

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF PUERTO RICO

IN RE:

ALCO CORPORATION

Debtor

CASE NO. 12-00139-MCF11

CHAPTER 11

**STIPULATION FOR THE USE OF CASH COLLATERAL SUBJECT TO  
SECURITY INTEREST AND FOR ADEQUATE PROTECTION TO MAPFRE**

**TO THE HONORABLE COURT:**

COME NOW, Debtor Alco Corporation (“Alco”) and secured creditor MAPFRE PRAICO Insurance Company (“MAPFRE”) through their undersigned counsels and most respectfully submit the instant Stipulation for the Use of Cash Collateral Subject to Security Interest and for Adequate Protection to MAPFRE (“Stipulation”). Debtor and MAPFRE are collectively defined as (“Parties”). In support thereof, the Parties herein state and pray as follows:

**THE FACTS**

1. On August 27, 2004, Alco and Rodríguez & Del Valle (“R&DV”) subscribed an Agreement of Indemnity (“AI”), in favor of MAPFRE, in which they agreed to exonerate, hold harmless and indemnify MAPFRE, from and against any and all claims, demands and liability for losses, costs and expenses in connection with the execution of bonds. In addition, Alco and R&DV assigned to MAPFRE, the contract funds for all of Alco’s projects bonded by MAPFRE, as collateral to secure any and all of their obligations under the AI, as well as any other indebtedness and/or liabilities sustained by MAPFRE and in connection to the bonds subscribed by MAPFRE on Alco’s behalf.

2. In accordance with paragraph nine (9) of the AI, the same constitutes a Security Agreement and a Financing Statement for the benefit of MAPFRE and on September 10, 2004, it was filed at the State Department of Puerto Rico ("State Department"), in accordance with the Uniform Commercial Code (hereinafter the "UCC"), under registry number 20040607085. **Exhibit 1**

3. On August 26, 2006, Alco, R&DV, LRG Holdings, Inc. ("LRG") and other personal indemnitors named therein, subscribed an additional AI in favor of MAPFRE. As provided in said AI, Alco is coindemnitor with R&DV, LRG and the personal indemnitors. It was therein reaffirmed that the contract funds for all of Alco's projects bonded by MAPFRE, were assigned to MAPFRE as collateral to secure Alco, R&DV and LRG's obligations under said AI. It was further agreed that any other indebtedness and/or liabilities sustained by MAPFRE, in connection to the bonds subscribed by MAPFRE on Alco, R&DV and LRG's behalf were secured by the assignment therein provided. Said AI was filed at the State Department, in accordance with the UCC, under registry number 2006059339. **Exhibit 2**

4. The August 26, 2006 AI, and the August 27, 2004 AI, mentioned in preceding paragraph 2, are hereinafter collectively referred to as the "AI's".

5. Prior to the filing of the bankruptcy petition MAPFRE received a series of claims on account of the bonds subscribed by MAPFRE on behalf of ALCO and the other indemnitors ("Bonds"). Some claims have been resolved, while others remaining

outstanding and are under MAPFRE's consideration. Hence, as of this date MAPFRE has not been entirely released from its obligations under the Bonds.<sup>1</sup>

### **PROCEDURAL HISTORY**

6. On January 12, 2012, Alco filed a Petition under Chapter 11 of the Bankruptcy Code ("Petition Date") in the above captioned case ("Bankruptcy Case").

7. On April 5, 2012, the Debtor and MAPFRE filed a stipulation for the release of certain cash collateral funds related to the project "*Reparación de Pavimentos Asfálticos en Carreteras Regional Norte, Varios Municipios AC-801262, Subasta Formal P-08-10 Proy. Fed. LP-9999(77)*" in order to provide partial payment to a claim made by Parking and Traffic Lines Corp. (Docket 57)

8. On April 13, 2012, the Debtor and Banco Popular de Puerto Rico ("BPPR") also filed a stipulation for the use of cash collateral. (Docket 66)

9. On May 25, 2012, MAPFRE filed a request for a term to oppose the stipulation for use of cash collateral filed between the Debtor and BPPR. (Docket 117)

10. On May 9, 2012, MAPFRE filed a Proof of Claim in the Bankruptcy Case in the amount of EIGHT HUNDRED FIFTY FIVE THOUSAND AND FOUR HUNDRED SIXTY DOLLARS AND NINETY EIGHT CENTS (\$855,460.98), as an estimated and contingent secured claim ("Secured Claim") under the terms and conditions of the AI's. The Secured Claim represents claims received under the Bonds ("Bond Claims"), plus an additional estimated amount of costs and expenses which MAPFRE has incurred and may incur in connection with the instant Bankruptcy Case, investigating and defending

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<sup>1</sup> This should not be construed as an admission by MAPFRE or the Debtor of any liability on account of any of the claims under its consideration. Nor should it be construed as a waiver of any defense that the Debtor or MAPFRE may have against any claims brought by third parties.

current Bond Claims, as well as future claims under other bonds issued on behalf of Debtor and R&DV.

11. On May 29, 2012, the Debtor filed its response to MAPFRE's motion for extension of time. (Docket 121)

12. Thereafter the parties entered into negotiations in order to provide a consensual use of Debtor's cash collateral and filed a motion informing the Court of the status of such negotiations and requesting time to file this stipulation. (Docket 135)

13. On June 22, 2012, Debtor filed Notice of Intent to Sale of Property Free & Clear of Liens Pursuant to 11 USC §363 and Request to Reduce Period to Object to Ten (10) Days Pursuant to Bankruptcy Rule 9006 (Docket No. 154) ("Notice to Sale").

14. In the Notice to Sale, Debtor informed that it has received an offer from BTB Corporation for the purchase of Debtor's asphalt plant located in Hatillo, Puerto Rico. Debtor understands that BTB's offer is reasonable and in the best interest of the estate and the creditors.

15. In consideration of the proof of claim filed by MAPFRE and its rights under the AI's, under applicable civil and bankruptcy law, as well as other good and valuable considerations received by Debtor, the Parties agree as follows:

- a. Debtor ratifies its obligations toward MAPFRE under the terms and conditions of the AI's, which are hereby incorporated and made a part hereof in their entirety as Exhibits 1 and 2 of this Stipulation. This Stipulation shall not be construed to amend and/or to modify in any way the obligations of Debtor towards MAPFRE, and it does not alter or amend in any way the AI's;

b. Debtor acknowledges MAPFRE's rights as a creditor with a claim secured with Debtor's cash collateral and other assets described in the AI's, and agrees to provide permanent adequate protection to MAPFRE on account of said interest in Debtor's cash collateral;

c. MAPFRE has accepted the proposal made by the Debtor and consents that the same constitutes adequate protection as defined by the provisions of the Bankruptcy Code.

d. Debtor ratifies MAPFRE's security interest and lien over all the property described in the AI's as of the Petition Date;

e. Debtor agrees to extend said security interest and lien over all after-acquired property of the same kind described in the AI's, as long as MAPFRE continues to be obliged by the Bonds for which the Debtor serves as a coindemnitor;

f. Debtor agrees to carve out the amount of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00), from the proceeds of the aforementioned sale and deposit same with the Clerk of this Honorable Court ("Deposit"), once the sale is approved by the Court and the sale is consummated.

g. The Deposit constitutes adequate protection to MAPFRE and from which MAPFRE shall be reimbursed the expenses incurred and to be incurred, as set forth in this Stipulation and in accordance with the AI's;

h. As of March 31, 2012, MAPFRE has already incurred the amount of SIX THOUSAND FOUR HUNDRED EIGHTY EIGHT DOLLARS AND SEVENTY CENTS (\$6,488.70) of investigative and legal costs and

expenses in connection with the Bond Claims and the instant Bankruptcy Case, and for which it is entitled to be reimbursed. Upon approval of this Stipulation, the Clerk shall be authorized to disburse said amount to MAPFRE.

i. MAPFRE shall seek subsequent disbursements from the Special Account by certifying to Debtor the amounts paid, with the corresponding evidence of payments. MAPFRE will submit the request for reimbursement or payment to the Court with a certification under penalty of perjury executed by MAPFRE of the amounts paid or to be paid. The Clerk shall be authorized to make the disbursement of such amounts upon the approval by the Court of the requests to be made;

j. No other use of the Special Account is permitted or consented, except as herein established;

k. Any amounts paid to MAPFRE from the segregated and consigned funds shall be deducted from the proof of claim filed and shall constitute payments to MAPFRE on account of such claim.

16. The execution of this Stipulation shall not be interpreted as a waiver or release by MAPFRE of Debtor and the indemnitors' past, present or future obligations contained in the AI's.

17. The terms of the AI's shall remain in full force and effect, as well as unaltered until MAPFRE is fully released and exonerated from its obligations under the Bond and other bonds issued on behalf of Debtor, R&DV and LRG.

18. No amendments or variations of the terms of this Stipulation shall be valid unless made in writing and signed by the Parties.

19. The Parties acknowledge and agree that this Stipulation is written under a full reservation of rights and privileges afforded to MAPFRE under the terms of the Bonds, the AI's, the law and in equity, as well as a full reservation of the rights and privileges that the Debtor may have pursuant to the provisions of the Bankruptcy Code.

20. The parties acknowledge that this Stipulation constitutes the entire agreement between them, that there are no contradictory terms and conditions in this Stipulation, and that other than the paragraphs contained herein, there are no additional or separate understandings or agreements.

**WHEREFORE**, MAPFRE and Debtor respectfully requests this Honorable Court to approve this Stipulation for the Use of Cash Collateral Subject to Security Interest and for Permanent Adequate Protection to MAPFRE, finding it in the best interest of Debtor's estate, and to make such other determinations related thereto that are just and proper.

#### **NOTICE TO CREDITORS AND PARTIES IN INTEREST**

Within fourteen (14) days after service as evidenced by the certification, and an additional three (3) days pursuant to Fed. R. Bank. P. 9006(f) if you were served by mail, any party against whom this motion has been served, or any other party to the action who objects to the relief sought herein, shall serve and file an objection or other appropriate response to this paper with the Clerk's office of the U.S. Bankruptcy Court for the District of Puerto Rico. If no objection or other response is filed within the time allowed herein, the motion will be deemed unopposed.

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on this same date, the foregoing was electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the United States Trustee and all CM/ECF participants and on this same date to the secured creditors, governmental entities and Twenty Largest Unsecured Creditors as approved by the Court by First Class Mail.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 28<sup>th</sup> day of June, 2012.

Attorney for Debtor:

C. CONDE & ASSOC.

s/Luisa S. Valle Castro

Luisa S. Valle Castro, Esq.

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s/Leslie Alvarado Lliteras

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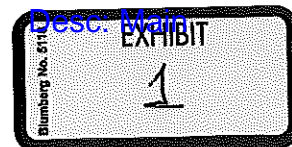
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MAPFRE PRAICO INS. COMPANY, MAPFRE  
P.O. BOX 70333  
SAN JUAN, PR 009368333  
Núm Registro (File #): 2004067085

**BONDING DEPARTMENT**  
**BOX 70333 SAN JUAN PR 00936-8333**  
**REEMENT OF INDEMNITY**

called "Agreement") is made AUGUST (day) 27 2004  
by ALCO CORPORATION - PO BOX 1623 CANOVANAS PR 00729  
(Insert full name and address of PRINCIPAL)

\_\_\_\_\_ as PRINCIPAL and  
RODRIGUEZ & DEL VALLE INC. - PO BOX 9022889 SAN JUAN PR 00902-2889

\_\_\_\_\_  
(Insert full name and addresses of INDEMNITOR)

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IND DE TRANSACCIONES  
COMERCIALES

as INDEMNITORS, MAPFRE PRAICO Insurance Company; MAPFRE Pan American Insurance Company, MAPFRE Preferred Risk Insurance Company, XL Reinsurance America, Inc., The Continental Insurance Company, Reliance Surety Company, United Pacific Insurance Company, and/or Greenwich Insurance Company as SURETY.

WHEREAS, PRINCIPAL, in the performance of contract and the fulfillment of obligations generally, whether solely in its own name or as co-venturer with others, may desire or be required to give or procure certain BONDS; and

WHEREAS, at the request of PRINCIPAL and INDEMNITORS and upon the express understanding that this Agreement should be given, SURETY has executed or procured to be executed, and may from time to time hereinafter execute or procure to be executed said BONDS on behalf of PRINCIPAL; and

WHEREAS, INDEMNITORS have a substantial, material and beneficial interest in the obtaining, renewing, continuing or substituting of BONDS; and

WHEREAS, SURETY has relied upon and will continue to rely upon the representations of PRINCIPAL and INDEMNITORS as to their character, identity, control, beneficial ownership, financial condition and existence in executing or procuring BONDS.

NOW THEREFORE, in consideration of the above stated premises, and of other good and valuable consideration, the receipt of which is hereby acknowledged, PRINCIPAL and INDEMNITORS for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, hereby covenant and agree with SURETY, its successors and assigns, as follows:

**DEFINITIONS**

1. Where they appear in this Agreement of Indemnity, the following terms are defined as set forth in this paragraph:

"BOND" means an undertaking or a contract of suretyship, guaranty or indemnity or an agreement, consent or letter to provide such an undertaking or contract, and the continuation, extension, alteration renewal or substitution of such an undertaking or contract, and the continuation, extension, alteration, renewal or substitution of such an undertaking, contract, agreement, consent or letter, whether with the same or different penalties or conditions, executed or procured by SURETY.

"CONTRACT" means an agreement between PRINCIPAL and a third party, together with all associated documents (including, but not limited to, general and special conditions, specifications and drawings) for which SURETY executes or procures the execution of a BOND.

"EVENT OF DEFAULT" means any one or more of the following:

- (A) Any notice of default by an obligee on any BOND due to abandonment, forfeiture, breach of, or failure, refusal or inability to perform any CONTRACT or obligation contained in a BOND, whether actual or alleged;
- (B) Any failure, delay, refusal or inability of PRINCIPAL to pay claims; bills or other indebtedness incurred in, or in connection with the performance of any CONTRACT;
- (C) The failure to perform, or comply with the terms, covenants or obligations in this Agreement;
- (D) The failure to pay or discharge, when due, all indebtedness of PRINCIPAL to SURETY;
- (E) An assignment by PRINCIPAL for the benefit of creditors, or the appointment or an application by PRINCIPAL for the appointment, of a receiver or trustee for PRINCIPAL or its property, solvent or not, or if proceedings for the appointment of a receiver or trustee for liquidation, reorganization or arrangement of PRINCIPAL shall be initiated by other persons;
- (F) If PRINCIPAL or INDEMNITOR is an individual, PRINCIPAL'S or INDEMNITOR'S dying, absconding, disappearing, becoming incompetent, being convicted of a felony or imprisoned, or if PRINCIPAL or INDEMNITOR is any other type of entity, any change or threat of change in the character, identity, control, arrangement, beneficial ownership or existence of PRINCIPAL or INDEMNITOR;
- (G) Any proceeding or the exercise of any rights by any individual or entity which deprives or impairs PRINCIPAL'S use of its plant, machinery, equipment, plans, drawings, tools, supplies or materials; or

"PRINCIPAL means any one, combination of, or all of the named individuals, firms or corporations set forth above, including any of their present or future subsidiary corporations and any corporations, which they may now hereafter control or be affiliated with, and their successors in interest, whether acting along or in joint venture with others not named herein, including any such entity for which SURETY executes BONDS.

"SURETY" means MAPFRE PRAICO Insurance Company; MAPFRE Pan American Insurance Company; MAPFRE Preferred Risk Insurance Company, XL Reinsurance America, Inc., The Continental Insurance Company, Reliance Surety Company, United Pacific Insurance Company, and/or Greenwich Insurance Company as SURETY.

#### **NOTICE TO SURETY OF ANTICIPATED CHANGE IN NATURE OF PRINCIPAL OR INDEMNITORS; NOTICE OF CLAIMS**

2. Written notice must be given by PRINCIPAL or INDEMNITORS at the earliest practical time of any anticipated change or negotiations entered into by PRINCIPAL or INDEMNITORS for any anticipated change in the character, indemnity, control, arrangement, beneficial, ownership (including, if a corporation, ownership of more than 5% of the stock of PRINCIPAL or INDEMNITOR), or existence of PRINCIPAL or INDEMNITORS and immediately of any claim or action which may result in loss to SURETY or require SURETY to respond under its BOND. Upon receipt of said notice, Surety shall have a right of access to the books and records and other documentation and information as is more fully described in Paragraph 13 hereof.

#### **INDEMNITY AND HOLD HARMLESS**

3. PRINCIPAL and INDEMNITORS shall exonerate, hold harmless, indemnified SURETY from and against any and all claims, demands and liability for losses, costs, and expenses of whatsoever kind or nature, including court costs, counsel fees, costs of investigation, and from and against any all other such losses and expenses which SURETY may sustain due to:

- (A) Execution or having procured the execution of BONDS;
- (B) Failure of PRINCIPAL or INDEMNITORS to perform or comply with any of the covenants or conditions of this Agreement;
- (C) Enforcement of any of the covenants or conditions of this Agreement;
- (D) Performance of any investigation, obtaining or attempting to obtain a release, or recovering or attempting to recover loss or unpaid bond premium in connection with any BOND;
- (E) Prosecution or defense of any action or claim in connection with any BOND, whether SURETY, at

its discretion, elect to employ its own counsel or permits or requires PRINCIPAL or INDEMNITORS to make arrangements for SURETY'S legal representation.

Payment shall be made to SURETY by PRINCIPAL and INDEMNITORS as soon as liability exists or is asserted against SURETY, whether or not SURETY shall have made any payment therefore. Such payment shall be equal to whatever amount SURETY, in its judgment, shall deem sufficient to protect it from loss. SURETY shall have the right to use the payment, or any part thereof, in payment or settlement of any liability, loss or expense for which INDEMNITORS would be obligated to indemnify SURETY under the terms of this Agreement.

In the even of any payment by SURETY, SURETY shall be entitled in any accounting with PRINCIPAL or INDEMNITOR(S) to reimbursement for any and all disbursements made by it in good faith in and about the matters contemplated by this Agreement under the belief that it is or was liable for the sums and amounts so disbursed, or that it was necessary or expedient to make such disbursements, whether or not such liability, necessity, or expediency existed. Vouchers or other evidence of any such payments made by SURETY shall be prima facie evidence of the fact and amount of the liability to SURETY, PRINCIPAL and INDEMNITOR shall pay to SURETY interest on all disbursements made by SURETY at the maximum rate permitted by law calculated from the date of each disbursement.

#### ASSIGNMENT

4. PRINCIPAL and INDEMNITORS hereby assign to SURETY the following rights and property as collateral to secure any and all obligations in this Agreement and any other indebtedness and liabilities of PRINCIPAL to SURETY, whether heretofore or hereafter incurred:

- (A) All the rights of PRINCIPAL in and arising in any manner out of any CONTRACT;
- (B) All the rights, title and interest of PRINCIPAL or INDEMNITORS in and to all machinery, equipment, plant, tools, inventory and materials which are now, or may hereafter be, utilized in connection with any CONTRACT, regardless of whether they are located at a construction site, in storage elsewhere, or in transit anywhere, or whether they are in the process of being manufactured;
- (C) All the rights, title and interest of PRINCIPAL in and to all subcontracts and purchase orders executed or about to be executed in connection with any CONTRACT and in and to all surety bonds written in connection with such subcontracts or purchase orders;
- (D) All the rights, title and interest of PRINCIPAL in and to any actions, causes of action, claims or demands whatsoever which PRINCIPAL may have or acquire against any party to the CONTRACT, or actions, causes of action, claims or demands arising out of or in connection with any CONTRACT including, but not limited to, those against obligees on bonds, design professionals, subcontractors, laborers or materialmen or any person furnishing or agreeing to furnish or supply labor, material, supplies, machinery, tools, inventory or others equipment in connection with or on account of any CONTRACT and against any surety or sureties of any obligee, subcontractor, laborer or materialmen;
- (E) All moneys retained and any and all moneys that may be due or hereafter become due on account of any CONTRACT.
- (F) Any and all rights, title, interest in, or use of any patent, copyright or trade secret which is or may be necessary for the completion of any bonded work; and
- (G) All moneys due or to become due to PRINCIPAL on any policy of insurance relating to any claims arising out of the performance of any CONTRACT, including, but not limited to, claims under builder risk, fire, or employee dishonesty policies, including premium refunds.
- (H) The above assignment rights are in addition to and not in substitution for any other rights of SURETY arising by operation of law or otherwise.

The above assignments shall be binding as of the effective date of each BOND executed by SURETY, but SURETY'S right to exercise the rights granted to it under this paragraph shall be conditioned upon the occurrence of an Event of Default.

#### SETTLEMENTS

5. SURETY shall have the exclusive right in its name or in the name of PRINCIPAL to adjust, settle or compromise any claim, counterclaim, demand, suit or judgment involving any BOND or to take whatever other action it may deem necessary, expedient or appropriate. SURETY'S determination as to whether any such claim, counterclaim, demand, suit or judgment should be settled or defended shall be binding and conclusive upon PRINCIPAL and INDEMNITORS. The vouchers or other evidence of any such payments made by SURETY shall constitute prima facie evidence of the fact and amount of the liability of PRINCIPAL and INDEMNITORS to SURETY.

#### **PROSECUTION OF CLAIMS**

6. SURETY shall have the full and exclusive right in its name or in the name of PRINCIPAL, but not the obligation, to prosecute, compromise, release or otherwise resolve any of the claims, causes of action or other rights assigned to SURETY in paragraph 4 above, upon such terms as SURETY, at its discretion, shall deem appropriate.

#### **PREMIUM**

7. PRINCIPAL and INDEMNITORS shall pay all premiums and charges of SURETY for the BOND and for all other policies of insurance whether procured from SURETY or from other insurance companies. The failure of PRINCIPAL or INDEMNITORS to pay premiums shall not constitute a defense to an action under this Agreement.

#### **TRUST FUNDS**

8. All payments received for or on account of any CONTRACT shall be held in a trust fund to assure the payment of obligations incurred or to be incurred in the performance of any CONTRACT and for labor, materials, and services furnished in the prosecution of the work in any CONTRACT or any extension or modification thereof. All moneys due and to become due under any CONTRACT are also trust funds, whether in the possession of PRINCIPAL, INDEMNITORS or otherwise. The trust funds shall be for the benefit and payment of all obligations for which SURETY may be liable under any BONDS. The trust funds shall inure to the benefit of SURETY for any liability or loss it may have or sustain under any BOND, and this Agreement and declaration constitute notice of such trust. The trust funds, unless otherwise restricted or regulated by state or local laws, can be commingled with other funds, but the trust fund nature and purpose as stated in this paragraph shall not be modified nor waived by this commingling provision.

#### **PERFECTION OF SECURITY INTEREST**

9. This Agreement shall constitute a Security Agreement and a Financing Statement for the benefit of SURETY in accordance with the Uniform Commercial Code and any similar statute and may be so used by SURETY without in any way abrogating, restricting or limiting the rights of SURETY. SURETY may add such schedules to this Agreement describing specific items of security covered hereunder as shall be necessary. For the purpose of recording this Agreement, a photocopy of this Agreement acknowledged before a Notary Public as being a true copy hereof shall be regarded as an original.

The above rights of Surety to file this Agreement and Financing Statement to add Schedules to this Agreement shall be binding as of the effective date of this Agreement, but Surety's right to exercise the rights granted to it under this paragraph shall be conditioned upon the occurrence of an Event of Default.

#### **TAKEOVER**

10. If an EVENT OF DEFAULT occurs, SURETY, at its discretion, shall have the right, but not obligation, and is hereby authorized, with or without exercising any other right or option conferred upon it by law or by the terms of this Agreement, to take possession of any part or all of the work under any CONTRACT, and, at the expense of PRINCIPAL and INDEMNITORS, to complete or arrange for the completion of the work, and to take such other steps which, at its discretion, SURETY may deem advisable or necessary to obtain SURETY'S release or to avoid loss.

#### **CHANGES**

11. SURETY is authorized and empowered, without notice to or knowledge of INDEMNITORS, to agree or refuse to agree or to any change whatsoever in any BOND or CONTRACT. Such changes shall include, without limitation, changes, in the time for the completion of any CONTRACT and for due dates within the contract, payments or advances thereunder, assent to or taking of any assignment or assignments, execution or consent to the execution of any continuations, extensions or renewals of any BOND, execution of any substitute or substitutes for any bond with the same or different conditions, provisions and obligees, and with the same or larger or smaller penalties. INDEMNITORS shall remain bound under the terms of this Agreement even though any of the above described changes increase or may increase the liability of INDEMNITORS.

#### **ADVANCES**

12. SURETY is authorized and empowered, but not obligated to make or guarantee loans for the account of PRINCIPAL either before or after any default of PRINCIPAL. Provided however, that SURETY retains the absolute right to cancel any such guarantee and to cease advancing or lending money to PRINCIPAL or for the account of PRINCIPAL with or without cause or with or without notice to PRINCIPAL. All money guaranteed or loaned by SURETY, under this paragraph, and all related costs and expenses incurred by SURETY, shall be a loss to SURETY for which PRINCIPAL and INDEMNITOR shall be responsible.

#### **BOOKS AND RECORDS**

13. At any time during this Agreement and until such time as the liability of SURETY under all BONDS is terminated and SURETY is fully reimbursed all amounts due to it under this Agreement, SURETY shall have a right of access to the books, records, accounts, documents, computer software, and other computer-stored information of PRINCIPAL and INDEMNITORS, wherever located, for the purpose of inspection, copying or reproduction. Any financial institution, depository, materialman, supply house, or other person, firm, or corporation, when requested by SURETY, is hereby authorized and required to furnish SURETY any and all information requested, including, but not limited to, the status of the work under any CONTRACT being performed by PRINCIPAL, the condition of the performance of any CONTRACT and payments or pending payments of accounts and full information about all bank accounts and loans and any collateral posted in connection therewith. Upon SURETY'S request, PRINCIPAL and INDEMNITORS shall immediately turn over to SURETY, or its designee, at a time and place and in a manner determined by SURETY, such books, records, accounts, documents, computer software and other computer-stored information, and contracts in whatever form, as and when requested by SURETY.

#### **DECLINE EXECUTION**

14. SURETY has the right to decline execute, provide or procure any bond requested by PRINCIPAL. If SURETY does execute, provide or procure the execution of a bid bond or proposal bond, or agrees or consents to provide such bond (contract of suretyship), SURETY retains the right to decline to execute any final bond (including, but not limited to, performance, payment or maintenance bond(s)) which may be required in connection with any award which may be made under a bid proposal or tender to which a bid proposal bond or agreement or consent to provide such contract of suretyship is given. There shall be no cause of action asserted against SURETY in consequence of its failure to execute any BOND.

#### **IMPROPER EXECUTION**

15. The liability of INDEMNITORS shall not be affected by the failure of PRINCIPAL to sign said bond or bonds, or by any claim that other indemnity or security was to have been obtained, or by the release of any indemnity, or by the return or exchange of any collateral. If the execution of this Agreement by any INDEMNITORS be defective or invalid for any reason, such defect or invalidity shall not in any manner affect the validity of this Agreement or the liability hereunder as to any and other INDEMNITORS properly executing this Agreement, and they shall remain fully bound and liable hereunder to the same extent as if such defect or invalidity had not existed.

#### **WAIVER OF NOTICE**

16. INDEMNITORS hereby waive notice of the execution of the said bond or bonds or any renewal thereof or any new bond or bonds issued in continuation thereof or as a substitute therefore. INDEMNITORS also hereby waive notice of any breach of said bond or bonds or of any act or default that may give rise to claim thereunder or hereunder.

#### **SUIT**



17. Separate suits may be brought by SURETY to enforce the terms of this Agreement as causes of action accrue, and the bringing of suit or the recovery of judgment upon any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether previously or subsequently arising.

Principal and Indemnitors agree that Surety may choose to bring any action based on this agreement before a court of competent jurisdiction sitting in San Juan, Puerto Rico, and if Surety elects to do so Principal and Indemnitors waive any and all rights to the transfer, removal, or change of venue of action to a court sitting elsewhere.

PRINCIPAL and each INDEMNITOR shall be the agent for PRINCIPAL and all INDEMNITORS for the purpose of accepting service of any process in the jurisdiction in which PRINCIPAL or INDEMNITORS accepting the process reside, are domiciled, are doing business or are found.

IF SURETY shall file suit at law or in equity to enforce the terms of this Agreement, SURETY shall be entitled to recover its own attorney's fees and expenses in connection with such suit.

#### **SET-OFF**

18. SURETY may reduce the amount of PRINCIPAL'S and INDEMNITOR'S liability to SURETY hereunder by applying to such liability any money payable to PRINCIPAL or INDEMNITORS by SURETY. The money payable to PRINCIPAL or INDEMNITORS may be, but is not limited to any money due or paid by SURETY as an insurer of PRINCIPAL or INDEMNITORS or as an insurer of any other individual or legal entity, or any money due or paid to PRINCIPAL or INDEMNITORS as a return of unearned or other premiums, or money due or paid to settle a claim of PRINCIPAL or INDEMNITORS against SURETY or any individual or other legal entity insured or bonded by SURETY.

#### **OTHER SURETIES**

19. If SURETY procures the execution of any BONDS by other sureties or executes BOND(s) with co-sureties or reinsures any portion of said BONDS with reinsuring sureties, then all the terms and conditions of this Agreement shall inure to the benefit to such other sureties, co-sureties and reinsuring sureties as their interests may appear.

#### **TERMINATION**

20. If PRINCIPAL or INDEMNITORS previously executed an Agreement in favor of SURETY, SURETY'S acceptance of this Agreement neither terminates such previous Agreement nor relieves PRINCIPAL or INDEMNITORS from liability to SURETY on bonds executed during the time of the prior agreement.

This Agreement may be terminated as to PRINCIPAL or any INDEMNITOR(S) upon written notice to SURETY by PRINCIPAL or INDEMNITOR(S), or by PRINCIPAL'S or INDEMNITOR'S legal representative or successors, by Registered or Certified Mail addressed to SURETY.

Termination of this Agreement shall not be effective until 30 days after receipt of said written notice by SURETY.

Termination by any one INDEMNITOR shall in no way affect the obligation of any other INDEMNITOR who has given no notice of termination to SURETY.

Termination of this Agreement shall not relieve PRINCIPAL or INDEMNITORS from liability to SURETY arising out of BONDS executed, provided or procured by SURETY in behalf of PRINCIPAL prior to the effective date of such termination and for which this Agreement is part of the consideration upon which SURETY relied in executing, providing or procuring such BONDS.

Oral or constructive notice to any agent or employee of SURETY shall not constitute effective notice of termination under this Agreement.

#### **NOTIFICATION TO INDEMNITORS**

21. Notification by SURETY to any one INDEMNITOR shall constitute notification to all INDEMNITORS. If no address for an INDEMNITOR is shown, then notice to the address of PRINCIPAL shall be deemed as sufficient notification.

#### **SUBORDINATION OF INDEMNITOR**

22. PRINCIPAL and INDEMNITOR waive and subordinate all rights of indemnity, subrogation and contribution of each against the other until all obligations to SURETY under this Agreement, at law or in equity, have been satisfied in full.

#### **POWER OF ATTORNEY**

23. PRINCIPAL and INDEMNITOR hereby irrevocably nominate, constitute, appoint and designate SURETY, through its authorized representative(s) as their attorney-in-fact with the right, but not the obligation, to exercise all of the rights of PRINCIPAL and INDEMNITORS assigned, transferred and set over to SURETY in this Agreement. SURETY may, in the name of PRINCIPAL and INDEMNITORS, make, execute, and deliver any and all assignments, financing statements, documents, or papers, checks, drafts, warrants or other instruments made or issued in payment of any obligation to which SURETY has the right to receipt of payment pursuant to this Agreement if SURETY deems such action necessary and proper for the full protection intended to be herein given to SURETY under this Agreement. As attorney-in-fact, SURETY may also take possession of the tools, plant, equipment, materials, and subcontracts and all other collateral mentioned in the Agreement and enforce, use, employ, and dispose of same for the purposes set forth in the agreement. PRINCIPAL and INDEMNITORS hereby ratify and confirm all acts and actions taken and done by SURETY as such attorney-in-fact and acknowledge that said Power-of-Attorney is a Power Coupled With an Interest. Surety's right to exercise the rights granted to it under this paragraph shall be conditioned upon the occurrence of an Event of Default.

#### **SEVERABILITY AND PARTIAL EXECUTION**

24. If any provision or provisions, or portion thereof, of this Agreement shall be void or unenforceable under the laws of any jurisdiction governing its construction, this Agreement shall not be voided or vitiated thereby, but shall be construed and enforced with the same effect as though such provision or provisions, or portion thereof, were omitted.

If any of the parties mentioned in this Agreement fail to execute the same, or if the execution hereof by any of the parties shall be defective or invalid for any reason, such failure, defect, or invalidity shall not in any manner affect the validity of this Agreement or the liability hereunder of any of the parties executing same, but each and every party so executing shall be and remain fully bound and liable hereunder to the same extent as though such failure, defect or invalidity had not existed.

This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

#### **SINGNATURES**

25. Wherever used in this instrument the plural term shall include the singular and the singular shall include the plural, as circumstances require.

#### **NOTICE TO SURETY**

26. PRINCIPAL and INDEMNITOR shall promptly provide all written notices to SURETY required in this Agreement at P.O. Box 70333, San Juan, P.R. 00936-8333, including but not limited to the following events:

- (1) Notice by any obligee on any BOND for PRINCIPAL that PRINCIPAL is in default or has failed or refused to perform any CONTRACT obligation;
- (2) Notice by any obligee on any BOND for PRINCIPAL that PRINCIPAL cure its performance or shown cause as to why PRINCIPAL should not be terminated for default.

#### **GENERAL PROVISIONS**

27. SURETY'S rights hereunder shall be deemed to be cumulative with, and in addition to, all other rights of SURETY, however derived. SURETY is not required to exhaust its remedies or rights against PRINCIPAL or to await receipt of any final dividends from PRINCIPAL before asserting its rights against any one or more INDEMNITORS.

This Agreement is to be liberally construed so as to protect, exonerate and indemnify SURETY.

The paragraph titles as contained in this Agreement are descriptive only and do not restrict or modify the terms of the Agreement. If any inconsistency between the paragraph titles and the terms of this Agreement exist, the term of this Agreement shall control.

#### **WAIVER AND MODIFICATION**

28. The rights and remedies afforded to SURETY by the terms of this Agreement may not be waived or modified orally and no written change or modification shall be effective until signed by an employee of SURETY.

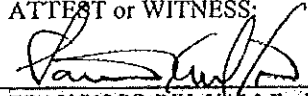
#### **MERGER AND CONSOLIDATION**

29. THE PRINCIPAL AND INDEMNITORS HAVE READ AND UNDERSTANT THIS AGREEMENT, THIS AGREEMENT OF INDEMNITY CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO SEPARATE AGREEMENTS OR UNDERSTANDINGS, PAST OR PRESENT, WHETHER ORAL OR WRITTEN, CHANGE THE TERMS OF THIS AGREEMENT.



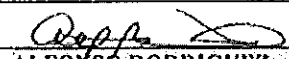
IN WITNESS WHEREOF, the parties have made this Agreement as of this day 27of AUGUST of 2004.

ATTEST or WITNESS:



FRANCISCO DEL VALLE - WITNESS

ALCO CORPORATION



ALFONSO RODRIGUEZ - PRESIDENT

(Seal)

ATTEST or WITNESS:



ALFONSO RODRIGUEZ - WITNESS

RODRIGUEZ & DEL VALLE INC.



FRANCISCO DEL VALLE - PRESIDENT

(Seal)

ATTEST or WITNESS:



(Seal)

ATTEST or WITNESS:



(Seal)

ATTEST or WITNESS:



(Seal)

ATTEST or WITNESS:




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ATTEST or WITNESS:

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ATTEST or WITNESS:

(Seal)

**INDIVIDUAL ACKNOWLEDGMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me personally,  
comes(s) \_\_\_\_\_

to me known and known to me to be the person(s) who (is) (are) described in and who executed the foregoing instrument and acknowledge(s) to me that he/she executed the same.

\_\_\_\_\_  
(Signature of Notary taking acknowledgment)

**PARTNERSHIP ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ In the year \_\_\_\_\_ before me personally  
come (s) \_\_\_\_\_  
a member of the co-partnership \_\_\_\_\_

to me known and known to me to be the person who is described in and who executed the foregoing instrument, and acknowledges to me that he/she executed the same as and for the act and deed of the said co-partnership.

**CORPORATE ACKNOWLEDGEMENT**

AFFIDAVIT NO. 6522

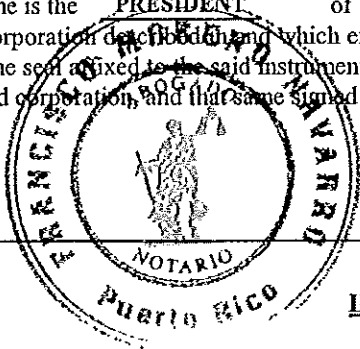
Commonwealth of Puerto Rico

City of SAN JUAN, PR ss.:

On this 1st day of September in the year 2004 before me personally comes(s) ALFONSO RODRIGUEZ, legal age, married, resident of Guaynabo, Puerto Rico

to me known who, being by me duly sworn, deposes and says that same resides in Guaynabo

at same is the PRESIDENT of ALCO CORPORATION  
the corporation described in and which executed the foregoing instrument; that same knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that same signed the name thereto by like order.



(Signature of Notary taking acknowledgment)

**INDIVIDUAL ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me personally comes(s) \_\_\_\_\_

to me known and known to me to be the person(s) who (is) (are) described in and who executed the foregoing instrument and acknowledge(s) to me that he/she executed the same.

(Signature of Notary taking acknowledgment)

**PARTNERSHIP ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me personally comes(s) \_\_\_\_\_

a member of the co-partnership of \_\_\_\_\_

to me known and known to me to be the person who is described in and who executed the foregoing instrument, and acknowledges to me that he/she executed the same as and for the act and deed of the said co-partnership.

(Signature of Notary taking acknowledgment)

**CORPORATE ACKNOWLEDGEMENT**

AFFIDAVIT NO. 6521

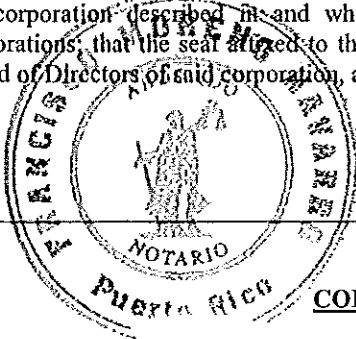
Commonwealth of Puerto Rico

City of SAN JUAN, PR ss.:

On this 1st day of September in the year 2004 before me personally comes(s) FRANCISCO DEL VALLE, legal age, married, resident of Guaynabo, Puerto Rico

to me known, who being by me duly sworn, deposes and says that same resides in Guaynabo

that same is the PRESIDENT of RODRIGUEZ & DEL VALLE INC. the corporation described in and which executed the foregoing instrument; that same knows the seal of the said corporations; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that same signed the name thereto by like order.



(Signature of Notary taking acknowledgment)

**CORPORATE ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me personally comes(s) \_\_\_\_\_

to me known, who being by me duly sworn, deposes and says that same resides in \_\_\_\_\_

that same is the \_\_\_\_\_ of \_\_\_\_\_ the corporation described in and which executed the foregoing instrument; that same knows the seal of the said corporations; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that same signed the name thereto by like order.

(Signature of Notary taking acknowledgment)

## RESOLUTION

At a Special meeting of the Board of Directors of RODRIGUEZ & DEL VALLE, INC. hereinafter referred to as the CORPORATION) dully called on the \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, a quorum being present, the following Preamble and Resolution was adopted:

"WHEREAS, this CORPORATION is materially interested in matters or transactions in which ALCO CORPORATION has applied to or may apply to **MAPFRE PRAICO Insurance Company \*\*\*** for surety bond(s); and,

"WHEREAS, **MAPFRE PRAICO Insurance Company \*\*\*** is willing to execute such bond(s) as SURETY upon being furnished with the written indemnity of this CORPORATION, therefore, be it

"RESOLVED, that FRANCISCO DEL VALLE - PRESIDENT is the proper executing officer of this CORPORATION authorized to execute on behalf of the CORPORATION any agreement or agreements of indemnity required by **MAPFRE PRAICO Insurance Company \*\*\*** as a prerequisite to the execution by it of the bond(s) for ALCO CORPORATION in connection with the matters or transactions described in the agreement or agreements of indemnity required by the said **MAPFRE PRAICO Insurance Company \*\*\*** and the proper attesting officer of the CORPORATION be and is hereby authorized to affix the corporate seal to such agreement or agreements of indemnity and subscribe his name thereto, attesting same".

I, TERESA DEL VALLE RIVERA - SECRETARY of RODRIGUEZ & DEL VALLE, INC. have compared the forgoing Preamble and Resolution with the original thereof as recorded in the Minute Book of said Corporation, do certify that the same is a correct and true transcript therefrom and of the whole of said original Preamble and Resolution.

SIGNED, SEALED AND DATED THIS 1st DAY OF SEPTEMBER, 2004.

Secretary

(Seal)



## RESOLUTION

At a Special meeting of the Board of Directors of ALCO CORPORATION hereinafter referred to as the CORPORATION) dully called on the \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, a quorum being present, the following Preamble and Resolution was adopted:

"WHEREAS, ALCO CORPORATION has applied to or may apply to **MAPFRE PRAICO Insurance Company \*\*\*** for surety bond(s); and,

"WHEREAS, **MAPFRE PRAICO Insurance Company \*\*\*** is willing to execute such bond(s) as SURETY upon being furnished with the written indemnity of this CORPORATION, therefore, be it

"RESOLVED, that ALFONSO RODRIGUEZ - PRESIDENT is the proper executing officer of this CORPORATION authorized to execute on behalf of the CORPORATION any agreement or agreements of indemnity required by **MAPFRE PRAICO Insurance Company \*\*\*** as a prerequisite to the execution by it of the bond(s) for ALCO CORPORATION in connection with the matters or transactions described in the agreement or agreements of indemnity required by the said **MAPFRE PRAICO Insurance Company \*\*\*** and the proper attesting officer of the CORPORATION be and is hereby authorized to affix the corporate seal to such agreement or agreements of indemnity and subscribe his name thereto, attesting same".

I, TERESA DEL VALLE RIVERA - SECRETARY of ALCO CORPORATION have compared the forgoing Preamble and Resolution with the original thereof as recorded in the Minute Book of said Corporation, do certify that the same is a correct and true transcript therefrom and of the whole of said original Preamble and Resolution.

SIGNED, SEALED AND DATED THIS 1st DAY OF SEPTEMBER, 2004.

Secretary

(Seal)



MAPFRE PRAICO INS. CO; MAPFRE PAN  
PO BOX 70333  
SAN JUAN, PR 009368333

Núm Registro (File #): 2006059339

ENDING DEPARTMENT  
70333 SAN JUAN PR 00936-8333  
EMENT OF INDEMNITY



This Agreement of Indemnity (hereinafter called "Agreement") is made AUGUST (day) 23 2006<sup>24</sup>  
by **RODRIGUEZ & DEL VALLE, INC. / ALCO CORPORATION / LRG HOLDINGS, INC. -**  
(Insert full name and address of PRINCIPAL)

PO BOX 9022889 SAN JUAN PR 00902-2889

as PRINCIPAL and

**RODRIGUEZ & DEL VALLE, INC. / ALCO CORPORATION / LRG HOLDINGS, INC. -**

PO BOX 9022889 SAN JUAN PR 00902-2889

**JAIME RAFAEL RODRIGUEZ GARCIA - PO BOX 9022889 SAN JUAN PR 00902-2889**

**LUIS FEDERICO RODRIGUEZ GARCIA - PO BOX 9022889 SAN JUAN PR 00902-2889**

**ALFONSO RODRIGUEZ GARCIA - PO BOX 9022889 SAN JUAN PR 00902-2889**

**CARMEN PILAR RODRIGUEZ GARCIA (FIRMANDO EN SU NOMBRE EL SR. LUIS F. RODRIGUEZ  
SEGUN PODER ADJUNTO) - PO BOX 9022889 SAN JUAN PR 00902-2889**

(Insert full name and addresses of INDEMNITOR)

as INDEMNITORS, MAPFRE PRAICO Insurance Company; MAPFRE Pan American Insurance Company, MAPFRE Preferred Risk Insurance Company, XL Reinsurance America, Inc., Endurance Reinsurance Company of America, and/or Greenwich Insurance Company as SURETY.

WHEREAS, PRINCIPAL, in the performance of contract and the fulfillment of obligations generally, whether solely in its own name or as co-venturer with others, may desire or be required to give or procure certain BONDS; and

WHEREAS, at the request of PRINCIPAL and INDEMNITORS and upon the express understanding that this Agreement should be given, SURETY has executed or procured to be executed, and may from time to time hereinafter execute or procure to be executed said BONDS on behalf of PRINCIPAL; and

WHEREAS, INDEMNITORS have a substantial, material and beneficial interest in the obtaining, renewing, continuing or substituting of BONDS; and

WHEREAS, SURETY has relied upon and will continue to rely upon the representations of PRINCIPAL and INDEMNITORS as to their character, identity, control, beneficial ownership, financial condition and existence in executing or procuring BONDS.

NOW THEREFORE, in consideration of the above stated premises, and of other good and valuable consideration, the receipt of which is hereby acknowledged, PRINCIPAL and INDEMNITORS for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, hereby covenant and agree with SURETY, its successors and assigns, as follows:

#### DEFINITIONS

1. Where they appear in this Agreement of Indemnity, the following terms are defined as set forth in this paragraph:

"BOND" means an undertaking or a contract of suretyship, guaranty or indemnity or an agreement, consent or letter to provide such an undertaking or contract, and the continuation, extension, alteration renewal or substitution of such an undertaking or contract, and the continuation, extension, alteration, renewal or substitution of such an undertaking, contract, agreement, consent or letter, whether with the same or different penalties or conditions, executed or procured by SURETY.

"CONTRACT" means an agreement between PRINCIPAL and a third party, together with all associated documents (including, but no limited to, general and special conditions, specifications and drawings) for which SURETY executes or procures the execution of a BOND.

**BONDING DEPARTMENT  
PO BOX 70333 SAN JUAN PR 00936-8333  
AGREEMENT OF INDEMNITY**

This Agreement of Indemnity (hereinafter called "Agreement") is made AUGUST (day) 23 2006

by RODRIGUEZ & DEL VALLE, INC. / ALCO CORPORATION / LRG HOLDINGS, INC. -

(Insert full name and address of PRINCIPAL)

PO BOX 9022889 SAN JUAN PR 00902-2889

as PRINCIPAL and

RODRIGUEZ & DEL VALLE, INC. / ALCO CORPORATION / LRG HOLDINGS, INC. -

PO BOX 9022889 SAN JUAN PR 00902-2889

JAIME RAFAEL RODRIGUEZ GARCIA - PO BOX 9022889 SAN JUAN PR 00902-2889

LUIS FEDERICO RODRIGUEZ GARCIA - PO BOX 9022889 SAN JUAN PR 00902-2889

ALFONSO RODRIGUEZ GARCIA - PO BOX 9022889 SAN JUAN PR 00902-2889

CARMEN PILAR RODRIGUEZ GARCIA (FIRMANDO EN SU NOMBRE EL SR. LUIS F. RODRIGUEZ

SEGUN PODER ADJUNTO) - PO BOX 9022889 SAN JUAN PR 00902-2889

(Insert full name and addresses of INDEMNITOR)

as INDEMNITORS, MAPFRE PRAICO Insurance Company; MAPFRE Pan American Insurance Company, MAPFRE Preferred Risk Insurance Company, XL Reinsurance America, Inc., Endurance Reinsurance Company of America, and/or Greenwich Insurance Company as SURETY.

WHEREAS, PRINCIPAL, in the performance of contract and the fulfillment of obligations generally, whether solely in its own name or as co-venturer with others, may desire or be required to give or procure certain BONDS; and

WHEREAS, at the request of PRINCIPAL and INDEMNITORS and upon the express understanding that this Agreement should be given, SURETY has executed or procured to be executed, and may from time to time hereinafter execute or procure to be executed said BONDS on behalf of PRINCIPAL; and

WHEREAS, INDEMNITORS have a substantial, material and beneficial interest in the obtaining, renewing, continuing or substituting of BONDS; and

WHEREAS, SURETY has relied upon and will continue to rely upon the representations of PRINCIPAL and INDEMNITORS as to their character, identity, control, beneficial ownership, financial condition and existence in executing or procuring BONDS.

NOW THEREFORE, in consideration of the above stated premises, and of other good and valuable consideration, the receipt of which is hereby acknowledged, PRINCIPAL and INDEMNITORS for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, hereby covenant and agree with SURETY, its successors and assigns, as follows:

**DEFINITIONS**

1. Where they appear in this Agreement of Indemnity, the following terms are defined as set forth in this paragraph:

"BOND" means an undertaking or a contract of suretyship, guaranty or indemnity or an agreement, consent or letter to provide such an undertaking or contract, and the continuation, extension, alteration renewal or substitution of such an undertaking or contract, and the continuation, extension, alteration, renewal or substitution of such an undertaking, contract, agreement, consent or letter, whether with the same or different penalties or conditions, executed or procured by SURETY.

"CONTRACT" means an agreement between PRINCIPAL and a third party, together with all associated documents (including, but no limited to, general and special conditions, specifications and drawings) for which SURETY executes or procures the execution of a BOND.



"EVENT OF DEFAULT" means any one or more of the following:

- (A) Any notice of default by an obligee on any BOND due to abandonment, forfeiture, breach of, or failure, refusal or inability to perform any CONTRACT or obligation contained in a BOND, whether actual or alleged;
- (B) Any failure, delay, refusal or inability of PRINCIPAL to pay claims; bills or other indebtedness incurred in, or in connection with the performance of any CONTRACT;
- (C) The failure to perform, or comply with the terms, covenants or obligations in this Agreement;
- (D) The failure to pay or discharge, when due, all indebtedness of PRINCIPAL to SURETY;
- (E) An assignment by PRINCIPAL for the benefit of creditors, or the appointment or an application by PRINCIPAL for the appointment, of a receiver or trustee for PRINCIPAL or its property, solvent or not, or if proceedings for the appointment of a receiver or trustee for liquidation, reorganization or arrangement of PRINCIPAL shall be initiated by other persons;
- (F) If PRINCIPAL or INDEMNITOR is an individual, PRINCIPAL'S or INDEMNITOR'S dying, absconding, disappearing, becoming incompetent, being convicted of a felony or imprisoned, or if PRINCIPAL or INDEMNITOR is any other type of entity, any change or threat of change in the character, identity, control, arrangement, beneficial ownership or existence of PRINCIPAL or INDEMNITOR;
- (G) Any proceeding or the exercise of any rights by any individual or entity which deprives or impairs PRINCIPAL'S use of its plant, machinery, equipment, plans, drawings, tools, supplies or materials; or the work under the contract covered by any said bond.

"PRINCIPAL means any one, combination of, or all of the named individuals, firms or corporations set forth above, including any of their present or future subsidiary corporations and any corporations, which they may now hereafter control or be affiliated with, and their successors in interest, whether acting along or in joint venture with others not named herein, including any such entity for which SURETY executes BONDS.

"SURETY" means MAPFRE PRAICO Insurance Company; MAPFRE Pan American Insurance Company; MAPFRE Preferred Risk Insurance Company, XL Reinsurance America, Inc., The Continental Insurance Company, Reliance Surety Company, United Pacific Insurance Company, an/or Greenwich Insurance Company as SURETY.

#### **NOTICE TO SURETY OF ANTICIPATED CHANGE IN NATURE OF PRINCIPAL OR INDEMNITORS; NOTICE OF CLAIMS**

2. Written notice must be given by PRINCIPAL or INDEMNITORS at the earliest practical time of any anticipated change or negotiations entered into by PRINCIPAL or INDEMNITORS for any anticipated change in the character, indemnity, control, arrangement, beneficial, ownership (including, if a corporation, ownership of more than 5% of the stock of PRINCIPAL or INDEMNITOR), or existence of PRINCIPAL or INDEMNITORS and immediately of any claim or action which may result in loss to SURETY or require SURETY to respond under its BOND. Upon receipt of said notice, Surety shall have a right of access to the books and records and other documentation and information as is more fully described in Paragraph 13 hereof.

#### **INDEMNITY AND HOLD HARMLESS**

3. PRINCIPAL and INDEMNITORS shall exonerate, hold harmless, indemnified SURETY from and against any and all claims, demands and liability for losses, costs, and expenses of whatsoever kind or nature, including court costs, counsel fees, costs of investigation, and from and against any all other such losses and expenses which SURETY may sustain due to:

- (A) Execution or having procured the execution of BONDS;
- (B) Failure of PRINCIPAL or INDEMNITORS to perform or comply with any of the covenants or conditions of this Agreement;
- (C) Enforcement of any of the covenants or conditions of this Agreement;
- (D) Performance of any investigation, obtaining or attempting to obtain a release, or recovering or attempting to recover loss or unpaid bond premium in connection with any BOND;

- (E) Prosecution or defense of any action or claim in connection with any BOND, whether SURETY, at its discretion, elect to employ its own counsel or permits or requires PRINCIPAL or INDEMNITORS to make arrangements for SURETY'S legal representation.

Payment shall be made to SURETY by PRINCIPAL and INDEMNITORS as soon as liability exists or is asserted against SURETY, whether or not SURETY shall have made any payment therefore. Such payment shall be equal to whatever amount SURETY, in its judgment, shall deem sufficient to protect it from loss. SURETY shall have the right to use the payment, or any part thereof, in payment or settlement of any liability, loss or expense for which INDEMNITORS would be obligated to indemnify SURETY under the terms of this Agreement.

In the event of any payment by SURETY, SURETY shall be entitled in any accounting with PRINCIPAL or INDEMNITOR(S) to reimbursement for any and all disbursements made by it in good faith in and about the matters contemplated by this Agreement under the belief that it is or was liable for the sums and amounts so disbursed, or that it was necessary or expedient to make such disbursements, whether or not such liability, necessity, or expediency existed. Vouchers or other evidence of any such payments made by SURETY shall be prima facie evidence of the fact and amount of the liability to SURETY, PRINCIPAL and INDEMNITOR shall pay to SURETY interest on all disbursements made by SURETY at the maximum rate permitted by law calculated from the date of each disbursement.

#### ASSIGNMENT

4. PRINCIPAL and INDEMNITORS hereby assign to SURETY the following rights and property as collateral to secure any and all obligations in this Agreement and any other indebtedness and liabilities of PRINCIPAL to SURETY, whether heretofore or hereafter incurred:

- (A) All the rights of PRINCIPAL in and arising in any manner out of any CONTRACT;
- (B) All the rights, title and interest of PRINCIPAL or INDEMNITORS in and to all machinery, equipment, plant, tools, inventory and materials which are now, or may hereafter be, utilized in connection with any CONTRACT, regardless of whether they are located at a construction site, in storage elsewhere, or in transit anywhere, or whether they are in the process of being manufactured;
- (C) All the rights, title and interest of PRINCIPAL in and to all subcontracts and purchase orders executed or about to be executed in connection with any CONTRACT and in and to all surety bonds written in connection with such subcontracts or purchase orders;
- (D) All the rights, title and interest of PRINCIPAL in and to any actions, causes of action, claims or demands whatsoever which PRINCIPAL may have or acquire against any party to the CONTRACT, or actions, causes of action, claims or demands arising out of or in connection with any CONTRACT including, but not limited to, those against obligees on bonds, design professionals, subcontractors, laborers or materialmen or any person furnishing or agreeing to furnish or supply labor, material, supplies, machinery, tools, inventory or others equipment in connection with or on account of any CONTRACT and against any surety or sureties of any obligee, subcontractor, laborer or materialmen;
- (E) All moneys retained and any and all moneys that may be due or hereafter become due on account of any CONTRACT.
- (F) Any and all rights, title, interest in, or use of any patent, copyright or trade secret which is or may be necessary for the completion of any bonded work; and
- (G) All moneys due or to become due to PRINCIPAL on any policy of insurance relating to any claims arising out of the performance of any CONTRACT, including, but not limited to, claims under builder risk, fire, or employee dishonesty policies, including premium refunds.
- (H) The above assignment rights are in addition to and not in substitution for any other rights of SURETY arising by operation of law or otherwise.

The above assignments shall be binding as of the effective date of each BOND executed by SURETY, but SURETY'S right to exercise the rights granted to it under this paragraph shall be conditioned upon the occurrence of an Event of Default.

#### **SETTLEMENTS**

5. SURETY shall have the exclusive right in its name or in the name of PRINCIPAL to adjust, settle or compromise any claim, counterclaim, demand, suit or judgment involving any BOND or to take whatever other action it may deem necessary, expedient or appropriate. SURETY'S determination as to whether any such claim, counterclaim, demand, suit or judgment should be settled or defended shall be binding and conclusive upon PRINCIPAL and INDEMNITORS. The vouchers or other evidence of any such payments made by SURETY shall constitute prima facie evidence of the fact and amount of the liability of PRINCIPAL and INDEMNITORS to SURETY.

#### **PROSECUTION OF CLAIMS**

6. SURETY shall have the full and exclusive right in its name or in the name of PRINCIPAL, but not the obligation, to prosecute, compromise, release or otherwise resolve any of the claims, causes of action or other rights assigned to SURETY in paragraph 4 above, upon such terms as SURETY, at its discretion, shall deem appropriate.

#### **PREMIUM**

7. PRINCIPAL and INDEMNITORS shall pay all premiums and charges of SURETY for the BOND and for all other policies of insurance whether procured from SURETY or from other insurance companies. The failure of PRINCIPAL or INDEMNITORS to pay premiums shall not constitute a defense to an action under this Agreement.

#### **TRUST FUNDS**

8. All payments received for or on account of any CONTRACT shall be held in a trust fund to assure the payment of obligations incurred or to be incurred in the performance of any CONTRACT and for labor, materials, and services furnished in the prosecution of the work in any CONTRACT or any extension or modification thereof. All moneys due and to become due under any CONTRACT are also trust funds, whether in the possession of PRINCIPAL, INDEMNITORS or otherwise. The trust funds shall be for the benefit and payment of all obligations for which SURETY may be liable under any BONDS. The trust funds shall inure to the benefit of SURETY for any liability or loss it may have or sustain under any BOND, and this Agreement and declaration constitute notice of such trust. The trust funds, unless otherwise restricted or regulated by state or local laws, can be commingled with other funds, but the trust fund nature and purpose as stated in this paragraph shall not be modified nor waived by this commingling provision.

#### **PERFECTION OF SECURITY INTEREST**

9. This Agreement shall constitute a Security Agreement and a Financing Statement for the benefit of SURETY in accordance with the Uniform Commercial Code and any similar statute and may be so used by SURETY without in any way abrogating, restricting or limiting the rights of SURETY. SURETY may add such schedules to this Agreement describing specific items of security covered hereunder as shall be necessary. For the purpose of recording this Agreement, a photocopy of this Agreement acknowledged before a Notary Public as being a true copy hereof shall be regarded as an original.

The above rights of Surety to file this Agreement and Financing Statement to add Schedules to this Agreement shall be binding as of the effective date of this Agreement, but Surety's right to exercise the rights granted to it under this paragraph shall be conditioned upon the occurrence of an Event of Default.

#### **TAKEOVER**

10. If an EVENT OF DEFAULT occurs, SURETY, at its discretion, shall have the right, but not obligation, and is hereby authorized, with or without exercising any other right or option conferred upon it by law or by the terms of this Agreement, to take possession of any part or all of the work under any CONTRACT, and, at the expense of PRINCIPAL and INDEMNITORS, to complete or arrange for the completion of the work, and to take such other steps which, at its discretion, SURETY may deem advisable or necessary to obtain SURETY'S release or to avoid loss.

#### **CHANGES**

11. SURETY is authorized and empowered, without notice to or knowledge of INDEMNITORS, to agree or refuse to agree or to any change whatsoever in any BOND or CONTRACT. Such changes shall include, without limitation, changes, in the time for the completion of any CONTRACT and for due dates within the contract, payments or advances thereunder, assent to or taking of any assignment or assignments, execution or consent to the execution of any continuations, extensions or renewals of any BOND, execution of any substitute or substitutes for any bond with the same or different conditions, provisions and obligees, and with the same or larger or smaller penalties. INDEMNITORS shall remain bound under the terms of this Agreement even though any of the above described changes increase or may increase the liability of INDEMNITORS.

#### **ADVANCES**

12. SURETY is authorized and empowered, but not obligated to make or guarantee loans for the account of PRINCIPAL either before or after any default of PRINCIPAL. Provided however, that SURETY retains the absolute right to cancel any such guarantee and to cease advancing or lending money to PRINCIPAL or for the account of PRINCIPAL with or without cause or with or without notice to PRINCIPAL. All money guaranteed or loaned by SURETY, under this paragraph, and all related costs and expenses incurred by SURETY, shall be a loss to SURETY for which PRINCIPAL and INDEMNITOR shall be responsible.

#### **BOOKS AND RECORDS**

13. At any time during this Agreement and until such time as the liability of SURETY under all BONDS is terminated and SURETY is fully reimbursed all amounts due to it under this Agreement, SURETY shall have a right of access to the books, records, accounts, documents, computer software, and other computer-stored information of PRINCIPAL and INDEMNITORS, wherever located, for the purpose of inspection, copying or reproduction. Any financial institution, depository, materialman, supply house, or other person, firm, or corporation, when requested by SURETY, is hereby authorized and required to furnish SURETY any and all information requested, including, but not limited to, the status of the work under any CONTRACT being performed by PRINCIPAL, the condition of the performance of any CONTRACT and payments or pending payments of accounts and full information about all bank accounts and loans and any collateral posted in connection therewith. Upon SURETY'S request, PRINCIPAL and INDEMNITORS shall immediately turn over to SURETY, or its designee, at a time and place and in a manner determined by SURETY, such books, records, accounts, documents, computer software and other computer-stored information, and contracts in whatever form, as and when requested by SURETY.

#### **DECLINE EXECUTION**

14. SURETY has the right to decline execute, provide or procure any bond requested by PRINCIPAL. If SURETY does execute, provide or procure the execution of a bid bond or proposal bond, or agrees or consents to provide such bond (contract of suretyship), SURETY retains the right to decline to execute any final bond (including, but not limited to, performance, payment or maintenance bond(s)) which may be required in connection with any award which may be made under a bid proposal or tender to which a bid proposal bond or agreement or consent to provide such contract of suretyship is given. There shall be no cause of action asserted against SURETY in consequence of its failure to execute any BOND.

#### **IMPROPER EXECUTION**

15. The liability of INDEMNITORS shall not be affected by the failure of PRINCIPAL to sign said bond or bonds, or by any claim that other indemnity or security was to have been obtained, or by the release of any indemnity, or by the return or exchange of any collateral. If the execution of this Agreement by any INDEMNITORS be defective or invalid for any reason, such defect or invalidity shall not in any manner affect the validity of this Agreement or the liability hereunder as to any and other INDEMNITORS properly executing this Agreement, and they shall remain fully bound and liable hereunder to the same extent as if such defect or invalidity had not existed.

#### **WAIVER OF NOTICE**

16. INDEMNITORS hereby waive notice of the execution of the said bond or bonds or any renewal thereof or any new bond or bonds issued in continuation thereof or as a substitute therefore. INDEMNITORS also hereby waive notice of any breach of said bond or bonds or of any act or default that may give rise to claim thereunder or hereunder.

#### **SUIT**



17. Separate suits may be brought by SURETY to enforce the terms of this Agreement as causes of action accrue, and the bringing of suit or the recovery of judgment upon any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether previously or subsequently arising.

Principal and Indemnitors agree that Surety may choose to bring any action based on this agreement before a court of competent jurisdiction sitting in San Juan, Puerto Rico, and if Surety elects to do so Principal and Indemnitors waive any and all rights to the transfer, removal, or change of venue of action to a court sitting elsewhere.

PRINCIPAL and each INDEMNITOR shall be the agent for PRINCIPAL and all INDEMNITORS for the purpose of accepting service of any process in the jurisdiction in which PRINCIPAL or INDEMNITORS accepting the process reside, are domiciled, are doing business or are found.

IF SURETY shall file suit at law or in equity to enforce the terms of this Agreement, SURETY shall be entitled to recover its own attorney's fees and expenses in connection with such suit.

#### **SET-OFF**

18. SURETY may reduce the amount of PRINCIPAL'S and INDEMNITOR'S liability to SURETY hereunder by applying to such liability any money payable to PRINCIPAL or INDEMNITORS by SURETY. The money payable to PRINCIPAL or INDEMNITORS may be, but is not limited to any money due or paid by SURETY as an insurer of PRINCIPAL or INDEMNITORS or as an insurer of any other individual or legal entity, or any money due or paid to PRINCIPAL or INDEMNITORS as a return of unearned or other premiums, or money due or paid to settle a claim of PRINCIPAL or INDEMNITORS against SURETY or any individual or other legal entity insured or bonded by SURETY.

#### **OTHER SURETIES**

19. If SURETY procures the execution of any BONDS by other sureties or executes BOND(s) with co-sureties or reinsures any portion of said BONDS with reinsuring sureties, then all the terms and conditions of this Agreement shall inure to the benefit to such other sureties, co-sureties and reinsuring sureties as their interests may appear.

#### **TERMINATION**

20. If PRINCIPAL or INDEMNITORS previously executed an Agreement in favor of SURETY, SURETY'S acceptance of this Agreement neither terminates such previous Agreement nor relieves PRINCIPAL or INDEMNITORS from liability to SURETY on bonds executed during the time of the prior agreement.

This Agreement may be terminated as to PRINCIPAL or any INDEMNITOR(S) upon written notice to SURETY by PRINCIPAL or INDEMNITOR(S), or by PRINCIPAL'S or INDEMNITOR'S legal representative or successors, by Registered or Certified Mail addressed to SURETY.

Termination of this Agreement shall not be effective until 30 days after receipt of said written notice by SURETY.

Termination by any one IDEMNITOR shall in no way affect the obligation of any other INDEMNITOR who has given no notice of termination to SURETY.

Termination of this Agreement shall not relieve PRINCIPAL or INDEMNITORS from liability to SURETY arising out of BONDS executed, provided or procured by SURETY in behalf of PRINCIPAL prior to the effective date of such termination and for which this Agreement is part of the consideration upon which SURETY relied in executing, providing or procuring such BONDS.

Oral or constructive notice to any agent or employee of SURETY shall not constitute effective notice of termination under this Agreement.

#### **NOTIFICATION TO INDEMNITORS**

21. Notification by SURETY to any one INDEMNITOR shall constitute notification to all INDEMNITORS. If no address for an INDEMNITOR is shown, then notice to the address of PRINCIPAL shall be deemed as sufficient notification.

#### **SUBORDINATION OF INDEMNITOR**

22. PRINCIPAL and INDEMNITOR waive and subordinate all rights of indemnity, subrogation and contribution of each against the other until all obligations to SURETY under this Agreement, at law or in equity, have been satisfied in full.

#### **POWER OF ATTORNEY**

23. PRINCIPAL and INDEMNITOR hereby irrevocably nominate, constitute, appoint and designate SURETY, through its authorized representative(s) as their attorney-in-fact with the right, but not the obligation, to exercise all of the rights of PRINCIPAL and INDEMNITORS assigned, transferred and set over to SURETY in this Agreement. SURETY may, in the name of PRINCIPAL and INDEMNITORS, make, execute, and deliver any and all assignments, financing statements, documents, or papers, checks, drafts, warrants or other instruments made or issued in payment of any obligation to which SURETY has the right to receipt of payment pursuant to this Agreement if SURETY deems such action necessary and proper for the full protection intended to be herein given to SURETY under this Agreement. As attorney-in-fact, SURETY may also take possession of the tools, plant, equipment, materials, and subcontracts and all other collateral mentioned in the Agreement and enforce, use, employ, and dispose of same for the purposes set forth in the agreement. PRINCIPAL and INDEMNITORS hereby ratify and confirm all acts and actions taken and done by SURETY as such attorney-in-fact and acknowledge that said Power-of-Attorney is a Power Coupled With an Interest. Surety's right to exercise the rights granted to it under this paragraph shall be conditioned upon the occurrence of an Event of Default.

#### **SEVERABILITY AND PARTIAL EXECUTION**

24. If any provision or provisions, or portion thereof, of this Agreement shall be void or unenforceable under the laws of any jurisdiction governing its construction, this Agreement shall not be voided or vitiated thereby, but shall be construed and enforced with the same effect as though such provision or provisions, or portion thereof, were omitted.

If any of the parties mentioned in this Agreement fail to execute the same, or if the execution hereof by any of the parties shall be defective or invalid for any reason, such failure, defect, or invalidity shall not in any manner affect the validity of this Agreement or the liability hereunder of any of the parties executing same, but each and every party so executing shall be and remain fully bound and liable hereunder to the same extent as though such failure, defect or invalidity had not existed.

This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

#### **SIGNATURES**

25. Wherever used in this instrument the plural term shall include the singular and the singular shall include the plural, as circumstances require.

#### **NOTICE TO SURETY**

26. PRINCIPAL and INDEMNITOR shall promptly provide all written notices to SURETY required in this Agreement at P.O. Box 70333, San Juan, P.R. 00936-8333, including but not limited to the following events:

- (1) Notice by any obligee on any BOND for PRINCIPAL that PRINCIPAL is in default or has failed or refused to perform any CONTRACT obligation;
- (2) Notice by any obligee on any BOND for PRINCIPAL that PRINCIPAL cure its performance or shown cause as to why PRINCIPAL should not be terminated for default.

#### **GENERAL PROVISIONS**

27. SURETY'S rights hereunder shall be deemed to be cumulative with, and in addition to, all other rights of SURETY, however derived. SURETY is not required to exhaust its remedies or rights against PRINCIPAL or to await receipt of any final dividends from PRINCIPAL before asserting its rights against any one or more INDEMNITORS.

This Agreement is to be liberally construed so as to protect, exonerate and indemnify SURETY.

The paragraph titles as contained in this Agreement are descriptive only and do not restrict or modify the terms of the Agreement. If any inconsistency between the paragraph titles and the terms of this Agreement exist, the term of this Agreement shall control.

#### **WAIVER AND MODIFICATION**

28. The rights and remedies afforded to SURETY by the terms of this Agreement may not be waived or modified orally and no written change or modification shall be effective until signed by an employee of SURETY.

#### **MERGER AND CONSOLIDATION**

29. THE PRINCIPAL AND INDEMNITORS HAVE READ AND UNDERSTANT THIS AGREEMENT, THIS AGREEMENT OF INDEMNITY CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO SEPARATE AGREEMENTS OR UNDERSTANDINGS, PAST OR PRESENT, WHETHER ORAL OR WRITTEN, CHANGE THE TERMS OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have made this Agreement as of this day 23 of AUGUST of 2006.

ATTEST or WITNESS:

PEDRO GONZALEZ- WITNESS

RODRIGUEZ & DEL VALLE, INC.

ALFONSO RODRIGUEZ GARCIA - PRESIDENT (Seal)

ATTEST or WITNESS:

PEDRO GONZALEZ- WITNESS

ALCO CORPORATION

ALFONSO RODRIGUEZ GARCIA - PRESIDENT (Seal)

ATTEST or WITNESS:

PEDRO GONZALEZ- WITNESS

LRG HOLDINGS, INC.

ALFONSO RODRIGUEZ GARCIA - PRESIDENT (Seal)

ATTEST or WITNESS:

ALFONSO RODRIGUEZ GARCIA - IND. (Seal)  
INDEMNITOR

ATTEST or WITNESS:

JAIME RAFAEL RODRIGUEZ GARCIA - IND. (Seal)  
INDEMNITOR

ATTEST or WITNESS:

LUIS FEDERICO RODRIGUEZ GARCIA - IND. (Seal)  
INDEMNITOR

ATTEST or WITNESS:

CARMEN PILAR RODRIGUEZ GARCIA (Seal)  
(FIRMANDO EN SU NOMBRE EL SR. LUIS F.  
RODRIGUEZ SEGUN PODER ADJUNTO)- IND.  
INDEMNITOR

ATTEST or WITNESS:

ATTEST or WITNESS:

ATTEST or WITNESS:



(Seal)

ATTEST or WITNESS:

(Seal)

ATTEST or WITNESS:

(Seal)

ATTEST or WITNESS:

(Seal)

ATTEST or WITNESS:

(Seal)

ATTEST or WITNESS:

(Seal)

ATTEST or WITNESS:

(Seal)

**INDIVIDUAL ACKNOWLEDGMENT**

AFFIDAVIT NO. : 7192

Commonwealth of Puerto Rico

City of SAN JUAN, PR ss.:

On this 31st day of August in the year 2006 before me personally,

comes(s) JAIME RAFAEL RODRIGUEZ GARCIA, LUIS FEDERICO RODRIGUEZ GARCIA,

ALFONSO RODRIGUEZ GARCIA, CARMEN PILAR RODRIGUEZ GARCIA (FIRMANDO EN SU NOMBRE EL SR. LUIS F. RODRIGUEZ SEGUN PODER ADJUNTO)

to me known and known to me to be the person(s) who (is) (are) described in and who executed the foregoing instrument and acknowledge(s) to me that he/she executed the same.

(Signature of Notary taking acknowledgment)



**PARTNERSHIP ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ In the year \_\_\_\_\_ before me personally  
come (s) \_\_\_\_\_  
a member of the co-partnership \_\_\_\_\_

to me known and known to me to be the person who is described in and who executed the foregoing instrument, and  
acknowledges to me that he/she executed the same as and for the act and deed of the said co-partnership.

**CORPORATE ACKNOWLEDGEMENT**

AFFIDAVIT NO. 7193

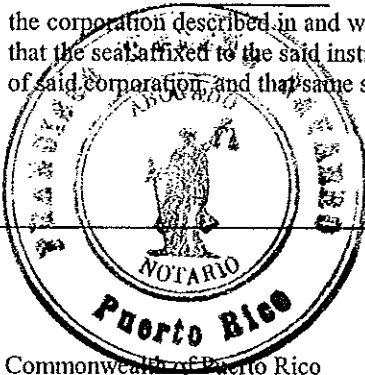
Commonwealth of Puerto Rico

City of SAN JUAN, PR ss.:

On this 31st day of August in the year 2006 before me personally  
comes(s) ALFONSO RODRIGUEZ GARCIA

to me known who, being by me duly sworn, deposes and says that same resides in Guaynabo  
at same is the PRESIDENT of RODRIGUEZ & DEL VALLE, INC., ALCO CORPORATION, LRG  
HOLDINGS, INC.

the corporation described in and which executed the foregoing instrument; that same knows the seal of the said corporation;  
that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors  
of said corporation, and that same signed the name thereto by like order.



(Signature of Notary taking acknowledgment)

**INDIVIDUAL ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me personally  
comes(s) \_\_\_\_\_

to me known and known to me to be the person(s) who (is) (are) described in and who executed the foregoing instrument  
and acknowledge(s) to me that he/she executed the same.

(Signature of Notary taking acknowledgment)

**PARTNERSHIP ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me personally comes(s) \_\_\_\_\_

a member of the co-partnership of \_\_\_\_\_

to me known and known to me to be the person who is described in and who executed the foregoing instrument, and acknowledges to me that he/she executed the same as and for the act and deed of the said co-partnership.

\_\_\_\_\_  
(Signature of Notary taking acknowledgment)

**CORPORATE ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me personally comes(s) \_\_\_\_\_

to me known, who being by me duly sworn, deposes and says that same resides in \_\_\_\_\_

that same is the \_\_\_\_\_ of  
the corporation described in and which executed the foregoing instrument; that same knows the seal of the said corporations; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that same signed the name thereto by like order.

\_\_\_\_\_  
(Signature of Notary taking acknowledgment)

**CORPORATE ACKNOWLEDGEMENT**

Commonwealth of Puerto Rico

City of \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me personally comes(s) \_\_\_\_\_

to me known, who being by me duly sworn, deposes and says that same resides in \_\_\_\_\_

that same is the \_\_\_\_\_ of  
the corporation described in and which executed the foregoing instrument; that same knows the seal of the said corporations; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that same signed the name thereto by like order.

(Signature of Notary taking acknowledgment)

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## RESOLUTION

At a Special meeting of the Board of Directors of ALCO CORPORATION hereinafter referred to as the CORPORATION) dully called on the 30th day of August 2006, a quorum being present, the following Preamble and Resolution was adopted:

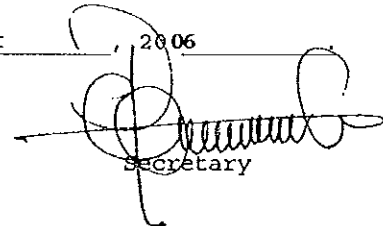
"WHEREAS, this CORPORATION is materially interested in matters or transactions in which RODRIGUEZ & DEL VALLE, INC. / LRG HOLDINGS, INC. has applied to or may apply to **MAPFRE PRAICO Insurance Company \*\*\*** for surety bond(s); and,

"WHEREAS, **MAPFRE PRAICO Insurance Company \*\*\*** is willing to execute such bond(s) as SURETY upon being furnished with the written indemnity of this CORPORATION, therefore, be it

"RESOLVED, that **ALFONSO RODRIGUEZ GARCIA - PRESIDENT** is the proper executing officer of this CORPORATION authorized to execute on behalf of the CORPORATION any agreement or agreements of indemnity required by **MAPFRE PRAICO Insurance Company \*\*\*** as a prerequisite to the execution by it of the bond(s) for RODRIGUEZ & DEL VALLE, INC. / LRG HOLDINGS, INC. in connection with the matters or transactions described in the agreement or agreements of indemnity required by the said **MAPFRE PRAICO Insurance Company \*\*\*** and the proper attesting officer of the CORPORATION be and is hereby authorized to affix the corporate seal to such agreement or agreements of indemnity and subscribe his name thereto, attesting same".

I, **PEDRO GONZALEZ - SECRETARY** of ALCO CORPORATION have compared the forgoing Preamble and Resolution with the original thereof as recorded in the Minute Book of said Corporation, do certify that the same is a correct and true transcript therefrom and of the whole of said original Preamble and Resolution.

SIGNED, SEALED AND DATED THIS 30th DAY OF August, 2006

  
Secretary

(Seal)

## RESOLUTION

At a Special meeting of the Board of Directors of LRG HOLDINGS, INC. hereinafter referred to as the CORPORATION) dully called on the 30th day of August 2006, a quorum being present, the following Preamble and Resolution was adopted:

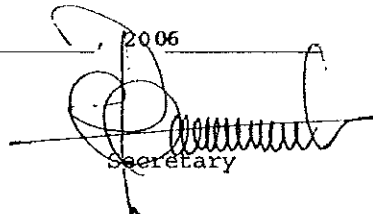
"WHEREAS, this CORPORATION is materially interested in matters or transactions in which RODRIGUEZ & DEL VALLE, INC. / ALCO CORPORATION has applied to or may apply to **MAPFRE PRAICO Insurance Company \*\*\*** for surety bond(s); and,

"WHEREAS, **MAPFRE PRAICO Insurance Company \*\*\*** is willing to execute such bond(s) as SURETY upon being furnished with the written indemnity of this CORPORATION, therefore, be it

"RESOLVED, that ALFONSO RODRIGUEZ GARCIA - PRESIDENT is the proper executing officer of this CORPORATION authorized to execute on behalf of the CORPORATION any agreement or agreements of indemnity required by **MAPFRE PRAICO Insurance Company \*\*\*** as a prerequisite to the execution by it of the bond(s) for RODRIGUEZ & DEL VALLE, INC. / ALCO CORPORATION in connection with the matters or transactions described in the agreement or agreements of indemnity required by the said **MAPFRE PRAICO Insurance Company \*\*\*** and the proper attesting officer of the CORPORATION be and is hereby authorized to affix the corporate seal to such agreement or agreements of indemnity and subscribe his name thereto, attesting same".

I, PEDRO GONZALEZ - SECRETARY of LRG HOLDINGS, INC. have compared the forgoing Preamble and Resolution with the original thereof as recorded in the Minute Book of said Corporation, do certify that the same is a correct and true transcript therefrom and of the whole of said original Preamble and Resolution.

SIGNED, SEALED AND DATED THIS 30th DAY OF August, 2006

  
Secretary

(Seal)

## RESOLUTION

At a Special meeting of the Board of Directors of RODRIGUEZ & DEL VALLE, INC. hereinafter referred to as the CORPORATION) dully called on the 30<sup>th</sup> day of August 2006, a quorum being present, the following Preamble and Resolution was adopted:

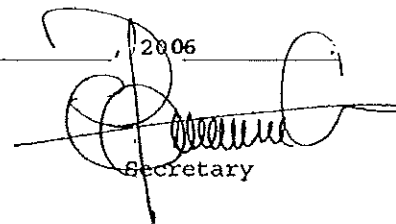
"WHEREAS, this CORPORATION is materially interested in matters or transactions in which ALCO CORPORATION / LRG HOLDINGS, INC. has applied to or may apply to **MAPFRE PRAICO Insurance Company \*\*\*** for surety bond(s); and,

"WHEREAS, **MAPFRE PRAICO Insurance Company \*\*\*** is willing to execute such bond(s) as SURETY upon being furnished with the written indemnity of this CORPORATION, therefore, be it

"RESOLVED, that **ALFONSO RODRIGUEZ GARCIA - PRESIDENT** is the proper executing officer of this CORPORATION authorized to execute on behalf of the CORPORATION any agreement or agreements of indemnity required by **MAPFRE PRAICO Insurance Company \*\*\*** as a prerequisite to the execution by it of the bond(s) for ALCO CORPORATION / LRG HOLDINGS, INC. in connection with the matters or transactions described in the agreement or agreements of indemnity required by the said **MAPFRE PRAICO Insurance Company \*\*\*** and the proper attesting officer of the CORPORATION be and is hereby authorized to affix the corporate seal to such agreement or agreements of indemnity and subscribe his name thereto, attesting same".

I, **PEDRO GONZALEZ - SECRETARY** of RODRIGUEZ & DEL VALLE, INC. have compared the forgoing Preamble and Resolution with the original thereof as recorded in the Minute Book of said Corporation, do certify that the same is a correct and true transcript therefrom and of the whole of said original Preamble and Resolution.

SIGNED, SEALED AND DATED THIS 30<sup>th</sup> DAY OF August, 2006



Secretary

(Seal)