

TAKEOVER AGREEMENT

This Agreement (the "Agreement") is made and entered by and between Western Surety Company (the "Surety"), and Humboldt County (the "Obligee") (collectively, the "Parties") and shall be effective as of the last date executed below.

RECITALS:

WHEREAS, Hal Hays Construction, Inc. ("HHCI") and the Obligee entered into a construction contract (the "Contract") in connection with the construction of Humboldt County Juvenile Hall Replacement Facility - Project No. 170212 (the "Project") in accordance with the terms and provisions of the Contract, including all contract documents forming a part of the Contract;

WHEREAS, as required by the terms of the Contract, HHCI and the Surety made, executed and delivered to the Obligee a Performance Bond No. 58739526 and a Payment Bond No. 58739526 (collectively, the "Bonds"), each in the penal sum of \$15,338,000. True and correct copies of the Performance and Payment Bonds are attached hereto as Exhibits "A" and "B" respectively; and

WHEREAS, Surety is willing to arrange for the completion of the Contract in consideration for the receipt of the remaining Contract Balance as defined hereafter and the following conditions.

NOW, THEREFORE, for and in consideration of the agreements and undertaking and other good and valuable consideration, the Obligee and Surety agree as follows:

1. Surety shall arrange for completion of the work in accordance with the terms and conditions of the Contract save for any modifications reflected in this Agreement and subject to the limitation of the penal sums of the of the Bonds, plus the Contract Balance received from Obligee as the maximum limitation of Surety's liability and responsibility under its bonds and this Agreement. Except to the extent provided in this Agreement, the Obligee and the Surety shall have all rights, obligations and responsibilities under the Contract with respect to each other, to the same extent and effect as if the Surety had executed the Contract initially instead of the Principal, and the Principal had not defaulted.

2. The Obligee acknowledges that Surety is acting in its capacity as surety for HHCI in arranging for the completion and performance of the Contract and Surety is not a completing contractor, and that Surety is not assuming any obligations or liabilities beyond those set forth in the Bonds.

3. Surety contemplates arranging for work to be completed under the Contract by HHCI ("Completion Contractor"). As of the date of the execution of this Agreement, the California Contractors License Board's website reflects that Completion Contractor's license number 667650 is in full force and effect. Surety will provide a rider to the Payment Bond, prior to the commencement of work by the Completion Contractor, confirming that the Payment Bond shall be applicable to the completion work. Should Surety determine that HHCI is in default of

its obligations as Completion Contractor, or should HHCI be unable or unwilling to adequately perform all remaining Project work as Completion Contractor in accordance with the Contract for any reason, Surety shall promptly arrange for the remaining Project work to be completed by another completion contractor in accordance with the Contract and this Agreement. Surety has retained the services of Benchmark Consulting Services, LLC ("Consultant") to assist in arranging for work to be completed under the Contract by the Completion Contractor. Consultant will be Surety's Authorized Representative for the Project and will have the authority to make decisions and sign documents on behalf of Surety. Oblige and Completion Contractor shall communicate directly on matters that concern the Project and routine day-to-day operations (e.g. RFIs, submittals, proposals, schedules, inspections, corrective work, administrative issues, etc.). Consultant shall be copied on all communications between Oblige and Completion Contractor.

4. Oblige agrees that the Contract Balance as defined below is dedicated to and will be paid to Surety for completion of the Contract in accordance with the terms of this Agreement. Oblige shall pay Surety the Contract Balance in accordance with the applicable provisions of the Contract as work is performed by the Completion Contractor, as adjusted (increased or decreased) in accordance with the Contract including, without limitation, for subsequent changes to the work, if any, actual and/or liquidated damages, if any, and such amounts as are required by law to be withheld arising from stop payment notices, and any other withholdings authorized under the Contract or California law. Payment of the Contract Balance shall be made to Surety in accordance with the terms of the Contract, including the withholding and payment of retainage. Oblige, however, will withhold from the payment of the Contract Balance such amounts as are required to be withheld by law due to timely stop notices filed with Oblige. Surety agrees to spend its own funds as may be necessary from time to time to pay for performance of work under the Contract by the Surety in the event that the Contract Balance is insufficient. In the event it becomes necessary for Surety to spend its own funds to pay for performance of work under the Contract by the Completion Contractor, such payments shall be applied against the penal sum of the Performance Bond.

5. Surety shall not be required to have employees on the Project. Surety's Consultant, however, shall make its best effort to attend, whether in person or telephonically, all regularly scheduled construction meetings between Oblige and Completion Contractor. Surety shall have no obligation to furnish insurance so long as Completion Contractor provides insurance to the Oblige equivalent to that required under the Contract.

6 Any and all change orders, extensions or reductions of time, changes to the work, or any action required under the Contract shall be made and executed by either Surety or its authorized representative except for emergencies or field orders for less than \$7,500. Completion Contractor is not authorized to enter into such agreements nor is Completion Contractor authorized to waive or estop any right of the Surety.

7. Oblige and Surety agree that as of the date of this Agreement, the accounting of the Contract is as follows:

Amount of Original Contract:	\$15,338,000.00
Approved Change Orders (CCO 1-3):	\$116,263.00

Adjusted Contract:	\$15,454,263
Less: Retainage:	<\$306,873.42>
Less: Payments to Date:	<\$5,830,594.98>
Contract Balance:	\$9,316,794.60
Less: Withhold for Pending Stop Payment Notices	<\$1,048,791.19>
Less: Withhold for Defective/ Non-Conforming Work	<\$1,059,940>
Available Contract Balance:	\$7,208,063.41

8. As of the effective date of this Agreement, the Contract Balance on the Contract is \$9,316,794.60, subject to any liquidated damages due Obligees under the Contract, adjustments for stop payment notices, deductive credits (including credits due to the investigation and correction of defective, deficient, and non-compliant Project work (whether known or which may be encountered in the future)), and Obligees-approved changes to the Contract, if any. In accordance with the provisions of this Agreement (and the Contract), Obligees shall release current withholdings associated with pending stop payment notices subject to the conditions set forth below, and shall release withholdings for the anticipated value of corrections to defective, deficient, and non-compliant Project work upon Surety satisfactorily addressing and remediating the observed defective, deficient, and non-compliant Project work conditions. Obligees and Surety represent and warrant that as of the date of this Agreement, to the best of their knowledge and according to the records available to each, the Contract Balance as defined herein is accurate. The Surety and Obligees reserve the right to verify the accuracy of the Contract Balance.

Upon the full execution of this Agreement, and upon satisfaction of the conditions of this Agreement including, without limitation, as set forth in the next sentence, Obligees shall release to Surety the sum of \$804,769.75, which represents the approved amounts of Application for Payment Nos. 15, 16, and 17R3, less retention and less the liquidated damages deduction as referenced below in paragraph 10, which approved amounts have been withheld by Obligees in accordance with the Contract and California law, including, without limitation, as a result of stop payment notices received by Obligees ("Stop Notice Payment Withholdings") and the defective/non-conforming work withholdings. As a condition precedent for the release by Obligees of any portion of the sum referenced in the prior sentence and of the Stop Payment Notice Withholdings, Surety and/or HHCI shall present to the Obligees an appropriate and acceptable release pursuant to the requirements of California law for each pending stop payment notice claimant or an acceptable stop payment notice release bond in full compliance with the requirements of California law.

9. In consideration for this Agreement, the Surety is hereby granted a non-compensatory extension of time from October 1, 2019 through August 30, 2020, which is the anticipated "overall completion date" ("Completion Date") pursuant to the Contract. The term, "Completion Date," will be interpreted in accordance with the terms of the Contract. Assessment of any additional liquidated damages under the Contract shall begin the day after the Completion Date at the rate of \$2,500 per day, and in accordance with the Contract. Any calculation of such liquidated damages shall be made in accordance with the terms of the Contract.

10. Oblige, Surety, and Completion Contractor agree that as consideration for this Agreement, the Oblige shall receive payment of liquidated damage in the amount of \$675,000 which is equivalent to nine months of delay. In consideration for, and effective upon the full execution of the Agreement between Surety and the Oblige and this Mutual Release Agreement, but excepting any obligations arising under this Agreement Surety and the Oblige, on behalf of themselves and their respective heirs, executors, administrators, trustors, trustees, beneficiaries, predecessors, successors, assigns, members, managers, construction managers, architects, managing agents, partners, partnerships, parents, subsidiaries, affiliated and related entities, officers, directors, owners, principals, agents, attorneys, consultants, employees or former employees, servants, representatives, shareholders, former shareholders, and all persons, firms, Board of Supervisors, associations, and/or corporations connected with them, do hereby mutually release and forever discharge each other and their respective heirs, executors, administrators, trustors, trustees, beneficiaries, predecessors, successors, assigns, members, managers, managing agents, partners, partnerships, parents, subsidiaries, affiliated and related entities, officers, Board of Supervisors members, directors, owners, principals, agents, attorneys, consultants, employees or former employees, servants, representatives, shareholders, former shareholders, and all persons, firms, associations, and/or corporations connected with them, to the fullest extent possible, of and from, on account of, or with respect to any and all demands, actions, causes of action, liabilities, defenses, obligations, damages or claims of any and every kind and nature whatsoever at law, in equity or otherwise, known or unknown, suspected or unsuspected, disclosed or undisclosed, foreseen or unforeseen, asserted or unasserted, arising out of or in any way connected with, or resulting from the Project or the Contract Documents through the Effective Date of this Agreement ("Claims"), including without limitation all claims for additional or extra compensation arising from the Project; all claims for extensions of the contract completion date, whether compensable or non-compensable; the Oblige's assessment of liquidated damages other than as expressly provided in the Agreement between Surety and the Oblige; and all Claims pertaining to and arising under the Oblige's Notice of Termination. Expressly excepted from this Agreement and the waivers and releases herein are claims arising from or related to defective work or non-conforming work (previously or currently existing or arising in the future), latent defects as that term is defined in Code of Civil Procedure 337.15, and any claims or damages arising from work performed by Completion Contractor pursuant to the Takeover Agreement. As to the liquidated damages being claimed by the Oblige that were allegedly incurred prior to the date of execution of this Agreement, the Oblige, Surety, and Completion Contractor agree that in consideration for the Surety's agreement to enter into this Agreement, that all Parties are waiving any claims, damages, or defenses as to the liquidated damages allegedly incurred prior to the execution of this Agreement, except as to the obligation hereunder to pay Oblige \$675,000 in liquidated damages. Further this mutual waiver shall not apply to any potential subsequent claim for liquidated damages that the Oblige may have arising out of the failure of the Completion Contractor to complete the Contract on or before August 30, 2020 in accordance with the terms of the Contract.

The \$675,000 in liquidated damages will be paid as follows: (1) the Oblige will be entitled to pay itself \$337,500 upon the execution of this Agreement from the amount due from the three outstanding payment applications, (2) the Oblige may then withhold the amount of \$60,000 per month from the amount due on all payment applications submitted until the remaining balance is paid in full, and (3) that upon execution of this Agreement, Oblige agrees to release to Surety Pay Applications Numbers 15, 16, and 17R3 less any valid contractual withholds.

11. With reference to any issues arising under this Agreement that the Obligees and Surety do not agree and which Obligees and Surety are unable to come to a mutually satisfactory resolution, Obligees and Surety agree to make a good faith effort at a face-to-face meeting to resolve their disputes on a global basis. Should said meeting fail to resolve all disputes, the Obligees and Surety agree to proceed to private mediation in an effort to mitigate damages and prior to any litigation. Mediation may be requested by either Obligees or Surety, via written notice, describing the disputes, and given in accordance with this Agreement. Any mediation shall occur no later than 60 days after the date of delivery of the notice requesting mediation, and shall be conducted before a mediator with at least 10 years experience in the litigation of public works construction disputes and surety bonds. The costs of mediation, including the mediator's fees, shall be borne equally between the Obligees and Surety.

12. The total liability of the Surety under this Agreement and the Performance Bond, after expenditure of the Contract Balance, is limited to and shall not exceed the penal sum of the Performance Bond. All payments made to Surety for performance of work under the Contract shall be credited against the penal sum of the Performance Bond. Nothing in this Agreement constitutes a waiver of the penal sum or increase of liability under the Performance Bond.

13. Except as provided for in this Agreement, the Contract, and California law, the Obligees shall not withhold any of the Contract Balance from the Surety. The Performance and Payment Bonds shall remain in full force and effect in accordance with their terms and limitations and shall survive this Agreement.

14. Any notices required to be given by the terms of this Agreement or any of the Bonds shall be made as follows:

As to Obligees via overnight delivery with a copy concurrently via e-mail to:

Tom Mattson
Director of Public Works
County of Humboldt
1106 2nd Street
Eureka, CA 95501
Email: TMattson@co.humboldt.ca.us

and

Scott A. Miles, Esq.
Sr. Deputy County Counsel
County of Humboldt
825 Fifth Street
Eureka, CA 95501
Email: SMiles@co.humboldt.ca.us

With a copy concurrently via e-mail to:

TAKEOVER AGREEMENT

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J. Scott Alexander, Esq.
Murphy Austin Adams Schoenfeld LLP
555 Capitol Mall, Suite 850
Sacramento, CA 95814
Email: SAlexander@murphyaustin.com

As to Surety via overnight delivery with a copy concurrently via e-mail to:

Nancy L. Stangel
Western Surety Company
151 North Franklin Street, 17th Floor
Chicago, IL 60606
Email: Nancy.Stangel@cnsurety.com

With a copy concurrently via email to:

Carlos E. Sosa, Esq.
Law Offices of Hausman & Sosa, LLP
20750 Ventura Blvd, Suite 105
Woodland Hills, CA 91364-6646
Email: CSosa@hausmansosa.com

15. This Agreement is solely for the benefit of Obligee and Surety. This Agreement shall not create any rights in any third-party beneficiaries nor confer any benefit or right upon anyone whatsoever other than Obligee and Surety. Without limiting the foregoing, Obligee and Surety specifically acknowledge that nothing in this Agreement shall extend or increase the rights of any third-party claimants, subcontractors or materialmen of liabilities or obligations of the Surety under the Bonds.

16. The Bonds, the Contract, and this Agreement constitute the entire understanding and agreement between Obligee and Surety. No written or oral discussions or negotiations shall in any way vary or alter the terms of this Agreement.

17. This Agreement may not be changed, amended or altered except in writing and executed by both the Obligee and Surety.

18. This Agreement may be executed in one or more counterparts, and by regular mail, facsimile, email, or PDF signature, each of which shall be deemed a duplicate original but all of which together shall constitute one and the same counterpart. Facsimile, email, or PDF signatures on this AGREEMENT shall be deemed as original signatures for all purposes.

19. This Agreement shall be governed by and controlled by the laws of the State of California. Any action arising from this Agreement shall be brought in the County of Humboldt, State of California.

20. The provisions of this Agreement shall be applied and interpreted in a manner consistent to carry out the terms and purposes. This Agreement was jointly prepared by the Parties and shall not be construed against either as the drafter.

21. The Parties agree to cooperate fully and execute any and all additional or supplementary documents, and to take all additional actions that may be necessary or appropriate to give full force and effect to the terms and conditions of this Agreement.

22. Surety expressly agrees and acknowledges that, through signing this Agreement, all terms herein shall be null and void absent consent to this Agreement by, and execution on behalf of, the Obligee, through its Board of Supervisors.

23. In addition to any other condition precedent as set forth in this Agreement, the Parties agree and acknowledge that the Agreement shall be null and void absent execution of a waiver and release between the Obligee and HHCI on or before the Effective Date of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date indicated above and each party warrants they have the full right, power and authority to execute this Agreement on behalf of the respective party.

Dated: 10-8-19

COUNTY OF HUMBOLDT

BY: Rep Boh
TITLE: _____

Dated: 10-1-19

WESTERN SURETY COMPANY

BY: Nancy L. Stangel
Nancy L. Stangel,
Authorized Representative

EXHIBIT A

NMR + LIONAKIS
ARCHITECTS

HUMBOLDT COUNTY JUVENILE HALL REPLACEMENT FACILITY
Project No. 170212

SECTION 00 61 00
PERFORMANCE BOND

Bond No. 58739526
Premium: \$96,359.00
Premium is for contract term and is subject
to adjustment based on final contract price
Executed in: 4 Counterparts

KNOW ALL MEN BY THESE PRESENTS:

That Hal Hays Construction, Inc.

(Name of Contractor)

4181 Latham Street, Riverside, CA 92501

(Address of Contractor)

a Corporation, hereinafter called Principal, and:
(Corporation, Partnership or Individual)

Western Surety Company

(Name of Surety)

1000 Wilshire Blvd., Suite 1800, 18th Floor, Los Angeles, CA 90017

(Address of Surety)

hereinafter called Surety, are held and firmly bound unto

HUMBOLDT COUNTY
825 5th Street
Eureka, California 95501

hereinafter called OWNER, in the penal sum of

Fifteen Million Three Hundred Thirty Eight Thousand and 00/100

Dollars (\$ 15,338,000.00)

in lawful money of the United States, for the payment of which sum well and truly to be made, we bond ourselves, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain contract with the OWNER, dated the _____ day of _____, 20__, a copy of which is hereto attached and made a part hereof for the construction of:

Humboldt County Juvenile Hall Replacement Facility - Project No. 170212

The State of California shall be a beneficiary hereunder, hereinafter called BENEFICIARY

NMR + LIONAKIS
ARCHITECTS

HUMBOLDT COUNTY JUVENILE HALL REPLACEMENT FACILITY
Project No. 170212

NOW, THEREFORE, If the Principal shall well, truly and faithfully perform its duties, all of the undertakings, covenants, terms, conditions, and agreements of said contract during the original term thereof, and any extensions thereof which may be granted by the OWNER, with or without notice to the Surety and during the one year guaranty period, and if Principal shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the OWNER and/or BENEFICIARY from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the OWNER and/or BENEFICIARY all outlay and expense which the OWNER and/or BENEFICIARY may incur in making good any default, then this obligation shall be void; otherwise to remain in full force and effect.

Signed and sealed this 14th day of September, 2016.

Hal Hays Construction, Inc.

By: 
Principal / Kirby S. Hays, President/CEO

Western Surety Company

By: 
Surety Rebecca Haas-Bates, Attorney-in-Fact

SURETY

(Power of Attorney for person signing for Surety Company, or a certified copy thereof, must be attached. Signatures of person or persons executing for the Surety must be acknowledged.)

END OF SECTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1169

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On 09/14/2016 before me, R. Paramo, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Rebecca Haas-Bates
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Performance Bond No. 58739526 Document Date: 09/14/2016

Number of Pages: Two(2) Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Rebecca Haas-Bates

Corporate Officer -- Title(s): _____

Partner -- Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Western Surety Company

Signer's Name: _____

Corporate Officer -- Title(s): _____

Partner -- Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That WESTERN SURETY COMPANY, a South Dakota corporation, is a duly organized and existing corporation having its principal office in the City of Sioux Falls, and State of South Dakota, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Owen Brown, Richard Adair, William Syrkin, Sergio D Bechara, Margaret Gilmore, Rebecca Haas-Bates, Individually

of Irvine, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given, are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law printed on the reverse hereof, duly adopted, as indicated, by the shareholders of the corporation.

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 9th day of June, 2015.



WESTERN SURETY COMPANY

Paul T. Brufat
Paul T. Brufat, Vice President

State of South Dakota }
County of Minnehaha } ss

On this 9th day of June, 2015, before me personally came Paul T. Brufat, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires
February 12, 2021



S. Eich
S. Eich, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 14th day of September, 2016.



WESTERN SURETY COMPANY

L. Nelson
L. Nelson, Assistant Secretary

Authorizing By-Law

ADOPTED BY THE SHAREHOLDERS OF WESTERN SURETY COMPANY

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the shareholders of the Company.

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, and Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.

EXHIBIT B

SECTION 00 62 00
PAYMENT BOND

Bond No.: 58739526
Premium is included in the performance bond
Executed in: 4 Counterparts

KNOW ALL MEN BY THESE PRESENTS, THAT WHEREAS, the County of Humboldt, by its order made _____, 20____, has awarded to Hal Hays Construction, Inc. hereinafter designated as the "Principal," a contract for the work described as follows:

Humboldt County Juvenile Hall Replacement Facility - Project No. 170212

NOW, THEREFORE, we the Principal and Western Surety Company Surety, are held and firmly bound unto the County of Humboldt, and the State of California as a beneficiary hereunder, in the penal sum of Fifteen Million Three Hundred Thirty Eight Thousand and 00/100 Dollars (\$ 15,338,000.00), lawful money of the United States of America for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH that is said Principal, his/her or its heirs, executors, administrators, successors or assigns, shall fail to pay any of the persons named in Section 9100 of the Civil Code, or amounts due under the Unemployment Insurance Code with respect to work or labor performed by any such claimant, or for any amounts required to be deducted, withheld, and paid over to the Franchise Tax Board from the wages of employees of the Contractor and their subcontractors pursuant to Section 18806 of the Revenue and Taxation Code with respect to such work and labor as required by Sections 9550 et seq. of the Civil Code of California, then said Surety will pay for the same, in or to an amount not exceeding the amount hereinafter set forth, and also will pay in case suit is brought upon this bond, such reasonable attorney's fees, as shall be fixed by the court, awarded and taxed as in the above-mentioned statutes provided.

AND, the said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder or the specifications accompanying the same shall in any wise affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract, or to the work, or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on the 14th day of September, 2016.

Hal Hays Construction, Inc.
PRINCIPAL

BY: Kirby S. Hays, President/CEO

Western Surety Company
SURETY

BY: Rebecca Haas-Bates
ATTORNEY-IN-FACT Rebecca Haas-Bates

END OF SECTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

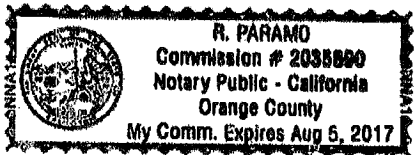
On 09/14/2016 before me, R. Paramo, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Rebecca Haas-Bates
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Payment Bond No. 58739526 Document Date: 09/14/2016
Number of Pages: One(1) Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Rebecca Haas-Bates
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney In Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____
Western Surety Company

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney In Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That WESTERN SURETY COMPANY, a South Dakota corporation, is a duly organized and existing corporation having its principal office in the City of Sioux Falls, and State of South Dakota, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Owen Brown, Richard Adair, William Syrkin, Sergio D Bechara, Margaret Gilmore, Rebecca Haas-Bates, Individually

of Irvine, CA, its true and lawful Attorney(s)-in-fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given, are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law printed on the reverse hereof, duly adopted, as indicated, by the shareholders of the corporation.

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 9th day of June, 2015.



WESTERN SURETY COMPANY

Paul T. Bruffat

Paul T. Bruffat, Vice President

State of South Dakota }
County of Minnehaha }

On this 9th day of June, 2015, before me personally came Paul T. Bruffat, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires

February 12, 2021



S. Eich

S. Eich, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 14th day of September, 2016.



WESTERN SURETY COMPANY

L. Nelson

L. Nelson, Assistant Secretary

Authorizing By-Law

ADOPTED BY THE SHAREHOLDERS OF WESTERN SURETY COMPANY

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the shareholders of the Company.

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, and Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.