

**Final Evaluation
For The
Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20)
Design-Build Project**
(as required by ORS 279C.355)

Project Name: Pioneer Mountain to Eddyville

Exemption Number: 2004-52

Contract Number: C13158, EA #45402002

Key Number: 13225

FAP: NH-OTIA-S033 (021), OTIA III

Design-builder: Yaquina River Constructors, Joint Venture (Granite Construction)

Designer: Subcontractor TY Lin International

Project Description

The Pioneer Mountain to Eddyville, Corvallis – Newport Highway (US 20) design-build Project (“the project”), was planned to replace an undivided, two-lane highway through rolling terrain. Existing Highway grades range from 1 to 4 percent. This highway also has many sharp curves, which restrict the size of commercial trucks allowed to travel US 20 between Interstate 5 and the central Oregon Coast. The rolling vertical grades limit sight distance and reduce traveling speeds. About 90 percent of the existing highway section is marked for “No-Passing.” Combined with growing traffic volumes, the physical characteristics of the highway contribute to the traffic congestion, slow travel speeds and serious safety problems. A portion of the route is designated as a State Highway Safety Corridor. Safety Corridors are stretches of Highway with an incidence of traffic crashes higher than the statewide average for that type of roadway.

The Pioneer Mountain to Eddyville Project design-build project was to build approximately six miles of highway on a new alignment and make improvements on another mile of highway at the connections of the east and west ends. These improvements would allow for safer and more efficient freight and passenger travel reducing travel distances by three miles. Generally, the project will provide a more direct route with wider lanes and shoulders, and create passing opportunities. There were 9 new bridges included in the design of this Project.

US 20 is a major transportation link between the coast and mid-Willamette Valley. It plays an important role in the economic vitality of the region. This section of highway carries high amounts of commercial and recreational traffic.

This is the largest in a series of projects that are designed to make major safety and mobility improvements to the highway that was originally built around 1917. The 10-

year rate for traffic crashes on this section of highway is about 60% higher than the state average for similar roads

I. Introduction.

On February 25, 2005, the Oregon Department of Transportation's (ODOT) Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20) design-build project (PME) received an order from the ODOT Director granting an exemption from competitive bidding to allow the use of the design-build project delivery method. ORS 279C.335 (2) permits the Director of Transportation to grant exemptions to ODOT from the requirement for competitive bidding on approval of specific findings. Under ORS 279C.335(4) a public hearing must be held before the findings are adopted, allowing an opportunity for interested parties to comment on the draft findings. The public hearing was held on January 12, 2005 and there were 26 comments received. None opposed the project.

ORS 279C.355 requires an evaluation of the public improvement project upon its completion. The evaluation includes, but is not limited to the following matters:

1. The actual project cost as compared with original project estimates.
2. The number of project change orders issued by the public agency.
3. A narrative description of successes and failures during the design, engineering, and construction of the project.
4. An objective assessment of the use of the alternative contracting process as compared to the findings required by ORS 279.015 (now ORS 279C.335).

In the following sections, two types of comparisons are intended. The first evaluation, reported in Section II, is intended to compare actual results of the project with results that would be expected on a typical design-bid-build project. The second evaluation, reported in Section III, is intended to compare actual results of the project with the expected results described in the original exemption findings. However, as a result of difficulties and delays encountered and disagreements and disputes between ODOT and the Design Builder, the project was not completed by and will not be completed by the Design Builder. Instead, in May, 2012, after ODOT had issued a notice of default letter to the Design Builder, ODOT and the Design Builder entered into a Settlement Agreement under which, among other provisions and for valuable consideration paid to ODOT, ODOT released the Design Builder from its contractual obligation to complete the project. (Please see the attached copy of the May 2, 2012 Settlement Agreement.) It was ODOT's intent to address the evaluation elements; however, the outcome of the Design-Build Contract and related disputes, the fact the project will not be completed by the Design Builder and the fact the project will instead be completed by others under the design-bid-build method make this project ineffective for use for constructive comparisons and from which to draw any meaningful conclusions about the effectiveness of the design-build method.

II. Comparison of the Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20) Project Actual Results vs. a Typical Design-Bid-Build Project

A. Schedule and Project Duration

Under the traditional design-bid-build method ODOT obtains all environmental clearances and permits, and completes biddable final plans and specifications prior to advertising and awarding the construction contract to the lowest responsive bidder. Under the design-build contracting method, design, permitting, and construction are performed by the design-builder under one contract. Because the design-builder is responsible for both design and construction, it can begin construction before plans and specifications are finalized, and construction activities can be phased in a manner that is most efficient for a particular contractor.

A project equivalent to the Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20) project, without the substantial landslide and other difficulties and disputes experienced on the Pioneer Mountain to Eddyville project, completed under the design-bid-build method of delivery would be expected to take approximately 18 months for design and 36 months for construction, rendering a total project length of 54 months, or 4 years and 6 months. As noted above, the project was not and will not be completed by the Design Builder. (Please see attached copy of the Settlement Agreement.) Instead, together with certain design changes, the project is being completed by other firms under the design-bid-build method.

B. Costs

The Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20) original Design Build Contract amount was \$129,900,000.00. Through negotiation of 101 Contract change orders (CCOs) and the Settlement Agreement (which requires the Design Builder to pay ODOT \$15,000,000.00), the final cost for the partially completed design-build project was \$158,139,887.10. Most of the increase in cost was for CCO 40 which ended the CCO 32 negotiated suspension after movement of ancient landslides halted construction in 2007 (The Settlement Agreement requires the Design Builder to pay ODOT \$15 Million, \$13 Million of which has been received, with the remaining \$2 Million to be paid by May 2, 2013.)

Because this project was not completed and will not be completed by the Design Builder nor by using the design-build method, it is not possible to do a cost comparison utilizing the design-build contracting method with what would have been expected under the design-bid-build method, based upon ODOT historical experience.

C. Conclusion

The Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20) project was not completed under the design-build method. Due to difficulties and disputes, ODOT and the Design Builder entered into a Settlement Agreement pursuant to which the Design Builder will not complete the project. Instead, other firms will complete the project under the design-bid-build method.

The actual cost of the incomplete design-build project was \$158,139,887.10. Work which was not completed under the Design Build Contract but which is required in order

to open the highway for public use is being designed by ODOT Region 2 Technical Center and will be performed with the low bid design bid build method and new contractors.

III. Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20) Actual Project Results vs. Estimated Results Stated in the Original Exemption Findings

It is difficult to identify successes/failures in a project where, as explained above, difficulties and disputes were encountered which led to a negotiated Settlement Agreement between ODOT and the Design Builder. However, settling the disputes (See the Settlement Agreement) and having the Design Builder pay ODOT a significant sum of money can be viewed as a success. The settlement and the departure of the Design Builder after it was released from the obligation to complete the project allowed ODOT the ability and flexibility to take control of the design, project site and contracting process to resume construction in the 2012 construction season. The project will be completed by other firms under the design-bid-build method.

C. Comparison to Original ORS 279.103 Exemption Findings. The comparisons attempted in this section are between the original findings presented in support of an exemption for the project and the project performance.

1. **Impact on Competition** – In the original exemption findings ODOT's position was that there would be no impairment of competition under a solicitation process utilizing technical and price-based evaluation and selection factors, as many firms had expressed interest in the Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20) project. In fact, three design-build teams submitted statement of qualifications and proposed on this project, resulting in a competitive procurement.
2. **Cost Savings** – In the original exemption findings, ODOT presented data from national studies that indicated cost savings could be expected in several areas through utilization of the design-build project delivery method when compared to the traditional design-bid-build method. ODOT concluded that if Oregon experienced similar results by eliminating the separation between design and construction phases, it could expect to realize a total savings of approximately \$4,759,800. Any actual project savings/costs from use of the design-build method cannot be calculated because the project is not complete, the Design Builder will not be the firm completing the project, and ODOT is currently completing the Project with new, low bid contracts. The landslide and other difficulties and disputes encountered on the project resulted in significant cost increases (as noted in section II.B above), but it is unknown whether such costs were due to use of the design-build method.

3. Schedule Changes – The project experienced several schedule delays with the parties entering into an agreed upon negotiated Project suspension in September, 2007 and ultimately a Settlement Agreement which ended the Design Build Contract. The project had the following amendment(s) to the original contract scope and schedule, extending contract time.
 - a. During construction in 2006, the Design Builder encountered large ancient landslides which stalled construction. A formal Project suspension was negotiated between the Design Builder and ODOT as documented in CCO 32, signed on December 12, 2007. The negotiated Project suspension allowed for a value engineering joint effort approach for determining the most desirable and cost effective solutions to certain unfavorable geological conditions and other project concerns.
 - b. CCO 40 was the result of the work and negotiations performed under the CCO 32 project suspension. Among other things, CCO 40 ended the negotiated suspension, adjusted the project cost, and established a new Contract completion date of December 22, 2011.

IV. Summary.

The Pioneer Mountain to Eddyville, Corvallis-Newport Highway (US 20) project may not have met all of the expectations included in ODOT's original exemption findings and ODOT may not be able to demonstrate that use of the design-build method saved time and money as compared to traditional design-bid-build method; however, it is impossible to conclude whether that was due to use of the design-build method or rather because of the difficulties, delays and disputes encountered on the project.

The project was not completed by the Design Builder, instead, the disputes were resolved in a Settlement Agreement reached after ODOT issued a notice of default letter to the Design Builder. The Settlement Agreement allowed ODOT to avoid a lengthy legal process and regain control of the project site. ODOT is now completing the project using revised designs with other firms under the design-bid-build method. The way in which the design build contract, relationship and project transpired makes it extremely difficult to make meaningful comparisons or to reach constructive conclusions about the use of the design-build method. This project is not a meaningful example for the analysis regarding use of the design-build method. This evaluation process does not contemplate nor lend itself to useful comparisons when as here the project is not completed and will not be completed by the Design Builder but instead, due to difficulties and disputes will be completed by different firms under a different method.

SETTLEMENT AGREEMENT

BETWEEN: STATE OF OREGON, acting by and through the Oregon Department of Transportation ("ODOT");

AND: Yaquina River Constructors ("YRC"), CCB No. 182691, a joint venture of Granite Construction Company ("Granite Construction") and Granite Northwest Inc. ("Granite NW");

(each a "Party" and collectively the "Parties")

EFFECTIVE DATE: May 2, 2012

RECITALS

A. YRC and ODOT entered into a Design-Build Agreement dated as of July 1, 2005 (as amended to date, the "DB Agreement"), under which YRC agreed to design and construct the US 20: Pioneer Mountain to Eddyville project ("Project"). Capitalized terms not otherwise defined herein shall have the meanings given in the DB Agreement.

B. YRC has conducted business in the State of Oregon as a joint venture of Granite Construction and Granite NW, which are the sole members of the joint venture.

C. The original members of the YRC Joint Venture were Granite Construction and Wilder Construction Company, which were the subject of a merger, the surviving entity of which was Granite Construction

D. Disputes have arisen between ODOT and YRC regarding the DB Agreement, the Project and the acts or omissions of the Parties in connection with the Project, including without limitation claims by ODOT for default, and claims by YRC for compensation and time extensions ("Disputes").

E. On or about March 16, 2012, ODOT issued a notice of default to YRC ("Notice of Default"). YRC has disputed ODOT's notice of default. The time period allowed in the DB Agreement for resolution or further action in connection with the notice of default is still open by agreement of the parties. In lieu of resolving or contesting or further action pursuant to the notice of default, the parties have agreed to end the Work under the DB Agreement on the mutually agreed terms in this Agreement.

F. The Parties wish to avoid litigation and resolve all matters between them regarding the Project, including the Disputes, on the terms and conditions of this Settlement Agreement ("Settlement Agreement").

NOW, THEREFORE, for valuable consideration, the Parties agree as follows:

AGREEMENT

1. Certain Definitions.

a. "YRC Affiliates" means YRC, Granite NW and Granite Construction, and their respective officers, employees, and attorneys.

b. "ODOT Affiliates" means ODOT and its officers, employees, and attorneys.

c. "Claims" means claims, rights, actions, complaints, demands, causes of action, administrative claims, statutory claims, bond claims, liens, obligations, promises, indemnifications, contracts, agreements, controversies, suits, debts, expenses, damages, attorneys' fees, costs and/or liabilities of any nature whatsoever.

2. Settlement Payment to ODOT. YRC agrees to pay ODOT US \$15,000,000, without offset, abatement or deduction, as follows: (1) \$8,000,000 within seven (7) days of the mutual execution of this Settlement Agreement ("First Payment"); (2) \$5,000,000 on the earlier of (i) concurrent with the release by ODOT of Retainage to YRC as provided in Section 3 below or (ii) October 1, 2012 ("Second Payment"); and (3) \$2,000,000 within one (1) year of the mutual execution of this Settlement Agreement pursuant to the terms of a Promissory Note that YRC shall deliver to ODOT no later than the date for the First Payment, in the form of Exhibit A ("Note"). If YRC fails timely to pay any part of the Settlement Payment, the unpaid portion of the Settlement Payment shall bear interest at the rate of 1.5 percent per month running from the date of delinquency through the date of payment. ODOT's right to interest is without limitation to its other remedies for nonpayment.

3. Retainage. ODOT will release the entire retainage in the Project retainage account, with the interest on retainage that has accrued in the account to the date of release ("Retainage") to YRC, due and payable within seven (7) business days after the later of the following: (i) YRC's demobilization from the Project Site (and, to the extent required under this Settlement Agreement, from adjoining properties), and removal from the Project Site of the temporary erosion control equipment, and any other YRC equipment in accordance with this Settlement Agreement, and (ii) ODOT's receipt from YRC of the Project Documents described in Section 10 below. YRC's work will not be considered "complete" for the purposes of Retainage release until these requirements are met, and YRC shall not be entitled to any early release of any portion of the Retainage. The current amount in the Project retainage account including interest is approximately \$4,300,000. YRC acknowledges and agrees that the Retainage, with all prior payments made by ODOT to YRC under the DB Agreement, constitutes full payment, including interest, for all design, construction and other services rendered or to be rendered by YRC and its subcontractors, consultants and vendors at any tier under the DB Agreement and this Settlement Agreement, whether or not YRC previously has made claim for the same. Upon release of the Retainage, all payments and obligations otherwise due or alleged to be due to YRC, the YRC Affiliates and their respective subcontractors, consultants, and vendors at any tier and their respective employees shall be deemed fully satisfied. The provisions of this Section 3 shall control over any provisions in Section 195 of the DB General Provisions

seemingly to the contrary, and YRC acknowledges and agrees that the provisions for Retainage release herein satisfy all applicable requirements of ORS 279C. ODOT may in its discretion apply the Retainage release, or any portion thereof, against the amount of the Second Payment when due. For example, if the conditions to Retainage release have been fulfilled, instead of ODOT paying the Retainage release to YRC and YRC at the same time paying the Second Payment to ODOT, ODOT may notify YRC that ODOT has applied the Retainage release against the Second Payment so that only the difference between the Second Payment and the Retainage release will then be owed by YRC with respect to the Second Payment.

4. Waiver and Release of Claims.

a. YRC and ODOT agree to a mutual release of all known and unknown Claims, except as expressly provided herein, on the terms and conditions of this Settlement Agreement.

b. YRC, on its own behalf and on behalf of the YRC Affiliates and YRC's Subcontractors, Vendors and Consultants, unconditionally and irrevocably waives and releases, and forever discharges all Claims and potential Claims, direct and indirect, against ODOT, the State of Oregon and the ODOT Affiliates, except YRC's claim against ODOT for the Retainage and other performance by ODOT expressly provided by this Settlement Agreement. YRC's release includes without limitation all Claims whatsoever that YRC or the YRC Affiliates or YRC's Subcontractors Vendors or Consultants have or might have against ODOT, the State of Oregon, or the ODOT Affiliates, whether in law or equity, in contract or tort or arising from any statute, administrative rule or regulation, and whether known, suspected or unknown, related to the DB Agreement, the Project, the Disputes, the Notice of Default, and any acts or omissions of the Parties. YRC releases and discharges ODOT, the State of Oregon, and the ODOT Affiliates not only from any and all Claims described above that YRC could make on its own behalf, but also those that may or could be brought by any other person, entity, or other organization of any kind on YRC's behalf.

c. YRC represents and warrants that it has not instituted, filed or caused others to file or institute, any complaint or action against ODOT, the State of Oregon or the ODOT Affiliates related in any way to the Disputes or to the Project or any Claims.

d. YRC accepts responsibility for and will pay as required all Claims from the YRC Affiliates and from YRC's subcontractors, vendors, and consultants at any tier and their respective employees; and their insurers, attorneys and sureties; under any legal or equitable theory, including without limitation any Claims for payment and Claims upon or arising from Project bonds; and YRC shall indemnify, defend (with counsel approved by ODOT) and hold harmless ODOT and the ODOT Affiliates and the State of Oregon from and against any and all such Claims.

e. YRC shall have no further responsibility or warranty obligations or liability or indemnification obligations to ODOT or to its consultants or contractors retained to continue work on the Project for or in connection with or arising out of existing constructed work by YRC and its Subcontractors, Vendors and Consultants, and YRC Affiliates, except as otherwise expressly stated in this Settlement Agreement. ODOT accepts the existing constructed work as-is, and YRC makes no representation or warranty as to the suitability or safety of the

existing constructed work, except as indicated in the Load Rating reports to be supplied under Exhibit B. YRC and YRC affiliates and YRC's Subcontractors, Vendors and Consultants, shall have no obligations, duties or duty of care, to ODOT's consultants or contractors retained to continue work on the Project.

f. Subject to and effective upon ODOT's receipt of the First Payment and the Note as required under Section 2, and of the surety consent referenced in Section 4(i), ODOT unconditionally and irrevocably waives and releases, and forever discharges all Claims and potential Claims, direct and indirect, against YRC, its Subcontractors, Vendors and Consultants, and the YRC Affiliates, except ODOT's claim for the Settlement Payment, the Retained Claims, and other rights and performance expressly provided by this Settlement Agreement. ODOT's release under the previous sentence includes without limitation all Claims whatsoever that ODOT or the ODOT Affiliates have or might have against YRC, its Subcontractors, Vendors and Consultants, and the YRC Affiliates whether in law or equity, in contract or tort, or arising from any statute, administrative rule or regulation, and whether known, suspected or unknown, related to the DB Agreement, the Project, the Disputes, the Notice of Default, and any acts or omissions of the Parties. ODOT releases and discharges YRC, its Subcontractors, Vendors and Consultants, and the YRC Affiliates not only from any and all Claims described above that ODOT could make on its own behalf, but also those that may or could be brought by any other person, entity or other organization of any kind on ODOT's behalf.

g. ODOT represents and warrants that it has not instituted, filed or caused others to file or institute, any complaint or action against YRC or the YRC Affiliates related in any way to the Disputes or to the Project or any Claims.

h. ODOT cannot and is not agreeing that other state agencies or third parties (public or private) will not pursue or assert Claims against YRC, its members or their respective subcontractors, officers, employees or agents, and ODOT is not releasing or waiving such Claims by other state agencies or third parties.

i. Concurrent with its execution and delivery of this Settlement Agreement (and as a condition to release under Section 4(f) above), YRC shall deliver to ODOT a consent of the sureties to this Settlement Agreement in the form of Exhibit C. The obligations of sureties under performance and payment bonds are modified to the same extent that YRC's obligations are modified under this Settlement Agreement (including but not limited to Sections 4(d), 4(e), and 4(f) above.) Payment bonds provided by YRC and its sureties pursuant to ORS 279C.380, shall remain in place to the extent required by ORS 279C.600 et seq.

5. Withdrawal of Notice of Default. Within one (1) business day after ODOT's receipt of the First Payment and the Note in accordance with Section 2, ODOT will deliver a letter to YRC stating that the Notice of Default is rescinded and withdrawn. The form of ODOT's letter shall be as shown in Exhibit D hereto.

6. Retained Claims. The Retained Claims are Claims for:

a. Nonperformance of this Settlement Agreement by YRC or ODOT, including any insurance or bond claims relating to any such nonperformance.

b. Warranty rights of ODOT against third parties for third-party warranties of Materials and Equipment ("Manufacturers Warranties"), if any, in accordance with DB General Provisions Section 150.96. YRC, to the extent it has not already done so, hereby assigns all such Manufacturers Warranties, if any, to ODOT, and will identify and provide the original of the Manufacturers Warranties to ODOT as part of the Project Documents. YRC shall not cancel or take any other action to adversely affect such Manufacturers Warranties. ODOT's claims, if any, under such Manufacturers Warranties will be asserted against the third party providing the warranty and not against YRC, provided YRC shall reasonably assist ODOT in prosecution of such claims if requested.

c. ODOT's rights under insurance policies required by terms of the DB Agreement as modified herein, and Claims as necessary to preserve such rights. It is the intention of the Parties that no waiver or release of Claims or other provisions under this Settlement Agreement shall impair any such right of ODOT to insurance coverage required by this Settlement Agreement. YRC shall cause conversion of its commercial general liability coverage for on-going operations upon completion of all its work on the Project as required herein to coverage for completed operations for a period of 3 years beyond such completion. Pollution liability coverage for the completed operations shall continue for a period of 30 months beyond such completion. Upon Project Site turnover, YRC shall no longer be obligated to provide Builders Risk insurance for the project. If ODOT has follow-on consultants or contractors begin operations on the Project Site before YRC has completed its performance of the demobilization items below, YRC will not be obligated to indemnify or provide Additional Insured coverage to ODOT for accident or injury to such consultants or contractors or arising out of, or in connection with, or related to, the operations of such follow-on entities for the period of such concurrent operations, but shall continue to indemnify and provide insurance coverage to ODOT for its own operations. ODOT shall not be entitled to indemnity from YRC or additional insured coverage for claims by third parties that arise due to or out of further operation or work on or in connection with the Project by other consultants or contractors after YRC has completed its demobilization as provided herein. YRC shall cause the completed operations endorsements for the Project to be issued to ODOT in the form of Exhibit E hereto not later than July 2, 2012, and for ODOT to be afforded at least the same scope of completed operations coverage as is afforded to YRC under the insurance policies for the Project, consistent with and to the extent limited in Exhibit E.

7. Other Projects. YRC's waiver and release does not include Claims, if any, related to other projects performed, being performed or to be performed in Oregon by Granite Construction or Granite NW. ODOT's waiver and release does not include Claims, if any, related to other projects performed, being performed or to be performed in Oregon by Granite Construction or Granite NW.

8. Work. Except as provided herein, all YRC work on the Project shall stop on the day following mutual execution of this Settlement Agreement, and YRC immediately shall demobilize from the Project Site in accordance with applicable laws, rules, regulations and permits, turn the Project Site over to ODOT, and close out the Project with the following exceptions to demobilization which shall continue to be performed in accordance with the terms of the DB Agreement and this Settlement Agreement. No other work that might otherwise be applicable under the current terms of the DB Agreement shall be required for project completion

hereunder and for the parties' performance of the terms of this Agreement. Upon YRC's completion of the demobilization provided herein, the Project and Work (as modified) shall be deemed completed (and not abandoned).

a. Temporary Erosion Control. At YRC's expense without reimbursement (except as expressly provided in this paragraph below regarding force account work), YRC agrees to (i) continue to staff and maintain all temporary erosion control through June 1, 2012 (or, if later, the applicable Local Erosion Demobilization Date (s) for portion(s) of the erosion control system described below), (ii) at such time (but by no later than July 1, 2012) demobilize the temporary erosion control equipment and devices from the Project Site and adjoining properties, and remove them from the Project Site (YRC may however, if permitted under its agreements with adjoining property owners, store such materials at such adjoining properties, either on Hancock-controlled roads or on the Alsea Veneer site), and (iii) perform the other actions required under this paragraph. Demobilization of erosion control systems will include only removal of generators, pumps, pipes, baker tanks, and all associated electrical wires and electrical systems, according to applicable laws, rules, regulations and permits, but YRC shall leave in place all other erosion control features such as check dams, silt fences and plastic sheeting. YRC makes no guarantees as to the effectiveness of the remaining erosion control features left in place by YRC. YRC remains responsible to continue erosion control work necessary to maintain permit compliance, including the filtration system located on the Alsea Veneer site and associated costs, through June 1, 2012 or if later upon completion of YRC's demobilization of the individual erosion control systems (i.e. for Eddy C, Eddy B, Crystal, and Cougar drainages) and in the case of the filtration system only those systems utilizing facilities on the Alsea Veneer site (i.e. Eddy C and Eddy B). YRC shall be relieved of responsibility for, and ODOT will accept in writing (such acceptance will not be unreasonably withheld or delayed) responsibility for erosion control over a portion of the Project Site as a result of YRC's full demobilization of that portion the erosion control system located at such portion of the Project Site that serves a drainage, and prior to demobilization of the entire erosion control system. That acceptance date shall be the Local Erosion Demobilization Date for such portion of the Project Site. If ODOT has follow-on contractors begin work prior to YRC's demobilization of the temporary erosion control, YRC shall not be responsible to adjust its erosion control to account for such operations nor for any permit violations caused by the operations of those contractors. YRC shall keep in effect the July 1, 2005 Lease (as amended) with Alsea Veneer, Inc. ("Lease") through the later of June 1, 2012 or the demobilization of the portion of the erosion control system utilizing facilities on the Alsea Veneer site. YRC otherwise shall cooperate with ODOT, and ODOT shall cooperate with YRC, regarding transitioning of erosion control, including maintaining permit rights, with such cooperation depending on actual and expected meteorological conditions at that time. If ODOT and YRC mutually determine that there are meteorological conditions that will require YRC to continue responsibility for erosion control after June 1, 2012, and/or ODOT provides written direction for YRC to continue such work, such additional maintenance work after June 1, 2012 shall be paid as force account to YRC by ODOT. The "Erosion Demobilization Date" shall mean the last Local Erosion Demobilization Date. Following the Erosion Demobilization Date, YRC shall have no further contractual obligation to ODOT (i) for environmental liability related to erosion control, or (ii) to maintain erosion control measures, or (iii) to comply with environmental permits or the Storm Water Management Plan or the Erosion and Sediment Control Plan applicable to the Project, for the period after the Erosion Demobilization Date (or if there are multiple Local Erosion Demobilization Dates, for the

portion of the Project Site for which erosion control responsibility has been turned over to ODOT and YRC has been relieved of responsibility for, as provided above, the period after each such Local Erosion Demobilization Date). Following the Erosion Demobilization Date, YRC shall (if YRC is listed as operator) be removed as "operator" from any permits. During the removal of the erosion control systems YRC will be utilizing portions of the Hancock WOW Road located on and outside of the ODOT ROW. Following removal of the erosion control systems, YRC will perform restoration work on portions of the Hancock WOW Road located on and outside of the ODOT ROW, pursuant to YRC's agreement with Hancock. YRC shall promptly and continuously perform such work at YRC's expense. During such removal and restoration work, portions of the WOW Road outside the ODOT ROW will be unavailable for use. YRC shall give ODOT advance notice of the portions of WOW Road that will be temporarily unavailable for use and the dates of unavailability. For portions of the WOW Road on the ODOT ROW, YRC shall coordinate and cooperate with ODOT to keep the road reasonably available for use.

b. Temporary Traffic Control Devices. YRC hereby conveys ownership, custody and control, at no cost to ODOT, free of any liens, supplier claims or other adverse claims, of all temporary traffic control devices currently installed for the Project (these items include all temporary signs, temporary barricades, temporary access control gates, and the temporary concrete barriers). Any currently-installed YRC-owned or leased Portable Changeable Message Signs (PCMS) shall remain in place and continue to be maintained by YRC for up to 30 days following the mutual execution of this Settlement Agreement, until such time within the 30 days that ODOT notifies YRC that ODOT no longer needs the YRC PCMS. YRC is released from responsibility for the suitability and maintenance of all traffic control (with such release applicable to the PCMS at the time YRC is no longer responsible for the PCMS under the previous sentence).

c. Piezometers and Inclinometers. YRC hereby conveys (or shall cause its applicable subcontractors or consultants to convey) ownership, custody and control, at no cost to ODOT, free of any liens, supplier claims or other adverse claims, of all piezometers, inclinometers, data loggers and other monitoring instruments and equipment currently installed on the Project Site by YRC or its subcontractors or consultants at any tier, which YRC shall leave installed in their current locations. Prior to any action that might result in damage or loss of any such instruments, YRC shall give ODOT at least three (3) business days advance written notice so that ODOT may extract the data from the data loggers.

d. General Demobilization. Other than the above exceptions and as provided herein, the demobilization required of YRC shall include, at YRC's expense without reimbursement, demobilization and removal from the Project Site (and, to the extent required under this Settlement Agreement, from adjoining properties) of all of YRC's equipment and other property. YRC shall leave in place rock and wood debris (i.e. fish logs). The demobilization shall be without unavoidable damage to or displacement of monitoring instruments and equipment and any instruments, equipment or property of ODOT. YRC shall be responsible for the cost to repair or replace, and reinstall, any such instruments and equipment damaged or displaced during demobilization (ODOT may offset from the Retainage the cost of the same). YRC will leave haul roads and haul bridges in place, and ODOT acknowledges that YRC makes no representation or warranty concerning the usability or load capacity of the haul

roads and bridges that remain upon demobilization, and waives any Claims against YRC arising from their continued use by ODOT or third parties. ODOT accepts full responsibility for use, license, permissions to others, etc. regarding such haul roads and bridges, and shall advise any follow-on contractors that any use of such haul roads and bridges is without warranty as to their load-bearing capacity. YRC hereby conveys ownership, custody and control, at no cost to ODOT, free of any liens, supplier claims or other adverse claims, of all haul bridges on the Project Site.

e. Offsite Alterations and Restoration. YRC shall indemnify, defend (with counsel approved by ODOT) and hold harmless ODOT and the ODOT Affiliates and the State of Oregon from and against any Claims relating to or resulting from any alterations made by YRC or its subcontractors to areas surrounding the Project Site, or relating to or resulting from any actual or alleged failure by YRC to remove property or systems from such locations or to restore such areas or to mitigate for such alterations, including without limitation any property or systems at or alterations made to the Alsea Veneer property or the Hancock property.

9. Materials on Hand. YRC will immediately transfer custody and control to ODOT of all materials purchased for the Project and paid as Materials on Hand by ODOT, which YRC acknowledges are owned by ODOT. Materials on Hand include without limitation precast concrete bridge girders at the Harrisburg Knife River Yard and rock at the Cedar Creek quarry. Such transfer will include YRC's identification of the location of all such Materials on Hand, provision to ODOT of an inventory of the Materials on Hand, and delivery of such documents as ODOT may reasonably require to evidence such transfer. YRC remains responsible for and will pay as and when required all unpaid vendor claims, if any, costs of past insurance, risk of loss occurring prior to transfer of custody and control, transport and storage, and related charges. From the date of transfer of custody or control of the Materials on Hand, ODOT will be responsible for risk of loss occurring after transfer of custody and control, and further storage and other related charges of Materials on Hand items. As of the date of this Settlement Agreement, ODOT accepts all such materials "as is / where is."

10. Design and other Documents. At YRC's expense without reimbursement, YRC agrees to complete and to provide to ODOT originals or, where originals are not available, true and correct copies of the "Project Documents" described in Exhibit B, related to performed work, by no later than June 1, 2012, except as otherwise provided in Exhibit B. Other than required completion of incomplete Project Documents, YRC will not alter existing documents before delivery.

11. Records. YRC shall, at YRC's expense without reimbursement, continue to maintain and require Subcontractors to retain, and provide access to, Project records in accordance with Article 9 of the DB Agreement.

12. DBE. ODOT agrees to release YRC from remaining DBE obligations on the Project, and YRC not meeting specific Disadvantaged Business Enterprise (DBE) goals shall not be considered grounds for violation.

13. Storm Water Issues. ODOT and YRC agree to cooperate, to the extent feasible in good faith, in response to USDOJ over storm-water issues.

14. Public Statements.

a. ODOT agrees to make a public statement at the time of mutual execution of this Settlement Agreement (and post such statement on ODOT's Project website), to the effect of Exhibit F hereto.

b. YRC agrees to make a public statement at the time of mutual execution of this Settlement Agreement, to the effect of Exhibit G hereto.

c. Both parties agree that other public statements shall be consistent with the above.

d. YRC's statements to the press and public will not be disparaging to ODOT.

e. ODOT official positions and recommendations, if any, regarding YRC will be consistent with Exhibit F, will be made by the Director of the Department of Transportation or his official designees, and will not be disparaging to YRC in statements to the press and public. ODOT agrees that it will not advocate in its official statements for or against any contract qualification or contract recommendation regarding YRC, Granite Construction or Granite NW in relation to the Project. However, the State of Oregon is free to share information regarding Project conditions, including individual professional opinions.

f. Except in the case where ODOT specifically authorizes disclosure of ODOT's confidential information in writing, YRC shall maintain the confidentiality of ODOT's information pertaining to the Project which ODOT has identified to YRC as being confidential, unless withholding such information would violate the law, create the risk of significant harm to the public or prevent YRC from establishing a claim or defense in an adjudicatory proceeding.

g. Either Parties' statements, in response to inquiries regarding allegations made by the other Party or the other Party's Affiliates (and in the case of YRC, by its subcontractors, vendors, or consultants) regarding this Project, that are consistent with such Party's past positions, will not be considered disparaging or in violation of this Section 14.

15. Adverse Action. ODOT will not, based on the Disputes addressed in this Agreement, the ODOT Notice of Default, or the resolution thereof by the terms of this Settlement Agreement, take any of the following actions against YRC, Granite Construction, Granite NW, T.Y. Lin International, Inc. or URS Corporation ("Covered Entities"): initiating any proceedings to debar or suspend such entities from being able to bid or propose on ODOT work, rejecting applications for annual pre-qualification, declaring such entities to be non-responsible, or declaring such entities ineligible to receive awards of ODOT contracts. In addition, ODOT will not, as to such Covered Entities, perform any negative grading or evaluation of such entities or their bids or proposals, based on the following facts: that ODOT and YRC had the Disputes, that ODOT issued the Notice of Default, or that the parties resolved the Disputes by the terms of this Settlement Agreement.

16. Miscellaneous.

a. No Assignment. Each Party represents and warrants that there has been, and will be, no assignment or other transfer of any claim or matter released hereunder, or any part or portion thereof.

b. Entire Agreement. This Settlement Agreement is intended by the Parties to be the final expression of their agreement and is the complete and exclusive statement of the terms thereof notwithstanding any representation, statements, or agreements to the contrary heretofore made which are not included in this Settlement Agreement. This Settlement Agreement supersedes any interim agreements between the parties entered into following the Notice of Default.

c. Modifications. Any modification of this Settlement Agreement or additional obligation assumed by any Party to this Settlement Agreement in connection with this Settlement Agreement shall be binding only if evidenced in a writing signed by each Party or an authorized representative of each Party.

d. Severability. If a term, condition, or provision of this Settlement Agreement or the application thereof to any circumstance is determined to be invalid or unenforceable to any extent, the remaining provisions of this Settlement Agreement shall be unaffected and shall remain valid and fully enforceable.

e. Nonwaiver. Any right, power, or remedy provided under this Settlement Agreement to any Party hereto shall be cumulative and in addition to any other right, power, or remedy provided under this Settlement Agreement or now or hereafter existing at law or in equity. No course of dealing between or among the Parties hereto or any delay or failure on the part of any Party in exercising any rights hereunder or at law or in equity shall operate as a waiver of any rights of such Party, except to the extent expressly waived in writing by such Party.

f. Third Parties. Nothing in this Settlement Agreement, whether express or implied, is intended to offer or confer any third party beneficiary or other rights or remedies under or by reason of this Settlement Agreement on any persons other than the Parties to it and (to the extent expressly provided in this Settlement Agreement) the ODOT Affiliates, the YRC Affiliates, the sureties referred to in Section 4(i), and the other persons and entities who are identified as beneficiaries thereof, nor is anything in this Settlement Agreement intended to relieve or discharge the obligation or liability of any third persons (except as expressly provided in this Settlement Agreement) to any Party to this Settlement Agreement, nor shall any provision give any third persons any rights of subrogation or action over or against any Party to this Settlement Agreement.

g. Mutual Preparation. Each Party intends that this Settlement Agreement in all respects shall be deemed and construed to have been prepared mutually by all Parties and it is hereby expressly agreed that any uncertainty or ambiguity existing herein shall not be construed against any Party.

h. Counsel. Each of the Parties has obtained advice of legal counsel prior to and for the execution of this Settlement Agreement, and understands fully the contents hereof.

Each Party hereto shall bear its own attorney's fees and costs incurred with regard to this Settlement Agreement and the underlying case.

i. Authority. Each Party agrees that the representative signing this Settlement Agreement, and each such signing person, warrants and represents the undersigned has authority to enter into this Settlement Agreement on that Party's behalf. Execution of this Settlement Agreement by Granite Construction also constitutes execution on behalf of Wilder Construction Company. Each joint venture partner is executing this Agreement on behalf of both itself and YRC, and each joint venture partner and YRC shall be jointly and severally liable under this Settlement Agreement.

j. Counterparts. This Settlement Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. A photocopy of this Settlement Agreement, once executed, shall be effective as an original if an original is unavailable.

k. Non-admission. Nothing herein shall constitute or be construed as an admission of any liability or wrongdoing of any nature on the part of any Party. YRC specifically denies and does not admit or acknowledge the validity of the Notice of Default or allegations therein, and ODOT specifically denies and does not admit or acknowledge the validity of any YRC assertion regarding the validity of the Notice of Default or the allegations therein.

l. Recitals. The Recitals set forth at the beginning of this Settlement Agreement are incorporated herein by this reference, as if fully set forth herein.

m. Oregon law. This Settlement Agreement shall be construed and interpreted in accordance with the laws of the State of Oregon, without regard to its rules concerning conflicts of laws. Any claim, action, suit or proceeding between the Parties that arises from or relates to this Settlement Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon; provided, however, if such action must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. The Dispute Resolution Board provisions referenced in the Change Orders to the DB Agreement shall not apply to any dispute under this Settlement Agreement. In no event shall any provision of this Settlement Agreement be construed as a waiver by the State of Oregon of any form of defense or immunity, whether based on sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the United States Constitution or otherwise. YRC, GRANITE CO and GRANITE NW, BY EXECUTION OF THIS AGREEMENT, CONSENT TO THE PERSONAL JURISDICTION OF SUCH COURTS AND COVENANTS NOT TO SEEK CHANGE OF VENUE.

n. Oregon Statutes. The Parties agree that the settlement arrangements herein comply with and satisfy ORS 279C.660, to the extent such statute is applicable. Nothing herein shall be deemed to restrict or prevent ODOT from, nor render ODOT in breach for, complying with the terms of the Oregon Public Records Law, ORS chapter 192, complying with official inquiries or audits, or otherwise complying with laws relating to public agency disclosure, document production and reporting.

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed effective as of the Effective Date.

STATE OF OREGON, acting by and through the Oregon Department of Transportation

By: _____
Name: _____
Title: _____
Signature Date: _____

YAQUINA RIVER CONSTRUCTORS, Joint Venture

By: GRANITE CONSTRUCTION COMPANY, a California corporation, Partner

By: [Signature]
Name: LAUREL KRZEMINSKI
Title: V.P.

Signature Date: 5/2/12

By: GRANITE NORTHWEST, INC., a Washington corporation, Partner

By: [Signature]
Name: DARREN BEGGS
Title: V.P.

Signature Date: 5/2/12

APPROVED AS TO FORM (for ODOT):

Ball Janik LLP

By: _____
Christopher M. Walters
Attorneys for ODOT

Signature Date: _____

APPROVED FOR LEGAL SUFFICIENCY (for ODOT):

Oregon Department of Justice

By: _____
Rob Gebhardt
Senior Assistant Attorney General
Signature Date: _____

APPROVED AS TO FORM (FOR YRC):

Oles Morrison Rinker Baker LLP

By: _____
Bradley Powell
Attorneys for YRC, Granite Construction Co. and Granite Northwest Inc.
Signature Date: _____

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed effective as of the Effective Date.

STATE OF OREGON, acting by and through the Oregon Department of Transportation

By: [Signature]
Name: MATTHEW L. GARSTI
Title: Director
Signature Date: 5-2-12

YAQUINA RIVER CONSTRUCTORS, Joint Venture

By: GRANITE CONSTRUCTION COMPANY, a California corporation, Partner
By: _____
Name: _____
Title: _____
Signature Date: _____

By: GRANITE NORTHWEST, INC., a Washington corporation, Partner
By: _____
Name: _____
Title: _____
Signature Date: _____

APPROVED AS TO FORM (for ODOT):

Ball Janik LLP

By: _____
Christopher M. Walters
Attorneys for ODOT
Signature Date: _____

APPROVED FOR LEGAL SUFFICIENCY (for ODOT):

Oregon Department of Justice
By: [Signature]
Rob Gebhardt
Senior Assistant Attorney General
Signature Date: 5-2-12

APPROVED AS TO FORM (FOR YRC):

Oles Morrison Rinker Baker LLP

By: _____
Bradley Powell
Attorneys for YRC, Granite Construction Co. and Granite Northwest Inc.
Signature Date: _____

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed effective as of the Effective Date.

STATE OF OREGON, acting by and through the Oregon Department of Transportation

By: _____
Name: _____
Title: _____
Signature Date: _____

YAQUINA RIVER CONSTRUCTORS, Joint Venture

By: GRANITE CONSTRUCTION COMPANY, a California corporation, Partner
By: _____
Name: _____
Title: _____

Signature Date: _____
By: GRANITE NORTHWEST, INC., a Washington corporation, Partner

By: _____
Name: _____
Title: _____
Signature Date: _____

APPROVED AS TO FORM (for ODOT):

Ball Janik LLP

By: 
Christopher M. Walters
Attorneys for ODOT

Signature Date: 5-2-12

APPROVED FOR LEGAL SUFFICIENCY (for ODOT):

Oregon Department of Justice

By: _____
Rob Gebhardt
Senior Assistant Attorney General
Signature Date: _____

APPROVED AS TO FORM (FOR YRC):

Oles Morrison Rinker Baker LLP

By: _____
Bradley Powell
Attorneys for YRC, Granite Construction Co. and Granite Northwest Inc.
Signature Date: _____

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed effective as of the Effective Date.

STATE OF OREGON, acting by and through the Oregon Department of Transportation

By: _____

Name: _____

Title: _____

Signature Date: _____

YAQUINA RIVER CONSTRUCTORS, Joint Venture

By: GRANITE CONSTRUCTION COMPANY, a California corporation, Partner

By: _____

Name: _____

Title: _____

Signature Date: _____

By: GRANITE NORTHWEST, INC., a Washington corporation, Partner

By: _____

Name: _____

Title: _____

Signature Date: _____

APPROVED AS TO FORM (for ODOT):

Ball Janik LLP

By: _____

Christopher M. Walters
Attorneys for ODOT

Signature Date: _____

APPROVED FOR LEGAL SUFFICIENCY (for ODOT):

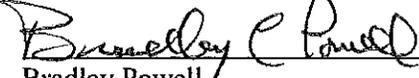
Oregon Department of Justice

By: _____

Rob Gebhardt
Senior Assistant Attorney General
Signature Date: _____

APPROVED AS TO FORM (FOR YRC):

Oles Morrison Rinker Baker LLP

By: 

Bradley Powell
Attorneys for YRC, Granite Construction Co. and Granite Northwest Inc.

Signature Date: Aug 2, 2012

PROMISSORY NOTE

\$2,000,000

May 2, 2012

FOR VALUE RECEIVED, the undersigned, Yaquina River Constructors, a joint venture of Granite Construction Company and Granite Northwest Inc., ("Borrower"), (or either of its members, jointly and severally) promises to pay to the order of STATE OF OREGON, acting by and through the Oregon Department of Transportation ("Holder" of this Promissory Note (the "Note")), at c/o Director, Oregon Department of Transportation, c/o Bob Pappé, Traffic-Roadway Section, 4040 Fairview Ind. Dr. SE MS #5, Salem, OR 97302-1142, or such other place as may be designated from time to time in writing by Holder, the principal sum of Two Million Dollars (\$2,000,000) (the "Note Amount").

1. Payment Terms. The entire Note Amount shall be due and payable on the first anniversary of (i.e., one year from the date of) this Note ("Maturity Date"). Upon receipt of Borrower's payment of the Note Amount in good funds, Holder shall return this Promissory Note to Borrower marked "Paid In Full" with such marking being authenticated by Holder's authorized representative.
2. Interest. No interest shall accrue or be payable on the Note Amount if paid not later than the Maturity Date. Delinquent payment shall accrue interest from the Maturity Date until paid at the rate set forth in Section 5 below.
3. Application of Payments. All payments on this Note shall be applied first to the payment of attorneys' fees, costs, and other charges to the extent, if any, such amounts are due and owing as provided herein; then to interest accruing hereon, if any; and then to principal.
4. Prepayment. Borrower may prepay the Note, in whole or in part, without penalty or premium.
5. Default Interest. Time is of the essence of the performance of Borrower's obligations under this Note. If Borrower fails to pay the Note Amount on the Maturity Date, interest shall commence accruing on the unpaid Note Amount until paid in full, at a rate of one and a half percent (1.5%) per month, and such failure shall constitute an event of default (an "Event of Default"). Upon the occurrence of an Event of Default, the entire unpaid principal balance of, and all unpaid accrued interest (if any) on, this Note shall become immediately due and payable without further notice.
6. Costs of Enforcement. If there occurs an Event of Default and Holder consults with an attorney regarding the enforcement of any of its rights under this Note, or if this Note is placed in the hands of an attorney for collection following an Event of Default, Borrower promises to pay all costs thereof, including reasonable attorneys' fees and costs of litigation. If suit or action is instituted to enforce this Note, the prevailing party shall be entitled to recover from the losing party all costs thereof, reasonable attorneys' fees and costs of litigation. All such costs and attorneys' fee shall include, without limitation, those incurred on any appeal or review and in any proceeding under any present or future bankruptcy or similar act or state receivership.

Page 1 – EXHIBIT A TO SETTLEMENT AGREEMENT

\\na.corp.gcinc.com\fileshares\hcd_users\K.Smith\My Documents\Files\US 20.Promissory Note.final ODOT draft.doc

7. Interest Limitation. Interest, fees, and charges collected or to be collected in connection with the indebtedness evidenced by this Note shall not exceed the maximum, if any, permitted by applicable law. If any such law is interpreted so that any such interest, fees, or charges would exceed any such maximum and if Borrower is entitled to the benefit of such law, then (a) such interest, fees, or charges shall be reduced to the permitted maximum and (b) any sums already collected from Borrower which exceed the permitted maximum shall be refunded.

8. Waiver. Borrower hereby waives presentment, demand for payment, notice of dishonor, protest, and notice of protest and renounces all rights to the benefits of any statute of limitations and any moratorium, appraisal and exemption now provided or which may hereafter be provided by any federal or state statute.

9. Notices. Any notices to be given under this Note shall be in writing and shall be deemed given when delivered by personal service or three business days after placement in the U.S. Mails, certified or registered mail, postage prepaid, if addressed as follows: if to Holder, to the address set forth in the first paragraph of this Note; or, if to Borrower, to c/o Granite Construction Company, Attn: Richard Watts, General Counsel, 585 West Beach Street, Watsonville, CA 95077.

10. Governing Law. This Note shall be construed and interpreted in accordance with the laws of the State of Oregon, without regard to its rules concerning conflicts of laws. Borrower and those signing for Borrower submit to the jurisdiction of the Circuit Court of Marion County for the State of Oregon; provided, however, if such action must be brought in a federal forum, then Borrower submits to jurisdiction of the United States District Court for the District of Oregon, and provided further that any action by Holder for collection on this Note may be brought by Holder in any jurisdiction. In no event shall any provision of this Note be construed as a waiver by the State of Oregon of any form of defense or immunity, whether based on sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the United States Constitution or otherwise. BORROWER, GRANITE CONSTRUCTION COMPANY and GRANITE NORTHWEST INC., BY EXECUTION OF THIS NOTE, CONSENT TO THE PERSONAL JURISDICTION OF SUCH COURTS AND COVENANT NOT TO SEEK CHANGE OF VENUE.

11. Authority. Borrower agrees that the representatives signing this Note, and each such signing person, warrants and represents the undersigned has authority to execute and deliver this Note on that party's behalf. Execution of this Note by Granite Construction Company also constitutes execution on behalf of any predecessor joint venturer of Borrower. Each joint venture partner of Borrower is executing this Note on behalf of both itself and Borrower, and each joint venture partner and Borrower shall be jointly and severally liable under this Note.

12. Statutory Notice. UNDER OREGON LAW MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY LENDER CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY LENDER TO BE ENFORCEABLE.

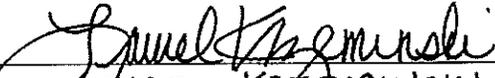
SIGNATURE ON NEXT PAGE

SIGNATURE PAGE TO PROMISSORY NOTE

IN WITNESS WHEREOF, this Note has been executed by the undersigned as of the date set forth above.

YAQUINA RIVER CONSTRUCTORS,
Joint Venture

By: GRANITE CONSTRUCTION COMPANY,
a California corporation, Partner

By: 
Name: LAUREL KRZEMINSKI
Title: V.P.

By: GRANITE NORTHWEST, INC.,
a Washington corporation, Partner

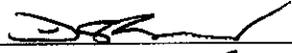
By: 
Name: DARREN BERGER
Title: V.P.



EXHIBIT B
PROJECT DOCUMENTS

1. Provide all existing Construction Survey Field Notes;
2. Load Rating Reports per PS 11, 4.0, and As-Constructed Bridge Mylars; Load Rating Reports shall be prepared and submitted to the Agency for UPRR Br., Yaquina River Br., Trapp Creek Br., and Little Elk Creek Br. As-Constructed bridge Mylars shall be prepared and submitted to the Agency for UPRR Br., Yaquina River Br., Trapp Creek Br., and Little Elk Creek Br.
3. Any outstanding Certified Payrolls for the period from the last submittal through full demobilization;
4. Subcontractor Paid Summary Reports (SP DBE, Section 9) for the period from the last submittal through full demobilization;
5. YRC's Monthly Employment Utilization Reports for the period from the last submittal through full demobilization (including full reports for any subcontractors engaged for demobilization);
6. ARRA reports for the period from the last submittal through full demobilization in accordance with CCO 71;
7. Weekly Environmental Compliance Reports for the period from the last submittal through full demobilization; and
8. Construction photographs in their current state, each delivered in electronic format.



EXHIBIT C

Consent of Surety

PROJECT:

US 20 Pioneer Mountain to Eddyville
Section
20362 Highway 20
Eddyville, OR 97343

PROJECT NUMBER: 13158

Key No. 13225

Bond Nos: 8203-54-33 Federal
104444550 Travelers
08815984 F&D
08815984 Zurich

Granite Job No: 348810

TO OWNER:

Oregon Department of Transportation
355 Capitol Street Northwest
Salem, OR 97301-3871

CONTRACT FOR: Construction of portion of United States 20

CONTRACT DATED: July 1, 2005

In accordance with the provisions of the Contract between the Owner and the Contractor as indicated above, the Sureties

Federal Insurance Company -- 15 Mountain View Road -- Warren, NJ 07069
Travelers Casualty and Surety Company of America -- One Tower Square -- Hartford, CT 06183
Fidelity and Deposit Company of Maryland -- 3910 Keswick Road, Chesapeake Bldg.,
5th Floor -- Baltimore, MD 21211
Zurich American Insurance Company -- 3910 Keswick Road, Chesapeake Bldg.,
6th Floor -- Baltimore, MD 21211, SURETY,

On bonds of

Yaquina River Constructors
P.O. Box 50085
Watsonville, CA 95077-5085, CONTRACTOR,

Hereby consent to the Settlement Agreement dated May 2, 2012 in its entirety and that such Consent shall not relieve the Surety of any of its obligations to Oregon Department of Transportation, 355 Capitol Street Northwest, Salem, OR 97301-3871, OWNER, as set forth in said Surety's bond and that the performance and payment bonds will remain in place following the settlement throughout the course of the demobilization, and as provided in the Settlement Agreement.

IN WITNESS WHEREOF, the Surety has hereunto set its hand on this date:

DATED: _____

FEDERAL INSURANCE COMPANY

(Surety)

(Signature of authorized representative)

Attest:

(Seal):

(Printed name and title)



Consent of Surety

PROJECT:

US 20 Pioneer Mountain to Eddyville
Section
20362 Highway 20
Eddyville, OR 97343

PROJECT NUMBER: 13158

Key No. 13225

Bond Nos: 8203-54-33 Federal
104444550 Travelers
08815984 F&D
08815984 Zurich

Granite Job No: 348810

TO OWNER:

Oregon Department of Transportation
355 Capitol Street Northwest
Salem, OR 97301-3871

CONTRACT FOR: Construction of portion of United States 20

CONTRACT DATED: July 1, 2005

In accordance with the provisions of the Contract between the Owner and the Contractor as indicated above, the Sureties

Federal Insurance Company – 15 Mountain View Road – Warren, NU 07069
Travelers Casualty and Surety Company of America – One Tower Square – Hartford, CT 06183
Fidelity and Deposit Company of Maryland – 3910 Keswick Road, Chesapeake Bldg.,
5th Floor – Baltimore, MD 21211
Zurich American Insurance Company – 3910 Keswick Road, Chesapeake Bldg.,
6th Floor – Baltimore, MD 21211, SURETY,

On bonds of

Yaquina River Constructors
P.O. Box 50085
Watsonville, CA 95077-5085, CONTRACTOR,

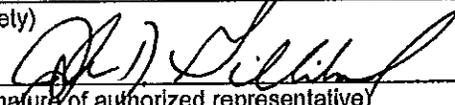
Hereby consent to the Settlement Agreement dated May 2, 2012 in its entirety and that such Consent shall not relieve the Surety of any of its obligations to Oregon Department of Transportation, 355 Capitol Street Northwest, Salem, OR 97301-3871, OWNER, as set forth in said Surety's bond and that the performance and payment bonds will remain in place following the settlement throughout the course of the demobilization, and as provided in the Settlement Agreement.

IN WITNESS WHEREOF, the Surety has hereunto set its hand on this date:

DATED: May 2, 2012

FEDERAL INSURANCE COMPANY

(Surety)


(Signature of authorized representative)

John D. Gilliland, Attorney-In-Fact

(Printed name and title)

Attest:
(Seal):



DATED: _____

TRAVELERS CASUALTY AND SURETY COMPANY
OF AMERICA
(Surety)

(Signature of authorized representative)

Attest:
(Seal):

(Printed name and title)

DATED: _____

FIDELITY AND DEPOSIT COMPANY OF MARYLAND
(Surety)

(Signature of authorized representative)

Attest:
(Seal):

(Printed name and title)

DATED: _____

ZURICH AMERICAN INSURANCE COMPANY
(Surety)

(Signature of authorized representative)

Attest:
(Seal):

(Printed name and title)

DATED: May 2, 2012



Attest:
(Seal):

TRAVELERS CASUALTY AND SURETY COMPANY
OF AMERICA
(Surety)



(Signature of authorized representative)

John D. Gilliland, Attorney-In-Fact

(Printed name and title)

DATED: May 2, 2012



Attest:
(Seal):

FIDELITY AND DEPOSIT COMPANY OF MARYLAND
(Surety)



(Signature of authorized representative)

John D. Gilliland, Attorney-In-Fact

(Printed name and title)

DATED: May 2, 2012



Attest:
(Seal):

ZURICH AMERICAN INSURANCE COMPANY
(Surety)



(Signature of authorized representative)

John D. Gilliland, Attorney-In-Fact

(Printed name and title)

EXHIBIT D
RESCISSION NOTICE
[ODOT LETTERHEAD]

ODOT issued a notice of default to YRC on March 16, 2012. ODOT hereby rescinds and withdraws the March 16, 2012 notice of default.



EXHIBIT E

COMPLETED OPERATIONS ENDORSEMENT SPECIMEN



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED POLICY PERIOD

"PRODUCTS-COMPLETED OPERATIONS HAZARD"

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

I. For "bodily injury" or "property damage" included in the "products-completed operations hazard", the policy period is extended as follows: FROM: 5/1/2012 (TBD) TO: 5/1/2015

II. For the extended policy period applicable to "bodily injury" or "property damage" included in the "products-completed operations hazard" provided in I. above, the last paragraph of SECTION III -- LIMITS OF INSURANCE does not apply. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard" and applies to the entire coverage period of 5/1/2012 (TBD) to 5/1/2015. The Products-Completed Operations Aggregate Limit shall not apply to any separate annual period, or otherwise be increased.

III. It is further understood and agreed that the Additional Insured coverage for Oregon Department of Transportation (ODOT) during the period 5/1/2012 (TBD) to 5/1/2015 will be available only for claims by third parties (public or private) as follows:

1. Claims concerning any "occurrence" before the date of the named insureds' (YRC) demobilization/completion, but excluding any such claims from the "follow-on" contractors, consultants, or their employees or subs/suppliers and any such claims caused by or that arise in connection with or related to the "follow-on" construction project activities at the project; and,
2. Claims concerning any "occurrence" after the date of YRC demobilization/completion, where the basis for the claim concerns the condition of YRC's completed work when it demobilized, but excluding any such claims from the "follow-on" contractors, consultants, or their employees or subs/suppliers and any such claims caused by or that arise in connection with or related to the "follow-on" construction project activities at the project.

"Follow-on" refers to work at the project site by ODOT or its contractors or consultants to complete the project.

This endorsement is part of your policy and takes effect on the effective date of your policy, unless another effective date is shown below.

Must Be Completed	
ENDT. NO.	POLICY NO.
53	GL 2074967305

Complete Only When This Endorsement Is Not Prepared with the Policy Or Is Not to be Effective with the Policy	
ISSUED TO:	EFFECTIVE DATE OF THIS ENDORSEMENT
Yaquina River Constructors, A Joint Venture	5/1/2012 (TBD)

Countersigned by _____
Authorized Representative



Contractor's Protective Professional Indemnity and Liability Insurance – Amendments

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer	Addl Prem.	Return Prem.
EOC 6914793-00	07/05/2005	12/31/2012	07/05/2005	70134000	--	---

Named Insured and Mailing Address:
 Yaquina River Constructors, a Joint Venture
 P.O. Box 60085
 Watsonville, CA 95077

Producer:
 Aon Risk Insurance Services West, Inc.
 199 Fremont Street, Suite 1600
 San Francisco, CA 94105

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided by the following:

Contractor's Protective Professional Indemnity and Liability Insurance Policy

In consideration of the premium charged, it is hereby agreed that the insurance provided under this policy is amended as follows:

1. Section I. **INSURING AGREEMENT** is amended by adding the additional Coverage Part as follows:

COVERAGE PART C – CONTRACTOR'S POLLUTION LIABILITY

A. COVERAGE

1. We will pay on behalf of an "Insured" any "Loss" an "Insured" is legally obligated to pay as a result of "Contractor's Pollution Liability Claim(s)" caused by:

- a. A "Pollution Event(s)" resulting from "Technical Activities" performed by the "Named Insured" or anyone for whom the "Named Insured" is legally responsible; or
- b. A "Pollution Event" resulting from "Completed Operation(s)" of the "Technical Activities".

The "Bodily Injury" or "Property Damage" must occur during the "Policy Period". Progressive, indivisible "Bodily Injury" or "Property Damage" over multiple policy period(s) caused by the same, related or continuous "Pollution Events" shall be deemed to have occurred only in the "Policy Period" of the date of first exposure to the "Pollution Event".

If the date of such first exposure is before the effective date of the first "Policy Period" issued to you by us, or can not be determined, but the progressive, indivisible "Bodily Injury" or "Property Damage" continues in fact to exist during the first "Policy Period" issued to you by us, the "Bodily Injury" or "Property Damage" will be deemed to have occurred only on the effective date of such first "Policy Period" to you by us.

Notwithstanding the above, this insurance does not apply to "Contractor's Pollution Liability Claim(s)" or Loss(es) based upon or arising out of any "Contractor's Pollution Liability Claim" or "Loss" covered, in whole or in part, under any valid insurance policy, in force prior to this policy.

B. DEFENSE

We shall have the right and duty to assume the adjustment, defense and settlement of any "Contractor's Pollution Liability Claim" to which this insurance applies. "Contractor's Pollution Liability Claim Expense" reduces the applicable Limits of Liability set out in the Declarations as described in LIMITS OF LIABILITY section. Our duty to adjust, defend and settle all "Contractor's Pollution Liability Claims" to which this endorsement applies, pending

and future, ends when the applicable Limits of Liability have been tendered into court or exhausted by payment of "Contractor's Pollution Liability Claim Expense(s)" or "Loss(es)".

2. Section II. DEFINITIONS is amended as follows:

Solely with respect to **COVERAGE PART C**, the following definitions shall apply:

- A. "Automobile" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any machinery or apparatus attached thereto.
- B. "Bodily Injury" means physical injury, sickness, disease, death, mental anguish or emotional distress suffered by any person.
- C. "Claim" means "Contractor's Pollution Liability Claim".
- D. "Cleanup costs" means the necessary expenses incurred in the investigation, removal, remediation, neutralization or immobilization of contaminated soil, surface water, groundwater, or other contamination resulting from a "Pollution Event".

To the extent that real or personal property not owned by the "Insured(s)" is directly damaged during the investigation, removal, remediation, neutralization or immobilization of contaminated soil, surface water, groundwater, or other contamination resulting from a "Pollution Event", this policy will pay the expenses necessary to repair, replace, or restore such damaged real or personal property to substantially the same condition it was in prior to being so damaged provided that any such expenses shall, in no event, exceed the fair market value of such property prior to being damaged and further provided that such expenses shall not include expenses associated with improvements or betterments, including, but not limited to upgrades necessary to achieve building code compliance.

- E. "Contractor's Pollution Liability Claim" or "Contractor's Pollution Liability Claims" means any demand or notice received by an "Insured" alleging liability or responsibility on the part of an "Insured" for "Losses" because of a "Pollution Event" resulting from "Technical Activities" or "Completed Operations of the "Technical Activities."
- F. "Contractor's Pollution Liability Claim Expense" means "Claim Expense" as defined in this policy.
- G. "Completed Operation(s)" coverage begins when the job is completed and includes all "Bodily Injury" and "Property Damage(s)" occurring away from the premises owned or rented by the "Insured" and arising out of "Technical Activities" that have been completed or "Technical Activities" that have not been abandoned. "Technical Activities" will be deemed completed at the earliest of the following times:
 - 1. When all the "Technical Activities" called for in the contract have been completed; or
 - 2. When all the "Technical Activities" to be done at one or more sites have been completed if the contract calls for "Technical Activities" at more than one site; or
 - 3. When that part of the "Technical Activities" at any site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project. "Technical Activities" that may need service, maintenance, correction, repair or replacement, but which are otherwise complete, will be deemed complete.
- H. "Hazardous Materials" means any petroleum, petroleum products, polychlorinated biphenyls, explosives, reactive materials, ignitable materials, corrosive materials and any hazardous, toxic, radioactive and infectious materials, substances, chemicals or wastes, together with any other substances designated as hazardous substances or hazardous materials by federal, state or municipal laws, statutes or ordinances, including rules, administrative or judicial orders, directives or policies.
- I. "Hazardous Materials Facility" means any site, location or premises, or any part of any site, location or premises, on which "Hazardous Materials", wastes or pollutants are stored, treated, processed, recycled or disposed other than those sites at which "Technical Activities" are being performed.
- J. "Insured" has the meaning stated in the policy, and solely as to Coverage Part C shall also include the following:
 - 1. your clients but only:
 - a. when required by written contract executed and effective before the "Technical Activities"; and
 - b. with respect to "Technical Activities" and "Completed Operations(s)" of the "Technical Activities"; and

- c. for those amounts required by written contract not to exceed the Limits of Liability of this policy; or
2. any other person or entity endorsed on this policy as an "Insured".
- K. "Loss(es)" means:
1. compensatory damages or legal obligations arising from;
 - a. "Bodily Injury";
 - b. "Property Damage";
 2. and related "Contractor's Pollution Liability Claim Expense".
- L. "Microbial Event" means any "Loss" caused directly or indirectly, by: 1. any "Fungus(i)" or "Spore(s)", or 2. any substance, vapor or gas produced by or arising out of any "Fungus(i)" or "Spore(s)". For the purpose of this definition, the following definitions are added:
1. "Fungus(i)" includes, but is not limited to: a. any form or type of mold, mushroom or mildew; b. any other fungal structure; and c. any volatile organic compounds, mycotoxins, allergenic proteins or other substances or gases produced by or arising out of any mold, mushroom, mildew, fungal structure or "Spore(s)".
 2. "Spore(s)" means any reproductive body produced by or arising out of any "Fungus(i)".
- M. "Named Insured" has the meaning stated in the policy at Section II, DEFINITIONS, J.
- N. "Natural Resource Damage" means physical injury to or destruction of, including the resulting loss of value of land, fish, wildlife, biota, air, water, groundwater, drinking water supplies, and other such resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States (including the resources of the fishery conservation zone established by the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et. seq)), any state or local government, any foreign government, any Native American tribe or, if such resources are subject to a trust restriction on alienation, any member of a Native American tribe.
- O. "Policy Period" means the period set forth in the Declaration, or any shorter period arising as a result of termination of the policy.
- P. "Pollution Event" means the discharge, dispersal, release, or escape of any solid, liquid, gaseous or thermal irritant, contaminant or pollutant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste.
- Q. "Property Damage" has the meaning stated in the policy and solely as to Coverage Part C shall also include the following:
1. "Cleanup Costs"; and
 2. "Natural Resource Damage".
- R. "Retroactive Date" means the date set forth in the Declarations or attached Endorsement, and the earliest date a "Technical Activity" can commence for coverage to be provided under the claims made portion of this policy.
- S. "Technical Activities" means construction work and other non-professional services.
3. Section III, EXCLUSIONS is amended by adding the following which are the only exclusions to apply to this Coverage Part:
- Solely with respect to **COVERAGE PART C -- CONTRACTOR'S POLLUTION LIABILITY**, this insurance does not apply to "Contractor's Pollution Liability Claim(s)" or "Loss(es)" based upon or arising out of:
- A. a "Pollution Event" existing prior to the Inception date of the policy except as provided in Section I.A of this endorsement;
 - B. any dishonest, fraudulent, or malicious act, error or omission, or those of a knowingly wrongful nature or the intentional, willful or deliberate non-compliance with any statute, regulation, ordinance, administrative complaint, notice of violation, notice letter, executive order, or instruction of any governmental agency or body by or at the direction of an "Insured" except that this exclusion will not apply to an "Insured" who did not commit, participate in, or have knowledge of any of the acts described;

- C. a "Contractor's Pollution Liability Claim" made by an "insured" against any other "insured", however, this exclusion does not apply to clients of the "Named Insured" who are considered "insureds" under this policy;
- D. a "Contractor's Pollution Liability Claim" made by an entity or individual:
1. that wholly or partially owns, operates or manages an "insured";
 2. in which an "insured" has an ownership interest in excess of 20%;
 3. that is controlled, operated or managed by an "insured"; or
 4. in which an "insured" is an officer or director;
- E. any obligation of an "insured" which could have been brought in whole or in part under a workers compensation, disability benefits or unemployment compensation law or any similar law;
- F. conduct by an individual, corporation, partnership or joint venture of which an "insured" is a partner, director, officer, member, participant or employee, that is not designated in the Declarations or by Endorsement as a "Named Insured" however, this exclusion shall not apply to the "Named Insured" for "Claim(s)" alleging liability of the "Named Insured" arising out of the "Named Insured's" participation in the joint venture. Such liability is limited exclusively to the "Loss" arising out of the "Named Insured's" performance of "Technical Activities";
- G. liability of others assumed by an "insured" under any contract or agreement, however, this exclusion shall not apply to:
1. such written contracts or agreements, in effect prior to the performance of the "Technical Activities" between the "Named Insured" and its client provided that the liability for the "Loss(es)" arises from a "Pollution Event" resulting from "Technical Activities" or "Completed Operation(s)" of the "Technical Activities" performed by the "Named Insured" or any other person, entity or organization for whom the "Named Insured" is legally responsible and the liability does not arise due to the sole negligence of the client; or
 2. liability for the "Loss(es)" would have attached to an "insured" by operation of law in the absence of such contract or agreement;
- H. any project that is insured under a project specific insurance policy, provided, however, that this exclusion shall not apply where your liability is found to be in excess of the limit of liability available under such project specific insurance policy which has been specifically included for excess coverage by endorsement to this policy;
- I. goods or products designed, manufactured, sold, handled, distributed, or supplied by an "insured" or by others trading under its name or under license from an "insured";
- J. fines, penalties, and the multiple portion of multiplied damages;
- K. injury to any employee, contract employee or leased personnel of an "insured" if such injury occurs during and in the course of said employment; or to the spouse, child, parent, brother or sister of any employee, contract employee or leased personnel of an "insured" as a consequence of said employment; or to any obligation of an "insured" for indemnity or contribution to another because of "Loss" arising out of such injury in the course of employment, except that this exclusion does not apply to liability assumed by the "Named Insured" under a written contract or agreement, in effect prior to the "Loss" between the "Named Insured" and its client provided that the "Loss" arises out of a "Pollution Event" and the "Loss" does not arise due to the sole negligence of the client;
- L. any consequence, whether direct or indirect, of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power, strike, riot or civil commotion;
- M. the ownership, entrustment, maintenance, use, operation, loading or unloading of any "Automobile", aircraft, vessel or rolling stock beyond the boundaries of the site at which the "Technical Activities" are being conducted unless endorsed onto this policy. However, this exclusion shall not apply to a "Pollution Event" arising from the ownership, entrustment, maintenance, use, operation, loading or unloading of any "Automobile" or arising from waste or materials transported by or on behalf of the "Named Insured" via "Automobile" during the course of performing "technical activities";
- N. waste, contaminants, pollutants, or materials transported via "Automobile", aircraft, vessel, or rolling stock beyond the boundaries of the site at which the "Technical Activities" are being conducted once they have been finally delivered, disposed of or abandoned unless endorsed onto this policy;

- O. any real property or personal property owned, leased, or rented by a "Named Insured"
 - P. any "Pollution Event(s)" or "Loss(es)" on, at, under or coming from any location to which an "Insured" arranges for, sends or has sent materials for treatment, recycling, reclamation, storage or disposal unless endorsed onto this policy;
 - Q. an "Insured's" operation or management of a "Hazardous Materials Facility" on behalf of, for the benefit of, or under contract with any other person, company or entity;
 - R. a "Microbial Event", whether caused directly or indirectly;
 - S. the refusal to employ, termination of employment, coercion, evaluation, reassignment, discipline, wrongful infliction of emotional distress or other employment-related torts, harassment, discrimination, wrongful deprivation of a career opportunity, breach of any oral, written or implied employment contract or quasi-employment contract, violation of any federal, state or local statute, regulation, ordinance, common law or public policy concerning employment or discrimination in employment;
4. Section IV. **LIMITS OF LIABILITY** is amended as follows:
- a. The following new Coverage Part is added:
 - E. COVERAGE PART C**
 - 1. **EACH CONTRACTOR'S POLLUTION LIABILITY CLAIM LIMIT OF LIABILITY**
Our liability for each "Contractor's Pollution Liability Claim" including "Claim Expenses" and "Cleanup Costs" shall not exceed the amount set out in the Declarations as Each "Contractor's Pollution Liability Claim" Limit of Liability – Coverage Part C. We shall not be obligated to pay any "Claim Expenses" or "Cleanup Costs" or undertake or continue the defense of an "Contractor's Pollution Liability Claim" after the Each "Contractor's Pollution Liability Claim" Limit of Liability has been tendered into court or exhausted by payment of "Claim Expenses" or "Cleanup Costs".
 - 2. **SELF INSURED RETENTION**
Our liability and obligation to indemnify you for "Claims Expenses" and "Cleanup Costs" under Coverage Part C for each "Contractor's Pollution Liability Claim" shall attach excess of the Self Insured Retention – Coverage Part C stated in the Declarations. The Self Insured Retention shall apply to each "Contractor's Pollution Liability Claim".
 - b. Paragraph C. **AGGREGATE LIMIT OF LIABILITY** is deleted in its entirety and replaced with the following:
 - C. Subject to Sections A, B, and E, our total liability for all "Damages", "Losses", "Professional Liability Claim Expenses", "Claim Expenses", and "Cleanup Costs" under Coverage Parts A, B, and C, combined shall not exceed the amount set forth in the Declarations as the Aggregate Limit of Liability – Coverage Parts A, B, and C. We shall not be obligated to pay any "Damages", "Losses", "Professional Liability Claim Expenses", "Claim Expenses", and "Cleanup Costs" after the Aggregate Limit of Liability has been tendered into court or exhausted by payments for "Damages", "Losses", "Professional Liability Claim Expenses", "Claim Expenses", and "Cleanup Costs".
5. Section VII. **CONDITIONS, Item A., ACTION AGAINST US**, is amended by adding the following new paragraph:
- 4. As to Coverage C, no action shall lie against us unless, as a condition precedent thereto, there shall have been full compliance with all of the terms and conditions of this policy, and both your liability and the amount of your obligations to pay has been finally determined either by judgment against you after an actual trial or by your written agreement with the claimant or the claimant's legal representative with our approval.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join us as a party to any action against you to determine your liability, nor shall we be impleaded by you or your legal representative.

All other provisions of this policy remain unchanged.

Endorsement # 16

Amendatory Endorsement



Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer	Addl Prem.	Return Prem.
EOC 6914793-00	07/05/2005	12/31/2012	07/05/2005	70134000	---	--

Named Insured and Mailing Address:

Yaquina River Constructors, a Joint Venture
P.O. Box 60085
Watsonville, CA 95077

Producer:

Aon Risk Insurance Services West, Inc.
109 Fremont Street, Suite 1600
San Francisco, CA 94105

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided by the following:

Contractor's Protective Professional Indemnity and Liability Insurance Policy

In consideration of the payment of premium and the Self Insured Retention by the "first named insured" and in reliance upon the statements in the Application made a part hereof, it is hereby agreed, subject to all the terms, exclusions and conditions of the policy, that solely as respects Coverage Part C, an Extended Completed Operations period will be provided for the designated project scheduled above and for 30 months starting at either the expiration date of this policy or when the "covered operations" become "completed operations", whichever comes first as determined by the company in its sole discretion.

The Company will provide the Each Claim Limit of Liability subject to that which is remaining in the Total for all Claims Limit of Liability shown in the Declarations to this policy, but only for "bodily injury" or "property damage" first commencing during the "policy period" or the extended completed operations coverage endorsement. The purchase of an extended completed operations coverage endorsement does not reinstate or increase the Limit of Liability shown in the Declarations as applicable to the Total for all Claims.

The extended completed operations coverage afforded by this endorsement will not take effect if this policy is canceled for any reason whatsoever.

The Company has the right to cancel this endorsement according to the policy terms, including if the "first named insured" fails to pay any premium when due.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY SHALL APPLY AND REMAIN UNCHANGED.

STF-CPP-140-A CW (01/10)
Page 1 of 1

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EXHIBIT F

ODOT PUBLIC STATEMENT

The Oregon Department of Transportation (ODOT) announced (*today) that an agreement has been reached with Granite Construction Company's joint venture, Yaquina River Constructors (YRC) to terminate the US 20 Pioneer Mountain to Eddyville Design-Build Contract. Terms of the agreement include that YRC will pay ODOT \$15 million dollars, both Parties will waive claims against each other, and the Notice of Default ODOT issued to YRC in March of this year will be rescinded. YRC will no longer have the contractual obligation to complete the project and will demobilize from the project site in an orderly manner.

ODOT determined that the settlement with YRC was in the best interests of the State in order to avoid the delay and costs of protracted litigation and to allow ODOT to move forward with construction on the US 20 Pioneer Mountain to Eddyville project this summer.



EXHIBIT G

YRC PUBLIC STATEMENT

Granite Construction Incorporated (NYSE:GVA) announced [date] that the company's joint venture, Yaquina River Constructors ("YRC") and the Oregon Department of Transportation ("ODOT") have resolved their claims in a settlement that includes a mutually agreed termination of the ODOT-YRC design build contract on the US-20 Pioneer Mountain to Eddyville project.

"We are pleased to have reached a resolution to what has been an extremely challenging project for all parties involved," said James H. Roberts, Granite president and CEO. "While we were confident in our position regarding the disputes with ODOT, we believed it is in the best interest of the company and its stakeholders to resolve this matter and avoid the cost and distraction of protracted litigation."

The agreement between ODOT and YRC ends YRC's contractual obligation to complete the project. Termination of the contract is by mutual agreement and not a termination for default. The terms of the settlement also include that ODOT will waive claims it has against YRC, release to YRC approximately \$4.3 million in retention monies and rescind the Notice of Default it sent to YRC in March 2012. Also, YRC will waive claims it has against ODOT and pay \$15 million to ODOT. Granite confirms that the settlement will not have a material impact on the company's financial position or operations.

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JK