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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2018**  
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-7525

**The Goldfield Corporation**

*(Exact name of registrant as specified in its charter)*

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**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**88-0031580**

*(I.R.S. Employer Identification No.)*

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**1684 W. Hibiscus Boulevard  
Melbourne, Florida 32901**

*(Address of principal executive offices) (Zip Code)*

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**(321) 724-1700**

*(Registrant's telephone number, including area code)*

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**Not Applicable**

*(Former name, former address and former fiscal year, if changed since last report)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the Registrant’s Common Stock outstanding as of August 3, 2018 was 25,451,354.

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THE GOLDFIELD CORPORATION AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTER ENDED JUNE 30, 2018

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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED).**  
**THE GOLDFIELD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,870,523	\$ 18,529,757
Accounts receivable and accrued billings	24,418,346	21,566,842
Costs and estimated earnings in excess of billings on uncompleted contracts	10,411,674	6,074,346
Income taxes receivable	—	619,552
Residential properties under construction	4,818,522	2,412,202
Prepaid expenses	1,125,766	993,668
Other current assets	851,602	1,532,110
Total current assets	<u>51,496,433</u>	<u>51,728,477</u>
Property, buildings and equipment, at cost, net of accumulated depreciation of \$40,507,579 in 2018 and \$38,927,654 in 2017	<u>40,206,369</u>	<u>36,072,300</u>
Deferred charges and other assets		
Land and land development costs	4,996,762	4,326,728
Cash surrender value of life insurance	548,679	550,335
Restricted cash	102,027	102,027
Goodwill	101,407	101,407
Intangibles, net of accumulated amortization of \$293,884 in 2018 and \$263,134 in 2017	719,916	750,666
Total deferred charges and other assets	<u>6,468,791</u>	<u>5,831,163</u>
Total assets	<u>\$ 98,171,593</u>	<u>\$ 93,631,940</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 11,417,561	\$ 9,379,535
Billings in excess of costs and estimated earnings on uncompleted contracts	240,808	166,268
Current portion of other long-term debt	110,581	—
Current portion of notes payable, net	5,064,775	6,099,787
Income taxes payable	276,201	—
Accrued remediation costs	73,352	87,553
Total current liabilities	<u>17,183,278</u>	<u>15,733,143</u>
Deferred income taxes	4,951,436	4,698,720
Accrued remediation costs, less current portion	428,976	434,164
Other long-term debt, less current portion, net	241,502	—
Notes payable, less current portion, net	14,197,805	16,151,567
Other accrued liabilities	63,116	66,033
Total liabilities	<u>37,066,113</u>	<u>37,083,627</u>
Commitments and contingencies (notes 4 and 6)		
Stockholders' equity		
Preferred stock, \$1 par value, 5,000,000 shares authorized, none issued		
Common stock, \$.10 par value, 40,000,000 shares authorized; 27,813,772 shares issued and 25,451,354 shares outstanding	2,781,377	2,781,377
Additional paid-in capital	18,481,683	18,481,683
Retained earnings	41,150,607	36,593,440
Treasury stock, 2,362,418 shares, at cost	(1,308,187)	(1,308,187)
Total stockholders' equity	<u>61,105,480</u>	<u>56,548,313</u>
Total liabilities and stockholders' equity	<u>\$ 98,171,593</u>	<u>\$ 93,631,940</u>

See accompanying notes to consolidated financial statements

**THE GOLDFIELD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenue				
Electrical construction	\$ 36,195,767	\$ 28,804,467	\$ 70,327,686	\$ 58,253,114
Other	1,311,477	305,415	1,618,254	1,580,632
Total revenue	<u>37,507,244</u>	<u>29,109,882</u>	<u>71,945,940</u>	<u>59,833,746</u>
Costs and expenses				
Electrical construction	29,287,017	21,410,600	56,069,877	43,419,573
Other	793,348	216,727	1,007,105	1,091,004
Selling, general and administrative	2,112,110	1,554,782	4,228,523	3,334,756
Depreciation and amortization	2,002,233	1,812,597	3,889,742	3,561,488
(Gain) loss on sale of property and equipment	(51,826)	14,138	(65,217)	11,565
Total costs and expenses	<u>34,142,882</u>	<u>25,008,844</u>	<u>65,130,030</u>	<u>51,418,386</u>
Total operating income	<u>3,364,362</u>	<u>4,101,038</u>	<u>6,815,910</u>	<u>8,415,360</u>
Other income (expense), net				
Interest income	10,053	5,855	16,841	13,190
Interest expense, net of amount capitalized	(207,684)	(138,440)	(397,300)	(272,459)
Other income, net	22,274	15,818	37,367	30,467
Total other expense, net	<u>(175,357)</u>	<u>(116,767)</u>	<u>(343,092)</u>	<u>(228,802)</u>
Income before income taxes	3,189,005	3,984,271	6,472,818	8,186,558
Income tax provision	1,037,512	1,466,378	1,915,651	3,003,516
Net income	<u>\$ 2,151,493</u>	<u>\$ 2,517,893</u>	<u>\$ 4,557,167</u>	<u>\$ 5,183,042</u>
Net income per share of common stock — basic and diluted	<u>\$ 0.08</u>	<u>\$ 0.10</u>	<u>\$ 0.18</u>	<u>\$ 0.20</u>
Weighted average shares outstanding — basic and diluted	<u>25,451,354</u>	<u>25,451,354</u>	<u>25,451,354</u>	<u>25,451,354</u>

See accompanying notes to consolidated financial statements

**THE GOLDFIELD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	<b>Six Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
Cash flows from operating activities		
Net income	\$ 4,557,167	\$ 5,183,042
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,889,742	3,561,488
Amortization of debt issuance costs	27,578	11,671
Deferred income taxes	252,716	(425,750)
(Gain) loss on sale of property and equipment	(65,217)	11,565
Other losses	1,656	211
Changes in operating assets and liabilities		
Accounts receivable and accrued billings	(2,851,504)	(152,502)
Costs and estimated earnings in excess of billings on uncompleted contracts	(4,337,328)	931,555
Residential properties under construction	(2,406,320)	(238,979)
Income taxes receivable	619,552	501,185
Prepaid expenses and other assets	548,410	(613,090)
Land and land development costs	(670,034)	316,179
Income taxes payable	276,201	—
Accounts payable and accrued liabilities	1,942,156	(3,474,562)
Billings in excess of costs and estimated earnings on uncompleted contracts	74,540	(632,905)
Accrued remediation costs	(19,389)	(33,166)
Net cash provided by operating activities	<u>1,839,926</u>	<u>4,945,942</u>
Cash flows from investing activities		
Proceeds from disposal of property and equipment	147,200	44,242
Purchases of property, buildings and equipment	(7,577,091)	(7,368,169)
Net cash used in investing activities	<u>(7,429,891)</u>	<u>(7,323,927)</u>
Cash flows from financing activities		
Proceeds from notes payable	2,816,961	22,600,000
Repayments on notes payable	(5,810,000)	(18,437,255)
Other long-term debt repayments	(52,917)	—
Debt issuance costs	(23,313)	(8,125)
Net cash (used in) provided by financing activities	<u>(3,069,269)</u>	<u>4,154,620</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(8,659,234)	1,776,635
Cash, cash equivalents and restricted cash at beginning of the period	18,631,784	20,772,689
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 9,972,550</u>	<u>\$ 22,549,324</u>
Supplemental disclosure of cash flow information		
Interest paid, net of amounts capitalized	<u>\$ 367,870</u>	<u>\$ 254,014</u>
Income taxes paid, net	<u>\$ 767,182</u>	<u>\$ 2,928,081</u>
Supplemental disclosure of non-cash investing		
Liability for equipment acquired	<u>\$ 203,149</u>	<u>\$ 414,700</u>
Equipment funded by other long-term debt	<u>\$ 352,083</u>	<u>\$ —</u>

See accompanying notes to consolidated financial statements

**THE GOLDFIELD CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**Note 1 – Organization and Summary of Significant Accounting Policies**

***Overview***

The Goldfield Corporation (the “Company”) was incorporated in Wyoming in 1906 and subsequently reincorporated in Delaware in 1968. The Company’s principal line of business is the construction of electrical infrastructure for the utility industry and industrial customers. The principal market for the Company’s electrical construction operation is primarily in the Southeast, mid-Atlantic, Texas and Southwest regions of the United States.

***Basis of Financial Statement Presentation***

In the opinion of management, the accompanying unaudited interim consolidated financial statements include all adjustments necessary to present fairly the Company’s financial position, results of operations, and changes in cash flows for the interim periods reported. These adjustments are of a normal recurring nature. All financial statements presented herein are unaudited with the exception of the consolidated balance sheet as of December 31, 2017, which was derived from the audited consolidated financial statements. The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the year. These statements should be read in conjunction with the consolidated financial statements included in the Company’s annual report on Form 10-K for the year ended December 31, 2017.

***Allowance for Doubtful Accounts***

The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in the Company’s existing accounts receivable. The Company determines the allowance based on customer specific information and historical write-off experience. The Company reviews its allowance for doubtful accounts quarterly. Account balances are charged off against the allowance after reasonable means of collection have been exhausted and the potential for recovery is considered remote. As of June 30, 2018 and December 31, 2017, upon its review, management determined it was not necessary to record an allowance for doubtful accounts due to the majority of accounts receivable being generated by electrical utility customers who the Company considers creditworthy based on timely collection history and other considerations.

***Use of Estimates***

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates. Management considers the most significant estimates in preparing these consolidated financial statements to be the estimated costs at completion of electrical construction contracts in progress.

***Fair Value of Financial Instruments***

The Company’s financial instruments include cash and cash equivalents, accounts receivable and accrued billings, restricted cash collateral deposited with insurance carriers, cash surrender value of life insurance policies, accounts payable, notes payable, and other current liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value guidance establishes a valuation hierarchy, which requires maximizing the use of observable inputs when measuring fair value.

The three levels of inputs that may be used are:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or other observable inputs.

Level 3 - Significant unobservable inputs that cannot be corroborated by observable market data. These values are generally determined using valuation models incorporating management’s estimates of market participant assumptions.

Fair values of financial instruments are estimated through the use of public market prices, quotes from financial institutions, and other available information. Management considers the carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, accounts receivable and accrued billings, accounts payable and accrued liabilities, to approximate fair value due to the immediate or short-term maturity of these financial instruments. The Company has determined the fair value of its fixed rate other long-term debt to be \$348,000 using an interest rate of 3.76% (Level 2 input), which is the

Company's current interest rate on borrowings. The Company's carrying value of long-term notes payable are estimated by management to approximate fair value since the interest rates prescribed by Branch Banking and Trust Company (the "Bank") are variable market interest rates and are adjusted periodically, and as such, are classified as Level 2. Restricted cash is considered by management to approximate fair value due to the nature of the asset held in a secured interest bearing bank account. The carrying value of cash surrender value of life insurance is also considered by management to approximate fair value as the carrying value is based on the current settlement value under the contract, as provided by the carrier and as such, is classified as Level 2.

#### ***Land and Land Development Costs and Residential Properties Under Construction***

The costs of a land purchase and any development expenses up to the initial construction phase of any residential property development project are recorded under the asset "land and land development costs." Once construction commences, both the land development costs and construction costs are recorded under the asset "residential properties under construction." The assets "land and land development costs" and "residential properties under construction" relating to specific projects are recorded as current assets when the estimated project completion date is less than one year from the date of the consolidated financial statements, or as non-current assets when the estimated project completion date is one year or more from the date of the consolidated financial statements.

In accordance with Accounting Standards Codification ("ASC") Topic 360-10, *Accounting for the Impairment or Disposal of Long-lived Assets*, land and residential properties under construction are reviewed by the Company for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying amount or basis is not expected to be recovered, impairment losses are recorded and the related assets are adjusted to their estimated fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, other than in a forced or liquidation sale. The Company also complies with ASC Topic 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Company did not record an impairment write-down to either of its land carrying value or residential properties under construction carrying value for either of the three and six month periods ended June 30, 2018 and 2017.

#### ***Restricted Cash***

The Company's restricted cash includes cash deposited in a secured interest bearing bank account, as required by the Collateral Trust Agreement in connection with the Company's previous workers' compensation insurance policy, as described in note 10. Also, see note 10 for information regarding the immaterial impact of an Accounting Standards Update ("ASU") issued by the Financial Accounting Standards Board (the "FASB") specifically related to the disclosure of restricted cash.

#### ***Goodwill and Intangible Assets***

Intangible assets with finite useful lives recorded in connection with a historical acquisition are amortized over the term of the related contract or useful life, as applicable. Intangible assets held by the Company with finite useful lives include customer relationships and trademarks. The Company reviews the values recorded for intangible assets and goodwill to assess recoverability from future operations annually or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. As of December 31, 2017, the Company assessed the recoverability of its long-lived assets and goodwill, by reviewing relevant events and circumstances to evaluate the qualitative factors in addition to the quantitative impairment test. As a result, there was no impairment of the carrying amounts of such assets.

#### ***Segment Reporting***

The Company operates as a single reportable segment, electrical construction, under ASC Topic 280-10-50, *Disclosures about Segments of an Enterprise and Related Information*. The Company's real estate development operation has diminished to a point that it is no longer significant for reporting purposes and, accordingly, results of the ongoing real estate development operations are included in the income statement under the caption "Other." Certain corporate costs are not allocated to the electrical construction segment.

#### ***Reclassifications***

Certain amounts previously reflected in the prior year statement of cash flows have been reclassified to conform to the Company's 2018 presentation. The reclassifications are associated with the adoption of ASU 2016-15 for restricted cash.

#### ***Recent Accounting Pronouncements***

In May 2014, the FASB issued ASU 2014-09, ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), which will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles and is intended to improve and converge the financial reporting requirements for revenue from contracts with customers with International Financial Reporting Standards ("IFRS"). Subsequently the FASB issued various ASUs in relation to the new revenue recognition standard. The core principle of ASC 606 is that an entity should recognize revenue for the transfer of goods or



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services equal to the amount that it expects to be entitled to receive for those goods or services. ASC 606 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASC 606 allows for either retrospective or cumulative effect transition methods of adoption and is effective for periods beginning after December 15, 2017.

On January 1, 2018 the Company adopted the new accounting standard ASC 606 and all the related amendments (“new revenue standard”) to all applicable contracts using the modified retrospective method (cumulative effect method). Applicable contracts did not include contracts considered substantially complete. Contracts that were modified before the beginning of the earliest period presented were not retrospectively restated. Instead, the Company reflected the aggregate effect of all modifications when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price as of the date of adoption. Adoption of the new revenue standard did not result in significant changes to the Company’s accounting policies, business processes, systems or controls, or have a material impact on its financial position, results of operations and cash flows. In addition, the Company concluded that the cumulative effect of initially applying the new revenue standard was immaterial and consequently did not record an adjustment to the opening balance of retained earnings (less than \$30,000 net of tax). The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company does not expect the adoption of the new revenue standard to have a material impact to its financial position, results of operations and cash flows on an ongoing basis.

Specifically, under the new revenue standard, electrical construction fixed-price contracts previously accounted for under ASC 605-35 will be recognized over time as services are performed and the underlying obligations to customers are fulfilled. This resulted mainly in the use of input measures on a cost to cost basis similar to the practices previously in place for contracts accounted for under ASC 605-35. The Company concluded that under the new revenue standard the primary impact is on the timing of when contract modifications, variable consideration and change orders are recognized, mainly due to the application of the contract identification criteria. This resulted in timing differences on the recognition in revenue and margin when compared to prior practices.

The Company has also determined that electrical construction contracts previously accounted for on a man hour and equipment basis will be recognized over time as services are performed and the underlying obligations to customers are fulfilled. The Company has elected to apply the practical expedient within ASC 606-10-55-18 for contracts that are routinely billed based on established man hour and equipment rates and the amounts invoiced correspond directly with the value to the customer of the Company’s performance completed to date. These contracts will be treated as a series of distinct services transferred over time and will generally result in a similar revenue pattern when compared to the prior accounting policies.

Additionally, for real estate development operations presented under the caption “Other” in the consolidated financial statements, the Company determined that there is no change in the pattern of revenue recognition and will continue to recognize revenue upon the transfer of control of the promised real estate properties, generally at time of closing. See note 8 for more information regarding the impact of the new revenue standard.

In February 2016, the FASB issued ASU 2016-02, to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset (as defined). ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with earlier application permitted. Upon adoption, the lessee will apply the new standard retrospectively to all periods presented or retrospectively using a cumulative effect adjustment in the year of adoption. The Company expects this new guidance to cause a material increase to the assets and liabilities on the Company’s consolidated balance sheets. The Company is currently assessing the effect the adoption will have on its consolidated financial statements of income. The impact of this ASU is non-cash in nature, therefore the Company does not expect the adoption of this new guidance to have a material impact on the Company’s cash flows or liquidity.

In August 2016, the FASB issued ASU 2016-15, which provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. In addition, in November 2016, the FASB issued ASU 2016-18, which requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Both updates are effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company has adopted these updates and determined there is not a material impact on its consolidated financial statements due to the adoption. The consolidated statement of cash flows for the six months ended June 30, 2017, has been adjusted on the line item “Accounts receivable and accrued billings” to reflect an immaterial difference in the balance of cash, cash equivalents and restricted cash for the 2017 period. The Company did not make any other prior period adjustments due to the adoption of this ASU. Had the Company made the adjustment to its consolidated balance sheet as of December 31, 2017, restricted cash would have decreased by approximately \$2,300 with a corresponding increase to other receivables. This adjustment is associated with the interest income earned on the amount deposited in a trust account for the restricted cash balance. See note 10 for additional restricted cash disclosure information.

In October 2016, the FASB issued ASU 2016-16, which eliminates the requirement to defer the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. Under the new guidance, an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years; early adoption is permitted and is to be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings at the time of adoption. The adoption of ASU 2016-16 had no impact on the Company’s consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, which eliminates Step 2 of the current goodwill impairment test. A goodwill impairment loss will instead be measured at the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the recorded amount of goodwill allocated to that reporting unit. The provisions of this ASU are effective for years beginning after December 15, 2019, with early adoption permitted for any impairment test performed on testing dates after January 1, 2017. The Company is currently assessing the impact that adoption will have on its consolidated financial statements however, the Company does not expect this ASU to have a significant impact on its consolidated financial statements.

**Note 2 – Contract Assets and Contract Liabilities**

On January 1, 2018 the Company adopted the new accounting standard ASC 606 and all the related amendments (“new revenue standard”) to all applicable contracts using the modified retrospective method. Applicable contracts did not include contracts considered substantially complete. Contracts that were modified before the beginning of the earliest period presented were not retrospectively restated. Instead, the Company reflected the aggregate effect of all modifications when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price as of the date of adoption. Adoption of this standard did not result in significant changes to the Company’s accounting policies, business processes, systems or controls, or have a material impact on its financial position, results of operations and cash flows.

The following table presents the net contract assets and liabilities for the electrical construction operations as of the dates indicated:

	June 30, 2018	December 31, 2017	\$ Change
Contract assets <sup>(1)</sup>	\$ 10,411,674	\$ 6,074,346	\$ 4,337,328
Contract liabilities <sup>(2)</sup>	(312,900)	(367,552)	54,652
<b>Net contract assets</b>	<b>\$ 10,098,774</b>	<b>\$ 5,706,794</b>	<b>\$ 4,391,980</b>

<sup>(1)</sup> Contract assets consist of amounts under the caption “Costs and estimated earnings in excess of billings on uncompleted contracts.”

<sup>(2)</sup> Contract liabilities consist of the aggregate of amounts presented under the caption “Billings in excess of costs and estimated earnings on uncompleted contracts” and any contract loss accruals included in “Accounts payable and accrued liabilities.”

The following table presents the changes in the net contract assets and liabilities for the electrical construction operations for the six months ended June 30, 2018 as indicated:

	\$ Change Six Months Ended June 30, 2018
Cumulative adjustment due to changes in contract values <sup>(1)</sup>	\$ 1,617,498
Cumulative adjustment due to changes in estimated costs at completion	(1,431,142)
Revenue recognized in the period	53,216,138
Amounts reclassified to receivables	(49,139,706)
Impairment of contract assets <sup>(2)</sup>	129,192
<b>Total</b>	<b>\$ 4,391,980</b>

<sup>(1)</sup> Amount attributable to contract modifications accounted for on a cumulative catch-up basis where the customer has approved a change in the scope or price of the contract, where the modification is treated as part of the existing contract and where the remaining goods and services are not distinct.

<sup>(2)</sup> Adjustment amounts due to changes in contract losses.

For the six months ended June 30, 2018, \$166,000 of the total revenue recognized in the current period was attributable to the contract liability billings in excess of costs and estimated earnings on uncompleted contracts' balance as of December 31, 2017.

### Note 3 – Income Taxes

The following table presents the provision for income tax and the effective tax rates from continuing operations for the three and six month periods ended June 30 as indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Income tax provision	\$ 1,037,512	\$ 1,466,378	\$ 1,915,651	\$ 3,003,516
Effective income tax rate	32.5%	36.8%	29.6%	36.7%

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act significantly revises the U.S. tax code by, among other items, reducing the federal corporate tax rate from its highest rate of 35% to a single rate of 21%.

The Company's expected tax rate for the year ending December 31, 2018, which was calculated based on the estimated annual operating results for the year, is 29.6%. The expected tax rate differs from the federal statutory rate of 21% due to state income taxes, the Tax Act eliminating the domestic production activities deduction and nondeductible expenses including eliminating the deductibility of excess executive compensation over \$1 million.

The Company's effective tax rate for the three months ended June 30, 2018 was 32.5% and differs from the federal statutory rate of 21% due to state income taxes and nondeductible expenses. It is higher than our expected tax rate of 29.6% due to nondeductible executive compensation. The effective tax rate for the six months ended June 30, 2018 was 29.6% and reflects the annual expected tax rate for 2018. The effective tax rate for the three and six months ended June 30, 2017 was 36.8% and 36.7%, which differs from the federal statutory rate of 34% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

The Company is evaluating the impact of the new revenue standard under ASC 606 for tax purposes. A review of the changes in the Company's revenue recognition process indicates it will be a non-automatic change in accounting method based on current Internal Revenue Service ("IRS") regulations. The Company estimates the impact to be a decrease of approximately \$40,000 revenue and \$10,000 tax provision. This impact has not been reported in the financial statements as of June 30, 2018 as it is a non-automatic change at this time and is subject to review and approval by the IRS.

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*, which establishes the recognition requirements. Deferred tax assets and liabilities are recognized for the future tax effects attributable to temporary differences and carryforwards between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

As of June 30, 2018, the Company's deferred tax liabilities are primarily comprised of tax depreciation in excess of book depreciation and are offset by deferred tax assets, largely comprised of accrued vacation, accrued payables, accrued workers' compensation claims, inventory adjustments, accrued remediation costs and percentage of completion capitalized cost method on long-term real estate construction. The carrying amounts of deferred tax assets are reduced by a valuation allowance, if based on the available evidence, it is more likely than not such assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the deferred tax assets are expected to be recovered or settled. In the assessment for a valuation allowance, appropriate consideration is given to positive and negative evidence related to the realization of the deferred tax assets. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability and tax planning alternatives. If the Company determines it will not be able to realize all or part of the deferred tax assets, a valuation allowance would be recorded to reduce deferred tax assets to the amount that is more likely than not to be realized.

Based on assumptions with respect to forecasts of future taxable income and tax planning, among others, the Company anticipates being able to generate sufficient taxable income to utilize the deferred tax assets. Therefore, the Company has not recorded a valuation allowance against deferred tax assets. The minimum amount of future taxable income required to be generated to fully realize the deferred tax assets as of June 30, 2018 is approximately \$6.2 million.

The Company has gross unrecognized tax benefits of \$5,000 as of both June 30, 2018 and December 31, 2017. The Company believes that it is reasonably possible that the liability for unrecognized tax benefits related to certain state income tax matters may be settled within the next twelve months. The federal statute of limitation has expired for tax years prior to 2014 and

relevant state statutes vary. The Company is currently not under any income tax audits or examinations and does not expect the assessment of any significant additional tax in excess of amounts provided.

The Company accrues interest and penalties related to unrecognized tax benefits as interest expense and other general and administrative expenses, respectively, and not as a component of income taxes.

**Note 4 – Commitments and Contingencies Related to Discontinued Operations**

Discontinued operations represent former mining activities, the last of which ended in 2002. Pursuant to an agreement with the United States Environmental Protection Agency (the “EPA”), the Company performed certain remediation actions at a property sold over fifty years ago. This remediation work was completed by September 30, 2015. The Company has established a contingency provision related to discontinued operations, which was \$502,000 and \$522,000, as of June 30, 2018 and December 31, 2017, respectively. No change to the provision was required for either of the three and six month periods ended June 30, 2018 and 2017.

The remaining balance of the accrued remediation costs as of June 30, 2018 mainly represents estimated future charges for EPA response costs, monitoring of the property, and legal costs. The total costs to be incurred in future periods may vary from this estimate. The amounts recorded in the aforementioned contingency provision are not discounted. The provision will be reviewed periodically based upon facts and circumstances available at the time.

**Note 5 – Notes Payable and Other Long-Term Debt**

**Notes Payable**

The following table presents the balances of notes payable as of the dates indicated:

Branch Banking and Trust Company	Maturity Date	June 30, 2018	December 31, 2017	Interest Rates	
				June 30, 2018	December 31, 2017
Previous Working Capital Loan	November 28, 2019	\$ —	\$ 2,750,000	—%	3.38%
Working Capital Loan	November 28, 2020	2,775,451	—	3.76%	—%
\$27.49 Million Equipment Loan (previously \$22.6 Million Equipment Loan)	May 1, 2022	16,521,510	19,540,000	3.76%	3.25%
Total notes payable		19,296,961	22,290,000		
Less unamortized debt issuance costs		34,381	38,646		
Total notes payable, net		19,262,580	22,251,354		
Less current portion of notes payable, net		5,064,775	6,099,787		
Notes payable net, less current portion		\$ 14,197,805	\$ 16,151,567		

As of June 30, 2018, the Company, and the Company’s wholly owned subsidiaries Southeast Power, Pineapple House of Brevard, Inc. (“Pineapple House”), Bayswater Development Corporation (“Bayswater”), Power Corporation of America (“PCA”), Precision Foundations, Inc. (“PFI”) and C and C Power Line, Inc. (“C&C”), collectively (the “Debtors,”) were parties to a Master Loan Agreement, dated May 24, 2018 (the “2018 Master Loan Agreement”), with Branch Banking and Trust Company (the “Bank”). The 2018 Master Loan Agreement restates substantially the same terms and conditions as those set forth in the previous Master Loan Agreement (the “Previous Master Loan Agreement”) among the Debtors and the Bank, originally entered into on June 9, 2017, except for the update in the exhibit for the loan modification and the new Working Capital Loan described below and an increase in the permissible outside debt and leases amount from \$500,000 in the Previous Master Loan Agreement to \$2.0 million.

On May 24, 2018, the Company entered into the new \$18.0 million Working Capital Loan, which replaces all previous renewals and or modifications on the previous Working Capital Loan (the “Previous Working Capital Loan”). The Working Capital Loan restates substantially the same terms and conditions as those set forth in the Previous Working Capital Loan, originally entered into on August 26, 2005. Borrowings of \$2.78 million, outstanding as of May 24, 2018, from the Working Capital Loan were used to pay in full the outstanding amount of the Previous Working Capital Loan, plus accrued interest and loan closing costs.

As of June 30, 2018, the Company had a loan agreement and a series of related ancillary agreements with the Bank under the 2018 Master Loan Agreement providing for a revolving line of credit loan for a maximum principal amount of \$18.0 million, to be used as a “Working Capital Loan.”

As of June 30, 2018, borrowings under the Working Capital Loan were \$2.78 million. As a credit guarantor to the Bank, the Company is contingently liable for the guaranty of a subsidiary obligation under an irrevocable letter of credit related to

workers' compensation. The amount of this letter of credit was \$575,000 and \$420,000 as of June 30, 2018 and December 31, 2017, respectively.

Borrowings of \$16.99 million, outstanding as of May 24, 2018, plus accrued interest, under the \$22.6 Million Equipment Loan were continued under the \$27.49 Million Equipment Loan. The remaining portion of the \$27.49 Million Equipment Loan balance will be drawn by the Company for equipment purchases that are made on or after January 1, 2018. Under the documentation related to the \$27.49 Million Equipment Loan, principal payments of \$510,000 plus accrued interest commenced on June 9, 2018 and continue monthly thereafter until and including the payment due on December 9, 2018. On December 31, 2018, the then outstanding principal balance of the \$27.49 Million Equipment Loan shall be amortized over a forty (40) month period. Equal monthly payments of principal, plus accrued interest, shall thereafter commence on January 9, 2019 and continue monthly on the same day of each month thereafter, with all outstanding principal, accrued interest, and all other amounts then due and owing to be payable on May 1, 2022, its maturity date.

As of June 30, 2018, the Debtors had a loan agreement with the Bank under the 2018 Master Loan Agreement for the \$27.49 Million Equipment Loan (previously \$22.6 Million Equipment Loan), which is guaranteed by the Debtors and includes the grant of a continuing security interest in all now owned and after acquired and wherever located personal property of the Debtors.

The Working Capital Loan and the \$27.49 Million Equipment Loan (previously \$22.6 Million Equipment Loan) bear interest at a rate per annum equal to one month LIBOR (as defined in the documentation related to each loan) plus 1.80%, which will be adjusted monthly and subject to a maximum rate as described in the documentation related to each loan.

The Company's debt arrangements contain various financial and other covenants including, but not limited to: minimum tangible net worth, maximum debt to tangible net worth ratio and fixed charge coverage ratio. Other loan covenants prohibit, among other things, a change in legal form of the Company, and entering into a merger or consolidation. The loans also have cross-default provisions whereby any default under any loans of the Company (or its subsidiaries) with the Bank, will constitute a default under all of the other loans of the Company (and its subsidiaries) with the Bank.

#### ***Other Long-Term Debt***

As of June 30, 2018, the Company had an equipment purchase loan agreement for a specialty piece of equipment to be used in the Company's electrical construction operations in the amount of \$405,000 plus interest and sales tax. The agreement requires monthly payments of \$10,687 plus interest at a 5.85% fixed rate. The loan matures on June 14, 2021 and there are no early payment provisions.

#### **Note 6 – Commitments and Contingencies**

##### ***Performance Bonds***

In certain circumstances, the Company is required to provide performance bonds to secure its contractual commitments. Management is not aware of any performance bonds issued for the Company that have ever been called by a customer. As of June 30, 2018, outstanding performance bonds issued on behalf of the Company's electrical construction subsidiaries amounted to approximately \$53.4 million.

##### ***Collective Bargaining Agreements***

C&C, one of the Company's electrical construction subsidiaries, is party to collective bargaining agreements with unions representing workers performing field construction operations. The collective bargaining agreements expire at various times and have typically been renegotiated and renewed on terms similar to the ones contained in the expiring agreements. The agreements require the subsidiary to pay specified wages, provide certain benefits to their respective union employees and contribute certain amounts to multi-employer pension plans and employee benefit trusts. The subsidiary's multi-employer pension plan contribution rates generally are specified in the collective bargaining agreements (usually on an annual basis), and contributions are made to the plans on a "pay-as-you-go" basis based on such subsidiary's union employee payrolls, which cannot be determined for future periods because contributions depend on, among other things, the number of union employees that such subsidiary employs at any given time; the plans in which it may participate vary depending on the projects it has ongoing at any time; and the need for union resources in connection with those projects. If the subsidiary withdraws from, or otherwise terminates its participation in, one or more multi-employer pension plans, or if the plans were to otherwise become substantially underfunded, such subsidiary could be assessed liabilities for additional contributions related to the underfunding of these plans. The Company is not aware of any amounts of withdrawal liability that have been incurred as a result of a withdrawal by C&C from any multi-employer defined benefit pension plans.

### ***Legal Proceedings***

The Company is involved in various legal claims arising in the ordinary course of business. The Company has concluded that the ultimate disposition of these matters should not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

### **Note 7 – Income Per Share of Common Stock**

Basic income per common share is computed by dividing net income by the weighted average number of common stock shares outstanding during the period. Diluted income per share reflects the potential dilution that could occur if common stock equivalents, such as stock options outstanding, were exercised into common stock that subsequently shared in the earnings of the Company.

As of June 30, 2018 and 2017, the Company had no common stock equivalents. The computation of the weighted average number of common stock shares outstanding excludes 2,362,418 shares of Treasury Stock for each of the three and six month periods ended June 30, 2018 and 2017.

### **Note 8 – ASC 606 Revenue Recognition and Significant Accounting Policies Disclosures**

On January 1, 2018, the Company adopted the new revenue standard ASC 606 and all the related amendments ("new revenue standard"). Adoption of this standard did not result in significant changes to the Company's accounting policies, business processes, systems or controls, or have a material impact on its financial position, results of operations and cash flows. The Company concluded that the cumulative effect of initially applying the new revenue standard was immaterial and consequently did not record an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company does not expect the adoption of the new revenue standard to have a material impact to its financial position, results of operations and cash flows on an ongoing basis.

The Company's significant accounting policies are detailed in "Note 1: Organization and Summary of Significant Accounting Policies" within Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017. Changes to the Company's accounting policies as a result of adopting the new revenue standard are discussed below.

To determine the proper revenue recognition method for contracts for electrical construction services, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. For most of the contracts, the Company provides a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation. However, less likely, if a contract is separated into more than one performance obligation, the Company allocates the total transaction price for each performance obligation in an amount based on the estimated relative stand-alone selling prices of the promised goods or services underlying each performance obligation.

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company generally recognizes revenue over time as it performs because of continuous transfer of control to the customer. Because of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The cost-to-cost measure of progress is generally used for its contracts because it best depicts the transfer of control to the customer which occurs as the Company incurs costs on the contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred.

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. The Company estimates variable consideration at the most likely amount which the Company expects to receive. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of all information (historical, current and forecasted) that is reasonably available to the Company.

Contracts are often modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that

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existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

The Company has a standard and disciplined quarterly estimated costs at completion process in which management reviews the progress and execution of our performance obligations. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the availability of materials, the length of time to complete the performance obligation (e.g., to estimate increases in wages and prices for materials and related support cost allocations), and execution by our subcontractors, among other variables. Based on this analysis, any quarterly adjustments to net revenue, cost of electrical construction revenue and the related impact to operating income are recognized as necessary in the period they become known.

The following table disaggregates the Company's revenue for the three and six month periods ended June 30 as indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Electrical construction operations <sup>(1)</sup>				
Southeast	\$ 15,841,543	\$ 16,568,313	\$ 27,825,088	\$ 34,006,880
mid-Atlantic	10,586,509	5,346,770	19,860,932	11,513,381
Texas and Southwest	9,258,717	6,028,058	21,461,782	11,193,704
Other electrical construction <sup>(2)</sup>	508,998	861,326	1,179,884	1,539,149
Total	36,195,767	28,804,467	70,327,686	58,253,114
All Other <sup>(3)</sup>	1,311,477	305,415	1,618,254	1,580,632
Total revenue	\$ 37,507,244	\$ 29,109,882	\$ 71,945,940	\$ 59,833,746

<sup>(1)</sup> Principal electrical construction operations includes revenue from transmission lines, distribution systems, substations and drilled pier foundations.

<sup>(2)</sup> Other electrical construction includes revenue from storm work, fiber optics and other miscellaneous electrical construction items.

<sup>(3)</sup> Mainly real estate construction revenue.

The Company would have recognized \$162,000 less revenue under legacy accounting practices for the six months ended June 30, 2018, than it did under the new revenue standard. This was attributable to the assessment of variable consideration and performance obligations within our contractual arrangements.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as of June 30, 2018 was \$23.7 million, all of which is expected to be satisfied within the next twelve months.

**Note 9 – Customer Concentration**

For the six months ended June 30, 2018 and 2017, the three largest customers accounted for 65.7% and 68.0%, respectively, of the Company's total revenue. For the three months ended June 30, 2018 and 2017, the three largest customers accounted for 65.5% and 69.0%, respectively, of the Company's total revenue.

**Note 10 – Restricted Cash**

Restricted cash, reported under "Deferred charges and other assets" on the Company's consolidated balance sheet, represents amounts deposited in a trust account to secure the Company's obligations in connection with the Company's previous workers' compensation insurance policy.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows as of the dates indicated:

	June 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 9,870,523	\$ 18,529,757
Restricted cash	102,027	102,027
Cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	\$ 9,972,550	\$ 18,631,784

**Note 11 – Goodwill and Other Intangible Assets**

The following table presents the gross and net balances of our goodwill and intangible assets as of the dates indicated:

	Useful Life (Years)	June 30, 2018			December 31, 2017		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived and non-amortizable acquired intangible assets							
Goodwill	Indefinite	\$ 101,407	\$ —	\$ 101,407	\$ 101,407	\$ —	\$ 101,407
Definite-lived and amortizable acquired intangible assets							
Trademarks/Names	15	\$ 640,000	\$ (192,004)	\$ 447,996	\$ 640,000	\$ (170,670)	\$ 469,330
Customer relationships	20	350,000	(78,750)	271,250	350,000	(70,000)	280,000
Non-competition agreement	5	10,000	(9,330)	670	10,000	(8,664)	1,336
Other	1	13,800	(13,800)	—	13,800	(13,800)	—
<b>Total</b>		<b>\$ 1,013,800</b>	<b>\$ (293,884)</b>	<b>\$ 719,916</b>	<b>\$ 1,013,800</b>	<b>\$ (263,134)</b>	<b>\$ 750,666</b>

Amortization of definite-lived intangible assets will be approximately \$60,000 annually for 2018 through 2022.



## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

### **Forward-Looking Statements**

*We make “forward-looking statements” within the meaning of the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995 throughout this document. You can identify these statements by forward-looking words such as “may,” “will,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” and “continue” or similar words. We have based these statements on our current expectations about future events. Although we believe that our expectations reflected in or suggested by our forward-looking statements are reasonable, we cannot assure you that these expectations will be achieved. Our actual results may differ materially from what we currently expect. Factors that may affect the results of our operations include, among others: the level of construction activities by public utilities; the concentration of revenue from a limited number of utility customers; the loss of one or more significant customers; the timing and duration of construction projects for which we are engaged; our ability to estimate accurately with respect to fixed-price construction contracts; and heightened competition in the electrical construction field, including intensification of price competition. Other factors that may affect the results of our operations include, among others: adverse weather; natural disasters; effects of climate changes; changes in generally accepted accounting principles; ability to obtain necessary permits from regulatory agencies; our ability to maintain or increase historical revenue and profit margins; general economic conditions, both nationally and in our region; adverse legislation or regulations; availability of skilled construction labor and materials and material increases in labor and material costs; and our ability to obtain additional and/or renew financing. Other important factors which could cause our actual results to differ materially from the forward-looking statements in this document include, but are not limited to, those discussed in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as those discussed elsewhere in this report and as set forth from time to time in our other public filings and public statements. In addition to the other information included in this report and our other public filings and releases, a discussion of factors affecting our business is included in our Annual Report on Form 10-K for the year ended December 31, 2017 under “Item 1A. Risk Factors” and should be considered while evaluating our business, financial condition, results of operations and prospects.*

*You should read this report in its entirety and with the understanding that our actual future results may be materially different from what we expect. We may not update these forward-looking statements, even in the event that our situation changes in the future, except as required by law. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.*

### **Overview**

We are a provider of electrical construction services, primarily in the Southeast, mid-Atlantic, Texas and Southwest regions of the United States. For the six months ended June 30, 2018, our total consolidated revenue was \$71.9 million, a 20.2% increase from \$59.8 million in the same period in 2017.

Through our subsidiaries, Power Corporation of America (“PCA”), Southeast Power Corporation (“Southeast Power”), and C and C Power Line, Inc. (“C&C”), we are engaged in the construction of electrical infrastructure for the utility industry and industrial customers. Southeast Power performs electrical contracting services including the construction of transmission lines, distribution systems, substations, drilled pier foundations and other electrical services. Southeast Power is headquartered in Titusville, Florida and has additional offices in Bastrop, Texas and Spartanburg, South Carolina. C&C, headquartered in Jacksonville, Florida, is a full service electrical contractor that provides similar services as Southeast Power with a unionized workforce.

The electrical construction business is highly competitive and fragmented. We compete with other independent contractors, including larger regional and national firms that may have financial, operational, technical and marketing resources that exceed our own. We also face competition from existing and prospective customers establishing or augmenting in-house services and organizations that employ personnel who perform similar services as those provided by us. In addition, a significant portion of our electrical construction revenue is derived from a small group of customers that account for a substantial portion of our revenue in any given year. The revenue contribution by any single customer or group of customers may significantly fluctuate from period-to-period. For example, for the six months ended June 30, 2018 and 2017, three of our customers accounted for approximately 65.7% and 68.0% of our consolidated revenue, respectively. The loss of or decrease in current demand from one or more customers, if not replaced, may result in a material decrease in revenue, margin and profit.

### **Critical Accounting Estimates**

This discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenue and expense, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, particularly those related to electrical construction contracts. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable, under the circumstances, the results of which form the basis for

making judgments about the carrying values of assets and liabilities, that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our management has discussed the selection and development of our critical accounting policies, estimates, and related disclosures with the Audit Committee of the Board of Directors.

### ***Revenue Recognition***

Our significant accounting policies are detailed in “Note 1: Organization and Summary of Significant Accounting Policies” within Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2017. Changes to our accounting policies as a result of adopting Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, and all the related amendments (“new revenue standard”) are discussed in note 1, note 2 and note 8 to the consolidated financial statements.

### ***Fixed-Price Electrical Construction Contracts***

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. We generally recognize revenue over time as we perform because of continuous transfer of control to the customer. Because of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. We generally use the cost-to-cost measure of progress for our contracts because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred.

Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. We estimate variable consideration at the most likely amount which we expect to receive. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of all information (historical, current and forecasted) that is reasonably available to us.

Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of our contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

We have a standard and disciplined quarterly estimated costs at completion process in which management reviews the progress and execution of our performance obligations. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the availability of materials, the length of time to complete the performance obligation (e.g., to estimate increases in wages and prices for materials and related support cost allocations), execution by our subcontractors, among other variables. Based on this analysis, any quarterly adjustments to net revenue, cost of electrical construction revenue and the related impact to operating income are recognized as necessary in the period they become known.

The accuracy of our revenue and profit recognition in a given period is almost solely dependent on the accuracy of our estimates of the cost to complete each project. Our projects can be complex and in almost every case the profit margin estimates for a project will either increase or decrease, to some extent, from the amount that was originally estimated at the time of bid. If a current estimate of total costs exceeds the total estimate of revenue to be earned, on a performance obligation, the projected loss is recognized in full when determined. Accrued contract losses were \$72,000 as of June 30, 2018 and \$201,000 as of December 31, 2017. The accrued contract losses as of both June 30, 2018 and December 31, 2017 are mainly attributable to transmission projects experiencing unexpected construction issues.

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The following table disaggregates our revenue for the three and six month periods ended June 30 as indicated:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Electrical construction operations <sup>(1)</sup>				
Southeast	\$ 15,841,543	\$ 16,568,313	\$ 27,825,088	\$ 34,006,880
mid-Atlantic	10,586,509	5,346,770	19,860,932	11,513,381
Texas and Southwest	9,258,717	6,028,058	21,461,782	11,193,704
Other electrical construction <sup>(2)</sup>	508,998	861,326	1,179,884	1,539,149
Total	36,195,767	28,804,467	70,327,686	58,253,114
All Other <sup>(3)</sup>	1,311,477	305,415	1,618,254	1,580,632
Total revenue	\$ 37,507,244	\$ 29,109,882	\$ 71,945,940	\$ 59,833,746

<sup>(1)</sup> Principal electrical construction operations includes revenue from transmission lines, distribution systems, substations and drilled pier foundations.

<sup>(2)</sup> Other electrical construction includes revenue from storm work, fiber optics and other miscellaneous electrical construction items.

<sup>(3)</sup> Mainly real estate construction revenue.

We would have recognized \$162,000 less revenue under legacy accounting practices for the six months ended June 30, 2018 than we did under the new revenue standard. This was attributable to the assessment of variable consideration and performance obligations within our contractual arrangements.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as of June 30, 2018 was \$23.7 million, all of which is expected to be satisfied within the next twelve months.

**RESULTS OF OPERATIONS**

**SIX MONTHS ENDED JUNE 30, 2018 COMPARED TO SIX MONTHS ENDED JUNE 30, 2017**

The following table presents our operating income from continuing operations for the six months ended June 30, 2018 and 2017:

	2018	2017
Revenue		
Electrical construction	\$ 70,327,686	\$ 58,253,114
Other	1,618,254	1,580,632
Total revenue	71,945,940	59,833,746
Costs and expenses		
Electrical construction	56,069,877	43,419,573
Other	1,007,105	1,091,004
Selling, general and administrative	4,228,523	3,334,756
Depreciation and amortization	3,889,742	3,561,488
(Gain) loss on sale of property and equipment	(65,217)	11,565
Total costs and expenses	65,130,030	51,418,386
Total operating income	\$ 6,815,910	\$ 8,415,360

Operating income equals total operating revenue less operating costs and expenses inclusive of depreciation and amortization, and selling, general and administrative expenses. Operating costs and expenses also include any gains or losses on the sale of property and equipment. Operating income excludes interest expense, interest income, other income, and income taxes.

**Revenue**

Total revenue for the six months ended June 30, 2018 was \$71.9 million, an increase of \$12.1 million, or 20.2%, from \$59.8 million for the same period in 2017. Electrical construction operations revenue was \$70.3 million, an increase of \$12.1 million, or 20.7%, from \$58.3 million for the same period in 2017. The increase in electrical construction revenue was mainly

attributable to increases in projects awarded and work completed in the Texas and Southwest and mid-Atlantic regions of \$10.3 million and \$8.3 million, respectively. These increases were primarily due to master service agreement (“MSA”) and to a lesser extent non-MSA customer project activity for the six months ended June 30, 2018, compared to the same period in 2017. These increases were partially offset by a decrease in our Southeast operations of \$6.2 million, due to decreases in both MSA and non-MSA customer project activity, attributable to competitive pressures, project mix and related labor requirements in the respective geographic regions and customer demand exceeding our labor resources.

Revenue from real estate development operations, included under the caption “Other,” was \$1.6 million for both the six months ended June 30, 2018 and 2017.

**Backlog**

Our backlog represents future services to be performed under existing project-specific fixed-price and maintenance contracts and the estimated value of future services that we expect to provide under our existing MSAs.

The following table presents our total backlog as of June 30, 2018 and 2017 along with an estimate of the backlog amounts expected to be realized within 12 months and during the life of each of the MSAs. The existing MSAs have remaining renewals ranging from one to two years at the option of the customer. The calculation assumes exercise of the renewal options by the customer. Revenue from assumed exercise of renewal options represents \$67.5 million, or 60.2% of our total estimated MSA backlog as of June 30, 2018.

<b>Electrical Construction Operations</b>	<b>Backlog as of June 30, 2018</b>		<b>Backlog as of June 30, 2017</b>	
	<b>12-Month</b>	<b>Total</b>	<b>12-Month</b>	<b>Total</b>
Project-Specific Firm Contracts <sup>(1)</sup>	\$ 34,017,793	\$ 34,017,793	\$ 13,678,981	\$ 13,678,981
Estimated MSAs	51,506,881	112,092,534	55,119,232	116,005,308
<b>Total</b>	<b>\$ 85,524,674</b>	<b>\$ 146,110,327</b>	<b>\$ 68,798,213</b>	<b>\$ 129,684,289</b>

<sup>(1)</sup>Amount includes firm contract awards under MSA agreements.

Our total backlog as of June 30, 2018 increased 12.7% to \$146.1 million, compared to \$129.7 million as of June 30, 2017, attributable to an increase in our firm contract awards, mainly due to the increase in non-MSA bid work.

Our estimated MSA backlog decreased \$3.9 million to \$112.1 million. During the period, the successful renewal of an MSA agreement was more than offset by existing MSA backlog run off and adjustments to existing MSA backlog estimates.

Our 12-month backlog as of June 30, 2018 increased 24.3% to \$85.5 million, compared to \$68.8 million as of June 30, 2017, for the same reason as the increase in total backlog.

Backlog is estimated at a particular point in time and is not determinative of total revenue in any particular period. It does not reflect future revenue from a significant number of short-term projects undertaken and completed between the estimated dates.

The estimated amount of backlog for work under MSAs is calculated by using recurring historical trends inherent in current MSAs and projected customer needs based upon ongoing communications with the customer. Our estimated backlog also assumes exercise of existing customer renewal options. Certain MSAs are not exclusive to the Company and, therefore, the size and number of projects we may be awarded cannot be determined with certainty. Accordingly, the amount of future revenue from MSA contracts may vary substantially from reported backlog. Even if we realize all the revenue from the projects in our backlog, there is no guarantee of profit from the projects awarded under MSAs.

As of June 30, 2018 and 2017, estimated MSAs accounted for approximately 76.7% and 89.5% of total backlog, respectively. We plan to continue to grow our MSA business. MSA contracts are generally multi-year and should provide improved operating efficiencies.

Backlog is not a term recognized under U.S. generally accepted accounting principles, but is a common measurement used in our industry. While we believe that our methodology of calculation is appropriate, such methodology may not be comparable to that employed by some other companies. Given the duration of our contracts and MSAs and our method of calculating backlog, our backlog at any point in time may not accurately represent the revenue that we expect to realize during any period and our backlog as of the end of a fiscal year may not be indicative of the revenue we expect to earn in the following fiscal year and should not be viewed or relied upon as a stand-alone indicator. Consequently, we cannot provide assurance as to our customers’ requirements or our estimates of backlog.

The amount of backlog differs from the amount of our remaining unsatisfied performance obligations partially satisfied as of June 30, 2018 and as described in note 8 to the consolidated financial statements, primarily due to the inclusion of estimates of future revenue under MSA and other service agreements within our backlog estimates, as described above.

Revenue estimates included in our backlog may be subject to change as a result of project accelerations, additions, cancellations or delays due to various factors, including but not limited to: commercial issues, material deficiencies, permitting, regulatory requirements and adverse weather. Our customers are not contractually committed to a specific level of services under our MSAs. While we did not experience any material cancellations during the current period, most of our contracts may be terminated, even if we are not in default under the contract.

### **Operating Results**

Total operating income for the six months ended June 30, 2018 was \$6.8 million, a decrease of \$1.6 million, or 19.0%, from \$8.4 million for the same period in 2017. This decrease was mainly attributable to the change in electrical construction project mix, which resulted in a higher volume of lower margin work, mainly due to increased competition. Also contributing to the decrease in operating income were increases in selling, general and administrative expenses and higher depreciation.

Gross margin on electrical construction operations for the six months ended June 30, 2018 declined to 20.3%, from 25.5% for the same period in 2017, mainly due to the aforementioned change in electrical construction project mix, which resulted in a higher volume of lower margin work. Such gross margin represents electrical construction revenue less electrical construction costs and expenses (excluding depreciation and amortization, selling, general and administrative expenses, and any gains or losses on the sale of property and equipment), divided by electrical construction revenue.

The following table provides a reconciliation of our net income to EBITDA (a non-GAAP financial measure) for the six months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Net income (GAAP as reported)	\$ 4,557,167	\$ 5,183,042
Interest expense, net of amount capitalized	397,300	272,459
Provision for income taxes, net <sup>(1)</sup>	1,915,651	3,003,516
Depreciation and amortization <sup>(2)</sup>	3,889,742	3,561,488
<b>EBITDA</b>	<b>\$ 10,759,860</b>	<b>\$ 12,020,505</b>

<sup>(1)</sup> Provision for income tax, net is equal to the total amount of tax provision, which includes the tax benefit for discontinued operations.

<sup>(2)</sup> Depreciation and amortization includes depreciation on property, plant and equipment and amortization of finite-lived intangible assets.

EBITDA, a non-GAAP performance measure used by management, is defined as net income plus: interest expense, provision (benefit) for income taxes and depreciation and amortization, as shown in the table above. EBITDA, a non-GAAP financial measure, does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, and depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

Using EBITDA as a performance measure has material limitations as compared to net income, or other financial measures as defined under GAAP as it excludes certain recurring items which may be meaningful to investors. EBITDA excludes interest expense; however, as we have borrowed money in order to finance transactions and operations, interest expense is an element of our cost structure and can affect our ability to generate revenue and returns for our stockholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions from EBITDA, any measure that excludes interest expense, depreciation and amortization and income taxes has material limitations as compared to net income. When using EBITDA as a performance measure, management compensates

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for these limitations by comparing EBITDA and net income in each period, so as to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after-tax basis. Using both EBITDA and net income to evaluate the business allows management and investors to (a) assess our relative performance against our competitors and (b) monitor our capacity to generate returns for our stockholders.

**Costs and Expenses**

Total costs and expenses increased by \$13.7 million to \$65.1 million for the six months ended June 30, 2018, from \$51.4 million for the same period in 2017, primarily attributable to the increase in electrical construction revenue. Also contributing to the increase in costs and expenses was the increase in selling, general and administrative expenses.

The following table sets forth selling, general and administrative (“SG&A”) expenses for the six months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Electrical construction operations	\$ 885,958	\$ 746,644
Other	494,071	406,577
Corporate	2,848,494	2,181,535
Total	<u>\$ 4,228,523</u>	<u>\$ 3,334,756</u>

SG&A expenses increased 26.8% to \$4.2 million for the six months ended June 30, 2018, from \$3.3 million for the same period in 2017. This increase was mainly attributable to higher salary and wage related expenses for 2018, when compared to the same period last year. Also contributing to this increase were increases in professional fees and expenses resulting from the change in our filing status to an accelerated filer, as of December 31, 2017. As a percentage of revenue, SG&A expenses increased to 5.9% for 2018, from 5.6% for the same period in 2017.

The following table sets forth depreciation and amortization expense for the six months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Electrical construction operations	\$ 3,831,005	\$ 3,495,047
Other	9,317	7,539
Corporate	49,420	58,902
Total	<u>\$ 3,889,742</u>	<u>\$ 3,561,488</u>

Depreciation and amortization expense, which includes \$31,000 of amortization expense for intangibles, increased to \$3.9 million for the six months ended June 30, 2018, from \$3.6 million for the six months ended June 30, 2017, as a result of an increase in capital expenditures.

**Income Taxes**

The following table presents our provision for income tax and effective income tax rate from continuing operations for the six months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Income tax provision	\$ 1,915,651	\$ 3,003,516
Effective income tax rate	29.6%	36.7%

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act significantly revises the U.S. tax code by, among other items, reducing the federal corporate tax rate from its highest rate of 35% to a single rate of 21%.

Our expected tax rate for the year ending December 31, 2018, which was calculated based on the estimated annual operating results for the year, is 29.6%. Our expected tax rate differs from the federal statutory rate of 21% due to state income taxes, the Tax Act eliminating the domestic production activities deduction and nondeductible expenses including eliminating the deductibility of excess executive compensation over \$1 million.

Our effective tax rate for the six months ended June 30, 2018 was 29.6% and reflects the annual expected tax rate for 2018. The effective tax rate for the six months ended June 30, 2017 was 36.7% and differs from the federal statutory rate of 34% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

**THREE MONTHS ENDED JUNE 30, 2018 COMPARED TO THREE MONTHS ENDED JUNE 30, 2017**

The following table presents our operating income from continuing operations for the three months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Electrical construction	\$ 36,195,767	\$ 28,804,467
Other	1,311,477	305,415
Total revenue	<u>37,507,244</u>	<u>29,109,882</u>
<b>Costs and expenses</b>		
Electrical construction	29,287,017	21,410,600
Other	793,348	216,727
Selling, general and administrative	2,112,110	1,554,782
Depreciation and amortization	2,002,233	1,812,597
(Gain) loss on sale of property and equipment	(51,826)	14,138
Total costs and expenses	<u>34,142,882</u>	<u>25,008,844</u>
Total operating income	<u>\$ 3,364,362</u>	<u>\$ 4,101,038</u>

Operating income equals total operating revenue less operating costs and expenses inclusive of depreciation and amortization, and selling, general and administrative expenses. Operating costs and expenses also include any gains or losses on the sale of property and equipment. Operating income excludes interest expense, interest income, other income, and income taxes.

**Revenue**

Total revenue for the three months ended June 30, 2018, was \$37.5 million, an increase of \$8.4 million, or 28.8%, from \$29.1 million in 2017. Electrical construction operations revenue increased \$7.4 million, or 25.7%, to \$36.2 million, from \$28.8 million in 2017. The increase in electrical construction revenue was mainly attributable to increases in projects awarded and work completed in the mid-Atlantic and Texas and Southwest regions of \$5.2 million and \$3.2 million, respectively. These increases were primarily due to MSA customer project activity for the three months ended June 30, 2018, compared to the same period in 2017. These increases were partially offset by a decrease in our Southeast operations of \$727,000, in part attributable to project mix and related labor requirements in the respective geographic regions.

Revenue from real estate development, which is included under the caption "Other," increased to \$1.3 million from \$305,000 in 2017, due to more residential units sold for the three months ended June 30, 2018, when compared to the same period in 2017.

**Operating Results**

Total operating income for the three months ended June 30, 2018, was \$3.4 million, a decrease of \$737,000, or 18.0%, from \$4.1 million in 2017. This decrease was mainly attributable to increases in selling, general and administrative expenses and higher depreciation, partially offset by the increase in gross margin in Other operations of \$429,000. Also contributing to the decrease in operating income for the three months ended June 30, 2018, was lower margins on electrical construction projects partially offset by the higher volume.

Gross margin on electrical construction operations for the three months ended June 30, 2018, was 19.1% compared to 25.7% for the same period in 2017, mainly due to lower margins on electrical construction projects partially offset by the higher volume. Such gross margin represents electrical construction revenue less electrical construction costs and expenses (excluding depreciation and amortization, selling, general and administrative expenses, and (gain) loss on sale of property and equipment), divided by electrical construction revenue.

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The following table provides a reconciliation of our net income to EBITDA (a non-GAAP financial measure) for the three months ended June 30, 2018 and 2017:

<b>EBITDA</b>	<b>2018</b>	<b>2017</b>
Net income (GAAP as reported)	\$ 2,151,493	\$ 2,517,893
Interest expense, net of amount capitalized	207,684	138,440
Provision for income taxes, net <sup>(1)</sup>	1,037,512	1,466,378
Depreciation and amortization <sup>(2)</sup>	2,002,233	1,812,597
<b>EBITDA</b>	<b>\$ 5,398,922</b>	<b>\$ 5,935,308</b>

<sup>(1)</sup> Provision for income tax, net is equal to the total amount of tax provision, which includes the tax benefit for discontinued operations.

<sup>(2)</sup> Depreciation and amortization includes depreciation on property, plant and equipment and amortization of finite-lived intangible assets.

EBITDA, a non-GAAP performance measure used by management, is defined as net income plus: interest expense, provision (benefit) for income taxes and depreciation and amortization, as shown in the table above. EBITDA, a non-GAAP financial measure, does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, and depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

Using EBITDA as a performance measure has material limitations as compared to net income, or other financial measures as defined under U.S. GAAP as it excludes certain recurring items which may be meaningful to investors. EBITDA excludes interest expense; however, as we have borrowed money in order to finance transactions and operations, interest expense is an element of our cost structure and can affect our ability to generate revenue and returns for our stockholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions from EBITDA, any measure that excludes interest expense, depreciation and amortization and income taxes has material limitations as compared to net income. When using EBITDA as a performance measure, management compensates for these limitations by comparing EBITDA and net income in each period, so as to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after-tax basis. Using both EBITDA and net income to evaluate the business allows management and investors to (a) assess our relative performance against our competitors and (b) monitor our capacity to generate returns for our stockholders.

### **Costs and Expenses**

Total costs and expenses increased by \$9.1 million to \$34.1 million for the three months ended June 30, 2018, from \$25.0 million in the same period in 2017, primarily attributable to the increase in electrical construction revenue. Also contributing to the increase in costs and expenses was the increase in selling, general and administrative expenses.

The following table sets forth selling, general and administrative ("SG&A") expenses for the three months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Electrical construction operations	\$ 425,236	\$ 377,621
Other	281,142	150,200
Corporate	1,405,732	1,026,961
Total	<b>\$ 2,112,110</b>	<b>\$ 1,554,782</b>



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SG&A expenses increased 35.8% to \$2.1 million for the three months ended June 30, 2018, from \$1.6 million for the three months ended June 30, 2017. The increase in SG&A expenses was primarily attributable to an increase in salary and wages expense and professional services for the three months ended June 30, 2018. Also contributing to the increase in SG&A was an increase in real estate selling expenses. As a percentage of revenue, SG&A expenses increased to 5.6% for 2018, from 5.3% in 2017.

The following table sets forth depreciation and amortization expense for the three months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Electrical construction operations	\$ 1,972,540	\$ 1,780,383
Other	4,969	3,740
Corporate	24,724	28,474
Total	<u>\$ 2,002,233</u>	<u>\$ 1,812,597</u>

Depreciation and amortization expense, which includes \$15,000 of amortization expense for acquired intangibles, increased to \$2.0 million for the three months ended June 30, 2018, from \$1.8 million for the three months ended June 30, 2017, as a result of an increase in capital expenditures.

**Income Taxes**

The following table presents our provision for income tax and effective income tax rate from continuing operations for the three months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Income tax provision	\$ 1,037,512	\$ 1,466,378
Effective income tax rate	32.5%	36.8%

Our effective tax rate for the three months ended June 30, 2018 was 32.5% and differs from the federal statutory rate of 21% due to state income taxes and nondeductible expenses. It is higher than our expected tax rate of 29.6% due to nondeductible executive compensation. Our effective tax rate for the three months ended June 30, 2017 was 36.8% and differs from the federal statutory rate of 34% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

## Liquidity and Capital Resources

### *Working Capital Analysis*

Our primary cash needs have been for capital expenditures and working capital. Our primary sources of cash have been cash flow from operations and borrowings under our lines of credit and equipment financing. As of June 30, 2018, we had cash and cash equivalents of \$9.9 million and working capital of \$34.3 million, as compared to cash and cash equivalents of \$18.5 million, and working capital of \$36.0 million as of December 31, 2017.

In addition to cash flow from operations, we have an \$18.0 million revolving line of credit, of which \$14.6 million was available for borrowing as of June 30, 2018. This revolving line of credit is used as a Working Capital Loan, as discussed in note 5 to the consolidated financial statements. We anticipate that this cash on hand, our credit facilities and our future cash flows from operating activities will provide sufficient cash to enable us to meet our operating needs and debt requirements for the next twelve months.

### *Cash Flow Analysis*

The following table presents our net cash flows for each of the six months ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Net cash provided by operating activities	\$ 1,839,926	\$ 4,945,942
Net cash used in investing activities	(7,429,891)	(7,323,927)
Net cash (used in) provided by financing activities	(3,069,269)	4,154,620
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>\$ (8,659,234)</u>	<u>\$ 1,776,635</u>

### *Operating Activities*

Cash flows from operating activities are comprised of net income, adjusted to reflect the timing of cash receipts and disbursements therefrom. Our cash flows are influenced by the level of operations, operating margins and the types of services we provide, as well as the stages of our electrical construction projects.

Cash provided by our operating activities totaled \$1.8 million for the six months ended June 30, 2018, compared to cash provided by operating activities of \$4.9 million for the same period in 2017. The decrease in cash flows from operating activities was approximately \$3.1 million and was mainly due to the changes in accounts receivables and accrued billings of \$2.7 million, associated with the increases in our electrical construction receivable balances offset and by the changes in our net income of \$626,000. Operating cash flows normally fluctuate relative to the status of our electrical construction projects.

### *Investing Activities*

Cash used in investing activities for the six months ended June 30, 2018, was \$7.4 million, compared to cash used in investing activities of \$7.3 million for the same period in 2017. The increase in cash used in our investing activities for the six months ended June 30, 2018, when compared to 2017, is primarily attributable to capital expenditures of \$7.6 million. Our capital expenditures are mainly for the purchases of equipment, primarily trucks and heavy machinery, used by our electrical construction operations for the upgrading and replacement of equipment. Our capital budget for 2018 is expected to total approximately \$15.1 million, the majority of which is for continued upgrading and purchases of equipment, for our electrical construction operations. We plan to fund these purchases through our cash on hand and equipment financing, consistent with past practices.

### *Financing Activities*

Cash used in financing activities for the six months ended June 30, 2018, was \$3.1 million, compared to cash provided by financing activities of \$4.2 million for the same period in 2017. Our financing activities for the current period consisted of repayments of \$3.1 million on our \$27.49 Million Equipment Loan (previously \$22.6 Million Equipment Loan) and repayments of \$2.8 million on our Previous Working Capital Loan (as defined in note 5 to the consolidated financial statements) and repayments of \$53,000 on our other long-term debt. Also during the current period borrowings of \$2.8 million for the new Working Capital Loan which replaced the Previous Working Capital Loan. Our financing activities for the six months ended June 30, 2017 consisted of borrowings on our \$22.6 Million Equipment Loan of \$22.6 million offset by repayments of \$9.6 million on our \$17.0 Million Equipment Loan, repayments of \$7.6 million on our \$10.0 Million Equipment Loan, and repayments of \$1.3 million on our \$2.0 Million Equipment Loan.

We have paid no cash dividends on our Common Stock since 1933, and it is not expected that we will pay any cash dividends on our Common Stock in the immediate future.

**Days of Sales Outstanding Analysis**

We evaluate fluctuations in our “accounts receivable and accrued billings” and “costs and estimated earnings in excess of billings on uncompleted contracts,” for our electrical construction operations, by comparing days of sales outstanding (“DSO”). We calculate DSO as of the end of any period by utilizing the respective quarter’s electrical construction revenue to determine sales per day. We then divide “accounts receivable and accrued billings, net of allowance for doubtful accounts” at the end of the period, by sales per day, to calculate DSO for accounts receivable. To calculate DSO for costs and estimated earnings in excess of billings, we divide “costs and estimated earnings in excess of billings on uncompleted contracts,” by sales per day.

For the quarters ended June 30, 2018 and 2017, our DSO for accounts receivable and accrued billings was 61 for both quarters, and our DSO for costs and estimated earnings in excess of billings on uncompleted contracts were 26 and 20, respectively. The increase in our costs and estimated earnings in excess of billings for the quarter ended June 30, 2018, when compared to the same quarterly period in 2017, was mainly due to the timing of project billings. As of August 6, 2018, we have received approximately 66.5% of our June 30, 2018 outstanding trade accounts receivable and have billed 57.6% of our costs and estimated earnings in excess of billings balance.

**Income Taxes Paid**

Income tax payments decreased to \$767,000 for the six months ended June 30, 2018 from \$2.9 million for the six months ended June 30, 2017 due to the decreased income tax rate and increased bonus depreciation included in the Tax Act. Taxes paid for the six months ended June 30, 2018 included approximately \$33,000 for the 2017 income tax liability and the remaining \$734,000 for the estimated 2018 income tax liability. Taxes paid for the six months ended June 30, 2017 included approximately \$483,000 for the 2016 income tax liability and the remaining \$2.4 million for the estimated 2017 income tax liability.

**Debt Covenants**

Our debt arrangements contain various financial and other covenants including cross-default provisions whereby any default under any loans of the Company (or its subsidiaries) with the lender, will constitute a default under all of the other loans of the Company (and its subsidiaries) with the lender. The most significant of the covenants are: maximum debt to tangible net worth ratio and fixed charge coverage ratio. We must maintain: a tangible net worth of at least \$20.0 million calculated quarterly; no more than \$2.0 million in outside debt (with certain exceptions); a maximum debt to tangible net worth ratio of no greater than 2.5 : 1.0 and a fixed charge coverage ratio that is to equal or exceed 1.3 : 1.0. The fixed charge coverage ratio is calculated annually using EBITDAR (earnings before interest, taxes, depreciation, amortization and rental expense) divided by the sum of CPLTD (current portion of long-term debt), interest expense and rental expense. We were in compliance with all of our covenants as of June 30, 2018.

The following are computations of these most restrictive financial covenants:

<b><u>Covenants Measured at Each Quarter End:</u></b>	<b><u>Covenant</u></b>	<b><u>Actual as of June 30, 2018</u></b>
Tangible net worth minimum	\$ 20,000,000	\$ 60,284,157
Outside debt not to exceed	\$ 2,000,000	\$ 352,083
Maximum debt/tangible net worth ratio not to exceed	2.5 : 1.0	0.61 : 1.00
<b><u>Covenants Measured Only at Year End:</u></b>		
Earnings to fixed charge coverage ratio must equal or exceed	1.3 : 1.0	2.44 : 1.00

**Forecast**

We anticipate our cash on hand and cash flows from operations and credit facilities will provide sufficient cash to enable us to meet our working capital needs, debt service requirements and planned capital expenditures, for at least the next twelve months. The amount of our planned capital expenditures will depend, to some extent, on the results of our future performance. However, our revenue, results of operations and cash flows, as well as our ability to seek additional financing, may be negatively impacted by factors including, but not limited to: a decline in demand for electrical construction services, general economic conditions, heightened competition, availability of construction materials, increased interest rates, and adverse weather conditions.

**Contractual Obligations**

The following table summarizes the Company's future aggregate contractual obligations at June 30, 2018:

	<b>Payments Due By Period</b>				
	<b>Total</b>	<b>Less Than 1 Year</b>	<b>1-2 Years</b>	<b>3-5 Years</b>	<b>More Than 5 Years</b>
Long-term debt - principal <sup>(1)</sup>	\$ 19,649,044	\$ 5,189,808	\$ 11,093,859	\$ 3,365,377	\$ —
Long-term debt - interest <sup>(2)</sup>	1,464,917	656,680	749,432	58,805	—
Operating leases <sup>(3)</sup>	6,970,905	4,126,009	2,244,528	600,368	—
Purchase obligations <sup>(4)</sup>	3,241,619	3,152,382	89,237	—	—
<b>Total</b>	<b>\$ 31,326,485</b>	<b>\$ 13,124,879</b>	<b>\$ 14,177,056</b>	<b>\$ 4,024,550</b>	<b>\$ —</b>

(1) Excludes interest, see footnote 2.

(2) Interest is at a rate per annum equal to one month LIBOR (as defined in the documentation related to each loan) plus 1.80% for notes payable and 5.85% fixed rate for the other long-term debt.

(3) Operating leases with initial or remaining non-cancelable lease terms in excess of one year for office space and equipment, which is primarily used in our electrical construction operations.

(4) Purchase obligations include various contractual agreements that secure future rights to goods, services and other items to be used in the normal course of operations. These commitments include capital equipment purchases, sub-contractor services for the construction of residential properties and land purchases for the future construction of residential properties.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

The Company and its subsidiaries are exposed to certain market risks from transactions that are entered into during the normal course of business.

The Company is subject to interest rate risk. As of June 30, 2018, we had \$19.3 million of debt outstanding with the Bank. The interest rate for our debt will vary depending upon the LIBOR rate. If the LIBOR rate increases, our interest payment obligations on our debt would increase and have a negative effect on our cash flow and financial condition. If the LIBOR rate increased by 1%, then our interest expense on our debt as of June 30, 2018 would increase by approximately \$168,000 annually, which would have a corresponding decrease on our future income (before provision for related income taxes) and cash flows. Conversely, if the LIBOR rate decreases, our interest payment obligations on our debt would decrease and have a positive effect on our cash flow and financial condition. If the LIBOR rate decreased by 1%, then our interest expense on our debt as of June 30, 2018 would decrease by approximately \$168,000 annually, which would have a corresponding increase on our future income (before provision for related income taxes) and cash flows. The Company's other long-term debt is at a fixed rate.

The Company is subject to credit risk related to our net receivable position with customers, which includes amounts related to billed and unbilled accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts. As of June 30, 2018, we had net accounts receivable of \$24.4 million and costs and estimated earnings in excess of billings of \$10.4 million. The failure or delay in payment by our customers would reduce our cash flows and adversely impact our liquidity and profitability. However, the Company believes that such credit risk is not material because the majority of the Company's net receivable position is with electrical utility customers that the Company considers creditworthy based on timely collection history and other considerations.

The Company is subject to credit risk related to its cash and cash equivalents. The Company holds its cash and cash equivalents on deposit and in money market accounts with U.S. banks, often in excess of Federal Deposit Insurance Corporation insurance limits. However, the Company believes that such credit risk is not material because substantially all of its cash and cash equivalents are held by well capitalized, quality financial institutions.

As of June 30, 2018, the Company was not subject to any material foreign currency exchange rate risk, commodity price risk, derivative risks, hedging risks or other material market risks.

#### **Item 4. Controls and Procedures.**

##### ***Evaluation of disclosure controls and procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the United States Securities and Exchange Commission, and that such information is accumulated and communicated to our management in a timely manner. An evaluation was performed under the supervision and with the participation of our management, including John H. Sottile, our Chief Executive Officer (“CEO”), and Stephen R. Wherry, our Chief Financial Officer (“CFO”), of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2018. Based upon this evaluation, our management, including our CEO and our CFO, concluded that our disclosure controls and procedures were effective, as of June 30, 2018, at the reasonable assurance level.

##### ***Changes in internal control***

Our management, with the participation of our CEO and CFO, is responsible for evaluating changes in our internal control over financial reporting that occurred during the second quarter of 2018 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. No changes in our internal control over financial reporting occurred during the second quarter of 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

##### ***Limitations on the effectiveness of controls***

A control system, no matter how well conceived and operated, can provide only reasonable assurance, not absolute assurance, that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that the design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies and procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **PART II. OTHER INFORMATION**

#### **Item 1. Legal Proceedings.**

The Company is not currently involved in any material legal proceedings.

#### **Item 1A. Risk Factors.**

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

#### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

(a) None

(b) None

(c) The Company has had a stock repurchase plan since September 17, 2002, that was last amended by the Executive Committee on September 21, 2017 and subsequently ratified by the Board of Directors on October 5, 2017. This plan permits the purchase of up to 3,500,000 shares. There is currently available for purchase through September 30, 2018, a maximum of 1,154,940 shares. No shares have been purchased since 2006. Since the inception of the repurchase plan, we have repurchased 2,345,060 shares of our Common Stock at a cost of \$1,289,467 (average cost of \$0.55 per share). The Company may repurchase its shares either in the open market or through private transactions. The volume of the shares to be repurchased is contingent upon market conditions and other factors. The Company currently holds the repurchased stock as Treasury Stock, reported at cost. Also included as Treasury Stock are 17,358 shares purchased prior to the current stock repurchase plan at a cost of \$18,720.

#### **Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

10-1	<a href="#">Master Loan Agreement, dated May 24, 2018, by and between BB&amp;T and the Company, Southeast Power Corporation, Pineapple House of Brevard, Inc., Bayswater Development Corporation, Power Corporation of America, Precision Foundations, Inc., and C and C Power Line, Inc.</a>
10-2	<a href="#">Modification Promissory Note, dated May 24, 2018, relating to The Goldfield Corporation \$27.49 Million Loan</a>
10-3	<a href="#">Addendum to Modification Promissory Note, dated May 24, 2018, relating to The Goldfield Corporation \$27.49 Million Loan</a>
10-4	<a href="#">BB&amp;T Security Agreement, dated May 24, 2018 by and between BB&amp;T and the Debtors, relating to The Goldfield Corporation \$27.49 Million Loan</a>
10-5	<a href="#">Guaranty Agreement, dated May 24, 2018, relating to The Goldfield Corporation \$27.49 Million Loan</a>
10-6	<a href="#">Promissory Note, dated May 24, 2018, relating to The Goldfield Corporation Working Capital Loan</a>
10-7	<a href="#">Addendum to Promissory Note, dated May 24, 2018, relating to The Goldfield Corporation Working Capital Loan</a>
10-8	<a href="#">BB&amp;T Security Agreement, dated May 24, 2018 by and between BB&amp;T and the Debtors, relating to The Goldfield Corporation Working Capital Loan</a>
10-9	<a href="#">Guaranty Agreement, dated May 24, 2018, relating to The Goldfield Corporation Working Capital Loan</a>
31-1	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241</a>
31-2	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241</a>
32-1 (1)	<a href="#">Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350</a>
32-2 (1)	<a href="#">Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

- (1) These exhibits are furnished in accordance with Regulation S-K Item 601(b)(32) and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that section. These exhibits shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the registrant specifically incorporates them by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: August 7, 2018

**THE GOLDFIELD CORPORATION**

By: /s/ JOHN H. SOTTILE

John H. Sottile

Chairman of the Board, President and Chief

Executive Officer (Principal Executive Officer)

/s/ STEPHEN R. WHERRY

Stephen R. Wherry

Senior Vice President, Chief Financial

Officer, Treasurer and Assistant Secretary

(Principal Financial and Accounting Officer)

**BB&T****MASTER LOAN AGREEMENT**

This Master Loan Agreement (this “Loan Agreement”) is made as of the 24<sup>th</sup> day of May, 2018, (the “Agreement Date”) by and between The Goldfield Corporation, a Delaware corporation, Power Corporation of America, a Florida corporation, Southeast Power Corporation, a Florida corporation, C and C Power Line, Inc. a Florida corporation, Bayswater Development Corporation, a Florida corporation, Precision Foundations, Inc. a Florida corporation and Pineapple House of Brevard, Inc., a Florida corporation (either “Borrower” or collectively “Guarantors” as set forth in Exhibit “A”), and Branch Banking and Trust Company (“Lender”).

**Recitals**

1. Borrower previously received loans from Lender as set forth in Exhibit “A” “Prior Loans”, and is receiving two new loans from Lender of even date Exhibit A “New Loans” (“Prior Loans” and “New Loans” shall hereunder be collectively referred to as the “Exhibit “A” Loans”).
2. Lender has agreed to make Loans on the terms and conditions set forth in this Agreement and in the other documents evidencing and securing the Loans as described herein.
3. Subject to the Bank’s underwriting criteria and other factors that the Bank may consider, the Bank may, without obligation to do so, extend new loans to the Borrower and/or modify or extend the Exhibit “A” Loans (“Future Loans”).
4. The Exhibit “A” Loans and Future Loans (collectively “Loans”) extended by the Bank are subject to the terms and conditions of this Loan Agreement, and this Loan Agreement supercedes loan agreements previously executed by Borrowers regarding Prior Loans.

Now, therefore, in consideration of the premises, and in further consideration of the mutual covenants and agreements herein set forth and of the sum of Ten Dollars (\$10.00) paid by each party to the other, receipt of which is hereby acknowledged, the parties covenant and agree as follows:

**I. CONDITIONS PRECEDENT**

The Bank shall not be obligated to make any disbursement of Loan proceeds until all of the following conditions have been satisfied by proper evidence, execution, and/or delivery to the Bank of the

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following items in addition to this Agreement, all in form and substance satisfactory to the Bank and the Bank's counsel in their sole discretion:

**USA Patriot Act Verification Information:** Information or documentation, including but not limited to the legal name, address, tax identification number, driver's license, and date of birth (if the Borrower is an individual) of the Borrower sufficient for the Bank to verify the identity of the Borrower in accordance with the USA Patriot Act. Borrower shall notify Bank promptly of any change in such information.

**Note(s):** The Note(s) evidencing the Loans(s) duly executed by the Borrower.

**Security Agreement(s):** Security Agreement(s) in which Borrower and any other owner (a "Debtor") of personal property collateral shall grant to Bank a first priority security interest in the personal property specified therein.

**UCC Financing Statements:** Copies of UCC Financing Statements duly filed in Borrower's or other owner's state of incorporation, organization or residence, and in all jurisdictions necessary, or in the opinion of the Bank desirable, to perfect the security interests granted in the Security Agreement(s), and certified copies of Information Requests identifying all previous financing statements on record for the Borrower or other owner, as appropriate from all jurisdictions indicating that no security interest has previously been granted in any of the collateral described in the Security Agreement(s), unless prior approval has been given by the Bank.

**Authorization and Certificate:** An Authorization and Certificate executed by each Debtor under which such Debtor authorizes Bank to file a UCC Financing Statement describing collateral owned by such Debtor.

**Commitment Fee:** A commitment fee (or balance thereof) owed to the Bank on the date of execution of the Loan Documents, as to each Loan.

**Corporate Resolution:** A Corporate Resolution duly adopted by the Board of Directors of the Borrower authorizing the execution, delivery, and performance of the Loan Documents on or in a form provided by or acceptable to Bank.

**Guaranty:** Guaranty Agreement(s) duly executed by the Guarantor(s).

**Additional Documents:** Receipt by the Bank of other approvals, opinions, or documents as the Bank may reasonably request.

## **II. REPRESENTATIONS AND WARRANTIES**

The Borrower and Guarantor(s) represent and warrant to the Bank that:

**2.1 Financial Statements.** The balance sheet of The Goldfield Corporation and its subsidiaries, if any, and the related Consolidated Statements of Income and Consolidated Statements of Stockholders' Equity of The Goldfield Corporation and its subsidiaries, the accompanying footnotes together with the accountant's opinion thereon, and all other financial information previously furnished to the Bank, are true and correct and fairly reflect the financial condition of The Goldfield Corporation and its subsidiaries as of the dates thereof, including all contingent liabilities of every type, and the financial condition of The Goldfield Corporation and its subsidiaries as stated therein has not changed materially and adversely since the date thereof. Each Guarantor further represents and warrants that all financial statements provided by such Guarantor to Bank concerning such Guarantor's financial condition are true and correct and fairly represent such Guarantor's financial condition as of the dates thereof.

**2.2 Name, Capacity and Standing.** The Borrower's exact legal name for each Loan is correctly stated in Exhibit "A." If the Borrower and/or any Guarantor is a corporation, general partnership, limited partnership, limited liability partnership, or limited liability company, each warrants and represents that it is duly organized and validly existing under the laws of its respective state of incorporation or organization; that it and/or its subsidiaries, if any, are duly qualified and in good standing in every other state in which the nature of their business shall require such qualification, and are each duly authorized by their board of directors, general partners or member/manager(s), respectively, to enter into and perform the obligations under the Loan Documents.

**2.3 No Violation of Other Agreements.** The execution of the Loan Documents, and the performance by the Borrower, by any and all pledgors (whether the Borrower or other owners of collateral property securing payment of the Loan (hereinafter sometimes referred to as the "Pledgor")) or by the Guarantor(s) thereunder will not violate any provision, as applicable, of its articles of incorporation, by-laws, articles of organization, operating agreement, agreement of partnership, limited partnership or limited liability partnership, or, of any law, other agreement, indenture, note, or other instrument binding upon the Borrower, Pledgor or Guarantor(s), or give cause for the acceleration of any of the respective obligations of the Borrower or Guarantor(s).

**2.4 Authority.** All authority from and approval by any federal, state, or local governmental body, commission or agency necessary to the making, validity, or enforceability of this Agreement and the other Loan Documents has been obtained.

**2.5 Asset Ownership.** The Borrower and each Guarantor have good and marketable title to all of the properties and assets reflected on the balance sheets and financial statements furnished to the Bank, and all such properties and assets are free and clear of mortgages, deeds of trust, pledges, liens, and

all other encumbrances except as otherwise disclosed by such financial statements. In addition, each other owner of collateral has good and marketable title to such collateral, free and clear of any liens, security interests and encumbrances, except as otherwise disclosed to Bank.

**2.6 Discharge of Liens and Taxes .** The Goldfield Corporation and its subsidiaries, if any, and each Guarantor have filed, paid, and/or discharged all taxes or other claims which may become a lien on any of their respective properties or assets, excepting to the extent that such items are being appropriately contested in good faith and for which an adequate reserve (in an amount acceptable to Bank) for the payment thereof is being maintained.

**2.7 Regulations U and X.** None of the Loan proceeds shall be used directly or indirectly for the purpose of purchasing or carrying any margin stock in violation of the provisions of Regulation U and Regulation X of the Board of Governors of the Federal Reserve System.

**2.8 ERISA.** Each employee benefit plan, as defined by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), maintained by The Goldfield Corporation or by any subsidiary of the Borrower or Guarantor(s) meets, as of the date hereof the minimum funding standards of Section 302 of ERISA, all applicable requirements of ERISA and of the Internal Revenue Code of 1986, as amended, and no “Reportable Event” nor “Prohibited Transaction” (as defined by ERISA) has occurred with respect to any such plan.

**2.9 Litigation.** There is no claim, action, suit or proceeding pending, threatened or reasonably anticipated before any court, commission, administrative agency, whether State or Federal, or arbitration which will materially adversely affect the financial condition, operations, properties, or business of The Goldfield Corporation or its subsidiaries, if any, or the Guarantor(s), or the ability of the Borrower or the Guarantor(s) to perform their obligations under the Loan Documents.

**2.10 Other Agreements.** The representations and warranties made by Borrower to Bank in the other Loan Documents are true and correct in all respects on the date hereof.

**2.11 Binding and Enforceable.** The Loan Documents, when executed, shall constitute valid and binding obligations of the Borrower and Guarantors respectively, the execution of such Loan Documents has been duly authorized by the parties thereto, and are enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, moratorium, or similar laws affecting creditors’ rights generally.

**2.12 Commercial Purpose.** The Loan(s) are not “consumer transactions,” as defined in the Florida Uniform Commercial Code, and none of the collateral was or will be purchased or held primarily for personal, family or household purposes.

2.13 **Outstanding Financing Statements.** As of the date of this Loan Agreement, there are a number of outstanding UCC-1 financing statements (“Financing Statements”) filed in favor of Altec Capital Services, LLC (“Altec”), Terex Master Trust (“Terex”), and Caterpillar Financial Services Corporation (“Caterpillar”) as “Secured Party,” listing Borrower and/or one or more Guarantors as “Debtors.” All obligations owed both Altec and Terex as evidenced by the Financing Statements secure only leased equipment and business assets owned by either Altec or Terex and leased to either Borrower or one or more of the Guarantors. The Financing Statements in favor of Caterpillar evidence prior first liens on collateral described in the Security Agreement. Other than the initial advance of even date as evidenced by a closing statement, Lender is under no further obligation to permit future draws under the terms of the New Loans until such time as Borrower and/or Guarantors provide Lender with proof satisfactory to Lender that the obligations in favor of Caterpillar as secured by the Financing Statements in favor of Caterpillar have been satisfied and paid in full.

2.14 **Subsequent Lien Documentation.** So long as the Loan(s) are outstanding, Borrower and Guarantors authorize Lender to execute for these respective parties any financing statements or file any lien documentation with the appropriate governmental authorities needed from time to time to perfect Lender’s interest in any collateral as described in the Security Agreement(s). The failure by Borrower and/or Guarantors to cooperate with Lender in the execution of such lien documentation shall be an Event of Default as defined hereunder.

### III. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that from the date hereof and until payment in full of all indebtedness and performance of all obligations owed under the Loan Documents, Borrower shall:

3.1 **Maintain Existence and Current Legal Form of Business .** (a) Maintain its existence and good standing in the state of its incorporation or organization, (b) maintain its current legal form of business indicated above, and, (c), as applicable, qualify and remain qualified as a foreign corporation, general partnership, limited partnership, limited liability partnership or limited liability company in each jurisdiction in which such qualification is required.

3.2 **Maintain Records.** Keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied, reflecting all financial transactions of the Borrower.

3.3 **Maintain Properties.** Maintain, keep, and preserve all of its properties (tangible and intangible) including the collateral necessary or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

3.4 **Conduct of Business.** Continue to engage in an efficient, prudent, and economical manner in a business of the same general type as now conducted.

3.5 **Maintain Insurance.** Maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business, and business interruption insurance if required by Bank, which insurance may provide for reasonable deductible(s). The Bank shall be named as loss payee (Long Form) on all policies which apply to the Bank's collateral, and the Borrower shall deliver certificates of insurance at closing evidencing same.

3.6 **Comply With Laws.** Comply in all respects with all applicable laws, rules, regulations, and orders including, without limitation, paying before the delinquency of all taxes, assessments, and governmental charges imposed upon it or upon its property, and all Environmental Laws.

3.7 **Right of Inspection.** Permit the officers and authorized agents of the Bank, at any reasonable time or times in the Bank's sole discretion, to examine and make copies of the records and books of account of, to visit the properties of the Borrower, and to discuss such matters with any officers, directors, managers, members or partners, limited or general of the Borrower, and the Borrower's independent accountant as the Bank deems necessary and proper.

3.8 **Reporting Requirements.** Furnish to the Bank:

**Quarterly Consolidated Financial Statements:** As soon as available and not later than two (2) weeks after complying with required Securities and Exchange Commission reporting requirements, consolidated quarterly balance sheets, statements of income, cash flow, and retained earnings for the period ended, all in reasonable detail, and all prepared in accordance with GAAP consistently applied and certified as true and correct by an officer of the Borrower ("Quarterly Reporting Requirements").

**Annual Consolidated Financial Statements:** As soon as available and not later than two (2) weeks after complying with required Securities and Exchange Commission reporting requirements, consolidated annual balance sheets, statements of income, cash flow and retained earnings for the period ended, all in reasonable detail, and all prepared in accordance with GAAP consistently applied. The financial statements must be of the following quality or better: Audited ("Annual Reporting Requirements").

**Notice of Litigation:** Promptly after the receipt by the Borrower, or by any Guarantor of which Borrower has knowledge, of notice or complaint of any action, suit, and proceeding before any court or administrative agency of any type which, if determined adversely, could have a material

adverse effect on the financial condition, properties, or operations of the Borrower or Guarantor, as appropriate.

**Notice of Default:** Promptly upon discovery or knowledge thereof, notice of the existence of any event of default under this Agreement or any other Loan Documents.

**USA Patriot Act Verification Information :** Information or documentation, including but not limited to the legal name, address, tax identification number, driver's license, and date of birth (if the Borrower is an individual) of the Borrower sufficient for the Bank to verify the identity of the Borrower in accordance with the USA Patriot Act. Borrower shall notify Bank promptly of any change in such information.

**Financial Statement Certification:** Along with Quarterly and Annual Consolidated Financial Statements, a certification executed by the Chief Financial Officer of the Borrower stating:

Based on my knowledge, the financial statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented.

**Other Information:** Such other information as the Bank may from time to time reasonably request.

3.9 **Deposit Accounts.** Maintain substantially all of its demand deposit/operating accounts (with the exception of the accounts of C and C Power Line, Inc.) with the Bank.

3.10 **Affirmative Covenants from other Loan Documents .** All affirmative covenants contained in any Deed of Trust, Security Agreement, Assignment of Leases and Rents, or other security document executed by the Borrower which are described in Section I hereof are hereby incorporated by reference herein.

#### **IV. GUARANTORS' COVENANTS**

Each Guarantor covenants and agrees that from the date hereof and until payment in full of all indebtedness and performance of all obligations owed under the Loan Documents, Guarantor shall:

4.1 **Maintain Existence and Current Legal Form of Business** . If Guarantor is a corporation, partnership, limited partnership, limited liability partnership or limited liability company, (a) maintain its existence and good standing in the state of its incorporation or organization, (b) maintain its current legal form of business as shown on the guaranty agreement provided by Guarantor to Bank in connection with the Loan, (c) without the Bank's prior written consent enter into any merger, consolidation, reorganization or exchange of stock, ownership interests or assets, and (d) as applicable, qualify and remain qualified as a foreign corporation, general partnership, limited partnership, limited liability partnership or limited liability company in each jurisdiction in which such qualification is required.

4.2 **Maintain Properties**. Not, without the prior written consent of Bank, sell, transfer or otherwise dispose of all or substantially all of Guarantor's properties (tangible and intangible), except in the ordinary course of business.

4.3 **Comply With Laws**. Comply in all respects with all applicable laws, rules, regulations, and orders including, without limitation, paying before the delinquency of all taxes, assessments, and governmental charges imposed or assessed upon Guarantor or upon Guarantor's property, and all Environmental Laws.

4.4 **Reporting Requirements**. Furnish to the Bank:

**Annual Financial Statement(s)**: Upon request.

**Notice of Litigation**: Promptly after the receipt by Guarantor, or by Borrower of which Guarantor has knowledge, of notice of any action, suit, and proceeding before any court or governmental agency of any type which, if determined adversely, could have a material adverse effect on the financial condition, properties, or operations of the Guarantor or Borrower, as appropriate.

4.5 **Other Information**: Furnish such other information as the Bank may from time to time reasonably request.

## V. FINANCIAL COVENANTS

The Goldfield Corporation and its subsidiaries covenants and agrees that from the date hereof until payment in full of all indebtedness and the performance of all obligations under the Loan Documents, The Goldfield Corporation shall at all times maintain the following financial covenants and ratios all in accordance with GAAP unless otherwise specified:

**Tangible Net Worth** . A minimum tangible net worth of not less than \$20,000,000 as evidenced by The Goldfield Corporation's consolidated annual audited financial statement as included

in its Form 10-K beginning with its fiscal year ending on December 31, 2014, and quarterly based upon consolidated financial statements (10-Q). Tangible Net Worth is defined as net worth, plus obligations contractually subordinated to debts owed to Bank, minus goodwill, contract rights, and assets representing claims on stockholders or affiliated entities.

- (a) **Debt to Tangible Net Worth** . A ratio of total liabilities to tangible net worth of not greater than 2.5:1 tested quarterly, based on consolidated financial statements (10-Q) and annually based on consolidated financial statements (10-K).
- (b) **Fixed Charge Coverage Ratio**. A ratio of EBITDAR (earnings before interest, taxes, depreciation, amortization and rental expense) divided by the sum of CPLTD (current portion of long term debt), interest expense and rental expense. For the purpose of calculating this ratio, rental expense associated with operating leases with a duration of one year or less, operating leases associated with leased equipment for particular jobs and included in job costs are not to be considered as rental expense. Such ratio is to be measured annually based upon the prior year's financial results and is to equal or exceed 1.30:1.

Any violation of a financial covenant(s) caused by a future change in GAAP or International Financial Reporting Standards will not be considered an event of default. The Borrower will provide documentation demonstrating compliance with the covenant as if such change(s) had not occurred. The Borrower and Bank will modify the covenant to have a neutral effect prior to the next covenant testing date.

## VI. NEGATIVE COVENANTS

The Goldfield Corporation and its subsidiaries covenants and agrees that from the date hereof and until payment in full of all indebtedness and performance of all obligations under the Loan Documents, The Goldfield Corporation shall not, without the prior written consent of the Bank:

6.1 **Liens**. Create, incur, assume, or suffer to exist any lien upon or with respect to the Mortgaged Property, any of The Goldfield Corporation's properties, any properties of The Goldfield Corporation's subsidiaries, or the properties of any Pledgor securing payment of the Loan, now owned or hereafter acquired, except:

- (a) Liens and security interests in favor of the Bank;
- (b) Liens for taxes not yet due and payable or otherwise being contested in good faith and for which appropriate reserves are maintained;



- (c) Other liens imposed by law not yet due and payable, or otherwise being contested in good faith and for which appropriate reserves are maintained;
- (d) purchase money security interests on any property hereafter acquired, provided that such lien shall attach only to the property acquired.

6.2 **Debt.** Create, incur, assume, or suffer to exist any debt, except:

- (a) Debt to the Bank;
- (b) Debt outstanding on the date hereof and shown on the most recent financial statements submitted to the Bank;
- (c) Accounts payable to trade creditors incurred in the ordinary course of business;
- (d) Additional debt not to exceed \$2,000,000.00 in the aggregate at any time.
- (e) Additional debt for the purpose of purchasing equipment not to exceed \$5,000,000 in aggregate. Such debt would be secured only with a purchase money security interest in the equipment being purchased with the proceeds.

6.3 **Change of Legal Form of Business; Purchase of Assets** . Change the legal form of The Goldfield Corporation's business as shown above, whether by merger, consolidation, conversion or otherwise, and The Goldfield Corporation shall not purchase all or substantially all of the assets or business of any Person.

6.4 **Leases.** Create, incur, assume, or suffer to exist any operating lease obligation in excess of \$2,000,000.00 annually, except:

- (a) Operating leases outstanding on the date hereof;
- (b) Operating leases with a term of one (1) year or less;
- (c) Operating leases in excess of one (1) year for a specific job or contract and:
  - (i) Lease payments are included in the job or contract costs;
  - (ii) Term of the operating lease does not exceed the projected job or contract term.

6.5 **Guaranties.** Assume, guarantee, endorse, or otherwise be or become directly or contingently liable for obligations of any Person, except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

6.6 **Disposition of Assets.** Sell, lease, or otherwise dispose of any of its assets or properties except in the ordinary and usual course of its business.

6.7 **Negative Covenants from other Loan Documents .** All negative covenants contained in any Mortgage, Security Agreement, Assignment of Leases or Rents, or other security document executed by the party which are described in Section I hereof are hereby incorporated by reference herein.

## **VII. HAZARDOUS MATERIALS AND COMPLIANCE WITH ENVIRONMENTAL LAWS**

7.1 **Investigation.** Borrower hereby certifies that it has exercised due diligence to ascertain whether its real property, including without limitation the Mortgaged Property, is or has been affected by the presence of asbestos, oil, petroleum or other hydrocarbons, urea formaldehyde, PCBs, hazardous or nuclear waste, toxic chemicals and substances, or other hazardous materials (collectively, "Hazardous Materials"), as defined in applicable Environmental Laws. Borrower represents and warrants that there are no such Hazardous Materials contaminating its real property, nor have any such materials been released on or stored on or improperly disposed of on its real property during its ownership, occupancy or operation thereof Borrower hereby agrees that, except in strict compliance with applicable Environmental Laws, it shall not knowingly permit any release, storage or contamination as long as any indebtedness or obligations to Bank under the Loan Documents remains unpaid or unfulfilled. In addition, Borrower does not have or use any underground storage tanks on any of its real property, including the Mortgaged Property which are not registered with the appropriate Federal and/or State agencies and which are not properly equipped and maintained in accordance with all Environmental Laws. If requested by Bank, Borrower shall provide Bank with all necessary and reasonable assistance required for purposes of determining the existence of Hazardous Materials on the Mortgaged Property, including allowing Bank access to the Mortgaged Property, and access to Borrower's employees having knowledge of, and to files and records within Borrower's control relating to the existence, storage, or release of Hazardous Materials on the Mortgaged Property.

7.2 **Compliance.** Borrower agrees to comply with all applicable Environmental Laws, including, without limitation, all those relating to Hazardous Materials. Borrower further agrees to provide Bank, and all appropriate Federal and State authorities, with immediate notice in writing of any release of Hazardous Materials on the Collateral and to pursue diligently to completion all appropriate and/or required remedial action in the event of such release.

7.3 **Remedial Action.** Bank shall have the right, but not the obligation, to undertake all or any part of such remedial action in the event of a release of Hazardous Materials on the Mortgaged Property and to add any expenditures so made to the principal indebtedness secured by the Security Agreement. Borrower agrees to indemnify and hold Bank harmless from any and all loss or liability arising out of

any violation of the representations, covenants, and obligations contained in this Section VII, or resulting from the recording of the Security Agreement.

### **VIII. EVENTS OF DEFAULT**

The following shall be “Events of Default” by Borrower or any Guarantor:

8.1 The failure to make prompt payment of any installment of principal or interest on any of the Note(s) when due or payable. Borrower shall have a ten (10) day cure period from the date the Bank notifies the Borrower of any monetary Events of Default.

8.2 Any representation or warranty made in the Loan Documents proves to be false or misleading in any material respect.

8.3 Any report, certificate, financial statement, or other document furnished prior to the execution of or pursuant to the terms of this Agreement proves to be false or misleading in any material respect.

8.4 The Borrower or any Guarantor default on the performance of any other obligation of indebtedness when due or in the performance of any obligation incurred in connection with money borrowed.

8.5 The Borrower, any Guarantor or any Pledgor breach any covenant, condition, or agreement made under any of the loan documents evidencing or securing the liability under the Note(s) set forth in Exhibit “A,” including any subsequent attachments thereto.

8.6 A custodian be appointed for or take possession of any or all of the assets of the Borrower or any Guarantor, or the Borrower or any Guarantor either voluntarily or involuntarily become subject to any insolvency proceeding, including becoming a debtor under the United States Bankruptcy Code, any proceeding to dissolve the Borrower or any Guarantor, any proceeding to have a receiver appointed, or the Borrower or any Guarantor make an assignment for the benefit of creditors, or should there be an attachment, execution, or other judicial seizure of all or any portion of the Borrower’s or any Guarantors assets, including an action or proceeding to seize any funds on deposit with the Bank, and such seizure is not discharged within 30 days.

8.7 A final judgment for the payment of money be rendered against the Borrower or any Guarantor which is not covered by insurance and shall remain undischarged for a period of 30 days unless such judgment or execution thereon be effectively stayed.

8.8 Upon the death of, or termination of existence of, or dissolution of, any Borrower, Pledge, or Guarantor.

8.9 Should the Bank in good faith deem itself, its liens and security interests, if any, or any debt thereunder unsafe or insecure, or should the Bank believe in good faith that the prospect of payment of any debt or other performance by the Borrower or any Guarantor is impaired.

8.10 Any lien or security interest granted to Bank to secure payment of the Note(s) terminate, fail for any reason to have the priority agreed to by Bank on the date granted, or become unperfected or invalid for any reason.

8.11 Except for monetary defaults, Borrower shall have a forty-five (45) day cure period from the date the Bank notifies the Borrower of any Events of Default.

## **IX. REMEDIES UPON DEFAULT**

Upon the occurrence of any of the above listed Events of Default, the Bank may at any time thereafter, at its option, take any or all of the following actions, at the same or at different times:

9.1 Declare the balance(s) of the Note(s) to be immediately due and payable, both as to principal and interest, late fees, and all other amounts/expenditures without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived by Borrower and each Guarantor, and such balance(s) shall accrue interest at the Default Rate as provided herein until paid in full;

9.2 Require the Borrower or Guarantor(s) to pledge additional collateral to the Bank from the Borrower's or any Guarantor's assets and properties, the acceptability and sufficiency of such collateral to be determined in the Bank's sole discretion;

9.3 Take immediate possession of and foreclose upon any or all collateral which may be granted to the Bank as security for the indebtedness and obligations of Borrower or any Guarantor under the Loan Documents;

9.4 Exercise any and all other rights and remedies available to the Bank under the terms of the Loan Documents and applicable law, including the Florida Uniform Commercial Code;

9.5 Any obligation of the Bank to advance funds to the Borrower or any other Person under the terms of under the Note(s) and all other obligations, if any, of the Bank under the Loan Documents shall immediately cease and terminate unless and until Bank shall reinstate such obligation in writing.

## **X. MISCELLANEOUS PROVISIONS**

### **10.1 Definitions.**

“**Default Rate**” shall mean a rate of interest equal to Bank’s Prime Rate plus five percent (5%) per annum (not to exceed the legal maximum rate) from and after the date of an Event of Default hereunder which shall apply, in the Bank’s sole discretion, to all sums owing, including principal and interest, on such date.

“**Environmental Laws**” shall mean all applicable federal and state laws and regulations which affect or may affect the Mortgaged Property, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Sections 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Sections 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. Sections 1251 et seq.), the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), all such applicable environmental laws and regulations of the State of Florida, as such laws and regulation, may be amended from time to time.

“**Loan Documents**” shall mean this Agreement including any schedule attached hereto, the Note(s), the Deed(s) of Trust, the Mortgage(s), Security Deeds, the Security Agreement(s), the Assignment(s) of Leases and Rents, all UCC Financing Statements, the Guaranty Agreement(s), and all other documents, certificates, and instruments executed in connection therewith, and all renewals, extensions, modifications, substitutions, and replacements thereto and therefore.

“**Person**” shall mean an individual, partnership, corporation, trust, unincorporated organization, limited liability company, limited liability partnership, association, joint venture, or a government agency or political subdivision thereof.

“**GAAP**” shall mean generally accepted accounting principles as established by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants, as in effect as of this Agreement Date. Future changes in GAAP or IFRS (“International Financial Reporting Standards”) will have a neutral effect on the Borrower in respect to its financial covenants.

“**Prime Rate**” shall mean the rate of interest per annum announced by the Bank from time to time and adopted as its Prime Rate, which is one of several rate indexes employed by the Bank when extending credit, and may not necessarily be the Bank’s lowest lending rate.

10.2 **Non-impairment.** If any one or more provisions contained in the Loan Documents shall be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained therein shall not in any way be affected or impaired thereby and shall otherwise remain in full force and effect.

10.3 **Applicable Law.** The Loan Documents shall be construed in accordance with and governed by the laws of the State of Florida.

10.4 **Waiver.** Neither the failure nor any delay on the part of the Bank in exercising any right, power or privilege granted in the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power, or privilege which may be provided by law.

10.5 **Modification.** No modification, amendment, or waiver of any provision of any of the Loan Documents shall be effective unless in writing and signed by the Borrower and Bank.

10.6 **Payment Amount Adjustment.** In the event that any Loan(s) referenced herein has a variable (floating) interest rate and the interest rate increases, Bank, at its sole discretion, may at any time adjust the Borrower's payment amount(s) to prevent the amount of interest accrued in a given period to exceed the periodic payment amount or to cause the Loan(s) to be repaid within the same period of time as originally agreed upon.

10.7 **Stamps and Fees.** The Borrower shall pay all federal or state stamps, taxes, or other fees or charges, if any are payable or are determined to be payable by reason of the execution, delivery, or issuance of the Loan Documents or any security granted to the Bank; and the Borrower and Guarantor agree to indemnify and hold harmless the Bank against any and all liability in respect thereof.

10.8 **Attorneys' Fees.** In the event the Borrower or any Pledgor or Guarantor shall default in any of its obligations hereunder and the Bank believes it necessary to employ an attorney to assist in the enforcement or collection of the indebtedness of the Borrower to the Bank, to enforce the terms and provisions of the Loan Documents, to modify the Loan Documents, or in the event the Bank voluntarily or otherwise should become a party to any suit or legal proceeding (including a proceeding conducted under the Bankruptcy Code), the Borrower and Guarantors agree to pay the reasonable attorneys' fees of the Bank and all related costs of collection or enforcement that may be incurred by the Bank. The Borrower and Guarantor shall be liable for such attorneys' fees and costs whether or not any suit or proceeding is actually commenced.

10.9 **Bank Making Required Payments.** In the event Borrower shall fail to maintain insurance, pay taxes or assessments, costs and expenses which Borrower is, under any of the terms hereof or of any Loan Documents, required to pay, or fail to keep any of the properties and assets constituting collateral free from new security interests, liens, or encumbrances, except as permitted herein, Bank may at its election make expenditures for any or all such purposes and the amounts expended together with interest thereon at the Default Rate, shall become immediately due and payable to Bank, and shall

have benefit of and be secured by the collateral; provided, however, the Bank shall be under no duty or obligation to make any such payments or expenditures.

10.10 **Right of Offset.** Any indebtedness owing from Bank to Borrower may be set off and applied by Bank on any indebtedness or liability of Borrower to Bank, at any time and from time to time after maturity, whether by acceleration or otherwise, and without demand or notice to Borrower. Bank may sell participations in or make assignments of any Loan made under this Agreement, and Borrower agrees that any such participant or assignee shall have the same right of setoff as is granted to the Bank herein.

10.11 **UCC Authorization.** Borrower authorizes Bank to file such UCC Financing Statements describing the collateral in any location deemed necessary and appropriate by Bank.

10.12 **Modification and Renewal Fees.** Bank may, at its option, charge any fees for modification, renewal, extension, or amendment of any terms of the Note(s) not prohibited by Florida law, and as otherwise permitted by law if Borrower is located in another state.

10.13 **Conflicting Provisions.** If provisions of this Agreement shall conflict with any terms or provisions of any of the Note(s) or security document(s) or any schedule attached hereto, the provisions of such Note(s) or security document(s) or any schedule attached hereto, as appropriate, shall take priority over any provisions in this Agreement.

10.14 **Notices.** Any notice permitted or required by the provisions of this Agreement shall be deemed to have been given when delivered in writing to the City Executive or any Vice President of the Bank at its offices in Melbourne, Florida, and to the President of the Borrower at its offices in Melbourne, Florida, when sent by certified mail and return receipt requested.

10.15 **Consent to Jurisdiction.** Borrower hereby irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement may be instituted in any Florida state court or federal court sitting in the State of Florida, or in such other appropriate court and venue as Bank may choose in its sole discretion. Borrower consents to the jurisdiction of such courts and waives any objection relating to the basis for personal or *in rem* jurisdiction or to venue which Borrower may now or hereafter have in any such legal action or proceedings.

10.16 **Arbitration.** Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any dispute, claim or controversy arising out of, connected with, or relating to the Agreement and other Loan Documents (“Disputes”) between or among the parties to this Agreement and other Loan Documents shall be resolved by binding arbitration as provided herein. Institution of a judicial proceeding by a party does not waive the right of that party to demand arbitration hereunder. Disputes may include, without limitation, tort claims, counterclaims, disputes as to whether

a matter is subject to arbitration, claims brought as class actions, claims arising from Loan Documents executed in the future, or claims arising out of or connected with the transaction reflected by this Agreement and other Loan Documents. Arbitration shall be conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and Title 9 of the U.S. Code. All arbitration hearings shall be conducted in the city of Tallahassee. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims less than \$1,500,000. All applicable statutes of limitation shall apply to any Dispute. A judgment upon the award may be entered in any court having jurisdiction. The panel from which all arbitrators are selected shall be comprised of licensed attorneys. The single arbitrator selected for expedited procedure shall be a retired judge from the highest court of general jurisdiction, state or federal, of the state where the hearing will be conducted or if such person is not available to serve, the single arbitrator may be a licensed attorney. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to swap or hedging agreements.

10.17 **Counterparts.** This Agreement may be executed by one or more parties on any number of separate counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

10.18 **Entire Agreement.** The Loan Documents embody the entire agreement between Borrower and Bank with respect to the Loans, and there are no oral or parol agreements existing between Bank and Borrower with respect to the Loans which are not expressly set forth in the Loan Documents.

10.19 **Indemnification.** The Borrower and the Guarantors hereby jointly and severally agree to and do hereby indemnify and defend the Bank, its affiliates, their successors and assigns and their respective directors, officer, employees and shareholders, and do hereby hold each of them harmless from and against, any loss, liability, lawsuit, proceeding, cost expense or damage (including reasonable in-house and outside counsel fees, whether suit is brought or not) arising from or otherwise relating to the closing, disbursement, administration, or repayment of the Loans, including without limitation: (i) the failure to make any payment to the Bank promptly when due, whether under the Notes evidencing the Loans or otherwise; (ii) the breach of any representations or warranties to the Bank contained in this agreement or in any other loan documents now or hereafter executed in connection with the Loans; or (iii) the violation of any covenants or agreements made for the benefit of the Bank and contained in any of the loan documents; provided, however, that the foregoing indemnification shall not be deemed to cover any loss which is finally determined by a court of competent jurisdiction to result solely from the Bank's gross negligence or willful misconduct.

10.20 **Notice and Cure Period.** Notwithstanding any provision in this Loan Agreement, the Security Agreement, the Note or Loan Documents to the contrary, an event of default shall not be deemed to have occurred hereunder as to a non-monetary provision of this Loan Agreement unless and until the



Borrower shall fail to cure and remedy said non-monetary breach within forty five (45) days after the Borrower has received written notice thereof from the Bank, and an event of default shall not be deemed to have occurred hereunder as to a monetary provision of the Loan Agreement unless and until the Borrower shall fail to cure and remedy said monetary breach within ten (10) days after the Borrower has received written notice thereof from the Bank.

**10.21 WAIVER OF JURY TRIAL. UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, THE UNDERSIGNED HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS OR CLAIMS ARISING OUT OF THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS EXECUTED IN CONNECTION HERewith OR OUT OF THE CONDUCT OF THE RELATIONSHIP BETWEEN THE UNDERSIGNED AND BANK. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK TO MAKE THE LOAN AND ENTER INTO THIS AGREEMENT. FURTHER, THE UNDERSIGNED HEREBY CERTIFY THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT SEEK TO ENFORCE THIS WAIVER OR RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS PROVISION.**

**SIGNATURE PAGE**

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal all as of the date first above written.

Witnesses:

The Goldfield Corporation, a Delaware corporation

/s/ Melissa A. Munson  
Print Name: Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Senior Vice President

/s/ Barry Forbes  
Print Name: Barry Forbes

Southeast Power Corporation, a Florida corporation  
By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Melissa A. Munson  
Print Name: Melissa A. Munson

/s/ Barry Forbes  
Print Name: Barry Forbes

Pineapple House of Brevard, Inc., a Florida corporation  
By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Melissa A. Munson  
Print Name: Melissa A. Munson

/s/ Barry Forbes  
Print Name: Barry Forbes

Bayswater Development Corporation, a Florida corporation

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Melissa A. Munson  
Print Name: Melissa A. Munson

/s/ Barry Forbes  
Print Name: Barry Forbes

Witnesses:

/s/ Melissa A. Munson

Print Name: Melissa A. Munson

/s/ Barry Forbes

Print Name: Barry Forbes

/s/ Melissa A. Munson

Print Name: Melissa A. Munson

/s/ Barry Forbes

Print Name: Barry Forbes

/s/ Melissa A. Munson

Print Name: Melissa A. Munson

/s/ Barry Forbes

Print Name: Barry Forbes

/s/ Melissa A. Munson

Print Name: Melissa A. Munson

/s/ Andrew Pisciotto

Print Name: Andrew Pisciotto

Power Corporation of America, a Florida corporation

By: /s/ Stephen R. Wherry

Stephen R. Wherry, Vice President

C and C Power Line, Inc., a Florida corporation

By: /s/ Stephen R. Wherry

Stephen R. Wherry, Authorized Signer

Precision Foundations, Inc., a Florida corporation

By: /s/ Stephen R. Wherry

Stephen R. Wherry, Vice President

Branch Banking and Trust Company

By: /s/ Barry Forbes

Barry Forbes, Senior Vice President

**Exhibit "A"**  
**"Currently Outstanding Prior Loans"**

**The Goldfield Corporation:**  
**Loan Number -- 9660933082**

<b>Notes</b>	<b>Original Amount</b>	<b>Date Opened</b>	<b>Guarantors</b>
2	\$18,000,000.00	12/16/2013 Modification of original loan dated 8/26/05.	Southeast Power Corporation, Pineapple House of Brevard, Inc., Bayswater Development Corporation and Power Corporation of America Revolving
16	\$22,600,000.00	June 9, 2017	Southeast Power Corporation, Pineapple House of Brevard, Inc., Bayswater Development Corporation, Power Corporation of America, C and C Power Line, Inc., and Precision Foundations, Inc. Non-Revolving

**“New Loans”**

**The Goldfield Corporation:  
Loan Number -- 9660933082**

<p>“New Loan” 9</p>	<p>\$18,000,000.00</p>	<p>May <u>24</u>, 2018</p>	<p>Southeast Power Corporation, Pineapple House of Brevard, Inc., Bayswater Development Corporation, Power Corporation of America, C and C Power Line, Inc., and Precision Foundations, Inc.</p> <p>Note: The proceeds of this note will be used in part to pay in full Note 2 listed above.</p> <p>Revolving</p>
<p>“New Loan” 5</p>	<p>\$27,490,000.00</p>	<p>May <u>24</u>, 2018</p>	<p>Southeast Power Corporation, Pineapple House of Brevard, Inc., Bayswater Development Corporation, Power Corporation of America, C and C Power Line, Inc., and Precision Foundations, Inc.</p> <p>Note: Modification and future advance of Note 16 listed above.</p> <p>Non-Revolving</p>

Borrower: The Goldfield Corporation  
 Account Number: 9660933082

# BB&T

Note Number: 90005

Address: 1684 W. Hibiscus Boulevard  
 Melbourne, Florida 32901

## MODIFICATION PROMISSORY NOTE

Melbourne, Florida  
 Date: May 24, 2018

The Goldfield Corporation (whether one or more, the "Borrower") HEREBY REPRESENTS THAT THE LOAN EVIDENCED BY THIS MODIFICATION PROMISSORY NOTE ("Note") IS BEING OBTAINED FOR BUSINESS/COMMERCIAL OR AGRICULTURAL PURPOSES AND NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES. For value received, the Borrower, jointly and severally if more than one, promises to pay to **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation (including its successors and assigns, the "Bank"), or order, at any of Bank's offices in the above referenced city (or such other place or places that may be hereafter designated by Bank) the sum of Twenty Seven Million Four Hundred Ninety Thousand and no/100 Dollars (\$27,490,000.00), or such lesser amount outstanding at maturity, in immediately available currency of the United States of America. This Note consolidates that certain Promissory Note dated June 9, 2017, executed by the Borrower in favor of Bank in the original principal amount of \$22,600,000.00, with a current principal balance outstanding of \$16,990,000.00, together with a future advance of even date hereof from Bank to Borrower in the principal amount of \$10,500,000.00 ("Future Advance"), such that the consolidated principal amount is \$27,490,000.00.

**Interest shall accrue from the date hereof on the unpaid balance outstanding from time to time at the:**

Adjusted LIBOR Rate as more specifically described in the Addendum to Modification Promissory Note attached hereto.

**Principal and interest are payable as follows:**

Commencing on June 9, 2018, through and including the payment due on December 9, 2018, monthly principal payments of \$510,000.00 plus accrued interest on the same day of each month.

On December 31, 2018, the then outstanding principal balance of the Note shall be amortized over a forty (40) month period. Equal monthly payments of principal shall thereafter commence on January 9, 2019, plus accrued interest, on the same day of each month thereafter, with all outstanding principal, accrued interest, and all other amounts then due and owing on May 1, 2022.

**Documentary Stamp Tax:**

Documentary stamp tax in the amount of \$2,450.00 was previously paid to the Florida Department of Revenue. Certificate of Registration No. 56-1074313-19-001. No additional documentary stamps are owed on the Future Advance.

Borrower shall pay to Bank, or order, a late fee in the amount of five percent (5.0%) of any installment past due for ten (10) or more days. When any installment payment is past due for ten (10) or more days, subsequent payments shall first be applied to the past due balance. In addition, Borrower shall pay to Bank a returned payment fee if the Borrower or any other obligor hereon makes any payment at any time by check or other instrument, or by any electronic means, which is returned to Bank because of nonpayment due to nonsufficient funds.

All interest shall be computed and charged for the actual number of days elapsed on the basis of a year consisting of three hundred sixty (360) days. Borrower agrees that the only interest charge is the interest actually stated in this Note, and that any loan or origination fee shall be deemed charges rather than interest, which charges are fully earned and non-refundable. It is further agreed that any late charges are not a charge for the use of money but are imposed to compensate Bank for some of the administrative services, costs and losses associated with any delinquency or default under this Note, and said charges shall be fully earned and non-refundable when accrued. All other charges imposed by Bank upon Borrower in connection with this Note and the loan including, without limitation, any commitment fees, loan fees, facility fees, origination fees, discount points, default and late charges, prepayment fees, reasonable attorneys' fees and reimbursements for costs and expenses paid by Bank to third parties or for damages incurred by Bank are and shall be deemed to be charges made to compensate Bank for underwriting and administrative services and costs, other services, and costs or losses incurred and to be incurred by Bank in connection with this Note and the Loan and shall under no circumstances be deemed to be charges for the use of money. All such charges shall be fully earned and non-refundable when due. Time is of the essence of this Note.

In the event periodic accruals of interest shall exceed any periodic fixed payment amount described above, the fixed payment amount shall be immediately increased, or additional supplemental interest payments required on the same periodic basis as specified above (increased fixed payments or supplemental payments to be determined in the Bank's sole discretion), in such amounts and at such times as shall be necessary to pay all accruals of interest for the period and all accruals of unpaid interest from previous periods. Such adjustments to

the fixed payment amount or supplemental payments shall remain in effect for so long as any interest accruals shall exceed the original fixed payment amount and shall be further adjusted upward or downward to reflect changes in any variable interest rate; provided that unless elected otherwise above, the fixed payment amount shall not be reduced below the original fixed payment

amount. However, Bank shall have the right, in its sole discretion, to lower the fixed payment amount below the original payment amount.

This Note is executed and delivered by Borrower in connection with the following agreements (if any) between Borrower or other parties owning collateral and Bank:

Security Agreement conveying a security interest to Bank dated of even date given by Borrower and Southeast Power Corporation, Power Corporation of America, Bayswater Development Corporation, Pineapple House of Brevard, Inc., C and C Power Line, Inc., and Precision Foundations, Inc.

Master Loan Agreement dated May 24, 2018, executed by Borrower and Southeast Power Corporation, Power Corporation of America, Bayswater Development Corporation, Pineapple House of Brevard, Inc., C and C Power Line, Inc., and Precision Foundations, Inc.

All of the terms, conditions and covenants of the above described agreements (the "Agreements") are expressly made a part of this Note by reference in the same manner and with the same effect as if set forth herein at length, and Bank is entitled to the benefits of and remedies provided in the Agreements and any other related documents given by Borrower, any guarantor, or any pledgor in favor of Bank. In addition to Bank's right of setoff and to any liens and security interests granted to Bank in the Agreements, Borrower hereby grants to Bank a security interest in all of its deposit accounts maintained with and investment property held by Bank, which shall serve as collateral for the indebtedness and obligations evidenced by this Note.

No delay or omission on the part of Bank or other holder hereof in exercising any right hereunder shall operate as a waiver of such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or of any other right on any future occasion. Each Borrower regardless of the time, order or place of signing waives presentment, demand, protest and notices of every kind and assents to any one or more extensions or postponements of the time of payment or any other indulgences, to any substitutions, exchanges or releases of collateral by Bank, and to the additions or releases of any other parties or persons primarily or secondarily liable herefor.

Subject to applicable notice and cure periods set forth below, the following shall constitute events of default hereunder: Borrower's failure to pay any part of the principal or interest when due or to fully perform any covenant or obligation under this Note, the Agreements or on any other liability to Bank by any one or more of the Borrower, by any affiliate of the Borrower (as defined in 11 USC Section (101)(2)), or by any guarantor of this Note (said affiliate or guarantor herein called "Obligor"); or should any financial statement, representation or warranty made to Bank by any Borrower or any Obligor be found to be incorrect or incomplete in any material respect when made; or should any Borrower fail to furnish information and documentation to the Bank sufficient to verify the identity of Borrower as required under the USA Patriot Act; or should Borrower commit an event of a default under any of the Agreements or under any other obligation of any Borrower or of any Obligor whether to Bank or any other creditor; or should any Borrower or any Obligor die, terminate its existence, allow the appointment of a receiver for any part of its property, make an assignment for the benefit of creditors; or should a proceeding under bankruptcy or insolvency laws be initiated by or against any Borrower or any Obligor; or should any Borrower, any Obligor or any officer, director or owner of 20% or more of the outstanding ownership interests of any Borrower or any Obligor be indicted for a felony offense under state or federal law, or should any Borrower or any Obligor employ an executive officer, manager or general partner, or elect a director, who has been convicted of any such felony offense, or should any person become an owner of 20% or more of the outstanding ownership interests of any Borrower or any Obligor who has been indicted or convicted of any such felony offense; or should Bank determine that Borrower or any Obligor has suffered a material adverse change in its financial condition or business operations; or should there occur an attachment, execution, or other judicial seizure of all or any portion of any Borrower's or any Obligor's assets, including an action or proceeding to seize any funds on deposit with the Bank, and such seizure is not discharged within 30 days; or should a final judgment for the payment of money be rendered against any Borrower or any Obligor which is not covered by insurance or debt cancellation contract and such final judgment remains undischarged for a period of 30 days unless such judgment or execution thereon is effectively stayed; or should any guarantor terminate any guaranty agreement given in connection with this Note, then any one of the same shall be a material default hereunder and this Note and other debts due the Bank by any Borrower shall immediately become due and payable at the option of the Bank without notice or demand of any kind, which is hereby waived.

Notwithstanding any provision contained in this Note or any other Agreements to the contrary, in the event of a payment default, Bank's right to accelerate the indebtedness evidenced by this Note shall be immediate and without notice to Borrower of such event of default. With respect to any non-payment default under this Note or the other Agreements which is curable and if Borrower has not been given a notice of a breach of the same provision within the preceding twelve (12) months, it may be cured if Borrower, after Bank sends written notice to Borrower demanding cure of such default: (i) cures the default within thirty (30) days; or (ii) if the cure requires more than thirty (30) days, immediately initiates steps which Bank deems in Bank's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical. For the



avoidance of doubt, in no event shall any notice and right to cure be required or given for any event of default arising from: any representation, financial statement, report, certificate or other document furnished prior or pursuant to the Agreements which proves to

be false or misleading in any material respect when made; should Borrower or any Obligor voluntarily become a debtor under the Bankruptcy Code, become subject to any insolvency proceeding, make an assignment for the benefit of creditors or become subject to any attachment, execution, or judicial seizure of its assets (including any funds on deposit with Bank); any indictment of any Borrower, any Obligor or any manager, executive officer or general partner thereof for any felony offense; any failure to repay this Note at maturity; any commencement of the process of liquidation or dissolution; any proceeding commenced against it seeking the forfeiture of all or any part of the collateral securing this Note or other assets as a result of any criminal activity; the sale, conveyance, transfer or encumbrance of any real property subject to a Mortgage granted to Bank or a bulk sale transfer of any personal collateral without the prior consent of Bank; or upon the termination of any guaranty agreement by any guarantor or the death of any guarantor.

Upon an Event of Default, in addition to Bank's rights set forth above, Bank may, at its option and subject to any applicable notice and cure periods (i) cease making advances or disbursements including during any cure period; (ii) advance funds necessary to remedy any default or pay any lien filed against any of the collateral; (iii) take possession of the collateral or any part thereof; (iv) foreclose Bank's security interest and/or lien on any collateral in accordance with applicable law; (v) make demand upon any or all guarantors; and (vi) exercise any other right or remedy which Bank has under this Note or any related documents or which is otherwise available at law or in equity. All of Bank's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Any election by Bank to pursue any remedy shall not exclude the right to pursue any other remedy unless expressly prohibited by law, and any election by Bank to make expenditures or to take action to perform an obligation of Borrower, or of any Obligor, shall not affect Bank's right to declare a default and exercise its rights and remedies. In addition, upon default, Bank may pursue its full legal remedies under the Agreements and other remedies at law or equity, and the balance due hereunder may be charged against any obligation of Bank to any party including any Obligor.

From and after any event of default hereunder, interest shall accrue on the sum of the principal balance and accrued interest then outstanding at the rate of fifteen percent (15.0%) per annum (the "Default Rate") until such principal and interest have been paid in full, provided that such rate shall not exceed at any time the highest rate of interest permitted by the laws of the State of Florida; and further provided that such rate shall apply after judgment. **Bank shall not be obligated to accept any check, money order, or other payment instrument marked "payment in full" on any disputed amount due hereunder, and Bank expressly reserves the right to reject all such payment instruments. Borrower agrees that tender of its check or other payment instrument so marked will not satisfy or discharge its obligation under this Note, disputed or otherwise, even if such check or payment instrument is inadvertently processed by Bank unless such payment is in fact sufficient to pay the amount due hereunder.**

Unless otherwise required under a Loan Agreement, if applicable, and as long as any indebtedness evidenced by this Note remains outstanding or as long as Bank remains obligated to make advances, the Borrower shall furnish annually, as requested, an updated annual report of The Goldfield Corporation and Subsidiaries as filed with the Securities and Exchange Commission, which, when delivered shall be the property of the Bank.

The term "Prime Rate," if used herein, means the rate of interest per annum announced by Bank from time to time and adopted as its Prime Rate at its executive offices in Winston-Salem, North Carolina. The Prime Rate is one of several rate indexes employed by Bank when extending credit, and not necessarily the lowest rate. Any change in the interest rate resulting from a change in Bank's Prime Rate shall become effective as of the opening of business on the effective date of the change. If this Note is placed with an attorney for collection, Borrower agrees to pay, in addition to principal, interest, and late fees, if any, all costs of collection, including but not limited to all reasonable attorneys' fees incurred by Bank, whether or not there is a lawsuit, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any court costs. All obligations of Borrower shall bind his heirs, executors, administrators, successors, and/or assigns. Use of the masculine pronoun herein shall include the feminine and the neuter, and also the plural. If more than one party shall execute this Note, the term "Borrower" as used herein shall mean all the parties signing this Note and each of them, and all such parties shall be jointly and severally obligated hereunder. Wherever possible, each provision of this Note shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Each Borrower hereby waives all exemptions and homestead laws as may be permitted by Florida law. The proceeds of the loan evidenced by this Note may be paid to any Borrower. This Note may be executed in any number of counterparts, each of which shall be an original but all of which taken together shall constitute one and the same instrument.

From time to time the maturity date of this Note may be extended, or this Note may be renewed in whole or in part, or a new note of different form may be substituted for this Note, or the rate of interest may be modified, or changes may be made in consideration of loan extensions, and Bank may, from time to time, waive or surrender, either in whole or in part any rights, guaranties, security interests or liens,

given for the benefit of Bank in connection with the payment and the securing of payment of this Note; but no such occurrence shall in any manner affect, limit, modify, or otherwise impair any rights, guaranties or security of Bank not specifically waived, released, or surrendered in writing, nor shall Borrower or any Obligor be released from liability by reason of the occurrence of any such event. Bank, from time to time, shall have the unlimited right to release any person who might be liable hereunder, and such

release shall not affect or discharge the liability of any other person who is or might be liable hereunder. No waivers and modifications shall be valid unless in writing and signed by Bank. Bank may, at its option, charge any fees for the modification, renewal, extension, or amendment of any of the terms of this Note not prohibited by applicable law. In case of a conflict between the terms of this Note and any Loan Agreement executed in connection herewith, the priority of controlling terms shall be first this Note, then the Loan Agreement. This Note shall be governed by and construed in accordance with the laws of the State of Florida.

Any legal action with respect to the indebtedness evidenced by this Note may be brought in the courts of the State of Florida or in the appropriate United States District Court situated in Florida, and Borrower hereby accepts and unconditionally submits to the jurisdiction of such courts. Borrower hereby waives any objection to the laying of venue based on the grounds of forum non conveniens with respect thereto.

**REQUIRED INFORMATION FOR A NEW LOAN.** To help the government fight the funding of terrorism and money laundering activities, federal law requires Bank to obtain, verify and record information that identifies each person or entity obtaining a loan including the Borrower's legal name, address, tax identification number, date of birth, driver's license, organizational documents or other identifying documents. Failure to provide the required information will result in a violation of the U.S. Patriot Act and will constitute a default under this instrument. In addition, no Borrower, any of its affiliates, or any of their respective directors, officers, managers, partners, or any other authorized representatives is named as a "Specially Designated National and Blocked Person," on the list published by the U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) at its official website.

**UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, THE BORROWER HEREBY WAIVES THE RIGHT TO TRIAL BY JURY OF ANY MATTERS OR CLAIMS ARISING OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH OR OUT OF THE CONDUCT OF THE RELATIONSHIP BETWEEN THE BORROWER AND BANK, IN EACH CASE WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. BORROWER AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT BANK MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK TO MAKE THE LOAN AND ENTER INTO THIS AGREEMENT. FURTHER, THE BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS PROVISION. BORROWER ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL REGARDING THIS PARAGRAPH, THAT IT FULLY UNDERSTANDS ITS TERMS, CONTENT AND EFFECT, AND THAT IT VOLUNTARILY AND KNOWINGLY AGREES TO THE TERMS OF THIS PARAGRAPH.**

(SIGNATURE ON FOLLOWING PAGE)

# BB&T

## MODIFICATION PROMISSORY NOTE SIGNATURE PAGE

Borrower: The Goldfield Corporation  
Account Number: 9660933082  
Note Amount: \$27,490,000.00

Note Number: 90005  
Date: May 24, 2018

IN WITNESS WHEREOF, the Borrower, on the day and year first written above, has executed, or caused this Note to be executed by its authorized officer or representative, under seal.

### WITNESSES

/s/ Melissa A. Munson

/s/ Barry Forbes

The Goldfield Corporation, a Delaware corporation

By: /s/ Stephen R. Wherry

Stephen R. Wherry, its Senior Vice President

# BB&T

## ADDENDUM TO MODIFICATION PROMISSORY NOTE

BB&T Account No. 9660933082

THIS ADDENDUM TO MODIFICATION PROMISSORY NOTE (“Addendum”) is hereby made a part of the Modification Promissory Note dated May 24, 2018, from The Goldfield Corporation (“Borrower”) payable to the order of **Branch Banking and Trust Company** (“Bank”) in the principal amount of \$27,490,000.00 (including all renewals, extensions, modifications and substitutions thereof, the “Note”).

### I. DEFINITIONS.

1.1 **Adjusted LIBOR Rate** means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/100<sup>th</sup> of 1.0%) by adding (i) the One Month LIBOR plus (ii) one and 80/100 percent (1.80%) per annum, which shall be adjusted monthly on the first day of each LIBOR Interest Period. The Adjusted LIBOR Rate shall be adjusted for any change in the LIBOR Reserve Percentage so that Bank shall receive the same yield. The interest rate will in no instance exceed the maximum rate permitted by applicable law and the interest rate will not decrease below a fixed minimum rate of 0%.

1.2 **Business Day** means a day other than a Saturday, Sunday, legal holiday or any other day when the Bank is authorized or required by applicable law to be closed.

1.3 **Advance** means any advance made by Bank to Borrower evidenced by the Note.

1.4 **LIBOR Interest Period** means the period applicable to any Advance commencing on the date the Note is made (or the date of any subsequent LIBOR addendum to the Note) and (i) if adjusted monthly, ending on the day that is immediately prior to the numerically corresponding day of each month thereafter or (ii) if adjusted quarterly, ending on the day that is immediately prior to the numerically corresponding day of each quarter thereafter; provided that:

(a) any LIBOR Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such LIBOR Interest Period shall end on the next preceding Business Day; and

(b) any LIBOR Interest Period which begins on a day for which there is no numerically corresponding day in a subsequent month if adjusted monthly or in a subsequent quarter if adjusted quarterly, shall end on the last Business Day of each subsequent month if adjusted monthly or on the last Business Day of each subsequent quarter if adjusted quarterly.

1.5 **LIBOR Reserve Percentage** means the maximum aggregate rate at which reserves (including, without limitation, any marginal supplemental or emergency reserves) are required to be maintained under Regulation D by member banks of the Federal Reserve System with respect to dollar funding in the London interbank market. Without limiting the effect of the foregoing, the LIBOR Reserve Percentage shall reflect any other reserves required to be maintained by such member banks by reason of any applicable regulatory change against (i) any category of liability which includes deposits by reference to which the Adjusted LIBOR Rate is to be determined or (ii) any category of extensions of credit or other assets related to LIBOR.

1.6 **One Month LIBOR** means the average rate quoted by Bloomberg Finance L.P., or any quoting service or commonly available source utilized by the Bank, on the determination date for deposits in U. S. Dollars offered in the London interbank market for one month determined at approximately 11:00 am London time two (2) Business Days prior to the commencement of the applicable LIBOR Interest Period; provided that if the above method for determining One month LIBOR shall not be available, the rate quoted in *The Wall Street Journal*, or a rate determined by a substitute method of determination agreed on by Borrower and Bank; provided, if such agreement is not reached within a reasonable period of time (in Bank's sole judgment), a rate reasonably determined by Bank in its sole discretion as a rate being paid, as of the determination date, by first class banking organizations (as determined by Bank) in the London interbank market for U. S. Dollar deposits; and provided further that if One Month LIBOR determined as provided above would be less than zero percent (0%), then One Month LIBOR shall be deemed to be zero percent (0%).

1.7 **Standard Rate** means, for any day, a rate per annum equal to the Bank's announced Prime Rate minus 0% per annum, and each change in the Standard Rate shall be effective on the date any change in the Prime Rate is publicly announced as being effective.

### II. LOAN BEARING ADJUSTED LIBOR RATE

2.1 Application of Adjusted LIBOR Rate. The Adjusted LIBOR Rate shall apply to the entire principal balance outstanding of all outstanding Advances for any LIBOR Interest Period.

2.2 Adjusted LIBOR Based Rate Protections.

(a) Inability to Determine Rate. In the event that Bank shall have determined, which determination shall be final, conclusive and binding, that by reason of circumstances occurring after the date of this Note affecting the London interbank market, adequate and fair means do not exist for ascertaining the One Month LIBOR on the basis provided for in this Note, Bank shall give notice (by telephone

confirmed in writing or by telecopy) to Borrower of such determination, whereupon (i) no Advance shall be made until Bank notifies

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Borrower that the circumstances giving rise to such notice no longer exist, and (ii) any request by Borrower for an Advance shall be deemed to be a request for an Advance at the Standard Rate.

( b ) Illegality; Impracticability. In the event that Bank shall determine, which determination shall be final, conclusive and binding, that the making, maintaining or continuance of any portion of an Advance (i) has become unlawful as a result of compliance by Bank with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any of the same not having the force of law even though the failure to comply therewith would not be unlawful) or (ii) has become impracticable, or would cause Bank material hardship, as a result of contingencies occurring after the date of this Note materially and adversely affect the London interbank market or Bank's ability to make Advances generally, then, and in any such event, Bank shall give notice (by telephone confirmed in writing or by telecopy) to Borrower of such determination. Thereafter, (x) the obligation of Bank to make any Advance subject to the Adjusted LIBOR Rate shall be suspended until such notice shall be withdrawn by Bank, and (y) any request by Borrower for an Advance shall be deemed to be a request for an Advance at the Standard Rate.

### III. PURPOSE OF LOAN

3.1 Purpose of Loan. The "Net Cash Available to Borrower for Future Advances" in the amount set forth in a Loan Closing Statement of even date hereof will be advanced by Bank to Borrower only for the purchase (or reimbursement if Borrower advanced the cost) of equipment, vehicles, and related accessories, made on or after January 1, 2018 ("Additional Collateral"). Draw requests must be accompanied with appropriate invoices (or proof of prior payment), and will not exceed the purchase price, plus sales tax, shipping charges, and accessories. No advances hereunder will be made after December 31, 2018. Borrower agrees to execute such additional documentation as may be necessary from time to time to perfect the Bank's security interest and first lien position in the Additional Collateral.

This Addendum shall operate as a sealed instrument.

Borrower:

/s/ Melissa A. Munson

Witness:

Melissa A. Munson

Print Name:

/s/ Barry Forbes

Witness:

Barry Forbes

Print Name:

The Goldfield Corporation, a Delaware corporation

By: /s/ Stephen R. Wherry

Stephen R. Wherry, its Senior Vice President

Date: May 24, 2018



City: Melbourne, FL

## BB&T SECURITY AGREEMENT

This Security Agreement (“Security Agreement”) is made May 24, 2018, between The Goldfield Corporation, a Delaware corporation, Southeast Power Corporation, a Florida corporation, Power Corporation of America, a Florida corporation, Bayswater Development Corporation, a Florida corporation, Pineapple House of Brevard, Inc., a Florida corporation, C and C Power Line, Inc., a Florida corporation, and Precision Foundations, Inc., a Florida corporation (collectively, “Debtor”), and **Branch Banking and Trust Company**, a North Carolina banking corporation (“Secured Party”).

This Security Agreement is entered into in connection with:

- (i) a Master Loan Agreement (“Loan Agreement”) dated on or before the date of this Security Agreement under which the Secured Party has agreed to make a loan(s) and/or establish a line(s) of credit;
  - (ii) a Modification Promissory Note dated May 24, 2018 (including all extensions, renewals, modifications and substitutions thereof, the “Note”), of The Goldfield Corporation (the “Borrower”), in the principal amount of \$27,490,000.00;
  - (iii) a guaranty agreement or agreements (whether one or more, the “Guaranty”) executed by the guarantors named therein (whether one or more, the “Guarantors”) dated on or about the same date as this Security Agreement;
- and/or
- (iv) all obligations of Debtor under a BB&T Bankcard Agreement to repay indebtedness incurred under Business Visa Credit Cards issued to authorized officers and employees of Debtor.

Secured Party and Debtor agree as follows:

### I. DEFINITIONS.

**1.1 Collateral.** Unless specific items of personal property are described below, the Collateral shall consist of all now owned and hereafter acquired and wherever located personal property of Debtor identified below, each capitalized term as defined in Article 9 of the Florida Uniform Commercial Code (“UCC”):

- (i) Accounts, including all contract rights;
- (ii) Equipment and Machinery, including all Accessions thereto, and all manufacturers’ warranties, parts and tools therefore;
- (iii) Vehicles,
- (iv) Supporting Obligations;
- (v) to the extent not listed above as original collateral, all proceeds (cash and non-cash) and products of the foregoing.

**1.2 Obligations.** This Security Agreement secures the following (collectively, the “Obligations”):

- (i) Debtor’s or Borrower’s obligations under the Note, the Loan Agreement, and this Security Agreement, any Business Credit Card Agreement or Purchase Card Agreement, and in addition to the foregoing obligations, if the Debtor is a Guarantor, its obligations under its Guaranty;
- (ii) all of Debtor’s or Borrower’s present and future indebtedness and obligations to Secured Party howsoever evidenced, including without limitation all subsequent promissory notes executed by Debtor or Borrower, reimbursement of drafts or drawings paid by Secured Party on any Commercial or Standby Letter of Credit issued on the account of the Debtor or Borrower; all indebtedness and obligations of Debtor or Borrower to Secured Party (or an affiliate of Secured Party) under any interest rate swap transactions, interest rate cap and/or floor transactions, interest rate collar transactions, swap agreements (as defined in 11 U.S.C. § 101) or other similar transactions or agreements including without limitation any ISDA Master Agreement executed by Debtor or Borrower and all Schedules and Confirmations entered into in connection therewith, hereinafter collectively referred to as a Hedge Agreement; and all amounts advanced to Debtor or Borrower by Secured Party in connection with the issuance of Business Credit Cards to the officers and designated employees of the Debtor or Borrower.
- (iii) the repayment of (a) any amounts that Secured Party may advance or spend for the maintenance or preservation of the Collateral, and (b) any other expenditures that Secured Party may make under the provisions of this Security Agreement or for the benefit of Debtor or Borrower;
- (iv) all amounts owed under any modifications, renewals, extensions or substitutions of any of the foregoing obligations;
- (v) all Default Costs, as defined in Paragraph VIII of this Security Agreement;  
and
- (vi) any of the foregoing that may arise after the filing of a petition by or against Debtor or Borrower under the Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Bankruptcy Code § 362 or otherwise.

**1.3 UCC.** Any term used in the UCC and not otherwise defined in this Security Agreement has the meaning given to the term in the UCC.

**II. GRANT OF SECURITY INTEREST.**

Debtor grants a security interest in the Collateral to Secured Party to secure the payment and performance of the Obligations.

*ACCOUNT #9660933082 / NOTE #90005*

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### III. PERFECTION OF SECURITY INTERESTS.

#### 3.1 Filing of Security Interests.

- (i) Debtor authorizes Secured Party to execute on the Debtor's behalf and file any financing statement (the "Financing Statement") describing the Collateral in any location deemed necessary and appropriate by Secured Party.
- (ii) Debtor authorizes Secured Party to file a Financing Statement describing any agricultural liens or other statutory liens held by Secured Party.
- (iii) Secured Party shall receive prior to the closing an official report from the Secretary of State of each Place of Business and the Debtor State, each as defined below, collectively (the "Filing Reports") indicating that Secured Party's security interest is prior to all other security interests or other interests reflected in the report.

#### 3.2 Possession.

- (i) Debtor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Secured Party chooses to perfect its security interest by possession in addition to the filing of a Financing Statement.
- (ii) Where Collateral is in the possession of a third party, Debtor will join with Secured Party in notifying the third party of Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Secured Party.

**3.3 Control Agreements.** Debtor will cooperate with Secured Party in obtaining a control agreement in form and substance satisfactory to Secured Party with respect to Collateral consisting of (check appropriate items):

- Deposit Accounts (for deposit accounts at other financial institutions);
- Investment Property (for securities accounts, mutual funds and other uncertificated securities);
- Letter-of-credit rights; and/or
- Electronic chattel paper.

**3.4 Marking of Chattel Paper.** If Chattel Paper is part of the Collateral, Debtor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Secured Party indicating that Secured Party has a security interest in the Chattel Paper.

### IV. POST-CLOSING COVENANTS AND RIGHTS CONCERNING THE COLLATERAL.

**4.1 Inspection.** The parties to this Security Agreement may inspect any Collateral in the other party's possession, at any time upon reasonable notice.

**4.2 Personal Property.** Except for items specifically identified by Debtor and Secured Party as Fixtures, the Collateral shall remain personal property at all times, and Debtor shall not affix any of the Collateral to any real property in any manner which would change its nature from that of personal property to real property or to a fixture.

**4.3 Secured Party's Collection Rights.** Secured Party shall have the right at any time to enforce Debtor's rights against any account debtors and obligors.

#### 4.4 Limitations on Obligations Concerning Maintenance of Collateral.

- (i) **Risk of Loss.** Debtor has the risk of loss of the Collateral.
- (ii) **No Collection Obligation.** Secured Party has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.

**4.5 No Disposition of Collateral.** Secured Party does not authorize, and Debtor agrees not to:

- (i) make any sales or leases of any of the Collateral other than in the ordinary course of business;
- (ii) license any of the Collateral; or
- (iii) grant any other security interest in any of the Collateral.

**4.6 Purchase Money Security Interests.** To the extent Debtor uses the Loan to purchase Collateral, Debtor's repayment of the Loan shall apply on a "first-in-first-out" basis so that the portion of the Loan used to purchase a particular item of Collateral shall be paid in the chronological order the Debtor purchased the Collateral.

**4.7 Insurance.** Debtor shall obtain and keep in force such insurance on the Collateral as is normal and customary in the Debtor's business or as the Secured Party may require, all in such amounts, under such forms of policies, upon such terms, for such periods and written by such insurance companies as the Secured Party may approve. All policies of insurance will contain the long-form Lender's Loss Payable clause in favor of the Secured Party, and the Debtor shall deliver the policies or complete copies thereof to the Secured Party. Such policies shall be noncancellable except upon thirty (30) days' prior written notice to the Secured Party. The proceeds of all such insurance, if any loss should occur, may be applied by the Secured Party to

the payment of the Obligations or to the replacement of any of the Collateral damaged or destroyed, as the Secured Party may elect or direct in its sole discretion. The Debtor hereby appoints (which appointment constitutes a power coupled with an interest and is irrevocable as long as any of the Obligations remain outstanding) Secured Party as its lawful attorney-in-fact with full authority to make, adjust, settle claims under and/or cancel such insurance and to endorse the Debtor's name on any instruments or drafts issued by or upon any insurance companies.

*ACCOUNT #9660933082 / NOTE #90005*

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## V. DEBTOR'S REPRESENTATIONS AND WARRANTIES.

Debtor represents and warrants to Secured Party:

**5.1 Title to and transfer of Collateral.** It has rights in or the power to transfer the Collateral and its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.

**5.2 Location of Collateral.** All collateral consisting of goods (equipment, inventory, fixtures, manufactured homes; and other tangible, movable personal property) is substantially all located in the United States, primarily in the following States (the "Collateral States"): Texas, Florida, North Carolina, South Carolina, and Georgia.

**5.3 Location, State of Incorporation and Name of Debtor.** Debtor's:

- (i) chief executive office (if Debtor has more than one place of business), place of business (if Debtor has one place of business), or principal residence (if Debtor is an individual), is located in the following State and address (the "Place of Business"): 1684 W. Hibiscus Boulevard, Melbourne, Florida, 32901;
- (ii) state of incorporation or organization is Delaware or Florida, as set forth in the first paragraph of this Security Agreement (the "Debtor State");
- (iii) exact legal name is as set forth in the first paragraph of this Security Agreement.

**5.4 Business Purpose.** None of the Obligations is a Consumer Transaction, as defined in the UCC and none of the Collateral has been or will be purchased or held primarily for personal, family or household purposes.

## VI. DEBTOR'S COVENANTS.

Until the Obligations are paid in full, Debtor agrees that it will:

**6.1** preserve its legal existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets;

**6.2** not change the Debtor State of its registered organization;

**6.3** not change its registered name without providing Secured Party with 30 days' prior written notice; and

**6.4** not change the state of its Place of Business or, if Debtor is an individual, change his state of residence without providing Secured Party with 30 days' prior written notice.

## VII. EVENTS OF DEFAULT.

The occurrence of any of the following shall, at the option of Secured Party, be an Event of Default:

**7.1** Any default or Event of Default by Borrower or Debtor under any Note, Loan Agreement, Hedge Agreement, Business Credit Card Agreement or Purchase Card Agreement, any of the other loan documents, and Guaranty or any of the other Obligations;

**7.2** Debtor's failure to comply with any of the provisions of, or the incorrectness of any representation or warranty contained in, this Security Agreement, the Note, the Loan Agreement, or in any other document relating to the Obligations;

**7.3** Transfer or disposition of any of the Collateral other than in the ordinary course of business, except as expressly permitted by this Security Agreement;

**7.4** Attachment, execution or levy on any of the Collateral;

**7.5** Debtor voluntarily or involuntarily becoming subject to any proceeding under (a) the Bankruptcy Code or (b) any similar remedy under state statutory or common law;

**7.6** Debtor shall fail to comply with, or become subject to any administrative or judicial proceeding under any federal, state or local (a) hazardous waste or environmental law, (b) asset forfeiture or similar law which can result in the forfeiture of property, or (c) other law, where noncompliance may have any significant effect on the Collateral; or

**7.7** Secured Party shall receive at any time following the closing a UCC filing report indicating that Secured Party's security interest is not prior to all other security interests or other interests reflected in the report.

## VIII. DEFAULT COSTS.

**8.1** Should an Event of Default occur, Debtor will pay to Secured Party all costs incurred by the Secured Party for the purpose of enforcing its rights hereunder, including:

- (i) costs of foreclosure;

(ii) costs of obtaining money damages; and

(iii) a reasonable fee for the service of attorneys employed by Secured Party for any purpose related to this Security Agreement or the Obligations, including without limitation consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.

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## IX. REMEDIES UPON DEFAULT.

**9.1 General.** Upon any Event of Default, Secured Party may pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce or satisfy any Obligations then owing, whether by acceleration or otherwise.

**9.2 Concurrent Remedies.** Upon any Event of Default, Secured Party shall have the right to pursue any of the following remedies separately, successively or concurrently:

(i) File suit and obtain judgment and, in conjunction with any action, Secured Party may seek any ancillary remedies provided by law or at equity, including levy of attachment and garnishment.

(ii) Take possession of any Collateral if not already in its possession without demand and without legal process. Upon Secured Party's demand, Debtor will assemble and make the Collateral available to Secured Party as it directs. Debtor grants to Secured Party the right, for this purpose, to enter into or on any premises where Collateral may be located.

(iii) Without taking possession, sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the UCC.

## X. FORECLOSURE PROCEDURES.

**10.1 No Waiver.** No delay or omission by Secured Party to exercise any right or remedy accruing upon any Event of Default shall (a) impair any right or remedy, (b) waive any default or operate as an acquiescence to the Event of Default, or (c) affect any subsequent default of the same or of a different nature.

**10.2 Notices.** Secured Party shall give Debtor such notice of any private or public sale as may be required by the UCC.

**10.3 Condition of Collateral.** Secured Party has no obligation to repair, clean-up or otherwise prepare the Collateral for sale.

**10.4 No Obligation to Pursue Others.** Secured Party has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Secured Party may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations.

**10.5 Compliance With Other Laws.** Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

**10.6 Warranties.** Secured Party may sell the Collateral without giving any warranties as to the Collateral and may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

**10.7 Sales on Credit.** If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale as and when received, less expenses.

**10.8 Purchases by Secured Party.** In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations of the Debtor.

**10.9 No Marshalling.** Secured Party has no obligation to marshal any assets in favor of Debtor, or against or in payment of:

- (i) the Note,
- (ii) any of the other Obligations, or
- (iii) any other obligation owed to Secured Party, Borrower or any other person.

## XI. MISCELLANEOUS.

**11.1 Assignment.**

(i) **Binds Assignees.** This Security Agreement shall bind and shall inure to the benefit of the successors and assigns of Secured Party, and shall bind all heirs, personal representatives, executors, administrators, successors and permitted assigns of Debtor.

(ii) **No Assignments by Debtor.** Secured Party does not consent to any assignment by Debtor except as expressly provided in this Security Agreement.

(iii) **Secured Party Assignments.** Secured Party may assign its rights and interests under this Security Agreement. If an assignment is made, Debtor shall render performance under this Security Agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses or set-offs which Debtor could assert against Secured Party except defenses which cannot be waived.

**11.2 Severability.** Should any provision of this Security Agreement be found to be void, invalid or unenforceable by a court or panel of arbitrators of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the

remaining provisions of this Security Agreement.

**11.3 Notices.** Any notices required by this Security Agreement shall be deemed to be delivered when a record has been (a) deposited in any United States postal box if postage is prepaid, and the notice properly addressed to the intended recipient, (b) received by telecopy, (c) received through the Internet, and (d) when personally delivered.

**11.4 Headings.** Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement

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and shall not be used in construing it.

**11.5 Governing Law.** This Security Agreement is being executed and delivered and is intended to be performed in the State of Florida and shall be construed and enforced in accordance with the laws of the State of , except to the extent that the UCC provides for the application of the law of the Debtor State.

**11.6 Rules of Construction.**

(i) No reference to “proceeds” in this Security Agreement authorizes any sale, transfer, or other disposition of the Collateral by the Debtor except in the ordinary course of business.

(ii) “Includes” and “including” are not limiting.

(iii) “Or” is not exclusive.

(iv) “All” includes “any” and “any” includes “all.”

**11.7 Integration and Modifications.**

(i) This Security Agreement is the entire agreement of the Debtor and Secured Party concerning its subject matter.

(ii) Any modification to this Security Agreement must be made in writing and signed by the party adversely affected.

**11.8 Waiver.** Any party to this Security Agreement may waive the enforcement of any provision to the extent the provision is for its benefit.

**11.9 Further Assurances.** Debtor agrees to execute any further documents, and to take any further actions, reasonably requested by Secured Party to evidence or perfect the security interest granted herein or to effectuate the rights granted to Secured Party herein.

**11.10 Waiver of Jury Trial.** DEBTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR IN ANY WAY RELATING TO THE LOAN OR THE SECURITY AGREEMENT OR ANY OF THE TRANSACTIONS WHICH ARE CONTEMPLATED BY THE LOAN OR THE SECURITY AGREEMENT. THE JURY TRIAL WAIVER CONTAINED IN THIS SECTION IS INTENDED TO APPLY TO THE FULLEST EXTENT PERMITTED BY LAW, TO ANY AND ALL DISPUTES AND CONTROVERSIES THAT ARISE OUT OF OR IN ANY WAY RELATE TO ANY OR ALL OF THE MATTERS DESCRIBED IN THE PRECEDING SENTENCE, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, AND ALL OTHER COMMON LAW, EQUITABLE, AND STATUTORY CLAIMS OF ANY KIND. THIS PROVISION IS A MATERIAL INDUCEMENT FOR SECURED PARTY TO MAKE THE LOAN SECURED BY THIS SECURITY AGREEMENT. FURTHER, THE DEBTOR HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF SECURED PARTY, NOR SECURED PARTY’S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SECURED PARTY WOULD NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION IN THE EVENT OF LITIGATION. NO REPRESENTATIVE OR AGENT OF SECURED PARTY, NOR SECURED PARTY’S COUNSEL, HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS PROVISION.

**(SIGNATURES ON FOLLOWING PAGE)**

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**SIGNATURE PAGE FOR SECURITY AGREEMENT**

The parties have signed this Security Agreement under seal as of the day and year first above written.

**The Goldfield Corporation, a Delaware corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Senior Vice President

/s/ Barry Forbes

**Southeast Power Corporation, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Power Corporation of America, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Bayswater Development Corporation, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Pineapple House of Brevard, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**C and C Power Line, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

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By: /s/ Stephen R. Wherry

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Stephen R. Wherry, Authorized Signer

/s/ Barry Forbes

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**Precision Foundations, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Branch Banking and Trust Company**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Barry Forbes  
Barry Forbes, Sr. Vice President

/s/Andrew P. Pisciotto

*ACCOUNT #9660933082 / NOTE #90005*

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# BB&T

## GUARANTY AGREEMENT

**BRANCH BANKING AND TRUST COMPANY**

Date: May 24, 2018

As an inducement to Branch Banking and Trust Company ("Bank"), having a branch office at 158 N. Harbor City Boulevard, Suite 401, Melbourne, Florida 32935, to extend credit to and to otherwise deal with The Goldfield Corporation ("Borrower"), and in consideration thereof, the undersigned (the "Guarantor" and each of the undersigned Guarantors, jointly and severally, if more than one) hereby unconditionally guarantees to Bank and its successors and assigns the due and punctual payment of any and all notes, drafts, debts, ACH obligations and liabilities, primary or secondary (whether by way of endorsement or otherwise), of Borrower, at any time, whether now existing or hereafter incurred with or held by Bank, together with interest, as and when the same become due and payable, and whether by acceleration or otherwise (collectively, the "Obligations"), in accordance with the terms of the Obligations including all renewals, extensions and modifications thereof. This Guaranty is a guarantee of payment and not of collection.

To secure the Obligations, the Guarantor hereby grants to bank a security interest in all of the Guarantor's deposit accounts maintained with Bank, and Bank shall also at all times have the right of set-off against any such deposit account in the same manner and to the same extent that the right of set-off may exist against the Borrower. The Guarantor hereby subordinates any and all indebtedness of Borrower now or hereafter owed to the Guarantor to the Obligations, and agrees with Bank that the Guarantor shall not demand payment of principal or interest from Borrower, shall not claim any offset or other reduction of the Obligations because of any such indebtedness and shall not take any action to obtain any of the security described in and encumbered by the documents evidencing Obligations ("Loan Documents"); provided, however, that, if Bank so requests, such indebtedness shall be collected, enforced and received by the Guarantor as trustee for Bank and shall be paid over to Bank on account of the Obligations, but without reducing or affecting in any manner the liability of the Guarantor under the other provisions of this Guaranty Agreement.

Guarantor understands and agrees that an Obligation may be accepted or created with Bank at any time and from time to time without notice to Guarantor and Guarantor hereby expressly waives presentment, demand, protest, and notice of dishonor of any such Obligation.

Bank may receive and accept as collateral from time to time any securities or other property for the Obligations, and may surrender, compromise, exchange and release such collateral or any part thereof at any time without notice and without in any manner affecting the obligation and liability of the Guarantor hereunder. Bank shall have no obligation to protect, perfect, secure or insure any security interests, liens or encumbrances in any collateral now or hereafter held for the Obligations.

Notwithstanding anything to the contrary herein, any person that does not qualify as an Eligible Contract Participant (as defined in the Commodity Exchange Act, as amended) or otherwise does not qualify as an "indirect proprietorship" pursuant to the rules of the Commodity Futures Trading Commission, shall not be deemed a party to any guaranty of any swap agreement with Bank entered into or modified on or after October 12, 2012, and shall not be liable for any swap obligations to Bank arising from such swap agreement. The foregoing exclusion shall have no effect on any other obligation of such person to Bank under this Guaranty.

In the event of the occurrence of a "Default" or "Event of Default" otherwise relation to the Obligations or evidenced or secured by ay of the other Loan Documents or relating to the transactions contemplated by the Loan Documents; all rights powers and remedies available to Bank in such event shall be non-exclusive and cumulative of all other rights, powers and remedies provided thereunder or hereunder or by law or in equity. Accordingly, the Guarantor hereby authorizes and empowers Bank upon the occurrence of Default or Event of Default under the Note(s) or Loan Documents, at its sole discretion, and except as otherwise provided herein, without notice to Guarantor, to exercise and cause to be exercised any right or remedy which Bank may have, including, but not limited to, judicial foreclosure, acceptance of a deed or assignment in lieu of foreclosure, appointment of a receiver to collect rents and profits, exercise of remedies against personal property, or enforcement of any assignment of leases, rents, profits, accounts and certificates of deposit, or any other security, whether real, personal or tangible or intangible. At any public or private sale of any security or collateral for any indebtedness or any part hereof guaranteed hereby, whether by foreclosure or otherwise, Bank, may in its discretion, purchase all of any part of such security or collateral so sold or offered for sale for its own account and may apply against the amount bid therefor the balance due it pursuant to the Note(s) or any of the other Loan Documents without prejudice to Bank's remedies hereunder against Guarantor for deficiencies or if allowed by applicable law. If the Obligations are partially paid by reason of the election of Bank, its successors, endorsees or assigns, to pursue any of the remedies available to Bank or if the Obligations are otherwise partially paid, then this Guaranty shall nevertheless remain in full force and effect, and the Guarantor shall remain liable for the entire balance of the Obligations, even though any rights which Guarantor may have against Borrower may be destroyed or diminished by the exercise of any such remedy.

This obligation of the Guarantor hereunder shall be a primary and not a secondary obligation and liability, payable immediately upon demand without recourse first having been obtained by Bank against the Borrower or any other guarantor or obligor, and without first resorting to any collateral held by Bank for the Obligations. The Guarantor hereby waives the benefit of all provisions of law, for stay or delay of execution or sale of any property or other satisfaction of judgment against the Guarantor until judgment is obtained against the Borrower and execution thereon returned unsatisfied, or until it is determined that the Borrower has no property or assets available for the satisfaction of the Obligations, or until any other proceedings can be completed. Guarantor hereby agrees to indemnify Bank for all costs of collection, including but not limited to the costs of repossession, appraisal, foreclosure, all attorneys' fees reasonably incurred and all court costs incurred by Bank should Bank first be required by the Guarantor to resort to any collateral held by the Bank or to obtain execution or other satisfaction of a judgment against the Borrower for the Obligations. The Guarantor further agrees that the Guarantor is responsible for any part of the Obligations which have been paid by the Borrower to Bank and which the Bank is subsequently required to return to the Borrower or a trustee for the Borrower in any bankruptcy or insolvency proceeding. Guarantor agrees that it shall not have any right of subrogation, reimbursement or indemnity whatsoever, nor any right of recourse to bank's collateral for Obligations unless and until all of Obligations of the Borrower have been paid in full. The Guarantor hereby waives, to the extent avoidable under any provision of the Bankruptcy Code, any right arising upon payment by the Guarantor of any obligation under this Guaranty to assert a claim against the bankruptcy estate of the Borrower.

In addition to the other waivers set forth elsewhere in this Guaranty, the Guarantor hereby waives and agrees not to assert or take advantage of (a) if allowed by applicable law, the defense of the statute of limitations in any action hereunder or for the collection of the Obligations or the performance of any Obligation; (b) any defense that may arise by reason of the incapacity, lack of authority, death or disability of Guarantor, Borrower, or any other party or entity, or the failure of Bank to file or enforce a claim against the estate (either in administration, bankruptcy or any other proceeding) of Borrower or any other party or entity; (c) any defense based upon the failure of Bank to give notice of the existence, creation, or incurring of any new or additional indebtedness or obligation



or the failure of Bank to give notice of any action or non-action on the part of any other party whatsoever, in connection with any Obligation, including without limitation the release of any other guarantor; (d) any defense based upon an election of remedies by Bank which destroys or otherwise impairs any subrogation rights of Guarantor to proceed against Borrower for reimbursement, or both; (e) any defense based upon failure of Bank to commence an action against Borrower or any other guarantor of the Obligations; (f) any duty of the part of Bank to disclose to the Guarantor any fact that is may know or hereafter know regarding Borrower; (g) acceptance or notice of acceptance of this Guaranty by Bank; (h) as stated above, notice of presentment and demand for payment or performance of the Obligations or performance of any except as otherwise require in this Guaranty; (i) as set forth above, protest and notice of dishonor or of default to the Guarantor or to any other party with respect to the indebtedness or performance of obligations hereby guaranteed; (j) except as otherwise provided herein, any and all other notices whatsoever to which the Guarantor might otherwise be entitled; (k) any defense based on lack of due diligence by the Bank and the collection, protection or realization upon any collateral securing the Obligations; (l) any transfer by Borrower of all or any part of the security for the Obligations; and (m) any other legal or equitable defenses whatsoever to which the Guarantor might be entitled, to the extent permitted by law, unless such defenses are based upon the willful misconduct of the Bank.

This Guaranty is unlimited and applies to all indebtedness of Borrower, whether now existing or hereafter arising, including without limitation all obligations of the Borrower to Bank in connection with any transfer of funds through the ACH System.

To secure the payment of all Obligations and in addition to the security interest granted to Bank in its deposit accounts, the Guarantor hereby grants a security interest and lien in the following property owned by the Guarantor:

- (i) Accounts, including all contract rights;
- (ii) Equipment and Machinery, including all Accessions thereto, and all manufacturers' warranties, parts and tools therefore;
- (iii) Vehicles;
- (iv) Supporting Obligations;
- (v) to the extent not listed above as original collateral, all proceeds (cash and non-cash) and products of the foregoing.

(the "Collateral").

The Guarantor agrees to execute and deliver to Bank any security agreement, deed of trust, mortgage, UCC financing statement, or other document required by the Bank in order to perfect and protect its security interest or lien in the Collateral. This document shall constitute a security agreement under the Uniform Commercial Code of Florida ("Code"), and in addition to having all other legal rights and remedies, the Bank shall have all rights and remedies of a secured party under the Code.

This Guaranty shall inure to the benefit of Bank, its successors and assigns, and the owners and holders of any of the Obligations, and shall remain in force until a written notice revoking it has been received by Bank; but such revocation shall not release Guarantor from liability to Bank, its successors and assigns, or the owners and holders of any of Obligations, for any Obligation of the Borrower which is hereby guaranteed and then in existence or from any renewals, extensions or modifications thereof in whole or in part, whether such renewals, extensions or modifications are made before or after such revocation, with or without notice to the Guarantor. The Guarantor waives presentment, demand, protest and notices of every kind and assents to any one or more extensions, modifications, renewals or postponements of the time or amount of payment or any other indulgences given to Borrower. The Guarantor shall be responsible for and shall reimburse the Bank for all costs and expenses (including reasonable attorneys' fees) incurred by the Bank in connection with the enforcement of this Guaranty or the protection or preservation of any right or claim of the Bank in connection herewith, including without limitation costs and expenses incurred by the Bank in connection with its attempts to collect the Obligations.

If the Borrower is a corporation, this instrument covers all indebtedness, obligations and liabilities to Bank purporting to be made or undertaken on behalf of such corporation by any such officer or agent of said corporation without regard to the actual authority of such officer or agent. The term "corporation" shall include associations of all kinds and all purported corporations, whether correctly and legally chartered and organized.

The Guarantor hereby warrants and represents to Bank that: (i) this Guaranty is enforceable against it in accordance with its terms; (ii) the execution and delivery of this Guaranty does not violate or constitute a breach of any agreement to which the Guarantor is a party; (iii) there is no litigation, claim, action or proceeding pending or, to the best knowledge of Guarantor, threatened against it which would materially adversely affect the financial condition of Guarantor or its ability to fulfill its obligations hereunder; (iv) that it has knowledge of the Borrower's financial condition and affairs; and (v) unless otherwise required in a Loan Agreement, if applicable, as long as any Obligations remain outstanding or as long as Bank remains obligated to make advances, the Guarantor shall furnish annually, as requested, an updated annual report of The Goldfield Corporation and Subsidiaries as filed with the Securities and Exchange Commission, which, when delivered shall be the property of Bank.

This Guaranty is made in and shall be construed in accordance with the laws and judicial decisions of the State of Florida. The Guarantor agrees that any dispute arising out of this Guaranty shall be adjudicated in either the state or federal courts of Florida and in no other forum. For that purpose, the Guarantor hereby submits to the jurisdiction of the state and/or federal courts of Florida. The Guarantor waives any defense that venue is not proper for any action brought in any federal or state court in the State of Florida.

**UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, GUARANTOR HEREBY WAIVES THE RIGHT TO TRIAL BY JURY OF ANY MATTERS OR CLAIMS ARISING OUT OF THIS GUARANTY OR ANY OF THE LOAN DOCUMENTS EXECUTED BY THE BORROWER IN CONNECTION HERewith OR OUT OF THE CONDUCT OF THE RELATIONSHIP BETWEEN THE BORROWER OR GUARANTOR AND BANK. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK TO EXTEND CREDIT TO BORROWER. GUARANTOR HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS REPRESENTED THAT BANK WOULD NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION AND THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS PROVISION.**

**GUARANTY SIGNATURE PAGE**

Witness the signature and seal of each of the undersigned Guarantors.

**GUARANTORS:**

**Southeast Power Corporation, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Power Corporation of America, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Bayswater Development Corporation, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Pineapple House of Brevard, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes



**C and C Power Line, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Authorized Signer

/s/ Barry Forbes

**Precision Foundations, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

Acknowledgments

STATE OF FLORIDA  
CITY/COUNTY OF BREVARD to-wit:

I HEREBY CERTIFY, that on this 24 day of May, 2018, before me, the undersigned, a Notary Public of the State aforesaid, personally appeared Stephen R. Wherry, who acknowledged himself to be the Vice President of Southeast Power Corporation, Vice President of Power Corporation of America, Vice President of Bayswater Development Corporation, Vice President of Pineapple House of Brevard, Inc., Authorized Signer of C and C Power Line, Inc., and Vice President of Precision Foundations, Inc., who is personally known to me, or has been satisfactorily proven to be, the person whose name is subscribed to the foregoing instrument, and he acknowledged that he, being so authorized to do, executed the foregoing instrument for the purposes therein contained as the duly authorized officer or signer of said respective corporations.

Given under my hand and official seal this 24 day of May, 2018.

(SEAL)

/s/ Melissa A. Munson (SEAL)  
Notary Public

My Commission Expires: 5/21/2020

Borrower: The Goldfield Corporation

Account Number: 9660933082

Address: 1684 W. Hibiscus Boulevard

Melbourne, Florida 32901

**BB&T****PROMISSORY NOTE**

Note Number: 90009

Melbourne, Florida

Date: May 24, 2018

The Goldfield Corporation (whether one or more, the "Borrower") HEREBY REPRESENTS THAT THE LOAN EVIDENCED BY THIS PROMISSORY NOTE ("Note") IS BEING OBTAINED FOR BUSINESS/COMMERCIAL OR AGRICULTURAL PURPOSES AND NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES. For value received, the Borrower, jointly and severally if more than one, promises to pay to **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation (including its successors and assigns, the "Bank"), or order, at any of Bank's offices in the above referenced city (or such other place or places that may be hereafter designated by Bank) the sum of Eighteen Million and no/100 Dollars (\$18,000,000.00), or such lesser amount outstanding at maturity, in immediately available currency of the United States of America.

**Interest shall accrue from the date hereof on the unpaid balance outstanding from time to time at the:**

Adjusted LIBOR Rate as more specifically described in the Addendum to Note attached hereto.

**Principal and interest are payable as follows:**

Principal (plus any accrued interest not otherwise scheduled herein) is due in full at maturity on November 28, 2020.

Accrued interest is payable monthly commencing on June 9, 2018 and continuing on the same day of each calendar period thereafter, with one final payment of all remaining interest due on November 28, 2020.

**Documentary Stamp Tax:**

Documentary stamp tax in the amount of \$2,450.00 has been or will be paid to the Florida Department of Revenue. Certificate of Registration No. 56-1074313-19-001.

Borrower shall pay to Bank, or order, a late fee in the amount of five percent (5.0%) of any installment past due for ten (10) or more days. When any installment payment is past due for ten (10) or more days, subsequent payments shall first be applied to the past due balance. In addition, Borrower shall pay to Bank a returned payment fee if the Borrower or any other obligor hereon makes any payment at any time by check or other instrument, or by any electronic means, which is returned to Bank because of nonpayment due to nonsufficient funds.

All interest shall be computed and charged for the actual number of days elapsed on the basis of a year consisting of three hundred sixty (360) days. Borrower agrees that the only interest charge is the interest actually stated in this Note, and that any loan or origination fee shall be deemed charges rather than interest, which charges are fully earned and non-refundable. It is further agreed that any late charges are not a charge for the use of money but are imposed to compensate Bank for some of the administrative services, costs and losses associated with any delinquency or default under this Note, and said charges shall be fully earned and non-refundable when accrued. All other charges imposed by Bank upon Borrower in connection with this Note and the loan including, without limitation, any commitment fees, loan fees, facility fees, origination fees, discount points, default and late charges, prepayment fees, reasonable attorneys' fees and reimbursements for costs and expenses paid by Bank to third parties or for damages incurred by Bank are and shall be deemed to be charges made to compensate Bank for underwriting and administrative services and costs, other services, and costs or losses incurred and to be incurred by Bank in connection with this Note and the Loan and shall under no circumstances be deemed to be charges for the use of money. All such charges shall be fully earned and non-refundable when due. Time is of the essence of this Note.

In the event periodic accruals of interest shall exceed any periodic fixed payment amount described above, the fixed payment amount shall be immediately increased, or additional supplemental interest payments required on the same periodic basis as specified above (increased fixed payments or supplemental payments to be determined in the Bank's sole discretion), in such amounts and at such times as shall be necessary to pay all accruals of interest for the period and all accruals of unpaid interest from previous periods. Such adjustments to the fixed payment amount or supplemental payments shall remain in effect for so long as any interest accruals shall exceed the original fixed payment amount and shall be further adjusted upward or downward to reflect changes in any variable interest rate; provided that unless elected otherwise above, the fixed payment amount shall not be reduced below the original fixed payment amount. However, Bank shall have the right, in its sole discretion, to lower the fixed payment amount below the original payment amount.

This Note is executed and delivered by Borrower in connection with the following agreements (if any) between Borrower or other

parties owning collateral and Bank:

Security Agreement conveying a security interest to Bank dated of even date given by Borrower and Southeast Power Corporation, Power Corporation of America, Bayswater Development Corporation, Pineapple House of Brevard, Inc., C and C Power Line, Inc., and Precision Foundations, Inc.

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Master Loan Agreement dated May 24, 2018, executed by Borrower and Southeast Power Corporation, Power Corporation of America, Bayswater Development Corporation, Pineapple House of Brevard, Inc., C and C Power Line, Inc., and Precision Foundations, Inc.

All of the terms, conditions and covenants of the above described agreements (the "Agreements") are expressly made a part of this Note by reference in the same manner and with the same effect as if set forth herein at length, and Bank is entitled to the benefits of and remedies provided in the Agreements and any other related documents given by Borrower, any guarantor, or any pledgor in favor of Bank. In addition to Bank's right of setoff and to any liens and security interests granted to Bank in the Agreements, Borrower hereby grants to Bank a security interest in all of its deposit accounts maintained with and investment property held by Bank, which shall serve as collateral for the indebtedness and obligations evidenced by this Note.

No delay or omission on the part of Bank or other holder hereof in exercising any right hereunder shall operate as a waiver of such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or of any other right on any future occasion. Each Borrower regardless of the time, order or place of signing waives presentment, demand, protest and notices of every kind and assents to any one or more extensions or postponements of the time of payment or any other indulgences, to any substitutions, exchanges or releases of collateral by Bank, and to the additions or releases of any other parties or persons primarily or secondarily liable herefor.

Subject to applicable notice and cure periods set forth below, the following shall constitute events of default hereunder: Borrower's failure to pay any part of the principal or interest when due or to fully perform any covenant or obligation under this Note, the Agreements or on any other liability to Bank by any one or more of the Borrower, by any affiliate of the Borrower (as defined in 11 USC Section (101)(2)), or by any guarantor of this Note (said affiliate or guarantor herein called "Obligor"); or should any financial statement, representation or warranty made to Bank by any Borrower or any Obligor be found to be incorrect or incomplete in any material respect when made; or should any Borrower fail to furnish information and documentation to the Bank sufficient to verify the identity of Borrower as required under the USA Patriot Act; or should Borrower commit an event of a default under any of the Agreements or under any other obligation of any Borrower or of any Obligor whether to Bank or any other creditor; or should any Borrower or any Obligor die, terminate its existence, allow the appointment of a receiver for any part of its property, make an assignment for the benefit of creditors; or should a proceeding under bankruptcy or insolvency laws be initiated by or against any Borrower or any Obligor; or should any Borrower, any Obligor or any officer, director or owner of 20% or more of the outstanding ownership interests of any Borrower or any Obligor be indicted for a felony offense under state or federal law, or should any Borrower or any Obligor employ an executive officer, manager or general partner, or elect a director, who has been convicted of any such felony offense, or should any person become an owner of 20% or more of the outstanding ownership interests of any Borrower or any Obligor who has been indicted or convicted of any such felony offense; or should Bank determine that Borrower or any Obligor has suffered a material adverse change in its financial condition or business operations; or should there occur an attachment, execution, or other judicial seizure of all or any portion of any Borrower's or any Obligor's assets, including an action or proceeding to seize any funds on deposit with the Bank, and such seizure is not discharged within 30 days; or should a final judgment for the payment of money be rendered against any Borrower or any Obligor which is not covered by insurance or debt cancellation contract and such final judgment remains undischarged for a period of 30 days unless such judgment or execution thereon is effectively stayed; or should any guarantor terminate any guaranty agreement given in connection with this Note, then any one of the same shall be a material default hereunder and this Note and other debts due the Bank by any Borrower shall immediately become due and payable at the option of the Bank without notice or demand of any kind, which is hereby waived.

Notwithstanding any provision contained in this Note or any other Agreements to the contrary, in the event of a payment default, Bank's right to accelerate the indebtedness evidenced by this Note shall be immediate and without notice to Borrower of such event of default. With respect to any non-payment default under this Note or the other Agreements which is curable and if Borrower has not been given a notice of a breach of the same provision within the preceding twelve (12) months, it may be cured if Borrower, after Bank sends written notice to Borrower demanding cure of such default: (i) cures the default within thirty (30) days; or (ii) if the cure requires more than thirty (30) days, immediately initiates steps which Bank deems in Bank's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical. For the avoidance of doubt, in no event shall any notice and right to cure be required or given for any event of default arising from: any representation, financial statement, report, certificate or other document furnished prior or pursuant to the Agreements which proves to be false or misleading in any material respect when made; should Borrower or any Obligor voluntarily become a debtor under the Bankruptcy Code, become subject to any insolvency proceeding, make an assignment for the benefit of creditors or become subject to any attachment, execution, or judicial seizure of its assets (including any funds on deposit with Bank); any indictment of any Borrower, any Obligor or any manager, executive officer or general partner thereof for any felony offense; any failure to repay this Note at maturity; any commencement of the process of liquidation or dissolution; any proceeding commenced against it seeking the forfeiture of all or any part of the collateral

securing this Note or other assets as a result of any criminal activity; the sale, conveyance, transfer or encumbrance of any real property subject to a Mortgage granted to Bank or a bulk sale transfer of any personal collateral without the prior consent of Bank; or upon the termination of any guaranty agreement by any guarantor or the death of any guarantor.

Upon an Event of Default, in addition to Bank's rights set forth above, Bank may, at its option and subject to any applicable notice and cure periods (i) cease making advances or disbursements including during any cure period; (ii) advance funds necessary to remedy any default or pay any lien filed against any of the collateral; (iii) take possession of the collateral or any part thereof; (iv) foreclose Bank's security interest and/or lien on any collateral in accordance with applicable law; (v) make demand upon any or all guarantors; and (vi) exercise any other right or remedy which Bank has under this Note or any related documents or which is otherwise available at law or in equity. All of Bank's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Any election by Bank to pursue any remedy shall not exclude the right to pursue any other remedy unless expressly prohibited by law, and any election by Bank to make expenditures or to take action to perform an obligation of Borrower, or of any Obligor, shall not affect Bank's right to declare a default and exercise its rights and remedies. In addition, upon default, Bank may pursue its full legal remedies under the Agreements and other remedies at law or equity, and the balance due hereunder may be charged against any obligation of Bank to any party including any Obligor.

From and after any event of default hereunder, interest shall accrue on the sum of the principal balance and accrued interest then outstanding at the rate of fifteen percent (15.0%) per annum (the "Default Rate") until such principal and interest have been paid in full, provided that such rate shall not exceed at any time the highest rate of interest permitted by the laws of the State of Florida; and further provided that such rate shall apply after judgment. **Bank shall not be obligated to accept any check, money order, or other payment instrument marked "payment in full" on any disputed amount due hereunder, and Bank expressly reserves the right to reject all such payment instruments. Borrower agrees that tender of its check or other payment instrument so marked will not satisfy or discharge its obligation under this Note, disputed or otherwise, even if such check or payment instrument is inadvertently processed by Bank unless such payment is in fact sufficient to pay the amount due hereunder.**

Unless otherwise required under a Loan Agreement, if applicable, and as long as any indebtedness evidenced by this Note remains outstanding or as long as Bank remains obligated to make advances, the Borrower shall furnish annually, as requested, an updated annual report of The Goldfield Corporation and Subsidiaries as filed with the Securities and Exchange Commission, which, when delivered shall be the property of the Bank.

The term "Prime Rate," if used herein, means the rate of interest per annum announced by Bank from time to time and adopted as its Prime Rate at its executive offices in Winston-Salem, North Carolina. The Prime Rate is one of several rate indexes employed by Bank when extending credit, and not necessarily the lowest rate. Any change in the interest rate resulting from a change in Bank's Prime Rate shall become effective as of the opening of business on the effective date of the change. If this Note is placed with an attorney for collection, Borrower agrees to pay, in addition to principal, interest, and late fees, if any, all costs of collection, including but not limited to all reasonable attorneys' fees incurred by Bank, whether or not there is a lawsuit, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any court costs. All obligations of Borrower shall bind his heirs, executors, administrators, successors, and/or assigns. Use of the masculine pronoun herein shall include the feminine and the neuter, and also the plural. If more than one party shall execute this Note, the term "Borrower" as used herein shall mean all the parties signing this Note and each of them, and all such parties shall be jointly and severally obligated hereunder. Wherever possible, each provision of this Note shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Each Borrower hereby waives all exemptions and homestead laws as may be permitted by Florida law. The proceeds of the loan evidenced by this Note may be paid to any Borrower. This Note may be executed in any number of counterparts, each of which shall be an original but all of which taken together shall constitute one and the same instrument.

From time to time the maturity date of this Note may be extended, or this Note may be renewed in whole or in part, or a new note of different form may be substituted for this Note, or the rate of interest may be modified, or changes may be made in consideration of loan extensions, and Bank may, from time to time, waive or surrender, either in whole or in part any rights, guaranties, security interests or liens, given for the benefit of Bank in connection with the payment and the securing of payment of this Note; but no such occurrence shall in any manner affect, limit, modify, or otherwise impair any rights, guaranties or security of Bank not specifically waived, released, or surrendered in writing, nor shall Borrower or any Obligor be released from liability by reason of the occurrence of any such event. Bank, from time to time, shall have the unlimited right to release any person who might be liable hereunder, and such release shall not affect or discharge the liability of any other person who is or might be liable hereunder. No waivers and modifications shall be valid unless in writing and signed by Bank. Bank may, at its option, charge any fees for the modification, renewal, extension, or amendment of any of the terms of this Note not prohibited by applicable law. In case of a conflict between the terms of this Note and any Loan Agreement executed in connection herewith, the priority of controlling terms shall be first this Note, then the Loan Agreement. This Note shall be governed by and construed

in accordance with the laws of the State of Florida.

Any legal action with respect to the indebtedness evidenced by this Note may be brought in the courts of the State of Florida or in the appropriate United States District Court situated in Florida, and Borrower hereby accepts and unconditionally submits to the

jurisdiction of such courts. Borrower hereby waives any objection to the laying of venue based on the grounds of forum non conveniens with respect thereto.

**REQUIRED INFORMATION FOR A NEW LOAN.** To help the government fight the funding of terrorism and money laundering activities, federal law requires Bank to obtain, verify and record information that identifies each person or entity obtaining a loan including the Borrower's legal name, address, tax identification number, date of birth, driver's license, organizational documents or other identifying documents. Failure to provide the required information will result in a violation of the U.S. Patriot Act and will constitute a default under this instrument. In addition, no Borrower, any of its affiliates, or any of their respective directors, officers, managers, partners, or any other authorized representatives is named as a "Specially Designated National and Blocked Person," on the list published by the U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) at its official website.

**UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, THE BORROWER HEREBY WAIVES THE RIGHT TO TRIAL BY JURY OF ANY MATTERS OR CLAIMS ARISING OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH OR OUT OF THE CONDUCT OF THE RELATIONSHIP BETWEEN THE BORROWER AND BANK, IN EACH CASE WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. BORROWER AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT BANK MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK TO MAKE THE LOAN AND ENTER INTO THIS AGREEMENT. FURTHER, THE BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS PROVISION. BORROWER ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL REGARDING THIS PARAGRAPH, THAT IT FULLY UNDERSTANDS ITS TERMS, CONTENT AND EFFECT, AND THAT IT VOLUNTARILY AND KNOWINGLY AGREES TO THE TERMS OF THIS PARAGRAPH.**

(SIGNATURE ON FOLLOWING PAGE)



# BB&T

## PROMISSORY NOTE SIGNATURE PAGE

Borrower: The Goldfield Corporation  
Account Number: 9660933082  
Note Amount: \$18,000,000.00

Note Number: 90009  
Date: May 24, 2018

IN WITNESS WHEREOF, the Borrower, on the day and year first written above, has executed, or caused this Note to be executed by its authorized officer or representative, under seal.

WITNESSES:

/s/ Barry Forbes

/s/ Andrew P. Pisciotto

The Goldfield Corporation, a Delaware corporation

By: /s/ Stephen R. Wherry

Stephen R. Wherry, its Senior Vice President



## ADDENDUM TO PROMISSORY NOTE

BB&T Account No. 9660933082

**THIS ADDENDUM TO PROMISSORY NOTE** (“Addendum”) is hereby made a part of the Promissory Note dated May 24, 2018, from The Goldfield Corporation (“Borrower”) payable to the order of Branch Banking and Trust Company (“Bank”) in the principal amount of \$18,000,000.00 (including all renewals, extensions, modifications and substitutions thereof, the “Note”).

### I. DEFINITIONS.

- 1.1 **Adjusted LIBOR Rate** means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/100th of 1.0%) by adding (i) the One Month LIBOR plus (ii) one and 80/100 percent (1.80%) per annum, which shall be adjusted monthly on the first day of each LIBOR Interest Period. The Adjusted LIBOR Rate shall be adjusted for any change in the LIBOR Reserve Percentage so that Bank shall receive the same yield. The interest rate will in no instance exceed the maximum rate permitted by applicable law and the interest rate will not decrease below a fixed minimum rate of 0%.
- 1.2 **Business Day** means a day other than a Saturday, Sunday, legal holiday or any other day when the Bank is authorized or required by applicable law to be closed.
- 1.3 **Advance** means any advance made by Bank to Borrower evidenced by the Note.
- 1.4 **LIBOR Interest Period** means the period applicable to any Advance commencing on the date the Note is made (or the date of any subsequent LIBOR addendum to the Note) and (i) if adjusted monthly, ending on the day that is immediately prior to the numerically corresponding day of each month thereafter or (ii) if adjusted quarterly, ending on the day that is immediately prior to the numerically corresponding day of each quarter thereafter; provided that:
- (a) any LIBOR Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such LIBOR Interest Period shall end on the next preceding Business Day; and
  - (b) any LIBOR Interest Period which begins on a day for which there is no numerically corresponding day in a subsequent month if adjusted monthly or in a subsequent quarter if adjusted quarterly, shall end on the last Business Day of each subsequent month if adjusted monthly or on the last Business Day of each subsequent quarter if adjusted quarterly.
- 1.5 **LIBOR Reserve Percentage** means the maximum aggregate rate at which reserves (including, without limitation, any marginal supplemental or emergency reserves) are required to be maintained under Regulation D by member banks of the Federal Reserve System with respect to dollar funding in the London interbank market. Without limiting the effect of the foregoing, the LIBOR Reserve Percentage shall reflect any other reserves required to be maintained by such member banks by reason of any applicable regulatory change against (i) any category of liability which includes deposits by reference to which the Adjusted LIBOR Rate is to be determined or (ii) any category of extensions of credit or other assets related to LIBOR.
- 1.6 **One Month LIBOR** means the average rate quoted by Bloomberg Finance L.P., or any quoting service or commonly available source utilized by the Bank, on the determination date for deposits in U.S. Dollars offered in the London interbank market for one month determined at approximately 11:00 am London time two (2) Business Days prior to the commencement of the applicable LIBOR Interest Period; provided that if the above method for determining One-month LIBOR shall not be available, the rate quoted in *The Wall Street Journal*, or a rate determined by a substitute method of determination agreed on by Borrower and Bank; provided, if such agreement is not reached within a reasonable period of time (in Bank’s sole judgment), a rate reasonably determined by Bank in its sole discretion as a rate being paid, as of the determination date, by first class banking organizations (as determined by Bank) in the London interbank market for U.S. Dollar deposits; and provided further that if One Month LIBOR determined as provided above would be less than zero percent (0%), then One Month LIBOR shall be deemed to be zero percent (0%).
- 1.7 **Standard Rate** means, for any day, a rate per annum equal to the Bank’s announced Prime Rate minus 0% per annum, and each change in the Standard Rate shall be effective on the date any change in the Prime Rate is publicly announced as being effective.

### II. LOAN BEARING ADJUSTED LIBOR RATE

- 2.1 Application of Adjusted LIBOR Rate. The Adjusted LIBOR Rate shall apply to the entire principal balance outstanding of all outstanding Advances for any LIBOR Interest Period.
- 2.2 Adjusted LIBOR Based Rate Protections.
- (a) Inability to Determine Rate. In the event that Bank shall have determined, which determination shall be final, conclusive

and binding, that by reason of circumstances occurring after the date of this Note affecting the London interbank market, adequate and fair means do not exist for ascertaining the One Month LIBOR on the basis provided for in this Note, Bank shall give notice (by telephone confirmed in writing or by telecopy) to Borrower of such determination, whereupon (i) no Advance shall be made until Bank notifies Borrower that the circumstances giving rise to such notice no longer exist, and (ii) any request by Borrower for an Advance shall be deemed to be a request for an Advance at the Standard Rate.

- (b) Illegality; Impracticability. In the event that Bank shall determine, which determination shall be final, conclusive and binding, that the making, maintaining or continuance of any portion of an Advance (i) has become unlawful as a result of compliance by Bank with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any of the same not having the force of law even though the failure to comply therewith would not be unlawful) or (ii) has become impracticable, or would cause Bank material hardship, as a result of contingencies occurring after the date of this Note materially and adversely affect the London interbank market or Bank's ability to make Advances generally, then, and in any such event, Bank shall give notice (by telephone confirmed in writing or by telecopy) to Borrower of such determination. Thereafter, (x) the obligation of Bank to make any Advance subject to the Adjusted LIBOR Rate shall be suspended until such notice shall be withdrawn by Bank, and (y) any request by Borrower for an Advance shall be deemed to be a request for an Advance at the Standard Rate.

This Addendum shall operate as a sealed instrument.

Borrower:

/s/ Melissa Munson

Witness:

The Goldfield Corporation, a Delaware corporation

Melissa Munson

Print Name:

By: /s/ Stephen R. Wherry

Stephen R. Wherry, its Senior Vice President

/s/ Barry Forbes

Witness:

Date: May 24, 2018

Barry Forbes

Print Name:

City: Melbourne, FL

## BB&T SECURITY AGREEMENT

This Security Agreement (“Security Agreement”) is made May 24, 2018, between The Goldfield Corporation, a Delaware corporation, Southeast Power Corporation, a Florida corporation, Power Corporation of America, a Florida corporation, Bayswater Development Corporation, a Florida corporation, Pineapple House of Brevard, Inc., a Florida corporation, C and C Power Line, Inc., a Florida corporation, and Precision Foundations, Inc., a Florida corporation (collectively, “Debtor”), and **Branch Banking and Trust Company**, a North Carolina banking corporation (“Secured Party”).

This Security Agreement is entered into in connection with:

- (i) a Master Loan Agreement (“Loan Agreement”) dated on or before the date of this Security Agreement under which the Secured Party has agreed to make a loan(s) and/or establish a line(s) of credit;
  - (ii) a Promissory Note dated May 24, 2018 (including all extensions, renewals, modifications and substitutions thereof, the “Note”), of The Goldfield Corporation (the “Borrower”), in the principal amount of \$18,000,000.00;
  - (iii) a guaranty agreement or agreements (whether one or more, the “Guaranty”) executed by the guarantors named therein (whether one or more, the “Guarantors”) dated on or about the same date as this Security Agreement;
- and/or
- (iv) all obligations of Debtor under a BB&T Bankcard Agreement to repay indebtedness incurred under Business Visa Credit Cards issued to authorized officers and employees of Debtor.

Secured Party and Debtor agree as follows:

### I. DEFINITIONS.

**1.1 Collateral.** Unless specific items of personal property are described below, the Collateral shall consist of all now owned and hereafter acquired and wherever located personal property of Debtor identified below, each capitalized term as defined in Article 9 of the Florida Uniform Commercial Code (“UCC”):

- (i) Accounts, including all contract rights;
- (ii) Equipment and Machinery, including all Accessions thereto, and all manufacturers’ warranties, parts and tools therefore;
- (iii) Vehicles,
- (iv) Supporting Obligations;
- (v) to the extent not listed above as original collateral, all proceeds (cash and non-cash) and products of the foregoing.

**1.2 Obligations.** This Security Agreement secures the following (collectively, the “Obligations”):

- (i) Debtor’s or Borrower’s obligations under the Note, the Loan Agreement, and this Security Agreement, any Business Credit Card Agreement or Purchase Card Agreement, and in addition to the foregoing obligations, if the Debtor is a Guarantor, its obligations under its Guaranty;
- (ii) all of Debtor’s or Borrower’s present and future indebtedness and obligations to Secured Party howsoever evidenced, including without limitation all subsequent promissory notes executed by Debtor or Borrower, reimbursement of drafts or drawings paid by Secured Party on any Commercial or Standby Letter of Credit issued on the account of the Debtor or Borrower; all indebtedness and obligations of Debtor or Borrower to Secured Party (or an affiliate of Secured Party) under any interest rate swap transactions, interest rate cap and/or floor transactions, interest rate collar transactions, swap agreements (as defined in 11 U.S.C. § 101) or other similar transactions or agreements including without limitation any ISDA Master Agreement executed by Debtor or Borrower and all Schedules and Confirmations entered into in connection therewith, hereinafter collectively referred to as a Hedge Agreement; and all amounts advanced to Debtor or Borrower by Secured Party in connection with the issuance of Business Credit Cards to the officers and designated employees of the Debtor or Borrower.
- (iii) the repayment of (a) any amounts that Secured Party may advance or spend for the maintenance or preservation of the Collateral, and (b) any other expenditures that Secured Party may make under the provisions of this Security Agreement or for the benefit of Debtor or Borrower;
- (iv) all amounts owed under any modifications, renewals, extensions or substitutions of any of the foregoing obligations;
- (v) all Default Costs, as defined in Paragraph VIII of this Security Agreement;  
and
- (vi) any of the foregoing that may arise after the filing of a petition by or against Debtor or Borrower under the Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Bankruptcy Code § 362 or otherwise.

**1.3 UCC.** Any term used in the UCC and not otherwise defined in this Security Agreement has the meaning given to the term in the UCC.

**II. GRANT OF SECURITY INTEREST.**

Debtor grants a security interest in the Collateral to Secured Party to secure the payment and performance of the Obligations.

*ACCOUNT #9660933082 / NOTE #90009*

1476 FL (0810) NB

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### III. PERFECTION OF SECURITY INTERESTS.

#### 3.1 Filing of Security Interests.

- (i) Debtor authorizes Secured Party to execute on the Debtor's behalf and file any financing statement (the "Financing Statement") describing the Collateral in any location deemed necessary and appropriate by Secured Party.
- (ii) Debtor authorizes Secured Party to file a Financing Statement describing any agricultural liens or other statutory liens held by Secured Party.
- (iii) Secured Party shall receive prior to the closing an official report from the Secretary of State of each Place of Business and the Debtor State, each as defined below, collectively (the "Filing Reports") indicating that Secured Party's security interest is prior to all other security interests or other interests reflected in the report.

#### 3.2 Possession.

- (i) Debtor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Secured Party chooses to perfect its security interest by possession in addition to the filing of a Financing Statement.
- (ii) Where Collateral is in the possession of a third party, Debtor will join with Secured Party in notifying the third party of Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Secured Party.

**3.3 Control Agreements.** Debtor will cooperate with Secured Party in obtaining a control agreement in form and substance satisfactory to Secured Party with respect to Collateral consisting of (check appropriate items):

- Deposit Accounts (for deposit accounts at other financial institutions);
- Investment Property (for securities accounts, mutual funds and other uncertificated securities);
- Letter-of-credit rights; and/or
- Electronic chattel paper.

**3.4 Marking of Chattel Paper.** If Chattel Paper is part of the Collateral, Debtor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Secured Party indicating that Secured Party has a security interest in the Chattel Paper.

### IV. POST-CLOSING COVENANTS AND RIGHTS CONCERNING THE COLLATERAL.

**4.1 Inspection.** The parties to this Security Agreement may inspect any Collateral in the other party's possession, at any time upon reasonable notice.

**4.2 Personal Property.** Except for items specifically identified by Debtor and Secured Party as Fixtures, the Collateral shall remain personal property at all times, and Debtor shall not affix any of the Collateral to any real property in any manner which would change its nature from that of personal property to real property or to a fixture.

**4.3 Secured Party's Collection Rights.** Secured Party shall have the right at any time to enforce Debtor's rights against any account debtors and obligors.

#### 4.4 Limitations on Obligations Concerning Maintenance of Collateral.

- (i) **Risk of Loss.** Debtor has the risk of loss of the Collateral.
- (ii) **No Collection Obligation.** Secured Party has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.

**4.5 No Disposition of Collateral.** Secured Party does not authorize, and Debtor agrees not to:

- (i) make any sales or leases of any of the Collateral other than in the ordinary course of business;
- (ii) license any of the Collateral; or
- (iii) grant any other security interest in any of the Collateral.

**4.6 Purchase Money Security Interests.** To the extent Debtor uses the Loan to purchase Collateral, Debtor's repayment of the Loan shall apply on a "first-in-first-out" basis so that the portion of the Loan used to purchase a particular item of Collateral shall be paid in the chronological order the Debtor purchased the Collateral.

**4.7 Insurance.** Debtor shall obtain and keep in force such insurance on the Collateral as is normal and customary in the Debtor's business or as the Secured Party may require, all in such amounts, under such forms of policies, upon such terms, for such periods and written by such insurance companies as the Secured Party may approve. All policies of insurance will contain the long-form Lender's Loss Payable clause in favor of the Secured Party, and the Debtor shall deliver the policies or complete copies thereof to the Secured Party. Such policies shall be noncancellable except upon thirty (30) days' prior written notice to the Secured Party. The proceeds of all such insurance, if any loss should occur, may be applied by the Secured Party to

the payment of the Obligations or to the replacement of any of the Collateral damaged or destroyed, as the Secured Party may elect or direct in its sole discretion. The Debtor hereby appoints (which appointment constitutes a power coupled with an interest and is irrevocable as long as any of the Obligations remain outstanding) Secured Party as its lawful attorney-in-fact with full authority to make, adjust, settle claims under and/or cancel such insurance and to endorse the Debtor's name on any instruments or drafts issued by or upon any insurance companies.

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## V. DEBTOR'S REPRESENTATIONS AND WARRANTIES.

Debtor represents and warrants to Secured Party:

**5.1 Title to and transfer of Collateral.** It has rights in or the power to transfer the Collateral and its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.

**5.2 Location of Collateral.** All collateral consisting of goods (equipment, inventory, fixtures, manufactured homes; and other tangible, movable personal property) is substantially all located in the United States, primarily in the following States (the "Collateral States"): Texas, Florida, North Carolina, South Carolina, and Georgia.

**5.3 Location, State of Incorporation and Name of Debtor.** Debtor's:

- (i) chief executive office (if Debtor has more than one place of business), place of business (if Debtor has one place of business), or principal residence (if Debtor is an individual), is located in the following State and address (the "Place of Business"): 1684 W. Hibiscus Boulevard, Melbourne, Florida, 32901;
- (ii) state of incorporation or organization is Delaware or Florida, as set forth in the first paragraph of this Security Agreement (the "Debtor State");
- (iii) exact legal name is as set forth in the first paragraph of this Security Agreement.

**5.4 Business Purpose.** None of the Obligations is a Consumer Transaction, as defined in the UCC and none of the Collateral has been or will be purchased or held primarily for personal, family or household purposes.

## VI. DEBTOR'S COVENANTS.

Until the Obligations are paid in full, Debtor agrees that it will:

**6.1** preserve its legal existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets;

**6.2** not change the Debtor State of its registered organization;

**6.3** not change its registered name without providing Secured Party with 30 days' prior written notice; and

**6.4** not change the state of its Place of Business or, if Debtor is an individual, change his state of residence without providing Secured Party with 30 days' prior written notice.

## VII. EVENTS OF DEFAULT.

The occurrence of any of the following shall, at the option of Secured Party, be an Event of Default:

**7.1** Any default or Event of Default by Borrower or Debtor under any Note, Loan Agreement, Hedge Agreement, Business Credit Card Agreement or Purchase Card Agreement, any of the other loan documents, and Guaranty or any of the other Obligations;

**7.2** Debtor's failure to comply with any of the provisions of, or the incorrectness of any representation or warranty contained in, this Security Agreement, the Note, the Loan Agreement, or in any other document relating to the Obligations;

**7.3** Transfer or disposition of any of the Collateral other than in the ordinary course of business, except as expressly permitted by this Security Agreement;

**7.4** Attachment, execution or levy on any of the Collateral;

**7.5** Debtor voluntarily or involuntarily becoming subject to any proceeding under (a) the Bankruptcy Code or (b) any similar remedy under state statutory or common law;

**7.6** Debtor shall fail to comply with, or become subject to any administrative or judicial proceeding under any federal, state or local (a) hazardous waste or environmental law, (b) asset forfeiture or similar law which can result in the forfeiture of property, or (c) other law, where noncompliance may have any significant effect on the Collateral; or

**7.7** Secured Party shall receive at any time following the closing a UCC filing report indicating that Secured Party's security interest is not prior to all other security interests or other interests reflected in the report.

## VIII. DEFAULT COSTS.

**8.1** Should an Event of Default occur, Debtor will pay to Secured Party all costs incurred by the Secured Party for the purpose of enforcing its rights hereunder, including:

- (i) costs of foreclosure;

(ii) costs of obtaining money damages; and

(iii) a reasonable fee for the service of attorneys employed by Secured Party for any purpose related to this Security Agreement or the Obligations, including without limitation consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.

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## IX. REMEDIES UPON DEFAULT.

**9.1 General.** Upon any Event of Default, Secured Party may pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce or satisfy any Obligations then owing, whether by acceleration or otherwise.

**9.2 Concurrent Remedies.** Upon any Event of Default, Secured Party shall have the right to pursue any of the following remedies separately, successively or concurrently:

(i) File suit and obtain judgment and, in conjunction with any action, Secured Party may seek any ancillary remedies provided by law or at equity, including levy of attachment and garnishment.

(ii) Take possession of any Collateral if not already in its possession without demand and without legal process. Upon Secured Party's demand, Debtor will assemble and make the Collateral available to Secured Party as it directs. Debtor grants to Secured Party the right, for this purpose, to enter into or on any premises where Collateral may be located.

(iii) Without taking possession, sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the UCC.

## X. FORECLOSURE PROCEDURES.

**10.1 No Waiver.** No delay or omission by Secured Party to exercise any right or remedy accruing upon any Event of Default shall (a) impair any right or remedy, (b) waive any default or operate as an acquiescence to the Event of Default, or (c) affect any subsequent default of the same or of a different nature.

**10.2 Notices.** Secured Party shall give Debtor such notice of any private or public sale as may be required by the UCC.

**10.3 Condition of Collateral.** Secured Party has no obligation to repair, clean-up or otherwise prepare the Collateral for sale.

**10.4 No Obligation to Pursue Others.** Secured Party has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Secured Party may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations.

**10.5 Compliance With Other Laws.** Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

**10.6 Warranties.** Secured Party may sell the Collateral without giving any warranties as to the Collateral and may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

**10.7 Sales on Credit.** If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale as and when received, less expenses.

**10.8 Purchases by Secured Party.** In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations of the Debtor.

**10.9 No Marshalling.** Secured Party has no obligation to marshal any assets in favor of Debtor, or against or in payment of:

- (i) the Note,
- (ii) any of the other Obligations, or
- (iii) any other obligation owed to Secured Party, Borrower or any other person.

## XI. MISCELLANEOUS.

**11.1 Assignment.**

(i) **Binds Assignees.** This Security Agreement shall bind and shall inure to the benefit of the successors and assigns of Secured Party, and shall bind all heirs, personal representatives, executors, administrators, successors and permitted assigns of Debtor.

(ii) **No Assignments by Debtor.** Secured Party does not consent to any assignment by Debtor except as expressly provided in this Security Agreement.

(iii) **Secured Party Assignments.** Secured Party may assign its rights and interests under this Security Agreement. If an assignment is made, Debtor shall render performance under this Security Agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses or set-offs which Debtor could assert against Secured Party except defenses which cannot be waived.

**11.2 Severability.** Should any provision of this Security Agreement be found to be void, invalid or unenforceable by a court or panel of arbitrators of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the

remaining provisions of this Security Agreement.

**11.3 Notices.** Any notices required by this Security Agreement shall be deemed to be delivered when a record has been (a) deposited in any United States postal box if postage is prepaid, and the notice properly addressed to the intended recipient, (b) received by telecopy, (c) received through the Internet, and (d) when personally delivered.

**11.4 Headings.** Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement

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and shall not be used in construing it.

**11.5 Governing Law.** This Security Agreement is being executed and delivered and is intended to be performed in the State of Florida and shall be construed and enforced in accordance with the laws of the State of , except to the extent that the UCC provides for the application of the law of the Debtor State.

**11.6 Rules of Construction.**

(i) No reference to “proceeds” in this Security Agreement authorizes any sale, transfer, or other disposition of the Collateral by the Debtor except in the ordinary course of business.

(ii) “Includes” and “including” are not limiting.

(iii) “Or” is not exclusive.

(iv) “All” includes “any” and “any” includes “all.”

**11.7 Integration and Modifications.**

(i) This Security Agreement is the entire agreement of the Debtor and Secured Party concerning its subject matter.

(ii) Any modification to this Security Agreement must be made in writing and signed by the party adversely affected.

**11.8 Waiver.** Any party to this Security Agreement may waive the enforcement of any provision to the extent the provision is for its benefit.

**11.9 Further Assurances.** Debtor agrees to execute any further documents, and to take any further actions, reasonably requested by Secured Party to evidence or perfect the security interest granted herein or to effectuate the rights granted to Secured Party herein.

**11.10 Waiver of Jury Trial.** DEBTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR IN ANY WAY RELATING TO THE LOAN OR THE SECURITY AGREEMENT OR ANY OF THE TRANSACTIONS WHICH ARE CONTEMPLATED BY THE LOAN OR THE SECURITY AGREEMENT. THE JURY TRIAL WAIVER CONTAINED IN THIS SECTION IS INTENDED TO APPLY TO THE FULLEST EXTENT PERMITTED BY LAW, TO ANY AND ALL DISPUTES AND CONTROVERSIES THAT ARISE OUT OF OR IN ANY WAY RELATE TO ANY OR ALL OF THE MATTERS DESCRIBED IN THE PRECEDING SENTENCE, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, AND ALL OTHER COMMON LAW, EQUITABLE, AND STATUTORY CLAIMS OF ANY KIND. THIS PROVISION IS A MATERIAL INDUCEMENT FOR SECURED PARTY TO MAKE THE LOAN SECURED BY THIS SECURITY AGREEMENT. FURTHER, THE DEBTOR HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF SECURED PARTY, NOR SECURED PARTY’S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SECURED PARTY WOULD NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION IN THE EVENT OF LITIGATION. NO REPRESENTATIVE OR AGENT OF SECURED PARTY, NOR SECURED PARTY’S COUNSEL, HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS PROVISION.

**(SIGNATURES ON FOLLOWING PAGE)**

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**SIGNATURE PAGE FOR SECURITY AGREEMENT**

The parties have signed this Security Agreement under seal as of the day and year first above written.

**The Goldfield Corporation, a Delaware corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Senior Vice President

/s/ Barry Forbes

**Southeast Power Corporation, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Power Corporation of America, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Bayswater Development Corporation, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Pineapple House of Brevard, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**C and C Power Line, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

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By: /s/ Stephen R. Wherry

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Stephen R. Wherry, Authorized Signer

/s/ Barry Forbes

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**Precision Foundations, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Branch Banking and Trust Company**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Barry Forbes  
Barry Forbes, Sr. Vice President

/s/ Andrew P. Pisciotto

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# BB&T

## GUARANTY AGREEMENT

BRANCH BANKING AND TRUST COMPANY

Date: May 24, 2018

As an inducement to Branch Banking and Trust Company ("Bank"), having a branch office at 158 N. Harbor City Boulevard, Suite 401, Melbourne, Florida 32935, to extend credit to and to otherwise deal with The Goldfield Corporation ("Borrower"), and in consideration thereof, the undersigned (the "Guarantor" and each of the undersigned Guarantors, jointly and severally, if more than one) hereby unconditionally guarantees to Bank and its successors and assigns the due and punctual payment of any and all notes, drafts, debts, ACH obligations and liabilities, primary or secondary (whether by way of endorsement or otherwise), of Borrower, at any time, whether now existing or hereafter incurred with or held by Bank, together with interest, as and when the same become due and payable, and whether by acceleration or otherwise (collectively, the "Obligations"), in accordance with the terms of the Obligations including all renewals, extensions and modifications thereof. This Guaranty is a guarantee of payment and not of collection.

To secure the Obligations, the Guarantor hereby grants to bank a security interest in all of the Guarantor's deposit accounts maintained with Bank, and Bank shall also at all times have the right of set-off against any such deposit account in the same manner and to the same extent that the right of set-off may exist against the Borrower. The Guarantor hereby subordinates any and all indebtedness of Borrower now or hereafter owed to the Guarantor to the Obligations, and agrees with Bank that the Guarantor shall not demand payment of principal or interest from Borrower, shall not claim any offset or other reduction of the Obligations because of any such indebtedness and shall not take any action to obtain any of the security described in and encumbered by the documents evidencing Obligations ("Loan Documents"); provided, however, that, if Bank so requests, such indebtedness shall be collected, enforced and received by the Guarantor as trustee for Bank and shall be paid over to Bank on account of the Obligations, but without reducing or affecting in any manner the liability of the Guarantor under the other provisions of this Guaranty Agreement.

Guarantor understands and agrees that an Obligation may be accepted or created with Bank at any time and from time to time without notice to Guarantor and Guarantor hereby expressly waives presentment, demand, protest, and notice of dishonor of any such Obligation.

Bank may receive and accept as collateral from time to time any securities or other property for the Obligations, and may surrender, compromise, exchange and release such collateral or any part thereof at any time without notice and without in any manner affecting the obligation and liability of the Guarantor hereunder. Bank shall have no obligation to protect, perfect, secure or insure any security interests, liens or encumbrances in any collateral now or hereafter held for the Obligations.

Notwithstanding anything to the contrary herein, any person that does not qualify as an Eligible Contract Participant (as defined in the Commodity Exchange Act, as amended) or otherwise does not qualify as an "indirect proprietorship" pursuant to the rules of the Commodity Futures Trading Commission, shall not be deemed a party to any guaranty of any swap agreement with Bank entered into or modified on or after October 12, 2012, and shall not be liable for any swap obligations to Bank arising from such swap agreement. The foregoing exclusion shall have no effect on any other obligation of such person to Bank under this Guaranty.

In the event of the occurrence of a "Default" or "Event of Default" otherwise relation to the Obligations or evidenced or secured by ay of the other Loan Documents or relating to the transactions contemplated by the Loan Documents; all rights powers and remedies available to Bank in such event shall be non-exclusive and cumulative of all other rights, powers and remedies provided thereunder or hereunder or by law or in equity. Accordingly, the Guarantor hereby authorizes and empowers Bank upon the occurrence of Default or Event of Default under the Note(s) or Loan Documents, at its sole discretion, and except as otherwise provided herein, without notice to Guarantor, to exercise and cause to be exercised any right or remedy which Bank may have, including, but not limited to, judicial foreclosure, acceptance of a deed or assignment in lieu of foreclosure, appointment of a receiver to collect rents and profits, exercise of remedies against personal property, or enforcement of any assignment of leases, rents, profits, accounts and certificates of deposit, or any other security, whether real, personal or tangible or intangible. At any public or private sale of any security or collateral for any indebtedness or any part hereof guaranteed hereby, whether by foreclosure or otherwise, Bank, may in its discretion, purchase all of any part of such security or collateral so sold or offered for sale for its own account and may apply against the amount bid therefor the balance due it pursuant to the Note(s) or any of the other Loan Documents without prejudice to Bank's remedies hereunder against Guarantor for deficiencies or if allowed by applicable law. If the Obligations are partially paid by reason of the election of Bank, its successors, endorsees or assigns, to pursue any of the remedies available to Bank or if the Obligations are otherwise partially paid, then this Guaranty shall nevertheless remain in full force and effect, and the Guarantor shall remain liable for the entire balance of the Obligations, even though any rights which Guarantor may have against Borrower may be destroyed or diminished by the exercise of any such remedy.

This obligation of the Guarantor hereunder shall be a primary and not a secondary obligation and liability, payable immediately upon demand without recourse first having been obtained by Bank against the Borrower or any other guarantor or obligor, and without first resorting to any collateral held by Bank for the Obligations. The Guarantor hereby waives the benefit of all provisions of law, for stay or delay of execution or sale of any property or other satisfaction of judgment against the Guarantor until judgment is obtained against the Borrower and execution thereon returned unsatisfied, or until it is determined that the Borrower has no property or assets available for the satisfaction of the Obligations, or until any other proceedings can be completed. Guarantor hereby agrees to indemnify Bank for all costs of collection, including but not limited to the costs of repossession, appraisal, foreclosure, all attorneys' fees reasonably incurred and all court costs incurred by Bank should Bank first be required by the Guarantor to resort to any collateral held by the Bank or to obtain execution or other satisfaction of a judgment against the Borrower for the Obligations. The Guarantor further agrees that the Guarantor is responsible for any part of the Obligations which have been paid by the Borrower to Bank and which the Bank is subsequently required to return to the Borrower or a trustee for the Borrower in any bankruptcy or insolvency proceeding. Guarantor agrees that it shall not have any right of subrogation, reimbursement or indemnity whatsoever, nor any right of recourse to bank's collateral for Obligations unless and until all of Obligations of the Borrower have been paid in full. The Guarantor hereby waives, to the extent avoidable under any provision of the Bankruptcy Code, any right arising upon payment by the Guarantor of any obligation under this Guaranty to assert a claim against the bankruptcy estate of the Borrower.

In addition to the other waivers set forth elsewhere in this Guaranty, the Guarantor hereby waives and agrees not to assert or take advantage of (a) if allowed by applicable law, the defense of the statute of limitations in any action hereunder or for the collection of the Obligations or the performance of any Obligation; (b) any defense that may arise by reason of the incapacity, lack of authority, death or disability of Guarantor, Borrower, or any other party or entity, or the failure of Bank to file or enforce a claim against the estate (either in administration, bankruptcy or any other proceeding) of Borrower or any other party or entity; (c) any defense based upon the failure of Bank to give notice of the existence, creation, or incurring of any new or additional indebtedness or obligation



or the failure of Bank to give notice of any action or non-action on the part of any other party whatsoever, in connection with any Obligation, including without limitation the release of any other guarantor; (d) any defense based upon an election of remedies by Bank which destroys or otherwise impairs any subrogation rights of Guarantor to proceed against Borrower for reimbursement, or both; (e) any defense based upon failure of Bank to commence an action against Borrower or any other guarantor of the Obligations; (f) any duty of the part of Bank to disclose to the Guarantor any fact that is may know or hereafter know regarding Borrower; (g) acceptance or notice of acceptance of this Guaranty by Bank; (h) as stated above, notice of presentment and demand for payment or performance of the Obligations or performance of any except as otherwise require in this Guaranty; (i) as set forth above, protest and notice of dishonor or of default to the Guarantor or to any other party with respect to the indebtedness or performance of obligations hereby guaranteed; (j) except as otherwise provided herein, any and all other notices whatsoever to which the Guarantor might otherwise be entitled; (k) any defense based on lack of due diligence by the Bank and the collection, protection or realization upon any collateral securing the Obligations; (l) any transfer by Borrower of all or any part of the security for the Obligations; and (m) any other legal or equitable defenses whatsoever to which the Guarantor might be entitled, to the extent permitted by law, unless such defenses are based upon the willful misconduct of the Bank.

This Guaranty is unlimited and applies to all indebtedness of Borrower, whether now existing or hereafter arising, including without limitation all obligations of the Borrower to Bank in connection with any transfer of funds through the ACH System.

To secure the payment of all Obligations and in addition to the security interest granted to Bank in its deposit accounts, the Guarantor hereby grants a security interest and lien in the following property owned by the Guarantor:

- (i) Accounts, including all contract rights;
- (ii) Equipment and Machinery, including all Accessions thereto, and all manufacturers' warranties, parts and tools therefore;
- (iii) Vehicles;
- (iv) Supporting Obligations;
- (v) to the extent not listed above as original collateral, all proceeds (cash and non-cash) and products of the foregoing.

(the "Collateral").

The Guarantor agrees to execute and deliver to Bank any security agreement, deed of trust, mortgage, UCC financing statement, or other document required by the Bank in order to perfect and protect its security interest or lien in the Collateral. This document shall constitute a security agreement under the Uniform Commercial Code of Florida ("Code"), and in addition to having all other legal rights and remedies, the Bank shall have all rights and remedies of a secured party under the Code.

This Guaranty shall inure to the benefit of Bank, its successors and assigns, and the owners and holders of any of the Obligations, and shall remain in force until a written notice revoking it has been received by Bank; but such revocation shall not release Guarantor from liability to Bank, its successors and assigns, or the owners and holders of any of Obligations, for any Obligation of the Borrower which is hereby guaranteed and then in existence or from any renewals, extensions or modifications thereof in whole or in part, whether such renewals, extensions or modifications are made before or after such revocation, with or without notice to the Guarantor. The Guarantor waives presentment, demand, protest and notices of every kind and assents to any one or more extensions, modifications, renewals or postponements of the time or amount of payment or any other indulgences given to Borrower. The Guarantor shall be responsible for and shall reimburse the Bank for all costs and expenses (including reasonable attorneys' fees) incurred by the Bank in connection with the enforcement of this Guaranty or the protection or preservation of any right or claim of the Bank in connection herewith, including without limitation costs and expenses incurred by the Bank in connection with its attempts to collect the Obligations.

If the Borrower is a corporation, this instrument covers all indebtedness, obligations and liabilities to Bank purporting to be made or undertaken on behalf of such corporation by any such officer or agent of said corporation without regard to the actual authority of such officer or agent. The term "corporation" shall include associations of all kinds and all purported corporations, whether correctly and legally chartered and organized.

The Guarantor hereby warrants and represents to Bank that: (i) this Guaranty is enforceable against it in accordance with its terms; (ii) the execution and delivery of this Guaranty does not violate or constitute a breach of any agreement to which the Guarantor is a party; (iii) there is no litigation, claim, action or proceeding pending or, to the best knowledge of Guarantor, threatened against it which would materially adversely affect the financial condition of Guarantor or its ability to fulfill its obligations hereunder; (iv) that it has knowledge of the Borrower's financial condition and affairs; and (v) unless otherwise required in a Loan Agreement, if applicable, as long as any Obligations remain outstanding or as long as Bank remains obligated to make advances, the Guarantor shall furnish annually, as requested, an updated annual report of The Goldfield Corporation and Subsidiaries as filed with the Securities and Exchange Commission, which, when delivered shall be the property of Bank.

This Guaranty is made in and shall be construed in accordance with the laws and judicial decisions of the State of Florida. The Guarantor agrees that any dispute arising out of this Guaranty shall be adjudicated in either the state or federal courts of Florida and in no other forum. For that purpose, the Guarantor hereby submits to the jurisdiction of the state and/or federal courts of Florida. The Guarantor waives any defense that venue is not proper for any action brought in any federal or state court in the State of Florida.

**UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, GUARANTOR HEREBY WAIVES THE RIGHT TO TRIAL BY JURY OF ANY MATTERS OR CLAIMS ARISING OUT OF THIS GUARANTY OR ANY OF THE LOAN DOCUMENTS EXECUTED BY THE BORROWER IN CONNECTION HERewith OR OUT OF THE CONDUCT OF THE RELATIONSHIP BETWEEN THE BORROWER OR GUARANTOR AND BANK. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK TO EXTEND CREDIT TO BORROWER. GUARANTOR HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS REPRESENTED THAT BANK WOULD NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION AND THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS PROVISION.**

**GUARANTY SIGNATURE PAGE**

Witness the signature and seal of each of the undersigned Guarantors.

GUARANTORS:

**Southeast Power Corporation, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Power Corporation of America, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Bayswater Development Corporation, a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**Pineapple House of Brevard, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry  
Stephen R. Wherry, Vice President

/s/ Barry Forbes

**C and C Power Line, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry

Stephen R. Wherry, Authorized Signer

/s/ Barry Forbes

**Precision Foundations, Inc., a Florida corporation**

WITNESS:

/s/ Melissa A. Munson

By: /s/ Stephen R. Wherry

Stephen R. Wherry, Vice President

/s/ Barry Forbes

Acknowledgments

STATE OF FLORIDA  
CITY/COUNTY OF BREVARD to-wit:

I HEREBY CERTIFY, that on this 24th day of May, 2018, before me, the undersigned, a Notary Public of the State aforesaid, personally appeared Stephen R. Wherry, who acknowledged himself to be the Vice President of Southeast Power Corporation, Vice President of Power Corporation of America, Vice President of Bayswater Development Corporation, Vice President of Pineapple House of Brevard, Inc., Authorized Signer of C and C Power Line, Inc., and Vice President of Precision Foundations, Inc., who is personally known to me, or has been satisfactorily proven to be, the person whose name is subscribed to the foregoing instrument, and he acknowledged that he, being so authorized to do, executed the foregoing instrument for the purposes therein contained as the duly authorized officer or signer of said respective corporations.

Given under my hand and official seal this 24th day of May, 2018.

(SEAL)

/s/ Melissa A. Munson

(SEAL)

Notary Public

My Commission Expires:

5/21/2020

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY  
ACT OF 2002 15 U.S.C. SECTION 7241**

I, John H. Sottile, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Goldfield Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOHN H. SOTTILE

John H. Sottile  
Chairman of the Board, President  
and Chief Executive Officer (Principal  
Executive Officer)  
August 7, 2018

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY  
ACT OF 2002 15 U.S.C. SECTION 7241**

I, Stephen R. Wherry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Goldfield Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEPHEN R. WHERRY

Stephen R. Wherry  
Senior Vice President, Chief Financial Officer,  
Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)  
August 7, 2018

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of The Goldfield Corporation (the "Company") on Form 10-Q for the six months ended June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John H. Sottile, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to The Goldfield Corporation and will be retained by The Goldfield Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ JOHN H. SOTTILE  
John H. Sottile  
Chairman of the Board, President  
and Chief Executive Officer (Principal  
Executive Officer)  
August 7, 2018



**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of The Goldfield Corporation (the "Company") on Form 10-Q for the six months ended June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen R. Wherry, Senior Vice President, Treasurer, Assistant Secretary and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to The Goldfield Corporation and will be retained by The Goldfield Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ STEPHEN R. WHERRY

Stephen R. Wherry  
Senior Vice President, Chief Financial Officer,  
Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)  
August 7, 2018