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February 13, 2026

Via U.S. Mail

City of Columbia Heights
Attn: City Manager, Aaron Chirpich
3989 Central Ave. N.E.
Columbia Heights, MN 55421

Barna, Guzy & Steffen
Attn: Columbia Heights City Attorney
200 Coon Rapids Blvd. NW
Ste. 400
Coon Rapids, MN 55433

Re: Surety: Old Republic Surety Company
Principal: Equity Builders & Construction Services, Inc.
Bond Nos.: 5943753
Obligee: City of Columbia Heights
Project: 2025 Concrete Alley Construction

Dear City Manager and City Attorney:

This office represents Old Republic Surety Company ("Surety") regarding the above-captioned Project. As you may be aware, the Surety issued payment and performance bonds (the "Bonds") for Equity Builders & Construction Services, Inc. ("Principal") on the Project. The Bonds name the City of Columbia Heights as Obligee. Please be advised the Surety has received claims against the payment bond issued on behalf of the Principal with respect to the above-referenced Project, and the Surety is investigating these claims.

The purpose of this correspondence is two-fold: (i) a demand for the Obligee to freeze payment of contract funds to the Principal, and (ii) a request for Project information from the Obligee to assist the Surety in its investigation into the payment bond claims.

I. Freeze Funds.

Under the circumstances the Surety demands that the Obligee release no further contract funds to the Principal on the Project without the Surety's prior written consent. The Surety's demand is premised upon the fact that the contract funds are 1) the Surety's collateral under its rights of equitable subrogation, 2) assigned to the Surety under an Indemnity Agreement, and 3) expressly dedicated as trust funds under

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the Indemnity Agreement for the purpose of satisfying bonded obligations on the Project. The Obligees' improper release of contract funds may result in a release of the performance bond in whole or in part. Our goal in making this demand is to ensure that the bonded contract proceeds are applied in accordance with their intended purpose, which is the payment to proper claimants and completion of the bonded work.

II. Request for Project Information.

The Surety requests the following information from the Obligees to assist it in its investigation into payment bond claims in regard to the Project:

- status of the Project including punch list and close out requirements, if any;
- complete contract accounting, including original contract value, value of all approved change orders, total amount paid to the Principal, and copies of the contract, changes orders, pay applications, and checks if any;
- all lien waivers collected from the Principal and/or its subcontractors and suppliers; and
- a listing of all subcontractors and/or suppliers that have contacted the Obligees regarding non-payment, if any.

The Surety strictly reserves all rights and defenses available under the bonds, contract documents, applicable law, and/or at equity. Neither this letter nor any response by the Surety to the matters described herein constitute an estoppel, waiver, or modification of any such rights or defenses. Subject to the strict and continuing reservation of rights and defenses, we advise you to keep us informed and appreciate your efforts in doing so.

If you have any questions regarding the matter set forth herein, please contact me at the above-referenced matter.

Very truly yours,

GREGERSON, ROSOW, JOHNSON & NILAN, LTD.



Daniel R. Gregerson

DRG/tk

cc: Omar Harb (*via e-mail only*)
Frank Alampi (*via e-mail only*)