

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE  
REDEVELOPMENT AGENCY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

212



**FROM:** Redevelopment Agency

**SUBMITTAL DATE:**  
March 24, 2011

**SUBJECT:** Hemet Service Center Project – Award of Construction Agreement

**RECOMMENDED MOTION:** That the Board of Directors:

1. Accept and award the construction contract to the lowest possible bidder, Hamel Contracting, Inc. in the amount of \$1,738,168;
2. Authorize the Chairman of the Board to execute the contract documents on behalf of the Board; and
3. Approve the project budget of \$2,501,985.

**BACKGROUND:** On June 2, 2009, the Board approved the Substantial Amendment to the 2008-2009 One-Year Action Plan thereby accepting the Community Development Block Grant-Recovery (CDBG-R) Funds under Title XII of the American Recovery and Reinvestment Act of 2009 (ARRA). The Hemet Service Center Project was included on the list of CDBG-R projects.

(continued)

Robert Field  
Executive Director

**FINANCIAL  
DATA**

Current F.Y. Total Cost:	\$2,501,985	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$0	Budget Adjustment:	No
Annual Net County Cost:	\$0	For Fiscal Year:	2010/11

**COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA:** No

**SOURCE OF FUNDS:** Mid-County Redevelopment Capital Improvement Funds and Community Development Block Grant- Recovery (CDBG-R) Funds

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

**County Executive Office Signature**

BY:   
Jennifer L. Sargent

Prev. Agn. Ref.: 3.12 of 1/6/09; 3.21 of 11/30/10

District: 3

Agenda Number

4.3

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED

PAUL ANGULO, CPA, AUDITOR-CONTROLLER.  
BY: Samuel Wong 3/29/11

Dep't Recomm.: ☐ Consent ☒ Policy

Per Exec. Ofc.: ☐ Consent ☒ Policy

FORM APPROVED COUNTY COUNSEL  
DATE 3/29/11  
BY: NEAL R. KIPNIS  
Reviewed by Departmental Counsel

**BACKGROUND: (Continued)**

On January 6, 2010, Westberg & White, Inc., was selected from the Redevelopment Agency for the County of Riverside's (RDA) pre-qualified list to perform and provided architectural design, civil engineering, geotechnical engineering, survey, electrical/mechanical engineering, and construction management under this agreement in the amount of \$127,500.

On November 30, 2010, the Board approved the plans and specifications for the Hemet Service Center Project and authorized the Clerk of the Board to advertise the Notice Inviting Bids.

The project is exempt from the provisions of CEQA pursuant to the CEQA Guidelines, Section 15061, General Rule, Section 15301 and Class 1 – Existing Facilities, a Notice of Exemption was filed with the County Clerk on May 19, 2010, for the 30-day public review period. The project has therefore complied with the provisions of CEQA and no additional environmental analysis is required. In accordance with the National Environmental Policy Act (NEPA), the proposed actions are categorically excluded pursuant to 24 *CFR Part 58.34(a) (10)* because the project involves a renovation and revitalization of an existing building.

On January 26, 2011, the Clerk received and opened 15 bids. Hamel Contracting, Inc., was the lowest bidder in terms of the price and submitted all the required federal certifications. Agency Counsel concurs with this finding and determines Hamel Construction, Inc., as the lowest responsive bidder. RDA staff recommends that the Board approve and award the contract to the lowest qualified and responsive bidder, Hamel Contracting, Inc., in the amount of \$1,738,168, and approve the project budget as follows:

Construction:	\$ 1,738,168
Soils, Inspections & Fees:	\$ 100,000
Furniture, Fixtures & Equipment:	\$ 100,000
Utilities & Miscellaneous:	\$ 100,000
Riverside County Information Technology:	\$ 190,000
Contingency (10%):	\$ 173,817
Project Management:	\$ 100,000
<b>Total:</b>	<b>\$ 2,501,985</b>

The facility will improve the level of senior and community services within the project area. The project will assist in the elimination of physical blighting conditions within the Mid-County Redevelopment Project Area by occupying a vacant building and provide a much needed facility.

**Attachments:**

1. Performance Bond
2. Payment Bond
3. Certificate of Insurance

**HEMET SERVICE CENTER**  
**HEMET, CALIFORNIA**

**CONSTRUCTION AGREEMENT FORM**

THIS AGREEMENT entered into this \_\_\_\_ day of \_\_\_\_\_ month, 2011, by and between Hamel Contracting, Inc., hereinafter called the "Contractor" and the Redevelopment Agency for the County of Riverside, hereinafter called the "Owner".

**WITNESSETH**

That the parties hereto have mutually covenanted and agreed as follows:

**CONTRACT:** The complete Contract includes all of the Contract Documents, to wit: the Notice Inviting Bids; the Instructions to Bidders; the Contractor's Proposal; the Payment and Performance Bonds; the Plans and Specifications plus any Addenda thereto, the General Conditions, Specific Conditions, Supplementary Conditions, and Special Federal Provisions; and this Agreement. All contract documents are intended to cooperate and be complementary so that any work called for in one and not mentioned in the other, or vice versa, is to be executed the same as if mentioned in all contract documents.

**STATEMENT OF WORK:** The Contractor hereby agrees to furnish all tools, equipment, services, apparatus, facilities, transportation, labor, and materials for the construction of: **The Hemet Service Center Project** in strict accordance with the plans and specifications dated, May 19, 2009, prepared by **Westberg & White, Inc.**, hereinafter called the "Architect", including Addenda thereto as listed in the Contractor's Proposal, all of which are made a part hereof.

**TIME FOR COMPLETION:** The work shall be commenced on a date to be specified in a written order of the Engineer and shall be completed within: **One Hundred Twenty (120) calendar days** from and after said date. It is expressly agreed that except for extensions of time duly granted in the manner and for the reasons specified in the General Conditions, time shall be of the essence.

**COMPENSATION TO BE PAID TO CONTRACTOR:** The Owner agrees to pay and the Contractor agrees to accept in full consideration for the performance of the Contract, subject to additions and deductions as provided in the Conditions of the Contract, such as the General Conditions, Supplementary Conditions, and Special Federal Provisions, the sum of **One Million Seven Hundred Thirty-Eight Thousand One Hundred Sixty-Eight Dollars (\$1,738,168.00)**, being the total of the Base Bid and Alternative Bid.

**SPECIAL FEDERAL REQUIREMENTS:** Pursuant to Labor Code Section 1861, the Contractor gives the following certifications: I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workmen's' Compensation or to undertake self-insurance in accordance with the provisions of that code,

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**HEMET, CALIFORNIA**

and I will comply with such provisions before commencing the performance of the work of this Contract.

The work under this Construction Agreement Form is subject to all applicable Federal, State, and local laws and regulations, including but not limited to the regulations pertaining to the Community Development Block Grant (24 CFR Part 570), as well as the Community Development Block Grant –Recovery (CDBG-R) program as set forth in Division A, Title XII of the American Recovery and Reinvestment Act (ARRA) of 2009, Public Law 111-5.

Pursuant to the American Recovery and Reinvestment Act (ARRA) of 2009, Contractor agrees to comply with the following:

1. Job Creation and Reporting:

Contractor shall provide to the Owner an estimate of the number of new positions created and filled, positions retained, or previously existing unfilled positions that are filled or retained as a result of this contract. The estimated number shall be expressed as full-time equivalent (FTE), calculated cumulatively as all hours worked divided by the total number of hours in a full-time schedule. Contractor shall update the information regarding jobs creation and retention on a quarterly basis, and shall provide each updated report to the Owner no later than 5 business days before the end of each calendar quarter.

Contractor shall provide a brief description of the types of jobs created or jobs retained. This description may rely on job titles, broader labor categories, or Contractor's existing practice for describing jobs provided the terms are widely understood and describe the general nature of the work.

2. ARRA Buy American Requirements

Contractors acknowledges and will comply with the ARRA requirement that all iron, steel, and manufactured goods to be used in the **Hemet Service Center Project** must be produced in the United States.

Contractor shall maintain and keep books and records on a current basis, recording all transactions pertaining to this agreement in a form in accordance with generally acceptable accounting principles. Said books and records shall be made available to the County, the State of California, the Federal government, and to any authorized representative thereof for the purposes of audit at all reasonable times and places. All such books and records shall be retained for such periods of time as required by law, provided, however, notwithstanding any shorter periods of retention, all books, records, and supporting detail shall be retained for a period of at least three (3) years after the expiration of the term of this Agreement.

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**HEMET, CALIFORNIA**

Contractor shall comply with the Davis-Bacon Fair Labor Standards Act (40 USC a-276, a-5) and the implementation regulations thereof. Contractor shall comply with the U.S. Department of Housing and Urban Development's Federal Labor Standards Provisions (HUD 4010). Contractor acknowledges that the applicable Wage Determination for this project is:

**General Decision Number: CA20100036      Modification Number: 14**  
**Date: 12/03/2010**

Section 3 Compliance: The Contractor hereby acknowledges that this federally-funded project is subject to Section 3 of the *Housing and Urban Development Act of 1968* [12 U.S.C. 1701u and 24 CFR Part 135] and agrees to the following:

1. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
2. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
3. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
5. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is

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executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.

6. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
7. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

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

Type of Contractor's organization

If other than individual or corporation, list names of all members who have authority to bind firm.

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**HEMET SERVICE CENTER**  
**HEMET, CALIFORNIA**

Attest:

Firm Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Contractor's License No: \_\_\_\_\_

IF CORPORATION, FILL OUT FOLLOWING AND EXECUTE

Name of President of Corporation: Grant J. Hamel

Name of Secretary of Corporation: Alison Hamel

Corporation is organized under the laws of the state of: California

Firm Name: Hamel Contracting, Inc.

Signature: \_\_\_\_\_

Grant J. Hamel - President

Address: 26341 Jefferson Ave., Ste. B, Murrieta, CA 62562

Contractor's License No: 919635 B

**AFFIX SEAL**

Attest:

Deputy County Counsel

[Signature] 3/29/11  
Seal

Owner

Chairman, Board of Directors

S:\RDACOM\DIS3\HEMET\HEMET SERVICE CENTER\10.0 - CONSTRUCTION\SPEC PACKAGE\SPEC PACKAGE REVISED 10-20-10\06\_LETTER OF INTENT\_RDA.DOC

HEMET SERVICE CENTER  
HEMET, CALIFORNIA

EXECUTED IN TRIPLICATE  
BOND NO. 2139591

PAYMENT BOND PREMIUM INCLUDED IN PERFORMANCE BOND

(Public Work - Civil Code Section 3247 et seq.)

The makers of this bond are HAMEL CONTRACTING, INC., as Principal and Original Contractor and NORTH AMERICAN SPECIALTY INSURANCE COMPANY, a corporation, authorized to issue Surety Bonds in California, as Surety, and this bond is issued in conjunction with that certain public works contract dated APRIL 5, 2011, ~~2010~~ between Principal and the County of Riverside, a public entity, as Owner, for \$1,738,168.00, the total amount payable. THE AMOUNT OF THIS BOND IS 100% OF SAID SUM. Said contract is for public work of the Hemet Service Center, Hemet, CA.

The beneficiaries of this Bond are as is stated in 3248 of the Civil Code and the requirements and conditions of this Bond are as is set forth in Sections 3248, 3249, 3250, and 3252 of said Code. Without notice, Surety consents to extension of time for performance, change in requirements, amount of compensation, or prepayment under said contract.

Signed and sealed this 25TH Day of MARCH, 2011 ~~2010~~

HAMEL CONTRACTING, INC.

(Firm Name - Principal)

26341 JEFFERSON AVENUE, SUITE B  
MURRIETA, CA 92562

(Business Address)

By:

(Signature - Attach Notary's Acknowledgment)

GRANT J. HAMEL, PRESIDENT

(Title)

Affix Seal  
if  
Corporation

NORTH AMERICAN SPECIALTY INSURANCE COMPANY

(Corporation Name - Surety)

701 SOUTH PARKER STREET, SUITE 3800  
ORANGE, CA 92868

(Business Address)

By:

(Signature - Attached Notary's Acknowledgment)

MARK D. IATAROLA, ATTORNEY-IN-FACT

ATTORNEY-IN-FACT

(Title-Attach Power of Attorney)

Affix  
Corporate  
Seal



## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5193

State of California )

County of SAN DIEGO )

On 3/25/2011 before me, MICHELLE M. BASUIL, NOTARY PUBLIC,

personally appeared MARK D. IATAROLA,

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.

Michelle M. Basuil  
Signature of Notary

### OPTIONAL SECTION CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- ☐ INDIVIDUAL  
☐ CORPORATE OFFICER(S)

- TITLE(S)  
☐ PARTNER(S) ☐ LIMITED  
☐ GENERAL  
☒ ATTORNEY-IN-FACT  
☐ TRUSTEE(S)  
☐ GUARDIAN/CONSERVATOR  
☐ OTHER: \_\_\_\_\_

**SIGNER IS REPRESENTING:**  
NAME OF PERSON(S) OR ENTITY(IES)  
\_\_\_\_\_  
\_\_\_\_\_

### OPTIONAL SECTION

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.

TITLE OR TYPE OF DOCUMENT \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_ DATE OF DOCUMENT \_\_\_\_\_

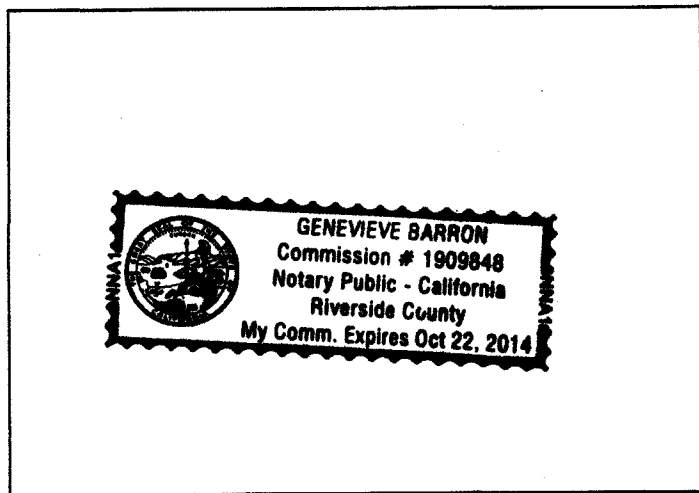
SIGNER(S) OTHER THAN NAMED ABOVE \_\_\_\_\_

# California All-Purpose Acknowledgement

State of California }  
County of Riverside

On March 25, 2011 before me, Genevieve Barron, a Notary Public

personally appeared Grant J. Hamel



Notary Public Seal

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.

A handwritten signature in cursive script that reads "Genevieve Barron".

Notary Public Signature

## OPTIONAL

### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer(s)

Thumbprint of Signer 1

- ☐ Individual
- ☐ Corporate Officer: \_\_\_\_\_
- ☐ Partner - ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Thumbprint of Signer 2

- ☐ Individual
- ☐ Corporate Officer: \_\_\_\_\_
- ☐ Partner - ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NAS SURETY GROUP**

**NORTH AMERICAN SPECIALTY INSURANCE COMPANY  
WASHINGTON INTERNATIONAL INSURANCE COMPANY**

**GENERAL POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, THAT North American Specialty Insurance Company, a corporation duly organized and existing under laws of the State of New Hampshire, and having its principal office in the City of Manchester, New Hampshire, and Washington International Insurance Company, a corporation organized and existing under the laws of the State of New Hampshire and having its principal office in the City of Schaumburg, Illinois, each does hereby make, constitute and appoint:

JOHN G. MALONEY, HELEN MALONEY, MARK D. IATAROLA,  
MATTHEW C. GAYNOR and DEBORAH D. DAVIS

JOINTLY OR SEVERALLY

Its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver, for and on its behalf and as its act and deed, bonds or other writings obligatory in the nature of a bond on behalf of each of said Companies, as surety, on contracts of suretyship as are or may be required or permitted by law, regulation, contract or otherwise, provided that no bond or undertaking or contract or suretyship executed under this authority shall exceed the amount of:

TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Boards of Directors of both North American Specialty Insurance Company and Washington International Insurance Company at meetings duly called and held on the 24<sup>th</sup> of March, 2000:

"RESOLVED, that any two of the Presidents, any Managing Director, any Senior Vice President, any Vice President, any Assistant Vice President, the Secretary or any Assistant Secretary be, and each or any of them hereby is authorized to execute a Power of Attorney qualifying the attorney named in the given Power of Attorney to execute on behalf of the Company bonds, undertakings and all contracts of surety, and that each or any of them hereby is authorized to attest to the execution of any such Power of Attorney and to attach therein the seal of the Company; and it is

FURTHER RESOLVED, that the signature of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be binding upon the Company when so affixed and in the future with regard to any bond, undertaking or contract of surety to which it is attached."



By [Signature]  
Steven P. Anderson, President & Chief Executive Officer of Washington International Insurance Company  
& Senior Vice President of North American Specialty Insurance Company



By [Signature]  
David M. Layman, Senior Vice President of Washington International Insurance Company  
& Vice President of North American Specialty Insurance Company

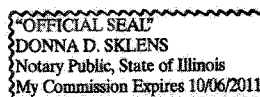
IN WITNESS WHEREOF, North American Specialty Insurance Company and Washington International Insurance Company have caused their official seals to be hereunto affixed, and these presents to be signed by their authorized officers this 13th day of May, 2010.

**North American Specialty Insurance Company  
Washington International Insurance Company**

State of Illinois  
County of Cook

ss:

On this 13th day of May, 2010, before me, a Notary Public personally appeared Steven P. Anderson, President and CEO of Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company and David M. Layman, Senior Vice President of Washington International Insurance Company and Vice President of North American Specialty Insurance Company, personally known to me, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as officers of and acknowledged said instrument to be the voluntary act and deed of their respective companies.



[Signature]  
Donna D. Sklens, Notary Public

I, James A. Carpenter, the duly elected Assistant Secretary of North American Specialty Insurance Company and Washington International Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney given by said North American Specialty Insurance Company and Washington International Insurance Company, which is still in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Companies this 25th day of MARCH, 20 11.

[Signature]

James A. Carpenter, Vice President & Assistant Secretary of Washington International Insurance Company &  
North American Specialty Insurance Company

HEMET SERVICE CENTER  
HEMET, CALIFORNIA

PERFORMANCE BOND

EXECUTED IN TRIPLICATE

BOND NO. 2139591

PREMIUM: \$19,957.00

**Premium Is For Contract Term  
And Is Subject To Adjustment  
Based On Final Contract Price**

The makers of this bond, HAMEL CONTRACTING, INC.  
as Principal, and NORTH AMERICAN SPECIALTY INSURANCE COMPANY  
as Surety, are held and firmly bound unto the County of Riverside, hereinafter called the  
Owner, in the sum of \$ 1,738,168.00 ----- dollars for the  
payment of which sum well and truly to be made, we bind ourselves, our heirs, executors,  
administrators, and successors, jointly and severally, firmly by these presents.

The condition of this obligation is such; that whereas the Principal entered into a certain  
contract, hereto attached, with the Owner, dated APRIL 5, 2011, ~~XXXX~~ for the  
construction of the **Hemet Service Center, Hemet, California** in accordance with contract  
documents and scope of work.

Now, therefore, if the Principal shall well and truly perform and fulfill all the undertakings,  
covenants, terms, conditions and agreements of said contract during the original term of said  
contract and any extension thereof that may be granted by the Owner, with or without notice to  
the Surety, and during the life of any guaranty required under the contract, and shall also well  
and truly perform and fulfill all the undertakings, covenants, terms, conditions, and  
agreements of any and all duly authorized modifications of said contract that may hereafter be  
made, then this obligation to be void, otherwise to remain in full force and virtue. Without  
notice, Surety consents to extension of time for performance, change in requirements; change in  
compensation or prepayment under said contract.

Dated:

MARCH 25, 2011

NORTH AMERICAN  
SPECIALTY INSURANCE COMPANY  
SURETY

By Mark D. Iatarola  
Attorney in Fact, MARK D. IATAROLA

HAMEL CONTRACTING, INC.  
PRINCIPAL

By

Title GRANT J. HAMEL, PRESIDENT  
(If corporation, affix seal)

Note: This bond must be executed by both parties with corporate seal affixed. All signatures  
must be acknowledged. (Attached acknowledgments).

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

No. 5193

State of California )

County of SAN DIEGO )On 3/25/2011 before me, MICHELLE M. BASUIL, NOTARY PUBLIC,personally appeared MARK D. IATAROLA

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.

Michelle M. Basuil  
Signature of Notary

**OPTIONAL SECTION**  
**CAPACITY CLAIMED BY SIGNER**

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- ☐ INDIVIDUAL  
☐ CORPORATE OFFICER(S)

- TITLE(S)  
☐ PARTNER(S) ☐ LIMITED  
☐ GENERAL  
☒ ATTORNEY-IN-FACT  
☐ TRUSTEE(S)  
☐ GUARDIAN/CONSERVATOR  
☐ OTHER: \_\_\_\_\_

**SIGNER IS REPRESENTING:**  
NAME OF PERSON(S) OR ENTITY(IES)  
\_\_\_\_\_  
\_\_\_\_\_

THIS CERTIFICATE MUST BE ATTACHED TO  
THE DOCUMENT DESCRIBED AT RIGHT:

Though the data requested here is not required by law,  
it could prevent fraudulent reattachment of this form.

**OPTIONAL SECTION**

TITLE OR TYPE OF DOCUMENT \_\_\_\_\_

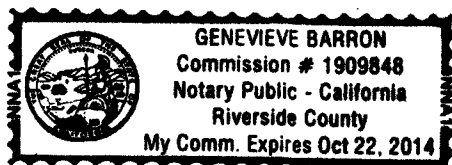
NUMBER OF PAGES \_\_\_\_\_ DATE OF DOCUMENT \_\_\_\_\_

SIGNER(S) OTHER THAN NAMED ABOVE \_\_\_\_\_

# California All-Purpose Acknowledgement

State of California }  
County of Riverside

On March 25, 2011 before me, Genevieve Barron, a Notary Public  
personally appeared Grant J. Hamel



Notary Public Seal

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.

A handwritten signature in cursive script that reads 'Genevieve Barron'.

Notary Public Signature

## OPTIONAL

### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer(s)

Thumbprint of Signer 1

- ☐ Individual
- ☐ Corporate Officer: \_\_\_\_\_
- ☐ Partner - ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

Thumbprint of Signer 2

- ☐ Individual
- ☐ Corporate Officer: \_\_\_\_\_
- ☐ Partner - ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

**NAS SURETY GROUP**

**NORTH AMERICAN SPECIALTY INSURANCE COMPANY  
WASHINGTON INTERNATIONAL INSURANCE COMPANY**

**GENERAL POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, THAT North American Specialty Insurance Company, a corporation duly organized and existing under laws of the State of New Hampshire, and having its principal office in the City of Manchester, New Hampshire, and Washington International Insurance Company, a corporation organized and existing under the laws of the State of New Hampshire and having its principal office in the City of Schaumburg, Illinois, each does hereby make, constitute and appoint:

JOHN G. MALONEY, HELEN MALONEY, MARK D. IATAROLA,  
MATTHEW C. GAYNOR and DEBORAH D. DAVIS

JOINTLY OR SEVERALLY

Its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver, for and on its behalf and as its act and deed, bonds or other writings obligatory in the nature of a bond on behalf of each of said Companies, as surety, on contracts of suretyship as are or may be required or permitted by law, regulation, contract or otherwise, provided that no bond or undertaking or contract or suretyship executed under this authority shall exceed the amount of:

TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Boards of Directors of both North American Specialty Insurance Company and Washington International Insurance Company at meetings duly called and held on the 24<sup>th</sup> of March, 2000:

"RESOLVED, that any two of the Presidents, any Managing Director, any Senior Vice President, any Vice President, any Assistant Vice President, the Secretary or any Assistant Secretary be, and each or any of them hereby is authorized to execute a Power of Attorney qualifying the attorney named in the given Power of Attorney to execute on behalf of the Company bonds, undertakings and all contracts of surety, and that each or any of them hereby is authorized to attest to the execution of any such Power of Attorney and to attach therein the seal of the Company; and it is

FURTHER RESOLVED, that the signature of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be binding upon the Company when so affixed and in the future with regard to any bond, undertaking or contract of surety to which it is attached."



By 

Steven P. Anderson, President & Chief Executive Officer of Washington International Insurance Company  
& Senior Vice President of North American Specialty Insurance Company



By 

David M. Layman, Senior Vice President of Washington International Insurance Company  
& Vice President of North American Specialty Insurance Company

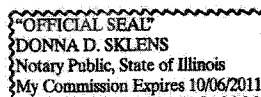
IN WITNESS WHEREOF, North American Specialty Insurance Company and Washington International Insurance Company have caused their official seals to be hereunto affixed, and these presents to be signed by their authorized officers this 13th day of May, 2010.

**North American Specialty Insurance Company  
Washington International Insurance Company**

State of Illinois  
County of Cook

ss:

On this 13th day of May, 2010, before me, a Notary Public personally appeared Steven P. Anderson, President and CEO of Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company and David M. Layman, Senior Vice President of Washington International Insurance Company and Vice President of North American Specialty Insurance Company, personally known to me, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as officers of and acknowledged said instrument to be the voluntary act and deed of their respective companies.

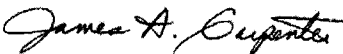




Donna D. Sklens, Notary Public

I, James A. Carpenter, the duly elected Assistant Secretary of North American Specialty Insurance Company and Washington International Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney given by said North American Specialty Insurance Company and Washington International Insurance Company, which is still in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Companies this 25th day of MARCH, 2011.



James A. Carpenter, Vice President & Assistant Secretary of Washington International Insurance Company &  
North American Specialty Insurance Company



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
2/18/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Michael Ehrenfeld Company 2655 Camino Del Rio North #200 San Diego CA 92108	<b>CONTACT NAME:</b> Terry Difalco <b>PHONE (A/C, No, Ext):</b> (619) 683-9990 <b>FAX (A/C, No):</b> (619) 683-9999 <b>E-MAIL ADDRESS:</b> terryd@ehrenfeldinsurance.com <b>PRODUCER CUSTOMER ID #:</b> 00007190														
<b>INSURED</b> Hamel Contracting, Inc. 26341 Jefferson Ave. Ste. B Murrieta CA 92562	<table border="1"><thead><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A: Mt. Hawley Insurance Company</td><td>37974</td></tr><tr><td>INSURER B: American States Insurance</td><td>19704</td></tr><tr><td>INSURER C: Greenwich Insurance Company</td><td>22322</td></tr><tr><td>INSURER D:</td><td></td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Mt. Hawley Insurance Company	37974	INSURER B: American States Insurance	19704	INSURER C: Greenwich Insurance Company	22322	INSURER D:		INSURER E:		INSURER F:	
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INSURER F:															

**COVERAGES** **CERTIFICATE NUMBER:** Hemet Service Center **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			MGL0170226	5/1/2010	5/1/2011	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person)	\$ 10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY	\$ 1,000,000
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC						GENERAL AGGREGATE	\$ 2,000,000
							PRODUCTS - COMP/OP AGG	\$ 2,000,000
B	AUTOMOBILE LIABILITY			01CI35780710	7/7/2010	7/7/2011	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO						BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	\$
	<input type="checkbox"/> HIRED AUTOS			Medical payments	\$			
	<input type="checkbox"/> NON-OWNED AUTOS			Uninsured motorist combined	\$			
	UMBRELLA LIAB						EACH OCCURRENCE	\$
	<input type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> OCCUR					AGGREGATE	\$
	<input type="checkbox"/> DEDUCTIBLE	<input type="checkbox"/> CLAIMS-MADE						\$
	<input type="checkbox"/> RETENTION \$							\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			2755769	04/15/2011	8/15/2011	WC STATUTORY LIMITS	OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	N/A				E.L. EACH ACCIDENT	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$
	Builders Risk All Risk						\$1,738,188	\$2,500 Deductible

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Hemet Service Center Project - The County of Riverside, its Directors, Officers, special Districts, Board of Supervisors, employees, agents or representatives are Additional Insured per attached general liability form CGL216(04/98) and Auto Liability form CA00011001. Waiver of subrogation applies to same entities per attached general liability form CG24041093 and Auto Liability form CA00011001.

## CERTIFICATE HOLDER

## CANCELLATION

County of Riverside 3403 10th St. Ste 300 Riverisde, CA 92501	<p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p>AUTHORIZED REPRESENTATIVE</p> <p>Pat Reilly/TERRYD <i>Pat Reilly</i></p>
---	---



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS (FORM C)**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

(If no entry appears below, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

**WHO IS AN INSURED (Section II)** is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that insured by or for you.

To the extent required under contract, this policy will apply as primary insurance to additional insureds scheduled below and other insurance which may be available to such additional insureds will be non-contributory.

**Section IV., Condition 4.,** of this policy is amended accordingly.

### **SCHEDULE**

Name of Person or Organization: As per Certificate

As Required by Written Contract

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**WAIVER OF TRANSFER RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

This endorsement modifies insurance provided under the following:  
COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

**Name of Person or Organization:** As per certificate holder

"Any person or organization for whom you are performing operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy"

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement)

The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US condition (Section IV - COMMERCIAL GENERAL LIABILITY CONDITIONS) is amended by the addition of the following:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with a person or organization and included in "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

## SECTION II - LIABILITY COVERAGE

### A. Coverage

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies; caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies; caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

#### Who Is An Insured

The following are "insureds":

- a. You for any covered "auto".
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
  - (1) The owner or anyone else from whom you hire or borrow a covered "auto". This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.
  - (2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
  - (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.

(4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company), or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".

(5) A partner (if you are a partnership), or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.

c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

**COMMERCIAL AUTO  
BUSINESS AUTO COVERAGE FORM**

**5. Other Insurance**

a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Liability Coverage this Coverage Form provides for the "trailer" is:

(1) Excess while it is connected to a motor vehicle you do not own.

(2) Primary while it is connected to a covered "auto" you own.

b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

c. Regardless of the provisions of Paragraph a. above, this Coverage Form's Liability Coverage is primary for any liability assumed under an "insured contract".

d. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

The following is added to 5.

We waive any right of recovery we may have against any additional insured under Coverage A. 1. Who Is An Insured g., but only as respects loss arising out of the operation, maintenance or use of a covered "auto" pursuant to the provisions of the "insured contract", written agreement, or permit.



P.O. BOX 420807, SAN FRANCISCO, CA 94142-0807

## CERTIFICATE OF WORKERS' COMPENSATION INSURANCE

ISSUE DATE: 02-18-2011

GROUP:  
POLICY NUMBER: 1944877-2010  
CERTIFICATE ID: 9  
CERTIFICATE EXPIRES: 04-01-2011  
04-01-2010/04-01-2011

COUNTY OF RIVERSIDE  
3403 10TH ST STE 300  
RIVERSIDE CA 92501-3659

SD

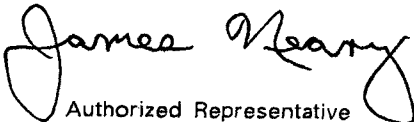
JOB: HEMET SERVICE CENTER PROJECT

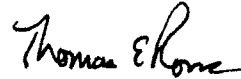
This is to certify that we have issued a valid Workers' Compensation insurance policy in a form approved by the California Insurance Commissioner to the employer named below for the policy period indicated.

This policy is not subject to cancellation by the Fund except upon 10 days advance written notice to the employer.

We will also give you 10 days advance notice should this policy be cancelled prior to its normal expiration.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policy listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate of insurance may be issued or to which it may pertain, the insurance afforded by the policy described herein is subject to all the terms, exclusions, and conditions, of such policy.

  
Authorized Representative

  
President and CEO

EMPLOYER'S LIABILITY LIMIT INCLUDING DEFENSE COSTS: \$1,000,000 PER OCCURRENCE.

ENDORSEMENT #1600 - HAMEL, GRANT J PRESIDENT - EXCLUDED.

ENDORSEMENT #1600 - HAMEL, ALISON TREASURER - EXCLUDED.

ENDORSEMENT #1600 - BUDD, MICHAEL A SECRETARY - EXCLUDED.

ENDORSEMENT #2570 ENTITLED WAIVER OF SUBROGATION EFFECTIVE 2011-02-18 IS  
ATTACHED TO AND FORMS A PART OF THIS POLICY. THIRD PARTY NAME:  
COUNTY OF RIVERSIDE

EMPLOYER

HAMEL CONTRACTING INC  
26341 JEFFERSON AVE STE B  
MURRIETA CA 92562

SD

[B17,SD]

PRINTED : 02-18-2011

Policy No.  
2755769

**XL INSURANCE**  
**GREENWICH INSURANCE COMPANY**  
**STAMFORD, CONNECTICUT**

Policy No.  
2755769

Direct Bill

**Policy Period**

From: 4/01/2011

To: 8/15/2011

At 12:01 A.M.

Standard Time

DEANS & HOMER, INSURANCE MANAGING UNDERWRITER  
340 Pine St, 2nd Fl, San Francisco, CA 94104

**INSURED:**

Hamel Contracting  
26359 Jefferson Ave  
#A  
Murrieta, CA 92562-6975

**PRODUCER (10249)**

Michael Ehrenfeld Company  
2655 Camino Del Rio North  
Suite 200  
San Diego, CA 92108-1633

**TERM PREMIUM:**

**\$2,240.81**

**LOCATION #1**

749 N STATE ST  
HEMET, CA 92543-1402

Coverage and conditions applicable to location #1

**BUILDER'S RISK**

**COVERAGE**

New Structures During Course of Construction  
Any One Structure  
In The Aggregate  
Business Income  
Lawns, Trees, Shrubs and Plants  
Debris Removal  
Pollutants Extraction Expense from Land or Water  
Plans, Specifications and Blueprints  
In Transit  
Temporary Storage Site

**LIMITS OF INSURANCE**

\$1,738,200  
\$1,738,200  
\$2,500  
\$2,500  
\$50,000  
\$10,000  
\$2,500  
\$2,500  
\$2,500

**DEDUCTIBLE**

Deductible Amount: \$2,500

**FORMS**

DH 05-51 (08-09) Limitation on Acts of Terrorism  
DH 22-00 (01-03) Builder's Risk Policy

**LOCATION PREMIUM:**

**\$2,240.81**

By: San Diego

# 1

## LIMITED COVERAGE ENDORSEMENT FOR CERTIFIED ACTS OF TERRORISM

The policy includes coverage for **Certified Acts of Terrorism**.

In consideration of the payment of premium and subject to all terms, conditions and limitations of the policy of which this endorsement is a part, **you** and **we** agree to the following:

Solely with respect to the insurance provided by this endorsement, the term exclusion as referred to herein means an exclusion to coverage under the Exclusions section of the policy, or a loss not covered under the Losses Not Covered section of the policy, as it may apply.

### THE FOLLOWING DEFINITION IS ADDED TO THE POLICY:

**Certified Act of Terrorism** means an "act of terrorism" as defined by The Terrorism Risk Insurance Act, as amended, in Section 102(1)(A) and (B) as follows:

Section 102 (1)(A): "The term "act of terrorism" means any act that is certified by the Secretary, in concurrence with the Secretary of State, and the Attorney General of the United States –

- (i) to be an act of terrorism;
- (ii) to be a violent act or an act that is dangerous to – (I) human life; (II) property; or (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside the United States in case of – (I) an air carrier or vessel described in paragraph (5)(B); or (II) the premises of a United States mission; and
- (iv) to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion."

Section 102(1)(B): "No act shall be certified by the Secretary as an act of terrorism if –

- (i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for worker's compensation; or
- (ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000."

### THE FOLLOWING LIMITATION OF COVERAGE IS ADDED TO THE POLICY:

#### Limitation of Coverage for Certified Acts of Terrorism

If aggregate insured losses attributable to one or more **Certified Acts of Terrorism** exceed \$100 billion in a Program Year (January 1 through December 31) and **we** have met **our** insurer deductible under the Terrorism Risk Insurance Act, as amended, **we** shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion in a Program Year. Insured losses up to \$100 billion in a Program Year are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

### APPLICATION OF POLICY LIMITATIONS AND EXCLUSIONS:

Exclusions and limitations in the policy apply to **Certified Acts of Terrorism** coverage:

The terms and limitations of any **certified act of terrorism** exclusion, or the inapplicability or omission of a **certified act of terrorism** exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy, including but not limited to losses excluded by a nuclear exclusion or a war exclusion, as they may apply.

All other terms, conditions and limitations remain unchanged.

**BUILDER'S RISK POLICY****AGREEMENT**

**We** will provide the insurance described in this policy in return for the premium and **your**

compliance with all provisions of this policy including endorsements.

**DEFINITIONS**

Words in bold print are defined herein.

1. In this policy **you** and **your** refer to the named insured shown on the Declarations Page. **We, us** and **our** refer to the company providing this insurance.
2. **Structures** means buildings, foundations, fences, walks, roadways, other paved surfaces, signs, awnings and similar constructions.
3. **Accident** means an undesigned, unexpected and rapidly occurring event.

4. **Your work** means construction done by **you** or on **your** behalf.
5. **Volcanic action** means lava flow, airborne shock waves, ash, dust or other particulate matter caused by or resulting from volcanic eruption.
6. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**LIMIT OF INSURANCE**

Regardless of the number of persons insured under this policy, the most **we** will pay for any

one loss is the applicable limit of insurance shown on the Declarations Page.

**PROPERTY COVERED**

**We** cover the property described below while at a location described on the Declarations Page:

1. new **structures** during the course of construction and after completion, materials intended to become integral parts of such

**structures**, construction forms and **your work** on additions, alterations, repair or renovation to or of existing **structures**;

2. lawns, trees, shrubs and plants.

**LOSSES COVERED**

Subject to the terms, conditions and limitations of this policy, **we** insure **you** against financial loss resulting from direct physical loss of or

damage to covered property caused by an **accident**.

**ADDITIONAL COVERAGES**

1. When an **accident** causes direct physical loss of or damage to property at a location described on the Declarations Page, **we** provide the limits of insurance shown on the Declarations Page as additional amounts of coverage. The limit of insurance shown on the Declarations Page for each category below is the total limit for each covered loss is a result of any one **accident** for all property in that category. The coverages

provided are subject to all other conditions of this policy:

- a. **your** net business income loss resulting from the delay in completion of covered **structures**;
- b. increase in otherwise covered loss made necessary by reason of the removal of debris of covered property;



## LOSSES NOT COVERED

1. **We** do not insure **you** against loss of or damage to covered property resulting from or caused, directly or indirectly, by any of the following. Such loss or damage is not covered regardless of any **accident** that contributes concurrently or in any sequence to such loss or damage:

- a. earth movement including earthquake, volcanic eruption, landslide, mudflow, earth sinking, rising or shifting.

If fire, explosion or **volcanic action** ensues, **we** will be liable only for the ensuing direct damage from the fire, explosion or **volcanic action**.

This exclusion does not apply to covered property while in transit;

- b. flood, surface water, water below the surface of the ground or water which backs up through or overflows from a sewer or drain.

If fire or explosion ensues, **we** will be liable only for the ensuing direct damage from the fire or explosion.

This exclusion does not apply to covered property while in transit;

- c. freezing.

If fire ensues **we** will be liable only for the ensuing direct damage from the fire;

- d. insects, vermin or rodents.

If fire or explosion ensues, **we** will be liable only for the ensuing direct damage from the fire or explosion;

- e. theft by **you**, **your** employee(s) or, with the exception of carriers for hire, by others to whom covered property is entrusted;

- f. shortage disclosed on taking inventory or unexplained or mysterious disappearance of covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire;

- g. error in design, plans or specifications; faulty or defective workmanship or materials; inherent vice, latent or patent defect; or mechanical breakdown.

If an otherwise covered loss ensues, **we** will be liable only for the ensuing direct damage from such ensuing loss. **We** will, however, not pay for the cost to correct the condition which causes such ensuing loss;

- h. pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants**.

If the release, discharge, escape, dispersal, seepage or migration is caused by or results from fire, lightning, explosion, windstorm, hail, aircraft, vehicles, riot or civil commotion, vandalism or malicious mischief, sprinkler leakage, falling objects, **volcanic action** or weight of snow, sleet or ice, **we** will pay for the resulting loss.

This exclusion does not apply to item 1.c. of the ADDITIONAL COVERAGES section;

- i. war, including undeclared or civil war; warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these;

- j. nuclear reaction or radiation, or radioactive contamination, however caused.

If fire ensues **we** will be liable only for the ensuing direct damage from the fire.

## REPRESENTATIONS

By accepting this policy **you** agree that:

1. the statements on the Declarations Page are accurate and complete;

2. those statements are based upon representations **you** made to **us**;

3. **we** have issued this policy in reliance upon **your** representations.

## CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy shall be void if any insured, whether before or after a loss, has intentionally concealed or misrepresented any material fact

or circumstance or made false statements or engaged in fraudulent conduct relating to this insurance.

## WAIVER OR CHANGE OF POLICY CONDITIONS

This policy contains all the agreements between **you** and **us** concerning this insurance. A waiver

or change of any provision of this policy must be in writing by **us** to be valid.

## TIME OF LOSS

This policy applies only to losses which occur during the policy period shown on the

Declarations Page.

## MANDATORY ARBITRATION

In case **we** fail to agree with **you** as to the meaning or effect of any provision of this policy or as to the amount payable for any loss covered by this policy, said disagreement shall be resolved by binding arbitration in accordance with the statutory rules and procedures of the state in which the property is located or in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

Should an arbitration under the terms of this clause result in a determination in **your** favor, **we** shall reimburse **you** for expenses actually incurred by **you** with respect to the arbitration, including reasonable attorney's fees, in a sum to be determined by the arbitrator(s). The provisions of this clause are mandatory and may be enforced either by **you** or by **us**.

## TIME LIMITATION FOR ACTION

No suit, arbitration or other action on this policy for the recovery of any claim shall be sustainable in any court or other forum unless all the requirements of this policy shall have been

complied with and unless commenced within twelve (12) months after the inception of the loss.

## INSPECTION OF PROPERTY

**We** may inspect covered property at any reasonable time. Such inspection(s) are for **our**

benefit only and do not mean that **your** premises are safe or free from any hazards.

## OTHER INSURANCE

**We** will not pay a greater portion of any loss than the limit of insurance for the loss under this policy bears to the total of the limits of insurance for the loss under all policies which cover the

loss or which would cover the loss but for the existence of this policy, except insurance written specifically to cover as excess over the limits of insurance that apply in this policy.

## CANCELLATION AND NON-RENEWAL (CONTINUED)

- e. **we** have made **you** a written offer to renew the policy under changed terms or conditions or at an increase in premium in excess of twenty five (25) per cent. Such offer must be made at least sixty (60) days, but not more than

one hundred twenty (120) days, before the expiration date of the policy.

Any pro-rata premium due **you** will be refunded within a reasonable time after the cancellation takes effect.

## MORTGAGEE INTEREST AND OBLIGATIONS

Loss shall be payable to a mortgagee named on the Declarations Page subject to its mortgage interest in the covered property. As to that mortgage interest, this insurance shall not be affected by any:

1. act or neglect of the mortgagor or owner of the covered property;
2. foreclosure or other proceeding or notice of sale relating to the covered property;
3. change in title or ownership of the covered property;

provided that, in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee shall, on demand, pay that premium.

If **you** fail to render a statement of loss, a named mortgagee, upon notice, shall render a statement of loss within sixty (60) days thereafter and shall be subject to all of the provisions of this policy.

If **we** cancel this policy any named mortgagee shall be notified in accordance with the cancellation provisions of this policy.

To the extent of any payment for loss under this policy which **we** make to any mortgagee and for which **we** claim **we** are not liable to the mortgagor or the owner, **we** will be subrogated to all of the rights of the mortgagee under the mortgage. Or **we** may pay the whole mortgage debt including accrued interest in return for a full assignment and transfer of the mortgage and all other securities for that debt.

## NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly

benefit any carrier or other bailee.