner shall not withhold payments to Surety based on a prior failure of Principal to provide Owner with any certificates or representations required under the Contract, except those related to the payment of prevailing wages. Moreover, except as otherwise provided for in the Contract, Owner shall not withhold or seek offset against funds which become available for distribution to Surety upon the resolution of Stop Notices or through the issuance of Stop Notice Release Bonds. All payments shall be made directly to Surety by check payable to Surety, at the address stated in paragraph 19 of this Agreement.

18. Satisfaction of Surety's Performance Obligation

Owner's acceptance of the Remaining Work or Surety's expenditure of the Performance Bond Penal Amount, whichever comes first, shall satisfy Surety's performance obligations under the Contract, its Performance Bond, and this Agreement. Owner represents that Principal would have been required to complete all of its obligations under the Contract had Principal not been in default and that, prior to the Effective Date of this Agreement, Owner had not made any agreement with Principal that any item of work included in the Contract would not have to be performed, except to the extent provided in the approved Change Orders identified in Exhibit "A" attached hereto.

19. Notices

All notices and correspondence to Owner shall be mailed certified mail, return receipt requested, with a copy by email transmission, to:

Wayne Bamossy, Resident Engineer
Los Angeles County Sanitation Districts
1955 Workman Mill Road
Whittier, CA 90601

Email: waynebamossy@Lacsd.org

All notices and correspondence to Surety shall be mailed certified mail, return receipt requested, with a copy by email transmission to:

Anthony Manganiello, Director Surety Claims
Everest Reinsurance Co.
100 Everest Way
Warren, NJ 07059

Email: Anthony.Manganiello@everestre.com

20. No Third-Party Rights

Except as expressly provided herein regarding the Completion Contractor, nothing in this Agreement shall be deemed to create any rights in favor of, or to inure to the benefit of, any third parties, or to waive or release any defense or limitation against third party claims.

21. All Claims Referred to Surety.

Owner recognizes that Surety may be liable to unpaid suppliers and subcontractors of Principal. Owner agrees to make no representations or promises of payment to these suppliers and subcontractors and to refer all inquiries to Surety.

22. Surety's Performance Rights Confirmed

Nothing shall limit Surety's rights as a Completing Surety under the Contract and applicable law. Owner hereby recognizes those rights, including the right of equitable subrogation which affords to Surety all rights and remedies of Owner against the Principal and the Contract Amount, such as offset, and withholding, among others. The Owner further agrees to exercise its right of offset in favor of Surety, upon Surety's written request. Further, Owner also recognizes Surety's subrogation to the Principal's rights as the Surety is a performing Surety under the Contract, including the right to additional compensation or damages where allowed or appropriate under the Contract or applicable law for claims or matters arising after the Effective Date of this Agreement. The Owner expressly agrees and acknowledges: (i) that Surety is entering into this Agreement not as a contractor, but as a means of satisfying the Surety's performance bond obligations; (ii) that the Surety has provided to Owner the Completing Contractor, a licensed contractor, to finish the project; and (iii) that the Owner hereby forever releases and discharges any and all claims that the Surety is an unlicensed contractor.

23. Agreement Binding on Successors

This Agreement shall be binding upon the successors and assignees of Surety and Owner.

24. No Modification Except in Writing

This Agreement cannot be modified except in a writing signed by both Owner and Surety.

25. This Agreement Controls

In case of conflict between the provisions of this Agreement and the provisions of the Contract and/or Performance and Payment Bonds, this Agreement shall control. Further, this Agreement, the Contract and the Performance and Payment Bonds constitute the entire Agreement between Owner and Surety and, together, supersede all prior negotiations, representations, offers, other writings and oral statements of every description.

26. Construction and Application of Law

The parties stipulate that this Agreement and all agreements or documents incorporated herein shall not be subject to the rule of construction that a written agreement is construed against the party preparing or drafting that Agreement. The parties also agree that this Agreement and its performance shall be governed by and construed in accordance with the laws of California and that the venue of any action arising from this Agreement shall be the Superior Court for the County of Los Angeles.

27. Validity

Invalidity of any portion or provisions of the Contract or this Agreement by reason of the laws of any State or for any other reason shall not render any other provisions or portions of the Contract or this Agreement

28. No Waiver

The failure of either party to exercise in any respect a right provided for in this Agreement shall not be deemed to be a subsequent waiver of the same right or of any other right.

29. Reservation of Rights

Other than as expressly waived herein, the Surety and Owner fully reserve all rights and defenses against each other. The Surety and Owner have not independently verified the representations of each other in this Agreement and are relying upon their accuracy. The Surety and Owner expressly reserve the right to prove that any of the representations of the other is wrong and to seek additional compensation as appropriate.

30. Counterparts/Email

This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original with all the counterparts constituting but one and the same instrument. The execution of this Agreement by any parties hereto will not become effective until counterparts hereof have been executed by all parties. Additionally, email signature shall bind the undersigned.

WHEREFORE, the parties have executed this Agreement by their authorized representatives as of the Effective Date.

ATTEST:

COUNTY SANITATION DISTRICT NO. 2
OF LOS ANGELES COUNTY

By: _____
Secretary

By: _____
Chairperson

APPROVED AS TO FORM:

LEWIS BRISBOIS BISGAARD & SMITH LLP

By _____
District Counsel

DATED: 08/09/2021

EVEREST INSURANCE

By: Anthony Manganiello
Its Director, Surety Claims

EXHIBIT A

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL	PREVIOUS BILLINGS	THIS BILLING	TOTAL BILLINGS		
1	FOR THE CONSTRUCTION OF THE PUENTE HILLS MATERIALS RECOVERY FACILITY STORMWATER CONVEYANCE TO SAN JOSE CREEK WATER RECLAMATION PLANT COMPLETE AS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS, BUT EXCLUDING THE WORK DESCRIBED UNDER BID ITEMS 2 THROUGH 13 BELOW	1 LS	\$150,000.00	\$150,000.00	90%	\$135,000.00	\$0.00	90%	\$135,000.00
2	FOR ENGINEERING, FURNISHING, INSTALLING, AND REMOVING ALL SHEETING, SHORING, BRACING, OR EQUIVALENT METHOD PROVIDED FOR PROTECTING EXISTING STRUCTURES AND WORKER PROTECTION FOR ALL TRENCHES AND EXCAVATIONS CONFORMING TO THE APPLICABLE SAFETY ORDERS, AS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS	1 LS	\$400,000.00	\$400,000.00	90%	\$360,000.00	\$20,000.00	95%	\$380,000.00
3	FOR FURNISHING ALL LABOR, MATERIALS, AND EQUIPMENT TO CONSTRUCT APPROX. 625 LF OF 8" HDPE BETWEEN APPROX. STA. 1+02.23 AND 7+17.77 INCLUDING FITTINGS; ASSEMBLY OF PIPE; TRENCHING; EXCAVATION; TRANSPORTATION AND DISPOSAL OF SPOILS; SUPPLY, DELIVERY, AND INSTALLATION OF CRUSHED ROCK BEDDING; GEOTEXTILE MATERIAL; SUPPLY, COMPACTION, AND PLACEMENT OF BACKFILL MATERIAL; TRENCH RESTORATION INCLUDING FURNISHING AND PLACEMENT OF AC PAVEMENT; TRAFFIC CONTROL; CCTV INSPECTION; AND ALL WORK AND MATERIALS INCIDENTAL THERETO AS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS	300 LF	\$625.00	\$187,500.00	280.0	\$175,000.00	\$0.00	280.0	\$175,000.00
4	FOR FURNISHING ALL LABOR, MATERIALS AND EQUIPMENT TO CONSTRUCT APPROX. 100 LF OF 12" HDPE COMPLETE AS SHOWN IN THE CONTRACT DOCUMENTS:								
4(a)	FOR CONSTRUCTING APPROX. 10 LF OF 12" HDPE ABOVE-GROUND PIPE, INCLUDING ALL NECESSARY FITTINGS, ASSEMBLY OF PIPE, PIPE SUPPORTS, AND APPURTENANCES, AND ALL WORK AND MATERIALS INCIDENTAL THERETO	10 LF	\$3,000.00	\$30,000.00	9.0	\$27,000.00	\$3,000.00	10.0	\$30,000.00
4(b)	FOR CONSTRUCTING APPROX. 90 LF OF 12" HDPE BELOWGROUND PIPE, INCLUDING ALL NECESSARY FITTINGS; APPURTENANCES; ASSEMBLY OF PIPE; TRENCHING; EXCAVATION; TRANSPORTATION AND DISPOSAL OF SPOILS, SUPPLY, DELIVERY, AND INSTALLATION OF CRUSHED ROCK BEDDING; GEOTEXTILE MATERIAL; SUPPLY, COMPACTION, AND INSTALLATION OF BACKFILL MATERIALS; TRENCH RESTORATION INCLUDING FURNISHING AND PLACEMENT OF AC PAVEMENT; TRAFFIC CONTROL, CCTV INSPECTION, AND ALL WORK AND MATERIALS INCIDENTAL THERETO	90 LF	\$1,500.00	\$135,000.00	70.0	\$105,000.00	\$15,000.00	80.0	\$120,000.00
5	FOR FURNISHING ALL LABOR, MATERIALS AND EQUIPMENT TO CONSTRUCT APPROX. 10 LF OF 8" PVC ABOVE-GROUND PIPE, INCLUDING ALL NECESSARY FITTINGS, PIPE SUPPORTS, AND APPURTENANCES, AND ALL WORK AND MATERIALS INCIDENTAL THERETO AS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS	10 LF	\$1,000.00	\$10,000.00	2.0	\$2,000.00	\$8,000.00	10.0	\$10,000.00
6	FOR FURNISHING ALL LABOR, EQUIPMENT AND MATERIALS FOR THE INSTALLATION OF APPROX. THREE (3) COMBINATION AIR VACUUM/RELEASE VALVE ASSEMBLIES INCLUDING 2" AIR VACUUM/RELEASE VALVES, 2" BALL VALVES; ALL NECESSARY PIPING, COUPLINGS AND FITTINGS; EXCAVATION AND TRENCH RESTORATION INCLUDING TRAFFIC CONTROL, FURNISHING AND PLACEMENT OF AC PAVEMENT AND STREET STRIPING IN ACCORDANCE WITH THE CONTRACT DOCUMENTS	3 EA	\$12,000.00	\$36,000.00	1.5	\$18,000.00	\$18,000.00	3.0	\$36,000.00
7	FOR FURNISHING ALL LABOR, MATERIAL, AND EQUIPMENT TO CONDUCT A GEOPHYSICAL INVESTIGATION AND VISUAL VERIFICATION OF EXISTING, KNOWN AND UNKNOWN, PIPELINES AND UTILITIES (SUBSTRUCTURES), INCLUDING SURVEY, TRAFFIC CONTROL, AND ALL WORK AS SPECIFIED IN SECTION 1B, PART 2.11 OF THE SPECIAL PROVISIONS, AND ALL APPURTENANT WORK								
7(a)	FOR CONDUCTING A SUBSURFACE GEOPHYSICAL INVESTIGATION USING ELECTRONIC UTILITY LOCATING INSTRUMENT FOR THE AREA(S) AND/OR ALIGNMENT(S) SPECIFIED IN THE CONTRACT DOCUMENTS, INCLUDING A VISUAL INSPECTION OF THE CONSTRUCTION AREA, PLACEMENT OF MARKERS USING THE COLOR CODE ESTABLISHED BY THE AMERICAN PUBLIC WORKS ASSOC., AND ALL SURVEY SERVICES REQUIRED FOR THE GEOPHYSICAL INVESTIGATION AND CONTRACT DRAWING MARKUPS, COMPLETE AS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS	1 LS	\$25,000.00	\$25,000.00	80%	\$20,000.00	\$5,000.00	100%	\$25,000.00
7(b)	FOR FURNISHING ALL LABOR, MATERIAL, AND EQUIPMENT TO POT HOLE SUBSTRUCTURES, FOR APPROX. FIVE (5) WORKING DAYS USING A NON-DESTRUCTIVE AIR VACUUM SOILD EXTRACTION PROCESS FOR POSITIVE VISUAL VERIFICATION, INCLUDING A MINIMUM OF TWO (2) PERSON CREW, BACKFILL AND COMPACTION, PLACEMENT OF STAKES OR GROUND MARKERS, BUT EXCLUDING SURVEY SERVICES COVERED ABOVE IN ITEM 7(b), COMPLETE AS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS	5 WD	\$3,000.00	\$15,000.00	1.0	\$3,000.00	\$12,000.00	5.0	\$15,000.00
8	FOR FURNISHING ALL LABOR, MATERIALS, AND EQUIPMENT FOR THE SAMPLING, TESTING, REPORTING, AND SUBMITTAL FOR THE SOIL PROFILING OF APPROX. TWO (2) SAMPLES OF EXCAVATED MATERIALS SUSPECTED OF BEING AFFECTED, INCLUDING ALL WORK AND MATERIALS INCIDENTAL THERETO, IN ACCORDANCE WITH SECTION 2B OF THE SPECIAL PROVISIONS AND THE CONTRACT DOCUMENTS	2 EA	\$5,000.00	\$10,000.00	0.0	\$0.00	\$0.00	0.0	\$0.00
9	FOR REMOVAL AND DISPOSAL OF APPROX. 20 CY OF UNSUITABLE UN-AFFECTED MATERIAL, INCLUDING ALL PERMITS, FEES, AND ALL WORK AND MATERIALS INCIDENTAL THERETO AS DIRECTED BY THE ENGINEER AND IN ADDITION TO WHAT IS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS	20 CY	\$300.00	\$6,000.00	0.0	\$0.00	\$0.00	0.0	\$0.00
10	FOR FURNISHING ALL LABOR, MATERIALS, AND EQUIPMENT FOR THE EXCAVATION, REMOVAL, HANDLING, LOADING, AND DISPOSAL OFF-SITE OF APPROX. 5 CY OF NON-HAZARDOUS AFFECTED MATERIAL, INCLUDING FULL IMPLEMENTATION OF THE "VARIOUS LOCATIONS RULE 1166 CONTAMINATED SOILS MITIGATION PLAN" AND ALL PERMITS, FEES, AND ALL OTHER WORK AND MATERIALS INCIDENTAL THERETO, IN ACCORDANCE WITH SECTION 2B, PART 7 OF THE SPECIAL PROVISIONS AND THE CONTRACT DOCUMENTS, AS DIRECTED BY THE ENGINEER	5 CY	\$500.00	\$2,500.00	0.0	\$0.00	\$0.00	0.0	\$0.00
11	FOR FURNISHING ALL LABOR, MATERIALS, AND EQUIPMENT FOR THE EXCAVATION, REMOVAL, HANDLING, LOADING, AND DISPOSAL OFF-SITE OF APPROX. 5 CY OF HAZARDOUS AFFECTED MATERIAL, INCLUDING FULL IMPLEMENTATION OF THE "VARIOUS LOCATIONS RULE 1166 CONTAMINATED SOILS MITIGATION PLAN" AND ALL PERMITS, FEES, AND ALL OTHER WORK AND MATERIALS INCIDENTAL THERETO, IN ACCORDANCE WITH SECTION 2B, PART 7 OF THE SPECIAL PROVISIONS AND THE CONTRACT DOCUMENTS, AS DIRECTED BY THE ENGINEER	5 CY	\$1,000.00	\$5,000.00	0.0	\$0.00	\$0.00	0.0	\$0.00
12	FOR FURNISHING LABOR, MATERIALS, AND EQUIPMENT TO CONSTRUCT APPROX. 20 LF OF 18" HDPE CONTAINMENT SLEEVE IN APPROX. FOUR (4) LOCATIONS AS DISCUSSED IN SECTION 1B, PART 3.4 OF THE SPECIAL PROVISIONS, INCLUDING CONSTRUCTION ON 1" THICK (MINIMUM) CONCRETE BULKHEADS AT THE ENDS OF EACH CONTAINMENT SLEEVE, REPLACEMENT OF EXISTING HDPE INSIDE THE CONTAINMENT SLEEVE, FURNISHING AND INSTALLATION OF 1/2" CRUSHED ROCK BEDDING, ALL NECESSARY ELECTROFUSION FITTINGS AND APPURTENANCES, BURIED PIPELINE MARKER, TESTING, TRAFFIC CONTROL, ACQUISITION OF PERMITS, AND ALL WORK AND MATERIALS INCIDENTAL THERETO AS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS	4 EA	\$5,000.00	\$20,000.00	0.0	\$0.00	\$0.00	0.0	\$0.00
13	FOR ADDITIONAL COSTS DUE TO UNKNOWN OR INTERFERING UTILITIES ADDITIONAL POT HOLING, IDENTIFICATION OF UNKNOWN LINE SERVICE, DEMOLISHING AND DISPOSAL OF OUT-OF-SERVICE SUBSTRUCTURES, AND RELOCATING INTERFERING SUBSTRUCTURES TO REMAIN AS DIRECTED BY THE ENGINEER ON TIME AND MATERIAL BASIS AND IN ADDITION TO WHAT IS SHOWN AND SPECIFIED IN THE CONTRACT DOCUMENTS, INCLUDING ALL WORK AND MATERIALS INCIDENTAL THERETO	1 LS	\$50,000.00	\$50,000.00	0.0	\$0.00	\$14,655.00	0.3	\$14,655.00

SUBTOTAL			\$1,082,000.00		\$845,000.00		\$95,655.00		\$940,655.00
EXTRA WORK RPT NO. 1	1 LS	(\$552.64)	(\$552.64)			1.0	(\$552.64)	1.0	(\$552.64)
EXTRA WORK RPT NO. 2	1 LS	(\$526.56)	(\$526.56)			1.0	(\$526.56)	1.0	(\$526.56)
TOTAL			\$1,080,920.80		\$845,000.00		\$94,575.80		\$939,575.80
					LESS 5% RETENTION		\$4,728.79		\$46,978.79
					TOTAL DUE THIS BILLING		\$89,847.01		\$892,597.01
					LESS PREVIOUS BILLINGS				\$845,000.00
					TOTAL PREVIOUS RETENTIONS				\$42,250.00
					TOTAL DUE THIS BILLING				\$89,847.01
					BALANCE OF CONTRACT				\$141,345.00