

FILED

JAN 16 2026

Clerk of the Court
Superior Court of CA County of Santa Clara
BY [Signature] DEPUTY

LORENZO MEDINA

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SANTA CLARA

STRONGHOLD ENGINEERING
INCORPORATED,

Plaintiff,

vs.

CITY OF MONTEREY, et al.,

Defendants.

Case No. 18CV329015

Hon. Panteha E. Saban

SPECIAL VERDICT

Date Action Filed: December 13, 2016

Trial Date: October 27, 2025

AND RELATED CROSS-ACTION.

We, the jury in the above-entitled action, find the following special verdict on the following questions submitted to us:

Directions: Nine or more jurors must agree to the answer to a question before you proceed to the next question.

Stronghold's Breach of Contract Claims

1. Did Stronghold and City of Monterey enter into a contract?

X Yes No (The parties have stipulated to this question)

Answer question 2.

2. Did Stronghold do all, or substantially all, of the significant things that the contract required it to do?

Yes X No

1 Answer question 3A.

2 3A. Did Stronghold fail to do something significant required of it under the contract?

3 ☒ Yes ☐ No

4 If your answer to question 3A is no, then proceed to question 4. If your Answer to question
5 3A is yes, then proceed to question 3B.

6 3B. Was that requirement excused or waived?

7 ☒ Yes ☐ No

8 If your answer to question 3B is yes, then proceed to answer question 4. If your answer to
9 question 3B is no, then proceed to question 22.

10 4. Did the City of Monterey fail without excuse to do something that the contract
11 required it do?

12 ☒ Yes ☐ No

13 If your answer to question 4 is yes, then answer question 4A. If your answer to question 4
14 is no, then proceed to answer question 22.

15 4A. Was the failure to perform by the City a substantial factor in causing harm to the
16 Stronghold?

17 ☒ Yes ☐ No

18 If your answer to question 4A is yes, then proceed to question 5. If your answer to question
19 4A is no, then proceed to answer question 22.

20 **Breach of Contract – Unpaid Progress Billings**

21 5. Did the City fail to pay Stronghold for one or more progress billings due under the
22 contract?

23 ☒ Yes ☐ No

24 If your answer to question 5 is yes, then answer question 6. If your answer to question 4 is
25 no, then proceed to answer question 8.

26 6. What are Stronghold's damages for the unpaid progress billings?

27 Damages: \$ 404,873

28 Proceed to answer question 7.

7. On what date were the unpaid progress billings due to Stronghold?

Answer: January 16, 2026

Proceed to answer question 8.

Breach of Contract - Retention and Prompt Payment

8. Did the City fail to pay Stronghold the retention amounts due under the contract?

X Yes _____ No

If your answer to question 8 is yes, then answer question 9. If your answer is no, then answer question 13.

9. If you find the City failed to pay Stronghold the retention amounts due under the contract, what is the amount?

Damages: \$ 2,504,267

Proceed to answer question 10.

10. Did the City prove that a good faith dispute existed between the City and Stronghold justifying the City's withholding of the retention?

X Yes _____ No

If you answered yes to question 10, then answer questions 11 and 12. If you answered no, then proceed to question 13.

11. What was the amount of the good faith dispute?

\$ 4,086,879

Answer question 12.

12. On what date did the City start to withhold retention due to Stronghold?

Answer: September 30, 2019

Proceed to answer question 13.

Breach of Contract – Proposed Change Orders

Claim 001: Extended General Condition, added staffing and travel cost

13. Did Stronghold prove that the March 24, 2017 completion date was waived or excused such that Stronghold was entitled to a time extension?

Yes X No _____

1 If your answer to question 13 is yes, then answer question 14. If you answered no to
2 question 13, then proceed to question 15.

3 14. How many days of time extension is Stronghold entitled to?

4 147 Days

5 Answer question 15.

6 15. Is Stronghold entitled to compensation for the time extension?

7 Yes X No

8 If you answered yes, the Court will perform the calculation of the compensation.

9 Answer question 16.

10 16. Is Stronghold entitled to recover costs for added staffing, added inspection costs or
11 added travel costs as set forth in Claim 001?

12 X Yes No

13 If your answer to question 16 is yes, then answer question 17. If you answered no to
14 question 16, then advance to question 18.

15 17. What are Stronghold's damages for added staffing, added inspection costs or added
16 travel costs?

17 Added staffing damages: \$ 100,000

18 Added travel costs damages: \$ 310,211.19

19 Added testing damages: \$ 0 —

20 Proceed to answer question 18.

21 ***Claims 002 – 174: Other Proposed Change Order Requests***

22 18. Was Stronghold directed to perform additional work and incur additional costs as
23 described in Claims 002 through 174?

24 X Yes No

25 If your answer to question 18 is yes, then answer question 19. If you answered no to
26 question 18, then advance to question 20.

27 19. What are Stronghold's damages for Claims 002 through 174?

28

Damages: \$ 1,541,004.99

Proceed to answer question 20.

Claim 175: Electrical Productivity Loss

20. Did Stronghold incur additional cost due to electrical productivity loss for which the City is responsible?

X Yes _____ No

If your answer to question 20 is yes, then answer question 21. If you answered no to question 20, then advance to question 22.

21. What are Stronghold's damages for the Electrical Productivity Loss?

Damages: \$ 409,665.42

Proceed to answer question 22.

The City's Claims:

Breach of Contract

22. Did the City do or was it excused from doing all or substantially all of the significant things that the contract required it to do?

Yes _____ No X

If your answer to question 22 is yes, then answer question 23. If you answered no to question 22, then proceed to answer question 26.

23. Did Stronghold do or was it excused from doing all, or substantially all, of the significant things that the contract required it to do?

Yes _____ No _____

If your answer to question 23 is yes, then proceed to answer question 26. If you answered no to question 23, then answer question 24.

24. Was a failure to perform by Stronghold a substantial factor in causing harm to the City?

Yes _____ No _____

If your answer to question 24 is yes, then answer question 25. If you answered no to

1 question 24, then advance to question 26.

2 25. What are the total damages suffered by the City of Monterey as a result of
3 Stronghold's breach(es)?
4 \$ _____
5
6

7 **City's Claim For Express Indemnity**

8 Instruction to the Jury:

9 The Court has determined that Stronghold had a contractual duty to defend the City of Monterey
10 in the lawsuit brought by Custom House Hotel, L.P., owner and operator of the Portola Hotel &
11 Spa (the "Custom House Action"). You must accept this determination as true. However, this is a
12 different legal issue governed by a different legal standard from the question of whether
Stronghold owes a duty to indemnify the City.

13 26. Did the City incur reasonable attorneys' fees, costs, or expenses in defending the
14 Custom House Action due to the failure of Stronghold to defend the City under the
15 contract?
16 Yes _____ No X _____

17 If your answer to question 26 is yes, then answer question 27. If your answer to question
18 26 is no, then proceed to answer question 33.

19
20 27. What is the total amount of reasonable attorney's fees, costs, and expenses incurred
21 by the City in defending the Custom House Action that are subject to express
22 contractual indemnity due to a failure of Stronghold to defend the City under the
23 contract?

24 \$ _____

25 Answer question 28.

26 28. Did the City incur any settlement payments in the Custom House Action that fall
27 within the scope of Stronghold's contractual indemnity obligations?
28

1 Yes _____ No _____

2 If your answer to question 28 is yes, then answer question 29. If you answered no to
3 question 28, then advance to question 33.

4 29. What amount of the settlement payment, if any, is subject to the express contractual
5 indemnity obligation of Stronghold to the City?

6 \$ _____

7 Answer question 30.

8 30. Did the City's Custom House Litigation related claims arise solely out of the active
9 negligence, gross negligence, or willful misconduct of the City?

10 Yes _____ No _____

11 If your answer to question 30 is yes, then proceed to answer question 33. If you answered
12 no to question 30, then answer question 31.

13 31. Did the City's Custom House Litigation related claims arise, in part, out of the
14 active negligence of the City, gross negligence, or willful misconduct of the City?

15 Yes _____ No _____

16 Answer question 32.

17 32. What is the percentage of the Custom House Litigation related claims that arose
18 from the City's active negligence?

19 _____%

20 Answer question 33.

21 **City's Claim For Implied Indemnity**

22
23 33. Did the City incur liability or make payments related to litigation by Custom House
24 LLP (including settlement payments or defense costs) arising out of the Project?

25 Yes X No _____

26 If your answer to question 33 is yes, then answer question 34. If you answered no to
27 question 33, then advance to question 38.

28 34. Was Stronghold negligent or otherwise at fault in the performance of its work on

1 the Project?
2 Yes X No _____

3 If your answer to question 34 is yes, then answer question 35. If you answered no to
4 question 33, then advance to question 38.

5 35. Was Stronghold's negligence or fault a substantial factor in causing the liability,
6 loss, or damages for which the City made payments related to litigation by Custom
7 House LLP (including settlement payments or defense costs)?
8 Yes _____ No X

9
10 If your answer to question 35 is yes, then answer question 36. If you answered no to
11 question 35, then proceed to question 38.

12 36. Assuming that 100% represents the total responsibility for the liability or loss for
13 which the CITY made payments, what percentage of responsibility do you assign to
14 each of the following?

15 Stronghold Engineering, Inc.: _____ %

16 City of Monterey: _____ %

17 Answer question 37

18 37. What is the total amount paid by the CITY for litigation by Custom House LLP?
19 (Include settlement payments and defense costs proved at trial.)
20

21 \$ _____

22 Answer question 38

23 **City's Claim for Negligent Misrepresentation**

24 38. Did Stronghold represent to the City that a fact was true?
25 Yes X No _____

26 If your answer to question 38 is yes, then answer question 39. If you answered no to
27 question 38, then advance to question 44.

28

1 39. Was the representation untrue?

2 Yes ☒ No _____

3 If your answer to question 39 is yes, then proceed to answer question 40. If you answered
4 no to question 39, then answer question 44.

5 40. Did Stronghold lack reasonable grounds for believing the representation was true?

6 Yes _____ No ☒

7 If your answer to question 40 is yes, then proceed to answer question 41. If you answered
8 no to question 40, then answer question 44.

9 41. Did the City reasonably rely on the representation?

10 Yes _____ No _____

11 If your answer to question 41 is yes, then proceed to answer question 42. If you answered
12 no to question 41, then answer question 44.

13 42. Was the reliance a substantial factor in causing harm to the City?

14 Yes _____ No _____

15 If your answer to question 42 is yes, then proceed to answer question 43. If you answered
16 no to question 42, then answer question 44.

17 43. What are the damages caused by the negligent misrepresentation, if any?

18 \$ _____

19 Answer question 44.

20 **City's Claim for Disgorgement**

21
22 44. At any time during its performance of the work on the Project, did Perry Coast
23 Construction, Inc. dba West Coast Construction aka West Coast Concrete ("Perry")
24 lack the proper contractors license for the work it performed?

25 Yes _____ No ☒

26 If your answer to question 44 is yes, then proceed to answer question 45. If you answered
27 no to question 44, then answer question 46.

28 45. What is the total amount of compensation paid by the City for work performed by

Perry under the improper license?

\$ _____

Answer question 46.

City's Claim for Unjust Enrichment

46. Has Stronghold been unjustly enriched by benefits it has received from the City?

Yes ☒ No _____

If your answer to question 46 is yes, then proceed to answer question 47. If you answered no to question 46, then proceed to question 48.

47. What is the amount of unjust enrichment?

\$ 396,079

Answer question 48.

City's Claim for Money Had and Received.

48. Has Stronghold received money which was intended to be used for the benefit of the City but was not used as such?

Yes _____ No ☒

If your answer to question 48 is yes, then proceed to answer question 49. If your answer to question 48 is no, stop here. Sign the verdict form and return the form to the bailiff or clerk.

49. What is the amount of money that Stronghold received which was intended to be used to benefit the City but was not used as such?

\$ _____

Please sign the verdict Forms

Signed:



Dated: 1/16/2024

After all verdict forms have been signed, notify the clerk/bailiff/court attendant.