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July 15, 2022

Mr. Keith Armstrong
Project Manager
Flatiron/Dragados, LLC
1620 N Port Ave
Corpus Christi, Texas 78401

RE: US 181 Harbor Bridge Replacement Project
CSJ# 0101-06-095
Suspension of Work on New Harbor Bridge

Dear Mr. Armstrong:

This letter responds to the June 24, 2022 letter from Flatiron/Dragados, LLC ("FDLLC") regarding the installation of the delta frames and notifies FDLLC of a suspension of portions of the Work pursuant to 16.2.3 of the Comprehensive Development Agreement ("CDA") dated September 28, 2015.

The Texas Department of Transportation ("TxDOT") has reviewed the recent schedule submitted by FDLLC, and based on that schedule it is our understanding that installation of the delta frames is scheduled to begin as early as this week. The ongoing erection of the New Harbor Bridge ("NHB") superstructure, including the proposed delta frame installation, raises very serious and significant potential safety issues.

As explained in the Notice of Nonconforming Work that TxDOT delivered to FDLLC on April 29, 2022, International Bridge Technologies ("IBT") independently concluded that there are significant design flaws that raise serious concerns about the safety of the New Harbor Bridge. Although IBT presented numerous technical findings and observations that must be addressed, the five primary areas of concern are: (1) inadequate capacity of the pylon drilled shafts, (2) deficiencies in footing caps that led IBT to report that the bridge would collapse under certain load conditions, (3) delta frame design defects, primarily related to the connections between the delta frames and the adjacent precast box units, (4) significant uplift at the intermediate piers, and (5) excessive torsion and other stresses related to crane placement during construction.

In light of the additional load that will result from continued erection of the NHB superstructure, it is impossible to know precisely when the nonconforming design flaws will manifest themselves in the form of damage, excessive deflection, or brittle failure should construction continue to proceed with erection of the delta frames. To date, FDLLC has failed to adequately address the nonconforming design. Rather, FDLLC and its Engineer of Record, Arup-CFC (the "EOR"), continue to deny any problems with the design despite ample evidence to the contrary. Notwithstanding the continuing denials from FDLLC and its EOR, TxDOT does not believe it is responsible or safe to proceed with the erection of the NHB superstructure (including, but not limited to the delta frame installation) because that work exacerbates four of the five major issues raised by IBT.

Mr. Keith Armstrong

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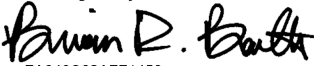
July 15, 2022

Pursuant to Sec. 16.2.3 of the CDA, if, in the good faith judgment of TxDOT, a Developer Default results in an emergency or danger to persons or property, and if the Developer is not then diligently taking all necessary steps to rectify or deal with such emergency or danger, TxDOT may, among other things, suspend the Work or close or cause to be closed any and all portions of the Project affected by the emergency or danger. As described above, in TxDOT's good faith judgment, the conditions created by FDLLC will be exacerbated by the continued erection of the NHB superstructure and present a danger to persons or property. Furthermore, the conditions described in this letter result from acts and omissions of FDLLC that constitute Developer Defaults, including, without limitation, FDLLC's failure to perform the Work in accordance with the Contract Documents and its failure to date to correct, remove, and replace the Nonconforming Work identified in the Notice of Nonconforming Work.¹ Not only is FDLLC not diligently taking all necessary steps to rectify or deal with such danger, as required by Sec. 16.2.3 of the CDA, as noted above, FDLLC and its EOR continue to assert that the Work complies with the Contract Documents.

In our June 21, 2022 letter following up on the June 10 meeting, we stated that we would not pursue any further remedies under the CDA for a period of thirty days from the date of that letter. The immediacy of the safety concerns presented by the FDLLC schedule for ongoing erection of the NHB superstructure, including, but not limited to, the installation of the delta frames, requires that we take this action now.

Based upon the independent analysis performed by IBT and the resulting concerns about the ongoing erection of the NHB superstructure, TxDOT has concluded that there is or will be an emergency or danger to persons or property related to the design deficiencies. Consequently, pursuant to Sec. 16.2.3 of the CDA, FDLLC is suspended from and may not proceed with the erection of the NHB superstructure, including but not limited to the installation of delta frames.

Sincerely,

DocuSigned by:

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Brian R. Barth, P.E.
Deputy Executive Director-Program Delivery
Texas Department of Transportation

cc: Kurt Knebel, Flatiron Constructors, Inc.
Justo Molina, Flatiron/Dragados, LLC
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Jaime Hurtado Cola, Legal Counsel, Dragados, SA
Kyle Bogdan, Legal Counsel, Flatiron Constructors, Inc.
Marc D. Williams, P.E., Executive Director, TxDOT
Valente Olivarez, Jr., P.E., District Engineer, TxDOT

¹ Though this letter identifies certain Developer Defaults, this letter does not constitute a notice of Developer Default under Section 16.1.2 of the CDA and is not intended to trigger the cure periods set out in that section of the CDA.

Mr. Keith Armstrong

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