

AGREEMENT

This Agreement, made the 2nd day of September in the year 2026, by and between the HUMBOLDT BAY MUNICIPAL WATER DISTRICT, a California special district (hereinafter "**Owner**") and KERNEN CONSTRUCTION, a California Partnership (hereinafter "**Contractor**"), is for performance of the work on the following work of improvement:

Project Name and Address:	Crane work at Collector 4 7270 West End Road Arcata CA 95521
Project Owner and Address:	Humboldt Bay Municipal Water District 828 7 th Street Eureka CA 95501
Project Contractor and Address:	Kernen Construction PO Box 1340 Blue Lake CA 95525

Contractor's business is a Building and Engineering Contractor

Contractor's Federal Tax I.D. # or S.S. # 68-0013726

In consideration of the sums herein agreed to be paid and the terms, conditions and covenants to be performed by the parties, it is agreed as follows:

Contractor agrees to furnish all material, labor, tools, equipment, services, information, documents, permits, and instruction and parts manuals therefor, and to do and complete, in a workmanlike manner and as directed by and to the satisfaction of Owner, all work hereinafter described for that certain project, more particularly described in the Contract Documents (defined in Section 1.1, below) (the "**Work**").

ARTICLE 1 – CONTRACT DOCUMENTS

1.1 CONTRACT DOCUMENTS DEFINITION. The Contract Documents consist of this Agreement and all attachments and exhibits thereto (including **Attachment A** which references the Project Plans, Specifications and Quote and **Attachment B** which are the insurance requirements), and all changes and modifications to the Contract Documents, the latest adopted edition of the Uniform Building Code, Fire Code, and Mechanical Code, the Uniform Standard Specifications for Public Works Construction, and all applicable laws, rules, ordinances, and regulations, California Labor Code, the California Business and Professions Code, the California Public Contract Code, and the Federal Acquisition Regulations. The Contract Documents are complementary and what is required by one shall be as binding as if required by all.

1.2 CONTRACTOR SHALL BIND SUBCONTRACTORS TO SAME EXTENT AS CONTRACTOR. If Contractor contracts with any subcontractor(s) to perform any part of the Work on this Project, Contractor shall be responsible to ensure that each subcontractor shall assume toward Contractor the obligations and responsibilities that Contractor assumes toward Owner insofar as they relate in any way, directly or indirectly, to the Work covered by this Agreement, including, without limitation, any terms and provisions for indemnity, insurance, warranties, and liquidated damages. Contractor shall bind lower tier subcontractors and suppliers to full compliance with all Contract Documents, including all performance obligations and responsibilities that Contractor assumes toward Owner.

ARTICLE 2 – DESCRIPTION OF WORK

2.1 CONTRACTOR'S WORK. Contractor, as an independent contractor, shall furnish all labor and materials, equipment, and services as are necessary to perform all of the Work required by, or reasonably inferable from, the Contract Documents unless specifically excluded herein. Contractor's work shall be completed in a workmanlike manner in strict conformity with the Contract Documents and to the satisfaction of Owner.

2.2 REPRESENTATION THAT CONTRACT DOCUMENTS ARE COMPLETE. Contractor has reviewed the Contract Documents and represents: (1) if the Contractor's work is performed in accordance therewith, it shall comply with all applicable state, county, and municipal laws, codes, and regulations, including but not limited to all building codes; and (2) the Contract Documents are sufficiently complete to permit Contractor to perform its work, in its entirety, on the basis of the Contract Documents and matters reasonably inferable therefrom for the Agreement Price set forth in Article 3 below.

2.3 SUBCONTRACT/ASSIGNMENT. Contractor shall not subcontract, assign, transfer, or sublet any portion of its Work or the proceeds for Contractor's work without the prior written consent of Owner. Any such assignment shall not relieve Contractor from any obligations or liabilities under the Agreement and the assignee shall take the assignment subject to all rights of Contractor herein provided.

Contractor shall be fully responsible to Owner for the acts and omissions of its lower-tier subcontractors and of persons or entities, either directly or indirectly, employed by all of Contractor's lower-tier subcontractors. This Agreement shall not be transferable by Contractor or by operation of law. If requested by Owner, Contractor shall furnish Owner a copy of any proposed contract or

agreement between Contractor and any of its lower-tier subcontractors for Owner's review of the terms and conditions thereof, and Contractor shall not execute such agreement until Owner has given written notice of Owner's approval. Failure of Contractor to comply with this Article may be deemed to be a material breach of the Agreement and grounds for Owner to withhold payment therefor. Contractor guarantees that all lower-tier subcontractors will strictly comply with the terms of this Agreement, which shall be expressly incorporated by reference into any contract or agreement with any of Contractor's lower-tier subcontractors.

2.4 DISPUTED WORK. In the event of any dispute between Owner and Contractor over the scope of Contractor's work under the Contract Documents, Contractor will not stop work, but will prosecute the work, including as directed by Owner, diligently to completion, and any such dispute shall be submitted to resolution in accordance with this Agreement.

ARTICLE 3 – PRICE AND SCHEDULE OF VALUES

3.1 CONTRACT PRICE. The sum to be paid by Owner to the Contractor for the performance and completion of the Agreement to the satisfaction of Owner, inclusive of the duties, obligations and responsibilities of the Contractor under this Agreement and the other Contract Documents, and subject to any additions or deductions as authorized under this Agreement shall be as set forth in Contractor's bid schedule attached hereto as **Attachment A ("Contract Agreement Price" or "Price")**. The total project cost shall not exceed the total amount for the entirety of the Work set forth in Attachment A (i.e., \$40,400), unless otherwise authorized by Owner in writing prior to Contractor incurring additional expenses.

The Price shall constitute payment in full for all amounts owed to Contractor, including but not limited to the costs incurred for: all labor (including fringe benefit payments), materials, supplies, apparatuses, appliances, equipment, fixtures, tools, implements, facilities, supervision, transportation, utilities, storage, and all other services as and when required for or in connection with the performance of Contractor's work, business licenses, Social Security, employment, sales, use, state, federal, and all other taxes, continuous clean-up, final clean-up, and all insurance required by the Agreement and the other Contract Documents.

3.2 USE OF FUNDS. Contractor agrees and covenants that funds received for the performance of this Agreement shall be used solely for the benefit of persons and firms supplying labor, materials, supplies, tools, machines, equipment, plant or services exclusively for this Project in connection with this Agreement and having the right to assert liens or other claims against the land, improvements or funds involved in this Project or against any bond or other security posted by Contractor or Owner, and said funds shall not in any instance be diverted by Contractor to any other purpose until all obligations arising herein have been fully discharged and all claims arising therefrom have been fully paid.

ARTICLE 4 – PAYMENT

4.1 SUBMISSION OF INVOICES. Upon completion of the Project, Contractor shall submit to Owner for Owner's approval a written request for payment ("Invoice"). The Invoice must be dated and signed by Contractor and include deductions for: (a) all previous payments (if any); (b) all charges for materials and services furnished to Owner by Contractor; (c) back charges by any subcontractor or material supplier; and (d) any other charges and deductions provided for in this Agreement. Contractor shall submit revised Invoices until accepted by Owner.

4.2 WAIVERS AND RELEASES. As a condition precedent to payment by Owner, the Invoice shall be accompanied by a current Conditional Waiver and Release Upon Progress Payment, in the form specified by California Civil Code section 8132, from Contractor and each of Contractor's subcontractors, suppliers, and union trust funds for which payment is sought by the Invoice, and an Unconditional Waiver and Release Upon Progress Payment, in the form specified by California Civil Code section 8134, from Contractor and each of Contractor's subcontractors, suppliers, and any union trust fund for which payment was sought by Contractor and for which Contractor made payment.

4.3 CERTIFIED PAYROLL AND AFFIDAVITS. As an additional condition precedent to payment by Owner, Contractor shall provide, within the time limits specified by the Contract Documents, certified payroll reports certifying that all labor included in the Invoice was paid pursuant to the applicable prevailing wage rates. Contractor shall also submit an affidavit, signed under penalty of perjury, certifying that it has paid for all labor (including fringe benefits), materials and equipment for which Owner has made payment to Contractor.

4.4 PAYMENT NOT ACCEPTANCE. Payment to Contractor shall not constitute or imply acceptance by Owner of any portion of Contractor's work or the full performance thereof.

4.5 PAYMENT IN THE EVENT OF DISPUTE AS TO CONTRACTUAL REQUIREMENTS. In the event a dispute arises between Contractor and/or Owner as to the work to be performed by Contractor, Contractor shall receive payment for its work according to the provisions and requirements of the Agreement as though they are a contended by Contractor and/or Owner. Contractor shall not be entitled to additional compensation for work it contends is outside the scope of the Agreement unless and until the dispute is resolved in its favor.

4.6 REQUIREMENTS FOR PAYMENT. As a condition precedent to Contractor's obligation to make payment, Contractor shall:

(a) Submit an affidavit, under penalty of perjury, that all payroll, payroll taxes, fringe benefits, bills for material and equipment, and other indebtedness connected with Contractor's work for which Owner and/or any surety might in any way be liable, have been paid or otherwise satisfied.

(b) Submit conditional and unconditional waivers upon final payment in accordance with Civil Code sections 8136 and 8138;

- (c) Comply with all required close-out procedures to the satisfaction of Owner.

Within ten (10) days of Contractor's receipt of final payment, it shall provide to Owner an Unconditional Waiver and Release Upon Final Payment, in the form required by California Civil Code section 8138.

4.7 FINAL PAYMENT. Provided Contractor is not in default under the Agreement; there is no dispute between Contractor and Owner regarding Contractor's work; Owner and, if necessary, the Project Engineer, have accepted the Project; and Owner has received Contractor's release(s) of all claims related to Contractor's work except for unsettled liens or stop notices, unknown defective work, noncompliance with the Contract Documents, or warranty work, **final payment** shall be made no more than 10 (ten) calendar days after Contractor's compliance with the conditions for payment.

4.1 WITHHOLDING. Owner may withhold any and all payments due Contractor hereunder in order to protect itself from loss on account of Contractor and/or as may reasonably be necessary to protect Owner from loss or damage caused by Contractor, including but not limited to withholdings applicable to Contractor's work arising from grounds enumerated in the Contract Documents, Contractor's failure to perform Contract Work, breach of this Agreement, failure to properly pay employees, subcontractors and/or suppliers, failure to promptly correct rejected, defective or nonconforming Contract Work, and any other matter as to which this Agreement specifically authorizes the withholding by Owner of such payment, including Contractor's failure to comply with the requirements of the Contract Documents.

ARTICLE 5 – CHANGES

5.1 DIRECTED IN WRITING. Owner may order or direct changes, additions, deletions or other revisions to the Work without invalidating the Agreement. No changes, additions, deletions, or other revisions to the Work shall be valid unless made in writing. If Contractor performs additional work or revises the Work without written direction from Owner, Contractor shall not be paid for any additional labor, materials, or supplies furnished and shall be liable for any and all losses, costs, expenses, damages, and liability of any nature whatsoever associated with or in any way arising out of any such change.

5.2 PRICE ADJUSTMENTS. If Owner directs a material change to the Work pursuant to Section 5.1 of this Agreement, the Price stated in Article 3 and the time for Contractor's performance shall be adjusted by appropriate additions or deductions in accordance with the Agreement. Contractor shall supply Owner with all documentation necessary to substantiate the amount of the addition to or deduction from the Price or Contractor's time for performance. Any request of Contractor for an addition to or deduction from the Price, or Contractor's time for performance, must be made to Owner in itemized written form (accompanied by complete documentation substantiating any request(s)) within seven (7) calendar days from the date of receipt by Contractor of notification of change. In the event Owner and Contractor cannot agree on the amount of the addition or deduction, Contractor shall nonetheless perform the work as changed by Owner's written direction. Once Contractor receives Owner's written direction, Contractor is solely responsible for timely performance of the Work as changed by the written direction. Payment for changed Work shall be made in accordance with Article 4.

5.3 NOTICE OF DISPUTED WORK. If a dispute arises between Owner and Contractor about whether a particular work is a change in the Work described in Article 2, Contractor shall timely perform the disputed work and may give written notice of a claim for additional compensation for that work all in accordance with the Contract Documents. Such written notice of claim must be given prior to the performance of the disputed work, and no later than the notice periods set forth in Article 12, below. Contractor's failure to give written notice prior to the performance of the disputed work constitutes an agreement by Contractor that it will not be paid for the disputed work.

ARTICLE 6 – TIME OF COMPLETION AND SCHEDULE

6.1 TIME IS OF ESSENCE. Time limits stated in the Contract Documents are of the essence of the Agreement. By executing the Agreement, Contractor confirms that the contract time is sufficient for performing Contractor's work.

6.2 CONTRACT TIME. Contract Time for completion of all work is September 30, 2026, unless extended by written agreement of the parties hereto or in the event the Contract Time is extended pursuant to Section 6.4 below.

6.3 SCHEDULE OF WORK. Contractor shall have the right to decide the time and order in which the various portions of the Work are to be performed, including the relative priority of the work of subcontractors. Contractor shall prepare the Schedule of Work and shall revise the Schedule of Work as work progresses.

6.4 CONTRACTOR'S RESPONSIBILITIES. Contractor shall commence work on the Project within five (5) calendar days of receiving a written Notice to Proceed from the Owner. Contractor shall complete the work in the time set forth in Section 6.2, subject to permissible delays. Permissible delays are acts of God, war, war defense, riots, litigation, acts of the Owner or the Owner's agent, employee, or independent contractor, stormy weather, strikes, walkouts, acts of public utilities, public bodies or inspectors, extra work, failure of Owner to make payments promptly, the time involved in preparing and negotiating agreed Change Orders if such delays actually impact the critical path of the Project so as to cause delay, failure of Owner to authorize Change Orders in a timely fashion so as to delay schedule, failure of Architect to provide requested information or clarification in a manner which does not delay the schedule or other contingencies unforeseeable by or beyond the reasonable control of the Contractor. In the event of delay, Contractor shall notify Owner in writing within three (3) days of the occurrence and cause of delay and the estimated number of days the delay Contractor anticipates will occur. Contractor's failure to notify Owner shall result in no extension of time for completion. If at any time Owner wishes the Project to be completed in less time than set forth above, with any permissible delays, such acceleration in work shall be deemed a request for extra work, as forth herein and accomplished only pursuant to written Change Order.

6.5 CONTRACTOR'S REMEDIES FOR DELAY. If the progress of Contractor's work is delayed without the fault or responsibility of Contractor, then the time for Contractor's work shall be extended by change order to the extent obtained by from Owner and the Schedule of Work shall be revised accordingly. On projects subject to the Public Contract Code, the provisions of section 7102 shall apply; however, Owner and Contractor expressly contemplate and acknowledge that if the Work is enjoined by a court of law or a bid protest of any type or nature is asserted which delays the performance of the Work, Owner shall have no liability or responsibility to Contractor for any delay damages.

6.6 OWNER'S REMEDIES FOR DELAY. In the event that the completion of the Project is delayed beyond the time specified in the Contract Documents due to the fault of Contractor, and the delay is not otherwise excused, then the Contractor shall pay to the Owner the sum of Fifteen Thousand Dollars (\$15,000.00) per day as liquidated damages for each calendar day during which completion of the Project is delayed beyond the time specified for completion. The Parties acknowledge that calculation and proof of actual damages due to such delays are difficult to estimate on the date this agreement is made, and that the provisions made herein are a fair and good faith estimate of actual damages Owner may suffer in the event of such delays. This provision is not intended to constitute a penalty clause.

ARTICLE 7 – TERMINATION OR SUSPENSION

7.1 TERMINATION FOR CONVENIENCE. Notwithstanding any other provision of the Agreement, Owner reserves the right to terminate this Agreement for Owner's convenience, without cause. If so terminated, Contractor shall be entitled to the following costs and no others: cost of Work actually completed in conformity with the requirements of the Agreement and Contract Documents; other necessary costs actually incurred by Contractor; plus fifteen percent (15%) of such costs as overhead and profit.

7.2 SUSPENSION OR TERMINATION BY OWNER. Should the Owner suspend or terminate any aspect of the work, then Contractor shall immediately discontinue work upon written order from Owner. Contractor shall proceed with such work when ordered to do so by Owner.

ARTICLE 8 – PERFORMANCE OF CONTRACTOR

8.1 AUTHORIZED REPRESENTATIVE. Contractor shall designate one or more persons satisfactory to Owner and with authority to act for Contractor as Contractor's representative on-site and off-site. Such authorized representative(s) shall be the only person(s) to whom Owner shall issue instructions, orders or directions, except in an emergency. Should Owner find Contractor's representative(s) to be unsatisfactory, Contractor shall promptly replace the representative(s).

8.2 NON-DISCRIMINATION. Contractor shall not discriminate in hiring, firing, promotion, or training against any person on account of age, race, religion, national origin, disability, sexual orientation, gender, or gender identity.

8.3 SAFETY. In the performance of this Agreement, Contractor shall comply with all applicable federal, state and local statutory and regulatory requirements including, but not limited to California Department of Industrial Relations (Cal/OSHA) regulations; and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act, related to their scope of work and operations. In case of conflict in regulations, the most stringent shall apply. Contractor shall provide all safeguards, safety devices and protective equipment and take any other needed actions necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of the work covered by the contract. Safety precautions shall include but shall not be limited to: adequate life protection and lifesaving equipment; adequate illumination; instructions in accident prevention for all employees, such as the use of machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection, and other safety devices; equipment and wearing apparel as are necessary or lawfully required to prevent accidents, injuries, or illnesses (including but not limited to exposure to the *Coccidioides* fungus and Valley Fever); and adequate facilities for the proper inspection and maintenance of all safety measures

Contractor must obtain all applicable Division of Occupational Safety and Health (CAL-OSHA) permit(s) and others required by California Labor Code and California Government Code, prior to the initiation of any practices, work, method, operation, or process related to the work covered in the contract. Permits required by governmental authorities will be obtained at Contractor's expense.

It is a condition of this Agreement, and shall be made a condition of each subcontract which Contractor enters into pursuant to this Agreement, that the Contractor and any subcontractor shall not permit any employee, in performance of the contract, to work in surroundings or under conditions which are unsanitary, hazardous or dangerous to his/her health or safety, as determined under Cal/OSHA safety and health standards.

Contractor shall be responsible for the safeguarding of all utilities. At least two working days before beginning work, Contractor shall call the Underground Service Alert (USA) in order to determine the location of sub-structures. Contractor shall immediately notify Owner if Contractor disturbs, disconnects, or damages any utility.

In accordance with Section 6705 of the California Labor Code, Contractor shall submit to Owner specific plans to show details of provisions for worker protection from caving ground during excavations of trenches of five feet or more in depth. The excavation/trench safety plan shall be submitted to and accepted by Owner prior to starting excavation. The trench safety plan shall have details showing the design of shoring, bracing, sloping or other provisions to be made for worker protection from the hazard of caving ground. If such a plan varies from the shoring system standards established by the Construction Safety Orders of the California Department of Industrial Relations (Cal/OSHA), the plan shall be prepared by a California registered civil or structural engineer. As part of the plan, a note shall be included stating that the registered civil or structural engineer certifies that the plan complies with the Cal/OSHA Construction Safety

Orders, or that the registered civil or structural engineer certifies that the plan is not less effective than the shoring, bracing, sloping or other provisions of the Safety Orders. In no event shall Contractor use a shoring, sloping, or protective system less effective than that required by said Construction Safety Orders. Submission of this plan in no way relieves Contractor of the requirement to maintain safety in all areas. If excavations or trench work requiring a Cal/OSHA permit are to be undertaken, Contractor shall submit its permit with the excavation/trench work safety plan to Owner before work begins.

8.4 SHOP DRAWINGS, SAMPLES, AND AS-BUILT DRAWINGS. By such date as directed by Owner, Contractor shall prepare and submit to Owner all shop drawings, samples, specimens, or other data necessary to completely describe Contractor's work and as required by the Contract Documents. Approval of such shop drawings, samples, specimens, or other data by Owner or the Architect shall not relieve Contractor of its responsibility to perform Contractor's work in strict accordance with the Contract Documents or of its responsibility for the proper matching and fitting of Contractor's work with contiguous work. Contractor shall also furnish all information required for the coordination of Contractor's work with the work of other trades. Contractor shall be responsible for preparing all as-built drawings pertaining to Contractor's work and as required by the Contract Documents.

8.5 SUBSTITUTIONS. Requests for substitution of material will be allowed only if permitted by the Contract Documents. Requests for substitution must be submitted in the format specified by the Contract Documents and submitted to Owner within a reasonable timeframe as directed by Owner or they may be returned without review. Architect may charge to review requests for substitution, whether approved or rejected, and all such costs shall be the responsibility of Contractor.

8.6 PLAN INCONSISTENCY AND CONTIGUOUS WORK. Contractor shall bring any uncertainty or inconsistency in or between the plans, specifications, or other Contract Documents to the attention of Owner in writing and within three (3) working days of Contractor's discovery thereof. Contractor shall not proceed with any Work affected by the uncertainty or inconsistency until directed to do so by Owner. Owner shall resolve the uncertainty or inconsistency and Contractor shall perform the work as directed by Owner.

Before proceeding with its work, Contractor shall inspect the correctness of contiguous or adjacent work installed by others. The failure to detect or report discrepancies will preclude recovery by Contractor of any resulting cost, expense, or damage.

8.7 PROTECTION OF THE WORK. Contractor shall take all necessary precautions to properly protect Contractor's work and the work of others from damage caused by Contractor's operations. Should Contractor cause damage to the Work or property of Owner or others, Contractor shall promptly remedy such damage to the satisfaction of Owner.

8.8 INSPECTION. When portions of Contractor's work are ready for inspection, Contractor shall notify Owner in writing in sufficient time to allow Owner to notify the inspecting authorities that the work is ready for inspection. Failure to properly and timely make notice of, or receive, required inspections is not cause for delay. Contractor shall at all times furnish Owner with adequate facilities for inspecting materials at the site or at any place where materials under this Agreement may be in the course of preparation, processing, manufacture or treatment.

8.9 CLEAN-UP. Contractor shall follow Owner's clean-up directions and shall at all times keep the Project free from debris and unsafe working conditions arising from Contractor's work. At the end of each day, Contractor shall consolidate its debris at a place designated by Owner and shall remove its debris from the job site immediately upon completion of each phase of Contractor's work or as directed by Owner. Contractor is to leave all areas where it is performing work in broom clean condition at the end of each work day. If work areas are not kept neat and safe at all times, Owner will back-charge Contractor as needed at an hourly rate of \$100.00 plus dump fees and all other necessary costs incurred by Owner.

8.10 LABOR RELATIONS. Contractor shall take reasonable steps to prevent the occurrence of any strike, slowdown, or other labor difficulty or dispute arising out of the presence of Contractor at the job site or from any other activities of Contractor.

Contractor acknowledges the provisions of the California Labor Code regarding the payment of prevailing wages to workers employed on public works projects. In compliance with the requirements of Labor Code section 1775(b)(1), Contractor acknowledges the existence and content of Part 7, Chapter 1 of the California Labor Code, including, without limitation, Labor Code sections 1771, 1775, 1777.5, 1813, and 1815, as incorporated herein by reference, and has read and understands the provisions of these code sections.

Contractor shall work with and respond to all requests for information related to labor code compliance by Owner and/or Owner's labor compliance specialist.

8.11 WARRANTY. Contractor warrants all materials, equipment, and workmanship provided under this Agreement for a period of one (1) year from completion of the entire Project or such longer period as may be provided in the Contract Documents. Contractor warrants to Owner that materials and equipment furnished under the Agreement will be of good quality and new unless otherwise required or permitted by the Contract Documents, that Contractor's work will be free from defects not inherent in the quality required or permitted, and that Contractor's work will conform to the requirements of the Contract Documents. Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment, if requested by Owner to do so.

Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. Contractor shall promptly amend and make good any defective materials, equipment, or workmanship to the approval and acceptance of Owner.

8.12 PROJECT TO BE KEPT FREE OF LIENS. Contractor shall promptly pay all subcontractors, suppliers, and others from payment received by Owner. In the event a subcontractor, material supplier, labor union trust fund, or other person or entity that supplied labor, material, or equipment to Contractor shall record/file a mechanic's lien or stop notice, Contractor shall, within two (2) working days of receipt of notice of said lien or stop notice, supply evidence to the satisfaction of Owner that the monies owing to the

claimant have been paid or post a bond indemnifying Owner and the Project from such claim or lien.

8.13 ROYALTIES, PATENTS AND COPYRIGHTS. Contractor shall pay all royalties and license fees, shall defend suits or claims for infringement of copyrights and patent rights, and shall hold Owner harmless from loss on account thereof. Contractor shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer is required by the Contract Documents or where the copyright violations are contained in the Contract Documents.

8.14 DISCOVERY OF HAZARDOUS WASTE OR UNUSUAL CONDITIONS. Contractor shall promptly, and before the following conditions are disturbed, notify Owner, in writing, of any of the following conditions: (a) material that Contractor believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law; (b) subsurface or latent physical conditions at the site differing from those indicated by information about the site made available to bidders prior to the deadline for submitting bids; (c) unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract Documents.

Upon notice to Owner, Owner shall promptly investigate the conditions, and if it finds that the conditions do materially so differ, or do involve hazardous waste, and cause a decrease or increase in the Contractor's cost of, or the time required for, performance of any part of the work shall issue a change order under the procedures described in the Agreement.

In the event that a dispute arises between Owner and Contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in Contractor's cost of, or time required for, performance of any part of the work, Contractor shall not be excused from any scheduled completion date provided for by the Agreement, but shall proceed with all work to be performed under the Agreement. Contractor shall retain any and all rights provided either by Agreement or by law which pertain to the resolution of disputes and protests.

ARTICLE 9 – RECOURSE OF OWNER

9.1 NOTICE TO CURE. If, in the opinion of Owner, Contractor is in breach of any provision of this Agreement, including but not limited to failing: to supply timely and enough properly skilled workers or proper or sufficient materials or equipment or adequate supervision; to provide and obtain approved submittals timely; to maintain the Schedule of Work; to make prompt payment to its workers, sub-subcontractors, suppliers, taxing authorities, or union trust funds; to obey laws, ordinances, or orders of any public authority having jurisdiction; to clean up its debris; to perform work as directed by Owner; or to perform any obligation under this Agreement, Contractor shall commence and continue satisfactory correction of such breach with diligence and promptness within forty-eight (48) hours after service of written notice to Contractor or Contractor's authorized representative specifying the particulars of such breach.

9.2 FAILURE TO CURE BREACH. If Contractor fails to cure a breach of this Agreement within forty-eight (48) hours of service of a Notice to Cure, Owner may, without prejudice to any other rights or remedies, and at its sole option, do any or all of the following:

- (a) Furnish such labor, material, equipment, and other facilities, either directly or through one or more subcontractors, as Owner deems necessary to complete or correct Contractor's work, or any part thereof;
- (b) Withhold payment of any monies due Contractor under this Agreement pending corrective action to the extent required by and to the satisfaction of Owner; or
- (c) Terminate the Agreement and complete the work itself or cause the work to be completed by others. Owner may take immediate possession of all of Contractor's material, supplies, tools, appliances, and equipment at the job site and use same without payment of rent or other compensation to Contractor or liability to Contractor for any damages arising from said use unless resulting from gross negligence or willful destruction by Owner or others working on its behalf. Any unused material, supplies, tools, appliances, and equipment remaining after Contractor's work is completed will be returned to Contractor.

9.3 CONTRACTOR RATES TO COMPLETE OR CORRECT WORK. If Owner elects to use its own labor forces to complete or correct Contractor's work, Contractor and, if applicable, Contractor's surety, agree to pay Owner for all labor costs, costs for Owner's owned equipment, direct costs for materials, field and home office overhead, and ten percent (10%) profit on all costs.

9.4 BANKRUPTCY. Upon a receiver for Contractor being appointed, upon Contractor making an assignment for the benefit of creditors, upon Contractor seeking protection under the Bankruptcy Code, upon Contractor's creditors placing Contractor into an involuntary bankruptcy, or upon Contractor committing any other act evidencing insolvency, Owner may, to the extent legally permissible, terminate this Agreement upon giving three (3) working days' written notice, by certified mail, to Contractor and its surety, if any. If an order for relief pertaining to Contractor is entered under the Bankruptcy Code, Owner may terminate this Agreement by giving forty-eight (48) hours' written notice, by certified mail, to Contractor, its trustee, and its surety, if any, unless Contractor, the surety, or the trustee: promptly cures all defaults; provides adequate assurances of future performance; compensates Owner for all damages, costs, and expenses resulting from such default(s); and assumes the obligations of Contractor within the statutory time limits.

If Contractor is not performing in accordance with the Schedule of Work at the time an order for relief is entered, Owner may avail itself of any and all such remedies that are reasonably necessary to maintain the Schedule of Work while waiting for the Contractor, its trustee, or its surety, if any, to accept or reject the Agreement and to provide adequate assurances of future performance.

ARTICLE 10 – INSURANCE AND BONDS

10.1 GENERAL INSURANCE REQUIREMENTS. Contractor shall not commence any work until it obtains all insurance required to be obtained by Contractor under this Agreement as set forth in **Attachment B** hereto and incorporated herein by this reference.

10.2 PERFORMANCE AND MATERIALS AND LABOR PAYMENT BONDS. Within 5 calendar days of a request by Owner, and at Contractor's expense, Contractor shall furnish Performance and Materials and Labor Payment Bonds in an amount equal to 100 percent of the Price set forth in Article 3 herein, from a surety and in a form satisfactory to and/or provided by Owner. Said bonds shall include a provision that the party prevailing in any legal or equitable action or arbitration proceeding relating to the bonds shall be entitled to receive from the other parties to said action or proceeding all court costs, actual attorneys' fees, and all other expenses, including but not limited to expert witness fees, incurred in such action or proceedings and the preparation thereof.

ARTICLE 11 – INDEMNIFICATION

11.1 DEFINITIONS. For purposes of this Article 11, "Indemnified Parties" shall mean: Owner, and all of their officials, representatives, employees, consultants, agents, successors, and assigns, and any lender of Owner with an interest in the Project.

For purposes of this Article 11, "Claim" and "Claims" shall include claims, demands, obligations, damages, actions, causes of action, suits, demands for arbitration, losses, judgments, fines, penalties, liabilities, costs, and expenses (including, without limitation, fees, costs, and other disbursements to attorneys, experts, consultants, or other professionals) of every kind or nature whatsoever that may arise from or in any manner relate (directly or indirectly) to any work performed or services provided under this Agreement or Contractor's presence or activities conducted at the Project.

11.2 EXTENT OF INDEMNIFICATION. To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the Indemnified Parties, and each of them, from and against any and all Claims including, without limitation, Claims for bodily injury, death, or damage to or destruction of property; defects in workmanship or materials; and design defects, if the design originated with Contractor, that may arise from or in any manner relate, directly or indirectly, to any work performed or services provided under this Agreement or Contractor's presence or activities conducted on the Project, including without limitation the negligent and/or willful acts, errors, and/or omissions of Contractor, its principals, officers, agents, employees, vendors, suppliers, consultants, sub-consultants, sub-subcontractors, anyone employed by any of them or for whose acts they may be liable, or any or all of them, regardless of any passive negligence or strict liability of an Indemnified Party. Contractor, however, shall not be obligated under this Agreement to indemnify, including the cost to defend, the Indemnified Parties for Claims arising out of, pertaining to, or relating to the active negligence or willful misconduct of the Indemnified Parties, or for defects in design furnished by such persons, or to the extent the Claims do not arise out of the scope of work of the Contractor pursuant to this Agreement.

11.3 DUTY TO DEFEND. Contractor shall, at its sole cost and expense and with legal counsel approved by Owner (which approval shall not be unreasonably withheld), defend the Indemnified Parties, and each of them, from any Claims for which Contractor is bound to indemnify the Indemnified Parties pursuant to Article 11.2. The duty to defend is wholly independent of and separate from the duty to indemnify, and such duty to defend exists regardless of any ultimate liability of Contractor. Such defense obligation shall arise immediately upon presentation of a Claim and written notice of such Claim being provided to Contractor.

11.4 PAYMENT NOT CONDITION PRECEDENT. Payment to Contractor by any Indemnified Party, or any Indemnified Party's payment of a Claim, shall not be a condition precedent to Contractor's obligations to indemnify and defend the Indemnified Parties, and each of them.

11.5 SURVIVAL OF OBLIGATION. Contractor's obligations to indemnify and defend shall survive the expiration or earlier termination of this Contract Agreement until such time as any action against the Indemnified Parties, or any of them, for such matter indemnified hereunder is fully and finally barred by the applicable statute(s) of limitations.

11.6 LIABILITY NOT EXCLUSIVE. Contractor's liability for indemnification and defense hereunder is in addition to any liability Contractor may have to Owner for Contractor's breach of any of the provisions of this Agreement. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit Contractor's indemnification obligation or other liability under the Agreement.

11.7 NO LIMITATION UPON LIABILITY. In connection with any and all claims against Owner, Owner's representatives, Contractor (including its affiliates, parents, and subsidiaries) or other contractors or subcontractors, or any of their agents or employees, by any employee of Contractor, anyone directly or indirectly employed by Contractor, or anyone for whose acts Contractor may be liable, the indemnification provisions in Article 11.2 shall not be limited in any way by any limitation on the amount or types of damages, compensation or benefits payable by or on behalf of Contractor under worker's compensation acts, disability benefit acts, or other employee benefit acts.

ARTICLE 12 – CLAIMS

12.1 CLAIMS RELATING TO OWNER. Contractor agrees to make all claims for which Owner may be liable in the manner provided in the Contract Documents. Notice of such claims shall be given by Contractor to Owner within one (1) week prior to Contractor commencing work under this Agreement or the event for which such claim is to be made, or within three (3) calendar days of Contractor's first knowledge of the event, whichever shall first occur. Contractor's failure to provide notice of a claim as required by this Article 12.1 shall constitute a waiver of the claim. Contractor shall be bound by the determination of the Owner or, in the event of a legal action or proceeding, or arbitration, by the outcome of same and shall be entitled only to its proportionate share of any net recovery.

12.2 CLAIMS NOT RELATING TO OWNER. Contractor shall give Owner written notice of all claims not included in

Article 12.1, within the same time frames noted in Article 12.1. Should Contractor fail to provide notice within the time required, such claims shall be deemed waived.

12.3 CONTRACTOR TO CONTINUE WORK. Contractor shall carry on the Work and maintain satisfactory progress while any claim or claims brought pursuant to Article 12.1 or 12.2, or any other dispute(s), is/are being resolved, and Owner shall continue to make payments in accordance with the Agreement.

ARTICLE 13 – DISPUTE RESOLUTION

13.1 CONSENSUAL RESOLUTION EFFORTS. Upon notification of a dispute, Owner and Contractor shall meet to informally resolve such dispute.

13.2 DISPUTES BETWEEN OWNER AND SUBCONTRACTOR. Any controversy or claim arising out of or related to this Agreement involving an amount less than \$5,000 (or the maximum limit of the court) must be heard in the Small Claims Division of the Superior Court in Humboldt County. If any question arises regarding or relating to Contractor's work or regarding the rights and obligations of Owner and/or Contractor under the Contract Documents, then, as a condition precedent to litigation as described below, Owner and Contractor shall first mediate any dispute. With respect to claims and disputes between Owner and Contractor arising out of or relating to obligations under this Agreement, and which do not involve issues of fact or law the following shall apply: Each claim or dispute between the parties arising out of or relating to this Agreement shall be litigated in a California State Court of competent jurisdiction, or if jurisdiction over the action cannot be obtained in California State Court, in a Federal Court of competent jurisdiction situated in the State of California.

13.3 CONSOLIDATED ARBITRATION PROCEEDINGS. The claims and disputes of Owner, Contractor, and other subcontractors involving a common question of fact or law shall be heard by the same arbitrator(s) or court in a single proceeding.

13.4 NO LIMITATION OF RIGHTS OR REMEDIES. This Article shall not be deemed a limitation of any rights or remedies that Contractor may have under any federal or state mechanics lien, stop notice, or labor and material payment bond unless such rights have been expressly waived by Contractor.

ARTICLE 14 – MISCELLANEOUS PROVISIONS

14.1 LAW AND EFFECT. This Agreement shall be governed by the laws of the State of California.

14.2 SEVERABILITY AND WAIVER. The partial or complete invalidity of any one or more provisions of this Agreement shall not affect the validity or continuing force and effect of any other provision.

14.3 ATTORNEYS' FEES. In the event either party shall prevail in any legal or equitable action or arbitration proceeding to enforce any term(s) of this Agreement, such party shall be entitled to receive from the other party all court costs, actual attorneys' fees, and all other expenses, including but not limited to expert witness fees, incurred in such litigation and the preparation thereof.

14.4 ENTIRE AGREEMENT. This Agreement is solely for the benefit of the signatories hereto and represents the entire and integrated agreement between the parties hereto, and supersedes all prior proposals, bids, correspondence, negotiations, representations, or agreements, whether written or oral.

14.5 TERMS. The terms of this Agreement are contractual and the result of negotiations between the parties hereto. Accordingly, any rule of construction of contracts, including without limitation California Civil Code section 1654, that ambiguities are to be construed against the drafting party, shall not be employed in the interpretation of this Agreement.

14.6 WRITTEN NOTICE. Written notice shall be deemed to have been duly served if delivered in person to the individual or a member of the firm or entity or to Contractor's authorized representative, or if delivered at or sent by registered or certified mail to the last business address known to the party giving notice.

14.7 RIGHTS AND REMEDIES. Duties and obligations imposed by the Contract Documents, and rights and remedies available thereunder, shall be in addition to and not a limitation of duties, obligations, rights, and remedies otherwise imposed or available by applicable law.

14.8 AUDIT. Owner shall have the right to inspect the work, or any portion thereof, at any time, in accordance with this Agreement and the Contract Documents. Any right of the Owner to inspect or audit the books, accounting records, files and documents of Contractor in accordance with the Contract Documents is incorporated herein as though set forth in full.

Owner shall have the right to inspect, audit and copy at any time, upon reasonable notice, during normal business hours, Contractor's books, documents and accounting records, including but not limited to bid worksheets, bids, subcontractor bids, and proposals, estimates, cost accounting data, accounting records, payroll records, time sheets, cancelled checks, profit and loss statements, balance sheets, Project correspondence, including but not limited to all correspondence between Contractor and Contractor's sureties and subcontractors/vendors, Project files, scheduling information, and other records of the Contractor and all subcontractors directly or indirectly pertinent to the work, original as well as change and claimed extra work, to verify and evaluate the accuracy of cost and pricing data submitted with any change order, prospective or completed, or any claim for which additional compensation has been requested or notice of potential claim has been tendered. Contractor shall keep complete and accurate records concerning Contractor's work and the Project at its principal office for at least four (4) years after the work is completed and accepted. This provision shall be included in all of Contractor's subcontracts and purchase orders, and all of Contractor's subcontractors and suppliers, of any tier, shall be bound by this provision.

14.9 ASSIGNMENT OF CARTWRIGHT ACT CLAIMS. If applicable, Contractor offers and agrees to assign to Owner all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the Agreement. This assignment shall be made and become effective at the time Owner tenders final payment to the Contractor, without further acknowledgment by the parties.

CONTRACTORS ARE REQUIRED BY LAW TO BE LICENSED AND REGULATED BY THE CONTRACTORS STATE LICENSE BOARD WHICH HAS JURISDICTION TO INVESTIGATE COMPLAINTS AGAINST CONTRACTORS IF A COMPLAINT REGARDING A PATENT ACT OR OMISSION IS FILED WITHIN FOUR YEARS OF THE DATE OF THE ALLEGED VIOLATION. A COMPLAINT REGARDING A LATENT ACT OR OMISSION PERTAINING TO STRUCTURAL DEFECTS MUST BE FILED WITHIN TEN YEARS OF THE DATE OF THE ALLEGED VIOLATION. ANY QUESTIONS CONCERNING A CONTRACTOR MAY BE REFERRED TO THE REGISTRAR, CONTRACTORS STATE LICENSE BOARD, POST OFFICE BOX 26000, SACRAMENTO, CALIFORNIA 95826.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate as of the day and year first above written. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and copies of which transmitted via facsimile or pdf shall be deemed originals, and which together shall be deemed one and the same agreement. To the extent the signed version of this Agreement is digitally stored, electronic copies have the same force and effect as the original.

HUMBOLDT BAY MUNICIPAL WATER DISTRICT

KERNEN CONSTRUCTION

By: _____

By: Scott Farley

Name of Signee: _____

Name of Signee: Scott Farley

Title: _____

Title: Partner

Date: _____

Date: 9.3.26

Contractor's License No. 504091

Attachment A

[PLANS, SPECIFICATIONS AND QUOTE FOLLOW THIS PAGE]

KERNEN

CONSTRUCTION

Building & Engineering Contractors

P.O. Box 1340 • Blue Lake, CA 95525
 2350 Glendale Drive • McKinleyville, CA 95519
 (707) 826-8686 • Fax (707) 826-1888
 CA Lic 504091
 UEI: GMZASFJFDMJ1 / CAGE Code: 3XJR7
www.kernenconstruction.com

Estimate

CLC082617-KC

Date: 8/17/2026
 Expiration Date: 10/16/2026

HBMWD - CR5 - 110t for Collector 4 Repairs- Ryan Chairez
 7270 West End Road
 Arcata, CA 95521
maint@hbmwd.com / 707-834-0323 @ / 707-822-2917 (o)

Job Scope:		Quoted Prices
110-ton crane service with OE3 Operator, OE3 Rigger, counterweights, and jib. Crane to be left on-site each night - HBMWD to supply Overnight Security while crane is onsite. Work is scheduled for 5 days to be completed by 10/15/2026. Crane to support the repair contractor and dive crew, and place the test weights.		
110 ton Crane with OE 3 Certified Operator : OE3 Certified Operator with Counterweights (6/16-6/19): Trucking to mobilize and demobilze Test Weighths: Test Weight Rental:		\$25,650.00 \$11,850.00 \$1,850.00 \$500.00
Lift Plan:		\$550.00
ESTIMATED TOTAL		\$40,400.00
Special Instructions / Conditions	PLEASE INITIAL (LEFT) TO ACKNOWLEDGE STATEMENT(S)	
<i>Estimate assumes regular business hours (M-F 7-3:30pm). Any work beyond this timeframe will be billed as OT at \$535/hr. + 7 % FSC for crane and \$300/hr for rigger/trucker, with work in excess of 10 hours billed as DT at \$595/hr + 7 % FSC for crane and \$350/hr for rigger/trucker.</i>		
Grand Total		TBD

This estimation is for the services named, subject to the conditions noted in the Description, Special Instructions/Conditions, & below:

- 50% deposit required prior to work commencing, unless already an approved customer
- Hours will vary depending on actual work times reported with a 4 hour daily minimum
- **Port to Port** - work hours begin when equipment departs and when it returns to our terminal
 4801 West End Road, Arcata, CA 95521
- *ST - no more than 8hrs/day & 40hrs/week; *OT - all Sat. work & more than 8hrs/shift and/or after 3:30pm (whichever comes first); *DT - all Sun. work & more than 10hrs/shift
- THE CONTRACTOR IS NOT RESPONSIBLE FOR DELAYS CAUSED BY WEATHER, EARTHQUAKES, FLOODS, OR OTHER ACTS OF GOD.

Estimation prepared by: Erica Heenan / 623-217-6061 / eheenan@ncfab.com

To accept the estimate and it's conditions,

Print Name: _____

Sign and Return: _____

Attachment B

INSURANCE REQUIREMENTS

Minimum Scope and Limits of Insurance: Contractor shall procure and maintain for the duration of the contract, *and for 5 years thereafter*, insurance against claims for injuries or death to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees, or subcontractors.

Coverage - Coverage shall be at least as broad as the following:

1. **General Liability - Commercial General Liability (CGL)** - Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury with limit of at least five million dollars (\$5,000,000) per occurrence or the full per occurrence limits of the policies available, whichever is greater. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (coverage as broad as the ISO CG 25 03, or ISO CG 25 04 endorsement provided to the Humboldt Bay Municipal Water District) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability** - Insurance Services Office (ISO) Business Auto Coverage (Form CA 00 01), covering Symbol 1 (any auto) with limit of one million dollars (\$1,000,000) for bodily injury and property damage each accident.
3. **Workers' Compensation Insurance** - The Contractor shall provide workers' compensation coverage as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. **Waiver of Subrogation** (also known as Transfer of Rights of Recovery Against Others to Us): The Contractor hereby agrees to waive rights of subrogation to obtain endorsement necessary to affect this waiver of subrogation in favor of Humboldt Bay Municipal Water District, its officials, officers, employees, and authorized volunteers, for losses paid under the terms of this coverage which arise from work performed by the Named Insured for Humboldt Bay Municipal Water District; this provision applies regardless of whether or not Humboldt Bay Municipal Water District has received a waiver of subrogation from the insurer.
4. **Builder's Risk** - (Course of Construction) if necessary- insurance utilizing an "All Risk" (Special Perils) coverage form with limits equal to the completed value of the project and no coinsurance penalty provision. See **Responsibility of Work (page 3)**.
5. **Contractor's Pollution Liability** - (optional: if project involves environmental hazards) with limits no less than \$5,000,000 per occurrence or claim, and \$10,000,000 policy aggregate.

If the Contractor maintains broader coverage and or/higher limits than the minimums shown above, Humboldt Bay Municipal Water District requires and shall be entitled to the broader coverage and/or higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum of insurance and coverage shall be available to Humboldt Bay Municipal Water District)

Other Required Provisions - The Commercial General Liability policy and Contractors Pollution (if necessary) are to contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status:** Humboldt Bay Municipal Water District, its officials, officers, employees, and authorized volunteers are to be given insured status (at least as broad as ISO Form CG 20 10 11 85) or if not available, through the addition of **both** CG 20 10 10 01 and CG 20 37 10 01, with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance.
2. **Primary Coverage:** For any claims related to this project, the Contractor's insurance coverage shall be primary (at least as broad as ISO CG 20 01 04 13) with respect to Humboldt Bay Municipal Water District, its officials, officers, employees, and authorized volunteers. Any insurance or self-insurance maintained by Humboldt Bay Municipal Water District, its officials, officers, employees, and authorized volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to Humboldt Bay Municipal Water District.

Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A: VII or equivalent or as otherwise approved by Humboldt Bay Municipal Water District.

The Contractor agrees and he/she will comply with such provisions before commencing work. All of the insurance shall be provided on policy forms and through companies satisfactory to Humboldt Bay Municipal Water District. Humboldt Bay Municipal Water District reserves the right to obtain complete, certified copies of all required insurance policies, including the policy declarations page with endorsement number. Failure to continually satisfy the Insurance requirements is a material breach of contract.

Responsibility for Work - Until the completion and final acceptance by Humboldt Bay Municipal Water District of all the work under and implied by this agreement, the work shall be under the Contractor's responsible care and charge. The Contractor shall rebuild, repair, restore

and make good all injuries, damages, re-erections, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

The Contractor shall provide and maintain **builder's risk** (course of construction) or an installation floater (for materials and equipment) covering all risks of direct physical loss, damage or destruction to the work in the amount specified in the General Conditions, to insure against such losses until final acceptance of the work by Humboldt Bay Municipal Water District. Such insurance shall insure at least against the perils of fire and extended coverage, theft, vandalism and malicious mischief, and collapse. The Policy shall be endorsed with Humboldt Bay Municipal Water District, its officials, officers, employees, and authorized volunteers named as loss payee, as their interest may appear. The making of progress payments to the Contractor shall not be construed as creating an insurable interest by or for Humboldt Bay Municipal Water District or be construed as relieving the Contractor or his/her subcontractors of responsibility for loss from any direct physical loss, damage or destruction occurring prior to final acceptance of the work by Humboldt Bay Municipal Water District

Deductibles and Self-Insured Retentions - Insurance deductibles or self-insured retentions must be declared by the Contractor, and approved by Humboldt Bay Municipal Water District. At the election of Humboldt Bay Municipal Water District, the Contractor shall either cause the insurer to reduce or eliminate such self-insured retentions as respects Humboldt Bay Municipal Water District, its officials, officers, employees, and authorized volunteers or the Contractor shall provide a financial guarantee satisfactory to the Humboldt Bay Municipal Water District guaranteeing payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Humboldt Bay Municipal Water District.

Verification of Coverage - Evidences of Insurance Contractor shall furnish Humboldt Bay Municipal Water District with copies of certificates and amendatory endorsements effecting coverage required by this contract. All certificates and endorsements are to be received and approved by Humboldt Bay Municipal Water District before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. Humboldt Bay Municipal Water District reserves the right to require complete, certified copies of all required insurance policies, including policy Declaration pages and Endorsement pages, required by these specifications, at any time. Failure to continually satisfy the Insurance requirements is a material breach of contract.

Continuation of Coverage - The Contractor shall, upon demand of Humboldt Bay Municipal Water District deliver evidence of coverage showing continuation of coverage for at least (5) years after completion of the project. Contractor further waives all rights of subrogation under this agreement. When any of the required coverages expire during the term of this agreement, the Contractor shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against Humboldt Bay Municipal Water District (if builder's risk insurance is applicable) to Humboldt Bay Municipal Water District at least ten (10) days prior to the expiration date.

Sub-Contractors - In the event that the Contractor employs other Contractors (sub-contractors) as part of the work covered by this agreement, it shall be the Contractor's responsibility to require and confirm that each sub-contractor meets the minimum insurance requirements specified above (via as broad as ISO CG 20 38 04 13). The Contractor shall, upon demand of Humboldt Bay Municipal Water District, deliver to Humboldt Bay Municipal Water District copies such policy or policies of insurance and the receipts for payment of premiums thereon.