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## Securing Clarity: Unlocking the Mysteries of Bonds and Insurance



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SINCE 2005



## Agenda – Bonds

1. Basics
2. Types and Purpose of Bonds
  - Bid Bonds
  - Payment Bonds and Performance Bonds
  - Warranty Bonds
  - Retainage Bonds
3. Bond Forms
4. Forged Bonds

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## Basics

### - Governing Laws and Policies

- Comply with
  - Federal, State, and Local laws, regulations, and policies govern
- Different practices across the country

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## Basics

### - How Contractors Get Bonds

#### Surety Prequalifies Contractor

● Financial Strength	● Payment History
● Banking Relationship	● Sufficient Line of Credit
● Construction Experience	● Equipment
● History and Organization	● Key Personnel
● Business Continuation Plans	● Work in Progress
● Reputation	● References

**Can the contractor obtain Performance and Payment Bonds?**

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## Basics - Definitions

Term	Definition
Principal	Contractor
Surety	Bonding Company
Obligee	Public Agency
Penal Sum	Penalty Amount
Attorney-in-Fact	Person signing bond for Surety
Power of Attorney	Document authorizing Attorney-in-Fact to sign bond
Rider	Amendment to a bond

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## Basics - Power of Attorney

- What is it?**
  - Authority given to one person to act on behalf of and obligate another
- Who Signs Bonds?**
  - Attorneys-in-Fact who obligate the Surety
- What if Power of Attorney is Missing?**
  - No evidence that the person signing the bond is authorized by the Surety
- What Should You Look For in a POA?**
  - Name of the person who signed the Bond
  - Attorney-in-Fact must be authorized for dollar amount
  - Have current authorization date signed by Surety

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## Basics

### - Surety Qualifications

- State: Authorized to do business in your state
- A.M. Best: Current rating of at least A-VII in A.M. Best's Key Rating Guide
  - <http://www.ambest.com/>
- U.S. Treasury: Included in the U.S. Department of the Treasury's Listing of Approved Sureties (Circular 570).
  - [http://www.fms.treas.gov/c570/c570\\_a-z.html](http://www.fms.treas.gov/c570/c570_a-z.html)

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## Types and Purposes of Bonds

1. **Bid Bonds**
2. Payment Bonds & Performance Bonds
3. Warranty Bonds
4. Retainage Bonds

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## Bid Bonds

### – A Form of Bid Guaranties

1. Bid Bond
2. Cash
3. Certified Check
4. Cashier's Check
5. Personal Money Order

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## Bid Bonds

### – Definition

- Type of bond required in public construction projects which must be filed at the time of the bid and which protects the public agency in the event that the bidder refuses to enter into a contract after the award to him or withdraws his bid before the award.

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*Black's Law Dictionary*



## Bid Bonds

### - Purpose

- Screens financial capability of bidders
- Prevents frivolous bids
- Compensates owner for higher bid amount and/or cost of rebidding project

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## Bid Bonds

### - Amount

- Typically 5% of the total amount that could be awarded including Additives and Alternates

**5%**

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## Bid Bonds

### - Restriction by Dollar Amount

- 5% of the amount bid, not to exceed \$ \_\_\_\_\_
- Read the Bid Bond
- Calculate whether Bid Bond is for sufficient amount

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## Bid Bonds

### - Restriction by Difference in Bid Prices

- Difference between the low and next low bid if less than 5%
  - "...will pay the difference in money between the total amount of the bid of the Principal [bidder] and the amount for which the Obligee [Agency] legally contracts with another party to fulfill the Contract if the latter amount be in excess of the former, but in no event shall the Surety's liability exceed the penal sum hereof."

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## Bid Bonds

### - Restriction by Difference in Bid Prices

	Bid Price	5% of Bid Price	Amount Guaranteed by Bid Bond
ABC Construction	\$100,000	\$5,000	\$3,000
XYZ Construction	\$103,000	\$5,150	\$5,150

Public agency gets bid guaranty that is \$2,000 less than 5%

- AIA Bid Bond has this language
- Read Mike Purdy's Public Contracting Blog entry:  
[http://publiccontracting.blogspot.com/2010/04/when-is-5-bid-bond-not-5-bid-bond\\_19.html](http://publiccontracting.blogspot.com/2010/04/when-is-5-bid-bond-not-5-bid-bond_19.html)

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## Bid Bonds

### - Irregularities

- No Bid Bond (or other bid guaranty)
- Insufficient Bid Bond
  - Less than 5% of the total amount of the bid
- Inadequate Bid Bond
  - Bid Bond not signed by bidder or surety
  - No Power of Attorney
  - Bid Bond for different project or owner

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## Bid Bonds

### – Collecting on Bid Bond

- You may only collect on a Bid Bond if:
  1. Valid Bid Bond
  2. Contract awarded to lowest responsible bidder with a responsive bid
  3. Bidder fails to sign or execute the contract

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## Bid Bonds

### – Cost to Bidder

- Bid Bonds are typically free to the bidder
  - No guarantee the bidder will be awarded the project
- Sureties charge for the Performance and Payment Bond

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## Bid Bonds

### - Return to Bidders?

- [Keep Original Bid Bonds](#)
  - If not required to be returned
    - Self-regulating document
- [Return Original Bid Bonds](#)
  - If required by state law or Bid Documents
- [File Documentation](#)
  - Keep original or copy of bid bonds on file
  - Public record
  - Audit purposes

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## Bid Bonds

### - Checklist

1. [Amount:](#) Is the bond for 5% of the total amount that could be awarded?
2. [Obligee:](#) Has the agency been named as the Obligee on the bid bond?
3. [Project Name:](#) Is the correct project name and number on the bid bond?
4. [Signatures:](#) Does the bid bond have original signatures of both the surety and the contractor?
5. [Power of Attorney:](#) Is the bond accompanied by an up-to-date signed Power of Attorney?
6. [Authorized:](#) Is the surety authorized to do business in your state?

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## Types and Purposes of Bonds

1. Bid Bonds
2. **Payment Bonds & Performance Bonds**
3. Warranty Bonds
4. Retainage Bonds

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## Payment Bonds – Purpose

- Surety guarantees payment to:
  - Subcontractors
  - Suppliers
  - Workers

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## Performance Bonds

### - Purpose

- Surety guarantees Contractor will perform and complete the project
  - “Type of contract bond which protects against loss due to the inability or refusal of a contractor to perform his contract.”

*Black's Law Dictionary*

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## Payment and Performance Bonds

### - What's Covered?

- Surety agrees to all the provisions of the Contract Documents:
  - Contract Amount
  - Scope of Work
  - Time of Performance
  - Terms and Conditions
  - Warranty Period

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## Payment and Performance Bonds - Bond Amount

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- Obtain separate Payment and Performance Bonds
  - Each for 100% of contract amount
  - Protects public agency more
  - No extra bond premiums for contractor
- Laws may permit bonds for less than 100% but less protection provided



## Payment and Performance Bonds - Cost to Contractor

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- Based on a percent of contract amount
- Varies depending on contractor
  - Experience
  - Cash flow and assets
  - Management structure and personnel
  - Other projects under construction
  - Risk of the project
- Generally ranges from 1% to 5%




## Payment and Performance Bonds

### - When to Obtain Bonds

- Obtain bonds prior to contract execution
  - Prior to public agency signing the contract

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## Payment and Performance Bonds

### - 3 Options for Change Orders

1. All: Surety approval for each change
2. Percentage: Surety approval for each change over specified amount or percentage
3. None: No surety approval for any change.
  - Bond amount automatically increases with changes
  - Need contract and bond language

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## Payment and Performance Bonds - 3 Options for Change Orders

The Surety for value received agrees that no change, extension of time, alteration or addition to the terms of the Contract, the specifications accompanying the Contract, or to the work to be performed under the Contract shall in any way affect its obligation on this bond, except as provided herein, and waives notice of any change, extension of time, alteration or addition to the terms of the Contract or the work performed. The Surety agrees that modifications and changes to the terms and conditions of the Contract that increase the total amount to be paid the Principal shall automatically increase the obligation of the Surety on this bond and notice to Surety is not required for such increased obligation.


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## Payment and Performance Bonds - Non-Performing Contractor

- **Signs of trouble**
  - Inappropriate change order requests
  - Poor workmanship
  - Inadequate resources
  - Manpower, equipment, materials
  - Schedule slippage
  - Claims from subcontractors and suppliers
- **Communicate with surety**
  - Be proactive and contact surety


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## Payment and Performance Bonds - Project Status Inquiries

- Respond in timely manner to Surety request for information about project status

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## Payment and Performance Bonds - Collecting on Bonds

- Payment Bond claims by
  - Subcontractors
  - Suppliers
  - Workers
- Note: 90% of surety claims are on Payment Bonds
- Performance Bond claims by
  - Public agency

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## Payment and Performance Bonds

### - Collecting on Bonds

1. What do Contract Documents require?
  - Keep Surety informed throughout project
  - Written notice of non-performance and/or termination to contractor and surety
  - Effective date for termination
  - Termination for cause or convenience?
    - Cause requires justification
2. Develop Contract Documents if needed
3. Consult with your attorneys

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## Payment and Performance Bonds

### - Collecting on Bonds

Termination for Cause: Owner may, upon 7 Days written notice to Contractor and to its surety, terminate (without prejudice to any right or remedy of Owner) the Work, or any part of it, for cause upon the occurrence of any one or more of the following events...

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## Payment and Performance Bonds - Default Options

1. Surety Backs Defaulting Contractor
2. Surety Hires & Pays New Contractor
3. Surety Pays Agency Costs to Complete
  - Agency hires new contractor with re-bid
  - Agency completes the work with its own forces

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## Payment and Performance Bonds -Release, Return, or Keep Bonds?

1. **Release or Return Bonds?**
  - Not recommended
  - Warranty period applies
  - Bond language is self-regulating
  - Bonds are public documents
- **Keep Bonds**
  - Recommended
  - Matter of public record

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## Payment and Performance Bonds - Checklist

1. **Amount:** Is the bond for 100% of the contract amount?
2. **Obligee:** Has your agency been named as the Obligee on the Performance and Payment Bonds?
3. **Project Name:** Is the correct project name and number on the bond?
4. **Surety Approval of Changes:** Do the bonds provide for increases in the contract amount without additional surety approval?
5. **Signatures:** Have the bonds been signed by both the surety and the contractor?
6. **Power of Attorney:** Is the bond accompanied by an up-to-date signed Power of Attorney?
7. **Authorized:** Is the surety authorized to do business in your state?

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## Types and Purposes of Bonds

1. Bid Bonds
2. Payment Bonds & Performance Bonds
3. **Warranty Bonds**
4. Retainage Bonds

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## Warranty Bonds

### - Definition

- A bond guaranteeing the contractor will repair any defects in the construction project during the warranty period. A warranty bond is essentially a payment and performance bond for the warranty period.
- Also referred to as a Maintenance Bond.

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## Warranty Bonds

### - Protection During Warranty

Type of Bond	Length of Warranty Period
Payment/Performance Bond	1 – 2 years
Warranty Bond	2 years or more

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## Warranty Bonds - Language

- Payment and Performance Bond
  - Include language identifying warranty period
    - Especially if more than 1 year
- Warranty Bond
  - Require in the Bid and Contract Documents so contractor can price it as part of their bid

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## Types and Purposes of Bonds

1. Bid Bonds
2. Payment Bonds & Performance Bonds
3. Warranty Bonds
4. **Retainage Bonds**

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## Retainage Bonds

### - Definition

A guarantee by the Surety to meet any claims filed against the retainage in the same manner as if the public agency had withheld 5% of each progress payment earned by the contractor.

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## Retainage Bonds

### - Amount and Change Orders

“...in the penal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), plus 5% of any increases in the contract amount that have occurred or may occur, due to change orders, increases in the quantities or the addition of any new item of work.”

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## Retainage Bonds

### - Cost to Contractor

- Usually about 1% of the amount retained
- On a \$100,000 contract, \$5,000 is retained
  - 1% of \$5,000 would be \$50

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## Retainage Bonds

### - When Submitted?

- Before work begins
- Before first payment is made
- During the term of the project
- At the end of the project
- In other words...anytime...

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## Bond Forms

### - Sources

- **Owner Forms** (Recommended)
- **Surety Forms**
  - Bonding Company
- **Industry Associations**
  - Examples include: AIA, EJCDC, ConsensusDocs
  - May have notice and claims provisions that conflict with Contract Documents

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## Forged Bonds

- California contractor forged bonds for contracts totaling \$3.4 million
  - **Signs that something was wrong:**
    - Outdated bond form no longer in use
    - No notary signature
    - Incorrect date on signature line
    - Fictitious attorney-in-fact
    - Phone number was cell number set up by contractor

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## Forged Bonds

- New Jersey contractor created new identity after two of his construction companies were debarred and was unable to register new business. Forged bonds and insurance.
  - **Signs that something was wrong:**
    - During on-site injury investigation, it was noted that his (real) drivers license didn't match the fake name from his stolen identity.

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## Forged Bonds

- New York City contractor submitted forged bonds and insurance for over \$1.7 million of work.
  - **Signs that something was wrong:**
    - NYC Housing Authority couldn't verify a bid bond with the surety that supposedly issued it.
    - Investigation showed other forged bonds and insurance from previous years.

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## Forged Bonds

- Port Orchard, WA contractor forged bonds to get contracts with a variety of local agencies who were left with incomplete projects and subcontractor payments to make.
  - **Signs that something was wrong:**
    - Forgeries discovered when construction was halted partway through a project.
    - Bonds had name of real bonding company and attorney-in-fact (who hadn't worked with the surety for years).
    - Legitimate bond from years earlier modified to make forgery look authentic

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## Forged Bonds - Mitigate Your Risk

- Review the bonds:
  - Are there irregularities or inconsistencies?
- Evaluate contractor's reputation:
  - Do you know the contractor?
- Verify bond independently:
  - Research contact information for surety
  - Contact surety to verify bond issuance

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## Agenda – Insurance

1. Basics
2. Types of Insurance
3. Amounts of Insurance
4. Documentation of Coverage
5. Monitor Insurance
6. Duration of Insurance

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## Basics - Definitions

Term	Definition
Insurance Company	Firm providing insurance coverage
Insurance Broker/Agent	Individual obligating insurance company
Policy	Document spelling out insurance coverage provisions
Endorsement	Amendment to insurance policy
Certificate of Insurance	Document describing insurance the contractor has purchased
Named Insured	Contractor
Additional Insured	Public Agency (and others)

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## Types and Purposes of Insurance

Incident	Covered by
Property damage	Commercial General Liability
Personal Injury	Commercial General Liability
Damage to new construction	Builders Risk (property insurance)
Pollution spill	Contractors Pollution Liability
Errors and Omissions	Professional Liability

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## Amounts of Insurance

- Standards: Establish standard amounts and review on a project-specific basis to ensure it's appropriate
- Per Occurrence
- Aggregate
  - Annual
  - Project
- Deductible Amount

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## Amounts of Insurance

Occurrence	Claims Made
Incident must have occurred within the policy period	Incident must have occurred within the policy period
Claim may be filed <u>after</u> the policy period	Claim must be filed <u>within</u> the policy period

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## Documentation of Coverage - Certificate of Insurance

- Is it sufficient?



### CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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## Documentation of Coverage - Additional Insured Endorsements

- Agency Specific endorsement lists the name of your agency
- Blanket endorsement doesn't list your agency name but covers you if your contract requires the contractor to name you as an additional insured

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## Documentation of Coverage - Other Endorsements

- Primary and Non-Contributory
  - In the event of a claim
    - Primary: Contractor's insurance will be primary in responding to the claim
    - Non-Contributory: Public agency's insurance will not contribute to paying the claim (because you're named as an additional insured)

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## Documentation of Coverage - Insurance Policy

- On larger and more risky projects, require submission of the actual insurance policy
- Have an expert read and interpret it

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## Monitor Insurance

- **Up-to-Date**
  - Ensure you have up-to-date insurance documentation
- **Expiration Dates**
  - Monitor expiration dates of insurance policies
- **Cancellation provisions**
  - Certificate of Insurance will provide cancellation notification consistent with the insurance policy

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## Duration of Insurance

- **Require**
  - Contractor to maintain through the end of the Warranty period

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## Insurance - Checklist

1. **Amount:** Are the amounts of coverage consistent with the contract for each type of insurance?
2. **Certificate of Insurance:** Does it include the project name and number?
3. **Endorsements:** Is there an endorsement naming your agency as an additional insured and a primary and non-contributory endorsement?
4. **Rating:** Does the insurance company have an A.M. Best rating consistent with your contract?
5. **Authorized:** Is the insurance company licensed to do business in your state?
6. **Expiration:** Have you marked on your calendar to follow up for updated insurance documentation before the insurance expires?

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## Contact Mike Purdy

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Mike Purdy  
Principal

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## About Mike Purdy

- **Public Contracting Manager:**
  - Retired in February 2010 after more than 30 years
  - City of Seattle, Contracting Manager
  - Seattle Housing Authority, Contracting and Procurement Manager
  - University of Washington, Contracts Manager
- **Procurement and Contracting Consultant:**
  - Consultant and frequent speaker/trainer since 2005
  - Helps public agencies, contractors, and consultants in understanding complexities of public contracting issues
  - Author of the popular Mike Purdy's Public Contracting Blog (<http://PublicContracting.blogspot.com>)
- **Education:**
  - Bachelor's degree in business and public administration and MBA from University of Puget Sound (Tacoma, WA)
  - Master of divinity degree from Fuller Theological Seminary (Pasadena, CA)

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POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. [Redacted]

Certificate No. [Redacted]

KNOW ALL MEN BY THESE PRESENTS: That Farmington Casualty Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company are corporations duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Darlene Krings, Kelly T. Urwiller, Diane F. Clementson, Anthony P. Stimac, Royal R. Lovell, Russell D. Lear, Katherine E. Dill, K'Anne E. Vogel, Steve J. Blohm, Wesley J. Butorac, Dulce R. Huggins, and Sandra L. Schiffers

of the City of [Redacted], State of [Redacted], their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 28th day of July, 2015.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
Robert L. Raney, Senior Vice President

On this the 28th day of July, 2015, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2016.



[Signature]
Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED**, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED**, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 31 day of August, 2015.

  
Kevin E. Hughes, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at www.travelersbond.com. Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.

**BID BOND**

to \_\_\_\_\_

Bond No. \_\_\_\_\_

KNOW ALL BY THESE PRESENTS: That we \_\_\_\_\_,  
as Principal, and \_\_\_\_\_, as Surety,  
are jointly and severally held and firmly bound unto \_\_\_\_\_,  
hereinafter called the Obligee, each in the penal sum of five percent (5%) of the  
Principal's Total Bid price for the work, this sum not to exceed  
\_\_\_\_\_ Dollars (\$\_\_\_\_\_)  
(hereinafter referred to as "penal sum") of lawful money of the United States, for the  
payment whereof unto the Obligee.

WHEREAS, the Principal is herewith submitting its offer for the fulfillment of:

(Project Name) \_\_\_\_\_ (Project Number) \_\_\_\_\_

NOW, THEREFORE the condition of this obligation is such that if the Principal is  
awarded the Contract, and if the Principal, within the time specified, fulfills all of the  
requirements of the Contract Documents which are conditions precedent to the  
execution of the Contract, enters into, executes and delivers to the Obligee an  
agreement on the form provided by the Obligee complete with evidences of insurance,  
and if the Principal, within the time specified, gives to the Obligee the Performance and  
Payment Bonds on the forms provided by the Obligee, then this obligation shall be void;  
otherwise, the Principal and Surety shall pay unto the Obligee the penal sum; provided  
however, in no event shall the Surety's liability exceed the penal sum.

AND IT IS HERBY DECLARED AND AGREED that the Surety shall be liable under this  
obligation as Principal, and that nothing of any kind or nature whatsoever that will not  
discharge the Principal shall operate as a discharge or a release of liability of the  
Surety.

IT IS HEREBY FURTHER DECLARED AND AGREED that this obligation shall be  
binding upon and inure to the benefit of the Principal, the Surety and the Obligee and  
their respective heirs, executors, administrators, successors and assigns.

SIGNED AND SEALED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Principal: \_\_\_\_\_

Surety: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

City/Zip: \_\_\_\_\_

City/Zip: \_\_\_\_\_

Tel: \_\_\_\_\_

Tel: \_\_\_\_\_

Note: A currently dated power of attorney must be provided which appoints the Surety's true and lawful attorney-  
in-fact to make, execute, seal and deliver this bid bond.



# AIA<sup>®</sup> Document A310<sup>™</sup> – 2010

## **Bid Bond**

**CONTRACTOR:**

*(Name, legal status and address)*

**SURETY:**

*(Name, legal status and principal place of business)*

**OWNER:**

*(Name, legal status and address)*

**BOND AMOUNT: \$**

**PROJECT:**

*(Name, location or address, and Project number, if any)*

**ADDITIONS AND DELETIONS:**

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

The Contractor and Surety are bound to the Owner in the amount set forth above, for the payment of which the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as provided herein. The conditions of this Bond are such that if the Owner accepts the bid of the Contractor within the time specified in the bid documents, or within such time period as may be agreed to by the Owner and Contractor, and the Contractor either (1) enters into a contract with the Owner in accordance with the terms of such bid, and gives such bond or bonds as may be specified in the bidding or Contract Documents, with a surety admitted in the jurisdiction of the Project and otherwise acceptable to the Owner, for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof; or (2) pays to the Owner the difference, not to exceed the amount of this Bond, between the amount specified in said bid and such larger amount for which the Owner may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect. The Surety hereby waives any notice of an agreement between the Owner and Contractor to extend the time in which the Owner may accept the bid. Waiver of notice by the Surety shall not apply to any extension exceeding sixty (60) days in the aggregate beyond the time for acceptance of bids specified in the bid documents, and the Owner and Contractor shall obtain the Surety's consent for an extension beyond sixty (60) days.

If this Bond is issued in connection with a subcontractor's bid to a Contractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

When this Bond has been furnished to comply with a statutory or other legal requirement in the location of the Project, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

Int.

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User Notes:

(1177639241)









June 8, 2018

The surety has requested a status report on the progress of the bonded project the Contractor and without affecting the referenced Surety's liability under their bond, we would appreciate the following information completed and returned via e-mail or fax.

By: \_\_\_\_\_

To:

*When folded, the address should be visible in a windowed envelope. When folding the letter, fold on the lines and arrows marked below.*

**PROJECT INFORMATION**

Contractor: \_\_\_\_\_

Project: \_\_\_\_\_

Surety: \_\_\_\_\_

Effective Date: \_\_\_\_\_ Bond Number: \_\_\_\_\_

Contract Price: \$ \_\_\_\_\_ Bond Amount: \$ \_\_\_\_\_

**IF PROJECT COMPLETED, PLEASE RESPOND HERE**

Approx. Completion Date: \_\_\_\_\_ Approx. Acceptance Date: \_\_\_\_\_

Final Contract Price: \$ \_\_\_\_\_

Comments: \_\_\_\_\_

**IF PROJECT NOT COMPLETED, PLEASE RESPOND HERE**

Anticipated Completion Date: \_\_\_\_\_ Is work progressing satisfactorily?  Yes  No

Approximate Amount Completed: \_\_\_\_\_ Are there any claims, assignments or liens?  Yes  No

Current Retainage Held: \$ \_\_\_\_\_ Are there any unpaid labor or material bills?  Yes  No

Comments: \_\_\_\_\_

**ACKNOWLEDGEMENT**

It is understood that the information contained herein is furnished as a matter of courtesy for the confidential use of this Agency and the Surety and is merely an expression of opinion. It is also agreed that in furnishing this information no guarantee or warranty of accuracy or correctness is made and no responsibility is assumed as a result of reliance by the Agency or Surety, whether such information is furnished by the Owner or by an Architect or Engineer as the agent of the Owner.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name & Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_ E-mail Address: \_\_\_\_\_



**WARRANTY BOND**

to \_\_\_\_\_

Bond No. \_\_\_\_\_

The \_\_\_\_\_, (Owner) has awarded to \_\_\_\_\_ (Principal), a Contract for the project designated as \_\_\_\_\_, Project No. \_\_\_\_\_, in \_\_\_\_\_, \_\_\_\_\_ (Contract), and said Principal is required under the terms of that Contract and associated contract documents to furnish a Warranty Bond for warranty work that may be required after the expiration of the one year warranty period from the substantial completion date for an additional \_\_\_\_\_ years, all in accordance with the terms of the Contract.

The Principal, and \_\_\_\_\_ (Surety), a corporation organized under the laws of the State of \_\_\_\_\_ and licensed to do business in the State of \_\_\_\_\_ as surety and named in the current list of "Surety Companies Acceptable in Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Dept., are jointly and severally held and firmly bound to the Owner, in the sum of \_\_\_\_\_ US Dollars (\$ \_\_\_\_\_), subject to the provisions herein.

This Warranty Bond shall become null and void, if and when the Principal, its heirs, executors, administrators, successors, or assigns shall, during the warranty period described above, a) pay all persons in accordance with applicable laws including all workers, laborers, mechanics, subcontractors, and materialmen, and all persons who shall supply such contractor or subcontractor with provisions and supplies for the carrying on of such warranty work; and if such payment obligations have not been fulfilled, this Warranty Bond shall remain in full force and effect, and b) shall well and faithfully perform all of the Principal's obligations under the warranty period of the Contract, at the time and in the manner therein specified; and if such performance obligations have not been fulfilled, this Warranty Bond shall remain in full force and effect.

This Warranty Bond may be executed in two (2) original counterparts, and shall be signed by the parties' duly authorized officers. This Warranty Bond will only be accepted if it is accompanied by a fully executed and original power of attorney for the officer executing on behalf of the surety.

**PRINCIPAL**

**SURETY**

\_\_\_\_\_  
Principal Signature Date

\_\_\_\_\_  
Surety Signature Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

Name, address, and telephone of local office/agent of Surety Company is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
Signature, Printed Name, Title

\_\_\_\_\_  
Date

**RETAINAGE BOND**  
**Contract No. \_\_\_\_\_**

Bond No. \_\_\_\_\_

KNOW ALL BY THESE PRESENTS: That \_\_\_\_\_, a corporation existing under and by virtue of the laws of the State of \_\_\_\_\_ and authorized to do business in the State of \_\_\_\_\_, as Principal, and \_\_\_\_\_, a corporation organized and existing under the laws of the State of \_\_\_\_\_ and authorized to transact the business of surety in the State of \_\_\_\_\_, as Surety, are jointly and severally held and bound unto \_\_\_\_\_ (Owner), and are similarly held and bound unto the beneficiaries of the trust fund created by \_\_\_\_\_ [cite sections of applicable law], and their heirs, executors, administrators, successors and assigns in the penal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), plus 5% of any increases in the contract amount that have occurred or may occur, due to change orders, increases in the quantities or the addition of any new item of work.

WHEREAS, the Principal has executed Contract for \_\_\_\_\_ (Contract No. \_\_\_\_\_) with the Owner; and

WHEREAS, said Contract and Chapter 60.28 RCW require the Owner to withhold from the Principal the sum of five percent (5%) from monies earned by the Principal on estimates during the progress of the work, hereinafter referred to as earned retained funds; and

WHEREAS, the Principal/Surety has requested that the Owner accept a bond in lieu of earned retained funds as allowed under applicable law.

NOW, THEREFORE, this obligation is such that the Surety, its successors and assigns, are held and bound unto Owner and unto all beneficiaries of the trust fund created by \_\_\_\_\_ [cite sections of applicable law] in the aforesaid sum. This bond, including any proceeds therefrom, is subject to all claims and liens and in the same manner and priority as set forth for retained percentages in applicable laws. The condition of this obligation is such that if the Principal shall satisfy all payment obligations to persons who may lawfully claim under the trust fund created pursuant to applicable laws, to the Owner, and indemnify and hold the Owner harmless from any and all loss, costs, and damages that the Owner may sustain by release of said retainage to Principal/Surety, then this obligation shall be null and void provided the Surety is notified by Owner that the requirements of applicable law have been satisfied and the obligation is duly released by Owner; otherwise it shall remain in full force and effect.

IT IS HEREBY DECLARED AND AGREED that the Surety shall be liable under this obligation as Principal. The Surety will not be discharged or released from liability for any act, omission, or defense of any kind or nature that would not also discharge the Principal.

IT IS HEREBY FURTHER DECLARED AND AGREED that this obligation shall be binding upon and inure to the benefit of the Principal, the Surety, the Owner, and, the beneficiaries of the trust fund created by applicable law and their respective heirs, executors, administrators, successors and assigns.

SIGNED AND SEALED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Principal: _____	Surety: _____
By: _____	By: _____
Title: _____	Title: _____
Address: _____	Address: _____
City/Zip: _____	City/Zip: _____
Tel: _____	Tel: _____
Witness: _____	Witness: _____

Note: A power of attorney must be provided which appoints the Surety's true and lawful attorney-in-fact to make, execute, seal and deliver this bond.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME:	
	PHONE (A/C, No, Ext):	FAX (A/C, No):
INSURED	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A :	
	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

**COVERAGES**                      **CERTIFICATE NUMBER:**                      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY					EACH OCCURRENCE \$
	COMMERCIAL GENERAL LIABILITY					DAMAGE TO RENTED PREMISES (Ea occurrence) \$
	CLAIMS-MADE OCCUR					MED EXP (Any one person) \$
						PERSONAL & ADV INJURY \$
						GENERAL AGGREGATE \$
	GEN'L AGGREGATE LIMIT APPLIES PER:					PRODUCTS - COMP/OP AGG \$
	POLICY PROJECT LOC					\$
	AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT (Ea accident) \$
	ANY AUTO					BODILY INJURY (Per person) \$
	ALL OWNED AUTOS	SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
	HIRED AUTOS	NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident) \$
						\$
	UMBRELLA LIAB	OCCUR				EACH OCCURRENCE \$
	EXCESS LIAB	CLAIMS-MADE				AGGREGATE \$
	DED RETENTION \$					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					WC STATUTORY LIMITS OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICE MEMBER EXCLUDED? (Mandatory in NH)	Y/N				E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				E.L. DISEASE - IA EMPLOYEE \$
						E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER	CANCELLATION
	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – OWNERS, LESSEES OR  
CONTRACTORS – SCHEDULED PERSON OR  
ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – AUTOMATIC STATUS WHEN REQUIRED IN CONSTRUCTION AGREEMENT WITH YOU**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Section II – Who Is An Insured** is amended to include as an additional insured any person or organization for whom you are performing operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:
1. Your acts or omissions; or
  2. The acts or omissions of those acting on your behalf;
- in the performance of your ongoing operations for the additional insured.
- However, the insurance afforded to such additional insured:
1. Only applies to the extent permitted by law; and
  2. Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
- A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.
- B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:
- This insurance does not apply to:
1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:
    - a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
    - b. Supervisory, inspection, architectural or engineering activities.
- This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of or the failure to render any professional architectural, engineering or surveying services.



2. "Bodily injury" or "property damage" occurring after:

- a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

The most we will pay on behalf of the additional insured is the amount of insurance:

- 1. Required by the contract or agreement you have entered into with the additional insured; or
- 2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

SPECIMEN

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PRIMARY AND NONCONTRIBUTORY – OTHER INSURANCE CONDITION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

### **Primary And Noncontributory Insurance**

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

(1) The additional insured is a Named Insured under such other insurance; and

(2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

SPECIMEN