

OFFICIAL RECORD

Requested By:

DC/COMMUNITY DEVELOPMENT

Assessor's Parcel Number: N/A

Date: SEPTEMBER 9, 2009

Recording Requested By:

Douglas County - NV
Karen Ellison - Recorder

Page: 1 Of 17 Fee: 0.00
BK-0909 PG- 1931 RPTT: 0.00



Name: LYNDA TEGLIA, COMMUNITY DEVELOPMENT

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A

AGREEMENT #2009.257

(Title of Document)

**AGREEMENT
BETWEEN
DOUGLAS COUNTY, NEVADA
AND
Q & D Construction**

Whereas, Douglas County Nevada (hereinafter OWNER) is a political subdivision of the State of Nevada, and is statutorily authorized to enter into contracts for construction projects, and;

Whereas Q & D Construction (hereinafter CONTRACTOR) is a construction company licensed as a general contractor in Nevada, and;

Whereas CONTRACTOR has submitted a bid in accord with the Airport Improvement Project Number 19 and 20 Construction Specifications and Contract Documents (hereinafter Contract Documents) as prepared by OWNER, and;

Whereas, CONTRACTOR submitted a responsive and responsible Bid in the amount of \$465,000.00 for the Airport Improvement Project Number 19 and 20 as outlined in the Contract Documents.

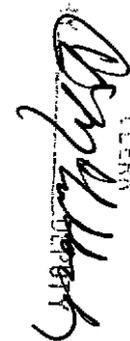
Now therefore, it is the intention of the OWNER and CONTRACTOR to enter into an Agreement to have CONTRACTOR complete all of the work as specified or indicated in the Contract Documents.

ARTICLE 1 - WORK

1.01 CONTRACTOR shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows: Airport Improvements at Minden-Tahoe Airport.

ARTICLE 2 - THE PROJECT

2.01 The Project for which the Work under the Contract Documents may be the whole or only a part is generally described as follows:

FILED
NO. 2009.257
2009 SEP -9 AM 10:01
TED THIRAN
CLERK


SW Hangar Taxi Lane Pavement Rehabilitation

- Surface Preparation
- Crack Repair and Crack Seal
- Slurry Seal Application
- Rejuvenator Seal Application
- Mill and Fill Operations
- Removal and Replacement of Concrete Valley Gutters
- Catch basin Repaired Installation
- Storm Drains Installation
- Pavement Markings

Runway 30 Run-up Reconstruction

- Subgrade Cement Stabilization
- New Pavement Construction - PCC
- Valley Gutter Installation
- Pavement Marking
- Shoulder and In-Field Grading

Runways 16 & 34 Run-up Areas

- Asphalt Concrete Milling
- Placement of New Asphalt Concrete
- Pavement Markings

East Apron and Access Taxiway Construction

- Earthwork and Site Grading
- Pavement Demolition
- Drainage Improvements
- Placing Aggregate Base Course

ARTICLE 3 - ENGINEER

3.01 The Project has been designed by Lee B. Moen, P.E., Mead & Hunt, Inc., 133 Aviation Blvd. Suite 100, Santa Rosa, CA 95403, who is hereinafter called ENGINEER and who is to act as OWNER's representative, assume all duties and responsibilities, and have the rights and authority assigned to ENGINEER in the Contract Documents in connection with completion of the Work in accordance with the Contract Documents.

ARTICLE 4 - CONTRACT TIMES

4.01 *Time of the Essence*

A. All time limits for Milestones, if any, Substantial Completion, and completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.

4.02 *Days to Achieve Substantial Completion and Final Payment*

A. The Work will be substantially completed within 40 days after the date when the Contract Times commence to run as provided in paragraph 2.03 of the General Conditions, and completed and ready for final payment in accordance with paragraph 14.07 of the General Conditions within 40 days after the date when the Contract Times commence to run.

4.03 *Liquidated Damages*

A. CONTRACTOR and OWNER recognize that time is of the essence of this Agreement and that OWNER will suffer financial loss if the Work is not completed within the times specified in paragraph 4.02 above, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. The parties also recognize the delays, expense and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by OWNER if the Work is not completed on time. Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER One Thousand dollars (\$ 1,000.00) for each day that expires after the time specified in paragraph 4.02 for Substantial Completion until the Work is substantially complete. After Substantial

Completion, if CONTRACTOR shall neglect, refuse or fail to complete the remaining Work within the time specified in paragraph 4.02 for completion and readiness for final payment or any proper extension thereof granted by OWNER, CONTRACTOR shall pay OWNER One Thousand dollars (\$ 1,000.00) for each day that expires after the time specified in paragraph 4.02 for completion and readiness for final payment until the Work is completed and ready for final payment.

B. In the event that the CONTRACTOR fails to pay OWNER the specified liquidated damages amount within thirty (30) days of CONTRACTOR's being notified of said damages, OWNER may deduct the amount of the assessed liquidated damages from the final payment or retention withheld pursuant to Article 14 of the General Conditions.

ARTICLE 5 - CONTRACT PRICE

5.01 OWNER shall pay CONTRACTOR for completion of the Work in accordance with the Contract Documents an amount in current funds equal to the sum of the amounts determined below:

A. for all Unit Price Work, an amount equal to the sum of the established Unit Price for each separately identified item of Unit Price Work times the estimated quantity of that item, as indicated in the attached Bid Schedule;

B. as provided in paragraph 11.03 of the General Conditions estimated quantities are not guaranteed, and determinations of actual quantities and classification are to be made by ENGINEER as provided in paragraph 9.08 of the General Conditions. Unit prices have been computed as provided in paragraph 11.03 of the General Conditions.

ARTICLE 6 - PAYMENT PROCEDURES

6.01 *Submittal and Processing of Payments*

A. CONTRACTOR shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by ENGINEER as provided in the General Conditions.

6.02 *Progress Payments; Retainage*

A. OWNER shall make progress payments on account of the Contract Price on the basis of CONTRACTOR's Applications for Payment as recommended by ENGINEER, on or about the Friday following either the first or third Thursday of each month, depending upon the timing of submittals and approvals, as provided in paragraphs 6.02.A.1 and 6.02.A.2 below. All such payments will be measured by the schedule of values established in paragraph 2.07.A of the General Conditions (and in the case of Unit Price Work based on the number of units completed) or, in the event there is no schedule of values, as provided in the General Requirements:

1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below, but, in each case, less the aggregate of payments previously made and less such amounts as ENGINEER shall determine or OWNER may withhold, in accordance with paragraph 14.02 of the General Conditions:

a. 90% of Work completed (with balance being retainage). If Work has been 50% completed as determined by ENGINEER, and if the character and progress of the Work have been satisfactory to OWNER and ENGINEER, OWNER, on recommendation of ENGINEER, may determine that as long as the character and progress of the Work remain satisfactory to them, there will be no retainage on

account of Work subsequently completed, in which case the remaining progress payments prior to Substantial Completion will be in an amount equal to 100% of the Work completed less the aggregate of payments previously made; and

b. 90% of cost of materials and equipment not incorporated in the Work (with the balance being retainage).

2. Upon Substantial Completion, OWNER shall pay an amount sufficient to increase total payments to CONTRACTOR to 90% of the Work completed, less such amounts as ENGINEER shall determine in accordance with paragraph 14.02.B.5 of the General Conditions and less 100 % of Engineer's estimate of the value of Work to be completed or corrected as shown on the tentative list of items to be completed or corrected attached to the certificate of Substantial Completion.

6.03 Final Payment

A. Upon final completion and acceptance of the Work in accordance with paragraph 14.07 of the General Conditions, OWNER shall pay the remainder of the Contract Price as recommended by ENGINEER as provided in said paragraph 14.07.

ARTICLE 7 - INTEREST

7.01 All moneys not paid when due as provided in Article 14 of the General Conditions shall bear interest at the rate that was in place at the time of the execution of the project. The interest rate shall be determined by the interest rate paid by Bank of America, Minden branch on a certificate of deposit time deposit.

ARTICLE 8 - CONTRACTOR'S REPRESENTATIONS

8.01 In order to induce OWNER to enter into this Agreement CONTRACTOR makes the following representations:

A. CONTRACTOR has examined and carefully studied the Contract Documents and the other related data identified in the Bidding Documents.

B. CONTRACTOR has visited the Site and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.

C. CONTRACTOR is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Work.

D. CONTRACTOR has carefully studied all (if any): (1) reports of explorations and tests of subsurface conditions at or contiguous to the Site and all drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site (except Underground Facilities) which have been identified in the Supplementary Conditions as provided in paragraph 4.02 of the General Conditions and (2) reports and drawings of a Hazardous Environmental Condition, if any, at the Site which has been identified in the Supplementary Conditions as provided in paragraph 4.06 of the General Conditions.

CONTRACTOR accepts the determination set forth in paragraph SC-4.2 of the Supplementary Conditions of the extent of the "technical data" contained in such reports and drawings upon which CONTRACTOR is entitled to rely as provided in paragraph 4.2 of the General Conditions. CONTRACTOR acknowledges that such reports and drawings are not Contract Documents and may not be complete for CONTRACTOR's purposes. CONTRACTOR acknowledges that OWNER and ENGINEER do not assume responsibility for the accuracy or completeness of information and data

shown or indicated in the Contract Documents with respect to Underground Facilities at or contiguous to the site.

E. CONTRACTOR has obtained and carefully studied (or assumes responsibility for having done so) all additional or supplementary examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface and Underground Facilities) at or contiguous to the Site which may affect cost, progress, or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences and procedures of construction, if any, expressly required by the Contract Documents to be employed by CONTRACTOR, and safety precautions and programs incident thereto.

NOTE: if the reports and/or drawings referred to in A-8.01.D do not exist, delete the phrase "additional or supplementary" in the first sentence of A-8.01.E.

F. CONTRACTOR does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.

G. CONTRACTOR is aware of the general nature of work to be performed by OWNER and others at the Site that relates to the Work as indicated in the Contract Documents.

H. CONTRACTOR has correlated the information known to CONTRACTOR, information and observations obtained from visits to the Site, reports and drawings identified in the Contract Documents and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.

I. CONTRACTOR has given ENGINEER written notice of all conflicts, errors, ambiguities or discrepancies that CONTRACTOR has discovered in the Contract Documents, and the written resolution thereof by ENGINEER is acceptable to CONTRACTOR.

J. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

ARTICLE 9 - CONTRACT DOCUMENTS

9.01 Contents

A. The Contract Documents consist of the following:

1. This Agreement (pages 1 to 8, inclusive);
2. Performance Bond (pages _____ to _____, inclusive);
3. Payment Bonds (pages _____ to _____, inclusive);
4. Other Bonds (pages _____ to _____, inclusive); Not Applicable
 - a. _____ (pages _____ to _____, inclusive);
 - b. _____ (pages _____ to _____, inclusive);
 - c. _____ (pages _____ to _____, inclusive);

5. General Conditions (pages 1 to 51, inclusive, not attached);
6. Supplementary Conditions (pages SC-1 to SC-_____, inclusive, not attached); Not Applicable
7. Specifications as listed in table of contents of the Project Manual (not attached);
8. Drawings (not attached) consisting of a cover sheet and sheets numbered 1 through 11, inclusive with each sheet bearing the following general title COUNTY OF DOUGLAS, MINDEN TAHOE AIRPORT, AIP:3-32-0013-19 & 20:
9. Addenda (numbers 1 and 2, inclusive, not attached);
10. Exhibits to this Agreement (enumerated as follows):
 - a. Notice to Proceed (pages 1 to 2 inclusive, not attached)
 - b. CONTRACTOR's Bid (pages BF-1 to BF- 17, inclusive, not attached).
 - c. Documentation submitted by CONTRACTOR prior to Notice of Award (pages 0 to 0, inclusive, not attached).
11. The following which may be delivered or issued on or after the Effective Date of the Agreement and are not attached hereto:
 - a. Written Amendments
 - b. Work Change Directives
 - c. Change Order(s)
12. Part 2 and Part 3 of the "Standard Specifications for Public Works Construction, Washoe County, City of Sparks, City of Reno, Carson City, City of Yerington," 2007 Edition, incorporated by reference.
 - B. The documents listed in paragraph 9.01.A are attached to this Agreement (except as expressly noted otherwise above).
 - C. There are no Contract Documents other than those listed above in this Article 9.
 - D. The Contract Documents may only be amended, modified or supplemented as provided in paragraph 3.04 of the General Conditions.

ARTICLE 10 - MISCELLANEOUS

10.01 Terms

- A. Terms used in this will have the meanings indicated in the General Conditions.

10.02. Assignment of Contract

- A. No assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not

be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

10.03 Successors and Assigns

A. OWNER and CONTRACTOR each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

10.04 Severability

A. Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and CONTRACTOR, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

10.05 Legal

A. In the event that there is any litigation relative to the interpretation or enforcement of this Agreement or any of the Contract Documents, any such matter must be litigated in the Ninth Judicial District Court of Nevada.

10.06 Notices

A. All notices, documents and or payments regarding this Agreement and Contract shall be sent to the following:

OWNER

Scott McCullough

POB 218

Minden NV 89423

(775) 782-6107

CONTRACTOR

Kevin Lindeman

POB 10865

Reno NV 89512

(775) 353-7047

10.07 Effective Date of the Agreement

A. Both OWNER and CONTRACTOR agree that this Agreement and Contract as outlined in the Contract Documents become effective immediately upon the signing of this Agreement by both parties.

IN WITNESS WHEREOF, OWNER and CONTRACTOR have caused this Agreement for the Airport Improvement Project Number 19 and 20 to be executed and intend to be bound by the provisions of this Agreement as well as the Contract set forth in the Contract Documents.

Dated this 20th day of August, 2009.

DOUGLAS COUNTY, NEVADA - OWNER

Nancy McDermid
Nancy McDermid, Chairman
Board of County Commissioners
On authority with and on behalf of the Douglas
County Board of County Commissioners

STATE OF NEVADA)

COUNTY OF DOUGLAS)

)ss.

One the 20th day of Aug, 2009, Nancy McDermid, Chairman of the Douglas County Board of Commissioners, personally appeared before me, Theodore Thran, Douglas County Clerk, and acknowledged to me that, in conformance with the direction of the Board of Douglas County Commissioners' meeting of August 20, 2009, she executed the above instrument on behalf of Douglas County, a political subdivision of the State of Nevada.

Theodore Thran
Theodore Thran, Douglas County Clerk

Dated 9th day of Sept, 2009.

Carolyn M. Hulbeck
DEPUTY CLERK

Lance Semenko Sr. V.P.
Type name here Type title here
Lance Semenko Sr. V.P.

On authority with and on behalf of

Q and D Construction

STATE OF NEVADA)

COUNTY OF DOUGLAS)

) SS:

On this 31st day of August, in the year 2009 before me, Lance Semenko / Notary Public, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is (are) subscribed to this instrument, and acknowledge that he (she/they) executed it.

WITNESS my hand and official seal.

Debbie Ferretto
Notary's Signature

My Commission Expires: 1-29-2012





BK- 0909

PG- 1940

0750396 Page: 10 Of 17 09/09/2009

BOND NO. 929485238

PREMIUM: \$2,576.00

CONSTRUCTION PERFORMANCE BOND

Any singular reference to CONTRACTOR, SURETY, DOUGLAS COUNTY or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Q & D Construction, Inc.
P O Box 10865
Sparks, NV 89510

SURETY (Name and Address of Principal Place of Business):

Western Surety Company
2210 Plaza Dr., #150
Rocklin, CA 95765

DOUGLAS COUNTY (Name and Address):

CONSTRUCTION CONTRACT

Date:

Amount: Four hundred sixty five thousand dollars (\$465,000.00)

Description (Name and Location):

Minden Tahoe Airport Improvement Project number 19 and 20

BOND

Date (Not earlier than Construction Contract Date): August 27, 2009

Contract Date):

Amount: Four hundred sixty five thousand dollars (\$465,000.00)

Modifications to this Bond Form:

SURETY and CONTRACTOR, intending to be legally bound hereby, subject to the terms printed on the following two pages, do each cause this Performance Bond to be duly executed on its behalf by its authorized officer, agent or representative.

CONTRACTOR AS PRINCIPAL

Company: (Corp. Seal)
Q & D CONSTRUCTION, INC.

SURETY

Company: (Corp. Seal)
WESTERN SURETY COMPANY

Signature:

Name and Title: Lance Semenko, Sr. V.P.

Signature:

Name and Title: Lori Jones, Attorney-In-Fact
(Attach Power of Attorney)

Space provided below for signatures of additional parties, if required)

CONTRACTOR AS PRINCIPAL

Company: _____ Corp. Seal)

SURETY

Company: _____ (Corp. Seal)

Signature: _____

Name and Title: _____

Signature: _____

Name and Title: _____
(Attach Power of Attorney)

1. The CONTRACTOR and the SURETY, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the DOUGLAS COUNTY for the performance of the Construction CONTRACT, which is incorporated herein by reference.
2. If the CONTRACTOR performs the Construction CONTRACT, the Surety and the CONTRACTOR shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.
3. If there is no DOUGLAS COUNTY Default, the Surety's obligation under this Bond shall arise after:
 - 3.1 The DOUGLAS COUNTY has notified the CONTRACTOR and the SURETY at its address described in Paragraph 10 below, that the DOUGLAS COUNTY is considering declaring a CONTRACTOR Default and has requested and attempted to arrange a conference with the CONTRACTOR and the SURETY to be held not later than fifteen (15) days after receipt of such notice to discuss methods of performing the Construction Contract. If the DOUGLAS COUNTY, the CONTRACTOR and the Surety agree, the CONTRACTOR shall be allowed a reasonable time to perform the Construction CONTRACT, but such an agreement shall not waive the DOUGLAS COUNTY's right, if any, subsequently to declare a CONTRACTOR Default; and
 - 3.2 The DOUGLAS COUNTY has declared a CONTRACTOR Default and formally terminated the CONTRACTOR's right to complete the contract. Such CONTRACTOR Default shall not be declared earlier than twenty (20) days after the CONTRACTOR and the SURETY have received notice as provided in Subparagraph 3.1; and
 - 3.3 The DOUGLAS COUNTY has agreed to pay the Balance of the CONTRACT Price to:
 - 3.3.1 The SURETY in accordance with the terms of the CONTRACT;
 - 3.3.2 Another contractor selected pursuant to Paragraph 4.3 to perform the CONTRACT.
4. When the DOUGLAS COUNTY has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the SURETY's expense take one of the following actions:
 - 4.1 Arrange for the CONTRACTOR, with consent of the DOUGLAS COUNTY, to perform and complete the Construction CONTRACT; or
 - 4.2 Undertake to perform and complete the Construction CONTRACT itself, through its agents or through independent contractors; or
 - 4.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the DOUGLAS COUNTY for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the DOUGLAS COUNTY and the CONTRACTOR selected with the DOUGLAS COUNTY's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction CONTRACT, and pay to the DOUGLAS COUNTY the amount of damages as described in Paragraph 6 in excess of the Balance of the CONTRACT Price incurred by the DOUGLAS COUNTY resulting from the CONTRACTOR's default; or
 - 4.4 Waive its right to perform and complete, arrange for completion, or obtain a new CONTRACTOR and with reasonable promptness under the circumstances:
 - 4.4.1. After investigation, determine the amount for which it may be liable to the DOUGLAS COUNTY and, as soon as practicable after the amount is determined, tender payment therefore to the DOUGLAS COUNTY; or
 - 4.4.2. Deny liability in whole or in part and notify the DOUGLAS COUNTY citing reasons therefore.
5. If the SURETY does not proceed as provided in paragraph 4 with reasonable promptness, the SURETY shall be deemed to be in default on this Bond fifteen (15) days after receipt of an additional written notice from the DOUGLAS COUNTY to the SURETY demanding that the SURETY perform its obligations under this Bond, and the DOUGLAS COUNTY shall be entitled to enforce any remedy available to the DOUGLAS COUNTY, if the SURETY proceeds as provided in Paragraph 4.4, and the DOUGLAS COUNTY refuses the payment tendered or the SURETY has denied liability, in whole or in part, without further notice the DOUGLAS COUNTY shall be entitled to enforce any remedy available to the DOUGLAS COUNTY.
6. After the DOUGLAS COUNTY has terminated the CONTRACTOR's right to complete the Construction CONTRACT, and if the SURETY elects to act under Paragraphs 4.1, 4.2, or 4.3, above, then the responsibilities of the SURETY to the DOUGLAS COUNTY shall not be greater than those of the CONTRACTOR under the Construction CONTRACT,

and the responsibilities of the DOUGLAS COUNTY to the SURETY shall not be greater than those of the DOUGLAS COUNTY under the Construction CONTRACT. To the limit of the amount of this Bond, but subject to commitment by the DOUGLAS COUNTY of the Balance of the CONTRACT PRICE to mitigation of costs and damages on the Construction CONTRACT, the SURETY is obligated without duplication for:

- 6.1 The responsibilities of the CONTRACTOR for correction of defective work and completion of the Construction CONTRACT;
 - 6.2 Additional legal, design professional and delay costs resulting from the CONTRACTOR's Default, and resulting from the actions or failure to act of the SURETY under Paragraph 4; and
 - 6.3 Liquidated damages, or if no liquidated damages are specified in the Construction CONTRACT, actual damages caused by delayed performance or nonperformance of the CONTRACTOR.
7. The SURETY shall not be liable to the DOUGLAS COUNTY or others for obligations of the CONTRACTOR that are unrelated to the Construction CONTRACT, and the Balance of the CONTRACT PRICE shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the DOUGLAS COUNTY or its heirs, executors, administrators, or successors.
 8. The SURETY hereby waives notice of any change, including changes of time, to the Construction CONTRACT or to related subcontracts, purchase orders and other obligations.
 9. Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two (2) years after CONTRACTOR Default or within two (2) years after the CONTRACTOR ceased working or within two (2) years after the SURETY refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by Law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.
 10. Notice to the SURETY, the DOUGLAS COUNTY or the CONTRACTOR shall be mailed or delivered to the address shown on the signature page.
 11. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any

provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

12. Definitions.

- 12.1 Balance of the CONTRACT PRICE: The total amount payable by the DOUGLAS COUNTY to the CONTRACTOR under the Construction Contract after all proper adjustments have been made, including allowance to the CONTRACTOR of any amounts received or to be received by the DOUGLAS COUNTY in settlement of insurance or other claims for damages to which the CONTRACTOR is entitled, reduced by all valid and proper payments made to or on behalf of the CONTRACTOR under the Construction CONTRACT.
- 12.2. Construction CONTRACT: The agreement between the DOUGLAS COUNTY and the CONTRACTOR identified on the signature page, including all Contract Documents and changes thereto.
- 12.3. CONTRACTOR Default: Failure of the CONTRACTOR, which has neither been remedied nor waived, to perform or otherwise comply with the terms of the Construction CONTRACT.
- 12.4. DOUGLAS COUNTY Default: Failure of the DOUGLAS COUNTY, which has neither been remedied nor waived, to pay the CONTRACTOR as required by the Construction CONTRACT or to perform and complete or comply with the other terms thereof.

CONSTRUCTION PAYMENT BOND

Any singular reference to CONTRACTOR, SURETY, DOUGLAS COUNTY, or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Q & D Construction, Inc.
P O Box 10865
Sparks, NV 89510

DOUGLAS COUNTY (Name and Address):

SURETY (Name and Address of Principal Place of Business):

Western Surety Company
2210 Palza Dr., #150
Rocklin, CA 95765

CONSTRUCTION CONTRACT

Date:
Amount: Four hundred sixty five thousand dollars (\$465,000.00)
Description (Name and Location):
Minden Tahoe Airport Improvement Project , Project number 19 and 20

BOND

Date (Not earlier than Construction Contract Date): August 27, 2009
Amount: Four hundred sixty five thousand dollars (\$465,000.00)
Modifications to this Bond Form:

SURETY and CONTRACTOR, intending to be legally bound hereby, subject to the terms printed on the following two pages, do each cause this Payment Bond to be duly executed on its behalf by its authorized officer, agent or representative.

CONTRACTOR AS PRINCIPAL

Company: (Corp. Seal)
Q & D CONSTRUCTION, INC.

Signature: *Lance Semenko*
Name and Title: Lance Semenko, Sr. V.P.

SURETY

Company: (Corp. Seal)
WESTERN SURETY COMPANY

Signature: *Lori Jones*
Name and Title: Lori Jones, Attorney-In-Fact
(Attach Power of Attorney)

Space provided below for signatures of additional parties, if required)

CONTRACTOR AS PRINCIPAL

Company: _____ Corp. Seal)

Signature: _____
Name and Title: _____

SURETY

Company: _____ (Corp. Seal)

Signature: _____
Name and Title: _____
(Attach Power of Attorney)

1. The CONTRACTOR and the SURETY, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the DOUGLAS COUNTY to pay for labor, materials, and equipment furnished for use in the performance of the Construction CONTRACT, which is incorporated herein by reference.

2. With respect to the DOUGLAS COUNTY, this obligation shall be null and void if the CONTRACTOR:

2.1 Promptly makes payment, directly or indirectly, for all sums due Claimants, and

2.2 Defends, indemnifies and holds harmless the DOUGLAS COUNTY from all claims, demands, liens or suits by any person or entity who furnished labor, materials, or equipment for use in the performance of the Construction CONTRACT, provided the DOUGLAS COUNTY has promptly notified the CONTRACTOR and the SURETY (at the address described in Paragraph 12) of any claims, demands, liens or suits and tendered defense of such claims, demands, liens, or suits to the CONTRACTOR and the Surety, and provided there is no DOUGLAS COUNTY Default.

3. With respect to Claimants, this obligation shall be null and void if the CONTRACTOR promptly makes payment, directly or indirectly, for all sums due.

4. The SURETY shall have no obligation to Claimants under this Bond until:

4.1 Claimants who are employed by or have a direct contract with the CONTRACTOR have given notice to the SURETY (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the DOUGLAS COUNTY, stating that a claim is being made under this Bond and, with substantial accuracy, the amount of the claim.

4.2 Claimants who do not have a direct contract with the CONTRACTOR:

4.2.1. Have furnished written notice to the CONTRACTOR and sent a copy, or notice thereof, to the DOUGLAS COUNTY, within ninety (90) days after having last performed labor or last furnished materials or equipment included in the claim stating, with substantial accuracy, the amount of the claim and the name of the party to whom the materials were furnished or supplied or for whom the labor was done or performed; and

4.2.2. Have either received a rejection in whole or in part from the CONTRACTOR, or not received within thirty (30) days of furnishing the above notice any

communication from the CONTRACTOR by which the CONTRACTOR has indicated the claim will be paid directly or indirectly; and

4.2.3. Not having been paid within the above thirty (30) days, have sent a written notice to the SURETY (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the DOUGLAS COUNTY, stating that a claim is being made under this Bond and enclosing a copy of the previous written notice furnished to the CONTRACTOR.

5. If a notice required by Paragraph 4 is given by the DOUGLAS COUNTY to the CONTRACTOR or to the SURETY, that is sufficient compliance.

6. When the Claimant has satisfied the conditions of Paragraph 4, the SURETY shall promptly and at the SURETY's expense take the following actions:

6.1 Send an answer to the Claimant, with a copy to the DOUGLAS COUNTY, within forty-five (45) days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.

6.2 Pay or arrange for payment of any undisputed amounts.

7. The SURETY's total obligation shall not exceed the amount of this Bond, and the amount of this Bond shall be credited for any payments made in good faith by the SURETY.

8. Amounts owed by the DOUGLAS COUNTY to the CONTRACTOR under the Construction CONTRACT shall be used for the performance of the Construction CONTRACT and to satisfy claims, if any, under any Construction Performance Bond. By the CONTRACTOR furnishing and the DOUGLAS COUNTY accepting this Bond, they agree that all funds earned by the CONTRACTOR in the performance of the Construction CONTRACT are dedicated to satisfy obligations of the CONTRACTOR and the SURETY under this Bond, subject to the DOUGLAS COUNTY's priority to use the funds for the completion of the work.

9. The SURETY shall not be liable to the DOUGLAS COUNTY, Claimants or others for obligations of the CONTRACTOR that are unrelated to the Construction CONTRACT. The DOUGLAS COUNTY shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.

10. The SURETY hereby waives notice of any change, including changes of time, to the Construction CONTRACT or to related subcontracts, purchase orders and other obligations.

11. No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work or part of the work is located or after the expiration of one (1) year from the date (1) on which the Claimant gave the notice required by Paragraph 4.1 or Paragraph 4.2.3, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction CONTRACT, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

12. Notice to the SURETY, the DOUGLAS COUNTY or the CONTRACTOR shall be mailed or delivered to the address shown on the signature page. Actual receipt of notice by SURETY, the DOUGLAS COUNTY or the CONTRACTOR, however accomplished, shall be sufficient compliance as of the date received at the address shown on the signature page.

13. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or the legal requirement shall be deemed incorporated herein. The intent is, that this Bond shall be construed as a statutory bond and not as a common law bond.

14. Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the CONTRACTOR shall promptly furnish a copy of this Bond or shall permit a copy to be made.

15. DEFINITIONS

15.1 Claimant: An individual or entity having a direct contract with the CONTRACTOR or with a subcontractor of the CONTRACTOR to furnish labor, materials, or equipment for use in the performance of the CONTRACT. The intent of this Bond shall be to include without limitation in the terms "labor, materials, or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service, or rental equipment used in the Construction CONTRACT, architectural and engineering services required for performance of the work of the CONTRACTOR and the CONTRACTOR's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

15.2 CONTRACT: The Agreement between the DOUGLAS COUNTY and the CONTRACTOR identified on the signature page, including all Contract Documents and changes thereto.

15.3 DOUGLAS COUNTY Default: Failure of the DOUGLAS COUNTY, which has neither been remedied nor waived, to pay the CONTRACTOR as required by the Construction CONTRACT or to perform and complete or comply with the other terms thereof.

Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

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

Teri Lynn Wood, Lori Jones, Kim Peyton, Individually

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

- In Unlimited Amounts -

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

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

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Senior Vice President and its corporate seal to be hereto affixed on this 5th day of December, 2008.

WESTERN SURETY COMPANY



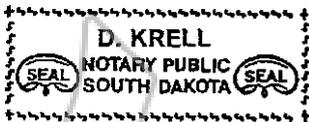
Paul T. Bruflat

Paul T. Bruflat, Senior Vice President

State of South Dakota }
County of Minnehaha } ss

On this 5th day of December, 2008, before me personally came Paul T. Bruflat, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the Senior Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires
November 30, 2012



D. Krell

D. Krell, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 27 day of August, 2009.



WESTERN SURETY COMPANY

L. Nelson

L. Nelson, Assistant Secretary

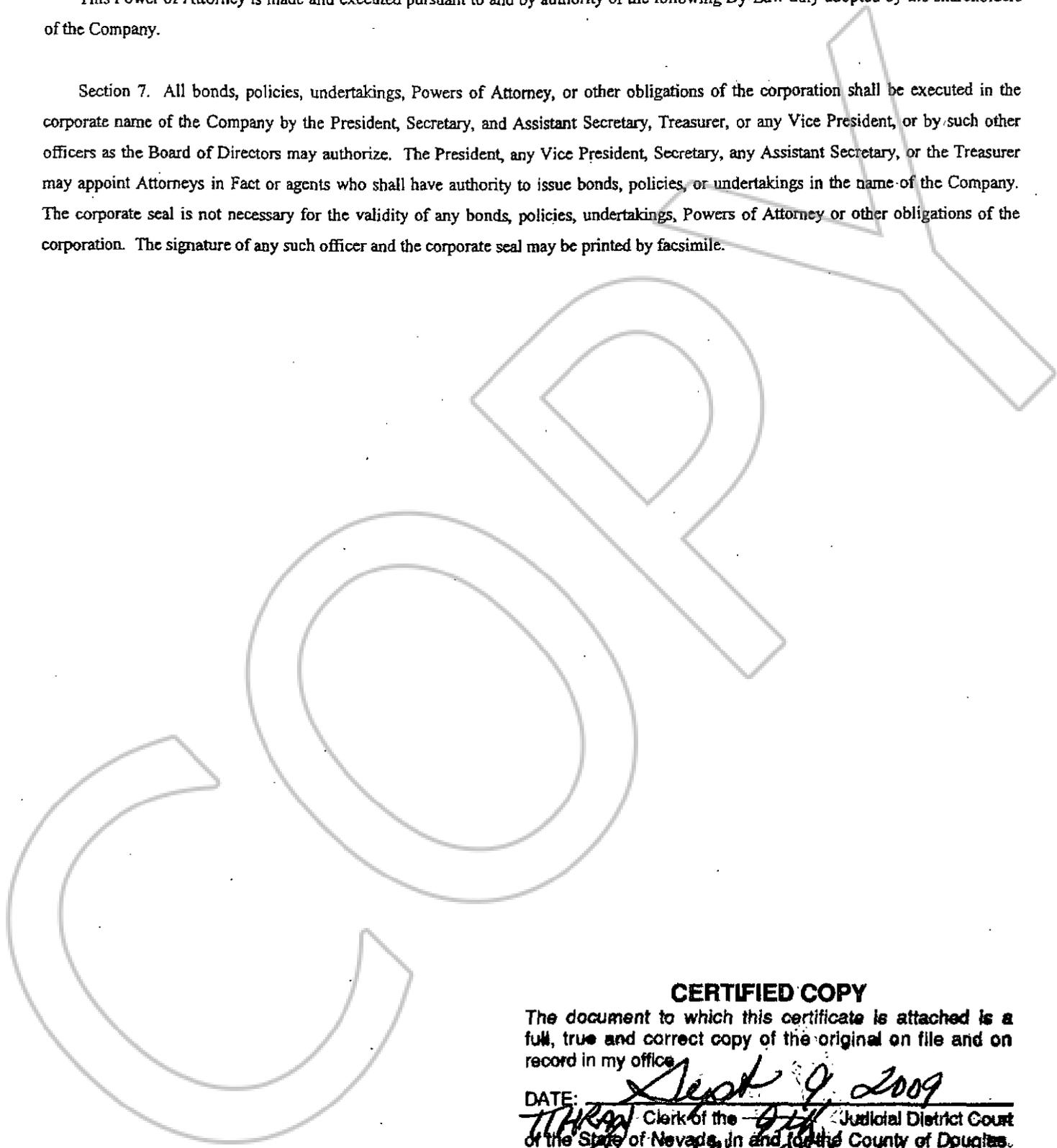
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09/09/2009

Authorizing By-Law

ADOPTED BY THE SHAREHOLDERS OF WESTERN SURETY COMPANY

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

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



CERTIFIED COPY

The document to which this certificate is attached is a full, true and correct copy of the original on file and on record in my office.

DATE: Sept 9 2009
Clerk of the 9th Judicial District Court
of the State of Nevada, in and for the County of Douglas.

By Carol M. Mullock Deputy