

EXHIBIT 2



MATERIALS MANAGEMENT DIVISION • 901-B TEXAS STREET • DENTON, TEXAS 76209
(940) 349-7100 • FAX (940) 349-7302

November 10, 2015

MAG Construction Services, LLC
320 Little School Road
Kennedale, Texas 76060
Attn: Ron Dailey, Owner
P#817-929-1352
F#817-563-1446
Email: rdailey@magconstructionservices.com

RE: City of Denton Contract Number #5753

Dear Mr. Dailey:

Over the past several months, City staff has continuously monitored the level of service provided by your company since the commencement of the contract on April 21, 2015. The Owner does acknowledge that there may have been days where excessive rain occurred, rendering an "authorized delay", however, there have also been numerous controllable delays and performance issues communicated with you or your staff, regarding this project. A list of the outstanding sub-standard performance issues is detailed below, and some specific photographs of unacceptable work is attached to illustrate unacceptable work and construction practices:

1. Exhibit A / Photo #1 – the piers appear to not be lined up correctly. Needs immediate correction.
2. Exhibit A / Photo #2 – Concrete edge is busted and not acceptable. Needs immediate correction.
3. Exhibit A / Photo #3 – Lag bolts not fully secured to concrete surface. Needs immediate correction.
4. Exhibit B – Erect-A-Tube Site Visit Report. This report indicates several serious construction deficiencies and unsafe practices regarding construction currently in process. Please review the report, and provide notices of immediate correction with the timeframe stipulated in this letter.
5. Exhibit C – Aguirre Roden Construction Meeting Minutes from 7-16-15. This report indicates several serious construction deficiencies. Please review the report, and provide notices of immediate correction with the timeframe stipulated in this letter.

In accordance with the terms of the contractual agreement between your firm and the Owner, specifically Article 3.2 (a) and (b), you are required to check, study, and review all contracting documents, scope of work and requirements, and construction plans and then *perform* the work in accordance to those documents. Additionally, Article 3.3 (f) requires you to ensure all grades, lines, levels and benchmarks are accomplished in accordance to the construction documents, and you are to report any errors, omissions, conflicts, or inconsistencies to the Project Architect/Engineer. Article 10 addresses specific requirements of safety and security for the project, and must also be followed. Article 10 governs the project safety, and is established to ensure safe practices are employed by the Contractor performing construction services on the Owner premises.

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Additionally, your proposal and subsequent agreement stated that your completion date for this project is December 31, 2015. If you expect delays to the construction schedule, you will need to process a change request through the Architect and Owner.

In accordance with the terms, conditions, and requirements of Contract #5753, the City hereby demands corrective action to be immediately taken within thirty (30) days of this written notice. Provided satisfactory work, improved communication and performance has not been achieved within the 30-day period, Exhibit D, Article 2.3 and 2.4 of the contract's "Construction Terms and Conditions and Requirements" will be considered for implementation. A meeting will be scheduled at the end of the 30-day corrective action period to discuss the next plan of action.

If you have any questions regarding this notice, please contact me at Elton.Brock@cityofdenton.com or (940) 349-7100.

Your prompt attention to this matter will be greatly appreciated.

Regards,

A handwritten signature in black ink, appearing to read "Elton D. Brock", is written over a faint, larger signature.

Elton D. Brock, MBA, CTPM, CTCM, C.P.M.
Manager
Materials Management and Purchasing
901 B. Texas Street
Denton, Texas 76209
elton.brock@cityofdenton.com

EXHIBIT 2



EXHIBIT 2



Photo #3



EXHIBIT 2

Exhibit B
Contract Deficiencies

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P.O. BOX 100 • HARVARD, ILLINOIS 60033-0100
(815) 943-4091 • OUTSIDE ILLINOIS (800) 624-9219 • FAX (815) 943-4095

October 19, 2015

Mr. Quentin Hix
Director of Aviation
Denton Enterprise Airport
5000 Airport Road
Denton, TX 76207

Mr. David B. Powyszynski, AIA
Senior Vice President - Architecture
Agulre Roden
10670 N Central Expressway - 6th Floor
Dallas, TX 75231

RE: **SITE VISIT AT DENTON ENTERPRISE AIRPORT
OCTOBER 14-15, 2015
ERECT-A-TUBE, INC. PROJECT NO. E-7754**

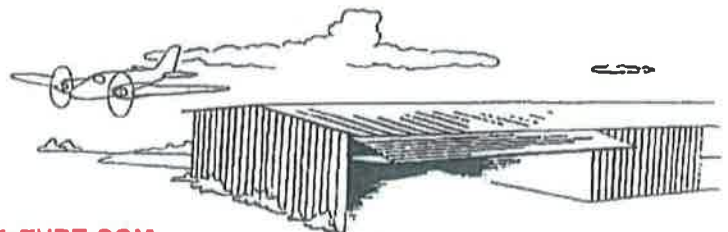
Dear Quentin and David,

I appreciate the opportunity to meet both of you, along with Dave Schaumburg, Scott Aukerman, Zac Loiselle and other members of your team involved in your hangar project, and to review the steel and components supplied by Erect-A-Tube, Inc. in March and April 2015, which are now being erected.

During my visit, we met on several occasions for updates and I appreciate that Scott was involved in the majority of the walk-through process as we made partial observation of the building materials.

As a follow-up to these meetings, I would like to reiterate some of the items that we discussed, which were also discussed with Ron Dailey and Richie Dailey of MAG Construction Services, LLC and his subcontractor, JR:

- 1 All tie rods must be put in place, or adequate construction bracing applied, to all buildings. This is an important safety requirement during the construction process. In addition, all tie rods are required to be in place to square up buildings and provide additional support.
- 2 Buildings did not appear square and plumb. This can affect the operation of the bifold door system. This was visually observed, plus Scott and I used a level to check several columns. Also found doors not tracking properly on columns.
- 3 Sheets misplaced on several buildings, i.e. roof sheets do not align with wall sheets and alignment is off due to building potentially not being squared up or sheeting not started properly. This can affect the ridge cap placement and require additional trim. Noted jagged orientation of sheets indicating improper alignment. There was no equipment or safety harnesses, so was not able to access roof or roof line for further verification.
- 4 Trims not in place, inside closure missing under roof sheets at eave line, no outside closure under eave trim. Improper or no placement of these materials leaves openings for debris, birds, weather, etc.



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- 5 Inspection of at least one slab indicates the floor slope is not per plan. Our building design is based upon a 1-1/2" floor slope as established by the engineer. Floor slope found was 1/2". In area of 3070 walk door, was advised concrete would be poured high for ADA requirement?
- 6 Found anchor bolt patterns to be skewed in various locations and missing bolts and floor sockets.
- 7 Sequence of erection did not follow plans, i.e. items noted above, plus partition angle not in place and should have been installed with purlin clips before rafters. Overhead door jambs not fastened to concrete in all locations. 3070 walk door girts at 7'1" elevation need to be rotated per construction detail. Missing and loose braces. Partition panels not fastened to partition angle that mounts to rafter. Sheets in wrong locations – some modified to fit. South endwall sheeted on building 2041 south side elevated off sheet notch with no base trim. West sidewall base trim turned 90 degrees and not per plan detail.
- 8 Some other difficulties noted include a nylon choker being used on Building 2241 to try to square up the building with the roof and rear wall sheets in place. The rigidity of the sheets and diaphragm action of the structure are the natural obstructions to having this adjustment occur. Concern of screws being elongated. Noted that electrician had placed conduit so improper procedures can damage electrical materials. Bifold door being lifted with Grade-Air to gain access to hangar, which can cause damage to door.

With regard to the bi-fold doors that were partially rigged, I did find the cables to be strung too tightly with compression springs on the top spring cable tightener in full compression. I reviewed the bifold door manual with Ron while Scott was present and strongly suggested that his crew review further before going any further with the door installation. I noted and instructed Ron on the proper placement of washers in the hinge location to ensure the doors are plumb and square, since I did note that only one set of washers were placed on each door, rather than the complete set. We reviewed the temporary placement of door cables and other various procedures to make the erection process smoother and avoid pinching of cables and damage of other components. I discussed with Richie the proper alignment of cables and the bi-fold doors. I offered to go through a bifold door installation and cable rigging process with Richie on October 14th, in detail, but he was not able to provide the time to do so. Ron confirmed that Richie would not be available the following day, October 15.

At close out on October 15, Ron assisted with the measurement of the last slab for building 2041 that was poured and we found that all anchor bolt spacing from the West endwall are off. This is a major concern for course of action for steel framing to fit properly and bifold doors to function correctly.

I was able to review the job site for components and found items that were staged out of sequence, in with other trash and in weed areas. We gathered up these items so the contractor can have proper access to them. I did note walk doors being used as work-type benches with tools, causing scratches in the finish. I did not review how materials were stored or the status of the insulation.

The items listed above are a partial synopsis of the various conditions observed at the job site. I was very concerned to find that the stamped "For Construction" plans sent with the building were still in their original sealed envelopes in the shipping boxes. I brought this to the attention of Ron and took the opportunity to point out to him many of the construction details that are helpful to the construction process. We do respect the position of your General Contractor to be "qualified" and follow the means and methods for "Steel Building Construction for Contractors" established by the Metal Building Manufacturer's Association.

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While my visit was limited to inspecting our materials on site, it was difficult to ignore the number of issues that are pending resolution. The main items of tie rods, spacing and dimensions of column bay spacing, pier elevations, the buildings being plumb and square, the floor slope and many others can lead to operational issues with the door systems unless properly addressed.

During my visit, you asked me about other erectors. We do have experience with several in the area and I provided three names of potential companies with whom you may wish to discuss the construction process.

I hope my comments will be helpful to you. Please let me know if we can be of further assistance.

Sincerely,

ERECT-A-TUBE, INC.

Wes Walker
Vice President Operations

52K151019

Exhibit C
Contract Deficiencies

EXHIBIT 2

MEETING MINUTES

AGUIRRE RODEN
12700 PARK CENTRAL DRIVE
FLOOR 15
DALLAS TEXAS 75251
TEL 972 788 1504
FAX 972 788 1503



ONE CAN ONLY SPARE TIME TO GET THE JOB DONE

Project: Taxiway Queue Hangar Development, Denton Enterprise Airport
Topic: Construction Observation
Date / Time / Location: July 16, 2015 / 9:00 AM / Denton Airport Construction Site
Attendees: Quentin Hix, David Schaumberg, Zac Loiselle, Scott Aukerman, Dave Powyszynski, Richie Dailey and Hasim Isufaj
Distribution: Attendees; File

Item #	Description	Status	Due	Resp
New Business	<p>Today we met at the construction site of the Taxiway Q Hangar Development to observe foundations consisting of drilled piers, grade beams and slab on grade construction for general conformance with approved construction documents.</p> <p>A summary of the observations follows:</p> <p><u>Building 2031 Skylane</u> On-going construction activity: All piers were complete. No other work was in progress at present time of visit in this building.</p> <p>Discrepancies:</p> <ol style="list-style-type: none"> 1. Pier at grid intersection B/1 was incomplete due to pier casing being stuck. An effort was made to pull casing out. Refer to picture 1 and 2. Pier shall be abandoned; Aguirre Roden will provide solution for grade beam support. 2. Pier at grid intersection B/4, no dowels are protruding through the top of pier. Refer to SK-1 field fix detail. 3. Pier dowels are sticking out beyond finish floor at interior piers. Field bent dowels, refer to SK-2. 4. All top of piers to be cleaned from dirt prior to pouring grade beams and slab on grade. <p>Proposed solutions:</p> <ol style="list-style-type: none"> 1) Aguirre Roden will provide solution for grade beam support. 2) Refer to SK-1 field fix detail. 3) Field bent dowels, refer to SK-2. <p><u>Building 2041 Skylane</u> On-going construction activity:</p> <p>Foundation was complete.</p> <p>Discrepancies:</p> <ol style="list-style-type: none"> 1. Pier dowels 2-#6 were outside building perimeter refer to picture 3. It appears that pier was not installed per documents where pier centerline 			<p>ARI</p> <p>MAG</p> <p>MAG</p> <p>MAG</p>

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AGUIRRE RODEN
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FAX 972.700.1503



100 GAINSBOROUGH DRIVE, SUITE 100, DALLAS, TEXAS 75243

	aligns with grade beam centerline. Refer to SK-4 for proposed solution.			ARI
	2. Floor socket embed plates per Erect-A-Tube submittal were not installed, refer to Picture 4.			MAG
	3. Pier rebar exposed, refer to picture 5.			MAG
	Proposed solutions: 1) Refer to SK-4.			ARI
	<u>Building 2051 Skylane and 2061 Skylane</u> On-going construction activity:			
	Work was in progress, and it was 85% (approximately) complete.			
	<ul style="list-style-type: none"> Scheduled grade beam and slab on grade reinforcing was provided per documents. Grade beam corner bar reinforcing installation was in progress. Most of anchor rods were installed. Anchor rods at interior columns were not installed at time of visit. Socket embed plate per Erect-A-Tube were not installed at time of visit. 			MAG
				MAG
				MAG
				MAG
	Discrepancies:			MAG
	1. All piers and most of grade beams have not been cleaned of dirt and debris. Refer to picture 7 & 8.			MAG
	2. Wooden and concrete blocks were for grade beam and slab reinforcing, refer to picture 9.			MAG
	3. Bottom bar splicing was not conforming per construction documents (detail 2/S301). Add additional 3-#7 bars between piers per SK-5.			MAG
	4. Scheduled stirrups were provided per documents, however it was difficult to verify spacing, due to stirrups being inclined, refer to picture 6.			MAG
	5. Grade beam bottom reinforcing splices were not installed per documents (detail 2/S301)			MAG
	6. Pier dowel standard hooks were too long and may interfere with top slab clearance, refer to picture 10.			MAG
	7. Pier dowels cut off at corner of building, refer picture 11 and 14.			MAG
	8. Dirt on all top of interior piers, refer to picture 12.			MAG
	9. Vapor barrier missing along exterior grade beams, refer to picture 13.			MAG
	10. Pier dowel outside building perimeter, refer to picture 15.			MAG

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12700 PARK CENTRAL DRIVE
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TEL 972 788 1509
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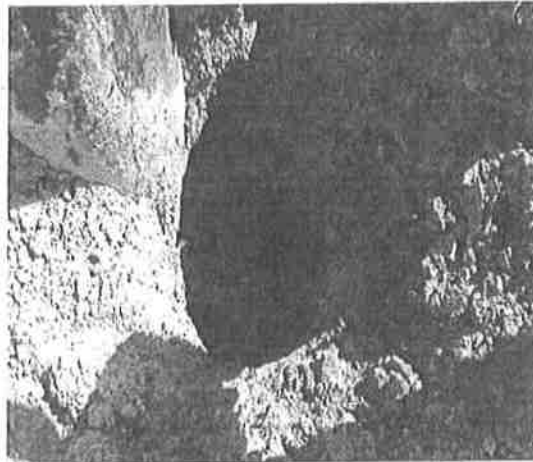
WE CAN GO ABOUT THAT WITH THE RIGHT TEAM

	END OF MEETING MINUTES			

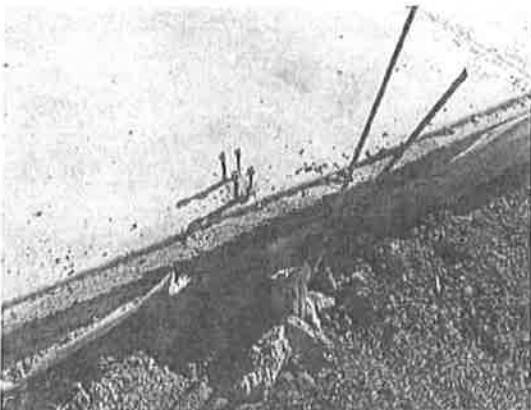
The foregoing conveys our understanding of items discussed and decisions reached during this meeting. We assume our understanding to be correct unless notice to the contrary is brought to our attention within 5 business days. Submitted by Dave Powyszynski, Aguirre Roden.



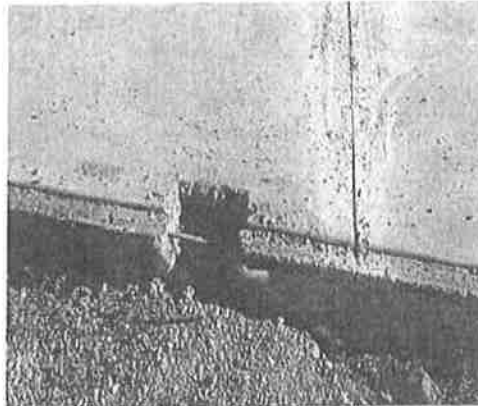
Picture 1



Picture 2



Picture 3



Picture 4

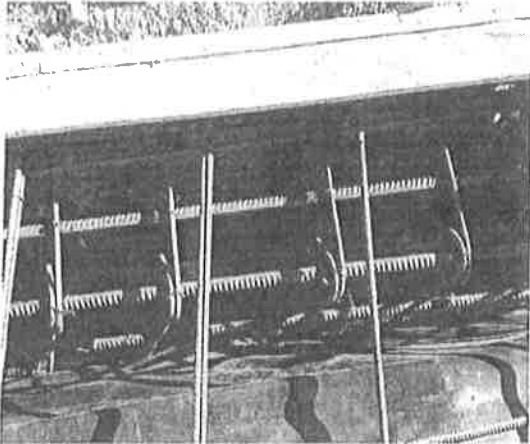
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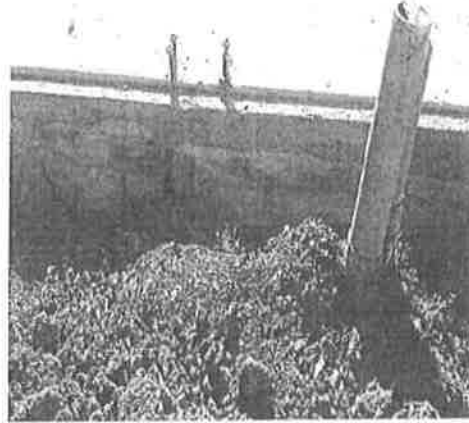
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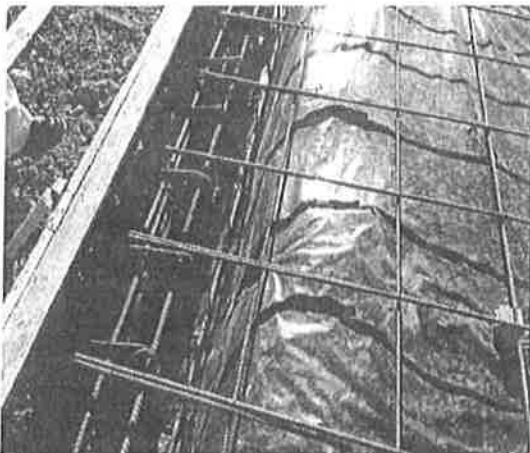
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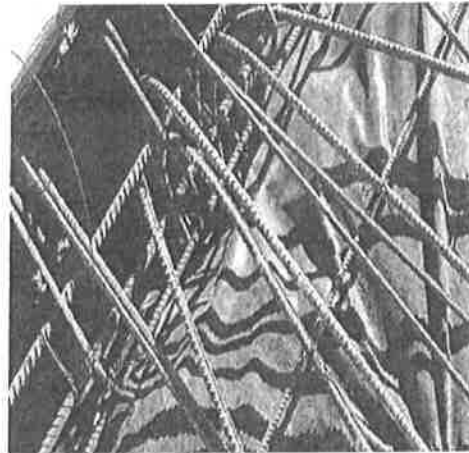
Picture 5



Picture 6



Picture 7



Picture 8

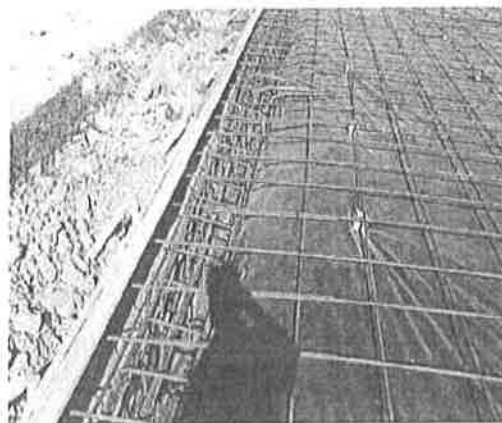
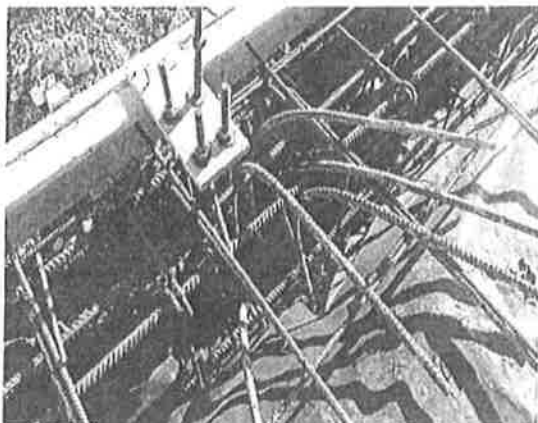


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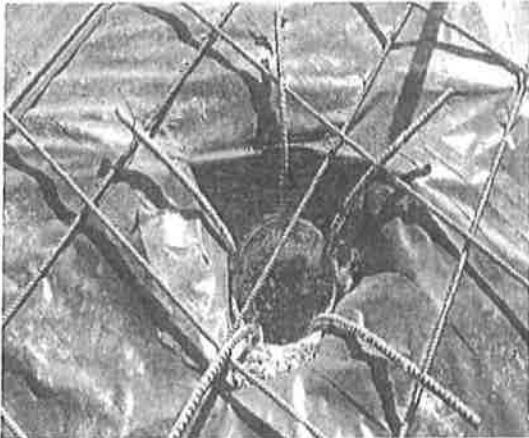
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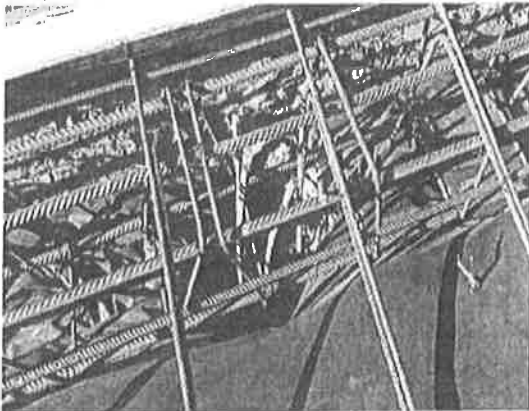


WE CAN AND SHOULD GET TO THE BOTTOM

Picture 9

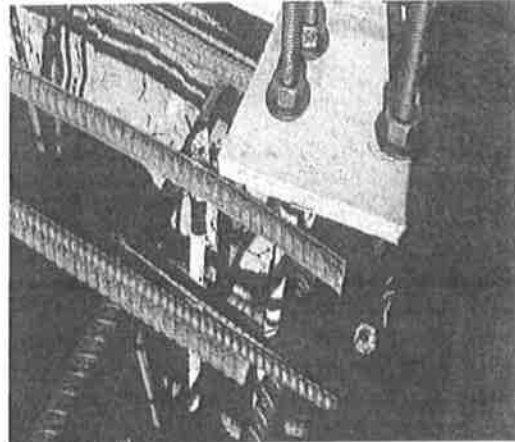


Picture 11



Picture 13

Picture 10



Picture 12



Picture 14

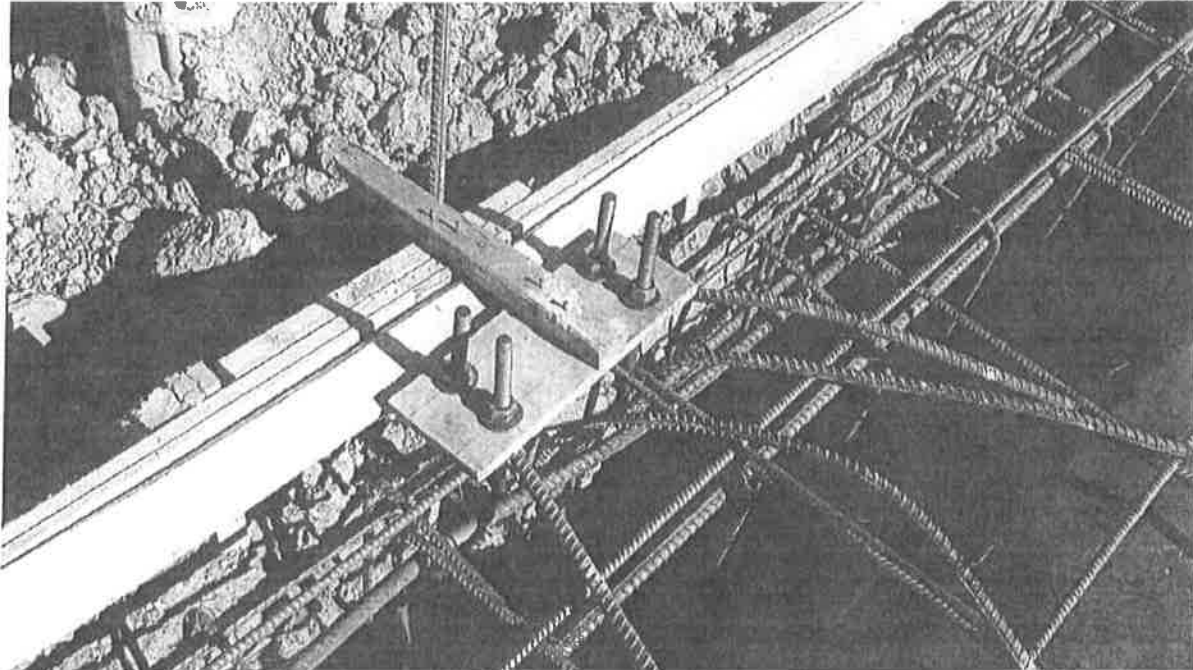
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WE CAN DO SPIRIT THAT IS THE AGUIRRE



Picture 15