

# J. Hutchins – Bid Package

J. HUTCHINS

**ARTICLE 1 – BID RECIPIENT**

1.01 This Bid is submitted to:

**TOWN CLERK'S OFFICE  
TOWN OF RICHMOND, VERMONT  
TOWN CENTER BUILDING  
203 BRIDGE STREET  
PO BOX 285  
RICHMOND, VERMONT 05477**

1.02 The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with Owner in the form included in the Bidding Documents to perform all Work as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

**ARTICLE 2 – BIDDER'S ACKNOWLEDGEMENTS**

2.01 Bidder accepts all of the terms and conditions of the Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for 60 days after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

**ARTICLE 3 – BIDDER'S REPRESENTATIONS**

3.01 In submitting this Bid, Bidder represents that:

A. Bidder has examined and carefully studied the Bidding Documents, and any data and reference items identified in the Bidding Documents, and hereby acknowledges receipt of the following Addenda:

<u>Addendum No.</u>	<u>Addendum, Date</u>
Addendum #1	1/17/2020
Addendum #2	1/23/2020
Addendum #3	2/5/2020

B. Bidder has visited the Site, conducted a thorough, alert visual examination of the Site and adjacent areas, and become familiar with and satisfied itself as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.

C. Bidder is familiar with and has satisfied itself as to all Laws and Regulations that may affect cost, progress, and performance of the Work.

D. Bidder has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or adjacent to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings, and (2) reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent to the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings.

- E. Bidder has considered the information known to Bidder Itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Bidding Documents; and any Site-related reports and drawings identified in the Bidding Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Bidder; and (3) Bidder's safety precautions and programs.
- F. Bidder agrees, based on the information and observations referred to in the preceding paragraph, that no further examinations, investigations, explorations, tests, studies, or data are necessary for the determination of this Bid for performance of the Work at the price bid and within the times required, and in accordance with the other terms and conditions of the Bidding Documents.
- G. Bidder 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 Bidding Documents.
- H. Bidder has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Bidding Documents, and confirms that the written resolution thereof by Engineer is acceptable to Bidder.
- I. The Bidding Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance and furnishing of the Work.
- J. The submission of this Bid constitutes an incontrovertible representation by Bidder that Bidder has complied with every requirement of this Article, and that without exception the Bid and all prices in the Bid are premised upon performing and furnishing the Work required by the Bidding Documents.

#### **ARTICLE 4 – BIDDER'S CERTIFICATION**

##### **4.01 Bidder certifies that:**

- A. This Bid is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any collusive agreement or rules of any group, association, organization, or corporation;
- B. Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid;
- C. Bidder has not solicited or induced any individual or entity to refrain from bidding; and
- D. Bidder has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the Contract. For the purposes of this Paragraph 4.01.D:
  - 1. "corrupt practice" means the offering, giving, receiving, or soliciting of any thing of value likely to influence the action of a public official in the bidding process;
  - 2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process to the detriment of Owner, (b) to establish bid prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;
  - 3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish bid prices at artificial, non-competitive levels; and

4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.
- E. **Disclosure of Lobbying Activities** - In conformance with 45 CFR Part 604, the Bidder certifies, to the best of his or her knowledge and belief, that:
1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant or loan.
  2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant or loan, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
  3. The Bidder shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including contracts, subcontracts, and sub-grants under grants and loans) and that all sub-recipients shall certify and disclose accordingly.
  4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- F. **Certification Regarding Debarment, Suspension, Ineligibility** - The Bidder certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. Where the Bidder is unable to certify to any of the statements in this certification, the undersigned shall attach an explanation to this proposal.
- G. **Notice to Labor Unions or other Organizations of Workers (Non-Discrimination in Employment)** - The Bidder hereby agrees to the following conditions:
1. It will incorporate or cause to be incorporated into any contract for construction work, or modification thereof, paid for in whole or in part with funds obtained from the Federal Government pursuant to a grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the provisions prescribed for Government contracts and Federally assisted construction contracts by Sections 202 and 301 of Executive Order 11246, as amended.
  2. It will assist and cooperate actively with the Environmental Protection Agency and the Secretary of Labor in obtaining the compliance of Contractors and

- Subcontractors with said contract provisions and with the rules, regulations, and relevant orders of the Secretary.
3. It will obtain and furnish to the Environmental Protection Agency and to the Secretary of Labor such information as they may require for the supervision of such compliance.
  4. It will enforce the obligations of Contractors and Subcontractors under such provisions, rules, regulations and orders.
  5. It will carry out sanctions and penalties for violations of such obligations imposed upon Contractors and Subcontractors by the Secretary of Labor or the Environmental Protection Agency.
  6. It will refrain from entering into any contract subject to this Order or extension or other modification of such a contract with a Contractor or Subcontractor debarred from Government contracts and Federally assisted construction contracts under Part II, Subpart D of this Order, and
  7. In the event that he fails and refuses to comply with his undertakings, the Bidder agrees that the Environmental Protection Agency may cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, or guarantee), may refrain from extending any further assistance under any of its programs subject to Executive Order 11246, as amended, until satisfactory assurance of future compliance has been received from such Bidder, or may refer the case to the Department of Justice for appropriate legal proceedings.
- H. **Certification of Non-Segregated Facilities** - The Bidder certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The Bidder certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term segregated facilities means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where he has obtained identical certifications from proposed Subcontractors for specific time periods) he will obtain identical certifications from proposed Subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause, and that he will retain such certifications in his files.

#### **ARTICLE 5 – BASIS OF BID**

- 5.01 Bidder will complete the Work in accordance with the Contract Documents for the following price(s):

Richmond Bridge Street Infrastructure Replacement					
Item No.	Description	Unit	Estimated Quantity	Bid Unit Price	Total Bid Price
1	12" DR-14, C-900 PVC Water Main	l.f.	905	109.00	\$98,645.00
2	12" Insulated DR-21 Certa-Lok Yelomine Water Main	l.f.	250	513.00	\$128,250.00
3	8" DR-14 C-900 PVC Water Main	l.f.	75	135.00	\$10,125.00
4	3/4" Copper House Service	l.f.	55	51.00	\$2,805.00
5	12" Gate Valve	ea.	8	2300.00	\$18,400.00
6	8" Gate Valve	ea.	2	1500.00	\$3,000.00
7	3/4" Corporation Stops	ea.	3	300.00	\$900.00
8	3/4" Curb Stops and Boxes	ea.	5	300.00	\$1,500.00
9	Decommissioning and Abandonment of Existing Water Lines	l.s.	1	27,500.00	\$27,500.00
10	24" Steel Sleeve (jack and bore)	l.f.	87	465.00	\$40,455.00
11	Rock/Boulder Excavation	c.y.	35	250.00	\$8,750.00
12	Miscellaneous Exploratory Exc. (Test Pits as necessary)	ea.	8	1,720.00	\$13,760.00
13	Excavation & Rep. of Unsuitable Material (as necessary)	c.y.	75	24.00	\$1,800.00
14	Bituminous Concrete Pavement Removal & Reinstallation (Roadways)	s.y.	1120	43.00	\$48,160.00
15	Bituminous Concrete Pavement (3' Wide Paved Swale)	s.y.	55	36.00	\$1,980.00
16	Existing Granite Curb - Remove and Reset	l.f.	55	51.00	\$2,805.00
17	New Granite Curb (new curb)	l.f.	35	60.00	\$2,100.00
18	New Concrete Curb Installation	l.f.	215	30.00	\$6,450.00
19	New Concrete Sidewalk Installation	s.y.	110	95.00	\$10,450.00
20	Existing Concrete Sidewalk/Curb Removal	s.y.	190	14.00	\$2,660.00
21	ADA Compliant Steel Truncated Domes	ea.	6	250.00	\$1,500.00
22	Class "B" Concrete	c.y.	16	300.00	\$4,800.00
23	Calcium Chloride for Dust Control	Ton	2	1,250.00	\$2,300.00
24	Landscaping & Re-Establishment of Vegetation	l.s.	1	15,000.00	\$15,000.00
25	Erosion Control	l.s.	1	8,000.00	\$8,000.00
26	Remove and Reset Precast Wall (if Necessary)	l.s.	1	4,500.00	\$4,500.00
27	24" Storm Sewer Drainage Pipe	l.f.	510	73.00	\$37,230.00

**Richmond Bridge Street Infrastructure Replacement**

Item No.	Description	Unit	Estimated Quantity	Bid Unit Price	Total Bid Price
28	18" Storm Sewer Drainage Pipe	l.f.	60	125.00	\$7,500.00
29	15" Storm Sewer Drainage Pipe	l.f.	40	100.00	\$4,000.00
30	60" Precast Storm Sewer Structures	v.f.	6	850.00	\$5,100.00
31	48" Precast Storm Sewer Structures	v.f.	24	560.00	\$13,440.00
32	24"x24" Precast Storm Sewer Structures	v.f.	8	650.00	\$5,200.00
33	Existing Drop Inlet/Manhole Rehabilitation	ea.	1	1,200.00	\$1,200.00
34	Existing Stormwater Structure Removal	ea.	3	850.00	\$2,550.00
35	RR Drainage Swale Re-Establishment & Rip Rap	l.f.	100	21.00	\$2,100.00
36	Rigid Trench Insulation	s.f.	346	1.50	\$519.00
37	Traffic Regulation	l.s.	1	77,000.00	\$77,000.00
37a	Railroad Flagging and Inspection (allowance)	Allow	1		\$10,000
38	Temporary Jersey Barriers (250')	l.s.	1	500.00	\$500.00
39	Mobilization/Demobilization (15% Max)	l.s.	1	77,000.00	\$77,000.00
40	Bonds	l.s.	1	9,500.00	\$9,500.00
<b>Total of All Bid Items</b>					<b>\$735,529.00</b>

- D. List of Project References;
- E. Evidence of authority to do business in the state of the Project; or a written covenant to obtain such license within the time for acceptance of Bids;
- F. Contractor's License No.: ~~03-0331394~~ [or] Evidence of Bidder's ability to obtain a State Contractor's License and a covenant by Bidder to obtain said license within the time for acceptance of Bids;
- G. Required Bidder Qualification Statement with supporting data; and
- H. EPA Form 6100-3 (DBE Subcontractor Performance Form) and EPA Form 6100-4 (DBE Subcontractor Utilization Form).

#### ARTICLE 8 – DEFINED TERMS

- 8.01 The terms used in this Bid with initial capital letters have the meanings stated in the Instructions to Bidders, the General Conditions, and the Supplementary Conditions.

#### ARTICLE 9 – BID SUBMITTAL

- 9.01 By signing this BID, the BIDDER certifies that the BIDDER complies with the following Federal requirements:
- A. 45 CFR Part 604 – Disclosure of Lobbying Activities
  - B. Certification regarding Debarment, Suspension, and Ineligibility Statement
  - C. Notice to Labor Unions or other Organizations of Workers Certification of Non-Segregated Facilities
- 9.02 I  have,  have not (check one), participated in a previous contract or subcontract subject to Executive order No. 11246, as amended, (regarding equal employment opportunity) or a preceding similar Executive Order. See the following for Executive Order No. 11246: <http://www.dol.gov/ofccp/regs/statutes/eo11246.htm>
- 9.03 I  have,  have not (check one), previously had contracts subject to the written affirmative action programs requirements of the Secretary of Labor.
- 9.04 Bidder understands that if Bidder has failed to file any compliance reports that have been required of them, Bidder is not eligible and will not be eligible to have their Bid considered or to enter into the proposed contract unless and until Bidder makes an arrangement regarding such reporting that is satisfactory to the Agency and the office where the reports are required to be filed.
- 9.05 Bidder understands and acknowledges that the penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.



BIDDER: *[Indicate correct name of bidding entity]*

J. Hutchins, Inc

By: *[Signature]* Ed Gaudreau

*[Printed name]* Ed Gaudreau

*(If Bidder is a corporation, a limited liability company, a partnership, or a joint venture, attach evidence of authority to sign.)*

Attest: *[Signature]* Carrie Reynolds

*[Printed name]* Carrie Reynolds

Title: Project Manager

Submittal Date: 2/14/2020

Address for giving notices:  
88 Rogers Lane  
Richmond, VT 05477

Telephone Number: 802-434-3500

Fax Number: \_\_\_\_\_

Contact Name and e-mail address: Ed Gaudreau  
edg@hutchinsinc.com

Bidder's License No.: \_\_\_\_\_  
*(where applicable)*

**NOTE TO USER:** Use in those states or other jurisdictions where applicable or required.

2/5/2020

**Attachment #1  
Addendum #3  
EJCDC C-451, Revised Qualifications Statement  
Page 1 of 6 to Page 6 of 6**

**TOWN OF RICHMOND  
BRIDGE STREET INFRASTRUCTURE REPLACEMENT PROJECT  
QUALIFICATIONS STATEMENT**

**THE INFORMATION SUPPLIED IN THIS DOCUMENT IS CONFIDENTIAL TO THE EXTENT PERMITTED BY LAWS  
AND REGULATIONS**

**1. SUBMITTED BY:**

Official Name of Firm:

J. Hutchins Inc.

Address:

88 Rogers Lane

Richmond, VT 05477

**2. SUBMITTED TO:**

Town of Richmond, Vermont

**3. SUBMITTED FOR:**

Owner:

Town of Richmond, Vermont

Project Name:

Bridge Street Infrastructure Replacement Project

**TYPE OF WORK:**

Water and stormwater replacement

4. CONTRACTOR'S CONTACT INFORMATION

Contact Person:

Ed Gaudreau

Title:

Project Manager / Estimator

Phone:

802-922-0200

Email:

edg@jhutchinsinc.com

5. AFFILIATED COMPANIES:

Name:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. TYPE OF ORGANIZATION:

SOLE PROPRIETORSHIP

Name of Owner:

\_\_\_\_\_

Doing Business As:

\_\_\_\_\_

Date of Organization:

\_\_\_\_\_

PARTNERSHIP

Date of Organization:

\_\_\_\_\_

Type of Partnership:

\_\_\_\_\_

Name of General Partner(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CORPORATION

State of Organization:

Vermont

Date of Organization:

1991

**Executive Officers:**

- President:

Teff Hutchins

- Vice President(s):

Gina Hutchins

- Treasurer:

\_\_\_\_\_

- Secretary:

\_\_\_\_\_

**LIMITED LIABILITY COMPANY**

State of Organization:

\_\_\_\_\_

Date of Organization:

\_\_\_\_\_

Members:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**JOINT VENTURE**

State of Organization:

\_\_\_\_\_

Date of Organization:

\_\_\_\_\_

Form of Organization:

\_\_\_\_\_

**Joint Venture Managing Partner**

- Name:

\_\_\_\_\_

- Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Joint Venture Managing Partner**

- Name:

\_\_\_\_\_

- Address:

\_\_\_\_\_

Joint Venture Managing Partner

- Name:

- Address:

7. LICENSING

Jurisdiction:

Type of License:

License Number:

Jurisdiction:

Type of License:

License Number:

8. CERTIFICATIONS

CERTIFIED BY:

Disadvantage Business Enterprise:

Minority Business Enterprise:

Woman Owned Enterprise:

Small Business Enterprise:

Other ( \_\_\_\_\_ ): \_\_\_\_\_

9. BONDING INFORMATION

Bonding Company:

Address:

Bonding Agent:

Address:

Hickok + Boardman

346 Shelburne Road

Burlington, VT 05402

~~Robin Farone~~ North American

Specialty Insurance Co.

650 Elm Street

Manchester, NH 03101

Contact Name: Robin Farone

Phone: 802-383-1663

Aggregate Bonding Capacity: \$35,000,000.00

Available Bonding Capacity as of date of this submittal: 25,000,000.00

**10. FINANCIAL INFORMATION**

Financial Institution: Northfield Savings Bank

Address: 60 Wright Avenue  
Williston, VT 05495

Account Manager: Jeanne Albertson

Phone: 802 871-4401

INCLUDE AS AN ATTACHMENT AN AUDITED BALANCE SHEET FOR EACH OF THE LAST 3 YEARS

**11. CONSTRUCTION EXPERIENCE:**

Has firm listed in Section 1 ever failed to complete a construction contract awarded to it?

YES  NO

If YES, attach as an Attachment details including Project Owner's contact information.

Has any Corporate Officer, Partner, Joint Venture participant or Proprietor ever failed to complete a construction contract awarded to them in their name or when acting as a principal of another entity?

YES  NO

If YES, attach as an Attachment details including Project Owner's contact information.

Are there any judgments, claims, disputes or litigation pending or outstanding involving the firm listed in Section 1 or any of its officers (or any of its partners if a partnership or any of the individual entities if a joint venture)?

YES  NO

If YES, attach as an Attachment details including Project Owner's contact information.

I HEREBY CERTIFY THAT THE INFORMATION SUBMITTED HEREWITH, INCLUDING ANY ATTACHMENTS, IS TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NAME OF ORGANIZATION: J. Hutchins, Inc.

BY: Ed Gaudreau

TITLE: Project Manager/Estimator

DATED: 2/14/2020

NOTARY ATTEST:

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 13<sup>th</sup> DAY OF February 2020

NOTARY PUBLIC - STATE OF Vermont

MY COMMISSION EXPIRES: 1/31/21



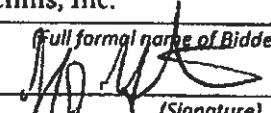
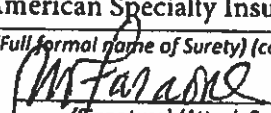
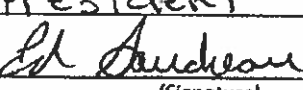

REQUIRED ATTACHMENTS

1. Audited balance sheet for each of the last 3 years for firm named in Section 1.
2. Evidence of authority for individuals listed in Section 7 to bind organization to an agreement.
3. Resumes of officers and key individuals (including Safety Officer) of firm named in Section 1.

# J. Hutchins – Supplemental Bid Package Information



## BID BOND

<b>Bidder</b> Name: J. Hutchins, Inc. Address (principal place of business): 88 Rogers Lane Richmond, Vermont 05477	<b>Surety</b> Name: North American Specialty Insurance Co. Address (principal place of business): 650 Elm Street Manchester, NH 03101
<b>Owner</b> Name: Town of Richmond Address (principal place of business): 203 Bridge Street Richmond, VT 05477	<b>Bid</b> Project (name and location): Bridge Street Improvements.  Bid Due Date: February 14, 2020
<b>Bond</b> Penal Sum: 5% of attached bid Date of Bond: January 27, 2020	
Surety and Bidder, intending to be legally bound hereby, subject to the terms set forth in this Bid Bond, do each cause this Bid Bond to be duly executed by an authorized officer, agent, or representative.	
<b>Bidder</b> J. Hutchins, Inc.	<b>Surety</b> North American Specialty Insurance Company
By: <u></u> <small>(Full formal name of Bidder)</small> <small>(Signature)</small>	By: <u></u> <small>(Full formal name of Surety) (corporate seal)</small> <small>(Signature) (Attach Power of Attorney)</small>
Name: <u>Jeff Hutchins</u> <small>(Printed or typed)</small>	Name: <u>Robin W. Faraone</u> <small>(Printed or typed)</small>
Title: <u>President</u>	Title: <u>Attorney-in-Fact</u>
Attest: <u></u> <small>(Signature)</small>	Attest: <u></u> <small>(Signature)</small>
Name: <u>Ed Gaudreau</u> <small>(Printed or typed)</small>	Name: <u>Hannah Tarleton</u> <small>(Printed or typed)</small>
Title: <u>Project Manager</u>	Title: <u>Witness to Surety</u>
<small>Notes: (1) Note. Addresses are to be used for giving any required notice. (2) Provide execution by any additional parties, such as joint venturers, if necessary.</small>	

SWISS RE CORPORATE SOLUTIONS

NORTH AMERICAN SPECIALTY INSURANCE COMPANY  
WASHINGTON INTERNATIONAL INSURANCE COMPANY

GENERAL POWER OF ATTORNEY

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

SCOTT F. BOARDMAN, D.MICHAEL BOARDMAN, PAUL E. PLUNKETT, ROBIN W. FARAONE, KIRK D. FLANAGAN,  
RICHARD S. SMITH, PETER J. RICKER, and BRIAN J. AITCHISON

JOINTLY OR SEVERALLY

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

FIFTY MILLION (\$50,000,000.00) DOLLARS

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Boards of Directors of both North American Specialty Insurance Company and Washington International Insurance Company at meetings duly called and held on the 9<sup>th</sup> of May, 2012:

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

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



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



By [Signature]  
Michael A. Ito, Senior Vice President of Washington International Insurance Company  
& Senior Vice President of North American Specialty Insurance Company

IN WITNESS WHEREOF, North American Specialty Insurance Company and Washington International Insurance Company have caused their official seals to be hereunto affixed, and these presents to be signed by their authorized officers this 7TH day of FEBRUARY, 2018.

North American Specialty Insurance Company  
Washington International Insurance Company

State of Illinois  
County of Cook ss:

On this 7TH day of FEBRUARY, 2018, before me, a Notary Public personally appeared Steven P. Anderson, Senior Vice President of Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company and Michael A. Ito, Senior Vice President of Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company, personally known to me, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as officers of and acknowledged said instrument to be the voluntary act and deed of their respective companies.



M. Kenny, Notary Public

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

IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Companies this 27th day of January, 20 20.

[Signature]  
Jeffrey Goldberg, Vice President & Assistant Secretary of  
Washington International Insurance Company & North American Specialty Insurance Company


CORPORATE RESOLUTION  
OF

(Print or Type Name of Corporation)

RESOLVED, that it is desirable and in the best interest of this Corporation that its securities be qualified or registered for sale in various states; that the President or any Vice-President and the Secretary or an Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of this Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of this Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from this Corporation and the approval and ratification by this Corporation of the papers and documents so executed and the action so taken.

This 12th day of July, 20 19

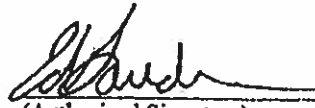
Applicant: Ed Gaudreau

By:   
(Authorized Corporate Officer Signature)  
Ed Gaudreau, President  
(Print or Type Name & Title)

State of Vermont

County of Chittenden

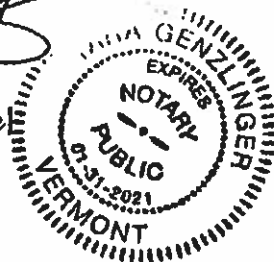
The undersigned, Ed Gaudreau, being first duly sworn, deposes and says: That he/she has executed the foregoing application for and on behalf of the applicant named therein; that he/she is Project Manager/Estimator of such applicant and is fully authorized to execute and file such application; that he/she is familiar with such application; and that to the best of his/her knowledge, information and belief, the statements made in such application are true, and the documents submitted therewith are true copies of the originals thereof.

  
(Authorized Signature)

Subscribed and sworn to before me this  
12th day of July, 20 19

Tara Genzlinger  
(Notary Public)

State of Vermont  
My Commission Expires: 01/31/2021  
(Notarial Seal)



## Ed Gaudreau

3204 North Derby Road - Newport VT 05855 - 802-922-0200 – edgaudreau@gmail.com

### Education

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**Vermont Technical College**  
Associates in Civil Engineering

1994

### Professional Experience

---

**J. Hutchins, Inc.**

2018 – Present

*Project Manager / Estimator*

- Estimate and manage site, road and utility projects
- Procure materials and subcontractors for projects
- Schedule staff and equipment to meet project schedule needs
- Develop and implement project schedule

**SSXcavating Inc**

2013 – 2017

*Project Manager / Estimator*

- Estimate, manage and build site, road and utility projects
- Procured materials and subcontractors for projects

**Vt. Heritage Springwater**

2010 – 2013

*Sales Associate*

- Daily delivery of spring water and coffee products
- Daily interaction with clients
- Incorporated sales strategies

**Scott's Construction, Inc**

1988 - 2010

*Laborer/Foreman/Superintendent/Project Manager/Estimator*

- Managed up to \$15 million annual volume of site, road and utility contracts as Prime Contractor
- Responsible for weekly allocation of staff and equipment to meet project schedule needs
- Developed, implemented and adjusted project schedules
- Direct relationship with project owner's and engineers
- Developed and implemented companywide safety committee
- Developed and helped implement annual sales projections and annual costs of sales

### Computer Experience

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Proficient at Microsoft Excel, Word, and Project. Experienced with Bid 2 Win, Construction Link, Earthworks, Prolog Manager, and Agtek

### Activities

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- Youth hockey and soccer coach
- Past member Derby VT Planning Commission
- Director of Northeast Kingdom Hockey Clinic 1997-present

## **Mark J. Peloquin**

1135 VT RT 64  
Williamston, VT 05679  
#802-433-6761

### **EDUCATIONAL EXPERIENCE**

- Vermont Technical College – Associates in Civil Engineering Technology – AS 1991
- Norwich University – Bachelor of Science in Civil Engineering - BS 1995

### **PROFESSIONAL REGISTRATION:**

- Registered Professional Engineer – VT 2001-2019

### **EMPLOYMENT HISTORY:**

#### **J. Hutchins, Inc. – Construction Manager**

August 2017-current

- Responsible for Profit & Loss for Construction Projects
- Responsible for all permitting of Construction Projects and the Irasburg Asphalt Plant and Crusher
- Responsible for all Construction contract bids
- Responsible for all Contract Administration of Construction Contracts

#### **Pike Industries, Inc. – Lead Estimator**

January 2011-August 2017

- Responsible for oversight of the Estimators in Maine and New Hampshire.
- Responsible for developing process consistency for the estimators in Maine, New Hampshire, and Vermont.
- Responsible for oversight of the VT Contract Administrator and staff.
- Responsible for preparing all VT DOT bids.
- Other duties – to include working with Area Manager on preparation of construction claims, VT representative on the AGC Committee, and other items as needed.

#### **Pike Industries, Inc. – VT Estimator/VT Environmental Lead**

January 2009-January 2011

- Responsible for preparing all VT DOT bids.
- Responsible for all environmental conformance at Pike VT quarries, VT asphalt plants, and various other VT facilities.
- Responsible for obtaining new permits for VT locations.

#### **Pike Industries, Inc. – Heavy Highway Coordinator**

May 2008-January 2009

- Provided oversight on two large dirt projects, and various other small dirt projects.
- Managed Cold Planing and Reclaiming Operations
- Responsible for Profit & Loss for the two large dirt projects.

#### **Pike Industries, Inc. – Assistant Project Manager**

May 2007-January 2009

- Responsible for Profit & Loss on the project.
- Responsible for maintaining inventory and ordering of construction materials.
- Responsible for developing and maintaining the Critical Path schedule.

**Pike Industries, Inc. – Facility Manager – C601 Williamstown Quarry**

March 2006 - May 2007

- Responsible for oversight of Contractor performing the initial site work on the new quarry.
- Responsible for financial oversight on the new C608 portable crusher.
- Responsible for oversight of the washing operation at C612-Websterville.

**Vermont Agency of Transportation – Construction Services Engineer**

January 2003-March 2006

- Responsible for handling all construction claims and working with the Assistant Attorney General to negotiate and settle, or defend VAOT on construction claims.
- Member of the Prequalification Committee
- Member of the Specification Committee
- Administrator of the Construction Damage Claims Committee
- Provide oversight for the Construction Paving Engineer, Construction Environmental Engineer, Construction Structural Engineer, Construction Finals Engineer, Construction Safety Officer, and Water Well Supervisor.

**Vermont Agency of Transportation – Finals Engineer**

January 2001-January 2003

- Responsible for handling all construction claims and working with the Assistant Attorney General to negotiate and settle, or defend VAOT on construction claims.
- Member of the Prequalification Committee
- Member of the Specification Committee
- Administrator of the Construction Damage Claims Committee
- Responsible for audit and final disposition of all Construction projects, including checking of all quantity payments, assurance of material certifications, and general compliance with appropriate standards.

**Vermont Agency of Transportation – Assistant Finals Engineer**

November 1996-January 2001

- Responsible for audit and final disposition of all Construction projects, including checking of all quantity payments, assurance of material certifications, and general compliance with appropriate standards.
- Provided fill in support for Resident Engineers.

**Vermont Agency of Transportation – Construction Inspector**

May 1993-November 1996

- Construction Inspector on multiple construction projects. Duties included calculation and documentation of quantities, specification adherence, change order preparation, survey, and layout.

**Vermont Agency of Transportation – Hydraulics**

May 1992-August 1992

- Worked in hydraulics sections sizing culverts and small box culverts using various hydraulic analysis methods.

**Dubois Construction – Grade/Pipe Foreman**

May 1991-August 1991

- Responsible for all layout on a small "dirt" project.
- Foreman for a drainage crew that did various stormwater pipe installations and water line installations.

**Chase, DeWolfe, and Davis - Surveyor**

May 1990-August 1990

- Worked on a survey crew doing property surveys and various topographical surveys for septic designs.
- Performed percolation tests for septic designs.
- Performed various deed research for property surveys.

**Vermont Agency of Transportation - Structural Design**

Winter 1997 & Winter 1998

- Spent two winters in VAOT Structural Design doing slab design, steel girder bridge designs, concrete box designs, and various CADD work.

**VOLUNTEER HISTORY:**

- YOUTH BASKETBALL COACH - WEBSTERVILLE CHRISTIAN SCHOOL - DECEMBER 2014-FEBRUARY 2015
- YOUTH SOCCER COACH - WILLIAMSTOWN YOUTH SPORTS - AUGUST 2014-OCTOBER 2014
- YOUTH BASKETBALL COACH - WILLIAMSTOWN YOUTH SPORTS - DECEMBER 2013-FEBRUARY 2014
- LITTLE LEAGUE ASSISTANT COACH - BARRE COMMUNITY BASEBALL - APRIL 2013-JUNE 2013
- YOUTH BASKETBALL COACH - WILLIAMSTOWN YOUTH SPORTS - DECEMBER 2012-FEBRUARY 2013
- YOUTH BASKETBALL COACH - WILLIAMSTOWN JR. HIGH SCHOOL - DECEMBER 1996-FEBRUARY 1999

**ORGANIZATIONS:**

- FORMER IAABO HIGH SCHOOL BASKETBALL OFFICIAL - NOVEMBER 2000-MARCH 2006
- FORMER VT SOCCER OFFICIAL ASSOCIATION - AUGUST 2003-OCTOBER 2006

# **Jesse L. Smith**

6 Shirley Ave Milton, VT 05468

[Jesse@jhutchinsinc.com](mailto:Jesse@jhutchinsinc.com)

603-313-7343

## **Title:**

Safety Director/Project Manager

## **Experience:**

With This Firm **5+** Years

With Other Firms 1 Year

## **Education:**

Keene High School 2004-2008

Keene State College 2008-2012

BS, Safety Studies

National Honor Society in Safety Studies

American Society of Safety Engineers

## **Experience & Qualifications:**

J. Hutchins, Inc. dba Landshapes  
Safety Director/Project Manager

Oct 2013 - Present

Safety Director responsible for overseeing all safety related aspects for over 100 employees between both divisions of the company. Responsibilities include daily inspections and safety meetings as well as writing safety programs, development of an employee safety manual and facilitation of annual required trainings. Also responsible for safety pre planning and safety documentation on all projects for both sides of the company. In charge of managing safety data sheets (SDS) for both the field and the maintenance shop, as well as the design and implementation of traffic control plans for local and state roadwork. Project management responsibilities include running several small scale projects \$75k and under. Attending project meetings, ordering materials and tracking inventory and quantities. Other responsibilities include estimating, project paperwork/logistics and assisting field personnel with troubleshooting when necessary. Accountable for the design and upkeep of the company's website, project progress and pre/post construction photos and establishing a MSHA compliant safety program at the company owned rock quarry.



Enel Green Power North America  
Safety Coordinator

May 2013 - October 2013

Safety Coordinator for a 6 month long project constructing a 2.4MW solar farm in Sheldon Springs, Vermont. Responsible for daily inspections, safety meetings, job hazard analysis and associated OSHA safety recordkeeping. Responsible for overseeing the documentation from the general site contractor as well as any sub-contractors brought on to the project, and inputting this data into the corporate safety logs and databases. Facilitated daily conference calls with corporate to provide construction updates, adjust project scheduling and discussed general issues brought forth during the process.

Responsible for managing quality control items and daily project photos, as well as preparing daily project reports for both construction progress and safety updates. Other duties included creating punch lists for final completion for sub-contractors and ensuring their completion and documentation. Managed and organized the safety data sheets for all of the companies working on the project, and ensured that each aspect of the safety program was compliant with the Enel Green Power safety program.

#### **Certifications/Additional Classwork & Merits**

- OSHA 10 Hour Occupational Safety & Health
- Traffic Control Technician
- Certified Flagger Trainer
- Confined Space Supervisor Training
- First Aid & CPR/AED Certification
- Emergency First Care
- Blood borne & Airborne Pathogens
- OSHA Occupational Safety & Health Standards for Construction
- OSHA Health Hazard Awareness
- OSHA Recordkeeping Rule
- OSHA Respiratory Protection
- FEMA Incident Command System for Fire Services
- Supervisor Level Reasonable Suspicion
- USDOT & FMCSA Compliance Regulations
- MSHA New Minor Training/Annual Refresher Courses
- Estimating Civil and Site Work Construction (SDSU)
  
- 2019 Associated General Contractors of VT Safety Leadership Award Recipient
- 2019 – Article published in Buildboard Magazine - *Transcending Safety Culture*

Joseph Starr  
Montgomery Center, VT 05471

## PROFESSIONAL SUMMARY

20 years of highway construction experience as a construction manager, project manager, paving and aggregate salesperson, cold plane and reclaim coordinator, and screed operator. History of directing and scheduling multiple projects, asphalt plants, paving, cold plane, reclaim and fine grade crews. Ensuring strong customer relations, providing a safe and quality driven product.

### Core Qualifications

Construction Management/Acquiring, Managing & Training Personnel/Team Building  
Hazard Management/Quality Control/Customer Relations/Business Development  
Effective Communications/Budget and Financial Analysis

## EXPERIENCE

Construction Manager | Pike Industries Inc. | 1/1/2012 ~ Present

On a yearly basis I successfully manage all facets of over 50 million of highway construction operations in Northeastern Vt. and Northern NH. My Responsibilities include hiring, managing and developing project managers, construction forepersons and general construction personnel. My duties also include resource management such as; the Scheduling of Three Asphalt Plants - 250,000 Ton of HMA per Year. Directing Paving Crews, Construction Crews, General Construction Personnel and Equipment on a daily basis. Daily/Monthly and Yearly Financial Budgeting and Forecasting.

Project Management | Pike Industries Inc. | 1/1/2004 ~ 1/1/2007 & 7/20/2009 ~ 1/1/2012

On a yearly basis I successfully managed two to three Category E to F VTRANS highway paving projects. My Responsibilities included all financial, operational, and quality aspects.

Paving Coordinator | Pike Industries Inc. | 8/1/2008 ~ 1/1/2010

My Responsibilities included DOT, Municipal, Commercial, & FOB HMA and Aggregate Sales. As well as coordinating work pertaining to the acquired Sales. Coordinating a paving crew and customer aggregate demands for our Waterford and Coventry, VT Facilities. Daily/Monthly and Yearly Financial Budgeting and Forecasting

Reclaim and Cold Plane Coordinator | Pike Industries Inc. | 1/1/2007 ~ 1/1/2009

My Responsibilities Coordinating and managing all reclaim and cold plane activities and personnel in Vermont.

Screed Operator/Laborer | Pike Industries Inc. | 7/1/2000 ~ 1/1/2004

My Responsibilities Included Operating the screed, paver, rollers and general labor.

### Education

Civil Engineer Technician | 2004 | VT TECHNICAL COLLEGE  
High School Diploma | 1997 | North Country Union High School

## Edward J. Blondin, Jr.

11 Edgewood Ave ♦ Barre, VT 05641 ♦ 802-324-0111(cell) ♦ ej.blondin@yahoo.com

### Education

#### Vermont Technical College

Bachelor of Science, Architectural Engineering Technology 1995

Associate of Applied Science, Architectural and Building Engineering Technology 1989

### Professional Experience

#### J. Hutchins, Inc.

2017 – Present

##### *Paving Project Manager / Estimator*

- Bidding and Management of all Paving Projects State and private.
- Scheduling paving equipment, trucks, and employees on a weekly basis.
- Accounts Receivable for all paving projects and activities
- Related associations (see activities below)

#### F.W. Whitcomb Construction

2007 – 2016

##### *Project Manager*

- Management of Road Construction Projects up to 10 million dollars including bidding,
- Scheduling equipment, trucks, and up to 85 employees on a weekly basis, depending on work load.
- Liaison with State of Vermont regarding state construction contracts.
- Accounts Receivable

#### Vermont Agency of Transportation

1989 – 2007

##### *Engineer*

Engineering Division, 1996-2007

##### Construction Paving Engineer

- Overseeing and giving advice to the Resident Engineers throughout the state on all paving projects.
- ##### Traffic Analysis and Design
- Designed and rehabilitated signal and lighting projects from conceptual to final design.
  - Reviewed, evaluated and approved developer traffic signal/street lighting plans.
  - Provided technical assistance to resident engineers, contractors, and suppliers on construction projects, shop drawings, and field reviews.
  - Reviewed, developed, updated, and revised traffic signal and street lighting design guides, procedures, and standards.

Planning Division, 1995-1996

##### Environmental Studies

- Responded to Act 250 applications regarding state owned and maintained roads.
- Used independent judgment in consideration of several types of traffic information.
- Presented work in a clear manner for rapid review through the use of spreadsheets and database packages.

Materials & Research Division, 1989-1995

##### Materials and Research

- Inspected bituminous concrete batch plants and paving operations on the Agency's road construction projects.
- Designed bituminous concrete mixes using the Marshal Method and SHRP technologies.
- Trained personnel to perform these inspections.
- Conducted research and development in a laboratory setting.

### **Computer Experience**

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Proficient at Microsoft Excel, Word, and Project.

### **Activities**

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- Board of Directors for Associated General Contractors of Vermont (AGC)
- Chairman of Paving Association of Vermont
- IAABO certified high school basketball referee, and President of our Association 2017-2018

**BALANCE SHEET**  
**INDEPENDENT AUDITOR'S REPORT**  
**J. HUTCHINS, INC.**  
**DECEMBER 31, 2016**

**J. HUTCHINS, INC.**

**DECEMBER 31, 2016**

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## Independent Auditor's Report

**To the Stockholder and  
Board of Directors of  
J. Hutchins, Inc.**

### **Report on the Financial Statements**

We have audited the accompanying balance sheet of J. Hutchins, Inc., as of December 31, 2016 and the related notes to the balance sheet.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the balance sheet in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a balance sheet that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the balance sheet based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the balance sheet. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the balance sheet, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the balance sheet in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the balance sheet.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

55 COMMUNITY DRIVE, SUITE 401  
SOUTH BURLINGTON, VT 05403  
802.863.1331

45 LYME ROAD, SUITE 205  
HANOVER, NH 03755  
603.643.0043

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**Basis for Qualified Opinion**

The Company had recorded \$195,439 of inventory at December 31, 2016 that has not been counted and the accounting records were not adequate to support the existence of inventory on hand at December 31, 2016. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the balance sheet referred to above presents fairly, in all material respects, the financial position of J. Hutchins, Inc., as of December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The financial statements as of and for the year ended December 31, 2016, were previously reviewed by us and our report thereon, dated March 28, 2017, stated that, based on our review, we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. As a result of the audit of the balance sheet as of December 31, 2016, adjustments were necessary to fairly present the balance sheet (see Note I).

Gallagher, Flynn & Company, LLP

November 01, 2017



**J. HUTCHINS, INC.**

**BALANCE SHEET**

**DECEMBER 31, 2016**

**A S S E T S**

**CURRENT ASSETS**

Cash	\$	508,402
Accounts receivable, including retainage of \$529,489, less allowance for doubtful accounts of \$15,000		2,255,699
Inventory, less reserve of \$59,000		195,439
Costs and estimated earnings in excess of billings on uncompleted contracts		242,787
Current portion of due from stockholder		81,190
Prepaid expenses and other current assets		80,065
Total current assets		<u>3,363,582</u>

**PROPERTY AND EQUIPMENT, at cost**

Land		130,621
Land improvements		80,901
Buildings		630,444
Equipment		7,418,256
Vehicles		3,859,106
Office equipment		101,342
		<u>12,220,670</u>
Less accumulated depreciation and amortization		<u>6,321,765</u>
		5,898,905
Construction in progress		58,454
		<u>5,957,359</u>

**OTHER ASSETS**

Due from stockholder, less current portion		<u>173,500</u>
	\$	<u>9,494,441</u>

The accompanying notes are an integral part of these statements.

**J. HUTCHINS, INC.**

**BALANCE SHEET**

**DECEMBER 31, 2016**

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**CURRENT LIABILITIES**

Note payable - bank	\$	400,000
Current maturities of long-term debt		1,159,932
Accounts payable		671,179
Billings in excess of costs and estimated earnings on uncompleted contracts		2,363
Customer deposits		60,505
Accrued liabilities		<u>135,832</u>
Total current liabilities		<u>2,429,811</u>

**LONG-TERM DEBT, less current maturities** 2,441,249

**NOTES PAYABLE TO RELATED PARTIES** 390,000

**STOCKHOLDER'S EQUITY**

Common stock - 50 shares of no par value, authorized, issued and outstanding		100
Additional paid-in capital		428,050
Retained earnings		<u>3,805,231</u>
		<u>4,233,381</u>

**\$** 9,494,441

The accompanying notes are an integral part of these statements.

**J. HUTCHINS, INC.**

**NOTES TO THE BALANCE SHEET**

**DECEMBER 31, 2016**

**A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES**

**Operations:**

J. Hutchins, Inc. (the Company) operates two lines of business under the trade names of B&H Excavating and Landshapes. B&H Excavating performs contract excavation and related earthwork, and Landshapes provides landscape design, installation and sales. The Company's office and shop are located in Richmond, Vermont. The Company's revenues are derived from construction and service contracts which are generally completed within one year, and its customers are located primarily in northern Vermont.

**Accounting policies:**

A summary of the Company's significant accounting policies applied in the preparation of the accompanying balance sheet follows:

**1. Cash and cash equivalents**

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

**2. Accounts receivable**

Trade accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**J. HUTCHINS, INC.**

**NOTES TO THE BALANCE SHEET**

**DECEMBER 31, 2016**

**A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)**

**3. Inventory**

Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. Inventory consists of purchased materials and stockpiled stone aggregate inventory.

**4. Contract estimated earnings and billings**

The asset, "costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed on fixed price contracts in excess of one year duration. The liability, "billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

**5. Property and equipment**

The Company records property and equipment at cost. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Leasehold improvements are amortized over the service lives of the improvements or the life of the lease, whichever is shorter. Property under capital leases is amortized over the lives of the respective leases or the estimated service lives of the assets for those leases that substantially transfer ownership. Straight-line and accelerated methods of depreciation are followed.

**6. Impairment of long-lived assets**

Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

**J. HUTCHINS, INC.**

**NOTES TO THE BALANCE SHEET**

**DECEMBER 31, 2016**

**A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)**

**7. Product warranties**

The Company provides a limited warranty for a period of one year on certain products and services. The Company's standard warranty requires it to repair or replace defective products during such warranty period at no cost to the customer. The Company estimates the costs that may be incurred under its basic limited warranty and, if necessary, records a liability in the amount of such costs at the time product revenue is recognized. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims, and cost per claim. The Company periodically assesses the adequacy of its warranty liability and adjusts the amount as necessary. No warranty liability was required at December 31, 2016.

**8. Use of estimates**

In preparing a balance sheet in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

**9. Income taxes**

Income taxes on net earnings are payable personally by the stockholder pursuant to an election under Subchapter S of the Internal Revenue code not to have the Corporation taxed as a corporation. Accordingly, no provision has been made for income taxes other than the state minimum income tax.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements. Interest and penalties, if incurred, related to uncertain tax positions, would be reported as income tax expense.

With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2013.

**J. HUTCHINS, INC.**

**NOTES TO THE BALANCE SHEET**

**DECEMBER 31, 2016**

**A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)**

**10. Recently issued accounting pronouncements**

***Leases***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02 *Leases (Topic 842)*. This ASU was issued in three parts: (a) Section A, Leases: Amendments to the FASB *Accounting Standards Codification*, (b) Section B, Conforming Amendments Related to Leases: Amendments to the FASB *Accounting Standards Codification*, and (c) Section C, Background Information and Basis for Conclusions. While both lessees and lessors are affected by the new guidance which includes many changes, the effects on lessees are much more significant. The most significant change for lessees is the requirement to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases, affecting leases which previously were accounted for as operating leases. This ASU is effective for fiscal years beginning after December 15, 2019, and must be implemented using a modified retrospective approach. The Company is currently evaluating the impact of adopting the ASU on its financial position and results of operations.

***Revenue recognition***

In May 2014, the FASB issues ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. The revenue recognition policies of almost all entities will be affected by the new guidance in the ASU. The degree to which an entity's revenue recognition policies will change upon the adoption of the ASU, and the effects the changes will have on the entity's financial statements will vary depending on the nature and terms of the entity's revenue-generating transactions. In addition, entities in some industries likely will be affected by the new guidance in the ASU more than entities in other industries. Given the broad applicability and potentially significant ramifications of the guidance in the ASU, the FASB provided significantly delayed effective dates for its guidance. The ASU is effective for years beginning after December 15, 2018. The Company is currently evaluating the impact of adopting the ASU on its financial position and results of operations.

**J. HUTCHINS, INC.**

**NOTES TO THE BALANCE SHEET**

**DECEMBER 31, 2016**

**A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)**

**11. Evaluation of subsequent events**

In preparing this balance sheet, the Company has evaluated events and transactions for potential recognition or disclosure through November 01, 2017, the date the balance sheet was available to be issued.

**B) CONCENTRATIONS OF CREDIT RISK**

The Company grants credit to residential customers, commercial customers and contractors, substantially all of which are located in Vermont.

The Company maintains bank account balances which, at times, may exceed federally insured limits. The company has not experienced any losses with these accounts. Management believes the Company is not exposed to any significant risk.

**C) CONTRACTS IN PROGRESS**

Contracts in process consist of the following at December 31, 2016:

Costs incurred on uncompleted contracts	\$ 1,238,141
Estimated earnings to date	<u>535,659</u>
	1,773,800
Less billings to date	<u>(1,533,376)</u>
	<u>\$ 240,424</u>

These are included in the accompanying balance sheet under the following captions:

Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 242,787
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(2,363)</u>
	<u>\$ 240,424</u>

**J. HUTCHINS, INC.**

**NOTES TO THE BALANCE SHEET**

**DECEMBER 31, 2016**

**D) NOTE PAYABLE - BANK**

The Company has available a \$600,000 line of credit from People's United Bank, which matures in June 2018. Interest is payable monthly at the greater of 4.5% or *The Wall Street Journal* prime rate (3.75% at December 31, 2016) plus .75%. The note is secured by substantially all assets of the Company, a fourth mortgage on commercial real estate owned by the stockholder, is personally guaranteed by the Company's stockholder, and contains covenants which provide for, among other things, the maintenance of certain financial ratios. At December 31, 2016, amounts outstanding on this line of credit totaled \$400,000.

**E) LONG-TERM DEBT**

Long-term debt consists of the following at December 31, 2016, substantially all of which is personally guaranteed by the stockholder:

Cat Financial -

Payable in monthly installments totalling \$44,536, including interest from 0% to 5.2%. Due from January 2017 through May 2021. Secured by equipment. \$ 1,354,395

Ally Financial -

Payable in monthly installments totalling \$25,474, including interest from 0% to 5.91%. Due from March 2017 through November 2022. Secured by vehicles. 784,348

John Deere Financial -

Payable in monthly installments totalling \$12,757, including interest from 0% to 6.5%. Due from June 2017 through October 2021. Secured by equipment. 483,956

Paccar Financing -

Payable in monthly installments totalling \$9,879, including interest from 4.98% to 5.85%. Due from February 2019 through January 2022. Secured by vehicles. 387,579

Subtotal (forward) \$ 3,010,278



**J. HUTCHINS, INC.**  
**NOTES TO THE BALANCE SHEET**  
**DECEMBER 31, 2016**

**E) LONG-TERM DEBT (continued)**

Subtotal (forwarded)	\$ 3,010,278
Vermont Federal Credit Union -	
Payable in monthly installments totalling \$2,581, including interest of 4.5%. Due from May 2021 through October 2021. Secured by equipment and vehicles.	128,889
Anderson Equipment Company -	
Payable in monthly installments totalling \$4,445, including interest from 2.66% to 4.1%. Due from October 2018 through December 2020. Secured by equipment.	106,070
Other finance companies and banks -	
Payable in monthly totalling \$12,305, including interest from 0.9% to 6.32%. Due from March 2017 through October 2021. Secured by equipment and vehicles.	344,929
People's United Bank -	
Payable in monthly installments of \$3,697, including interest at 4.09%, due March 2017. Secured by substantially all assets of the Company and third mortgages on real estate owned by the stockholder.	<u>11,015</u>
	3,601,181
Principal payments due within one year	<u>1,159,932</u>
	<u>\$ 2,441,249</u>

**J. HUTCHINS, INC.**  
**NOTES TO THE BALANCE SHEET**  
**DECEMBER 31, 2016**

**E) LONG-TERM DEBT (continued)**

At December 31, 2016, long-term debt matures as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2017	\$ 1,159,932
2018	1,040,432
2019	734,166
2020	446,759
2021	206,460
Thereafter	<u>13,432</u>
	<u>\$ 3,601,181</u>

**F) OPERATING LEASES**

The Company leases real estate from the stockholder on a month-to-month basis at \$20,100 per month.

The Company also leases equipment and vehicles under several operating lease agreements with unrelated parties with monthly payments ranging from \$153 to \$3,125. These leases expire from August 2017 through October 2021.

Future minimum lease payments for these leases at December 31, 2016, are as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2017	\$ 123,600
2018	104,900
2019	95,400
2020	61,200
2021	<u>33,100</u>
	<u>\$ 418,200</u>

**J. HUTCHINS, INC.**

**NOTES TO THE BALANCE SHEET**

**DECEMBER 31, 2016**

**G) RELATED-PARTY TRANSACTIONS**

*Due from stockholder:*

The due from stockholder consists of noninterest bearing advances to the Company's stockholder with no fixed repayment schedules. Those advances expected to be repaid within one year are classified as current.

*Notes payable:*

Notes payable to related parties consists of the following at December 31, 2016:

Note payable, interest rate of 7%, unsecured, due 2021. Note to be paid in five annual payments of \$72,000 commencing in January 2018.	\$ 360,000
Note payable, interest rate of 7%, unsecured, due 2021. Note to be paid in five annual payments of \$6,000 commencing in January 2018.	<u>30,000</u>
	<u>\$ 390,000</u>

**H) CONTINGENCIES**

The Company is party to various negotiations and legal proceedings regarding claims on construction contracts in the normal course of business. Management believes that the outcome of such negotiations and legal proceedings will not have a material adverse effect on the Company's financial position.

**J. HUTCHINS, INC.**

**NOTES TO THE BALANCE SHEET**

**DECEMBER 31, 2016**

**I) AUDIT ADJUSTMENTS**

As a result of the audit of the balance sheet as of December 31, 2016, the following adjustments to the previously reviewed financial statements as of December 31, 2016 were made to fairly present the balance sheet.

- Accounts receivable and retained earnings increased by approximately \$260,000 to reflect the reduction of the allowance for doubtful accounts due to subsequent collection of a significant accounts receivable balance previously estimated to be uncollectible.
- The carrying value of inventory was decreased and retained earnings decreased by approximately \$59,000 in order to establish a reserve for old and obsolete inventory.
- Costs and estimated earnings in excess of billings on uncompleted contracts and retained earnings were increased by approximately \$237,000, to properly account for certain contracts on the percentage completion method of revenue recognition.

**J. HUTCHINS, INC.**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**Years ended December 31, 2018 and 2017**

**J. HUTCHINS, INC.  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
Years ended December 31, 2018 and 2017**

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**CRIPPIN DONLAN PINKHAM**

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**Independent Auditor's Report**

To the Stockholder of  
J. Hutchins, Inc.  
Richmond, VT

We have audited the accompanying financial statements of J. Hutchins, Inc. (an S-corporation), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of J. Hutchins, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Grippin, Donlan & Pinkham, PLLC***

Registration number 553

April 15, 2019

"INNOVATIVE SOLUTIONS & PERSONAL SERVICE"

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J. HUTCHINS, INC.  
BALANCE SHEETS  
December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 681,072	\$ 1,051,320
Accounts receivable, net	2,225,713	2,873,753
Due from stockholder	472,579	329,805
Due from related parties	246,124	0
Inventory	931,553	115,191
Costs and estimated earnings in excess of billings on uncompleted contracts	532,994	125,006
Prepaid expenses	<u>41,901</u>	<u>25,332</u>
Total current assets	5,131,936	4,520,407
Property and equipment, net	<u>13,065,277</u>	<u>8,955,087</u>
Total assets	<u>\$ 18,197,213</u>	<u>\$ 13,475,494</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 2,116,063	\$ 1,648,319
Note payable to related party	0	360,000
Accounts payable	1,379,973	753,992
Deferred revenue	294,972	248,716
Provision for loss on uncompleted contracts	89,019	111,742
Billings in excess of costs and estimated earnings on uncompleted contracts	410,330	245,220
Accrued expenses and other current liabilities	<u>298,067</u>	<u>218,859</u>
Total current liabilities	4,588,424	3,586,848
Long-term debt, less current portion	<u>5,638,440</u>	<u>4,318,380</u>
Total liabilities	<u>10,226,864</u>	<u>7,905,228</u>
Stockholder's equity:		
Common stock, \$1 par value, 10,000 shares authorized, 100 shares issued and outstanding	100	100
Additional paid-in capital	428,050	428,050
Retained earnings	<u>7,542,199</u>	<u>5,142,116</u>
Total stockholder's equity	<u>7,970,349</u>	<u>5,570,266</u>
Total liabilities and stockholder's equity	<u>\$ 18,197,213</u>	<u>\$ 13,475,494</u>

See notes to financial statements



J. HUTCHINS, INC.  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue	\$ 29,343,624	\$ 21,629,114
Cost of revenue	<u>25,656,472</u>	<u>18,695,299</u>
Gross profit	3,687,152	2,933,815
General and administrative expenses	<u>983,589</u>	<u>1,221,209</u>
Income from operations	<u>2,703,563</u>	<u>1,712,606</u>
Other income (expense):		
Interest expense	(312,533)	(238,302)
Gain on disposal of property and equipment	<u>9,053</u>	<u>8,154</u>
Other expense, net	<u>(303,480)</u>	<u>(230,148)</u>
Net income	2,400,083	1,482,458
Retained earnings, beginning of year	<u>5,142,116</u>	<u>3,659,658</u>
Retained earnings, end of year	<u>\$ 7,542,199</u>	<u>\$ 5,142,116</u>

See notes to financial statements

J. HUTCHINS, INC.  
STATEMENTS OF CASH FLOWS  
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income	\$ 2,400,083	\$ 1,482,458
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,692,520	1,163,379
Gain on disposal of property and equipment	(9,053)	(8,154)
Bad debt expense	52,800	101,603
(Increase) decrease in:		
Accounts receivable, net	407,275	(719,657)
Inventory	(816,362)	80,248
Costs and estimated earnings in excess of billing on uncompleted contracts	(407,988)	17,268
Prepaid expenses	(16,569)	54,733
Increase (decrease) in:		
Accounts payable	499,765	82,813
Deferred revenue	46,256	248,716
Provision for loss on uncompleted contracts	(22,723)	111,742
Billings in excess of costs and estimated earnings on uncompleted contracts	165,110	197,797
Customer deposits	0	(60,505)
Accrued expenses and other current liabilities	<u>79,208</u>	<u>83,027</u>
Net cash provided by operating activities	<u>4,070,322</u>	<u>2,835,468</u>
Cash flows from investing activities:		
Increase in due from stockholder	(142,774)	(75,115)
Increase in due from related parties	(58,159)	0
Purchase of property and equipment	(3,437,104)	(677,962)
Proceeds from sales of property and equipment	<u>103,938</u>	<u>42,375</u>
Net cash used by investing activities	<u>(3,534,099)</u>	<u>(710,702)</u>
Cash flows from financing activities:		
Net change in line of credit	0	(400,000)
Principal payments on long-term debt	(1,902,471)	(1,326,416)
Proceeds from additional long-term debt	1,356,000	174,568
Payments on note payable to related party	<u>(360,000)</u>	<u>(30,000)</u>
Net cash used by financing activities	<u>(906,471)</u>	<u>(1,581,848)</u>
Net increase (decrease) in cash	(370,248)	542,918
Cash, beginning of year	<u>1,051,320</u>	<u>508,402</u>
Cash, end of year	<u>\$ 681,072</u>	<u>\$ 1,051,320</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 312,533	\$ 238,302
Cash paid during the year for income taxes	\$ 250	\$ 250
Non-cash investing and financing activities:		
Property and equipment acquired with long-term debt	\$ 2,334,275	\$ 3,517,366
Property and equipment additions in accounts payable at year end	\$ 126,216	\$ 0
Long-term debt refinanced	\$ 0	\$ 16,588
Fair value of equipment traded	\$ 74,000	\$ 0
Accounts receivable reclassified to due from related parties	\$ 187,965	\$ 0

See notes to financial statements

J. HUTCHINS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

Note 1. Company's activities and operating cycle

J. Hutchins, Inc. (the Company) operates three lines of business under the trade names of B&H Excavating, Northeast Sand and Gravel and Landshapes. B&H Excavating performs contract excavation and related earthwork. Northeast Sand and Gravel runs the quarry operations, which includes rock and asphalt production, as well as the management of excavation and paving contracts. Landshapes provides landscape design, installation and sales. The Company's office and shop are located in Richmond, Vermont. The Northeast Sand and Gravel quarry is located in Irasburg, Vermont. The Company's revenues are primarily from construction contracts which are generally completed within one year, and its customers are located primarily in Vermont and New Hampshire.

Note 2. Summary of significant accounting policies

Use of estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Revenue and cost recognition

Revenues from construction contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to the estimated total costs for each contract. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured. An amount equal to contract costs attributable to claims is included in revenues when realization is probable and the amount can be reliably estimated.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts", represents revenues recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized.

Cash and equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year-end. Management writes off accounts when they are deemed uncollectible and establishes an allowance for doubtful accounts at year-end based on an analysis of the remaining balances.

J. HUTCHINS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

Note 2. Summary of significant accounting policies (continued)

Inventory

Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. Inventory consists of purchased materials and stockpiled stone aggregate.

Property and equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Impairment of long-lived assets

Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Deferred revenue

Deferred revenue represents estimated unearned amounts on maintenance contract billings.

Product warranties

The Company provides a limited warranty for a period of one year on certain products and services. The Company's standard warranty requires it to repair or replace defective products during such warranty period at no cost to the customer. The Company estimates the costs that may be incurred under its basic limited warranty and, if necessary, records a liability in the amount of such costs at the time product revenue is recognized. Factors that affect the Company's warranty liability include the historical and anticipated rates of warranty claims, and cost per claim. The Company periodically assesses the adequacy of its warranty liability and adjusts the amount as necessary. No warranty liability was required at December 31, 2018 and 2017.

Advertising

The Company expenses the cost of advertising when it is incurred. Advertising expense was \$66,569 and \$68,576 in 2018 and 2017, respectively.

Income taxes

The Company, with the consent of its stockholder, elected under the Internal Revenue Code to be an S Corporation. In lieu of corporate income taxes, the stockholder of an S corporation is taxed on the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements other than state minimum taxes. Management evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements. The Company's income tax filings are subject to audit by IRS and Vermont State taxing authorities.

Subsequent events

Management has evaluated all subsequent events through April 15, 2019, the date the financial statements were available to be issued.

J. HUTCHINS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

Note 3. Accounts receivable

	<u>2018</u>	<u>2017</u>
Contracts completed and other sales	\$ 1,236,188	\$ 1,224,657
Contracts in process	671,583	1,020,955
Retainage	269,575	362,645
Unbilled	13,000	25,448
Other receivables	37,726	255,048
Allowance for doubtful accounts	<u>(2,359)</u>	<u>(15,000)</u>
Total	<u>\$ 2,225,713</u>	<u>\$ 2,873,753</u>

Note 4. Costs and estimated earnings on uncompleted contracts

	<u>2018</u>	<u>2017</u>
Costs incurred on uncompleted contracts	\$ 5,966,639	\$ 3,664,110
Provision for loss on uncompleted contracts	89,019	111,742
Estimated earnings	<u>1,482,011</u>	<u>1,595,489</u>
	7,537,669	5,371,341
Less billings to date	<u>7,415,005</u>	<u>5,491,555</u>
Total	<u>\$ 122,664</u>	<u>\$ (120,214)</u>

Included in the accompanying balance sheet under the following captions:

Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 532,994	\$ 125,006
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(410,330)</u>	<u>(245,220)</u>
Total	<u>\$ 122,664</u>	<u>\$ (120,214)</u>

Note 5. Property and equipment

	<u>2018</u>	<u>2017</u>
Construction equipment	\$ 13,206,754	\$ 10,349,620
Vehicles	5,294,361	4,444,730
Office equipment	169,187	140,442
Land and land improvements	2,284,941	425,643
Buildings	<u>654,701</u>	<u>640,844</u>
Total	21,609,944	16,001,279
Less accumulated depreciation	<u>8,544,667</u>	<u>7,046,192</u>
Property and equipment, net	<u>\$ 13,065,277</u>	<u>\$ 8,955,087</u>

Depreciation expense was charged to operations as follows:

Cost of revenue	\$ 1,677,926	\$ 1,160,446
General and administrative expenses	<u>14,594</u>	<u>2,933</u>
Total	<u>\$ 1,692,520</u>	<u>\$ 1,163,379</u>

J. HUTCHINS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

Note 6. Operating leases

The Company leases its facilities in Richmond, Vermont from the stockholder for \$16,200 per month. The lease expires December 2019. The Company is responsible for utilities, property taxes and property insurance. The Company leases a gravel pit from the stockholder on a month-to-month basis and during March 2018 rent was increased from \$2,800 to \$8,000 a month. The Company leases an RV from the stockholder on a month-to-month basis for \$1,100. Total lease expense recognized under these leases with the stockholder was \$293,200 and \$241,200 in 2018 and 2017, respectively.

The Company leases equipment and vehicles under operating lease agreements with unrelated parties with monthly payments ranging from \$489 to \$3,125. These leases expire from April 2019 through September 2021. Certain equipment leases include a fair market value purchase option at the expiration of the lease. The lease expense recognized under these leases was \$129,120 and \$128,441 in 2018 and 2017, respectively.

Future minimum lease payments under noncancelable operating leases are as follows:

For the years ending December 31, 2019	\$ 311,800
2020	70,100
2021	<u>33,100</u>
Total	<u>\$ 415,000</u>

Note 7. Line of credit

The Company has a \$1,200,000 line of credit at People's United Bank that expires in June 2019. The Company had a \$600,000 line of credit at People's United Bank that expired in June 2018. There were no outstanding borrowings at December 31, 2018 and 2017. The lines of credit bear interest at the Wall Street Journal prime plus 0.75% with a floor of 4% and 4.5%, respectively. The effective rate of interest was 6.25% and 5.25% at December 31, 2018 and 2017, respectively. The lines of credit are secured by substantially all assets of the Company, a second mortgage on commercial real estate owned by the stockholder, is personally guaranteed by the Company's stockholder, and contains covenants which require the maintenance of certain financial ratios.

Note 8. Long-term debt

Long-term debt consists of the following at December 31, 2018 and 2017, substantially all of which is personally guaranteed by the stockholder:

	<u>2018</u>	<u>2017</u>
Finance companies:		
Secured by equipment and vehicles. Interest from 0% to 7.39%. Payable in monthly installments totaling \$184,332. Matures from January 2019 to January 2024.	\$ 5,172,347	\$ 5,023,156

J. HUTCHINS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

Note 8. Long-term debt (continued)

Citizens Bank:

Secured by equipment and vehicles. Interest from 4.53% to 4.99%. Payable in monthly installments totaling \$2,177. Maturities range from May 2022 to December 2023.

108,295                      0

People's United Bank:

Secured by substantially all assets and a second mortgage on commercial real estate owned by the stockholder and is personally guaranteed by the stockholder. Interest from 4.58% to 5.36%. Payable in monthly installments totaling \$19,027. Maturities range from October 2021 to July 2025.

1,147,733                      132,875

Union Bank:

Secured by equipment and vehicles. Interest from 4.55% to 4.85%. Payable in monthly installments totaling \$4,802. Maturities range from February 2023 to May 2023.

212,006                      0

Vermont Federal Credit Union:

Secured by equipment and vehicles. Interest from 4.49% to 4.60%. Payable in monthly installments totaling \$5,517. Maturities range from May 2021 to May 2022.

185,238                      241,689

Wells Fargo:

Secured by equipment and vehicles. Interest from 3.70% to 5.35%. Payable in monthly installments totaling \$19,235. Maturities range from June 2019 to December 2023.

928,884                      568,979

Total long-term debt

7,754,503                      5,966,699

Less current portion of long-term debt

2,116,063                      1,648,319

Long-term debt, less current portion

\$ 5,638,440                      \$ 4,318,380

Future maturities of long-term debt are as follows:

For the years ending December 31, 2019	\$	2,116,063
2020		1,830,282
2021		1,614,190
2022		1,234,094
2023		691,647
Thereafter		<u>268,227</u>
Total	\$	<u>7,754,503</u>

J. HUTCHINS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

Note 9. Concentrations of credit risk

The Company grants credit to residential customers, commercial customers and contractors, substantially all of which are located in Vermont and New Hampshire. The Company maintains bank account balances which, at times, may exceed federally insured limits. The Company has not experienced any losses with these accounts. Management believes the Company is not exposed to any significant risk.

Note 10. Related party transactions

Due from stockholder consists of non-interest bearing advances to the stockholder with no fixed repayment schedules.

At December 31, 2017, accounts receivable included \$187,965, due from a party related to the Company's CFO, who is also a family member of the stockholder. During 2018 this receivable balance was reattributed to the Company's CFO as due from related party. In addition, the Company incurred \$58,159 of costs which will be reimbursed by the CFO and another family member.

At December 31, 2017, notes payable to related party consisted of a \$360,000 unsecured loan from the Company's CFO, bearing interest at 7% and was paid in full during 2018. Interest expense recognized on related party loans was \$1,100 and \$27,300 in 2018 and 2017, respectively.

The stockholder guarantees most of the Company's long-term debt and line of credit and rents property to the Company (see note 6). The Company also purchased equipment from the stockholder for \$38,000 in 2017.

Note 11. Contingencies

The Company is party to various negotiations and legal proceedings regarding claims on construction contracts in the normal course of business. Management believes that the outcome of such negotiations and legal proceedings will not have a material adverse effect on the Company's financial position.

Note 12. Changes in estimates

Revisions in estimated contract profits are made in the year in which circumstances requiring the revision become known. The effect of changes in estimates of contract profits was to increase net income by approximately \$320,000 and \$0 for the years ended December 31, 2018 and 2017, respectively, from that which would have been reported had the revised estimates been used as the basis of recognition of contract profits in the preceding year.





**GRIPPIN DONLAN PINKHAM**

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS AND ADVISORS

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**Independent Auditor's Report on Supplementary Information**

To the Stockholder of  
J. Hutchins, Inc.  
Richmond, VT

We have audited the financial statements of J. Hutchins, Inc. as of and for the years ended December 31, 2018 and 2017, and our report thereon dated April 15, 2019, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Cost of Revenue and General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Grippin, Donlan & Pinkham, PLLC***

Registration number 553

April 15, 2019

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J. HUTCHINS, INC.  
SCHEDULES OF COST OF REVENUE  
AND GENERAL AND ADMINISTRATIVE EXPENSES  
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Direct costs:		
Salaries and wages	\$ 4,149,304	\$ 3,326,928
Materials	3,387,394	3,409,903
Other direct costs	456,225	441,856
Provision for loss on uncompleted contracts	(22,723)	111,742
Rental equipment	343,350	250,093
Subcontractors	5,107,129	2,426,471
Supplies	3,561,296	2,711,116
Travel and meals	<u>159,024</u>	<u>71,592</u>
Total direct costs	<u>17,140,999</u>	<u>12,749,701</u>
Indirect costs:		
Salaries and wages	2,058,862	1,516,023
Depreciation	1,677,926	1,160,446
Employee benefits	252,990	174,260
Fuel and lubricants	1,410,408	605,201
Insurance	804,388	669,869
Other operating expenses	298,273	235,548
Payroll taxes	636,243	515,607
Permits and registrations	95,185	82,086
Professional fees	159,411	172,982
Repairs and maintenance	1,622,460	869,434
Telephones and pagers	28,434	21,064
Vehicle and equipment leases	128,503	127,624
Indirect costs allocated	<u>(657,610)</u>	<u>(204,546)</u>
Total indirect costs	<u>8,515,473</u>	<u>5,945,598</u>
Total cost of revenue	<u>\$ 25,656,472</u>	<u>\$ 18,695,299</u>
General and administrative expenses:		
Salaries and wages	\$ 394,187	\$ 418,743
Advertising	66,569	68,576
Bad debts	52,800	101,603
Depreciation	14,594	2,933
Indirect costs	53,406	204,546
Maintenance	21,722	27,553
Marketing	5,006	46,837
Office expenses	50,161	51,786
Property taxes	6,245	43,989
Rent, Irasburg	85,600	33,600
Rent, Richmond	194,400	194,400
Telephone	14,713	9,415
Utilities	<u>24,186</u>	<u>17,228</u>
Total general and administrative expenses	<u>\$ 983,589</u>	<u>\$ 1,221,209</u>

See report on supplementary information