SNODGRASS & SONS CONSTRUCTION CO., INC.
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Project - WAA - Mid-Continent Airport - Air Cargo Project
started 7/2009 - completed February 2011

During the project start up, we began a due diligence process that included analyzing our low mechanical bidder. We knew they were a fairly new mechanical company, that had only been in operation about 1 year when the project was bid. We took preliminary precautionary measures after looking into their background by running a D&B report, contacting our surety and asking our surety to do some investigation. We decided from the outset to request dual party checks during each month's pay application to all of their vendors and suppliers.

Two-thirds way through the project we began experiencing performance delays at the jobsite. These delays consisted of: a lack of manpower to perform the work, waiting on materials to be delivered, phone calls were not being returned in a timely fashion or not at all.

At this time the project was mostly enclosed. All of the under slab rough in plumbing was completed, and we were in the midst of building the exterior walls and getting the roof installed. Unit heater installation had slowed down, as had the gas piping. We were in our 10th of 14 month long project when we had to get another mechanical contractor hired to finish the work.

We were glad we had taken the pre-cautionary measures we had, but now we had to calculate what it was going to take to get finished as scheduled with the remaining work. These calculations took into consideration the following: (1) Was it going to cost more than what we had budgeted in our contract (2) did they pay all of their vendors (3) was there a sheet metal shop that was going to surprise us with a unpaid bill?

We were able to complete the project with another mechanical contractor within the specified time frame and pay off the suppliers; however doing so ran ten thousand dollars ($10,000.00) over budget.

As we were finishing the project, the original mechanical contractor filed under Chapter 11 Bankruptcy for protection. It was through this process that we learned of two (2) more suppliers. Fortunately, our lawyer was able to get our firm listed early in the claim and we were able to show the vendors and the court system what had been paid previously.

During this process we incurred additional management time in the construction period and had to manage a two (2) year warranty period with this particular project. Throughout the warranty period we managed the mechanical on-call issues, which included diagnosing problems, researching issues, and interfacing with suppliers that we had little or no previous experience with.

As mentioned above we exceeded our original construction budget for the mechanical portion by ten thousand dollars ($10,000.00). The warranty period cost us another fifteen thousand dollars ($15,000.00) in managing that. In total, we lost twenty five thousand dollars ($25,000.00) from this unnecessary exposure.

Had we had a lien registry in place, we would have been able to pay the outside vendor and suppliers more quickly, and would not have had some of additional overhead expenses associated with managing this process.

Respectfully Submitted,

David L Snodgrass

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