



Buildings & Grounds Committee

Tuesday, October 31, 2023 4PM
40 McMaster Street, Ballston Spa, NY

Chair: Matthew Veitch

Members: Philip Barrett, Eric Connolly, Diana Edwards, John Lant, Scott Ostrander (vc), Mike Smith

Agenda

- I. Welcome and Attendance
- II. Approval of the minutes of the September 5, 2023 meeting
- III. Awarding the Animal Shelter HVAC Phase 1 construction contracts to John W. Danforth Company, DiGesare Mechanical, Inc., and B&B Premier Contracting, LLC– Chad Cooke, Public Works
- IV. Authorizing a lease renewal with Railroad Place Partners, LP for Supreme Court Chambers – Chad Cooke, Public Works
- V. Other Business
- VI. Adjournment



SARATOGA COUNTY

AGENDA ITEM REQUEST FORM

TO: Steve Bulger, County Administrator
Ridge Harris, Deputy County Administrator
Michelle Granger, County Attorney
Therese Connolly, Clerk of the Board
Stephanie Hodgson, Director of Budget

CC: John Warmt, Director of Purchasing
Jason Kemper, Director of Planning and Economic Development
Bridget Rider, Deputy Clerk of the Board
Matt Rose, Management Analyst
Audra Hedden, County Administrator's Office

DEPARTMENT: Department of Public Works

DATE: 10/17/23

COMMITTEE: Buildings & Grounds

1. Is a Resolution Required:

Yes, Contract Approval

2. Proposed Resolution Title:

Awarding the Animal Shelter HVAC Phase 1 construction contracts totaling \$1,636,890.

3. Specific Details on what the resolution will authorize:

Awarding the Animal Shelter HVAC Phase 1 construction contracts totaling \$1,636,890. Bid awards are as follows:

Mechanical contract to John W. Danforth Company in the amount of \$1,495,890.

Electrical contract to B&B Premier Contracting, LLC in the amount of \$84,000.

Plumbing contract to DiGesare Mechanical, Inc. in the amount of \$57,000.

This column must be completed prior to submission of the request.

County Attorney's Office
Consulted Yes

4. Is a Budget Amendment needed: YES or NO
If yes, budget lines and impact must be provided.
Any budget amendments must have equal and offsetting entries.

County Administrator's Office
Consulted

- Please see attachments for impacted budget lines.
(Use ONLY when more than four lines are impacted.)

Revenue

Account Number	Account Name	Amount
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Expense

Account Number	Account Name	Amount
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Fund Balance (if applicable): (Increase = additional revenue, Decrease = additional expenses)

Amount:

5. Identify Budget Impact (**Required**):

No Budget Impact. Funds are included in the Department Budget

- a. G/L line impacted
- b. Budget year impacted
- c. Details

6. Are there Amendments to the Compensation Schedule?

YES or NO (If yes, provide details)

a. Is a new position being created? Y N

Effective date

Salary and grade

b. Is a new employee being hired? Y N

Effective date of employment

Salary and grade

Appointed position:

Term

c. Is this a reclassification? Y N

Is this position currently vacant? Y N

Is this position in the current year compensation plan? Y N

7. Does this item require the awarding of a contract: Y N

a. Type of Solicitation **BID**

b. Specification # (BID/RFP/RFQ/OTHER CONTRACT #)
#23-PWASHAVC-15(M)(P)(E)

c. If a sole source, appropriate documentation, including an updated letter, has been submitted and approved by Purchasing Department? Y N N/A

d. Vendor information (including contact name):

See Remarks for low bidder vendor information

e. Is the vendor/contractor an LLC, PLLC, or partnership: **Electrical contractor is an LLC**

f. State of vendor/contractor organization: **NY**

g. Commencement date of contract term: **Upon contract execution**

h. Termination of contract date: **Upon project completion**

i. Contract renewal date and term: **N/A**

k. Is this a renewal agreement: Y N

l. Vendor/Contractor comment/remarks:

Human Resources Consulted

Purchasing Office Consulted
Yes

County Administrator's Office
Consulted

8. Is a grant being accepted: YES or NO

a. Source of grant funding:

b. Agency granting funds:

c. Amount of grant:

d. Purpose grant will be used for:

e. Equipment and/or services being purchased with the grant:

f. Time period grant covers:

g. Amount of county matching funds:

h. Administrative fee to County:

9. Supporting Documentation:

Marked-up previous resolution

No Markup, per consultation with County Attorney

Information summary memo

Copy of proposal or estimate

Copy of grant award notification and information

Other Copy of bids and award recommendation

10. Remarks:

#23-PWASHAVC-15(M) - \$1,495,890
John W. Danforth Company (Ed Halderman)
5 Liebeck Lane, Clifton Park, NY 12065

#23-PWASHAVC-15(P) - \$57,000
DiGesare Mechanical, Inc.(Thomas Holmes)
3434 Carman Road, Schenectady, NY 12303

#23-PWASHAVC-15(E) - \$84,000
B&B Premier Contracting, LLC (Robert Brady)
10 Ferris St., Hudson Falls, NY



October 23, 2023

Peter Abreu, P.E.
Saratoga County
Department of Public Works
3654 Galway Road
Ballston Spa, NY 12020

Subject: Saratoga County Animal Shelter

Dear Peter;

Engineered Solutions evaluated the bids received on September 28, 2023 for Saratoga County Animal Shelter which consists of Mechanical, Electrical and Plumbing Contract. Please see the attached for all bidders. The low bidders are as shown below:

Mechanical Contract:	
John W. Danforth Company	\$1,495,890.00
Electrical Contract:	
B&B Premier Contracting, LLC	\$84,000.00
Plumbing Contract:	
DiGesare Mechanical, Inc.	\$57,000.00

At this time, Engineered Solutions, recommends this project be awarded to the above mentioned companies.

If you have any questions, please feel free to contact me at 518-280-2410 x325.

Sincerely,
ENGINEERED SOLUTIONS

Scott C. Swenson, PE
LEED AP
Principal
file

FORM OF BID

**HVAC MODIFICATIONS – PHASE 1
Saratoga County Animal Shelter
6010 County Farm Road, Ballston Spa, NY**

BID #23-PWASHAVC-15(M) – Mechanical Construction

Date: 9/28/23

Bid of John W. Danforth Company (hereinafter called "Bidder")

organized and existing under the laws of the State of New York

doing business as John W. Danforth Company

To the County of Saratoga, Ballston Spa, New York (hereinafter called "Owner").

Gentlemen:

The Bidder, in compliance with your invitation for bids for **SARATOGA COUNTY ANIMAL SHELTER**, and having examined specifications with related documents and the site of the proposed project, hereby proposes to furnish all labor, materials, and supplies, and to complete the project in a timely manner in accordance with the Contract Documents; and at the prices stated below. These prices are to cover all expenses incurred in performing the work required under the Contract Documents, of which this bid is a part.

Bidder agrees to perform all work described in these specifications (as a lump sum) as stated in the following. The bidder agrees to furnish all labor, equipment, and material necessary for the Saratoga County Animal Shelter based on these specifications 23-PWASHAVC-15(M) and a review of the site.

FORM OF BID
HVAC Modifications – Phase 1

BIDDER'S NAME: John W. Danforth Company

<u>Addenda Acknowledgement:</u>	<u>Addendum No.</u>	<u>Date Received</u>
	<u>1</u>	<u>9/20/23</u>
	<u>2</u>	<u>9/24/23</u>

BASE BID \$ 1,495,890

TOTAL WRITTEN AMOUNT: One Million Four Hundred ninety five
Thousand eight Hundred ninety dollars

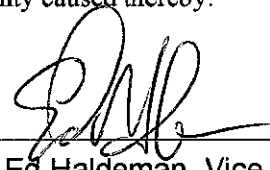
NOTE: Base bid shall include contract allowance of \$35,000 for BID #23-PWASHAVC-15(M) – Mechanical Construction.

The bidder understands that the Owner reserves the right to reject any or all bids and to waive any informalities.

The bidder agrees that his bid shall be valid and may not be withdrawn for a period of 45 days after scheduled closing time for receiving bids.

The bid security attached in the sum of \$ 5% of Base Bid Amount (in figures) _____ (in words)

is to become the property of the Owner in the event that contract and bond are not executed within the time set forth, as liquidated damages for the delay and additional expense to the County caused thereby.

Respectfully submitted: _____
SIGNATURE 
NAME & TITLE Ed Haldeman, Vice President

(Seal if bid is by a corporation) _____
COMPANY John W. Danforth Company
ADDRESS 5 Liebich Lane, Clifton Park, NY 12065

FEIN 16-0401910

TELEPHONE 518-400-1600

DATE 9/28/23

FAX N/A

EMAIL ADDRESS ehaldeman@jwdanforth.com

NON-COLLUSIVE BIDDING CERTIFICATION

Section 103-d of the General Municipal Law

(a) By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and, in the case of a joint bid, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of knowledge and belief:

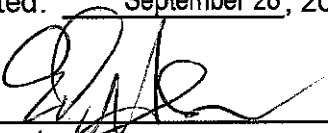
(1) The prices in this bid have been arrived at independently without collusion, consultation, communication, or agreement for the purpose of restricting competition, as to any matter relating to such prices with any other bidder or with any competitor;

(2) Unless otherwise required by Law, the prices which have been quoted in this bid have not been knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to opening, directly or indirectly, to any other bidder or to any competitor, and

(3) No attempt has been made or will be made by the bidder to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition."

I hereby affirm under the penalties of perjury that the foregoing statements are true.

Dated: September 28, 20 23



Signature

Ed Haldeman, Vice President
Title

STATE OF New York)
) ss:
COUNTY OF Erie)

Subscribed to and sworn before me this 28th day of September, 20 23

by Ed Haldeman (name of signer).


Notary Public

KEVIN F. LAURENDI
No. 01LA6346040
Notary Public, State of New York
Qualified in Erie County
My Commission Expires 08/08/20 24

**CERTIFICATION OF COMPLIANCE FOR THE
PREVENTION OF SEXUAL HARASSMENT**

Pursuant to State Finance Law §139-l of the State of New York, effective January 1, 2019, where competitive bidding is required for certain public contracts, every bid must contain the following statement affirming that the bidder has implemented a written policy addressing sexual harassment prevention and that the bidder provides annual sexual harassment prevention training, which statement must be signed by the bidder and affirmed by such bidder under the penalty of perjury:

[Please Check One]

BIDDER'S CERTIFICATION

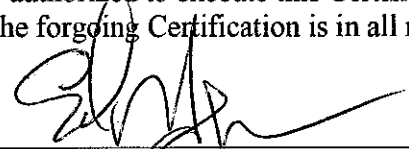
- By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that the bidder has and has implemented a written policy addressing sexual harassment prevention in the workplace and provides annual sexual harassment prevention training to all of its employees. Such policy shall, at a minimum, meet the requirements of section two hundred one-g of the labor law.

- I am unable to certify that I, or my employer, have implemented a written policy addressing sexual harassment prevention in the workplace. The reason(s) why neither I nor my employer can make such certification is/are: _____

Dated: September 28, 2023.

STATE OF New York
COUNTY OF Erie) ss:

The undersigned, being duly sworn, says: (a) I am duly authorized to execute this Certification and (b) I hereby certify, under penalty of perjury, that the forgoing Certification is in all respects true and accurate.



Signature

Ed Haldeman

Printed Name

Vice President

Title

Subscribed and sworn to before me this 28th
day of September, 2023.



Notary Public

KEVIN F. LAURENDI
No. 01LA6346040
Notary Public, State of New York
Qualified in Erie County
My Commission Expires 08/08/2024

CONTRACTOR REFERENCE SHEET

All bidders must complete this form providing three (3) references of past performance. References should involve projects and or service situations of similar size and scope to this bid. References must have had dealings with the bidder within the last 36 months. The County reserves the right to contact any or all of the references supplied for an evaluation of past performance in order to establish the responsibility of the bidder before the actual award of this bid and/or contract.

BIDDER'S NAME: John W. Danforth Company

REFERENCE NAME: Buffalo Construction Consultants
ADDRESS: 6000 N Bailey Avenue, Buffalo, NY 14226

TELEPHONE: 716-353-1331
CONTACT PERSON: Bill Mahoney

REFERENCE NAME: Turner Construction
ADDRESS: 51 Lakefront Boulevard, Suite 200, Buffalo, NY 14202

TELEPHONE: 716-853-1900
CONTACT PERSON: Steve Perrigo

REFERENCE NAME: Kaleida Health
ADDRESS: 100 High Street, Buffalo, NY 14203

TELEPHONE: 716-238-4673
CONTACT PERSON: Pete Murphy

CONTRACTOR QUALIFICATION STATEMENT

The undersigned certifies under oath that the information provided herein is true and sufficiently complete so as not to be misleading.

SUBMITTED TO: County of Saratoga, Offices of Central Services
ADDRESS: 50 West High Street, Ballston Spa, NY 12020
SUBMITTED BY: John W. Danforth Company
NAME: Ed Haldeman, Vice President
ADDRESS: 5 Liebich Lane, Clifton Park, NY 12065
PRINCIPAL OFFICE: 300 Colvin Woods Parkway, Tonawanda, NY 14150

- Corporation
- Partnership
- Individual
- Joint Venture
- Other

NAME OF PROJECT (if applicable): Saratoga County Animal Shelter, HVAC Modifications - Phase 1

TYPE OF WORK (file separate form for each Classification of Work):

<u> </u> General Construction	<u> </u> <input checked="" type="checkbox"/> HVAC
<u> </u> Plumbing	<u> </u> Electrical
<u> </u> Other	<u> </u>

(please specify)

1. ORGANIZATION:

1.1 How many years has your organization been in business as a contractor? **139 years**

1.2 How many years has your organization been in business under its present business name? **139 years**

1.2.1 Under what other or former names has your organization operated? **N/A**

CONTRACTOR QUALIFICATION STATEMENT

1.3 If your organization is a corporation, answer the following:

- 1.3.1 Date of Incorporation: 2/1/1897
- 1.3.2 State of Incorporation: NYS
- 1.3.3 President's Name: Patrick W. McParlane
- 1.3.4 Vice-President's Name(s): See Attached List of Principals
- 1.3.5 Secretary's Name: Patrick W. McParlane
- 1.3.6 Treasurer's Name: Kevin Reilly

1.4 If your organization is a partnership, answer the following:

- 1.4.1 Date of Organization:
- 1.4.2 Type of Partnership (if applicable):
- 1.4.3 Name(s) of General Partner(s):

1.5 If your organization is individually owned, answer the following:

- 1.5.1 Date of Organization:
- 1.5.2 Name of Owner:

1.6 If the form of your organization is other than those listed above, describe it and name the principals:

2. LICENSING:

2.1 List jurisdictions and trade categories in which your organization is legally qualified to do business, and indicate registration or license numbers, if applicable. **Across NYS and Ohio**

2.2 List jurisdictions in which your organization's partnership or trade name is filed. **Across NYS and Ohio**

CONTRACTOR QUALIFICATION STATEMENT

3. EXPERIENCE:

- 3.1 List the categories of work that your organization normally performs with its own forces.
Mechanical contractor specializing in HVAC, Plumbing, Process Piping, Design/Build, Sheetmetal, Refrigeration, Service, Temperature Controls, Testing & Balancing, Duct Cleaning and HVAC filters
- 3.2 Claims and Suits - (if the answer to any of the questions below is yes, please attach details):
- 3.2.1 Has your organization ever failed to complete any work awarded to it? **No**
- 3.2.2 Are there any judgements, claims, arbitration proceedings, or suits pending or outstanding against your organization or its officers? **No**
- 3.2.3 Has your organization filed any lawsuits or requested arbitration with regard to construction contracts within the last five (5) years? **No**
- 3.3 Within the last five (5) years has any officer or principal of your organization ever been an officer or principal of another organization when it failed to complete a construction contract? (if answer is yes, please attach details) **No**
- 3.4 On a separate sheet, list major construction projects your organization has in progress giving the name of the project, owner, architect, contract amount, percent complete, and scheduled completion date.
- 3.4.1 State total worth of work in progress and under contract.
See Attached Current Project List
- 3.5 On a separate sheet, list the major projects your organization has completed in the last five (5) years, giving the name of project, owner, architect, contract amount, date of completion, and percentage of the cost of the work performed with your own forces.
- 3.5.1 State average annual amount of construction work performed during the past five (5) years:
See Attached Completed Project List
- 3.6 On a separate sheet, list the construction experience and present commitments of the key individuals of your organization. **See Attached List of Principals**

4. REFERENCES:

- 4.1 Trade References: **See Attached**

CONTRACTOR QUALIFICATION STATEMENT

4.2 Bank References: Key Bank of New York
50 Fountain Plaza
Buffalo, NY 14202
Sean Moskal, Senior Vice President
716-819-5395

4.3 Surety:

4.3.1 Name of bonding company: Fidelity & Deposit

4.3.2 Name and address of agent: Walsh Duffield
801 Main Street
Buffalo, NY 14203

5. FINANCING:

5.1 Financial Statement: See attached 2022 Financial Statement

5.1.1 Attach a financial statement, preferably audited, including your organization's latest balance sheet and income statement showing the following items:

Current Assets (e.g., cash, joint venture accounts, accounts receivable, notes receivable, accrued income, deposits, materials inventory, and prepaid expenses);

Net Fixed Assets;

Other Assets;

Current Liabilities (e.g., accounts payable, notes payable, accrued expenses, provision for income taxes, advances, accrued salaries, and accrued payroll taxes);

Other Liabilities (e.g., capital, capital stock, authorized and outstanding shares par values, earned surplus and retained earnings).

5.1.2 Name and address of firm preparing attached financial statement, and date thereof:

Bonadio & Co, LLP
100 Corporate Parkway, Suite 200, Amherst, NY 14226

5.1.3 Is the attached financial statement for the identical organization named on page one?

Yes

If not, explain the relationship and financial responsibility of the organization whose financial statement is provided (e.g., partner-subsiary).

5.2 Will the organization whose financial statement is attached act as guarantor of the contract for construction? Yes

CONTRACTOR QUALIFICATION STATEMENT

6. SIGNATURE:

6.1 Dated Thursday this 28th day of September, 2023

Name of Organization: John W. Danforth Company

By: _____

Title: Ed Haldeman, Vice President

6.2 I, Ed Haldeman being duly sworn deposes and says that the information provided herein is true and sufficiently complete so as not to be misleading.

Subscribed and sworn before me this 28th day of September 2023

Notary Public: Kevin F. Laurendi

My Commission Expires: 08/08/2024

KEVIN F. LAURENDI
No. 01LA6346040
Notary Public, State of New York
Qualified in Erie County
My Commission Expires 08/08/2024

VENDOR INFORMATION
FOR THE COUNTY OF SARATOGA

Please complete the following information which is necessary in order for Saratoga County to track vendor applicant information and the County's purchasing process.

Business Name John W. Danforth Company

Address 5 Liebich Lane, Clifton Park, NY 12065

Business Type (Sole Proprietorship, Corporation, LLC, etc.) Corporation

Is your business a Disadvantaged Business Enterprise (DBE)? Yes No

Is your business a Minority and Women-Owned Business Enterprise (MWBE)? Yes No

Does your business have a small business status? Yes No

Any other business status, please provide information: _____

Provide the name of the Certifying Entity (ties): _____

Have you conducted business with the County before? Yes No

If the answer to the above question is NO, please provide your Federal ID Number and attach a copy of your W-9 Form. FEIN #: 16-0401910

How did you discover this Bid opportunity? Bid Net Direct

Do you use the Empire State Municipal Purchasing Group Website (BidNet)? Yes No

If Yes, do you find it useful (explain) or if No, why? Yes, we are able to get notices on upcoming bids and gain access to their documents

Completing the above information does not change your chances of being awarded a contract. The information collected will NOT be sold and will not be used to contact you.

Thank you.

CORPORATE BID RESOLUTION

For Corporate Bidders Only

RESOLVED, that Ed Haldeman be authorized to sign and submit
(individual)

the bid or proposal of this corporation for the following project(s):

**HVAC Modifications - Phase 1
Saratoga County Animal Shelter
6010 County Farm Road, Ballston Spa, NY, Bid# PWASHAVC-15**

and to include in such bid or proposal, the certificate as to non-collusion required by section 103-d of the General Municipal Law as the act and deed of such Corporation, and for any inaccuracies or misstatements in such certificates this corporate bidder shall be liable under the penalties of perjury.

The foregoing is a true and correct copy of the resolution adopted by John W. Danforth Company
(corporation)

at a meeting of its Board of Directors held on the 25th day of January, 2023

and is still in full force and effect on this 28th day of September, 2023.

SEAL OF CORPORATION



Secretary
Patrick W. McParlane

SINCE 1884



JOHN W. DANFORTH COMPANY
GENERAL CONTRACTORS FOR MECHANICAL SYSTEMS
Industrial Piping, Power Plants, Heating/Air Conditioning, Plumbing, Air and Water Pollution Control, Sheetmetal

COMPLETED PROJECTS (LAST FIVE YEARS)- ALBANY

Project	Owner	Contract With	Contact	Phone No.	Contract Amount	Scheduled Completion
Ballston Spa Central School District 2018 CIP	Ballston Spa Central School District	Ballston Spa Central School District	Edward Rosiak	518-817-8195	\$ 2,570,755.00	10/28/2022
Regeneron Fill Finish Bldg #17 - Piping	Regeneron	BBL Construction	Kelly Lynn Ivenworth Bentz	518-452-8200	\$ 13,864,313.00	6/30/2021
Regeneron Fill Finish Bldg #17 - Sheet Metal	Regeneron	BBL Construction	Kelly Lynn Ivenworth Bentz	518-452-8200	\$ 11,860,542.00	1/24/2022
Upstate Correctional Facility Classroom Renovations	NYS Office of General Services	NYS Office of General Services	Jordan Marsh	518-488-8170	\$ 2,815,035.00	7/27/2022
University of Vermont - Firestone Medical Research Build	University of Vermont	PC Construction	Kaitlyn Everts	802-556-2862	\$ 8,285,622.00	6/20/2022
Stratton VA Cooling Tower Replacement	Veterans Administration	Iron Sword Enterprises	Matt Petrangolo	845-863-1788	\$ 1,166,941.00	3/15/2023
Global Foundries FAB 8 Tool Install	Global Foundries	Global Foundries	Amanda Wain	518-305-9962	\$ 1,871,467.00	9/30/2022
Boston Scientific Project Fugitive Sheet Metal Fab	Unique Metals LLC	Unique Metals LLC	Norman Brothers	401-726-9900	\$ 651,548.00	10/31/2022
Albany County Merchantile Boiler Replacement	Albany County General Services	Albany County General Services	Thomas Stover	518-447-4020	\$ 109,531.00	10/14/2022
QRDA Lake Placid Sliding Sports Facility	QRDA	The Pike Company	Jason Brulini	518-385-1617	\$ 6,109,833.00	12/30/20
Global Foundries FAB 8 Tool Install	Global Foundries	Global Foundries	Amanda Wain	518-305-9962	\$ 22,084,591.00	9/30/22
Global Foundries FAB 8 Tool Install	Global Foundries	Global Foundries	Amanda Wain	518-305-9962	\$ 1,871,467.00	9/30/22
Amazon JAZZ-278K SF Warehouse, Distribution Office	Scannell Properties	Arco	Jared Knox	314-566-4820	\$ 1,902,696.00	3/1/23
Albany County 911 Facility	Albany County Sheriff Department	Albany County Purchasing	Karen Storm	518-447-7140	\$ 1,047,500.00	3/24/23
Benjamin Moore Sheet Metal	Benjamin Moore, Inc.	FPI Mechanical Contractors	Brandon Garrity	518-603-4728	\$ 502,297.00	4/28/23
St. Peter's Pharmacy AHU Replacement	St. Peter's Hospital	AOW Construction	Jim Umer	518-857-7042	\$ 166,098.00	3/28/23
Global Foundries HVAC & Piping Demolition Support	Global Foundries	Global Foundries	Amanda Wain	518-305-9692	\$ 140,976.00	1/31/22

CURRENT PROJECTS IN PROGRESS - ALBANY

Project	Pri. No.	Owner	Contract With	Contact	Phone No.	Contract Amount	% Complete	Scheduled Completion
Northeastern Clinton Central School District	90083	Clinton Central School District	Clinton Central School District	Jennifer Brown	315-853-5574	\$ 1,760,254.00	96%	6/30/23
B6 Power Project HVAC Energy Efficiency Upgrade	90115	NYP&A	NYP&A	Keith Turvey	914-287-3089	\$ 1,657,000.00	18%	10/19/24
Contra Expansion Bldg 9 Sheet Metal	90124	FPI Mechanical Contractors	FPI Mechanical Contractors	Tricia Staalley	518-783-7066	\$ 827,682.00	90%	6/15/23
Town of Ballston Highway Garage Addition	90139	Town of Ballston	Town of Ballston	Jenny Lipman	518-371-0799	\$ 385,900.00	52%	9/1/23
BETA A Building - HVAC & Plumbing	90140	BETA Manufacturing	PC Construction	Robert Mahoney	802-558-1599	\$ 11,641,279.00	65%	11/30/23
Greater Amsterdam School District Reconstruction Phase 1	90144	Greater Amsterdam Central School District	Greater Amsterdam Central School District	Jim Maloney	518-848-0672	\$ 4,517,915.00	65%	9/30/23
Brushton - Molira Central School District EPC	90147	Brushton - Molira Central School District	Brushton - Molira Central School District	Todd LaPage	518-529-7324	\$ 1,590,612.00	6%	9/1/24
Great Meadows Boiler Replacement - DOCCS	90148	NYS Power Authority	FPI Mechanical Inc.	Tricia Staalley	518-783-7066	\$ 146,898.00	8%	12/30/23
Fort Plain Central School District - EPC	90150	Fort Plain Central School District	Fort Plain Central School District	Lauren Crisman	518-993-4000	\$ 1,046,133.00	1%	7/1/24
Rensselaer County Control Valve Replacements	90151	Rensselaer County	Siemens Industries	Fawn Jones	716-380-1043	\$ 3,080,791.00	24%	7/24/23
Spruce Peak Parking Garage	90152	Spruce Peak Realty LLC	PC Construction	John Schnee	802-318-2332	\$ 149,210.00	88%	10/24/23
Spruce Peak Treehouse	90153	Spruce Peak Realty LLC	PC Construction	John Schnee	802-318-2332	\$ 10,385,845.00	75%	6/30/24
Rensselaer County HVAC Equipment Replacement	90154	Rensselaer County	Siemens Industries	Betsy Wicklund	339-206-6352	\$ 505,093.00	79%	6/30/24
SUNY Albany Building 27 Basement Heating Repairs	90158	SUNY Albany	SUNY Albany	Brad Bunzey	518-442-4104	\$ 168,736.00	26%	12/31/23
Draper Middle School UV Replacement	90162	Mohanserd Central School District	Mokonasen Central School District	Michael Sherman	518-356-8728	\$ 394,234.00	77%	7/7/23
Washington Correctional Facility Bldg. 73 Steam Leak Repair	90169	NYS Office of General Services	NYS Office of General Services	Haj Klimartin	518-396-6561	\$ 179,342.00	96%	4/8/23
North Warren Central School District Mechanical Improvements Phase 2	90174	North Warren Central School District	North Warren Central School District	Michele French	518-494-3015	\$ 2,415,165.00	51%	9/1/23
Greater Amsterdam APR Phase 2 Project	90175	Greater Amsterdam Central School District	Greater Amsterdam Central School District	Colleen DiCaprio	518-843-3180	\$ 2,878,222.00	29%	9/1/23
Town of East Greenbush 2nd Avenue Barracks Rd Sanitary Sewer Pump Station	90177	Town of East Greenbush	Town of East Greenbush	Ed Hernandez	518-361-2797	\$ 630,000.00	11%	12/5/23
Town of Halfmoon Highway Department Garage Addition Plumbing Work	90181	Town of Halfmoon	Town of Halfmoon	Nick Lobosco	518-786-7469	\$ 231,400.00	30%	6/30/23
Town of Halfmoon Highway Department Garage Addition HVAC Work	90182	Town of Halfmoon	Town of Halfmoon	Nick Lobosco	518-786-7469	\$ 182,500.00	20%	6/30/23
Greater Johnstown Central School District	90190	Greater Johnstown Central School District	Greater Johnstown Central School District	William Frankshaw	518-762-4611	\$ 2,359,959.00	1%	10/1/24
Saranac Lake Central School District Bloomingdale Elementary Boilers	90194	Saranac Lake Central School District	Saranac Lake Central School District	Diane Fox	518-891-5460	\$ 713,776.00	2%	9/1/23
ME Exhaust Fans North	90196	Albany Medical Center	Albany Medical Center	John Hegan	518-596-9900	\$ 430,500.00	7%	12/31/23
Averill Park Central School District 2023 CIP	90197	Averill Park Central School District	Averill Park Central School District	Cynthia Golding		\$ 519,000.00	10%	9/1/23
SUNY Adirondack Washington Hall Renovations	90198	SUNY Adirondack	SUNY Adirondack	Ann Marie Schneider		\$ 941,488.00	5%	11/30/23
Wolfspeed WETO08	90199	Wolfspeed Inc	Wolfspeed Inc	Mark Dingeman	919-609-4785	\$ 1,265,600.00	19%	12/31/24
Wolfspeed M Line West Expansion	90201	Wolfspeed Inc	Whiting Turner Contracting Company	Dan Chesnick	518-430-8554	\$ 1,822,363.00	1%	12/31/24
St. Peters Health Partners Pharmacy Compliance Clean Rooms	9294	St. Peters Health Partners	AOW Associates	Amanda Fowler	518-512-5508	\$ 235,317.00	81%	3/1/23
Nathan Kline Institute Bldg 35 Roof Replacement	95025	NYS Office of General Services	NYS Office of General Services	John Poupons	518-474-0203	\$ 525,419.00	79%	8/30/23
Sullivan County Community College Building Renovation	95043	Sullivan County Community College	Latella	Jack Erickson	585-653-6164	\$ 6,870,399.00	88%	9/1/23
Pneumatic Line Repair	95053	US Millit	Iron Sword Enterprises LLC	Kelly Scotto	845-863-1788	\$ 262,124.00	94%	10/30/23



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List of principals, their primary function, and length of service:

Kevin “Duke” Reilly, Chairman

As JWD Group, Inc., Chairman, Duke is responsible for all facets of group leadership. He has direct influence and oversight on the group’s strategic direction and operation. Duke ensures that Danforth is in constant pursuit of providing the best value to our customers through innovative solutions. His leadership has guided Danforth to becoming the 4th largest mechanical contractor in the Northeast. Duke has over 35 years of mechanical industry experience. Duke attended the United States Naval Academy and served in the Navy for 5 years. After joining the Danforth team in 1982 as a Project Manager, Duke used his experience from managing projects to implement more efficient practices for Danforth’s construction model. Over the next 20 years he continued to help grow Danforth’s capabilities and was promoted through the ranks of management to his current role as JWD Group Chairman. Duke’s tenure with Danforth and JWD Group has been marked by continual company growth and improvement to become a true single solution provider for mechanical services in the Northeast and beyond.

Patrick W. McParlane, President

For the past eight years, Pat has been responsible for the overall acquisition portion of the business and all its business segment personnel within the Client Solutions Division. He plays a pivotal role in business development and strategic planning within the Buffalo Market. Pat was formerly a District Manager for the international firm Siemens and was responsible for the total business operations and strategic direction in New York, Vermont and Pennsylvania. He has nearly 30 years of experience in the ESCO field that specifically relates to the qualifications outlined by the Erie County RFP. Over the years, Pat has been integral of a number of major projects that Danforth completed in Erie County, including the University at Buffalo School of Medicine, John R. Oishei Children’s Hospital and Buffalo Riverbend just to name a few.

Previously Pat was instrumental in securing millions of dollars in funding for his clients’ energy projects from agencies including the United States Department of Energy and NYSERDA.

Pat has the experience to structure and secure the proper funding for energy programs, utilizing the guaranteed operational and energy savings to pay for the financial obligations of the project. Pat graduated from State University New York College at Buffalo with a Bachelors of Science & an AAS from SUNY Alfred.

Robert J. Beck, CEO

As John W. Danforth Company’s CEO, Robert is responsible for strategic direction, growth and organizational foundation of the company. Robert oversees the continual improvement of Danforth’s sales, operations, and execution of over \$250 million in contracts. All company efforts promote the spirit of Danforth’s vision, mission and core values.

Robert has nearly 30 years of mechanical industry experience. After graduating from the University of Florida, Robert began a career in the industry as a District Sales Manager for Lochinvar Corporation in

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1991. He started at Danforth in 1993 and has been promoted through various company management roles over the last 25 years to his current role as company President.

Robert and his wife Elise, along with their two children, Ethan and Audrey, reside in Amherst, NY.

Jason P. Rudich, Executive Vice President, Estimating

Jason is responsible for various office and field engineering duties including load calculations, equipment sizing calculations, equipment selection and confirmation. He specializes in identifying client's needs and developing turnkey solutions to meet their energy and operational goals. Jason has nearly 20 years of experience providing Design/Build solutions for Danforth's customers and is Leadership in Energy and Environmental Design, Accredited Professional (LEED AP) certified. Jason graduated from Alfred State College with a Bachelor of Science in Mechanical Engineering. He has designed numerous systems for various projects throughout New York State with a focus on Energy Performance.

Jerry Wilson, Senior Vice President, Sales

Jerry serves as the Senior Vice President of Sales. Jerry operates out of Danforth's Headquarters in Buffalo and is responsible for leading the business acquisition and marketing for the Client Solutions business segment. His responsibilities specifically include identifying market opportunities, developing strategic partnerships with key customers and accounts, along with sales forecasting, planning, and budgeting. Jerry has over 35 years of experience in the energy and environmental business.

At Danforth, some of Jerry's notable projects include the energy performance contract of the Town of West Seneca valued at \$9 million that resulted in annual energy savings of 700,000 Kwh, as well as the energy performance contract of the Monroe County Civic Center valued at over \$13 million, resulting in annual energy savings of over 2,700,000 kWh. Recently, Jerry's team was awarded an Energy Performance Contracts with Livingston County valued at \$5.7 million, Wyoming County valued at \$2.8 million and Niagara County valued at \$6.6 million.

Jerry's experience in client solutions and sales has made him a valuable asset to the Danforth Team. Jerry has an Associate's Degree in Electro-Mechanical Technologies from SUNY Alfred, a Bachelors of Science Degree in Industrial Engineering Technology from Buffalo State College, and a Masters of Business Administration from Canisius College. Jerry belongs to the Association of Energy Engineers (AEE) as well as the American Society of Heating Refrigerating, and Air-Conditioning Engineers (ASHRAE).

Brian Tubin, Vice President & Chief Financial Officer

Brian began his career in public accounting at a prominent firm in Buffalo, NY where Danforth was a major client. He worked on Danforth's account for 7 years performing accounting, tax and auditing services. During this time he also worked to provide compliance, management advisory and business valuation services to over 100 other diverse business entities with his main concentration being the construction industry. While working in the public accounting field, Brian met the state education and experience requirements for the titles of Certified Public Accountant (CPA) and Certified Valuation Analyst (CVA).

In 2003, Brian left public accounting to become the Vice President of a full service General Construction company. Brian was responsible for the overall operations of the company, including

planning and directing all aspects of the organization's financial and operational policies, procedures, objectives and initiatives. Brian was instrumental in the company's long-term strategic planning as well as the management of the day-to-day issues related to finance, administration and construction operations. Brian was responsible for actively seeking opportunities for diversification and expansion into new areas while maintaining focus on the company's profitability and customer service. During this time, Brian's relationship with Danforth continued to grow as they were his main subcontractor for all plumbing, HVAC, and mechanical work.

With over 20 years of work experience and proven leadership in all facets of accounting, finance, operations, construction and business management, Brian joined the John W. Danforth Company in 2012 as the Chief Financial Officer. Both Brian and Danforth wanted to continue to build upon the successful long-term relationship they had established over the years. Brian currently oversees the Accounting, Finance, Risk Control, Insurance, HR and IT departments. He ensures that these areas of the business are all aligned and performing effectively and efficiently in accordance with the mission and core values of Danforth. In addition, Brian acts as a Steward of company assets as well as a financial strategist providing short and long-term financial budgets, analysis and forecasting for the company to make key decisions.

**JWD GROUP, INC.
AND SUBSIDIARIES**

**Consolidated Financial Statements as of
December 31, 2022 and 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 27, 2023

To the Board of Directors of
JWD Group, Inc. and Subsidiaries:

Opinion

We have audited the accompanying consolidated financial statements of JWD Group, Inc. (a New York S Corporation) and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and retained earnings, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JWD Group, Inc. and Subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of JWD Group, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, JWD Group, Inc. and Subsidiaries adopted Accounting Standards Codification (ASC) 842, Leases, as of January 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JWD Group, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 JWD Group, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JWD Group, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in Schedule I is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Bonadio & Co., LLP

JWD GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 300,672	\$ 406,703
Contracts receivable, net	64,885,578	58,869,756
Retainage receivable	13,946,322	20,838,168
Costs and estimated earnings in excess of billings on contracts in progress	10,315,854	10,171,417
Inventory	2,312,752	2,814,715
Prepaid expenses and other current assets	1,143,675	1,465,264
Property held for sale	<u>7,094,815</u>	<u>7,066,527</u>
Total current assets	99,999,668	101,632,550
PROPERTY, PLANT, AND EQUIPMENT, net	6,596,441	6,872,919
OPERATING LEASE RIGHT-OF-USE ASSETS	25,905,261	-
OTHER ASSETS	<u>2,413,994</u>	<u>2,962,446</u>
	<u>\$ 134,915,364</u>	<u>\$ 111,467,915</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Line-of-credit	\$ 74,700	\$ 6,315,814
Current portion of operating lease liabilities	360,463	-
Accounts payable	27,933,474	36,317,624
Retainage payable	3,355,684	2,512,877
Accrued expenses	4,224,787	2,578,882
Billings in excess of costs and estimated earnings on contracts in progress	26,032,504	14,888,481
Other current liabilities	<u>428,879</u>	<u>670,904</u>
Total current liabilities	62,410,491	63,284,582
OPERATING LEASE LIABILITIES, net of current portion	25,544,798	-
OTHER LIABILITIES	<u>2,458,200</u>	<u>1,883,720</u>
Total liabilities	<u>90,413,489</u>	<u>65,168,302</u>
STOCKHOLDER'S EQUITY:		
Common stock - \$0.10 par value	116,438	116,438
Capital contributed in excess of par	7,206,504	7,206,504
Retained earnings	52,498,754	54,834,861
Unearned ESOP shares	(8,906,903)	(9,445,272)
Treasury stock, at cost	<u>(6,412,918)</u>	<u>(6,412,918)</u>
Total stockholder's equity	<u>44,501,875</u>	<u>46,299,613</u>
	<u>\$ 134,915,364</u>	<u>\$ 111,467,915</u>

The accompanying notes are an integral part of these statements.

JWD GROUP, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CONTRACT REVENUE EARNED	\$ 281,628,937	\$ 294,653,934
COST OF REVENUE EARNED	<u>(254,282,204)</u>	<u>(271,494,614)</u>
Gross profit	27,346,733	23,159,320
GAIN ON SALE OF PROPERTY, PLANT, AND EQUIPMENT	38,040	3,916,009
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	<u>(29,505,430)</u>	<u>(26,040,922)</u>
Income (loss) from operations	<u>(2,120,657)</u>	<u>1,034,407</u>
OTHER INCOME (EXPENSE):		
Miscellaneous income (expense)	(40,154)	149,137
Interest expense	<u>(175,296)</u>	<u>(575,605)</u>
Total other expense, net	<u>(215,450)</u>	<u>(426,468)</u>
NET INCOME (LOSS)	(2,336,107)	607,939
RETAINED EARNINGS - beginning of year	<u>54,834,861</u>	<u>54,226,922</u>
RETAINED EARNINGS - end of year	<u>\$ 52,498,754</u>	<u>\$ 54,834,861</u>

The accompanying notes are an integral part of these statements.

JWD GROUP, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Common Stock	Capital Contributed in Excess of Par	Retained Earnings	Unearned ESOP Shares	Treasury Stock, at cost	Total
BEGINNING BALANCE - JANUARY 1, 2021	\$ 116,438	\$ 7,206,504	\$ 54,226,922	\$ (6,484,804)	\$ (6,412,918)	\$ 48,652,142
Net income	-	-	607,939	-	-	607,939
Additional loan to ESOP to purchase shares	-	-	-	(2,960,468)	-	(2,960,468)
ENDING BALANCE - DECEMBER 31, 2021	116,438	7,206,504	54,834,861	(9,445,272)	(6,412,918)	46,299,613
Net loss	-	-	(2,336,107)	-	-	(2,336,107)
Additional loan to ESOP to purchase shares	-	-	-	(174,302)	-	(174,302)
Release of ESOP shares	-	-	-	712,671	-	712,671
ENDING BALANCE - DECEMBER 31, 2022	\$ 116,438	\$ 7,206,504	\$ 52,498,754	\$ (8,906,903)	\$ (6,412,918)	\$ 44,501,875

The accompanying notes are an integral part of these statements.

JWD GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (2,336,107)	\$ 607,939
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation	2,266,957	3,095,256
Gain on sale of property, plant, and equipment	(38,040)	(3,916,009)
Deferred compensation expense	580,880	625,200
Bad debts	-	93,141
Increase in cash surrender value of life insurance	-	(74,967)
Noncash ESOP expense	712,671	-
Changes in:		
Contracts receivable	(6,015,822)	(3,455,837)
Retainage receivable	6,891,846	(5,743,294)
Costs and estimated earnings in excess of billings on contracts in progress	(144,437)	1,327,133
Inventory	501,963	(1,346,686)
Prepaid expenses	321,589	(554,223)
Accounts payable	(7,541,343)	5,847,155
Retainage payable	-	38,432
Accrued expenses	1,645,905	(1,695,758)
Billings in excess of costs and estimated earnings on contracts in progress	11,144,023	(4,692,029)
Other liabilities	<u>(248,425)</u>	<u>(1,998,956)</u>
Net cash flow from operating activities	<u>7,741,660</u>	<u>(11,843,503)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,018,767)	(2,600,501)
Issuance of notes receivable	-	(17,556)
Premiums paid on life insurance policies	(22,799)	(41,791)
Proceeds from surrender of life insurance policies	571,251	435,323
Proceeds from sale of property, plant, and equipment, net	<u>38,040</u>	<u>29,124,238</u>
Net cash flow from investing activities	<u>(1,432,275)</u>	<u>26,899,713</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Loans to ESOP	(174,302)	(2,960,468)
Net repayments on line-of-credit	(6,241,114)	(1,752,254)
Repayments of long-term debt	<u>-</u>	<u>(10,100,370)</u>
Net cash flow from financing activities	<u>(6,415,416)</u>	<u>(14,813,092)</u>
CHANGE IN CASH	(106,031)	243,118
CASH - beginning of year	<u>406,703</u>	<u>163,585</u>
CASH - end of year	<u>\$ 300,672</u>	<u>\$ 406,703</u>

The accompanying notes are an integral part of these statements.

JWD GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. NATURE OF BUSINESS

JWD Group, Inc. and its subsidiaries (collectively, the "Company") are general contractors for mechanical equipment, with a specialty in industrial piping. The Company has a broad base of customers, including Fortune 500 customers, municipalities, general contractors, and architect-engineering firms. The Company's customers are generally located in New York State.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of JWD Group, Inc., and its wholly owned subsidiaries as follows:

- John W. Danforth Company (wholly owned subsidiary)
- Kensington Insulation Group, Inc. (wholly owned subsidiary)
- Patrick 233, Inc. (wholly owned subsidiary)
- Blue Angels Properties, LLC (wholly owned subsidiary)
- 7401 Willowbrook Rd. Associates, LLC (wholly owned subsidiary)

All significant intercompany balances and transactions have been eliminated.

Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenue and expenses. Significant estimates used in preparing these consolidated financial statements include those assumed in computing profit percentages under the percentage-of-completion revenue recognition method, and those used in depreciating the Company's equipment.

Operating Cycle

The Company's work is normally performed under fixed price and cost-plus contracts. The lengths of the Company's contracts vary but are typically about two years. Therefore, assets and liabilities related to long-term contracts are included in current assets and current liabilities in the accompanying consolidated balance sheets as they will be liquidated in the normal course of contract completion, although this may require more than one year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard effective January 1, 2022 using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of ASC 842, on January 1, 2022, the Company recognized an operating lease liability of \$26,199,308, and an operating right-of-use asset of \$26,199,308. The standard did not have an impact on the consolidated statements of operations or cash flows. These amounts were determined by calculating the present value of the annual cash lease payments using a discount rate of 7%. The 7% discount rate was determined to be the Company's twenty-year incremental borrowing rate as of January 2022.

Revenue and Cost Recognition

The Company recognizes construction contract revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Construction contracts are generally accounted for as a single unit of account, or a single performance obligation, and are not segmented between types of services. The Company recognizes revenue using the cost-to-cost method, based primarily on contract cost incurred to date compared to total estimated contract cost. The cost-to-cost method, an input method, is used as management considers it to be the best available measure of progress on these contracts. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments and judgments.

The Company recognizes service maintenance contract revenue over time, as performance obligations are satisfied, which are typically to maintain the customer's mechanical system for a specific period of time. For these services, in which the full cost to provide services may not be known, revenue is recognized using an input method based on the amount of time the services are provided out of the total time that the Company has been contracted to perform those services. Amounts billed to customers in excess of recognizable revenue is recorded as deferred revenue and is included in other liabilities on the accompanying consolidated balance sheets. Deferred revenue totaled \$428,879 and \$429,237 at December 31, 2022 and 2021, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Cost Recognition (Continued)

Contract costs include all direct material, labor, subcontract and other costs and those indirect costs determined to relate to contract performance, such as indirect salaries and wages, equipment repairs and depreciation, insurance, and payroll taxes. Administrative and general expenses are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the customer. Project mobilization costs are generally charged to project costs as incurred when they are an integrated part of the performance obligation being transferred to the customer. The Company recognizes revenue, but not profit, on certain uninstalled materials that are not specifically produced, fabricated, or constructed for a project. Revenue on these uninstalled materials is recognized when the cost is incurred, or when control is transferred.

Performance Obligations

The Company evaluates whether two or more contracts should be combined and accounted for as one performance obligation and whether a combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate a combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. For most contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units), in which case the entire contract is accounted for as one performance obligation. The Company may promise to provide distinct goods or services within a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

Contract Assets and Liabilities

Contract assets represent revenue recognized in excess of amounts billed to date and retainage receivable. Contract liabilities represent amounts billed to clients in excess of revenue recognized to date. The Company anticipates that substantially all incurred costs associated with contract assets as of December 31, 2022 will be billed and collected within one year.

Contract assets and contract liabilities were as follows as of December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contract assets:			
Costs and estimated earnings in excess of billings	\$ 10,315,854	\$ 10,171,417	\$ 11,498,550
Retainage receivable	<u>13,946,322</u>	<u>20,838,168</u>	<u>15,094,874</u>
Total contract assets	<u>\$ 24,262,176</u>	<u>\$ 31,009,585</u>	<u>\$ 26,593,424</u>
Contract liabilities:			
Billings in excess of costs and estimated earnings	\$ 26,032,504	\$ 14,888,481	\$ 19,580,510
Deferred service revenue	<u>428,879</u>	<u>429,237</u>	<u>514,714</u>
Total contract liabilities	<u>\$ 26,461,383</u>	<u>\$ 15,317,718</u>	<u>\$ 20,095,224</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Variable Consideration

Changes in contract specifications and requirements and other revisions to project costs and conditions can give rise to contract modifications (change orders) under which the customer agrees to pay an additional contract price. The Company considers these contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most contract modifications are for goods or services that are not distinct from the existing performance obligation(s). The effect of a contract modification on the transaction price, and measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase or decrease) on a cumulative catchup basis. Revisions can also result in claims that the Company might make against the customer to recover project variances that have not been satisfactorily addressed through change orders with the customer. In general, the Company does not recognize revenue or margin based on change orders or claims until they have been agreed upon with the customer.

Due to the nature of the work required to be performed to satisfy the Company's performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. The consideration to which the Company is entitled to on long-term contracts may include both fixed and variable amounts on occasion. Variable amounts can either increase or decrease the transaction price. Some examples of positive variable revenue include amounts awarded upon achievement of certain performance metrics, program milestones or cost of completion date targets and can be based upon customer discretion. Conversely, variable amounts can result in a deduction from contract revenue if stated performance requirements are not met, such as complying with the construction schedule.

Payment Terms

The Company typically invoices customers with payment terms of net due in 30 days. It is common in the construction industry for a contract to specify more lenient payment terms allowing the customer 45 to 60 days to make their payment. It is also common for the contract in the construction industry to specify that a general contractor is not required to submit payments to a subcontractor until it has received those funds from the owner or funding source. In most instances the Company receives payment of invoices between 30 to 90 days of the date of the invoice.

Warranties

The Company generally provides limited warranties for work performed under its construction contracts. The warranty periods typically extend for a limited duration following substantial completion of the Company's work on a project. Historically, warranty claims have not resulted in material costs incurred, and any estimated costs for warranties are included in the individual project cost estimates for purposes of accounting for long-term contracts.

Practical Expedients

The Company has availed itself of the following practical expedients available under ASC 606: (1) to make a policy election to expense incremental costs of obtaining a contract with a customer, as the amortization period of such costs would be one year or less; and (2) an entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash includes bank demand deposit accounts. The Company's cash balances may at times exceed federally insured limits. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash.

Contracts and Retainage Receivable

Contracts receivable are uncollateralized customer obligations. Interest is not charged on delinquent accounts. Payments on contracts receivable are allocated to the customer's specific invoices identified on the customer's remittance advice, or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of contracts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that will ultimately not be collected. Management individually reviews all contracts receivable balances that exceed 90 days from the invoice date, and based on an estimate of current credit worthiness, estimates the portion, if any, of the outstanding balance that will not be collected. The allowance for doubtful accounts is based on past credit history with customers, known and inherent risks and current economic conditions. After all collection efforts have been exhausted, the receivable is written off. The Company had contracts receivable, net of \$55,507,060 at December 31, 2020.

In accordance with normal construction industry practice, retainage receivables are shown as current assets. Retainage is due upon final completion and owner acceptance of the contract. It is reasonably possible that amounts due in more than one year may be shown as current.

The allowance for doubtful accounts was \$418,850 and \$501,734 at December 31, 2022 and 2021, respectively.

Inventory

Inventory consists of sheet metal, pipe, filters, and frequently used parts stated at the lower of cost, using the first-in, first-out method, and net realizable value.

Property Held for Sale

Property held for sale consists of industrial property of land, buildings, and improvements and are stated at the lower of cost or market, less selling costs. Management expects to complete the sale of these assets in 2023. Property held for sale totaled \$7,094,815 and \$7,066,527 at December 31, 2022 and 2021, respectively.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and amortization. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property, plant, and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation. Any resultant gain or loss is credited or charged to the consolidated statements of operations.

Depreciation is provided for in amounts to relate the cost of property, plant, and equipment to operations over their estimated useful lives on a straight-line basis. The estimated useful lives used in determining depreciation generally vary from 3 to 39 years. Leasehold improvements are amortized over the shorter of the remaining lease term or the estimated useful life of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Company regularly assesses all of its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the assets with the respective carrying amount as of the date of the assessment. Should aggregate future cash flows be less than the carrying value, a write-down would be required, measured as the difference between the carrying value and the fair value of the asset. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of the assessment, no impairment is recognized. No impairments were recorded for the years ended December 31, 2022 and 2021, respectively.

Other Assets

Other assets consist primarily of cash surrender value of life insurance, investments in partnerships, and notes receivable.

The Company was the owner of various life insurance policies that insured the lives of several of the Company's officers and employees. The Company cashed in the various life insurance policies in 2022. The face values of these policies totaled \$2,500,000 at December 31, 2021. The Company recorded the cash surrender value of these policies as a non-current asset in the accompanying consolidated balance sheets. There were no loans outstanding with these policies at December 31, 2021.

The Company has investments in various partnerships, which totaled \$1,131,098 and 1,053,130 at December 31, 2022 and 2021, respectively. These investments are accounted for on the equity method.

The Company has notes receivable of \$1,261,563 at December 31, 2022 and 2021. The notes receivable are stated at unpaid principal balances plus accrued interest, less an allowance for loan losses. The notes bear interest ranging from 0% to 8% and mature at various dates through June 2030. Management periodically evaluates the loans for collectability based on inherent collection risks and adverse situations that may affect the owner's ability to repay. Loans for which no payments have been received for a period of time are considered delinquent. After all collection efforts are exhausted, any amounts deemed uncollectible based upon an assessment of the debtor's financial condition are written off. As of December 31, 2022 and 2021, management determined that an allowance is not necessary. Loans are placed on nonaccrual status when management believes collection of interest is doubtful.

Leases

The Company determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Company is reasonably certain to exercise these options.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

For all underlying classes of assets, the Company has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes fixed short-term lease costs on a straight-line basis over the lease term. Variable lease costs are excluded from the measurement of the ROU asset and lease liability and are expensed in the period incurred.

The Company elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Company uses rates implicit in the lease, or if not readily available, the incremental borrowing rate. The incremental borrowing rate is a lender quoted collateralized borrowing rate over a similar term as the leased asset and in an amount equal to the payments of the leased asset in a similar economic environment.

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Other Liabilities

Other liabilities consist of deferred service revenue and deferred compensation obligations to employees. The Company recognizes deferred compensation obligations in accordance with the vesting provision of each arrangement.

Sales Tax

The Company excludes from contract revenue earned revenue all sales taxes assessed to its customers. Sales taxes assessed on revenue, when applicable, are recorded as accrued expenses on the balance sheet until remitted to state agencies.

Captive Insurance

The Company has contracted with a group captive insurance company to insure against workers' compensation, general liability, auto liability and physical damage. Members of the group captive could be subject to additional premium assessments in the event the program's financial position deteriorates. No such assessments have been made to date, nor are any anticipated based upon the programs' current financial position. Payments made to the captive for insurance coverage amounted to \$1,726,121 and \$2,955,525 for the years ended December 31, 2022 and 2021, respectively.

Advertising

Advertising costs are expensed as incurred. Advertising expenditures were \$526,306 and \$418,070 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

The Company has elected to be treated as an S Corporation for Federal and state income tax purposes. However, income allocated to the stock owned by the ESOP, which owns 100% of the Company's stock, is not subject to income taxation because the ESOP is an employee benefit trust. State taxes are provided in accordance with applicable state tax laws.

3. REVENUE RECOGNITION

Revenue by Contract Type

Net revenues by contract type consisted of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Construction contracts	\$ 265,018,679	\$ 281,605,796
Service maintenance contracts	<u>16,610,258</u>	<u>13,048,138</u>
	<u>\$ 281,628,937</u>	<u>\$ 294,653,934</u>

All contract revenue was earned over time for both the years ended December 31, 2022 and 2021.

4. COSTS AND ESTIMATED EARNINGS ON CONTRACTS IN PROGRESS

Costs and estimated earnings on contracts in progress consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Costs incurred to date on contracts in progress	\$ 571,662,732	\$ 497,768,470
Estimated earnings to date	<u>60,272,315</u>	<u>48,237,864</u>
	631,935,047	546,006,334
Less: Billings to date	<u>(647,651,697)</u>	<u>(550,723,398)</u>
	<u>\$ (15,716,650)</u>	<u>\$ (4,717,064)</u>

These amounts are included in the consolidated balance sheets under the following captions at December 31:

	<u>2022</u>	<u>2021</u>
Costs and estimated earnings in excess of billings on contracts in progress	\$ 10,315,854	\$ 10,171,417
Billings in excess of costs and estimated earnings on contracts in progress	<u>(26,032,504)</u>	<u>(14,888,481)</u>
	<u>\$ (15,716,650)</u>	<u>\$ (4,717,064)</u>

5. REMAINING UNSATISFIED PERFORMANCE OBLIGATIONS

The Company's remaining unsatisfied performance obligations as of December 31, 2022 represent a measure of the total dollar value of work to be performed on contracts awarded and in progress. The remaining unsatisfied performance obligations were approximately \$193,150,000 as of December 31, 2022.

6. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 11,377,899	\$ 10,137,600
Machinery, tools, and equipment	10,593,549	10,201,010
Office furniture and equipment	3,491,435	3,419,157
Land, building, and improvements	2,978,579	2,771,539
Construction-in-progress	<u>129,070</u>	<u>341,594</u>
	28,570,532	26,870,900
Less: Accumulated depreciation and amortization	<u>(21,974,091)</u>	<u>(19,997,981)</u>
	<u>\$ 6,596,441</u>	<u>\$ 6,872,919</u>

Depreciation and amortization totaled \$2,266,957 and \$3,095,256 for the years ended December 31, 2022 and 2021, respectively.

7. OTHER ASSETS

Other assets consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Notes receivable	\$ 1,261,563	\$ 1,261,563
Investments in partnerships	1,131,098	1,053,130
Investment in captive insurance company	15,000	15,000
Cash surrender value of life insurance	-	626,420
Other	<u>6,333</u>	<u>6,333</u>
	<u>\$ 2,413,994</u>	<u>\$ 2,962,446</u>

8. LINE-OF-CREDIT

The Company has available a \$30,000,000 line-of-credit with KeyBank that requires monthly interest payments on the outstanding balance at the LIBOR rate plus 2.25% (6.22% and 2.32% at December 31, 2022 and 2021, respectively). Borrowings under the line-of-credit are collateralized by a first security interest in all personal property and fixtures of the Company, whether now owned or acquired after. The line is subject to annual renewal in September each year.

The outstanding balance on the line-of-credit was \$74,700 and \$6,315,814 at December 31, 2022 and 2021, respectively.

The amount available to the Company under this line-of-credit is reduced by outstanding letters of credit, which are limited to \$3,000,000. Outstanding letters of credit totaled approximately \$2,638,700 and \$2,065,225 at December 31, 2022 and 2021, respectively.

9. OTHER LIABILITIES

Deferred Compensation Plan

The Company has a deferred compensation plan for a select group of management executives, which are intended to provide them with supplemental compensation in recognition of their services to the Company. Upon separation from service by the executives other than a termination by the Company for cause, the Company shall pay each executive a total of \$725,000 in three equal annual payments beginning on January 31 of the year following the separation from service. The Company is recognizing the cost related to the deferred compensation agreements over the expected remaining period of each executive's employment.

Value Enhancement Incentive Rights Plan

The Company has a Value Enhancement Incentive (VEI) Rights Plan which is designed as a deferred compensation arrangement for a select group of management executives. This Plan is also intended to provide management executives with supplemental compensation in recognition of their services to the Company. In accordance with the terms of the Plan, awards in the form of VEI Rights may be granted at any time as determined by the Company's Board of Directors. The VEI Rights are settled upon a distribution event of the participant, as defined by the Plan. The grant price of the VEI Right shall be the fair market value of the Company's stock based upon the most recent annual independent valuation performed by the ESOP's independent appraiser. The participant shall be entitled to receive payment for each VEI Right in an amount that is equal to the difference between the fair market value of the Company's stock on the date of the distribution event and the grant price of such VIE Right. The VIE Right obligations are subject to other vesting and forfeiture provisions.

The Company had total deferred compensation obligations of \$2,458,200 and \$2,125,387 at December 31, 2022 and 2021, respectively, with respect to these plans which are included in other current liabilities and other liabilities. The Company had total deferred compensation expense of \$580,880 and \$625,200 for the years ended December 31, 2022 and 2021, respectively.

10. STOCKHOLDER'S EQUITY

Shares of common stock authorized, issued, outstanding, and held in treasury consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Authorized	5,000,000	5,000,000
Issued	1,164,380	1,164,380
Outstanding	706,209	706,209
Treasury	458,171	458,171

11. LEASES

Sale-Leaseback Transaction

In August 2021, the Company sold its office and operating facilities consisting of multiple properties in the Western New York region to a nonaffiliated third party for a total purchase price of \$30,500,000, less selling expenses of \$1,375,762, for a total net proceeds of \$29,124,238. The properties' sale prices were determined based on outside appraisals.

11. LEASES (Continued)

Sale-Leaseback Transaction (Continued)

In connection with the sale of these properties, the Company entered into a commercial lease agreement for the properties with the purchaser, which commenced in August 2021. The lease provides the Company with use of the properties for an initial term of twenty years. The base rent payments for year one of the lease totaled \$2,146,496 per year. The base rent payments increase 2% annually in years two through ten, 1.75% annually in years eleven through fifteen, and 1.5% annually in years sixteen through twenty. The Company has the option to renew the lease for two, ten-year terms. The exercise of lease renewal options is at the Company's sole discretion. The base rent payments increase 1.75% annually for the renewal terms. The Company is responsible for all property taxes, utilities, insurance, repairs and maintenance.

The Company recognized a total gain of \$3,913,092 on the sale and leaseback transaction, which is included in the total gain on sale of property, plant, and equipment on the statement of operations for the year ended December 31, 2021.

Operating Leases

The Company has additional operating lease agreements for various buildings and land throughout New York State. The Company has elected the short-term lease recognition exemption for these various leases, and as such are not recorded on the accompanying consolidated balance sheet. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of total lease cost were as follows for the year ending December 31, 2022:

Operating lease cost	\$ 2,160,806
Variable lease cost	1,600,000
Short-term lease cost	<u>400,779</u>
	<u>\$ 4,161,585</u>

Supplemental cash flow information related to leases were as follows for the year ending December 31, 2022:

Cash paid for amounts included in the measurement of operating lease obligations	<u>\$ 2,160,806</u>
Operating lease right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 26,199,308</u>

Other information related to leases were as follows for the year ending December 31, 2022:

Weighted average remaining lease term—operating leases	18.89 years
Weighted average discount rate—operating leases	7%

11. LEASES (Continued)

Operating Leases (Continued)

Future maturities of operating lease obligations are as follows for the years ending December 31:

2023	\$ 2,204,022
2024	2,248,103
2025	2,293,065
2026	2,338,926
2027	2,385,704
Thereafter	<u>37,303,818</u>
Total future minimum lease payments	48,773,638
Less: Imputed interest	<u>(22,868,377)</u>
Present value of future minimum lease payments	25,905,261
Less: Current portion	<u>(360,463)</u>
	<u>\$ 25,544,798</u>

For the year ended December 31, 2021, the Company accounted for leases under ASC 840 and had leases requiring monthly rental payments aggregating \$36,926 per month, expiring on various dates through April 2052. Rent expense related to these leases totaled \$1,086,057 for the year ended December 31, 2021.

Future minimum rental payments over the terms of the above noted leases were as follows as of December 31, 2021, for the years ending December 31:

2022	\$ 2,786,541
2023	2,519,979
2024	2,466,104
2025	2,452,294
2026	2,388,155
Thereafter	<u>41,182,787</u>
	<u>\$ 53,795,860</u>

12. EMPLOYEE BENEFIT PLANS

The Company contributes to various single-employer retirement and multi-employer pension and other benefit plans as described below.

Single-Employer Plans

The Company has an employee stock ownership plan, the JWD Group, Inc. Employee Stock Ownership Plan (the "ESOP"), for all qualified non-union employees. The ESOP held 706,209 shares of stock of JWD Group, Inc. as of December 31, 2022 and 2021 (100% of the outstanding shares). The ESOP is required to repurchase vested shares of participants at the time the participants exit the ESOP at the fair market value of the shares at the time of repurchase. These repurchases are funded with loans made by the Company to the ESOP which are reflected as "Unearned ESOP shares" within stockholder's equity on the consolidated balance sheets. These loans have no set repayment terms and do not bear interest.

12. EMPLOYEE BENEFIT PLANS (Continued)

Single-Employer Plans (Continued)

The loans will be repaid with future contributions from the Company, which will be determined at the discretion of the Board of Directors. Contributions to the ESOP were \$712,671 for the year ended December 31, 2022. There were no contributions to the ESOP for the year ended December 31, 2021.

Shares purchased by the ESOP from participants who exit the ESOP are held in suspense and not allocated to ESOP participants until the related loan principal is repaid. Total allocated and unallocated shares were 508,808 and 197,401, respectively, as of December 31, 2022. Total allocated and unallocated shares were 492,886 and 213,323, respectively, as of December 31, 2021. During 2022, the ESOP released 19,035 shares from suspense. The ESOP did not release any shares from suspense during 2021.

The aggregate fair market values of the shares allocated to ESOP participants, all of which are subject to the ESOP's repurchase obligation, was approximately \$28,493,248 as of December 31, 2022. The aggregate fair market values of the shares unallocated to ESOP participants was approximately \$11,054,456 as of December 31, 2022. The fair market value was determined based on an independent valuation performed as of December 31, 2021, the most recent valuation available.

The Company has a 401(k) plan that allows eligible employees to make voluntary pretax salary deferral contributions subject to statutory limits. The Company matches 100% of the first 4% of salary contributed by an employee. For the years ended December 31, 2022 and 2021, the Company made contributions of \$850,287 and \$750,337, respectively.

Multi-Employer Pension and Other Benefit Plans

The Company contributes to multi-employer defined contribution retirement, defined benefit pension and other benefit plans under the terms of collective bargaining agreements, which cover approximately 65% of the Company's workforce.

Some of the collective bargaining agreements require the Company to make contributions to multi-employer defined contribution retirement plans based on hourly rates of the covered workers. The Company's contributions to these plans amounted to \$4,326,422 and \$4,781,554 for the years ended December 31, 2022 and 2021, respectively.

The risks of participating in multi-employer defined benefit pension plans are different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

The Company's participation in multi-employer defined benefit pension plans for the years ended December 31, 2022 and 2021 is outlined in the table below. The "EIN/PN" column provides the Employee Identification Number ("EIN") and the three-digit plan number ("PN"). The most recent Pension Protection Act ("PPA") zone status available is for the plan year-ends as indicated below. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are between 65% and 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan (RP) is either pending or has been implemented.

12. EMPLOYEE BENEFIT PLANS (Continued)

Multi-Employer Pension and Other Benefit Plans (Continued)

In addition to regular plan contributions, the Company may be subject to a surcharge if the plan is in the red zone. The "Surcharge Imposed" column indicates whether a surcharge has been imposed on contributions to the plan. The last column lists the expiration date(s) of the collective-bargaining agreement(s) ("CBA") to which the plans are subject.

Plans in which the Company had significant participation for the years ended December 31, 2022 and 2021, are outlined in the table below:

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>PPA Zone Status 2020</u>	<u>PPA Zone Status 2019</u>	<u>FIP/RP Status Pending/ Implemented</u>	<u>Contributions 2022</u>	<u>Contributions 2021</u>	<u>Surcharge Imposed</u>	<u>Expiration Date of Collective Bargaining</u>
Pipefitters Local 22 Pension Fund	16-0920434-001	Green	Green	None	\$ 4,074,701	\$ 4,821,110	No	November 2023
Sheet Metal Workers National Pension Fund	52-6112463-001	Yellow	Yellow	Implemented	4,069,305	4,515,074	No	July 2023
Pipefitters Local 112 Pension Fund	16-6052007-001	Yellow	Yellow	Implemented	1,202,430	1,754,487	No	April 2022
Pipefitters Local 13 Pension Fund	16-0778864-001	Green	Green	Implemented	1,168,502	1,347,796	No	October 2023
Pipefitters Local 773 Pension Fund	23-7114547-001	Green	Green	None	944,001	1,455,396	No	April 2023
Pipefitters Local 7 Pension Fund	91-2055384-001	Green	Green	None	939,744	843,977	No	April 2023
Sheet Metal Workers Local 71 Pension Fund	16-6051585-001	Green	Green	None	779,465	890,504	No	May 2023
Pipefitters Local 189 Pension Fund	31-0894807-001	Green	Green	None	765,365	844,947	No	May 2023
Pipefitters Local 267 Pension Fund	15-0347955-001	Yellow	Yellow	Implemented	659,298	1,371,618	No	April 2023
Other Plans					<u>888,523</u>	<u>1,483,992</u>		
					<u>\$ 15,491,334</u>	<u>\$ 19,328,901</u>		

The collective-bargaining agreements require the Company to make contributions to a number of plans other than for pension benefits. Total contributions related to these plans, primarily for health and welfare benefits, amounted to approximately \$10,868,000 and \$12,300,000 for the years ended December 31, 2022 and 2021, respectively.

13. CONCENTRATIONS

During the year ended December 31, 2022, the Company had contract revenue from two customers totaling approximately \$67,916,822, approximately 24% of total contract revenue earned. Contracts and retainage receivable from these customers totaled \$10,325,961, approximately 13% of total contracts receivable and retainage at December 31, 2022.

During the year ended December 31, 2021, the Company had contract revenue from two customers totaling approximately \$61,606,556, approximately 21% of total contract revenue earned. Contracts and retainage receivable from these customers totaled \$10,830,315, approximately 14% of total contracts receivable and retainage at December 31, 2021.

14. COMMITMENTS AND CONTINGENCIES

In connection with its normal construction activities, the Company may be required to acquire performance, bid, and payment bonds. The Company is contingently liable to a surety company under a general indemnity agreement. The Company agrees to indemnify the surety for any payments made on contracts of suretyship, guarantee or indemnity. The surety issuing the bonds has recourse against certain of the Company's assets in the event the surety is required to pay on the bonds. The Company believes that all contingent liabilities to the surety company will be satisfied by their performance on the specified bonded contracts. At December 31, 2022, surety bonds for contracts totaling approximately \$305,222,882 have been issued with a current backlog of approximately \$90,956,594.

The Company is subject to various legal actions and claims arising in the ordinary course of business. In the opinion of management, the outcome of any of those matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

15. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2022</u>	<u>2021</u>
Cash paid during the year for:		
Interest	<u>\$ 175,296</u>	<u>\$ 575,605</u>

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 27, 2023, the date the consolidated financial statements were available to be issued.

JWD GROUP, INC. AND SUBSIDIARIES**CONSOLIDATED SCHEDULES OF SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Salaries	\$ 13,014,243	\$ 11,461,402
Rent	2,561,585	1,086,057
IT and communications	2,248,341	2,021,496
Payroll taxes and insurance	1,408,747	1,213,730
Corporate insurance	1,278,721	1,217,668
Employee benefits	1,158,239	1,170,270
Travel and entertainment	1,142,112	573,029
Repairs and maintenance	784,095	813,585
Real estate and other taxes	782,761	754,737
Consulting fees	725,417	961,267
Depreciation	656,886	1,630,798
Utilities	595,380	460,067
Advertising	526,306	418,070
Office supplies	455,616	466,345
Office 401(k) plan expenses	446,289	406,912
ESOP expense	384,713	-
Professional services	361,280	378,351
Vehicle expense	276,995	253,524
Dues and subscriptions	220,178	233,858
Training	157,516	154,676
Contributions	113,079	75,224
Credit card and bank fees	82,425	69,670
Directors' fees	80,000	50,000
Life insurance premiums	22,799	41,791
Estimating expense	21,707	35,254
Bad debts	-	93,141
	<u>\$ 29,505,430</u>	<u>\$ 26,040,922</u>

The accompanying notes are an integral part of these schedules.

BID BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, John W. Danforth Company, 300 Colvin Woods Parkway, Tonawanda, New York 14150 as Principal, Fidelity and Deposit Company of Maryland, 1299 Zurich Way, Schaumburg, Illinois 60196-1056 and as Surety, are hereby held and firmly bound unto the County of Saratoga as owner in the penal sum of Five Percent (5%) Of The Amount Set Forth In The Accompanying Proposal----- for the payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, executors, administrators, successors and assigns. Signed, this 28th day of September 20 23. The condition of the above is such that whereas the Principal has submitted to the Saratoga County Department of Public Works a Certain Bid, attached hereto and hereby made a part hereof to enter in a contract in writing, to

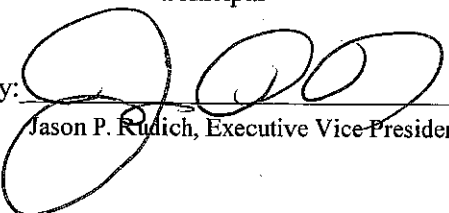
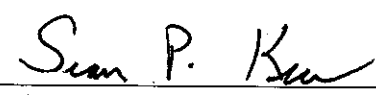
**HVAC Modifications - Phase 1
Saratoga County Animal Shelter
6010 County Farm Road, Ballston Spa, NY
23-PWASHAVC-15 (M)**

NOW, THEREFORE,

- (a) If said Bid shall be rejected, or in the alternate,
- (b) If said Bid shall be accepted and the Principal shall execute and deliver a contract in the form of contract attached hereto (properly completed in accordance with said Bid) and shall furnish a bond for his faithful performance of said contract, and for the payment of all persons performing labor or furnishing materials in connection therewith, and shall in all other respects perform the agreement created of said Bid, then this obligation shall be void, otherwise the same shall remain in force and effect; it being expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no event, exceed the penal amount of this obligation as herein stated.

The Surety, for value received, hereby stipulated agrees that the obligations of said Surety and its bond shall be in no way impaired or affected by an extension of the time within which the Owner may accept said Bid; and said Surety does hereby waive notice of any such extensions.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers, the day and year first set for above.

John W. Danforth Company (L. S) Fidelity and Deposit Company of Maryland
Principal Surety
By:  Jason P. Rudich, Executive Vice President
By:  Sean P. Keenan, Attorney-in-fact

IMPORTANT - Surety companies executing bonds must be authorized to transact business in the State of New York.

ACKNOWLEDGMENT BY PRINCIPAL (IF A CORPORATION)

State of New York)
) ss:
County of Erie)

On this 28th day of September, 2023 before me personally came Jason P. Rudich, who being by me duly sworn, did depose and say that he resides in Marilla, New York, that he is the Executive Vice President of the John W. Danforth Company, the corporation described in and which executed the foregoing instrument; that he knew the seal of said corporation; that the seal affixed to said instrument was such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.


Notary Public

KEVIN F. LAURENDI
No. 01LA6346040
Notary Public, State of New York
Qualified in Erie County
My Commission Expires 08/08/2024

ACKNOWLEDGMENT BY SURETY COMPANY

State of New York)
) ss:
County of Erie)

On this 28th day of September, 2023 before me personally came Sean P. Keenan, who being by me duly sworn, did depose and say that he resides in Buffalo, New York, that he is the Attorney-in-fact of the Fidelity and Deposit Company of Maryland, the corporation described in and which executed the within instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation and that he signed his name thereto by like order; and that the liabilities of said company do not exceed its assets as ascertained in the manner provided by the laws of the State of New York.


Notary Public

VICTORIA C. CHURCH
No. 01CH6398837
Notary Public, State of New York
Qualified in Erie County
My Commission Expires 10/07/2023

THE FIDELITY AND DEPOSIT COMPANY

OF MARYLAND
1299 Zurich Way Schaumburg, IL 60196

Statement of Financial Condition As Of December 31, 2022

ASSETS

Bonds.....	\$ 219,365,765
Stocks.....	17,619,752
Cash and Short-Term Investments.....	2,767,685
Reinsurance Recoverable.....	12,309,422
Federal Income Tax Recoverable.....	0
Other Accounts Receivable.....	32,200,768
TOTAL ADMITTED ASSETS.....	\$ 284,263,392

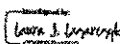
LIABILITIES, SURPLUS AND OTHER FUNDS

Reserve for Taxes and Expenses.....	\$ 545,031
Ceded Reinsurance Premiums Payable.....	42,850,834
Remittances and Items Unallocated.....	0
Payable to parents, subs and affiliates.....	0
Securities Lending Collateral Liability.....	0
TOTAL LIABILITIES.....	\$ 43,395,865
Capital Stock, Paid Up.....	\$ 5,000,000
Surplus.....	240,867,527
Surplus as regards Policyholders.....	240,867,527
TOTAL.....	\$ 284,263,392

Securities carried at \$78,455,274 in the above statement are deposited with various states as required by law.

Securities carried on the basis prescribed by the National Association of Insurance Commissioners. On the basis of market quotations for all bonds and stocks owned, the Company's total admitted assets at December 31, 2022 would be \$266,908,407 and surplus as regards policyholders \$223,512,542.

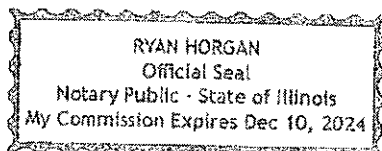
I, LAURA J. LAZARCZYK, Corporate Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing statement is a correct exhibit of the assets and liabilities of the said Company on the 31st day of December, 2022.

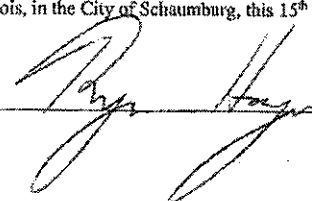

Laura J. Lazarczyk
Corporate Secretary

Corporate Secretary

State of Illinois }
City of Schaumburg } SS:

Subscribed and sworn to, before me, a Notary Public of the State of Illinois, in the City of Schaumburg, this 15th day of March, 2023.




Notary Public

**ZURICH AMERICAN INSURANCE COMPANY
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That the ZURICH AMERICAN INSURANCE COMPANY, a corporation of the State of New York, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, a corporation of the State of Illinois, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND a corporation of the State of Illinois (herein collectively called the "Companies"), by **Robert D. Murray, Vice President**, in pursuance of authority granted by Article V, Section 8, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, do hereby nominate, constitute, and appoint **Edward F. WALSH, Jr., Patrick J. QUINN, John N. WALSH, III, Michael K. WALSH, Beverly A. ZOLNOWSKI, Sean P. KEENAN and Patricia A. STEGER, all of Buffalo, New York,** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings**, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the ZURICH AMERICAN INSURANCE COMPANY at its office in New York, New York, the regularly elected officers of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at its office in Owings Mills, Maryland, and the regularly elected officers of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at its office in Owings Mills, Maryland, in their own proper persons.

The said Vice President does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article V, Section 8, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President has hereunto subscribed his/her names and affixed the Corporate Seals of the said **ZURICH AMERICAN INSURANCE COMPANY, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND**, this 5th day of July, A.D. 2020.



**ATTEST:
ZURICH AMERICAN INSURANCE COMPANY
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**

By: *Robert D. Murray*
Vice President

By: *Dawn E. Brown*
Secretary

**State of Maryland
County of Baltimore**

On this 5th day of July, A.D. 2020, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, **Robert D. Murray, Vice President and Dawn E. Brown, Secretary** of the Companies, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and acknowledged the execution of same, and being by me duly sworn, depose and saith, that he/she is the said officer of the Company aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and the signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Constance A. Dunn, Notary Public
My Commission Expires: July 9, 2023

EXTRACT FROM BY-LAWS OF THE COMPANIES

"Article V, Section 8, Attorneys-in-Fact, The Chief Executive Officer, the President, or any Executive Vice President or Vice President may, by written instrument under the attested corporate seal, appoint attorneys-in-fact with authority to execute bonds, policies, recognizances, stipulations, undertakings, or other like instruments on behalf of the Company, and may authorize any officer or any such attorney-in-fact to affix the corporate seal thereto; and may with or without cause modify or revoke any such appointment or authority at any time."

CERTIFICATE

I, the undersigned, Vice President of the ZURICH AMERICAN INSURANCE COMPANY, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that Article V, Section 8, of the By-Laws of the Companies is still in force.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the ZURICH AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 15th day of December 1998.

RESOLVED: "That the signature of the President or a Vice President and the attesting signature of a Secretary or an Assistant Secretary and the Seal of the Company may be affixed by facsimile on any Power of Attorney...Any such Power or any certificate thereof bearing such facsimile signature and seal shall be valid and binding on the Company."

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994, and the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this 28th day of September, 2023.



Brian M. Hodges

By: Brian M. Hodges
Vice President

TO REPORT A CLAIM WITH REGARD TO A SURETY BOND, PLEASE SUBMIT A COMPLETE DESCRIPTION OF THE CLAIM INCLUDING THE PRINCIPAL ON THE BOND, THE BOND NUMBER, AND YOUR CONTACT INFORMATION TO:

Zurich Surety Claims
1299 Zurich Way
Schaumburg, IL 60196-1056
www.reportsfclaims@zurichna.com
800-626-4577

FORM OF BID

**HVAC MODIFICATIONS – PHASE 1
Saratoga County Animal Shelter
6010 County Farm Road, Ballston Spa, NY**

BID #23-PWASHAVC-15(E) – Electrical Construction

Date: 9/28/23

Bid of B&B PREMIER CONTRACTING, LLC (hereinafter called "Bidder")

organized and existing under the laws of the State of NEW YORK

doing business as B&B PREMIER CONTRACTING, LLC

To the County of Saratoga, Ballston Spa, New York (hereinafter called "Owner").

Gentlemen:

The Bidder, in compliance with your invitation for bids for **SARATOGA COUNTY ANIMAL SHELTER**, and having examined specifications with related documents and the site of the proposed project, hereby proposes to furnish all labor, materials, and supplies, and to complete the project in a timely manner in accordance with the Contract Documents; and at the prices stated below. These prices are to cover all expenses incurred in performing the work required under the Contract Documents, of which this bid is a part.

Bidder agrees to perform all work described in these specifications (as a lump sum) as stated in the following. The bidder agrees to furnish all labor, equipment, and material necessary for the Saratoga County Animal Shelter based on these specifications 23-PWASHAVC-15(E) and a review of the site.

FORM OF BID
HVAC Modifications - Phase I

BIDDER'S NAME: B & B PREMIER CONTRACTING, LLC

<u>Addenda Acknowledgement:</u>	<u>Addendum No.</u>	<u>Date Received</u>
	<u>1</u>	<u>9/20</u>
	<u>2</u>	<u>9/26</u>

BASE BID \$ 84,000.00
TOTAL WRITTEN AMOUNT: EIGHTY FOUR THOUSAND DOLLARS
AND ZERO CENTS.

NOTE: Base bid shall include contract allowance of \$5,000 for BID #23-PWASHAVC-15(E) - Electrical Construction.

The bidder understands that the Owner reserves the right to reject any or all bids and to waive any informalities.

The bidder agrees that his bid shall be valid and may not be withdrawn for a period of 45 days after scheduled closing time for receiving bids.

The bid security attached in the sum of \$ 4,200.00 (in figures)
FOUR THOUSAND TWO HUNDRED AND ZERO CENTS (in words)

is to become the property of the Owner in the event that contract and bond are not executed within the time set forth, as liquidated damages for the delay and additional expense to the County caused thereby.

Respectfully submitted:

SIGNATURE 

NAME & TITLE ROBERT BRADY OWNER

(Seal if bid is by a corporation)

COMPANY B & B PREMIER CONTRACTING, LLC

ADDRESS 10 FERRIS ST

HUDSON FALLS, NY 12839

FEIN 81-2632847

TELEPHONE 518-681-6502

DATE 9/20/23

FAX _____

EMAIL ADDRESS BONDZ1PBB@GMAIL.COM

BID BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, B&B Premier Contracting, LLC
10 Ferris Street, Hudson Falls, NY 12839 _____ as Principal,
Old Republic Insurance Company _____ and as Surety, are hereby held
and firmly bound unto the County of Saratoga as owner in the penal sum of Five Percent of Attached Bid (5%) for
the payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, executors,
administrators, successors and assigns. Signed, this 26th day of September 20 23.
The condition of the above is such that whereas the Principal has submitted to the County of Saratoga
a Certain Bid, attached hereto and hereby made a part hereof to enter in a contract in writing, to

**HVAC Modifications - Phase 1
Saratoga County Animal Shelter
6010 County Farm Road, Ballston Spa. NY**

NOW, THEREFORE,

- (a) If said Bid shall be rejected, or in the alternate,
- (b) If said Bid shall be accepted and the Principal shall execute and deliver a contract in the form of contract attached hereto (properly completed in accordance with said Bid) and shall furnish a bond for his faithful performance of said contract, and for the payment of all persons performing labor or furnishing materials in connection therewith, and shall in all other respects perform the agreement created of said Bid, then this obligation shall be void, otherwise the same shall remain in force and effect; it being expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no event, exceed the penal amount of this obligation as herein stated.

The Surety, for value received, hereby stipulated agrees that the obligations of said Surety and its bond shall be in no way impaired or affected by an extension of the time within which the Owner may accept said Bid; and said Surety does hereby waive notice of any such extensions.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers, the day and year first set for above.

B&B Premier Contracting, LLC (L. S) Old Republic Insurance Company
Principal Surety
By: Robert Brady By: Jaymie P. Columbus
Robert Brady, Owner Jaymie P. Columbus, Attorney-in-Fact

IMPORTANT - Surety companies executing bonds must be authorized to transact business in the State of New York.

INDIVIDUAL

STATE OF _____ }
COUNTY OF _____ } ss

On this _____ day of _____, _____, before me personally appeared _____ to me known and known to me to be the individual in and who executed the foregoing instrument and _____ acknowledged to me that _____ executed the same in his individual capacity.

Notary Public

COPARTNERSHIP

STATE OF _____ }
COUNTY OF _____ } ss

On this _____ day of _____, _____, before me personally appeared _____ to me known and known to me to be one of the firm of _____ described in and who executed the foregoing instrument and he/she thereupon acknowledged to me that he/she executed the same as and for the act and deed of said firm.

Notary Public

CORPORATE

STATE OF NEW YORK }
COUNTY OF ALBANY } ss

On this 26th day of September, 2023, before me personally appeared Robert Brady to me known, who, being by me first duly sworn, did depose and say that he/she resides in Hudson Falls, New York; that he/she is the Owner of B&B Premier Contracting, LLC the corporation described in and which executed the foregoing instrument; that he/she knows the corporate seal of said corporation; that the corporate seal affixed to said instrument is such corporate seal; that it was so affixed by order and authority of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order and authority.

KIMBERLY A. RITCHIE
Notary Public, State of New York
No. 01RI6215612
Qualified in Rensselaer County
Commission Expires January 4, 2026

Kimberly A. Ritchie
Notary Public

SURETY

STATE OF NEW YORK }
COUNTY OF ALBANY } ss

I, Kimberly A. Ritchie Notary Public of Rensselaer County, in the State of New York do hereby certify that Jaymie P. Columbus Attorney-in-Fact, of the Old Republic Insurance Company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he/she signed, sealed and delivered said instrument, for and on behalf of the Old Republic Insurance Company, for the uses and purposes therein set forth.

Given under my hand and notarial seal at my office in the City of Latham in said County, this 26th day of September, A.D. 2023

KIMBERLY A. RITCHIE
Notary Public, State of New York
No. 01RI6215612
Qualified in Rensselaer County
Commission Expires January 4, 2026

Kimberly A. Ritchie
Notary Public

**OLD REPUBLIC INSURANCE COMPANY
OF MT. PLEASANT, PENNSYLVANIA**

STATUTORY FINANCIAL STATEMENT AS OF DECEMBER 31, 2022

ADMITTED ASSETS

Bonds	\$2,326,284,958
Common stocks	627,463,625
Cash, cash equivalents and short-term investments	115,262,534
Bonds, short-term investments and cash held under retrospective rating agreements	105,056,403
Premiums and considerations – uncollected premiums and agents’ balances in the course of collection	602,971,511
Deferred premiums, agents’ balances and installments booked but deferred and not yet due	5,396,218
Accrued retrospective premiums	349,056
Funds held by or deposited with reinsured companies	638,986
Other amounts receivable under reinsurance contracts	260,166
Amounts recoverable from reinsurers	109,630,686
Electronic data processing equipment and software	179,308
Investment income due and accrued	21,938,565
Current federal and foreign income tax recoverable and interest	476,359
Receivables from parent, subsidiaries and affiliates	15,946,777
Other assets	9,347,078
TOTAL ADMITTED ASSETS	<u>\$3,941,202,230</u>

LIABILITIES AND SURPLUS

Losses	\$1,126,329,785
Reinsurance payable on paid losses and loss adjustment expenses	13,872,966
Loss adjustment expenses	210,946,288
Commissions payable, contingent commissions and other similar charges	7,498,635
Other expenses (excluding taxes, licenses and fees)	24,544,862
Taxes, licenses and fees (excluding federal income taxes)	74,000,945
Current federal income taxes	0
Net deferred tax liability	17,225,673
Unearned premiums	341,640,487
Dividends declared and unpaid - policyholders	2,111,997
Advance premium	2,982,566
Ceded reinsurance premiums payable (net of ceding commissions)	468,691,280
Funds held by company under reinsurance treaties	97,814,943
Amounts withheld or retained by company for account of others	104,180,894
Remittances and items not allocated	1,850,911
Provision for reinsurance	37,014,434
Payable to parent, subsidiaries and affiliates	3,516,079
Other liabilities	17,830,459
TOTAL LIABILITIES	<u>\$2,552,052,224</u>
Common capital stock	3,800,004
Surplus notes	155,000,000
Gross paid in and contributed surplus	103,869,422
Unassigned funds (surplus)	1,126,480,580
SURPLUS AS REGARDS POLICYHOLDERS	<u>\$1,389,150,006</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$3,941,202,230</u>

Securities carried at \$419,089,780 are deposited with States or Other Authorities as required by law.

STATE OF WISCONSIN)

)SS

COUNTY OF WAUKESHA)

Alan P. Pavlic, Vice President, and Karen J. Haffner, Vice President of Old Republic Insurance Company of Mt. Pleasant, Pennsylvania being duly sworn, each for himself, deposes and says that they are the above described officers of the said company, and that on the 31st day of December, 2022, the company was actually possessed of the assets set forth in the foregoing statement and that such assets were available for the payment of losses and claims and held for the protection of its policyholders and creditors, except as here-in-before indicated. And that the foregoing statement is a correct exhibit of such assets and liabilities of the said company on the 31st day of December, 2022, according to the best of their information, knowledge and belief, respectively.

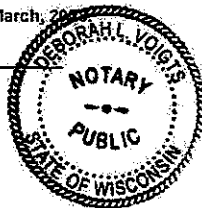
Alan P. Pavlic, Vice President

Karen J. Haffner, Vice President

Sworn to and subscribed before me this 16th day of March, 2023

Notary Public, State of Wisconsin

My Commission expires: July 31, 2023





OLD REPUBLIC INSURANCE COMPANY

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That OLD REPUBLIC INSURANCE COMPANY, a Pennsylvania stock insurance corporation, does make, constitute and appoint:

TIMOTHY M. TYRRELL, CHARLES C. LEACH, PATRICK J. CLYNE, JAYMIE P. COLUMBUS,

MICHAEL J. GRASSO, HARRY UNGEHEUER, KIMBERLY RITCHIE of LATHAM, NY

its true and lawful Attorney(s)-in-Fact, with full power and authority for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto (if a seal is required), bonds, undertakings, recognizances or other written obligations in the nature thereof, (other than self-insurance workers compensation bonds guaranteeing payment of benefits, or black lung bonds), as follows:

ALL WRITTEN INSTRUMENTS

and to bind OLD REPUBLIC INSURANCE COMPANY thereby, and all of the acts of said Attorneys-in-Fact, pursuant to these presents, are ratified and confirmed. This appointment is made under and by authority of the board of directors at a meeting held on December 10, 2019. This Power of Attorney is signed and sealed by facsimile under and by the authority of the following resolutions adopted by the board of directors of the OLD REPUBLIC INSURANCE COMPANY on December 10, 2019.

RESOLVED FURTHER, that the chairman, president or any vice president of the Company's surety division, in conjunction with the secretary or any assistant secretary of the Company, be and hereby are authorized and directed to execute and deliver, to such persons as such officers of the Company may deem appropriate, Powers of Attorney in the form presented to and attached to the minutes of this meeting, authorizing such persons to execute and deliver and affix the seal of the Company to bonds, undertakings, recognizances, and suretyship obligations of all kinds, other than bail bonds, bank depository bonds, mortgage deficiency bonds, mortgage guaranty bonds, guarantees of installment paper and not guaranty bonds. The said officers may revoke any Power of Attorney previously granted to any such person.

RESOLVED FURTHER that any bond, undertaking, recognizance, or suretyship obligation shall be valid and binding upon the Company

- (i) when signed by chairmen, president or any vice president of the Company's surety division and attested and sealed (if a seal be required) by any secretary or assistant secretary; or
- (ii) when signed by a duly authorized Attorney-in-Fact and sealed with the seal of the Company (if a seal be required).

RESOLVED FURTHER, that the signature of any officer designated above, and the seal of the Company, may be affixed by facsimile to any Power of Attorney or certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the Company, and such signature and seal when so used shall have the same force and effect as though manually affixed.

IN WITNESS WHEREOF, OLD REPUBLIC INSURANCE COMPANY has caused these presents to be signed by its proper officer, and its corporate seal to be affixed this 2nd day of March, 2022


Assistant Secretary



OLD REPUBLIC INSURANCE COMPANY


Vice President

STATE OF WISCONSIN, COUNTY OF WAUKESHA - SS

On this 2nd day of March, 2022, personally came before me, Alan Pavlic and Karen J. Haffner, to me known to be the individuals and officers of the OLD REPUBLIC INSURANCE COMPANY who executed the above instrument, and they each acknowledged the execution of the same, and being by me duly sworn, did severally depose and say: that they are the said officers of the corporation aforesaid, and that the seal affixed to the above instrument is the seal of the corporation, and that said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority of the board of directors of said organization.




Notary Public

My Commission Expires: September 28, 2022

CERTIFICATE

(Expiration of notary's commission does not invalidate this instrument)

I, the undersigned, assistant secretary of the OLD REPUBLIC INSURANCE COMPANY, a Pennsylvania corporation, CERTIFY that the foregoing and attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolutions of the board of directors set forth in the Power of Attorney, are now in force.



72-5020

Signed and sealed at the City of Brookfield, WI this 26th day of September, 2023


Assistant Secretary

ORSC 11008 (6-93)

ARTHUR J GALLAGHER RISK MNGT

**CERTIFICATION OF COMPLIANCE FOR THE
PREVENTION OF SEXUAL HARASSMENT**

Pursuant to State Finance Law §139-1 of the State of New York, effective January 1, 2019, where competitive bidding is required for certain public contracts, every bid must contain the following statement affirming that the bidder has implemented a written policy addressing sexual harassment prevention and that the bidder provides annual sexual harassment prevention training, which statement must be signed by the bidder and affirmed by such bidder under the penalty of perjury:

[Please Check One]

BIDDER'S CERTIFICATION

- By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that the bidder has and has implemented a written policy addressing sexual harassment prevention in the workplace and provides annual sexual harassment prevention training to all of its employees. Such policy shall, at a minimum, meet the requirements of section two hundred one-g of the labor law.

- I am unable to certify that I, or my employer, have implemented a written policy addressing sexual harassment prevention in the workplace. The reason(s) why neither I nor my employer can make such certification is/are: _____

Dated: 9/28, 2023

STATE OF NY
COUNTY OF Warren ss:

The undersigned, being duly sworn, says: (a) I am duly authorized to execute this Certification and (b) I hereby certify, under penalty of perjury, that the forgoing Certification is in all respects true and accurate.

Robert Brady
Signature

ROBERT BRADY
Printed Name

OWNER
Title

Subscribed and sworn to before me this 28
day of September, 2023.

[Signature]
Notary Public

KATRINA ROSALYN CAREY
Notary Public, State of New York
Qualified in Warren County
Reg. No. 01CA0003338
My Commission Expires March 22, 2027

CERTIFICATION OF COMPLIANCE WITH IRAN DIVESTMENT ACT

Pursuant to General Municipal Law §103-g, which generally prohibits the County of Saratoga from entering into contracts with persons engaged in investment activities in the energy sector of Iran, the bidder/proposer submits the following certification:

[Please Check One]

BIDDER'S CERTIFICATION

- By submission of this bid or proposal, each bidder/proposer and each person signing on behalf of any bidder/proposer certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief, that each bidder/proposer is not on the list created pursuant to paragraph (b) of subdivision 3 of Section 165-a of the State Finance Law.
- I am unable to certify that my name and the name of the bidder/proposer does not appear on the list created pursuant to paragraph (b) of subdivision 3 of Section 165-a of the State Finance Law. I have attached a signed statement setting forth in detail why I cannot so certify.

Dated: 9/28, 2023

STATE OF NY)
) ss.:
COUNTY OF Warren

The undersigned, being duly sworn, says (a) I am duly authorized to execute this Certification and (b) I hereby certify, under penalty of perjury, that the forgoing Certification is in all respects true and accurate.

Robert Brady
Signature

ROBERT BRADY
Printed Name

OWNER
Title

Subscribed and sworn to before me this 28
day of September, 2023

[Signature]
Notary Public

KATRINA ROSALYN CAREY
Notary Public, State of New York
Qualified in Warren County
Reg. No. 01CA0003338
My Commission Expires March 22, 2027

CONTRACTOR REFERENCE SHEET

All bidders must complete this form providing three (3) references of past performance. References should involve projects and or service situations of similar size and scope to this bid. References must have had dealings with the bidder within the last 36 months. The County reserves the right to contact any or all of the references supplied for an evaluation of past performance in order to establish the responsibility of the bidder before the actual award of this bid and/or contract.

BIDDER'S NAME: B&B PREMIER CONTRACTING, LLC

REFERENCE NAME: SPAC EXTERIOR SITE LIGHTING

ADDRESS: SARATOGA SPA STATE PARK
19 RODSEVELT DR, SARATOGA SPRINGS, NY 12866

TELEPHONE: 518-527-0192

CONTACT PERSON: JASON PENGE

REFERENCE NAME: ASRC WHITEFACE MT FIELD STATION RENO

ADDRESS: 5021 ROUTE 86
WILMINGTON, NY 12997

TELEPHONE: 518-437-4454

CONTACT PERSON: DAVID LACOMB

REFERENCE NAME: ADIRONDACK DAY HAB. BOILER REPLACEMENT

ADDRESS: 200 SMITH DR.
CORINTH, NY 12822

TELEPHONE: 518-378-7847

CONTACT PERSON: TONY CASSO

FORM OF BID

**HVAC MODIFICATIONS – PHASE 1
Saratoga County Animal Shelter
6010 County Farm Road, Ballston Spa, NY**

BID #23-PWASHAVC-15(P) – Plumbing Construction

Date: 9/12/2023

Bid of DiGesare Mechanical Incorporated (hereinafter called "Bidder")
organized and existing under the laws of the State of New York
doing business as DiGesare Mechanical Incorporated
To the County of Saratoga, Ballston Spa, New York (hereinafter called "Owner").

Gentlemen:

The Bidder, in compliance with your invitation for bids for **SARATOGA COUNTY ANIMAL SHELTER**, and having examined specifications with related documents and the site of the proposed project, hereby proposes to furnish all labor, materials, and supplies, and to complete the project in a timely manner in accordance with the Contract Documents; and at the prices stated below. These prices are to cover all expenses incurred in performing the work required under the Contract Documents, of which this bid is a part.

Bidder agrees to perform all work described in these specifications (as a lump sum) as stated in the following. The bidder agrees to furnish all labor, equipment, and material necessary for the Saratoga County Animal Shelter based on these specifications 23-PWASHAVC-15(P) and a review of the site.

FORM OF BID
HVAC Modifications – Phase 1

BIDDER'S NAME: DiGesare Mechanical Incorporated

<u>Addenda Acknowledgement:</u>	<u>Addendum No.</u>	<u>Date Received</u>
	<u>1</u>	<u>9/20/2023</u>
	<u>2</u>	<u>9/26/2023</u>

BASE BID\$ 57,000
TOTAL WRITTEN AMOUNT: Fifty Seven Thousand Dollars

NOTE: Base bid shall include contract allowance of \$1,500 for BID #23-PWASHAVC-15(P) – Plumbing Construction.

The bidder understands that the Owner reserves the right to reject any or all bids and to waive any informalities.


The bidder agrees that his bid shall be valid and may not be withdrawn for a period of 45 days after scheduled closing time for receiving bids.

The bid security attached in the sum of \$ 2,850 (in figures)

Two Thousand Eight Hundred fifty Dollars (in words)

is to become the property of the Owner in the event that contract and bond are not executed within the time set forth, as liquidated damages for the delay and additional expense to the County caused thereby.

Respectfully submitted:

SIGNATURE  X _____

NAME & TITLE Thomas Holmes / Vice President

(Seal if bid is by a corporation)

COMPANY DiGesare Mechanical Incorporated

ADDRESS 3434 Carman Road
Schenectady, NY 12303

FEIN 14-1636722

TELEPHONE (518) 356-2224

DATE 9/12/2023

FAX (518) 356-5529

EMAIL ADDRESS tom@digesaregroup.com

BID BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, DiGesare Mechanical, Inc.
3434 Carman Road, Schenectady, NY 12303 as Principal,
Western Surety Company, c/o CNA Surety, 151 N. Franklin St., Chicago, IL 60606 and as Surety, are hereby held
and firmly bound unto the County of Saratoga as owner in the penal sum of Five Percent of the Attached Bid (5%) for
the payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, executors,
administrators, successors and assigns. Signed, this 22nd day of September 20 23.
The condition of the above is such that whereas the Principal has submitted to the County of Saratoga
a Certain Bid, attached hereto and hereby made a part hereof to enter in a contract in writing, to

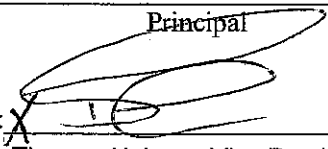
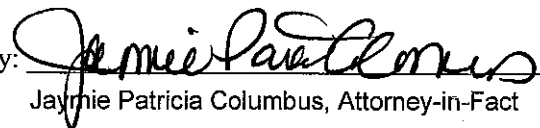
**HVAC Modifications - Phase 1
Saratoga County Animal Shelter
6010 County Farm Road, Ballston Spa, NY**

NOW, THEREFORE,

- (a) If said Bid shall be rejected, or in the alternate,
- (b) If said Bid shall be accepted and the Principal shall execute and deliver a contract in the form of contract attached hereto (properly completed in accordance with said Bid) and shall furnish a bond for his faithful performance of said contract, and for the payment of all persons performing labor or furnishing materials in connection therewith, and shall in all other respects perform the agreement created of said Bid, then this obligation shall be void, otherwise the same shall remain in force and effect; it being expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no event, exceed the penal amount of this obligation as herein stated.

The Surety, for value received, hereby stipulated agrees that the obligations of said Surety and its bond shall be in no way impaired or affected by an extension of the time within which the Owner may accept said Bid; and said Surety does hereby waive notice of any such extensions.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers, the day and year first set for above.

DiGesare Mechanical, Inc. (L. S) Western Surety Company
Principal Surety
By:  Thomas Holmes, Vice President
By:  Jaymie Patricia Columbus, Attorney-in-Fact

IMPORTANT - Surety companies executing bonds must be authorized to transact business in the State of New York.

INDIVIDUAL

STATE OF _____ }
COUNTY OF _____ } ss

On this _____ day of _____, _____, before me personally appeared _____ to me known and known to me to be the individual in and who executed the foregoing instrument and acknowledged to me that _____ executed the same in his individual capacity.

Notary Public

COPARTNERSHIP

STATE OF _____ }
COUNTY OF _____ } ss

On this _____ day of _____, _____, before me personally appeared _____ to me known and known to me to be one of the firm of _____ described in and who executed the foregoing instrument and he/she thereupon acknowledged to me that he/she executed the same as and for the act and deed of said firm.

Notary Public

CORPORATE

STATE OF NEW YORK }
COUNTY OF ALBANY } ss

On this 22nd day of September, 2023, before me personally appeared Thomas Holmes to me known, who, being by me first duly sworn, did depose and say that he/she resides in Amsterdam, New York; that he/she is the Vice President of DiGesare Mechanical, Inc. the corporation described in and which executed the foregoing instrument; that he/she knows the corporate seal of said corporation; that the corporate seal affixed to said instrument is such corporate seal; that it was so affixed by order and authority of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order and authority.

Nicole Manginelli
Notary Public, State of New York
No. 01MA6421561
Qualified in Montgomery County
Commission Expires September 7, 2025

Nicole Manginelli
Notary Public

SURETY

STATE OF NEW YORK }
COUNTY OF ALBANY } ss

I, Tiffany Gocha Notary Public of Saratoga County, in the State of New York do hereby certify that Jaymie Patricia Columbus Attorney-in-Fact, of the Western Surety Company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he/she signed, sealed and delivered said instrument, for and on behalf of the Western Surety Company, for the uses and purposes therein set forth.

Given under my hand and notarial seal at my office in the City of Latham in said County, this 22nd day of September, A.D. 2023.

TIFFANY GOCHA
Notary Public, State of New York
Qualified in Saratoga County
No. 01G06434469
Commission Expires June 6, 2026

Tiffany Gocha
Notary Public

WESTERN SURETY COMPANY
Sioux Falls, South Dakota
Statement of Net Admitted Assets and Liabilities
December 31, 2022

ASSETS

Bonds	\$ 1,963,735,416
Stocks	16,356,743
Cash, cash equivalents, and short-term investments	842,484
Receivables for securities	50,000
Investment income due and accrued	18,288,449
Premiums and considerations	58,660,094
Amounts recoverable from reinsurers	31,089,427
Current federal and foreign income tax recoverable and interest thereon	-
Net deferred tax asset	16,569,622
Receivable from parent, subsidiaries, and affiliates	-
Other assets	1,385
Total Assets	\$ 2,105,593,621

LIABILITIES AND SURPLUS

Losses	\$ 191,034,021
Loss adjustment expense	52,287,429
Commissions payable, contingent commissions and other similar charges	12,200,032
Other expenses (excluding taxes, license and fees)	-
Taxes, License and fees (excluding federal and foreign income taxes)	3,809,360
Federal and foreign income taxes payable	6,216,918
Unearned premiums	288,685,277
Advance premiums	7,968,584
Ceded reinsurance premiums payable (net of ceding commissions)	6,756,776
Amounts withheld or retained by company for account of others	9,359,697
Provision for reinsurance	280,055
Payable to parent, subsidiaries and affiliates	10,262,438
Payable on security transactions	-
Other liabilities	149,612
Total Liabilities	\$ 589,010,150

Surplus Account:

Common stock	\$ 4,000,000
Gross paid in and contributed surplus	286,896,195
Unassigned funds	1,225,687,276
Surplus as regards policyholders	\$ 1,516,583,471
Total Liabilities and Capital	\$ 2,105,593,621

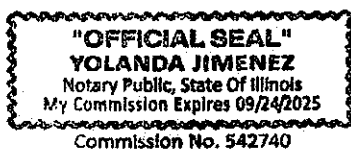
I, Julie Lee, Assistant Vice President of Western Surety Company hereby certify that the above is an accurate representation of the financial statement of the Company dated December 31, 2022, as filed with the various Insurance Departments and is a true and correct statement of the condition of Western Surety Company as of that date.

WESTERN SURETY COMPANY

By Julie Lee
Assistant Vice President, External Reporting

Subscribed and sworn to me this 14th day of March, 2023.

My commission expires:



By Yolanda Jimenez
Notary Public

Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

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

Michael Grasso, Charles C Leach, Jaymie Patricia Columbus, Kimberly Ritchie, Tiffany Gocha, Individually

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

- In Unlimited Amounts -

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

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

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 8th day of November, 2022.



WESTERN SURETY COMPANY

Paul T. Bruflat
Paul T. Bruflat, Vice President

State of South Dakota }
County of Minnehaha } ss

On this 8th day of November, 2022, before me personally came Paul T. Bruflat, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires

March 2, 2026



M. Bent
M. Bent, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 22nd day of September, 2023.



WESTERN SURETY COMPANY

L. Nelson
L. Nelson, Assistant Secretary

Authorizing By-Law

ADOPTED BY THE SHAREHOLDERS OF WESTERN SURETY COMPANY

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

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

NON-COLLUSIVE BIDDING CERTIFICATION

Section 103-d of the General Municipal Law

(a) By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and, in the case of a joint bid, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of knowledge and belief:

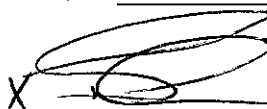
(1) The prices in this bid have been arrived at independently without collusion, consultation, communication, or agreement for the purpose of restricting competition, as to any matter relating to such prices with any other bidder or with any competitor;

(2) Unless otherwise required by Law, the prices which have been quoted in this bid have not been knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to opening, directly or indirectly, to any other bidder or to any competitor, and

(3) No attempt has been made or will be made by the bidder to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition.”

I hereby affirm under the penalties of perjury that the foregoing statements are true.

Dated: September 12, 2023.

		Vice President
Signature	Thomas Holmes	Title

STATE OF New York)
) ss:
COUNTY OF Albany)

Subscribed to and sworn before me this 12th day of September, 20 23

by Nicole Manginelli (name of signer).



Notary Public

Nicole Manginelli
Notary Public, State of New York
No. 01MA6421561
Qualified in Montgomery County
Commission Expires September 7, 2025

CERTIFICATION OF COMPLIANCE WITH IRAN DIVESTMENT ACT

Pursuant to General Municipal Law §103-g, which generally prohibits the County of Saratoga from entering into contracts with persons engaged in investment activities in the energy sector of Iran, the bidder/proposer submits the following certification:

[Please Check One]

BIDDER'S CERTIFICATION


- By submission of this bid or proposal, each bidder/proposer and each person signing on behalf of any bidder/proposer certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief, that each bidder/proposer is not on the list created pursuant to paragraph (b) of subdivision 3 of Section 165-a of the State Finance Law.

- I am unable to certify that my name and the name of the bidder/proposer does not appear on the list created pursuant to paragraph (b) of subdivision 3 of Section 165-a of the State Finance Law. I have attached a signed statement setting forth in detail why I cannot so certify.

Dated: September 12, 2023.

STATE OF New York)
) ss.:
COUNTY OF Albany)

The undersigned, being duly sworn, says (a) I am duly authorized to execute this Certification and (b) I hereby certify, under penalty of perjury, that the forgoing Certification is in all respects true and accurate.



Signature

Thomas Holmes

Printed Name

Vice President

Title

Subscribed and sworn to before me this 12th
day of September, 2023.

Nicole Manginelli
Notary Public

Nicole Manginelli
Notary Public, State of New York
No. 01MA6421561
Qualified in Montgomery County
Commission Expires September 7, 2025

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[Please Check One]

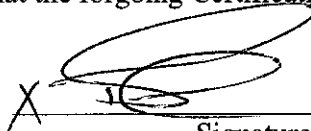
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Dated: September 12, 2023.

STATE OF New York)
COUNTY OF Albany) ss:

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Signature

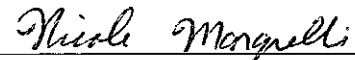
Thomas Holmes

Printed Name

Vice President

Title

Subscribed and sworn to before me this 12th
day of September, 2023.



Notary Public

Nicole Manginelli
Notary Public, State of New York
No. 01MA6421561
Qualified in Montgomery County
Commission Expires September 7, 2025

CONTRACTOR REFERENCE SHEET

All bidders must complete this form providing three (3) references of past performance. References should involve projects and or service situations of similar size and scope to this bid. References must have had dealings with the bidder within the last 36 months. The County reserves the right to contact any or all of the references supplied for an evaluation of past performance in order to establish the responsibility of the bidder before the actual award of this bid and/or contract.

BIDDER'S NAME: DiGesare Mechanical Incorporated

REFERENCE NAME: LeChase Construction

ADDRESS: _____

TELEPHONE: 518-388-9200

CONTACT PERSON: Ryan Faulkner

REFERENCE NAME: Sage Engineering

ADDRESS: _____

TELEPHONE: 518-453-6091

CONTACT PERSON: David Layton

REFERENCE NAME: Socha Management

ADDRESS: _____

TELEPHONE: 518-235-3167

CONTACT PERSON: Bill Socha

CONTRACTOR QUALIFICATION STATEMENT

The undersigned certifies under oath that the information provided herein is true and sufficiently complete so as not to be misleading.

SUBMITTED TO: The County of Saratoga
ADDRESS: 50 High West St., Ballston Spa, New York 12020
SUBMITTED BY: Thomas Holmes / Vice President
NAME: DiGesare Mechanical Incorporated
ADDRESS: 3434 Carman Road, Schenectady, NY 12303
PRINCIPAL OFFICE: 3434 Carman Road, Schenectady, NY 12303

- Corporation
- Partnership
- Individual
- Joint Venture
- Other

NAME OF PROJECT (if applicable): Saratoga County Animal Shelter HVAC Modifications - Phase 1

TYPE OF WORK (file separate form for each Classification of Work):

<u> </u> General Construction	<u> </u> HVAC
<u> X </u> Plumbing	<u> </u> Electrical
<u> </u> Other	<u> </u>

(please specify)

1. ORGANIZATION:

- 1.1 How many years has your organization been in business as a contractor?
60+
- 1.2 How many years has your organization been in business under its present business name?
35
 - 1.2.1 Under what other or former names has your organization operated?
Leo DiGesare & Sons Plumbing

CONTRACTOR QUALIFICATION STATEMENT

1.3 If your organization is a corporation, answer the following:

- 1.3.1 Date of Incorporation: July 1982
- 1.3.2 State of Incorporation: New York
- 1.3.3 President's Name: David DiGesare
- 1.3.4 Vice-President's Name(s): Thomas Holmes
- 1.3.5 Secretary's Name: Michael DiGesare
- 1.3.6 Treasurer's Name: Michael DiGesare

1.4 If your organization is a partnership, answer the following:

- 1.4.1 Date of Organization:
- 1.4.2 Type of Partnership (if applicable):
- 1.4.3 Name(s) of General Partner(s):

1.5 If your organization is individually owned, answer the following:

- 1.5.1 Date of Organization:
- 1.5.2 Name of Owner:

1.6 If the form of your organization is other than those listed above, describe it and name the principals:

2. LICENSING:

2.1 List jurisdictions and trade categories in which your organization is legally qualified to do business, and indicate registration or license numbers, if applicable.

All Phases of piping, plumbing, HVAC, refrigeration, sheet metal, temperature controls

2.2 List jurisdictions in which your organization's partnership or trade name is filed.

Entire state of New York outside of New York City

CONTRACTOR QUALIFICATION STATEMENT

3. EXPERIENCE:

3.1 List the categories of work that your organization normally performs with its own forces.

All phases of plumbing, piping, welding & HVAC

3.2 Claims and Suits - (if the answer to any of the questions below is yes, please attach details):

3.2.1 Has your organization ever failed to complete any work awarded to it? no

3.2.2 Are there any judgements, claims, arbitration proceedings, or suits pending or outstanding against your organization or its officers? no

3.2.3 Has your organization filed any lawsuits or requested arbitration with regard to construction contracts within the last five (5) years? no

3.3 Within the last five (5) years has any officer or principal of your organization ever been an officer or principal of another organization when it failed to complete a construction contract? (if answer is yes, please attach details)

No

3.4 On a separate sheet, list major construction projects your organization has in progress giving the name of the project, owner, architect, contract amount, percent complete, and scheduled completion date. See Attached

3.4.1 State total worth of work in progress and under contract.

\$152,840,956

3.5 On a separate sheet, list the major projects your organization has completed in the last five (5) years, giving the name of project, owner, architect, contract amount, date of completion, and percentage of the cost of the work performed with your own forces.

3.5.1 State average annual amount of construction work performed during the past five (5) years:

50,000,000

3.6 On a separate sheet, list the construction experience and present commitments of the key individuals of your organization.

See Attached

4. REFERENCES:

4.1 Trade References:

Security Supply - Mike Mullins - (518) 767-2226

Trane Company - Evelyn Daley - (518) 785-1315

F.W. Webb Co. - Tom Lane - (518) 490-7500

CONTRACTOR QUALIFICATION STATEMENT

4.2 Bank References:

Capital Bank & Trust
Albany, New York
Kevin Harrigan - (518) 433-5830

4.3 Surety:

4.3.1 Name of bonding company: Western Surety Company c/o CNA Surety

4.3.2 Name and address of agent: Gallagher Insuring Agency
Latham, New York

5. FINANCING:

5.1 Financial Statement:

5.1.1 Attach a financial statement, preferably audited, including your organization's latest balance sheet and income statement showing the following items: see attached

Current Assets (e.g., cash, joint venture accounts, accounts receivable, notes receivable, accrued income, deposits, materials inventory, and prepaid expenses);

Net Fixed Assets;

Other Assets;

Current Liabilities (e.g., accounts payable, notes payable, accrued expenses, provision for income taxes, advances, accrued salaries, and accrued payroll taxes);

Other Liabilities (e.g., capital, capital stock, authorized and outstanding shares par values, earned surplus and retained earnings).

5.1.2 Name and address of firm preparing attached financial statement, and date thereof:

Staff Ciampino Company
Albany, NY

5.1.3 Is the attached financial statement for the identical organization named on page one?

yes

If not, explain the relationship and financial responsibility of the organization whose financial statement is provided (e.g., partner-subsiary).

5.2 Will the organization whose financial statement is attached act as guarantor of the contract for construction?

yes

CONTRACTOR QUALIFICATION STATEMENT

6. SIGNATURE:

6.1 Dated 2023 this 12th day of September

Name of Organization: DiGesare Mechanical Incorporated

By:  _____
Thomas Holmes

Title: Vice President

6.2 Mr. Thomas Holmes _____ being duly sworn deposes and says that the information provided herein is true and sufficiently complete so as not to be misleading.

Subscribed and sworn before me this 12th day of September 2023

Notary Public: Nicole Manginelli

My Commission Expires: 9/7/2025

Nicole Manginelli
Notary Public, State of New York
No. 01MA6421561
Qualified in Montgomery County
Commission Expires September 7, 2025

CORPORATE BID RESOLUTION

For Corporate Bidders Only

RESOLVED, that Thomas Holmes / Vice President be authorized to sign and submit
(individual)

the bid or proposal of this corporation for the following project(s):

**HVAC Modifications - Phase 1
Saratoga County Animal Shelter
6010 County Farm Road, Ballston Spa, NY, Bid# PWASHAVC-15**

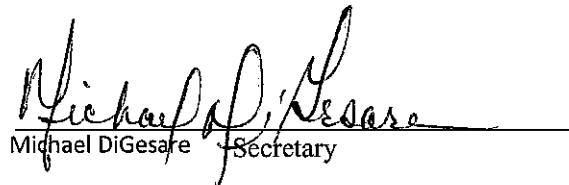
and to include in such bid or proposal, the certificate as to non-collusion required by section 103-d of the General Municipal Law as the act and deed of such Corporation, and for any inaccuracies or misstatements in such certificates this corporate bidder shall be liable under the penalties of perjury.

The foregoing is a true and correct copy of the resolution adopted by DiGesare Mechanical Incorporated
(corporation)

at a meeting of its Board of Directors held on the 29th day of August, 2023

and is still in full force and effect on this 28th day of September, 2023.

SEAL OF CORPORATION


Michael DiGesare Secretary

INDEMNITY AND INSURANCE AGREEMENT

IT IS HEREBY AGREED by DiGesare Mechanical Incorporated, the CONTRACTOR, as follows:

INSURANCE
CONTRACTOR'S LIABILITY INSURANCE

The Contractor shall purchase and maintain such insurance as will protect him from all claims as set forth below, which may arise out of or result from the Contractor's operations under the Contract, whether such operations be by himself or any subcontractor or by anyone directly or indirectly employed by any of them or by anyone for whose acts any of them may be liable:

1. claims under workmen's compensation, disability benefit and other similar employee benefit acts;
2. claims for damages because of bodily injury, occupational sickness or disease, or death of his employees;
3. claims for damages because of bodily injury, sickness or disease, or death of any person other than his employees;
4. claims for damages insured by usual personal injury liability coverage which are sustained (1) by any person as a result of an offense directly or indirectly related to the employment of such person by the Contractor, or (2) by any other person; and
5. claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom.

Certificates of Insurance acceptable to the County shall be filed with the County prior to commencement of the work. Saratoga County must be named and included as an additional insured under the Contractor's general liability insurance. Proof that the County has been named as an additional insured on the Contractor's general liability insurance must be provided in the form of an additional insured rider to said policy, or by other proof acceptable to the Saratoga County Attorney

The Contractor's Comprehensive General Liability Insurance and Automobile Insurance shall be in an amount not less than One Million Dollars (\$1,000,000) for injuries, including accidental death, to any one person and subject to the same limit for each person, and in an amount not less than One Million Dollars (\$1,000,000) on account of one occurrence. The Contractor's Property Damage Liability Insurance shall be in an amount not less than One Million Dollars (\$1,000,000). The Contractor shall require his subcontractors to procure and to maintain during the life of his subcontract, Subcontractors' Comprehensive General Liability, Automobile Liability, and Property Damage Liability Insurance of the type and in the same amounts as specified hereinabove. The Contractor's and his subcontractors' Liability Insurance shall include adequate protection against the following special hazards:

Bodily Injury and Property Damage – completed job operation and/or products liability at before mentioned limits with \$1,000,000 for bodily injury and \$1,000,000 aggregate for operations, protection, contractual and products and/or completed job operations. Property Damage shall be on the broad form and shall include coverage for explosion, collapse and underground damages.

The above insurance is not, and shall not be construed as, a limitation upon CONTRACTOR's obligation to indemnify the COUNTY.

Attorney's Approval

All documents submitted shall be subject to the approval of the Saratoga County Attorney as to form and content.

HOLD HARMLESS

The CONTRACTOR shall, at all times, indemnify and save harmless the COUNTY from and against any and all claims and demands whatsoever, including costs, litigation expenses, counsel fees and liabilities in connection therewith arising out of injury to or death of any person whomsoever or damage to any property of any kind by whomsoever, caused in whole or in part, directly or indirectly, by the acts or omissions of the CONTRACTOR, any person employed by the CONTRACTOR, its Contractors, subcontractors, materialmen, or any person directly or indirectly employed by them or any of them, while engaged in the work hereunder. This clause shall not be construed to limit, or otherwise impair, other rights or obligations of indemnity which exist in law, or in equity, for the benefit of the COUNTY.

IN WITNESS WHEREOF, the CONTRACTOR have set its hand this 12th day of September, 2023.

SIGNATURE 

NAME & TITLE Thomas Holmes / Vice President

KEY PERSONNEL

Name: Thomas Holmes Position: Vice President / Project Executive
Date Started with Organization: 1989
Date Started in Construction Field: 1986
Describe Experience and/or Positions held in Construction Field: _____
Project Manager - Albany High School Additions & Renovations Ph I
NYS OGS SOB #4 – HVAC & PLMB
Ayco Office Building Core and Shell & Fit-up
Rivers Casino at Mohawk Harbor

Name: Jason Kenny Position: BIM Manager / Project Management
Date Started with Organization: 1994
Date Started in Construction Field: 1994
Describe Experience and/or Positions held in Construction Field: _____
Project Manager - Albany High School Additions & Renovations Ph I
SUNY Albany Upgrade Central Plant
Dutchess County Justice & Transition Center
NYS OGS Albany Training Academy
NYS OGS SOB #4 – HVAC & PLMB

Name: Joe Parillo Position: Estimator / Project Manager
Date Started with Organization: 2004
Date Started in Construction Field: 2004
Describe Experience and/or Positions held in Construction Field: _____
Project Manager - NYS OGS Albany Training Academy
Shenendehowa CSD Project 1 & 2 HVAC
SUNY Albany Bldg 27 Renovation
DASNY JOC CDPC Fan Coil Replacement Unit L

Name: Jerid Denis Position: Project Manager / Design Coordinator
Date Started with Organization: 2019
Date Started in Construction Field: 2015
Describe Experience and/or Positions held in Construction Field: _____
Project Manager- Ayco Office Fit Out
Galway CSD HVAC
SUNY Albany Upgrade Central Plant

Name: Dan Longo Position: Project Manager
Date Started with Organization: 2019
Date Started in Construction Field: 2014
Describe Experience and/or Positions held in Construction Field: _____
Project Manager- Kingston High School Ph 2 HVAC & Plumbing
Dutchess Comm College - Airport Education Building
Guilderland CSD Capital Project – Plumbing



DIGESARE MECHANICAL, INC.

FINANCIAL STATEMENTS

June 30, 2022 and 2021



DIGESARE MECHANICAL, INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1 - 2
FINANCIAL STATEMENTS	
BALANCE SHEETS	3 - 4
STATEMENTS OF INCOME AND RETAINED EARNINGS	5
STATEMENTS OF CASH FLOWS	6 - 7
NOTES TO FINANCIAL STATEMENTS	8 - 16
SUPPLEMENTARY FINANCIAL INFORMATION	
EXHIBIT I - SCHEDULES OF REVENUES EARNED, COSTS OF REVENUES EARNED, AND GROSS PROFIT	17
EXHIBIT II - SCHEDULES OF COSTS OF REVENUES EARNED	18
EXHIBIT III - SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES	19
EXHIBIT IV - SCHEDULE OF CONTRACTS COMPLETED (2022)	20
EXHIBIT V - SCHEDULE OF CONTRACTS IN PROGRESS (2022)	21
EXHIBIT VI - SCHEDULE OF CONTRACTS IN PROGRESS USING THE PERCENTAGE OF COMPLETION METHOD OF ACCOUNTING (2022)	22
EXHIBIT VII - SCHEDULE OF CONTRACTS IN PROGRESS USING THE PERCENTAGE OF COMPLETION METHOD OF ACCOUNTING (2021)	23



Staff Ciampino & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

10 Colvin Avenue
Albany, New York 12206

518 459-9205 ♦ 800 724-6567
Facsimile: 518 459-1395

web: www.staffciampino.com
e-mail: info@staffciampino.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors DiGesare Mechanical, Inc.
Schenectady, New York

We have reviewed the accompanying financial statements of DiGesare Mechanical, Inc. (a New York corporation), which comprise the balance sheets as of June 30, 2022 and 2021, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of DiGesare Mechanical, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Member DFK International/USA * Offices in Principal Cities Worldwide
New York State Society of Certified Public Accountants
American Institute of Certified Public Accountants



Supplementary Information

The supplementary information included in Exhibits I through VII is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Steff Crispino & Company, P.C.

Albany, NY
September 14, 2022



DIGESARE MECHANICAL, INC.
BALANCE SHEETS
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 3,509,477	\$ 5,626,688
Contract receivables, including \$ 3,162,491 and \$ 2,566,295 retained under contract provisions, for 2022 and 2021, respectively	9,692,762	6,508,712
Related party receivable	-	33,604
Employee retention credit receivable	751,731	1,114,669
Materials inventory	75,000	70,000
Costs and estimated earnings in excess of billings on contracts in progress	3,603,295	2,060,259
Prepaid expenses	31,151	30,461
Prepaid income taxes	27,377	38,318
Total current assets	<u>17,690,793</u>	<u>15,482,711</u>
PROPERTY AND EQUIPMENT, at cost		
Leasehold improvements	36,165	36,165
Machinery and equipment	86,405	86,405
Furniture and fixtures	5,294	5,294
Vehicles	1,187,964	1,094,513
Office equipment	245,146	245,146
Total property and equipment	1,560,974	1,467,523
Less - Accumulated depreciation	<u>1,032,702</u>	<u>820,270</u>
Property and equipment, net	<u>528,272</u>	<u>647,253</u>
TOTAL ASSETS	<u>\$ 18,219,065</u>	<u>\$ 16,129,964</u>

See independent accountants' review report and accompanying notes to the financial statements.



LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 7,572,751	\$ 5,263,696
Related party payable	723,309	124,341
Income taxes payable	29,768	-
Current maturities of notes payable	125,843	143,808
Billings in excess of costs and estimated earnings on contracts in progress	<u>1,022,925</u>	<u>2,017,242</u>
Total current liabilities	<u>9,474,596</u>	<u>7,549,087</u>
LONG-TERM LIABILITIES		
Notes payable - Less current maturities	238,311	281,621
Deferred income taxes	<u>89,586</u>	<u>109,805</u>
Total long-term liabilities	<u>327,897</u>	<u>391,426</u>
Total liabilities	<u>9,802,493</u>	<u>7,940,513</u>
STOCKHOLDER'S EQUITY		
Common stock - 200 shares no par value authorized, 111 shares issued and outstanding	170,235	170,235
Retained earnings	<u>8,246,337</u>	<u>8,019,216</u>
Total stockholder's equity	<u>8,416,572</u>	<u>8,189,451</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 18,219,065</u>	<u>\$ 16,129,964</u>

See independent accountants' review report and accompanying notes to the financial statements.



DIGESARE MECHANICAL, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
For The Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
CONTRACT REVENUES EARNED	\$ 44,532,135	100.00	\$ 35,837,747	100.00
COSTS OF REVENUES EARNED	<u>40,180,286</u>	<u>90.23</u>	<u>31,144,445</u>	<u>86.90</u>
GROSS PROFIT	4,351,849	9.77	4,693,302	13.10
GENERAL AND ADMINISTRATIVE EXPENSES	<u>4,949,954</u>	<u>11.11</u>	<u>5,565,439</u>	<u>15.53</u>
LOSS FROM OPERATIONS	<u>(598,105)</u>	<u>(1.34)</u>	<u>(872,137)</u>	<u>(2.43)</u>
OTHER INCOME (EXPENSE)				
Other income	917,112	2.06	1,117,321	3.12
Interest income	12,636	0.03	28,648	0.08
Gain on disposal of asset	-	-	29,224	0.08
Debt extinguishment - PPP loan	-	-	2,926,325	8.16
Interest expense	(7,861)	(0.02)	(9,458)	(0.03)
Management fee expense	<u>(36,000)</u>	<u>(0.08)</u>	<u>(33,000)</u>	<u>(0.09)</u>
Total other income	<u>885,887</u>	<u>1.99</u>	<u>4,059,060</u>	<u>11.32</u>
INCOME BEFORE INCOME TAXES	287,782	0.65	3,186,923	8.89
PROVISION FOR (BENEFIT FROM) INCOME TAXES	<u>60,661</u>	<u>0.14</u>	<u>(3,402)</u>	<u>(0.01)</u>
NET INCOME	227,121	<u>0.51</u>	3,190,325	<u>8.90</u>
RETAINED EARNINGS - BEGINNING OF YEAR	<u>8,019,216</u>		<u>4,828,891</u>	
RETAINED EARNINGS - END OF YEAR	<u>\$ 8,246,337</u>		<u>\$ 8,019,216</u>	

See independent accountants' review report and accompanying notes to the financial statements.



DIGESARE MECHANICAL, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 227,121	\$ 3,190,325
Adjustments to reconcile net income to net cash provided (used) by operations:		
Depreciation	212,432	210,794
Deferred income taxes	(20,219)	19,897
Debt extinguishment - PPP loan	-	(2,926,325)
Gain on disposal of asset	-	(29,224)
(Increase) decrease in:		
Contract receivables	(3,184,050)	4,824,223
Related party receivable	33,604	(6,139)
Employee retention credit receivable	362,938	(1,114,669)
Materials inventory	(5,000)	(25,000)
Costs and estimated earnings in excess of billings on contracts in progress	(1,543,036)	(977,877)
Prepaid expenses	(690)	731
Prepaid income taxes	10,941	(154)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,309,055	(1,864,614)
Related party payable	598,968	(131,784)
Income taxes payable	29,768	(23,524)
Billings in excess of costs and estimated earnings on contracts in progress	(994,317)	(2,648,701)
Net cash used by operating activities	<u>(1,962,485)</u>	<u>(1,502,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of asset	-	3,395
Net cash provided by investing activities	<u>-</u>	<u>3,395</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(154,726)	(134,777)
Net cash used by financing activities	<u>(154,726)</u>	<u>(134,777)</u>
NET DECREASE IN CASH	(2,117,211)	(1,633,423)
CASH AT BEGINNING OF YEAR	5,626,688	7,260,111
CASH AT END OF YEAR	<u>\$ 3,509,477</u>	<u>\$ 5,626,688</u>

See independent accountants' review report and accompanying notes to the financial statements.



SUPPLEMENTAL DISCLOSURES

	<u>2022</u>	<u>2021</u>
INCOME TAXES PAID		
Provision for (benefit from) income taxes per statements of income and retained earnings	\$ 60,661	\$ (3,402)
Adjustments related to prepaid income taxes	(10,941)	154
Adjustments related to income taxes payable	(29,768)	23,524
Adjustments related to deferred income taxes	<u>20,219</u>	<u>(19,897)</u>
TOTAL INCOME TAXES PAID	<u>\$ 40,171</u>	<u>\$ 379</u>
INTEREST PAID		
	<u>\$ 7,861</u>	<u>\$ 9,458</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Trade-in value of vehicles acquired with debt	\$ -	\$ 126,500
Vehicles acquired with long-term debt	<u>93,451</u>	<u>279,722</u>
	<u>\$ 93,451</u>	<u>\$ 406,222</u>

See independent accountants' review report and accompanying notes to the financial statements.



DIGESARE MECHANICAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of DiGesare Mechanical, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

NATURE OF OPERATIONS

DiGesare Mechanical, Inc. was organized under the laws of the State of New York on July 1, 1982. The Company is primarily engaged in industrial and commercial plumbing construction. The work is generally performed under fixed-price contracts modified by incentive provisions.

USE OF ESTIMATES

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the recorded amounts of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at June 30, 2022 and 2021.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

CONTRACT RECEIVABLES

The Company extends unsecured credit to its customers in the ordinary course of business. The balance in contracts receivable is considered by management to be fully collectible, and accordingly, no allowance for doubtful accounts is required. If in the future, management determines that amounts may be uncollectible, an allowance will be established and operations will be charged when that determination is made.

INVENTORY

Materials inventory is stated at the lower of cost or net realizable value determined on a first-in, first-out (FIFO) basis.

REVENUE AND COST RECOGNITION

Industrial and commercial plumbing construction is a single performance obligation that is satisfied over time. Payment is also due over time in installments, based on project phases as specified in the contract, with final payment due at the time the contract is completed and control is transferred to the customer.

Revenues from fixed-price and modified fixed-price construction contracts are recognized on the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for each contract. That method is used because management considers total cost to be the best available measure of progress on the contracts. Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the Company's estimates of costs and revenues could change in the near term, and that change could be material.



DIGESARE MECHANICAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE AND COST RECOGNITION (CONTINUED)

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. 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, which are recognized in the period in which the revisions are determined. Changes in estimated job profitability resulting from variable consideration (such as incentives for completing a contract early or on time, penalties for not completing a contract on time, claims for which the Company has enforceable rights, or contract modifications/change orders in which the scope of modification has been approved, but the price has not been determined or approved) are accounted for as changes in estimates in the current period, but limited to an amount that will not result in a significant reversal of revenue in future periods. The Company uses the same revenue recognition method for both tax and financial reporting purposes.

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

INCOME TAXES

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciation differences.

The deferred tax asset (liability) represents the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

PROPERTY AND EQUIPMENT

The Company records its property and equipment at cost and uses straight-line and accelerated methods of computing depreciation based upon estimated useful lives ranging from five to twenty years for financial reporting purposes. The Company uses the accelerated method for tax reporting purposes. Total depreciation expense was \$ 212,432 and \$ 210,794 for the years ended June 30, 2022 and 2021, respectively.

ADVERTISING COSTS

Advertising costs are charged to operations when incurred and totaled \$ 235 and \$ -0- for the years ended June 30, 2022 and 2021, respectively.

COMPENSATED ABSENCES

Employees of the Company are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.



DIGESARE MECHANICAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

(2) NOTES PAYABLE

A summary of the Company's notes payable is as follows:

	<u>2022</u>	<u>2021</u>
First National Bank of Scotia - Installment note, payable in monthly installments of \$ 1,418 including interest at 3.34%. This note matures in November, 2023 and is secured by a vehicle.	\$ 23,507	\$ 39,444
First National Bank of Scotia - Installment note, payable in monthly installments of \$ 522 including interest at 3.34%. This note matures in November, 2022 and is secured by a vehicle.	2,588	8,654
GM Financial - Installment note, payable in monthly installments of \$ 1,066. This note is non-interest bearing, matures May, 2027 and is secured by a vehicle.	34,383	41,376
First National Bank of Scotia - Installment note, payable in monthly installments of \$ 840 including interest at 3.14%. This note matures in February, 2023 and is secured by a vehicle.	6,639	16,340
Land Rover Financial Group - Installment note, payable in monthly installments of \$ 994. This note is non-interest bearing, matures October, 2026 and is secured by a vehicle.	51,692	62,627
First National Bank of Scotia - Installment note, payable in monthly installments of \$ 1,356 including interest at 2.74%. This note matures in January, 2026 and is secured by a vehicle.	55,479	68,821
Saratoga National Bank & Trust Company - Installment note, payable in monthly installments of \$ 672 including interest at 2.79%. This note was satisfied in April, 2022.	-0-	6,637
GM Financial - Installment note, payable in monthly installments of \$ 975 including interest at 3.05%. This note matures in January, 2024 and is secured by a vehicle.	19,499	31,199
GM Financial - Installment note, payable in monthly installments of \$ 831 including interest at 3.25%. This note was satisfied in June, 2022.	-0-	9,805
First National Bank of Scotia - Installment note, payable in monthly installments of \$ 852 including interest at 3.64%. This note was satisfied in June, 2022.	-0-	10,837



DIGESARE MECHANICAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

(2) NOTES PAYABLE (CONTINUED)

	<u>2022</u>	<u>2021</u>
First National Bank of Scotia - Installment note, payable in monthly installments of \$ 822 including interest at 3.64%. This note was satisfied in June, 2022.	-0-	10,464
GM Financial - Installment note, payable in monthly installments of \$ 756 including interest at 2.19%. This note matures in June, 2024 and is secured by a vehicle.	17,733	26,312
First National Bank of Scotia - Installment note, payable in monthly installments of \$ 2,046 including interest at 2.74%. This note matures in June, 2025 and is secured by a vehicle.	70,630	92,913
First National Bank of Scotia - Installment note, payable in monthly installments of \$ 1,097 including interest at 1.99%. This note matures in April, 2026 and is secured by a vehicle.	48,558	-0-
Rhinebeck Bank - Installment note, payable in monthly installments of \$ 937 including interest at 2.29%. This note matures in July, 2025 and is secured by a vehicle.	<u>33,446</u>	<u>-0-</u>
Total notes payable	364,154	425,429
Less - Current maturities	<u>125,843</u>	<u>143,808</u>
Notes payable - Less current maturities	<u>\$ 238,311</u>	<u>\$ 281,621</u>

Scheduled maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 125,843
2024	105,003
2025	82,794
2026	40,127
Thereafter	<u>10,387</u>
Total	<u>\$ 364,154</u>



DIGESARE MECHANICAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

(3) LINE OF CREDIT

The Company has available a \$ 1,000,000 line of credit with Capital Bank and Trust Company of which \$ -0- was outstanding for both years ended June 30, 2022 and 2021. Interest accrues at the annual rate of 250 basis points over the one-month LIBOR rate or 5%, whichever is greater, and is payable monthly based upon the balance of advances made. The line is secured by all machinery and equipment, vehicles, furniture and fixtures and the personal guarantee of the Company's officers. This line of credit expires December 31, 2022.

(4) COMMITMENTS AND RELATED PARTY TRANSACTIONS

LEASE COMMITMENTS

Facilities

The Company leases its principal place of business from Condor Development Corporation (an affiliated company) under the terms of a month-to-month lease. Annual rent payments totaled \$ 120,000 and \$ 111,000 for the years ended June 30, 2022 and 2021, respectively, and the Company is responsible for its own building maintenance.

Equipment

The Company is committed under the terms of non-cancelable operating leases for vehicles. The future annual minimum rental payments required under these leases are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ <u>26,085</u>

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in the ASU supersedes leasing guidance in topic 840, *Leases*. Under the new guidance, all leasing arrangements with terms greater than twelve months are required to be recognized as lease assets and lease liabilities on the balance sheet. Leases will be classified as either financing or operating, with classification affecting the expense recognition in the income statement. In October 2019 and again in June 2020, FASB issued deferrals of the effective date. The new standard is now effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022.

The Company is currently evaluating the effects this standard will have on the financial statements.

MANAGEMENT FEE

The Company incurred management fees totaling \$ 36,000 and \$ 33,000 for the years ended June 30, 2022 and 2021, respectively. These amounts are paid to The DiGesare Group, LLC, an affiliated entity.

INTERCOMPANY TRANSACTIONS

The Company paid subcontractor costs of \$ 1,110,668 and \$ 731,800 during the years ended June 30, 2022 and 2021, respectively, to Condor Fire Sprinkler Co., Inc., a related party.

The Company paid subcontractor costs of \$ -0- and \$ 45,000 during the years ended June 30, 2022 and 2021, respectively, to D.S. DiGesare Plumbing & Heating, Inc. a related party.

RECEIVABLES FROM (PAYABLES TO) AFFILIATES

The Company has a receivable of \$ -0- and \$ 33,604 due from Condor Fire Sprinkler Co., Inc., an affiliated entity, and has a payable of \$ 423,309 and \$ 124,341 due to Condor Fire Sprinkler Co., Inc. for the years ended June 30, 2022 and 2021, respectively.



DIGESARE MECHANICAL, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022 and 2021

(4) COMMITMENTS AND RELATED PARTY TRANSACTIONS (CONTINUED)

RECEIVABLES FROM (PAYABLES TO) AFFILIATES (CONTINUED)

The Company has a receivable of \$ -0- and \$ -0- due from D.S. DiGesare Plumbing and Heating, Inc., an affiliated entity, and has a payable of \$ 300,000 and \$ -0- due to D.S. DiGesare Plumbing and Heating, Inc. for the years ended June 30, 2022 and 2021, respectively.

(5) INCOME TAXES

A summary of the Company's income tax accounts is as follows:

	<u>2022</u>	<u>2021</u>
<u>Prepaid</u>		
Federal	\$ -0-	\$ 28,654
State	<u>27,377</u>	<u>9,664</u>
Total prepaid	<u>\$ 27,377</u>	<u>\$ 38,318</u>
 <u>Payable</u>		
Federal	<u>\$ 29,768</u>	<u>\$ -0-</u>
 <u>Deferred</u>		
Federal	<u>\$ 89,586</u>	<u>\$ 109,805</u>
 <u>Provision (Benefit)</u>		
<u>Current:</u>		
Federal	\$ 94,757	\$ (47,237)
State	<u>(13,877)</u>	<u>23,938</u>
Total current	80,880	(23,299)
 <u>Deferred:</u>		
Federal	<u>(20,219)</u>	<u>19,897</u>
Total provision for (benefit from) income taxes	<u>\$ 60,661</u>	<u>\$ (3,402)</u>

Deferred tax liability is comprised of the following:

Deferred tax asset – Tax credit carryforward	\$ -0-	\$ (2,431)
Deferred tax liability - Depreciation differences	<u>89,586</u>	<u>112,236</u>
Deferred tax liability	<u>\$ 89,586</u>	<u>\$ 109,805</u>

The Company's effective income tax rate is different than what would be expected if the statutory rates were applied to income before income taxes because it is part of a controlled group. The statutory rates are apportioned among the entities of the controlled group. The Company also has expenses deductible for financial reporting purposes that are not deductible for tax purposes, and expenses deductible for tax purposes that are not deductible for financial reporting purposes.



DIGESARE MECHANICAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

(5) INCOME TAXES (CONTINUED)

UNCERTAIN TAX POSITIONS

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its shareholders will not be subject to additional tax, penalties, and interest as a result of such a challenge. Generally, the Company's tax returns remain open for three years for the federal income tax examination and various years for state taxing authorities.

(6) RETIREMENT SAVINGS AND PROFIT-SHARING PLAN

The Company has a Simple IRA plan covering substantially all of its employees meeting certain age and length of service requirements. The plan contains an employer contribution provision, which requires the Company to match employee contributions. The match for the years ended June 30, 2022 and 2021 totaled \$ 95,546 and \$ 105,002, respectively.

(7) CONTRACT RECEIVABLES

Contract receivables as of June 30, 2022 and 2021 consist of:

	<u>2022</u>	<u>2021</u>
Billed		
Completed contracts	\$ 125,901	\$ 34,569
Contracts in progress	6,404,370	3,907,848
Retainage	<u>3,162,491</u>	<u>2,566,295</u>
Total	<u>\$ 9,692,762</u>	<u>\$ 6,508,712</u>

The Company follows the practice of filing statutory liens on all projects where collection problems are anticipated. The liens serve as collateral for contract receivables.

(8) UNCOMPLETED CONTRACTS

Costs and billings on uncompleted contracts as of June 30, 2022 are summarized as follows:

	<u>Amount</u>
Revenue earned to date	\$ 87,558,974
Billings to date	<u>(84,978,604)</u>
	<u>\$ 2,580,370</u>
Included in accompanying balance sheets under the following captions:	
Costs in excess of billings on contracts in progress	\$ 3,603,295
Billings in excess of costs on contracts in progress	<u>(1,022,925)</u>
	<u>\$ 2,580,370</u>



DIGESARE MECHANICAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

(9) SCHEDULE OF CONTRACT BACKLOG

The following schedule summarizes changes in backlog on contracts during the year ended June 30, 2022. Backlog represents the amount of revenue the Company expects to realize from work to be performed on uncompleted contracts in progress at year end and from contractual agreements on which work has not yet begun.

Backlog balance at June 30, 2021	\$ 61,560,030
New contracts during the year	<u>54,042,830</u>
	115,602,860
Less – Contract revenues earned during the year	<u>44,532,135</u>
Backlog balance at June 30, 2022	<u>\$ 71,070,725</u>

The Company also entered into additional contracts with estimated revenues of approximately \$ 10,880,000 between June 30, 2022 and September 14, 2022.

(10) COMPARATIVE FIGURES

Certain 2021 figures have been reclassified to conform with the 2022 presentation. These changes had no effect on prior year results of operations, financial position or cash flows.

(11) COLLECTIVE BARGAINING AGREEMENTS AND UNION PENSION PLANS

Substantially the entire labor force is subject to collective bargaining agreements which are renewed periodically. In connection with its collective bargaining agreements with various unions, the Company participates with other companies in the unions' multi-employer pension plans. These plans cover all the Company's employees who are members of such unions.

(12) SBA LOAN PAYABLE

During the year ended June 30, 2020, the Company entered into a loan transaction in which the Company received \$ 2,926,325 (the "PPP Loan") under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying companies and is administered by the U.S. Small Business Administration (the "SBA").

The PPP Loan was administered by Capital Bank on April 20, 2020. The Note had a two-year term, accrued interest at the rate of 1% per annum, and was prepayable at any time without payment of any premium. No payments of principal or interest were due during the six-month period beginning on the date of the Note (the "Deferral Period"). Beginning on the seventh month following the date of the Note, the Company was required to make 18 monthly payments of principal and interest.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments for mortgage interest, rent, and utilities. However, at least 75 percent of the PPP loan proceeds must be used for eligible payroll costs. The terms of any forgiveness may also be subject to further requirements in any regulations and guidelines the SBA may adopt.



DIGESARE MECHANICAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

(12) SBA LOAN PAYABLE (CONTINUED)

The Company applied for forgiveness of the PPP loan during the year ended June 30, 2021 and received notice from the bank on May 24, 2021 that the bank had received confirmation from the SBA that the application for forgiveness had been approved. The loan forgiveness request in the amount of \$ 2,926,325 was applied to the Company's entire outstanding PPP loan balance with the bank. Therefore, the Company has recognized the loan proceeds in other income as extinguishment of debt.

(13) EMPLOYEE RETENTION CREDIT RECEIVABLE

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The 2020 and 2021 ERC provides fully refundable credits against the employer portion of Social Security taxes based on the amount of qualified wages that an eligible employer has incurred. The maximum credit is based on a qualified-wages ceiling for each employee. Eligibility for the credit is based upon two testing criterion: the gross-receipts test or the suspension-of-services test. The Company qualified based on the gross-receipts test. The amount of the credits are \$ 751,731 and \$ 1,094,936 for fiscal year ended June 30, 2022 and 2021, respectively and have been recorded as assets on these financial statements and reflected in "other income" in the statements of income and retained earnings. Also included in the receivable for fiscal year ended June 30, 2021 and as "other income" are COVID sick credits of \$ 19,733.

Laws and regulations concerning government programs, including the Employee Retention Credit are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Company's claim to the ERC, and the impact, if any, this would have upon the Company's financial position.

(14) SURETY BOND

The Company, as conditions for entering into construction contracts, has outstanding surety bonds approximating \$ 39,034,944. The bonds are partially collateralized by contracts receivable.

(15) DATE OF MANAGEMENT'S REVIEW

Management considered and evaluated the nature of any subsequent events through September 14, 2022, which is the date the financial statements were available to be issued, and believes there is nothing of significance to report.



SUPPLEMENTARY FINANCIAL INFORMATION



DIGESARE MECHANICAL, INC.
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

EXHIBIT I - SCHEDULES OF REVENUES EARNED, COSTS OF REVENUES EARNED,
AND GROSS PROFIT

	<u>Revenues Earned</u>	<u>Costs of Revenues Earned</u>	<u>Gross Profit</u>
<u>2022</u>			
Contracts completed during the year	\$ 2,715,934	\$ 2,564,579	\$ 151,355
Contracts in progress at year end	<u>41,816,201</u>	<u>37,615,707</u>	<u>4,200,494</u>
Total	<u>\$ 44,532,135</u>	<u>\$ 40,180,286</u>	<u>\$ 4,351,849</u>
<u>2021</u>			
Contracts completed during the year	\$ 4,315,335	\$ 3,060,750	\$ 1,254,585
Contracts in progress at year end	<u>31,522,412</u>	<u>28,083,695</u>	<u>3,438,717</u>
Total	<u>\$ 35,837,747</u>	<u>\$ 31,144,445</u>	<u>\$ 4,693,302</u>

See independent accountants' review report.



DIGESARE MECHANICAL, INC.
SUPPLEMENTARY FINANCIAL INFORMATION
For The Years Ended June 30, 2022 and 2021

EXHIBIT II - SCHEDULES OF COSTS OF REVENUES EARNED

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Inventory at beginning of year	\$ 70,000	0.16	\$ 45,000	0.13
Direct materials	14,131,105	31.74	8,104,453	22.61
Subcontractors	13,831,436	31.06	12,462,501	34.77
Direct labor	5,792,119	13.01	4,971,762	13.87
Union benefits	3,838,009	8.62	3,302,522	9.22
Insurance and bonding	1,026,177	2.30	1,010,867	2.82
Payroll taxes	739,879	1.66	502,008	1.40
Equipment rental	579,910	1.30	616,822	1.72
Vehicle gas and oil	246,651	0.55	197,400	0.56
Training	-	0.00	1,110	0.00
Total	<u>40,255,286</u>	<u>90.40</u>	<u>31,214,445</u>	<u>87.10</u>
Less - Inventory at end of year	<u>75,000</u>	<u>0.17</u>	<u>70,000</u>	<u>0.20</u>
TOTAL COSTS OF REVENUES EARNED	<u>\$ 40,180,286</u>	<u>90.23</u>	<u>\$ 31,144,445</u>	<u>86.90</u>

See independent accountants' review report.



DIGESARE MECHANICAL, INC.
SUPPLEMENTARY FINANCIAL INFORMATION
For The Years Ended June 30, 2022 and 2021

EXHIBIT III - SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Officers' salaries	\$ 2,163,000	4.87	\$ 2,586,000	7.22
Office salaries	1,542,706	3.46	1,793,607	5.00
Insurance	228,169	0.51	221,193	0.62
Depreciation expense	212,432	0.48	210,794	0.59
Payroll taxes	198,733	0.45	222,941	0.62
Rent	120,000	0.27	111,000	0.31
Professional fees	114,397	0.26	60,828	0.17
Employee benefits	95,546	0.21	105,002	0.29
Outside services	74,358	0.17	58,762	0.16
Office expense	68,753	0.14	59,261	0.17
Telephone	29,776	0.07	26,752	0.07
Vehicle rental	25,211	0.05	26,434	0.07
Contributions	20,375	0.05	28,750	0.08
Dues and subscriptions	20,241	0.05	15,988	0.04
Utilities	17,063	0.04	11,094	0.04
Officers' life insurance	15,554	0.02	12,939	0.04
License and permits	2,438	0.01	3,232	0.01
Vehicle gas and oil	394	0.00	9,887	0.03
Protection and security	356	0.00	975	0.00
Advertising	235	0.00	-	0.00
Repairs and maintenance	217	0.00	-	0.00
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 4,949,954</u>	<u>11.11</u>	<u>\$ 5,565,439</u>	<u>15.53</u>

See independent accountants' review report.



DIGESARE MECHANICAL, INC.
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT IV - SCHEDULE OF CONTRACTS COMPLETED (2022)

Construction Project	Contract Totals			Before July 1, 2021			Year Ended June 30, 2022		
	Revenues Earned	Cost of Revenues	Gross Profit (Loss)	Revenues Earned	Cost of Revenues	Gross Profit (Loss)	Revenues Earned	Cost of Revenues	Gross Profit (Loss)
Fire Pumps & House Tanks	\$ 1,325,301	\$ 1,477,246	\$ (151,945)	\$ 1,325,301	\$ 1,471,956	\$ (146,655)	\$ -	\$ 5,290	\$ (5,290)
North Colonie CSD Plumbing	2,887,579	2,310,712	576,867	2,887,579	2,302,126	585,453	-	3,586	(8,586)
LAKE PLACID CSD HVAC	3,404,989	3,007,537	397,452	3,399,000	2,763,628	635,372	5,989	243,909	(237,920)
SUNY Albany Bldg Z7 Renovation	5,317,455	4,672,095	645,360	5,317,455	4,672,095	645,360	-	-	-
DASNY JOC RC Ward AHU Bldg 92	287,862	201,394	86,468	287,862	196,268	91,594	-	5,126	(5,126)
NYS OGS Provide Concrete Repairs	31,941	22,437	9,504	28,046	22,437	5,609	3,895	-	3,895
Shen H.S. East Plumbing	853,558	737,595	117,963	853,558	728,997	124,561	-	6,598	(8,598)
Albany VAMC-Renovate SPS	2,100,707	1,788,598	312,109	1,896,625	1,795,703	100,922	204,082	(7,105)	211,187
Herkimer County Correctional Plumbin	2,918,447	2,160,414	758,033	2,918,447	2,660,519	257,928	-	(105)	105
J1388 OGS BF Prax Executive Mansion	129,359	68,254	61,105	109,711	47,947	61,764	19,648	20,307	(699)
Guideland Public Library	244,826	228,856	15,970	238,753	219,745	19,008	5,073	9,111	(3,038)
DASNY JOC AHU A1-1 RC Ward	266,045	216,035	48,010	130,451	107,688	22,763	134,594	108,347	26,247
Mohawk Golf Club Boiler Rm Repairs	9,940	7,016	2,924	-	-	-	9,940	7,018	2,922
Beme Knox Wasteco Plumbing	677,640	491,514	186,126	676,817	472,885	203,932	823	18,629	(17,806)
J1319 OGS ADIRONDACK CF HEAT EXCH	205,191	257,538	(52,347)	174,506	257,538	(83,032)	30,685	-	30,685
Dutchess CC Airport ED Bldg	1,371,389	1,113,615	257,774	1,358,687	1,076,327	280,140	14,722	37,088	(22,366)
NYS OGS DOT Region 1 HVAC System	938,801	776,782	162,009	440,485	401,870	38,625	498,306	374,922	123,384
SUNY Cobleskill Dix Hall Ventilation	663,994	443,108	220,886	19,585	16,082	3,503	73,193	55,696	17,497
Catskill CSD PH 1	124,900	103,543	21,357	406,899	347,771	59,128	124,900	103,543	21,357
Troy Parking Garage	55,104	40,718	14,386	-	-	-	55,104	40,718	14,386
SUNY OGS Oneonta DOT Reg 9	22,000	2,128	19,872	-	-	-	22,000	2,128	19,872
SUNY Morrisville Horse Arena	15,030	8,913	6,117	-	-	-	15,030	8,913	6,117
NYS OGS Mohawk CF Emergency	276,517	185,220	91,297	178,282	138,633	39,649	98,235	46,587	51,648
DASNY JOC AHU A1-4 RC Ward*	1,895,769	1,996,779	(97,670)	1,891,706	1,785,845	105,861	6,463	189,934	(183,471)
NYS OGS SOB #4 PLBG	9,411,528	8,733,720	677,808	9,213,854	7,911,442	1,302,412	197,674	825,278	(624,604)
NYS OGS SOB #4 HVAC	500,000	6,000	494,000	7,059	6,000	1,059	492,941	-	492,941
NYS OGS JOC Area 4 45574-H	318,276	410,727	(92,451)	318,276	410,227	(91,951)	-	500	(500)
DASNY JOC SUNY New Paltz Bouton Hall	709,807	694,288	15,519	709,807	639,011	70,796	-	5,277	(5,277)
DASNY JOC SUNY New Paltz Bouton Hall	1,121,671	985,310	136,361	1,112,687	957,287	155,400	8,974	28,013	(19,039)
SCHDY CSD Martin Luther King School	964,457	840,315	124,142	548,589	484,379	64,210	415,868	345,936	69,932
East Greenbush CSD PLBG									
TOTALS	\$ 39,165,961	\$ 34,469,195	\$ 4,696,766	\$ 38,460,027	\$ 31,904,616	\$ 4,555,411	\$ 2,715,934	\$ 2,564,570	\$ 151,355

See Independent accountants' review report.



SARATOGA COUNTY

AGENDA ITEM REQUEST FORM

TO: Steve Bulger, County Administrator
Ridge Harris, Deputy County Administrator
Michelle Granger, County Attorney
Therese Connolly, Clerk of the Board
Stephanie Hodgson, Director of Budget

CC: John Warmt, Director of Purchasing
Jason Kemper, Director of Planning and Economic Development
Bridget Rider, Deputy Clerk of the Board
Matt Rose, Management Analyst
Audra Hedden, County Administrator's Office

DEPARTMENT: Department of Public Works

DATE: 10/17/23

COMMITTEE: Buildings & Grounds

1. Is a Resolution Required:

Yes, Contract Renewal

2. Proposed Resolution Title:

Authorizing a 3-year lease renewal with a 2-year extension option with Railroad Place Partners, LP for lease of space for Judge Freestone's chambers in the City of Saratoga Springs.

3. Specific Details on what the resolution will authorize:

Authorizing a 3-year lease renewal with a 2-year extension option with Railroad Place Partners, LP for lease of space for Judge Freestone's chambers in the City of Saratoga Springs.

Terms are as follows:

1/1/24-12/31/26: \$4,000/month

1/1/27-12/31/28: \$4,200/month

Space is 2,134 square feet

This column must be completed prior to submission of the request.

County Attorney's Office
Consulted Yes

4. Is a Budget Amendment needed: YES or NO
If yes, budget lines and impact must be provided.
Any budget amendments must have equal and offsetting entries.

County Administrator's Office
Consulted

- Please see attachments for impacted budget lines.
(Use ONLY when more than four lines are impacted.)

Revenue

Account Number	Account Name	Amount
----------------	--------------	--------

Expense

Account Number	Account Name	Amount
----------------	--------------	--------

Fund Balance (if applicable): (Increase = additional revenue, Decrease = additional expenses)

Amount:

5. Identify Budget Impact (**Required**):

- a. G/L line impacted
- b. Budget year impacted
- c. Details

6. Are there Amendments to the Compensation Schedule?

YES or NO (If yes, provide details)

a. Is a new position being created? Y N

Effective date

Salary and grade

b. Is a new employee being hired? Y N

Effective date of employment

Salary and grade

Appointed position:

Term

c. Is this a reclassification? Y N

Is this position currently vacant? Y N

Is this position in the current year compensation plan? Y N

7. Does this item require the awarding of a contract: Y N

a. Type of Solicitation

b. Specification # (BID/RFP/RFQ/OTHER CONTRACT #)

c. If a sole source, appropriate documentation, including an updated letter, has been submitted and approved by Purchasing Department? Y N N/A

d. Vendor information (including contact name):

e. Is the vendor/contractor an LLC, PLLC, or partnership:

f. State of vendor/contractor organization:

g. Commencement date of contract term:

h. Termination of contract date:

i. Contract renewal date and term:

k. Is this a renewal agreement: Y N

l. Vendor/Contractor comment/remarks:

Human Resources Consulted

Purchasing Office Consulted

County Administrator's Office
Consulted

8. Is a grant being accepted: YES or NO

- a. Source of grant funding:
- b. Agency granting funds:
- c. Amount of grant:
- d. Purpose grant will be used for:
- e. Equipment and/or services being purchased with the grant:
- f. Time period grant covers:
- g. Amount of county matching funds:
- h. Administrative fee to County:

9. Supporting Documentation:

- Marked-up previous resolution
- No Markup, per consultation with County Attorney
- Information summary memo
- Copy of proposal or estimate
- Copy of grant award notification and information
- Other draft lease

10. Remarks:

The expiring lease terms for the same space is \$3,800 per month. Note that the County shares this space with NYS Office of Court Administration. DPW invoices OCA monthly for half of our rent expenses.

LEASE RENEWAL

AGREEMENT OF LEASE RENEWAL, made as of day of , 2023, between **RAILROAD PLACE PARTNERS, L.P.**, a New York Company with a principal place of business at 60 Railroad Place, Saratoga Springs, New York 12866, hereinafter called the "Landlord", and the **COUNTY OF SARATOGA**, A New York Municipality, having an address of 40 McMaster Street, Ballston Spa, NY 12020, hereinafter called the "Tenant".

WITNESSETH:

NOW, THEREFORE, the parties hereto, for themselves, their successors, and assigns, hereby covenant as follows:

ARTICLE 1: Agreement

The landlord hereby leases to, and the Tenant hereby leases from the Landlord the Premises (defined hereinafter) described herein according to the terms and conditions of this Lease.

ARTICLE 2: Premises

2.1 The premises consists of approximately 2,134 rentable square feet of space is known as Suite 100 (the "Premises") in building (the "Building") located at property commonly known as 60 Railroad Place, Saratoga Springs, New York 12866, which property is more particularly described in the attached Exhibit A.

2.2 At Tenant's option, Landlord will at its sole cost and expense provide Tenant with both common area interior and exterior signage at the Building. Such signage will be consistent with the existing Building signs in design, size, and placement. Landlord is permitted, from time to time, to change the design, size and placement of such signs as seen fit for aesthetic purposes.

ARTICLE 3: Term and Renewal

3.1 The Term of this Renewal shall commence on January 1, 2024 (the "Commencement Date") and expire on December 31, 2026 (the "Expiration Date").

3.2 Tenant is hereby granted the option to extend the term of this Lease for one (1) successive period of two (2) years, following the initial Renewal term, upon condition that at the date of exercise, with respect thereto, and at the date of commencement of such Renewal Term, there is no default by Tenant in the performance of any of its obligations under this Lease. The Renewal term shall be upon the same terms and conditions as provided in the Lease renewal for the Initial Term except that there shall be no privilege to extend the term of the lease for any period beyond the expiration of the Renewal Term. Tenant, if it elects to exercise its option to renew, shall do so by irrevocable written notice to Landlord, at least one hundred twenty (120) days prior to the

date of expiration of the Initial Term. Upon such exercise this Lease shall be deemed to be extended without the execution of any further lease or other instrument.

ARTICLE 4: Base Rent

4.1 The Tenant shall pay monthly rent (“Monthly Base Rent”) to the Landlord throughout the Term of this Lease according to the following schedule:

January 1, 2024-December 31, 2026: \$22.49/SF; \$48,000/Year; \$4,000/Month

Monthly Base rent will be paid in advance on or before the first day of each calendar month. If the Commencement Date is on a day other than the first day of a calendar month or if the Lease Termination Date is a day other than the last day of a calendar month, then Monthly Base Rent will be appropriately prorated based on the actual number of calendar days in such month. Monthly Base Rent will be paid to Landlord, without written notice or demand, and without deduction or offset (other than deductions or offsets expressly permitted herein), in lawful money of the United States of America at Landlord’s address, or to such other address as Landlord may from time to time designate in writing.

4.2 In the event Tenant exercises the option to extend the term of this Lease for an additional period of two (2) years, the Tenant shall pay monthly rent to the Landlord throughout the Renewal Term of this Lease according to the following schedule:

January 1, 2027-December 31, 2028: \$23.62/SF; \$50,400/Year; \$4,200/Month

4.3 Landlord acknowledges that Tenant requires Landlord to submit a duly executed County of Saratoga voucher every month in order for Tenant to process and effect the payment of rent to the Landlord. Landlord agrees to submit a duly executed County of Saratoga County voucher to Tenant on or by the first day of each month during the Term or any Renewal Term of this Lease.

ARTICLE 5: Operating Expenses and Utilities

5.1 Landlord represents and warrants that the Tenant’s proportionate share is 4.12% and is calculated as follows: Tenant’s rentable square footage, 2,134, divided by the total rentable square footage in the Building, 51,766.

5.2 As used in this Lease, the term “Operating Expenses” shall mean Landlord’s reasonable cost of management. Operation and maintenance of the Premises, Building and land upon which the Building is located including the following:

(a) real and, if applicable, personal property taxes and assessments and any tax or assessments levied in lieu of, or in addition to, real property taxes.

(b) the cost of all utility services provided by the Landlord including natural gas, electricity, sewer, water, oil, or other fuel for the Common Areas (defined hereinafter).

(c) janitorial service, waste disposal and recycling costs.

(d) lawn and landscaping service and repairs and maintenance of landscaped areas.

(e) parking lot and sidewalk repairs and maintenance including snow and ice removal, patching, coating, sweeping, and striping.

(f) cleaning, repairs and maintenance of building exteriors and Common Areas of the Building.

(g) repairs and maintenance of all Building mechanical equipment and systems.

(h) repair and maintenance supplies.

(i) property insurance, including fire, casualty, and liability coverage.

(j) property management fee not to exceed 5% of Monthly Base Rent.

5.3 Common Area expenses shall not include:

(a) Expenses for which Landlord is or will be reimbursed by another source (excluding Tenant reimbursement for Common Areas operating costs), including but not limited to repair or replacement of any item covered by warranty

(b) costs incurred to benefit a specific tenant or items and services selectively supplied to any specific tenant

(c) expenses for the defense of the Landlords' title to the property

(d) charitable or political contributions

(e) costs to correct original or latent defects in the design, construction or equipment of the Premises or the Building.

(f) expenses paid directly to any tenant for any reason which Landlord is not obligated to reimburse (such as excessive utility use)

(g) any repair, rebuilding or other work necessitated by condemnation, fire, windstorm, or other insured casualty or hazard;

(h) any expenses incurred as a result of the Landlords' violation of or failure to comply with any governmental regulations and rules or any court order, decree or judgment;

(i) leasing commissions, advertising expenses and other costs incurred in leasing or procuring new tenants;

(j) attorneys' fees, accounting fees and expenditures incurred in connection with tax negotiations, disputes and claims of other tenants and occupants of the Building or with other third parties except as specifically provided in the Lease

(k) cost of initial stock of tools and equipment for operation, repair, and maintenance of the Building

(l) depreciation and amortization of the Building or financing costs, including interest and principal amortization of debts

- (m) rental or ground leases or other underlying leases
- (n) any amounts expended by Landlord to comply with any environmental laws
- (o) costs of new construction and the cost of the initial improvements
- (p) costs of structural repairs to the Building
- (q) replacement of all, or a substantial portion of any of the following:
 - (i) the parking lot
 - (ii) the parking lot lighting system
 - (iii) any utility system servicing the Common Areas
 - (iv) the sewer or drainage systems servicing the Common Areas
- (r) the cost of complying with any law or code existing as of the date of this Lease
- (s) any capital repair or capital improvement
- (t) any repair to any roof (or roof component such as gutters and downspouts) or to any structural component or exterior walls of the building
- (u) the costs for Landlord's office, administrative or overhead expenses, or
- (w) any wages or any employee of Landlord or its affiliate to the extent in excess of such cost if competitively bid (and only to the extent such personnel performed on site maintenance services)

5.4 (a) Landlord shall provide electricity for Tenants' normal electric needs at the Demised Premises and the Landlord represents that the Demised Premises is serviced by a separate electrical meter. Tenant shall pay for all electricity used by it directly to the utility company. The Tenant covenants and agrees that its use of electric current shall not at any time exceed the capacity of existing feeders to the Building or the risers or wiring installation, and the Tenant may not use any electrical equipment which, in Landlord's opinion, reasonably exercised, will overload such installations or interfere with the uses thereof by other tenants of the Building. The use by Tenant of electric service shall in no way make the Landlord liable or responsible to the Tenant for any loss, damages, or expenses which the Tenant may sustain.

(b) Landlord shall furnish hot and cold water for ordinary cleaning, toilet, lavatory and drinking purposes in accordance with standards from time to time prevailing for similar office buildings in the area in which the Building is located. Tenant shall pay all costs necessary to provide hot and cold water in excess of that sufficient for the foregoing purposes.

(c) Landlord shall furnish electrical current in the amount that is suitable for the intended use of the Premises, which includes office equipment typical in an office (e.g., computers, telephones, computer server rack, telephone system, etc.) In the event Tenant requires any extraordinary utility services, including, without limitation, electricity for computer facilities over and above normal usage for a business office, Landlord shall furnish at Tenant's expense,

sub-meters for such extraordinary services and Tenant shall pay the entire cost thereof directly to the utility company.

(d) Tenant shall be responsible for provision of cleaning and janitorial services to the Premises by engaging a cleaning service approved by Landlord, such approval not to unreasonably withheld or denied.

(e) Landlord shall not be liable for the interruption, curtailment, stoppage or suspension of services and utilities to be furnished by Landlord by reason of accident or emergency or suspension of utility services or when necessary for repairs, alterations, replacements, or improvements desirable or when necessary, in the reasonable judgment of Landlord or for any cause beyond the control of Landlord. In the event of any such interruption, curtailment, stoppage or suspension, there shall be no diminution or abatement of Monthly Base Rent or other charges due from Tenant to Landlord hereunder, Tenant's obligations hereunder shall not be affected or reduced, and landlord shall have no responsibility or liability for any such interruption, curtailment, stoppage or suspension; provided, however, that if due to any such loss of utilities or services not caused by Tenant or its officers, employees, agents representatives or invitees, or by workers employed by or at the request of the tenant, the Premises cannot be occupied for the purposes specified in Article 6 for a period in excess of 24 hours in any one instance, Tenant may abate Monthly Base Rent based upon the period for which the Premises could not be occupied. Landlord shall exercise reasonable diligence to restore any services or utilities so interrupted, curtailed, stopped, or suspended.

ARTICLE 6: Use of Premises

6.1 Landlord acknowledges that Tenant has a statutory obligation pursuant to County Law §218 to provide suitable chambers for resident judges of the Supreme Court of the State of New York residing in Saratoga County at Tenant's expense. Landlord further acknowledges that Tenant itself will not be occupying and using the leased Premises, but rather Tenant is renting the space for use as chambers by Supreme Court Justice Dianne N. Freestone, and will be subletting approximately one-half of the leased premises jointly to the New York State Unified Court System, Court of Claims, and the New York State Unified Court System, Fourth Judicial District for use as chambers by Judge Kathleen B. Hogan, who is both a Judge on the Court of Claims and Supervising Judge for the County Courts for the Fourth Judicial District.

6.2 The Tenant will conduct its business and control its employees, agents, and invitees in such a manner as not to create any nuisance or interfere with any other tenant in the Building or the Landlord in its operation of the Building.

6.3 The Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, or which is in excess of that allowed by law. Landlord represents and warrants that the load per square foot designated for the Premises is 100 for live load and 75 for dead load.

ARTICLE 7: Assignment and Subletting

7.1 The Tenant shall not assign, mortgage, or encumber this Lease, nor sublease, nor permit the Premises or any part of the Premises to be used or occupied by others without the prior written consent of the Landlord which shall not be unreasonably withheld, conditioned, or delayed. Landlord acknowledges that the New York State Unified Court system, Fourth Judicial District, are pre-approved subtenants and no further approval is required by Tenant for these subtenants.

7.2 If the Landlord consents to a proposed assignment or sublease, then the Landlord will have the right to require the Tenant to pay to Landlord (a) any rent or other consideration paid to tenant by any proposed transferee that is in excess as the rent allocable to the transferred space then being paid by Tenant to the Landlord pursuant to this Lease; and (b) any other profit or gain (after deducting any necessary expenses incurred) realized by Tenant from any such sublease or assignment.

7.3 The Landlord consents to an assignment of this Lease or sublease of all or part of the Premises to a wholly-owned subsidiary of the Tenant or the parent of the Tenant or to any corporation into or with which the Tenant maybe merged or consolidated; provided that the Tenant promptly provides the Landlord with a fully executed copy of such assignment or sublease and that the Tenant is not released from liability under the Lease.

ARTICLE 8: Compliance with Laws and Insurance Requirements

8.1 At its sole cost and expense, Tenant will promptly comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or in force after the Commencement Date and with the requirements of any board of fire underwriters or other similar body constituted now or after the date (collectively, "Compliance Requirements"), insofar as they relate to the Tenant's particular use or occupancy of the Premises.

Notwithstanding the foregoing, the Tenant shall not be required to perform or pay for work required to comply with the Compliance Requirements where such work: (a) is required as a result of the Landlord's failure to comply with such Compliance Requirements, or (b) is not a result of Tenant's particular use or occupancy of the Premises, or (c) involves structural alterations at the Premises or Building, or (d) is otherwise the responsibility of the Landlord pursuant to the terms of this lease.

8.2 (a) Tenant will cause or permit the storage, use, generation, or disposition of any hazardous materials in, on, or about the Premises by Tenant, its agents, employees, or contractors. Tenant will not permit the Premises to be used or operated in a manner that may cause the Premises to be contaminated by any hazardous materials in violation of any hazardous materials laws.

(b) For purposes of this Lease "hazardous materials" means any explosives, radioactive materials, hazardous wastes, or hazardous substances, as defined by federal, state or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning hazardous materials, waste, or substances now or at any time hereafter in effect (collectively, "Hazardous Materials Laws").

8.3 Tenant will not do or permit to be done anything upon the Premises or the Building which would (a) jeopardize or be in conflict with fire insurance policies covering the Building and fixtures and property in the Building; (b) increase the rate of fire insurance applicable to the Building to an amount higher than it otherwise would be for general office use of the Building; or (c) subject Landlord to any liability or responsibility for injury to any other person or persons or to property by reason of any business or operation being carried on upon the Premises.

ARTICLE 9: Tenant's Care of the Premises

Tenant will maintain the interior portions of Premises in their condition at the time they were delivered to Tenant, reasonable wear and tear excluded, and shall, at the Tenant's sole cost and expense, make all necessary repairs to such Portions of the Premises. All other maintenance, repairs, and if necessary, replacements of the Building of which the Premises forms a part, including, without limitation, maintenance, repairs, and replacements to the electrical, plumbing, and HVAC systems located therein, shall be the responsibility of the Landlord at its sole cost and expense, excepting only repairs including structural repairs necessitated by the negligence of the Tenant, its agents, employees, vendor, invites or business associates, which items shall be repaired as speedily as possible by the Tenant at the Tenant's own cost and expense. Landlord shall replace any and all broken glass in and about the Building (except broken glass in the interior of the Premises, which will be replaced by the Tenant). Notwithstanding the foregoing, the Landlord hereby releases the Tenant, its agents, officers and employees, and any other person for whom the Tenant is legally responsible from any liability or claim that may be made by the Landlord against the Tenant under the provisions of this Lease with respect to such loss to the extent of the lesser of : (a) the amount, if any, by which such loss exceeds the amount of insurance the Tenant is required to maintain under the terms of this Lease or actually maintains, whichever is greater; and (b) the proceeds actually paid to the Landlord with respect to such loss under the policies of insurance maintained by the Landlord or which would have been paid if Landlord had maintained the insurance required under this Lease and had diligently processed any claims thereunder.

ARTICLE 10: Alterations

During the Term, Tenant will not make, or allow to be made any alterations, additions, or improvements to or of the Premises or any part of the Premises, or attach any fixtures or equipment to the Premises, except for those enumerated in Exhibit C, without first obtaining Landlord's written consent which will not be unreasonably withheld or delayed. All such alterations, additions, and improvements consented by the Landlord, will be made in a good and workmanlike manner, and will be performed by contractors approved by the Landlord and subject to conditions specified by the Landlord.

ARTICLE 11: Rules and Regulations

The Tenant, its employees, agents licensee, and visitors will at all times observe faithfully, and comply strictly with, the rules and regulations set forth in Exhibit B. Landlord may from time to time reasonably amend, delete, or modify existing rules and regulations, or

adopt reasonable new rules and regulations for the use, safety, cleanliness and care of the Premises, the Building, and the comfort, quiet, and convenience of occupants of the Building.

ARTICLE 12: Quiet Enjoyment

Landlord covenants and agrees that so long as Tenant pays rent and observes and performs all the terms and condition of this Lease, the Tenant and its subtenants may peaceably and quietly enjoy the Premises subject to the terms and conditions of this Lease, and Tenant's possession will not be disturbed by the Landlord or anyone claiming by, through, or under the Landlord.

ARTICLE 13: Subordination and Non-Disturbance

13.1 This Lease and the Tenant's rights under this Lease are subject and subordinate to any ground or underlying lease, mortgage, indenture, deed of trust, or other lien encumbrance (each a "superior Lien"), together with any renewals, extensions, modifications, consolidations, and replacements of such superior lien, now or after the date placed, charged and enforced against the land or the Building. This provision will be self-operative, and no further instrument of subordination will be required in order to effect it. In the event a current or future mortgage holder requires a separate subordination agreement to be executed, the Tenant will, upon Landlord's request, execute same promptly provided that the terms of such subordination agreement are reasonably acceptable to Tenant.

13.2 Tenant will, upon request of any person or party succeeding to the interest of Landlord, automatically become the Tenant of and attorney to such successor in interest without change in the terms or provisions of this Lease.

13.3 As long as the Tenant is in compliance with the terms of this Lease and is not in default in the performance of its obligations under the Lease, the Tenant's use and possession of the Premises shall not be disturbed nor will the Lease be terminated by any person or party succeeding to the Landlords' interest.

ARTICLE 14: End of Term

At the need of this Lease, Tenant will act to ensure that its Subtenants promptly quit and surrender the Premises in broom clean in good order and condition, reasonable wear and tear and damage by the elements and casualty excepted. The Tenant will remove any remaining trade fixtures, equipment, and furniture of its Subtenants and will fully repair any damage occasioned by the removal of any trade fixtures, equipment, or furniture. All trade fixtures, equipment or furniture, inventory, and effects, on the Premises after the end of the Term will be deemed conclusively to have been abandoned and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without written notice to Tenant or to any other person and without obligation to account for them. Tenant will pay Landlord for all expenses incurred in connection with the removal of such property, including, but not limited to the cost of repairing any damage to the Building or Premises caused by the removal of such property. Tenant's obligation to observe and perform this covenant will survive the expiration or other termination of this Lease.

ARTICLE 15: Landlord's Services

15.1 The Landlord will repair and maintain, at Landlord's cost, the Common Areas (as such term is defined in Article 17 below) of the Building, including, but not limited to, lobbies, corridors, elevator cabs, stairwells and restrooms, the exterior of the windows in the Building, the mechanical, plumbing and electrical equipment serving the Building, and the sidewalks, parking lots, landscaping, grounds and structure of the Building in reasonably good order and condition. Landlord shall keep sidewalks and parking lots free from rubbish, ice, and snow. Landlord's repair and maintenance of the Common Areas shall be consistent with similar buildings in the Saratoga Springs, New York area.

15.2 Landlord shall wash the windows of the Premises at intervals reasonably established by Landlord but at least one (1) time per calendar year.

15.3 Landlord shall replace all lamps, bulbs, starters, and ballasts in Building standard lighting as required from time to time as a result of normal usage. Lighting replacement shall be done during business hours.

15.4 Landlord shall provide automatic elevator service twenty-four (24) hours per day, seven (7) days per week, except in the event of an emergency or during scheduled maintenance of the same, of which Tenant shall be notified in advance.

15.5 The Landlord will furnish the Premises with those services customarily provided in comparable office buildings in the vicinity of the Building, including (1) Heating, ventilation and air conditioning between the hours of 8:00 a.m. and 6:00 p.m. Monday through Friday and 9:00 a.m. through 1:00 p.m. on Saturday of each week except on legal holidays utilizing an overall system that will be capable of maintaining (in areas of the Premises), during the cooling season, inside space conditions of 70° to 72° and during the heating season, 68° to 70°F; (2) hot and cold water in the Premises and Common Areas for lavatory and drinking purposes and (3) sewer services. Landlord may provide but will not be obligated to provide, any such services on holidays and Sundays.

15.6 The term "business hours" means 7:00 a.m. to 6:00 p.m. on Monday through Thursday except the holidays (as that term is defined below), and 7:00 a.m. to 5:00 p.m. Friday's, except holidays. The term "Holiday" is defined as United States Bank Holiday's as published each year by the United States Federal reserve. Landlord will issue to Tenant, at no initial cost to Tenant, key fobs to each individual working in the premises on a fulltime basis for access to the Building outside of business hours as defined above. Landlord is not responsible for lost and/or stolen fob keys and will replace lost and/or stolen key fobs for a charge of \$10.00 per key fob.

15.7 The Landlord's services herein to be provided contemplate the uses customary and usual in the conduct of a general business office operation. Specialized or extraordinary requirements exceeding such normal services are not included.

ARTICLE 16: Common Areas

As used in this Lease, the term "Common Areas" means, without limitations, the lobbies, corridors, elevator cabs, hallways, entryways, stairs, elevators, driveways, walkways, terraces, docks, loading areas, restrooms, trash facilities, and all other areas and facilities in the Building or land that are provided and designated from time to time by the Landlord for the general nonexclusive use and convenience of Tenant with Landlord and other tenants of the Building or land and their respective employees, invitees, licensees, or other visitors. The Landlord grants the Tenant, its Subtenants, employees, invitees, licensees, and other visitors nonexclusive license for the Term to use the Common Areas in common with others entitled to use the Common Areas, subject to the terms and conditions of this Lease. Without advance written notice to the Tenant, and without any liability to Tenant in any respect, provided Landlord will take no action permitted under this Article 17 in such a manner as to materially impair or adversely affect Tenant's benefit, use and enjoyment of the Premises, Landlord will have a right to:

- (a) Temporarily close any of the Common Areas for maintenance, alteration, or improvement purposes; and
- (b) Change the size, use, shape, or nature of any such Common Areas.

ARTICLE 17: Parking

17.1 Tenant will be entitled to use its proportionate share of the parking spaces around the Building or in the land in common with the other tenants during the Term subject to the rules and regulations set forth on Exhibit B, and any amendments or additions to them. The parking spaces set for their Exhibit C will be made available on a first-Come first-serve basis and will be unassigned, non-reserved, and non-designated, except for those spaces which have been designated exclusively as "Visitor Parking", "Handicap Parking". The parking spaces set forth in Exhibit C1 will be assigned, reserved, and designated for the exclusive use of the Tenant, and in particular Judges Dianne Freestone and Kathleen Hogan. Tenant's said parking spaces set forth in Exhibit C1 are labeled as parking spaces 5 and 17. The Tenant uses the parking spaces at its own risk, and the Landlord will not be liable for loss or damage to any vehicle or any contents of such vehicle or accessories to any such vehicle, or any property left in any of the parking areas.

17.2 Landlord will issue to Tenant, for use by its Subtenants and at no initial expense to Tenant, parking permits for those employees working in the Building on a full-time basis and two (2) overhead door openers. The parking permits shall be made visible from the rear view mirror of each vehicle. Tenant and Subtenant vehicles parking in the spaces labeled "Permit Parking Only" as shown on Exhibit C and described above must have a parking permit visible at all times the vehicle is parked in the lot and must park vehicle head-in. Tenant is aware that the parking lots are patrolled regularly 24/7 and non-compliant vehicles are towed at the owner's expense. Tenant is to instruct visitors, customers, and clients as well as vendors (collectively "Visitors") of the parking rules and regulations. In the event that no "Visitors" spaces are available, Tenant may issue to its Visitors a temporary day pass which permits such vehicle to park in the permitted areas on Exhibit C (a "Temporary Day Pass"). A Temporary Day Pass must indicate the Tenant's name and the date and be displayed from the vehicles rearview mirror. The Temporary Day Pass is only valid for the date written. Vehicles displaying an expired Day Pass are subject to being towed. The overhead door opener is made available by Landlord for Tenant's

use to access the parking spaces as shown in Exhibit C1 and described above. Landlord is not responsible for lost or stolen parking permits and/or overhead door openers. Parking permits and/or overhead door openers lost or stolen will be replaced by Landlord at a cost to Tenant of \$50.00 per parking permit and \$150.00 per overhead door opener. Landlord reserves the right to deny Tenant's request for re-issuance of parking permits and/or overhead door openers if Landlord deems Tenant to not be acting in good faith in such request; such right not be unreasonably enacted by Landlord. Tenant will advise its Subtenants that said Subtenant shall be subject to the provisions of this Paragraph and shall have the rights and obligations enumerated for Tenant herein.

ARTICLE 18: Entry by Landlord

Landlord, its agents, employees, and contractors may enter the Premises: (1) at any time in response to an emergency; or (2) with reasonable notice (but in no event less than twenty-four (24) hours' notice) otherwise to:

- (a) Inspect the Premises;
- (b) Exhibit the Premises to prospective purchasers, lenders, or tenants (if within the last six (6) months of the Term);
- (c) Determine whether the Tenant is complying with all its obligations under this Lease;
- (d) Supply cleaning service and any other service to be provided by Landlord to Tenant according to this Lease; or
- (e) Make repairs required of Landlord under the terms of this Lease or make repairs to any adjoining space or utility services or make repairs, alterations, or improvements to any other portion of the Building.

Except in the case of emergency, Landlord shall provide seventy-two (72) hours' notice prior to a planned interruption in electrical, communication, water, or HVAC service.

Any permitted entrance and all such work pursuant to this Article will be done as promptly as reasonable possible so as to cause as little interference to Tenant as reasonably possible.

ARTICLE 19: Insurance

19.1 At all times during the Term, Landlord will carry and maintain:

- (a) Fire and extended coverage insurance covering the Building, its equipment, Common Area furnishings, and leasehold improvements in the Premises;
- (b) Bodily injury and property damage insurance at full replacement cost; and
- (c) Such other insurance as Landlord reasonably determines from time to time.

These insurance coverages and amounts will be reasonably determined by Landlord, based on coverages carried by prudent owners of comparable buildings in the vicinity of the Building.

19.2 At all times during the Term, Tenant will carry and maintain, at Tenant's expense, the following insurance, in the amounts specified below or such other amounts as Landlord may

from time-to-time reasonably request, with insurance companies and on forms satisfactory to Landlord:

- (a) Bodily injury and property damage liability insurance, with a combined single occurrence limit of not less than \$1,000,000. All such insurance will be equivalent to coverage offered by a commercial general liability form, including without limitation personal injury and contractual liability coverage for the performance by Tenant of the indemnity agreements set forth in Article 21 of this lease; and
- (b) Worker's Compensation Insurance satisfying Tenant's obligations and liabilities under the worker's compensation laws of the State of New York, including employers' liability insurance in the limits required by the laws of the State of New York.

19.3 Certificate of insurance, naming the Landlord as additional insured, will be delivered to the Landlord prior to the Tenant's occupancy of the Premises. All commercial general liability or comparable policies maintained by Tenant will name Landlord as additional insured. All commercial general liability and property policies maintained by Tenant will be written as primary policies, not contributing with and not supplemental to the coverage that the Landlord may carry.

19.4 The Landlord (and its affiliates, property managers and mortgagees) and Tenant (and its affiliates) each waive any and all rights to recover against the other or against the officers, directors, shareholders, partners, employees, agents, customers, invitees, or business visitors of such other party, for any loss or damage to such waiving party and its property, the Premises, its contents, or other portions of the Building or Common Areas arising from any cause covered by any property insurance required to be carried by such party pursuant to this Article 20 or any other property insurance actually carried by such party to the extent of the limits of such party. The special form coverage insurance policies and worker's compensation insurance policies maintained by Landlord and Tenant as provided in this Lease shall include an endorsement containing an express waiver of any rights of subrogation by the insurance company against Landlord and Tenant, as applicable.

ARTICLE 20: Indemnification

Except for any injury or damage to persons or property on the Premises that is caused by or results from the negligence or deliberate act of Landlord or Tenant, its employees, or agents, and subject to the provisions of Paragraph 20.4, Tenant/Landlord will not hold each other, its employees, or agents liable for, and Tenant and Landlord will indemnify and hold harmless each other, its employees, and agents from and against, any and all demands, claims, causes of action, fines, penalties, damages (including consequential damages), liabilities, judgment, and expenses (including without limitation reasonable attorney's fees) incurred in connection with or arising from:

- (a) The use or occupancy or manner of use or occupancy of the Premises by Tenant/Landlord or any person claiming under Tenant/Landlord;
- (b) Any activity, work, or thing done or permitted by Tenant/Landlord in or about the Premises, the Building, or on the land on which the Building is situated.

- (c) Any breach by Tenant/Landlord or its employees, agents, contractors, or invitees of this Lease; and
- (d) Any injury or damage to the person, property or business of Tenant/Landlord, its employees, agents' contractors, or invitees entering upon the premises under the express or implied invitation of Tenant/Landlord.

ARTICLE 21: Damage and Destruction

21.1 If the Premises or the Building are damaged by fire or other insured casualty, Landlord will give Tenant written notice of the time which will be needed to repair such damage, as determined by Landlord in its reasonable discretion, and the election (if any) which Landlord has made according to Article 21. Such notice will be given before the 30th day (the "notice date") after the fire or other insured casualty.

21.2 If the Premises or Building are damaged by fire or other insured casualty to an extent which may be repaired within 120 days after the notice date, as reasonably determined by Landlord, Landlord will promptly begin to repair the damage after the notice date and will diligently pursue the completion of such repair. In that event this Lease will continue in full force and effect except that Monthly Base Rent and Additional Rent will be abated on a pro rate basis from the date of the damage until the date of completion of such repairs (the "repair period") based on the proportion of the rentable area of the Premises Tenant is unable to use during the repair period.

21.3 If the Premises or Building are damaged by fire or other insured casualty to an extent that may not be repaired within 120 days after the notice date, as reasonably determined by Landlord, then (1) Landlord may cancel this Lease as of the date of such damage by written notice given to Tenant on or before the notice date, or (2) Tenant may cancel this Lease as of the date of such damage by written notice given to Landlord within 10 days after Landlord's delivery of a written notice that the repairs cannot be made within such 120 day period. If neither Landlord nor Tenant so elects to cancel this Lease, Landlord will diligently proceed to repair the Building and Premises and Monthly Base Rent and Additional Rent will be abated on a pro rate basis during the repair period based on the proportion of the rentable area of the Premises Tenant is unable to use during the repair period.

21.4 Notwithstanding the provisions of Subparagraphs 22.1, 22.2, and 22.3 above, if the Premises or the Building are damaged by uninsured casualty, or if the proceeds of insurance are insufficient to pay for the repair of any damage to the Premises or the Building, Landlord will have the option to repair such damage or cancel this Lease as of the date of such casualty by written notice to Tenant on or before the notice date.

21.5 If any such damage by fire or other casualty is the result of the willful conduct or negligence or failure to act of Tenant, its agents, contractors, employees or invitees, there will be no abatement of monthly rent as otherwise provided for in this Article 21. Tenant will have no rights to terminate this lease on account of any damage to the Premises or the Building, except as set forth in this Lease.

ARTICLE 22: Eminent Domain

If all of the Premises are taken by exercise of the power of eminent domain (or conveyed by Landlord in lieu of such exercise) this Lease will terminate on a date (the "termination date") which is the earlier of the date upon which the condemning authority takes possession of the Premises or the date on which title to the Premises is vested in the condemning authority. If 25 % or more of the rentable area of the Premises is so taken, Tenant will have the right to cancel this Lease by written notice to Landlord given within 20 days after the termination date. If less than 25% of the rentable area of the Premises is so taken, or if the Tenant does not cancel this Lease according to the preceding sentence, the Monthly Base Rent and Additional Rent will be abated in the proportion of the rentable area of the Premises so taken to the rentable area of the Premises immediately before such taking, and Tenant's share will be appropriately recalculated. If 25% or more of the Building is so taken, Landlord may cancel this Lease by written notice to Tenant given within 30 days after the termination date. In the event of any such taking, the entire award will be paid to Landlord and Tenant will have no right or claim to any part of such award; however, Tenant will have the right to assert a claim against the condemning authority in a separate action, so long as the Landlord's award is not otherwise reduced, for Tenant's moving expenses and leasehold improvements owned by Tenant.

ARTICLE 23: Default

23.1 The following events are referred to, collectively, as "events of default" or, individually as an "Event of Default":

(a) Tenant defaults in the due and punctual payment of rent, and such default continues for 10 days after written notice from Landlord; however, Tenant will not be entitled to more than 1 written notice for monetary defaults during any 12-month period, and if after such written notice any rent is not paid when due, an Event of Default will be considered to have occurred without further notice;

(b) This Lease or the Premises or any part of the Premises are taken upon execution or by other process of law directed against Tenant, or are taken upon or subject to any attachment is not discharged or disposed of within 30 days after its levy;

(c) Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or admits the material allegations of any such petition by answer or otherwise, or is dissolved or makes an assignment for the benefit of creditors;

(d) Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant are instituted against Tenant, or a receiver or trustee is appointed for all or substantially all of the property of the Tenant, and such proceeding is not dismissed, or such receivership or trusteeship vacated within 60 days after such institution or appointment;

(e) Tenant breaches any of the other agreements, terms, covenants, or conditions that this Lease requires Tenant to perform, and such breach continues for a period of 30 days after written notice from Landlord to Tenant or, if such breach cannot be cured reasonably within such 30 day period, if Tenant fails to diligently commence to cure such breach within 30 days after written notice from Landlord and to compete such cure within a reasonable time thereafter.

23.2 If any one or more Events of Default set forth in Subparagraph 24.1 occur then Landlord has the right, at its election:

- (a) To give Tenant written notice of Landlord's intention to terminate this Lease on the earliest date permitted by law or on any after date specified in such notice, in which case Tenant's right to possession of the Premises will cease and this Lease will be terminated, except as to Tenant's liability;
- (b) Without further demand or notice, to reenter and take possession of the Premises or any part of the Premises, repossess the same, expel Tenant and those claiming through or under Tenant, and remove the effects of both or either, using such force for such purposes as may be necessary without prejudice to any remedies for arrears of monthly rent or other amounts payable under this Lease; or
- (c) Without further demand or notice to cure any event of default and to charge Tenant for the cost of affecting such cure, including without limitation reasonable attorneys' fees.

23.3 In addition to Landlord's remedies pursuant to Subparagraph 24.3, Tenant shall pay to Landlord as current liquidated damages the Monthly Base Rent and any other amounts payable hereunder up to the time of termination.

23.4 The Tenant waives any right of redemption arising as a result of the Landlord's exercise of its remedies under this Article 24.

23.5 In the event of any default in the obligation of the Landlord under this Lease, Tenant will deliver to Landlord written notice listing the reasons for Landlord's default and Landlord will have 30 days following receipt of such notice to cure default or, in the event the default cannot reasonably be cured within a 30-day period, to commence action and proceed diligently to cure such default. A copy of such notice to Landlord will be sent to any holder of a mortgage or other encumbrance on the Building of which Tenant has been notified in writing, any such holder will also have the same time periods to cure such default.

ARTICLE 24: Landlord Representations, Warranties and Covenants

24.1 Landlord represents warrants and covenants that:

- (a) Landlord owns fee simple title to the Building, the Premises, and the land on which it sits;
- (b) Landlord has the full right, power, and authority to lease the Premises to Tenant as provided in this Lease without any need for obtaining any consents or approvals from any party, including, without limitation, any mortgagees or other entities;
- (c) This Lease and all documents to be executed pursuant hereto by Landlord are binding upon and enforceable against Landlord in accordance with their respective terms;
- (d) The transaction contemplated hereby will not result in a breach of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, or other agreement to which Landlord or the Premises or the Building is subject or by which Landlord or the Premises or the Building is bound;
- (e) Landlord represents and warrants that the Premises and Building are zoned for Tenant's intended uses thereof; and

- (f) The Building and the Premises are currently in compliance with all applicable, laws, rules, statutes, codes, rules, regulations, and the like, including, without limitation, the Americans with Disabilities Act of 1990, as amended.

ARTICLE 25: Miscellaneous

25.1 The waiver by Landlord of any agreement, condition or provision contained in this Lease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Lease, nor will any custom or practice that may grow up between the parties in the administration of the terms of this Lease be construed to waive or to lessen the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms of this Lease. The subsequent acceptance of rent by Landlord will not be deemed to be a waiver of any preceding breach by Tenant or any agreements, condition, or provision of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

25.2 Tenant shall not permit any mechanic's or other lien or charge to be files against the Premises or the Building by reason of any act or omission of Tenant or anyone holding the Premises through or under Tenant. If any such mechanic's or other lien or charge shall at any time be filed against the Premises or Building, Tenant shall immediately cause the same to be discharged of record, in default of which Landlord may, on fifteen (15) days' prior written notice to Tenant, discharge the same, and all reasonable costs and expenses, including attorneys' fees, incurred by Landlord in procuring such discharge shall be payable by Tenant to Landlord as Additional Rent upon demand.

25.3 Tenant shall, upon thirty (30) days prior written request by Landlord, execute and deliver to Landlord a written declaration: (1) ratifying this Lease; (2) expressing the commencement and termination dates thereof; (3) certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (4) that all conditions under this Lease to be performed by Landlord have been satisfied; (5) that there are no defenses, offsets or counterclaims against the enforcement of this Lease by Landlord, or stating those claimed by Tenant; (6) the amount of advance rental, if any (or none if such is the case) paid by Tenant; (7) the date to which rental has been paid; and (8) the amount of security deposited with Landlord. Such declaration shall be executed and delivered by Tenant from time to time as may be requested by Landlord in writing. Landlord's mortgage lenders and/or purchasers shall be entitled to rely upon same.

25.4 Tenant will have no right to remain in possession of all or any part of the Premises after the expiration of the Term without the express consent of Landlord. If Tenant remains in possession of any or all part of the Premises after the expiration of the Term, without the express consent of Landlord: (a) such tenancy will be deemed to be a periodic tenancy from month-to-month only; (b) such tenancy will not constitute a renewal or extension of this Lease for any further term; and (c) such tenancy may be terminated by Landlord upon the earlier of 30 days prior written notice or the earliest date permitted by law. In such event, Monthly Base Rent will be increased to an amount equal to 150% of the monthly rent payable during the last month of the Term, and any other sums due under this Lease will be payable in the amount and at times

specified in this Lease. Such month-to-month tenancy will be subject to every other term, condition, and covenant contained in this Lease.

25.5 Any notice, request, demand, consent approval, or other communication required or permitted under this Lease must be in writing and will be deemed to have been given when personally delivered, sent by facsimile with receipt acknowledged, sent by email with receipt acknowledged, deposited with any nationally recognized overnight carrier that routinely issues receipts, or deposited in any depository regularly maintained by the United States Postal Service, postage prepaid, certified mail, return receipt requested, addressed to the party for whom it is intended at its address set forth in this Lease. Tenant notice address shall be 40 McMaster Street, Ballston Spa, New York 12020. Either Landlord or Tenant may add additional addresses or change its address for purposes of receipt of any such communication by giving 10 days prior written notice of such change to the other party in the manner prescribed in this Section 25.5.

25.6 If any provision of this Lease proves to be illegal, invalid, or unenforceable, the remainder of this Lease will not be affected by such finding, and in lieu of each provision of this Lease that is illegal, invalid, or unenforceable a provision will be added as part of this Lease as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

25.7 No amendment, alteration, modification of, or addition to the Lease will be valid or binding unless expressed in writing and signed by Landlord and Tenant. Tenant agrees to make any modifications of the terms and provisions of this Lease required or requested by any lending institution providing financing for the Building provided that no such modifications will materially adversely affect Tenant's rights and obligations under this Lease.

25.8 The terms of this Lease are considered confidential and the Tenant shall not disclose any of the terms of this Lease to anyone except that: i) the Tenant shall make those disclosures in financial statements which are customarily made or such disclosures as Tenant may be required to make by perspective creditors of the Tenant, and ii) the Tenant shall be permitted to provide a copy of this Lease to any Subtenant of Tenant.

25.9 This Lease, the exhibits, and addenda, if any, contain the entire agreement between Landlord and Tenant. No promises or representations, except as contained in this Lease, have been made to tenant respecting the condition or the manner of operating the premises or the Building.

25.10 The covenants, conditions, and agreements contained in this Lease will bind and inure to the benefit of Landlord and Tenant and their respective heirs, distributees, executors, administrators, successors, and, except as otherwise provided in this Lease, their assigns.

25.11 Landlord and Tenant represent and warrant to each other that Gerard Wise of Roohan Realty is the only broker associated with this Lease and no payment is due by Landlord to any other broker, agent, or tenant representative.

25.12 Each party shall indemnify the other with respect to the claim of any other broker alleging to have acted on behalf of the indemnifying party.

Landlord and Tenant have executed this Lease as of the day and year first written above.

APPROVED AS TO
FORM AND CONTENT:

COUNTY OF SARATOGA (Tenant)

By: _____
County Attorney

By: _____
Theodore T. Kusnierz, Jr., Chair
Board of Supervisors
Pursuant to Resolution: ____-2023

Date: _____

Railroad Place Partners, L.P., (Landlord)

By: _____

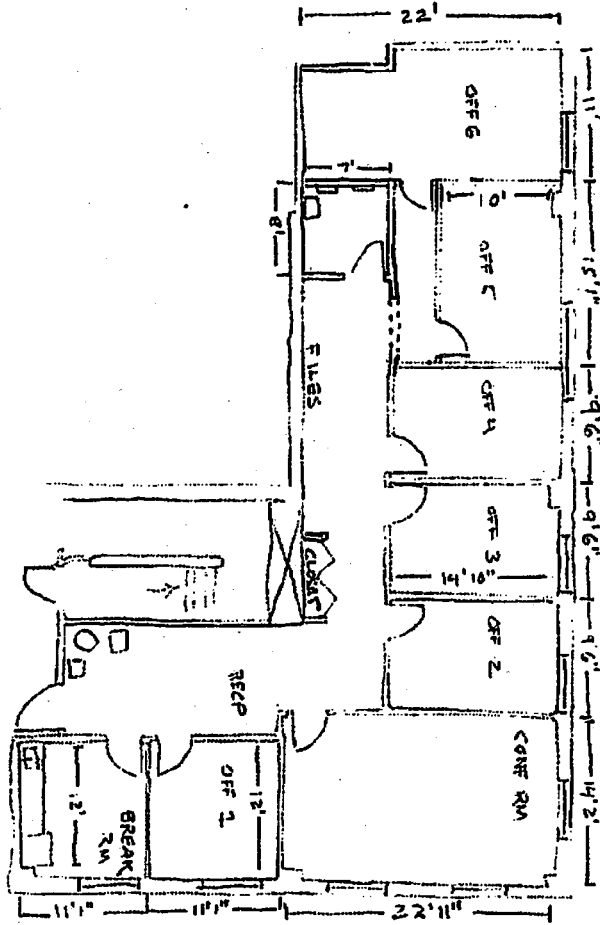
Print Name: _____

Federal I.D. # _____

Date _____

EXHIBIT A

**EXHIBIT A
PREMISES**



FLOOR PLAN
NTS
7/2/2005

EXHIBIT B

EXHIBIT B
RULES AND REGULATIONS

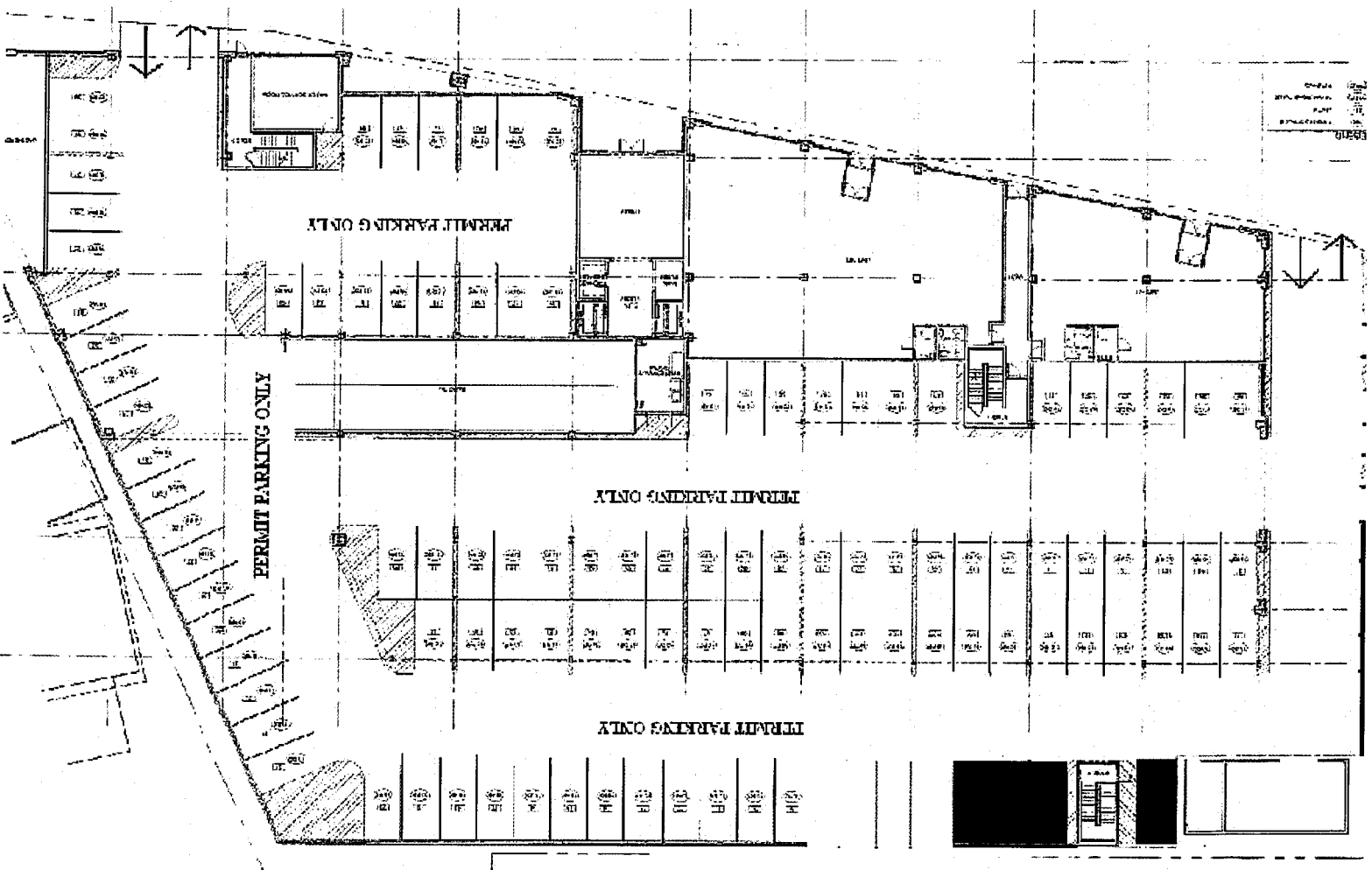
1. The rights of tenants in the entrances, corridors, elevators, and escalators of the Building are limited to ingress to and egress from the tenant's premises for the tenants and their employees, licensees, and invitees, and no tenant shall use, or permit the use of the entrances, corridors, escalators, or elevators for any other purpose. No tenant shall invite to the tenant's premises or permit the visit of persons in such numbers or under such conditions as to interfere with the use and enjoyment of any of the plazas, entrances, corridors, elevators, and other facilities of the Building by other tenants. Fire exits and stairways are for emergency use only, and they shall not be used for any other purpose by the tenants, their employees, licensees, or invitees. No tenant shall encumber or obstruct or permit the encumbrance or obstruction of any of the sidewalks, plazas, entrances, corridors, escalators, elevators, fire exits or stairways of the Building. The Landlord reserves the right to control and operate the public portions of the Building and the public facilities, as well as, facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.
2. The Landlord may refuse admission to the Building outside of ordinary business hours to any person not known to the watchman in charge or not having a pass issued by the Landlord or the tenant whose premises are to be entered or not otherwise properly identified, and may require all persons admitted to or leaving the Building at any time shall in the judgment of the Landlord, be prejudicial to the safety, character, reputation and interests of the Building or its tenants may be denied access to the Building or may be ejected therefrom. In case of invasion, riot, public excitement, or other commotion, the Landlord may prevent all access to the Building during the continuance of the same, by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building. The Landlord may require any person leaving the Building with any package or other object to exhibit a pass from the tenant whose premises the package or object is being removed, but the establishment and enforcement of such requirement shall not impose against the removal of property from the premises of the tenant. The Landlord shall, in no way, be liable to any tenant for damages or loss arising from the admission, exclusion, or ejection of any person to or from the Tenant's premises or the Building under the provisions of this rule. Canvassing, soliciting, or peddling in the Building is prohibited and every tenant shall cooperate to prevent the same.
3. The cost of repairing any damage to the public portions of the Building or other public facilities or to any facilities in common with other tenants, caused by a tenant or the employees, licensees, or invitees of the tenant, shall be paid by such tenant.
4. No lettering, sign, advertisement, notice or object shall be displayed in or on the windows or doors, or on the outside of any tenant's premises, or at any point inside any tenant's premises where the same might be visible outside of such premises, except that the name of the tenant may be displayed on the entrance door of the tenant's premises, and in the elevator lobbies of the floors which are occupied entirely by any tenant, subject to the approval of the Landlord as to the size, color, and style of such display which approval

shall not be unreasonably withheld, delayed, or conditioned. The inscription of the name of the tenant on the door of the tenant's premises shall be done by the tenant at the expense of the tenant. Listing the name of the tenant on the directory boards in the Building shall be done by the Landlord at Landlord's expense, any other listing shall be at the discretion of the Landlord.

5. No awning or other projections over or around the windows shall be installed by any tenant, and only such window blinds as are reasonably permitted by the Landlord shall be used in a tenant's premises. Any floor covering shall be laid in a tenant's premises only in a manner approved by the Landlord.
6. The Landlord shall have the right to prescribe the weight and position of safes and other objects of excessive weight, and no safe or other object whose weight exceeds the lawful load for the area upon which it would stand shall be brought into or kept under a tenant's premises. If, in the judgment of the Landlord, it is necessary to distribute the concentrated weight of heavy objects, the work involved in such distribution shall be done at the expense of the tenant and in such manner as the Landlord shall determine. The moving of safes and other heavy objects shall take place only outside of ordinary business hours upon previous notice to the Landlord, and the persons employed to move the same in and out of the Building shall be reasonably acceptable to the Landlord, and, if so, required by law, shall hold a Master Rigger's license. Freight, furniture, business equipment, merchandise and bulky matter of any description shall be delivered to and removed from the premises only in the freight elevators and through the service entrances and corridors and only during hours and in a manner reasonably approved by the Landlord. Arrangements will be made by the Landlord with any tenant for moving large quantities of furniture and equipment into or out of the Building.
7. No machinery or mechanical equipment, other than ordinary portable business machines, may be installed or operated in any tenants premises without Landlords poor written consent, and in no case (even where the same are of a type so excepted or as so consented to by the Landlord) shall any machines or mechanical equipment be so placed or operated as to disturb other tenants; but machines and mechanical equipment which may be permitted to be installed in a tenant's premises shall be so equipped, installed, and maintained by such tenant as to prevent any disturbing noise, vibration, or electrical or other interference from being transmitted from such premises to any other area of the Building.
8. Nothing shall be done or permitted in any tenant's premises, and nothing shall be brought into or kept in any tenant's premises, which would impair or interfere with any of the Building services or the proper and economic heating, cleaning, or other servicing of the Building or the premises, or the use or enjoyment by any other tenant of any other premises, nor shall there be installed by any tenant any ventilating, air-conditioning, electrical or other equipment of any kind which, in the judgment of the Landlord, might cause any such impairment or interference. No dangerous, inflammable, combustible or explosive object or material shall be brought into the Building by any tenant or with the permission of any tenant.

9. No acids, vapors, or other materials shall be discharged or permitted to be discharged into the water lines, vents or flues of the Building which may damage them. The water and wash costs and other plumbing fixtures in or serving any tenants' premises shall not be used for any purpose other than the purposes for which they were designed or constructed, and no sweepings, rubbish, rags, acids, or other foreign substances shall be deposited therein.
10. No additional locks or bolts of any kind shall be placed upon any of the doors or windows in any tenant's premises, and no lock on any door therein shall be changed or altered in any respect without the written approval of Landlord, not to be unreasonably withheld. Additional keys for a tenant's premises and toilet rooms shall be procured only from the Landlord, which may make a reasonable charge, therefore. Upon the termination of a tenant's lease, all keys of the tenant's premises and toilet room (if locked to public) shall be delivered to the Landlord.
11. All entrance doors in each tenant's premises shall be left closed. Entrance doors shall not be left open at any time.
12. Hand trucks not equipped with rubber tires and side guards shall not be used within the Building.
13. The entire Building including the Demised Premises, and all interior common areas are designated "smoke free" areas such that no smoking of any type will be allowed therein or thereon.
14. The Landlord reserves the right to rescind, alter, or waive any rule or regulation at any time prescribed for the Building when, in its reasonable judgement, it deems it necessary, desirable, or proper for its best interest and for the best interest of the tenants, and no alteration or waiver of any rule or regulation in favor of one tenant shall operate as an alteration or waiver in favor of any other tenant. The Landlord shall not be responsible to any tenant for the non-observance or violation by any other tenant of any of the rules and regulations at any time prescribed for the Building.
15. If in the case of any conflict between the terms of this Exhibit B and the Lease to which it is attached, the terms of the Lease shall control.

EXHIBIT C



DATE: 01/15/00
DRAWN BY: [Illegible]
CHECKED BY: [Illegible]

PERMIT PARKING ONLY

PERMIT PARKING ONLY

PERMIT PARKING ONLY

PERMIT PARKING ONLY

EXHIBIT C1

