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ERWIN M. KAWATA Deputy Manager

Certified Mail Receipt: 7020 2450 0000 6759 5981

VIA: Electronic Mail and Certified Mail

Mr. Leonard J. Dempsey, Vice President Hawaiian Dredging Construction Company 605 Kapiolani Boulevard Honolulu, Hawaii 96813

Dear Mr. Dempsey:

Subject: TERMINATION FOR CONVENIENCE

Kalawahine 180' 2.0 MG Reservoir, Honolulu, O'ahu, Hawaii - Job 21-053A,

Contract No. 21005301, Bond HD13262

Pursuant to Section 3-125-22 of the Hawaii Administrative Rules (HAR), Termination for convenience of construction contracts, and Section 8.3, Termination for Convenience, of the General Terms and Conditions of the Construction Contracts of the Board of Water Supply, City and County of Honolulu ("GTC"), the Board of Water Supply (BWS) hereby notifies you that the above-referenced Contract is terminated in whole for the convenience of the BWS. The effective date of termination is the date of this letter. The Contractor shall incur no further obligations in connection with the terminated work, and on the effective date of the termination the Contractor will stop all work. The Contractor shall also terminate outstanding orders and subcontracts as they relate to the terminated work.

The BWS further notifies you, pursuant to HAR 3-125-22(4)(A) and GTC 8.3(E), you may submit a termination claim specifying the amounts due because of the termination for convenience together with cost or pricing data, submitted to the extent required by Subchapter 15, Chapter 3-122, bearing on such claim.

If you have any questions, please contact Jadine Urasaki, Assistant Program Administrator, Capital Projects Division, at (808)748-5441, or email at jurasaki@hbws.org.

Very truly yours,

ERNEST Y. W. LAU, P.E. Manager and Chief Engineer

cc: Seamount Insurance, Inc.