

RIGHT-OF-WAY USE AGREEMENT

THIS RIGHT-OF-WAY USE AGREEMENT ("Agreement") is entered into this 5th day of August, 2008 (the "Effective Date") by and between the **City of Redlands**, a municipal corporation ("City") and **Sunesys, LLC**, a Delaware Limited Liability Company ("Sunesys"). For the purposes of this Agreement, City and Sunesys are sometimes individually referred to as a "Party" and, together, as the "Parties."

RECITALS

A. Sunesys wishes to install certain communication lines and cables in, on or over portions of the rights-of-way of the City as shown in Exhibit "A" which is attached and incorporated by this reference (the "Project").

B. The Project will require the occupation of the public rights-of-way and will be completed pursuant to Sunesys' Certificate of Public Convenience and Necessity ("CPCN") issued by the California Public Utilities Commission ("CPUC"), D 06-06-047, on June 29, 2006.

C. The City and Sunesys propose to enter into this Agreement to install and maintain the Project to provide telecommunication services, the terms of which shall govern the initial Project as well as Sunesys' subsequent occupation and use of the rights-of-way in the City.

NOW THEREFORE, in consideration of the mutual promises contained in this Agreement, the Parties agree as follows:

1. Scope of Project and Use.

A. The City gives permission to Sunesys to encroach over, under and along the public rights-of-way in the City for the purpose of the construction of certain communication lines and cables in certain public rights-of-way, which Project is more specifically described in Exhibit "A." The Project that is described in Exhibit "A" may be amended and/or augmented by Sunesys pursuant to the terms of Sunesys' CPCN, and Sunesys shall apply for the appropriate encroachment permit with the City in each case. All work will be constructed at the sole cost and expense of Sunesys.

B. Sunesys represents that its CPCN authorizes construction activities in relation to the Project and that the Project will be used solely for the purposes authorized in its CPCN as a "Telephone Corporation" within the meaning of its CPCN and the California Public Utilities Code. If Sunesys uses the Project for purposes other than the services that are sanctioned by the CPCN, the City reserves the right to charge Sunesys full, fair and reasonable compensation for the use of the City's rights-of-way or to impose other lawful requirements. By entering into this Agreement, neither the City nor Sunesys waive any rights reserved to either pursuant to Public Utilities Code Sections 7901 and 7901.1, or otherwise. In addition, neither Party waives any rights reserved under the Telecommunications Act of 1996 including, but not limited to, those rights set forth in Section 253 of the Act.

C. Sunesys represents that any equipment installed pursuant to this Agreement will be used solely for the purpose of providing the CPCN-based services identified herein and that Sunesys

will not use its equipment to offer or provide any other services. Sunesys' failure to comply with these limitations will constitute a material breach of this Agreement and the City for which the City may seek immediate termination of the Agreement.

2. Term and Termination.

The term of this Agreement shall commence on the Effective Date of this Agreement and continue, unless earlier terminated as provided for herein, so long as Sunesys is occupying the City rights-of-way in full compliance with Sunesys' statewide franchise under the terms of its CPCN, and in full compliance with lawfully adopted ordinances and resolutions of the City.

3. Permit Fees.

Sunesys shall obtain encroachment permits for any work it undertakes under this Agreement, and shall pay any and all published permit, inspection, and related cost-recovery fees of the City consistent with California Government Code section 50030 and other applicable law.

4. Assignment/Subletting.

This Agreement may not be assigned by Sunesys without the express prior written consent of the City, which consent will not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the transfer of the rights and obligations of Sunesys to a parent, subsidiary, or other affiliate of Sunesys, or to any successor-in-interest or entity acquiring fifty-one percent (51%) or more of Sunesys' stock or assets (collectively "Exempted Transfers") will not be deemed an assignment for the purposes of this Agreement and will not require the City's consent; provided that Sunesys reasonably demonstrates to the City compliance with the following criteria (collectively the "Exempted Transfer Criteria"): (i) the proposed transferee will have a financial strength after the proposed transfer at least equal to that of Sunesys immediately prior to the transfer; (ii) the proposed transferee assumes all of Sunesys' obligations under this Agreement; (iii) the experience and technical qualifications of the proposed transferee in providing telecommunications or similar services evidences the ability to operate the Network; and (iv) the proposed transferee holds and maintains a CPCN authorizing it to own and maintain the facilities installed under this Agreement.

5. Notices.

All notices must be in writing and are effective only when deposited in the U.S. Mail, certified and postage prepaid, or when sent via overnight delivery as follows:

If to Sunesys:
Sunesys, LLC
ATT: Senior Counsel
202 Titus Ave.
Warrington, PA 18976

If to City:
City of Redlands
Attn: City Clerk
P.O. Box 3005
Redlands, CA 92373

Additionally, Sunesys will make a person available to the employees of any City department having jurisdiction over Sunesys' activities twenty-four (24) hours a day, seven (7) days a week,

regarding emergency-related problems or complaints resulting from the attachment, installation, operation, maintenance, or removal of the equipment. The City may contact by telephone the network control center operator at telephone number 1-800-286-6664 regarding these problems or complaints.

6. Improvements.

All work and entry upon, over, under or along the public rights-of-way must be done under the supervision of Sunesys and its contractors in a good and skillful manner, and must comply with all standards imposed by the City from time to time. Any and all damage to the rights-of-way resulting from the activities of Sunesys must be repaired by Sunesys at no expense to the City, and to the reasonable satisfaction of the City. The excavation on the public rights-of-way by Sunesys must be monitored by Sunesys for any lateral movement or other forms of trench failure.

7. Compliance with Laws.

A. All facilities and equipment installed by Sunesys under this Agreement shall at all times remain in compliance with all local, state, and federal laws regarding public safety.

B. The City and Sunesys agree that pursuant to federal statutes, including 47 U.S.C. § 253 (the "Federal Statutes"), the City may not prohibit Sunesys from providing interstate and intrastate expanded telecommunications services, but may manage the public rights-of-way and impose neutral and non-discriminatory requirements to the degree permitted under state and federal law; and as necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers, and may, to the extent permitted by applicable state law, (including California Public Utilities Code § 7901), require fair and reasonable, neutral and non-discriminatory compensation from discriminatory basis. Nothing in this Agreement shall constitute a waiver by Sunesys or the City of any state or federal regulation governing the provisioning of telecommunications services.

8. Interference and Ground Mounted equipment.

A. Interference. In the performance and exercise of its rights and obligations under this Agreement, Sunesys shall not interfere in any manner with the existence and operation of any public or private rights-of-way, sanitary sewers, water mains, storm drains, gas mains, poles, aerial and underground electrical and telephone wires, electroliers, cable television and telecommunications facilities, utilities, or municipal property, without the express written approval of the owner or owners of the affected property or properties, except as authorized by applicable laws or this Agreement.

B. Ground-Mounted equipment. Sunesys does not plan on installing any ground mounted facilities or equipment cabinets. Nonetheless, Sunesys understands that any installation of ground-mounted facilities and equipment cabinets shall be subject to the planning and design review requirements if imposed by the City on all other users of the public rights-of-way.

Sunesys agrees to comply with the City's current ordinances regarding such installations as well as any future regulations that may be adopted by the City respecting such installations that are consistent with the City's rights under Section 7901.1 of the California Public Utility Code, and other applicable law, and are applied in a non-discriminatory fashion to other telecommunications companies regulated and issued a Certificate of Public Convenience and Necessity by the California Public Utilities Commission.

9. Utilities and Maintenance.

Sunesys shall pay for all utilities used at the Project. Sunesys shall take utility access from the nearest possible connection to minimize damage to the public rights-of-way. Throughout the term of this Agreement, Sunesys shall maintain the facilities that it installs in good operational condition.

10. Default.

If either Party is in default under this Agreement for a period of (a) thirty (30) days following receipt of notice from the non-defaulting Party with respect to a default which may be cured solely by the payment of money, or (b) thirty (30) days following receipt of notice from the non-defaulting Party with respect to a default which may not be cured solely by the payment of money, then, in either event, the non-defaulting Party may terminate this Agreement, and may pursue any remedies available to it against the defaulting Party under applicable law. If the non-monetary default may not reasonably be cured within a thirty (30) day period, this Agreement may not be terminated if the defaulting Party commences action to cure the default within such thirty (30) day period and proceeds diligently to fully cure the default.

11. Taxes.

Sunesys shall pay all personal property taxes, use taxes and possessory interest taxes, including but not limited to those levied under Revenue and Taxation Code Section 107, assessed upon and arising from Sunesys' use and possession of facilities under this Agreement.

12. Insurance.

A. Sunesys shall obtain and maintain during the term of this Agreement Commercial General Liability insurance and Commercial Automobile Liability insurance protecting Sunesys in an amount not less than Two Million Dollars (\$2,000,000) per occurrence (combined single limit), including bodily injury and property damage, and in an amount not less than Two Million Dollars (\$2,000,000) annual aggregate for both personal injury liability and products-completed operations. The Commercial General Liability insurance policy shall name the City, its elected officials, officers, and employees as additional insureds as respects any covered liability arising out of Sunesys' performance of work under this Agreement. Coverage must be in an occurrence form and in accordance with the limits and provisions specified herein. Claims-made policies are not acceptable. This insurance shall not be canceled, nor may the occurrence or aggregate limits set forth above be reduced, until the City has received at least thirty (30) days' advance written notice of such cancellation or change. Sunesys is responsible for notifying the City of any change

or cancellation. Further, the insurance policies' limitations amounts required by this subsection shall be subject to periodic review by the City for compliance with industry standards. In the event the City reasonably determines that the limitation amount of any insurance policy shall be increased, on a frequency no greater than every five (5) years, the City shall provide Sunesys with written notification of the same and Sunesys shall, within sixty (60) days of the date of such notice, provide the City with certificates and endorsements evidencing such mutually agreeable increased insurance policy limitation amount in amounts to be negotiated in good faith by both Parties.

B. Prior to the commencement of any work pursuant to this Agreement, Sunesys shall file with the City the required original certificates of insurance with endorsements, which shall state the following:

(1) The policy number; name of insurance company; name and address of the agent or authorized representative; name and address of insured; project name; policy expiration date; and specific coverage amounts; (2) That the City will receive not less than thirty (30) days' prior notice of cancellation; (3) That Sunesys' Commercial General Liability insurance policy is primary as respects any other valid or collectible insurance that the City may possess, including any self insured retentions that the City may have; and that any other insurance the City possesses will be considered excess insurance only and will not be required to contribute with this insurance; and (4) That Sunesys' Commercial General Liability insurance policy waives any right of recovery the insurance company may have against the City. The certificates of insurance with endorsements and notices shall be mailed to the City at the address specified above in Section 5.

13. Relocation and Rearrangement Obligation.

A. Relocations at Sunesys' Expense. Whenever, during the term of this Agreement, the City changes the grade, width or location of any street or improves any street in any manner, including the laying of any sewer, storm drain, conduits, gas, water, electric or other utility system, or other pipes owned or operated by the City or any other public agency or publicly owned utility, or constructs any pedestrian tunnels, or moves existing utilities where Sunesys' facilities are located to an underground location, or other work of the City and such work will, in the sole opinion of the City, render necessary any change in the position or location of any facilities of Sunesys in or into the street, Sunesys will, at its own cost and expense, do any and all things to effect such change in position or location, in conformity with the written notice of the City to Sunesys. If Sunesys fails or refuses to relocate its facilities located in, on, upon, along, under, over, across or above any highway or to pave, surface, grade, repave, resurface or regrade as required, pursuant to any provision of this Agreement, the City or other public entity may cause the work to be done and will keep an itemized account of the entire cost thereof, and Sunesys will hold harmless the City, its elected officials, officers and employees from any liability which may arise or be claimed to arise from the moving, cutting, or alteration of any of Sunesys' facilities, or the turning on or off of water, oil, or other liquid, gas, or electricity. Sunesys shall reimburse the City or other public entity for such cost within thirty (30) days after presentation to Sunesys of an itemized account of such costs.

B. Expense of Others. Except as provided elsewhere in this Agreement, when rearrangement of facilities is done for the accommodation of any party not identified herein, the cost of such rearrangement will be borne by the accommodated party. Such accommodated party, in advance of such rearrangement, will (1) deposit with Sunesys either cash or a corporate surety bond in an amount as in the reasonable discretion of Sunesys will be required to pay the costs of such rearrangement; and (2) will execute the instrument agreeing to indemnify and hold harmless Sunesys from any and all damages or claims caused by such rearrangement.

C. Rearrangement of the Facilities of Others. Nothing contained in this Agreement shall be construed to require the City to move, alter or relocate any of its facilities upon said streets, at its own expense, for the convenience, accommodation or necessity of any other public utility, person, firm or corporation; or to require the City or any person, firm or corporation now or hereafter owning a public utility system of any type or nature, to move, alter or relocate any part of its system upon said streets for the convenience, accommodation or necessity of Sunesys.

D. Notice of Relocation. Sunesys will be given not less than one hundred twenty (120) days' written notice of any relocation or rearrangement of facilities which Sunesys is required to make hereunder. Such notice will specify in reasonable detail the work to be done by Sunesys and will specify the time that such work is to be accomplished. In the event that the City changes the provisions of any such notice given to Sunesys, Sunesys will be given an additional period not less than ninety (90) days to accomplish such work. In case Sunesys fails to commence work in compliance with such written notice within thirty (30) days after service of same upon Sunesys (unless Sunesys will be unable to comply with such notice by reason of strikes, riots, acts of God, or act of public enemies), the City's Municipal Utilities and Engineering Director may cause the work required in said notice to be done by the City or at the election of the City, by a private contractor at Sunesys' sole cost and expense, pursuant to the provisions in paragraph 13.A., above.

14. Security and Bond.

In order to secure the performance of its obligations under this Agreement, Sunesys shall provide the following security instruments to the City:

A. Faithful Performance Bond and Construction Bond. Prior to the commencement of any work under this Agreement, Sunesys shall provide a performance bond running to the City to guarantee completion of all of Sunesys' work in the public rights-of-way, in the amount of 100% of the total estimated cost of the work to be performed in the public rights-of-way by Sunesys (the "Construction Bond"). Upon completion of Sunesys' work in the public rights-of-way to the satisfaction of the City's Municipal Utilities and Engineering Director, the amount of the Construction Bond shall be reduced to 25% of the actual cost of the work, and the Construction Bond shall be maintained for one year. At the end of that one year following completion of Sunesys' work in the public rights-of-way to the satisfaction of the City's Municipal Utilities and Engineering Director, the full amount of the Construction Bond will terminate and expire.

B. Assessment of the Bonds. Upon Sunesys' failure to pay the City any amount owing under this Agreement, the Construction Bond may be assessed by the City for purposes including, but not limited to:

(1) Reimbursement of costs borne by the City to correct violations of the Agreement not corrected by Sunesys, after the City provides notice and a reasonable opportunity to cure such violations.

(2) To provide monetary remedies or to satisfy damages assessed against Sunesys due to a material breach of this Agreement.

C. Restoration of the Bond. Sunesys shall deposit a sum of money or a replacement instrument sufficient to restore the Construction Bond to its amount immediately prior to the assessment of the bond by the City within thirty (30) days after notice from the City that any amount has been recovered from the bond. Failure to restore the bond to its full amount within thirty (30) days will constitute a material breach of this Agreement. Sunesys will be relieved of the foregoing requirement to replenish the bond during the pendency of an appeal from the City's decision to draw on the bond.

D. Costs of Collection. If the bond is drawn upon, all of City's costs of collection and enforcement of the provisions relating to the bond that are specified in this section, including reasonable attorneys' fees and costs, shall be paid by Sunesys.

E. Reservation of City Rights. The rights reserved by the City with respect to the bond are in addition to all other rights and remedies the City may have under this Agreement or any other law.

F. Qualification of Surety. The surety supplying the bond shall be an "admitted surety insurer," as defined in Code of Civil Procedure section 995.120, authorized to do business in the State of California.

15. Indemnification and Waiver.

A. Generally. Sunesys shall indemnify, defend, protect, and hold harmless the City, its elected officials, officers, employees, agents, and contractors, from and against liability, claims, demands, losses, damages, fines, charges, penalties, administrative and judicial proceedings and orders, judgments, and all costs and expenses incurred in connection therewith, including reasonable attorneys' fees and costs of defense (collectively, the "Losses") directly or proximately resulting from Sunesys' activities undertaken pursuant to this Agreement, except to the extent arising from or caused by the gross negligence or willful misconduct of the City, its councilmembers, officers, employees, agents, or contractors.

B. Waiver of Claims. Sunesys waives all claims, demands, causes of action, and rights it may assert against the City on account of any loss, damage, or injury to any equipment, or any loss or degradation of the Services, resulting from any event or occurrence that is beyond the City's reasonable control.

C. Limitation of City's Liability. The City shall be liable only for the cost of repair to damaged equipment arising from the sole negligence or willful misconduct of the City, its employees, agents, or contractors, and the City shall in no event be liable for indirect or consequential damages.

D. Waiver of Breach. The waiver by either Party of any breach or violation of any provision of this Agreement will not be deemed to be a waiver or a continuing waiver of any subsequent breach or violation of the same or any other provision of this Agreement.

16. Miscellaneous.

A. Governing Law; Jurisdiction. This Agreement shall be governed and construed by and in accordance with the laws of the State of California, without reference to its conflicts of law principles. If suit is brought by a Party to this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California, or in the relevant United States District Court in California. Sunesys shall comply with all applicable laws in the exercise of its rights and the performance of its obligations under this Agreement.

B. Attorneys' Fees. Should any dispute arising out of this Agreement lead to litigation, the prevailing party shall be entitled to recover its costs of suit and (without limitation) reasonable attorneys' fees, including fees for use of in-house counsel by a Party.

C. Representations and Warranties. Each of the Parties to this Agreement represents and warrants that it has the full right, power, legal capacity, and authority to enter into and perform the Parties' respective obligations hereunder and that such obligations shall be binding upon such Party without the requirement of the approval or consent of any other person or entity in connection herewith.

D. Removal of equipment. Sunesys shall remove any equipment installed pursuant to this Agreement within sixty (60) days of abandonment of the equipment, or termination of this Agreement, at Sunesys' sole cost and expense. If Sunesys fails to remove such equipment, the City is entitled to remove and dispose of the equipment at Sunesys' sole cost and expense, upon thirty (30) days prior notice to Sunesys. Sunesys' obligations to reimburse the City for removal and disposal of equipment under this section shall survive the expiration or termination of this Agreement.

E. Nonexclusive Use. Sunesys acknowledge that this Agreement does not provide Sunesys with exclusive use of the public rights-of-way or any municipal facility and that City retains the right to permit other providers of communications services to install equipment or devices in the public rights-of-way and on municipal facilities. Sunesys agrees to register and maintain information on its underground with USA Dig Alert and to comply with the other requirements of Cal. Gov't Code §4216 *et seq.*

F. Severability of Provisions. If any provision of this Agreement is held by court of competent jurisdiction in a final judicial action to be void, voidable, or unenforceable, that provision will be

deemed to be severable from the remaining provisions of this Agreement and will not affect the legality, validity, or constitutionality of the remaining portions of this Agreement. Each Party represents that it would have entered into this Agreement, and each of its provisions, regardless of whether any one or more provisions may be declared illegal, invalid, or unconstitutional.

G. Consent Criteria. In any case where the approval or consent of a Party is required, requested, or otherwise to be given under this Agreement, that party must not unreasonably delay, condition, or withhold its approval or consent.

H. Amendment of Agreement. This Agreement may be amended only by a written instrument signed by the Parties.

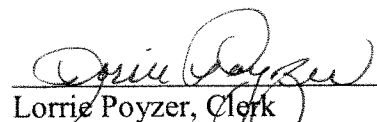
I. Entire Agreement. This Agreement contains the entire understanding between the Parties with respect to its subject matter. There are no representations, agreements, or understandings (whether oral or written) between or among the Parties relating to the subject matter of this Agreement that are not fully expressed herein.

IN WITNESS WHEREOF, and in order to bind themselves legally to the terms and conditions of this Agreement, the duly authorized representatives of the Parties have executed this Agreement as of the Effective Date.

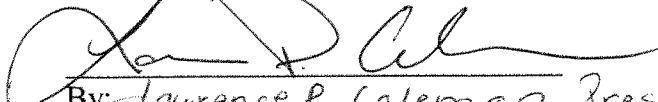
CITY OF REDLANDS

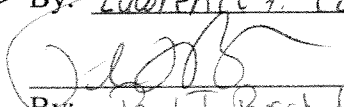

Jon Harrison, Mayor

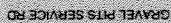
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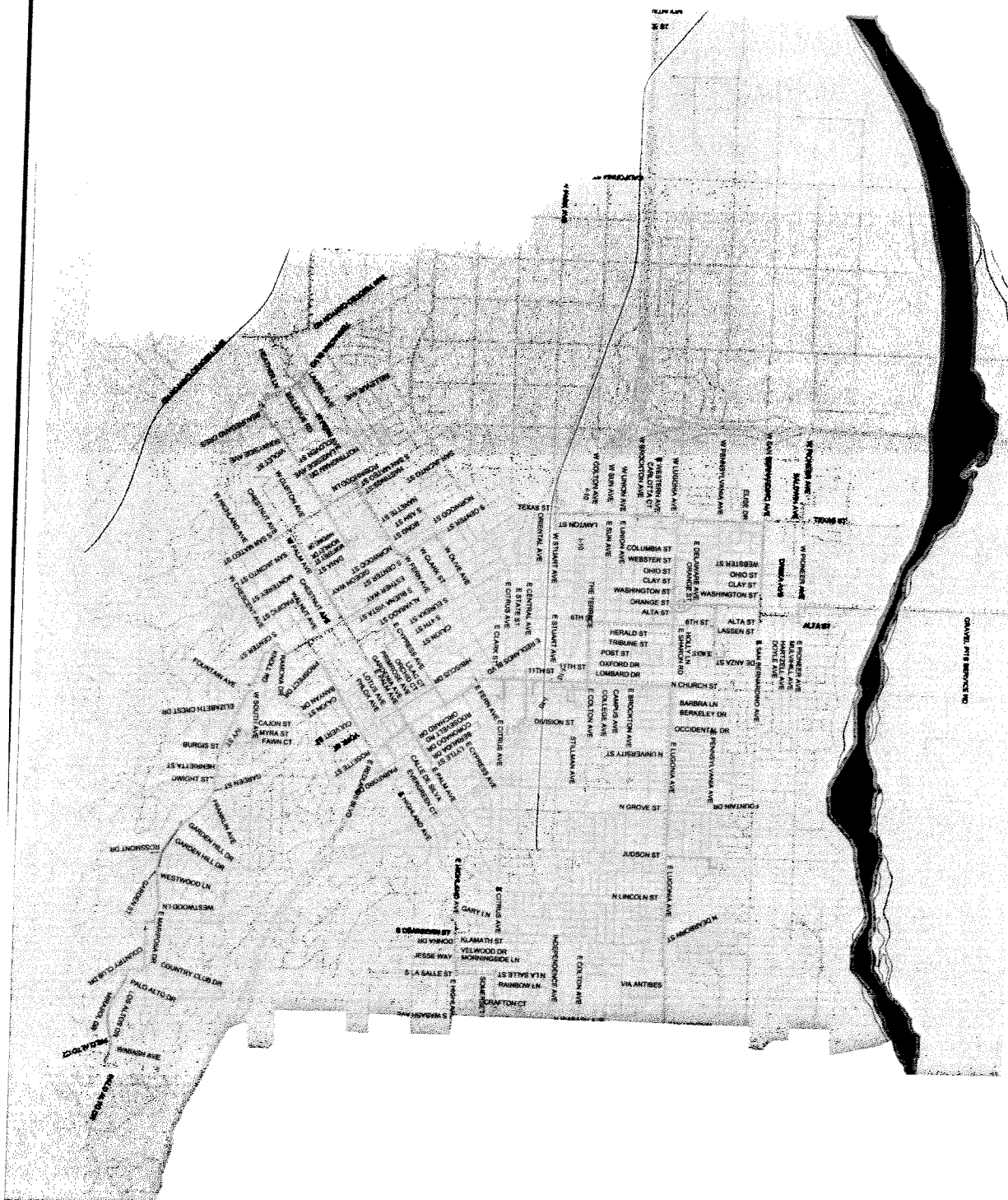

Lorrie Poyzer, Clerk

SUNESYS, LLC


By: Lawrence P. Coleman, President


By: Paul T. Brakshaw, Asst Secretary





REDLANDS
SUNESYS



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 Copyright © 2000 by Sunesys, Inc.

Bond No. 81963254 / 87-94-96

FAITHFUL PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the **City of Redlands, California**, a municipal corporation ("City") and **Sunesys, LLC**, a Delaware limited liability company, ("Principal") have entered into an agreement for the occupancy of portions of the public ways in the City by Principal; and

WHEREAS, the agreement, identified as "Right of Way Use Agreement," is incorporated by this reference; and

WHEREAS, Principal is required under the terms of the agreement to furnish a bond for its faithful performance;

NOW, THEREFORE, we, Principal and Federal Insurance Company and National Union Fire Insurance Company of Pittsburgh, PA as Surety, are held and firmly bound unto the City in the penal sum of One Million Two Hundred Sixty Eight Thousand Six Hundred Sixty Two & No/100----- Dollars (\$ 1,268,662.00), lawful money of the United States, for the payment of which we bind ourselves, our heirs, successors, executors, administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that the obligation will become null and void if the above-bounded Principal, his or its heirs, executors, administrators, successors, or assigns, will in all things stand to, abide by, well and truly keep and perform the covenants, conditions, and provisions in said agreement and any alteration thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and will indemnify and save harmless the City, its officers, agents, and employees, as therein stipulated; otherwise, this obligation will be and remain in full force and effect.

Upon completion of the work in the public rights-of-way to the satisfaction of the City's Municipal Utilities and Engineering Director, the amount of the Construction Bond shall be reduced to 25% of the actual cost of the work, and the Construction Bond shall be maintained for one year. At the end of that one year following completion of the work, in the public rights-of-way to the satisfaction of the City's Municipal Utilities and Engineering Director, the full amount of the Construction Bond will terminate and expire.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement, the work authorized to be performed thereunder, or the specifications accompanying the agreement will in any manner affect its obligations on this bond. The Surety hereby waives notice of any such change, extension of time, alteration, or addition to the terms of the agreement, the work, or the specifications; provided; however, that this bond is subject to the following express conditions:

1. The Surety reserves the right to withdraw as Surety from this bond, except as to any liability incurred or accrued, and may do so upon giving the City not less than thirty (30) days written cancellation notice.
2. The aggregate liability of the Surety hereunder on all claims shall not exceed the penal sum of this bond in any event.

IN WITNESS WHEREOF, this instrument has been duly executed by the above-named Principal and Surety on July 29, 2008.

Note: All signatures must be acknowledged before a notary public. Attach appropriate acknowledgment.

Sunesys, LLC
(Type name of Principal)

185 Titus Avenue

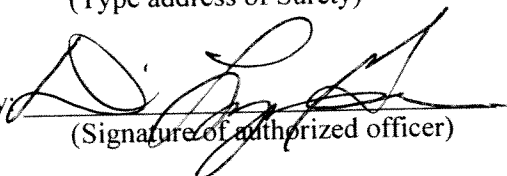
Warrington, PA 18976
(Type address of Principal)

By: 
(Signature of authorized officer)

Alan N. Katz, Senior Vice President
(Title of officer)

Federal Insurance Company and National Union
Fire Insurance Company of Pittsburgh, PA
(Type name of Surety)

15 Mountain View Road, Warren, NJ 07059/
70 Pine Street, New York, NY 10270
(Type address of Surety)

By: 
(Signature of authorized officer)

DiLynn Guern, Attorney-In-Fact
(Title of officer)

APPROVED AS TO FORM:

CITY ATTORNEY



**Chubb
Surety**

**POWER
OF
ATTORNEY**

**Federal Insurance Company
Vigilant Insurance Company
Pacific Indemnity Company**

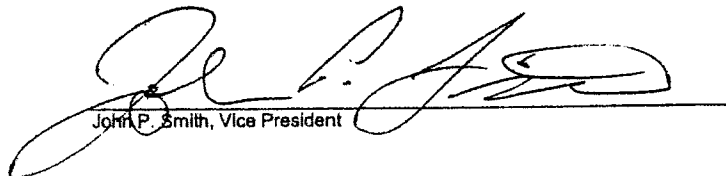
**Attn: Surety Department
15 Mountain View Road
Warren, NJ 07059**

Know All by These Presents, That **FEDERAL INSURANCE COMPANY**, an Indiana corporation, **VIGILANT INSURANCE COMPANY**, a New York corporation, and **PACIFIC INDEMNITY COMPANY**, a Wisconsin corporation, do each hereby constitute and appoint **Gloria C. Blackburn** of Dallas, Texas and **Florieta Acosta**, **Donald E. Appleby**, **Dilynn Guern**, **Susan J. Lattarulo**, **Kristen McCormick**, **Kevin W. McMahon**, **Frank C. Penn**, **J.R. Richards**, **James S. Rosulek** and **Lisa T. Solove** of Denver, Colorado.....

each as their true and lawful Attorney- in- Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY** have each executed and attested these presents and affixed their corporate seals on this 26th day of October, 2005


Kenneth C. Wendel, Assistant Secretary


John P. Smith, Vice President

STATE OF NEW JERSEY

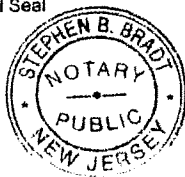
ss.

County of Somerset

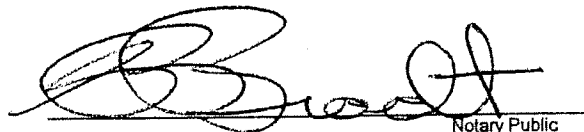
On this 26th day of October, 2005

before me, a Notary Public of New Jersey, personally came Kenneth C. Wendel, to me known to be Assistant Secretary of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY**, the companies which executed the foregoing Power of Attorney, and the said Kenneth C. Wendel, being by me duly sworn, did depose and say that he is Assistant Secretary of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY** and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of the By- Laws of said Companies; and that he signed said Power of Attorney as Assistant Secretary of said Companies by like authority; and that he is acquainted with John P. Smith, and knows him to be Vice President of said Companies; and that the signature of John P. Smith, subscribed to said Power of Attorney is in the genuine handwriting of John P. Smith, and was thereto subscribed by authority of said By- Laws and in deponent's presence.

Notarial Seal



STEPHEN B. BRADT
Notary Public, State of New Jersey
No. 2321097
Commission Expires Oct. 25, 2009


Notary Public

CERTIFICATION

Extract from the By- Laws of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY**:

"All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys- in- Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached."

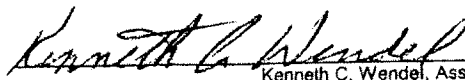
I, Kenneth C. Wendel, Assistant Secretary of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY**

(the "Companies") do hereby certify that

- (i) the foregoing extract of the By- Laws of the Companies is true and correct,
- (ii) the Companies are duly licensed and authorized to transact surety business in all 50 of the United States of America and the District of Columbia and are authorized by the U.S. Treasury Department; further, Federal and Vigilant are licensed in Puerto Rico and the U.S. Virgin Islands, and Federal is licensed in American Samoa, Guam, and each of the Provinces of Canada except Prince Edward Island; and
- (iii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Warren, NJ this July 29, 2008




Kenneth C. Wendel, Assistant Secretary

IN THE EVENT YOU WISH TO NOTIFY US OF A CLAIM, VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT ADDRESS LISTED ABOVE, OR BY Telephone (908) 903- 3493 Fax (908) 903- 3656

e-mail: surety@chubb.com

POWER OF ATTORNEY

American Home Assurance Company
National Union Fire Insurance Company of Pittsburgh, PA.
Principal Bond Office: 175 Water Street, New York, NY 10038

Power No. 17755

No. 23-B-04392

KNOW ALL MEN BY THESE PRESENTS:

That American Home Assurance Company, a New York corporation, and National Union Fire Insurance Company of Pittsburgh, PA., a Pennsylvania corporation, does each hereby appoint

---Donald E. Appleby, Florietta Acosta, Gloria C. Blackburn, DiLynn Guern, Susan J. Lattarulo, Kristen L. McCormick,
Tiffany McGonigle, Kevin W. McMahon, Frank C. Penn, J. R. Richards, James S. Rosulek: of Denver, Colorado---

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, PA. have each executed these presents

this 8th day of January, 2007



Vincent P. Forte, Vice President

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.

On this 8th day of January, 2007 before me came the above-named officer of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, PA., to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seals of said corporations thereto by authority of his office.

JULIANA E. HALLENBECK
NOTARY PUBLIC, STATE OF NEW YORK
No. 01HA6125671
QUALIFIED IN BRONX COUNTY
MY COMMISSION EXPIRES APRIL 18, 2009

CERTIFICATE

Exerpts of Resolutions adopted by the Boards of Directors of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, PA. on May 18, 1976:

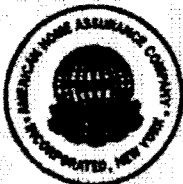
"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance and other contract of indemnity and writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof; said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of American Home Assurance Company and of National Union Fire Insurance Company of Pittsburgh, PA. do hereby certify that the foregoing exerpts of Resolutions adopted by the Boards of Directors of these corporations, and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolutions and the Powers of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of each corporation.



this 29th day of July, 2008

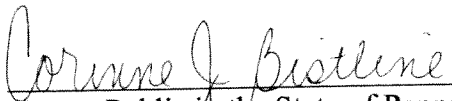
Elizabeth M. Tuck, Secretary

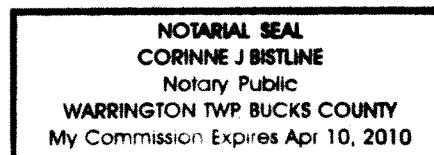
ACKNOWLEDGEMENT

State of Pennsylvania
County of Bucks

On this the 30th day of July 2008, before me Corinne J. Bistline, a Notary Public, within and for said County and State, personally appeared Alan Katz to me personally known to be Sr. Vice Presidents of Sunesys, LLC and acknowledged that he executed the said instrument as the free act and deed of said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in the aforesaid County, the day and year in this certificate first written.


Notary Public in the State of Pennsylvania
County of Bucks



Decrease PENALTY RIDER

BOND AMOUNT \$1,268,662.00

BOND NO. AIG 879496/ CHB81963254

To be attached and form a part of Bond No. AIG879496/ CHB81963254 dated the 29th day of July, 2008, executed by National Union Fire Insurance Company of Pittsburgh, PA/ Federal Insurance Company as surety, on behalf of Sunesys, LLC as current principal of record, and in favor of City of Redlands, as Obligee, and in the amount of One Million Two Hundred Sixty Eight Thousand Six Hundred Sixty Two Dollars and 00/100 (\$1,268,662.00).

In consideration of the agreed premium charged for this bond, it is understood and agreed that National Union Fire Insurance Company of Pittsburgh, PA/ Federal Insurance Company hereby consents that effective from the 31st day of August, 2009, said bond shall be amended as follows:

THE BOND PENALTY SHALL BE Decreased:

FROM: One Million Two Hundred Sixty Eight Thousand Six Hundred Sixty Two Dollars and 00/100 (\$1,268,662.00)

TO: Twenty Five Percent of Contract Amount or Three Hundred Seventeen Thousand One Hundred Sixty Six Dollars and 00/100 (\$317,166.00)

The Decrease of said bond penalty shall be effective as of the 31st day of August, 2009, and does hereby agree that the continuity of protection under said bond subject to changes in penalty shall not be impaired hereby, provided that the aggregate liability of the above mentioned bond shall not exceed the amount of liability assumed by it at the time the act and/or acts of default were committed and in no event shall such liability be cumulative.

Signed, sealed and dated this 31st day of August, 2009.

Sunesys, LLC
PRINCIPAL

BY: _____

Alan N. Katz, S.V.P.

9/01/09

National Union Fire Insurance Company of Pittsburgh, PA/ Federal Insurance Company
SURETY

BY: _____

DiLynn Guern, ATTORNEY-IN-FACT

THE ABOVE BOND IS HEREBY AGREED TO AND ACCEPTED BY:

City of Redlands
OBLIGEE

BY: _____

TITLE



**Chubb
Surety**

**POWER
OF
ATTORNEY**

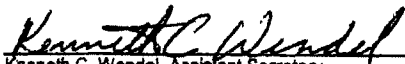
**Federal Insurance Company
Vigilant Insurance Company
Pacific Indemnity Company**

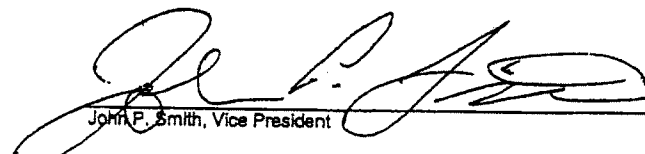
**Attn: Surety Department
15 Mountain View Road
Warren, NJ 07059**

Know All by These Presents, That FEDERAL INSURANCE COMPANY, an Indiana corporation, VIGILANT INSURANCE COMPANY, a New York corporation, and PACIFIC INDEMNITY COMPANY, a Wisconsin corporation, do each hereby constitute and appoint Gloria C. Blackburn of Dallas, Texas and Florieta Acosta, Donald E. Appleby, Dilynn Guern, Susan J. Lattarulo, Kristen McCormick, Kevin W. McMahon, Frank C. Penn, J.R. Richards, James S. Rosulek and Lisa T. Solove of Denver, Colorado-

each as their true and lawful Attorney- In- Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY have each executed and attested these presents and affixed their corporate seals on this 26th day of October, 2005


Kenneth C. Wendel, Assistant Secretary


John P. Smith, Vice President

STATE OF NEW JERSEY

County of Somerset

ss.

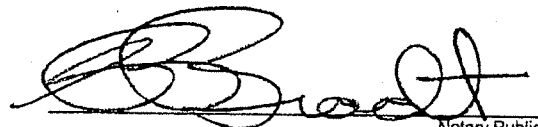
On this 26th day of October, 2005

before me, a Notary Public of New Jersey, personally came Kenneth C. Wendel, to me known to be Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY, the companies which executed the foregoing Power of Attorney, and the said Kenneth C. Wendel, being by me duly sworn, did depose and say that he is Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of the By- Laws of said Companies; and that he signed said Power of Attorney as Assistant Secretary of said Companies by like authority; and that he is acquainted with John P. Smith, and knows him to be Vice President of said Companies; and that the signature of John P. Smith, subscribed to said Power of Attorney is in the genuine handwriting of John P. Smith, and was thereto subscribed by authority of said By- Laws and in deponent's presence.

Notarial Seal



STEPHEN B. BRADT
Notary Public, State of New Jersey
No. 2321097
Commission Expires Oct. 25, 2009


Notary Public

CERTIFICATION

Extract from the By- Laws of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY:

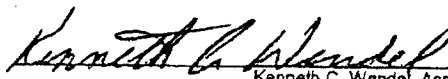
"All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys- In- Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached."

I, Kenneth C. Wendel, Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY (the "Companies") do hereby certify that

- (i) the foregoing extract of the By- Laws of the Companies is true and correct,
- (ii) the Companies are duly licensed and authorized to transact surety business in all 50 of the United States of America and the District of Columbia and are authorized by the U.S. Treasury Department; further, Federal and Vigilant are licensed in Puerto Rico and the U.S. Virgin Islands, and Federal is licensed in American Samoa, Guam, and each of the Provinces of Canada except Prince Edward Island; and
- (iii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Warren, NJ this August 31, 2009




Kenneth C. Wendel, Assistant Secretary

IN THE EVENT YOU WISH TO NOTIFY US OF A CLAIM, VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT ADDRESS LISTED ABOVE, OR BY Telephone (908) 903- 3493 Fax (908) 903- 3656

e-mail: surety@chubb.com

POWER OF ATTORNEY

American Home Assurance Company
National Union Fire Insurance Company of Pittsburgh, PA.
Principal Bond Office: 175 Water Street, New York, NY 10038

Power No. 10311

No. 23-B-04392

KNOW ALL MEN BY THESE PRESENTS:

That American Home Assurance Company, a New York corporation, and National Union Fire Insurance Company of Pittsburgh, PA., a Pennsylvania corporation, does each hereby appoint

--Donald E. Appleby, Florietta Acosta, Gloria C. Blackburn, DiLynn Guern, Susan J. Lattarulo,
Tiffany McGonigle, Kevin W. McMahon, Frank C. Penn, J. R. Richards, James S. Rosulek,
Deanna M. Robichaud, Danielle M. Bechard of Denver, Colorado---

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, PA. have each executed these presents



this 11th day of December, 2008

Anthony Romano, Vice President

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.

On this 11th day of December, 2008 before me came the above named officer of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, PA., to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seals of said corporations thereto by authority of his office.

JULIANA E. HALLENBECK
NOTARY PUBLIC STATE OF NEW YORK
No. 01HA6125671
QUALIFIED IN BRONX COUNTY
MY COMMISSION EXPIRES APRIL 18, 2009

CERTIFICATE

Excerpts of Resolutions adopted by the Boards of Directors of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, PA. on May 18, 1976:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance and other contract of indemnity and writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of American Home Assurance Company and of National Union Fire Insurance Company of Pittsburgh, PA. do hereby certify that the foregoing excerpts of Resolutions adopted by the Boards of Directors of these corporations, and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolutions and the Powers of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of each corporation



31st this August of 2009

Elizabeth M. Tuck, Secretary