

MEMORANDUM



Date: July 24, 2007
To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

Agenda Item No. 14(B)2

From: George M. Burgess,
County Manager

Subject: Change Order No. 1 and Final for John E. Preston Water Treatment Plant Softeners No. 7 and No.8, Disinfectant/Disinfection By-Products Contract No: W-665B

Recommendation

The attached Change Order No: 1 and Final on a contract between United Engineering Corp., and Miami-Dade County has been prepared by the Miami-Dade Water and Sewer Department and is recommended for approval.

CHANGE ORDER NUMBER: 1 and Final

Scope

PROJECT NAME: John E. Preston Water Treatment Plant Softeners No. 7 and No. 8, Disinfectant/Disinfection By-Products

PROJECT NO:

CONTRACT NO: W-665B

PROJECT DESCRIPTION: This project consists of furnishing all materials, labor and equipment necessary for the construction of two 95-foot diameter steel and concrete softener tanks; the modification of three existing softener tanks by removing the existing hydrotreater mechanisms, and installing new Department furnished accelerator mechanisms in all five tanks; and with all the appurtenant ancillary systems required for making improvements to the water processing system.

The work also includes the following: furnishing and installing 72-inch and 60-inch concrete pipe and fittings, with venturi meters and valves; furnishing and installing ductile iron pipe and fittings for the following: chlorinated water, carbon dioxide, potable water, raw water and construction of a distribution chamber with pipe, valves and flow meters; construction of a concrete walkway bridge, ducts flumes and pressure manholes; furnishing and installing two liquid carbon dioxide tanks with associated pipe, fittings, valves and accessories; construction of two 25-foot diameter sodium hydroxide, and two 25-foot diameter ferric sulfate tanks; relocation of existing tanks; removal of existing chemical equipment and systems, and furnishing and installing new miscellaneous equipment and piping for chemical systems; construction of three calcium carbonate residual pumping stations and a calcium carbonate residual transfer pump station; construction of seven small buildings for the following: Chemical, Lime Distribution, Raw Water Booster Pump Station, and four calcium carbonate residual pumping stations; furnishing, installing and testing all equipment, including that supplied by the Department; electrical work; mechanical work; site work, including pavement and drainage; landscaping, including sodding; furnishing and installing fences and gates; transportation of salvaged equipment to a pre-determined site, as required by the Department; cleanup; and any appurtenant work for a complete project.

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PROJECT LOCATION: 1100 West 2nd Avenue, City of Hialeah, FL
PRIMARY COMMISSION DISTRICT: District 6 Rebeca Sosa
APPROVAL PATH: Board of County Commissioners , , ,
USING DEPARTMENT: Miami-Dade Water and Sewer Department
MANAGING DEPARTMENT: Miami-Dade Water and Sewer Department

Fiscal Impact / Funding Source

CHANGE ORDER FUNDING SOURCE: WATER-REVENUE BONDS - SERIES 1997 WATER-STATE REVOLVING FUND

PTP FUNDING: No

GOB FUNDING: No

CHANGE ORDER DESCRIPTION: This is a negotiated change order for a monetary increase in the contract amount and an extension of time. For complete descriptions see the Monetary and Time Justifications.

MONETARY JUSTIFICATION:

This Change Order is a negotiated change order to fully resolve all claims held by the Contractor on the project. MDWASD with the assistance of the the Miami-Dade County Attorney's Office, negotiated this change order on behalf of Miami-Dade County with the Contractor and their attorney.

The subject contract, W-665B, John E. Preston Water Treatment Plant Softeners No. 7 and No. 8 Disinfectant/Disinfection By-Products ("the contract" or "the project") involved the installation of new treatment processes to MDWASD's John E. Preston Water Treatment Plant. Four bidders proffered bids with United Engineering Corporation (UEC) submitting the lowest bid at the contract amount. The second lowest bid was nearly 10% more than UEC's and the third and fourth came in at 21% and 23% over respectfully. Because the Plant needed to remain in operation at all times, UEC was to complete this work in phases, with final completion to occur four years after the construction had begun. During the prosecution of the work, it became apparent that UEC would not complete the phased work within the time scheduled. UEC claimed that this was the result of County actions, and informed the County that it would request additional compensation and contract time.

Subsequent to previous notices to UEC regarding liquidated damages and after the completion of the contract work, MDWASD informed UEC that the County was required to retain the pending contract balance because of assessed liquidated damages. UEC contended that liquidated damages were inappropriate, as it was entitled to an extension of the contract time.

Due to the impasse between MDWASD and UEC on the close-out of the contract, MDWASD on September 29, 2006, sent a letter to UEC presenting a claim against the contract. At the time this letter was sent, the County retained approximately \$1,129,909.31 in contract funds. In response to MDWASD's claim, on October 13, 2006 UEC therefore presented a Request for Equitable Adjustment seeking adjustment to both the contract time and contract sum.

The Request for Equitable Adjustment broadly alleged that various actions of the County had caused UEC to incur extra costs or had otherwise delayed UEC's prosecution of the work. In particular, UEC contended that (1) MDWASD's consultant interfered with UEC's prosecution of the work by imposing excessive requirements on submittals, including the schedule of values and various design drawings, (2)

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MDWASD requested various changes to the contract after design, including changes to the electrical control system and lime-slaker mechanism, (3) MDWASD's design was defective in that it called for use of sealants which UEC contended were inappropriate, as well as various other issues, and (4) various administrative delays, including delays in issuance of a permit by the City of Hialeah. In addition, UEC noted that the MDWASD had previously agreed to various allowance account change orders for extra work but had not granted additional contract time associated with the completion of the work. The total of the UEC claim is \$4,115,436.

After reviewing this claim, MDWASD staff determined that the Contractor was potentially entitled to a non-compensable 326 day time extension due to MDWASD initiated revisions in instrumentation controls as well as due to the previously approved allowance account change orders. Such an extension would result in contract liquidated damages being waived, and result in payment to the Contractor of the contract balance.

Review of the remainder of the claim between MDWASD staff and the County Attorney's Office demonstrated that, while the majority of this claim was not persuasive, there were certain elements on which liability could be contested, and on which UEC has indicated that it would pursue through litigation. As this contract was a complex, five year construction project, litigation would involve significant effort and expense on the part of MDWASD with uncertain results. MDWASD therefore negotiated a final settlement with the Contractor on the balance of the remaining claims in the amount of \$1,285,194.47 of which \$663,233.28 is being funded from the Contingency Account and \$621,961.19 is requested under this change order.

Therefore, pursuant to this change order final payment to the Contractor will be:

\$1,129,909.31 - Released Liquidated Damages
 \$621,961.19 - Requested Increase in Contract this Change Order
 \$663,233.28 - Contingency Balance Remaining
 \$188,580.66 - Original Contract
 \$2,603,684.44 - Total

PREVIOUS NOTIFICATION COMMENT:

The Commission was previously notified of a potential change order on January 20, 2004 and was updated on the progress on September 21, 2004. This Change Order will resolve all claims, additional costs, and any requests for additional time arising out of the fulfillment of the contract.

TIME JUSTIFICATION:

MDWASD is recommending a non-compensable 326 day time extension due to MDWASD initiated revisions in instrumentation controls as well as due to the previously approved change orders.

	<u>Original Contract Values</u>	<u>Previous Adjustments To Values</u>	<u>This Change Order Values</u>	<u>Current Totals</u>	<u>Total Paid</u>	<u>Balance After Change Order</u>
BASE:	\$21,350,000.00	\$0.00	\$621,961.19	\$21,971,961.19	\$21,161,419.34	\$810,541.85
CONTINGENCY:	\$2,100,000.00	\$0.00	\$0.00	\$2,100,000.00	\$1,436,766.72	\$663,233.28
DEDICATED:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTALS:	\$23,450,000.00	\$0.00	\$621,961.19	\$24,071,961.19	\$22,598,186.06	\$1,473,775.13

	<u>Original Contract Duration</u>	<u>Previous Adjustments To Duration</u>	<u>This Change Order Duration</u>	<u>Current Totals</u>
BASE DURATION:	1580	0	326	1906
CONTINGENCY:	0	0	0	0

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TOTAL DURATION: 1580 0 326 1906

INITIATING FACTOR(S) FOR CHANGE ORDER

<u>Reason</u>	<u>Cost</u>	<u>Duration</u>
County Requested Change	\$621,961.19	326
Total:	\$621,961.19	

Track Record / Monitor

PRIME CONTRACTOR: United Engineering Corp.

COMPANY PRINCIPAL: Antonio Assenza, Anthony Burke, Gil Nehamkin

COMPANY QUALIFIERS: Antonio Assenza, Guillermo Fernandez, D. Anderson

COMPANY EMAIL ADDRESS: GGALMIN@THETOWERGROUP.COM

COMPANY STREET ADDRESS: 405 S.W. 148 Ave, Suite 2

COMPANY CITY-STATE-ZIP: Davie, FL 33325

YEARS IN BUSINESS: 8

PREVIOUS EXPERIENCE WITH COUNTY IN THE LAST FIVE YEARS: 5 contracts for \$8,230,723.00

SUBCONTRACTORS AND SUPPLIERS (SECTION 10-34 MIAMI DADE COUNTY CODE): Tasco Plumbing Corp.

CONTRACT MANAGER NAME/PHONE/EMAIL: Humberto Codispoti (786) 552-8110 HCP@miamidade.gov

PROJECT MANAGER NAME/PHONE/EMAIL: Armando Rubio 786-552-8148 AJRUB01@miamidade.gov

Background

BACKGROUND: The Project is designed to improve the Plant's water processing system by constructing two new 95-foot diameter steel and concrete softener tanks, and modifying the three existing softener tanks by removing the hydrotreater mechanisms and installing new accelerator mechanisms in all five tanks.

BUDGET APPROVAL
FUNDS AVAILABLE:


OSBM DIRECTOR

6-21-07
DATE

APPROVED AS TO
LEGAL SUFFICIENCY:

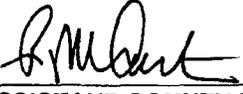

COUNTY ATTORNEY

6-20-07
DATE

CAPITAL
IMPROVEMENTS
CONCURRENCE:


OCI DIRECTOR
for RTH

6/21/07
DATE


ASSISTANT COUNTY MANAGER

6/21/07
DATE

CLERK DATE

DATE

Dept. of Business Development Project Worksheet

12/02/1999
Item No. 3-01

Contract Title: JOHN E. PRESTON WATER TREATMENT PLANT (SIC 16)

Project/Contract No.: W-665B

Department: WASD

Estimated Cost of Project/Bid: \$ 20,500,000.00 Funding Source: Water-Revenue

Description of Project/Bid: To establish a contract to provide all materials, labor and equipment necessary for the construction of two steel and concrete softner tanks, etc.

Measures Recommendation								
Set-Aside:	<input type="checkbox"/>	Level 1	<input type="checkbox"/>	Level 2	<input type="checkbox"/>	Level 3	Bid Preference	<input type="checkbox"/>
Trade-Set Aside	<input type="checkbox"/>						Selection Factor	<input type="checkbox"/>
No Measure	<input type="checkbox"/>							
CSBE Subcontractor Goal		8.00%						

Reasons for Recommendation
Analysis of the factors contained in Section VI C of Administrative Order 3-22 indicate a goal on this project is appropriate.
SIC 16- Heavy Construction Contractors

Analysis for Recommendation of a Goal				
Subtrade	Cat.	Estimated Cost	% of Item to Base Bid	Availability
Item #1 (See Attached)		\$750,000.00	3.66%	132
Item #2 (See Attached)		\$298,000.00	1.45%	132
Item #3 (See Attached)		\$407,000.00	1.98%	17
Item #4 (See Attached)		\$170,000.00	0.83%	15
Total		\$1,625,000.00	7.92%	216

Non-affected Sub-trades

No.: _____ Value: _____

Ordinance 90-143 is applicable to all construction projects over \$100,000 that do not utilize Federal funds.

REVIEW COMMITTEE RECOMMENDATION				
Set-Aside	Level 1 _____	Level 2 _____	Level 3 _____	
Trade Set Aside (MCC)	_____	CSBE Subcontractor Goal	<u>8 1/2%</u>	Bid Preference _____
No Measure	_____	Deferred	_____	Selection Factor _____
 _____ Review Committee			4	<u>12-2-99</u> Date



MIAMI DADE COUNTY

Firm History Report

(excluding A&E)

From: 06/07/2002 To: 06/07/2007

FIRM NAME: UNITED ENGINEERING CORPORATION
 405 SW 148 Ave, Suite 2
 Davie, FL 33325-0000

PRIMES

PROJECT #	CONTRACT	DEPT.	MEASURES	AWARD DATE	AWARD AMOUNT	PAID TO PRIME AS OF	REQ. TO DATE REPORTED	DATE REPORTED	SUBCONTRACTORS
* W-829	1	WS	GOAL CSBE 16%	07/22/2002	\$735,900	\$735,495 02/21/2006	\$733,840	03/29/2004	* AMERICAN ELECTRIC OF MIAMI, INC. - \$0.00 * BCL CONSTRUCTION, INC. - \$161,898.00 * DEMCO, INC. - \$0.00
					<u>\$735,900</u>				
S-736 DIVS. A & B	1	WS	NO MEASURE	11/01/2002	\$2,013,423	\$3,338,261 05/26/2005			
24-INCH FORCE MAIN IN NW 107TH AVE. FROM NW 58TH ST. TO NW 79TH ST. (SIC 16)									
Change Order #	1								
					<u>\$2,013,423</u>				
S-750	1	WS	GOAL CSBE 19%	09/23/2003	\$715,000	\$708,027 11/29/2006	\$706,257	12/20/2005	* BCL CONSTRUCTION, INC. - \$135,850.00
NORTH DISTRICT WASTE WATER TREATMENT PLANT PRIMARY SETTLING TANK NO. 3 - STORM DAMAGE REPAIRS (SIC 16)									
Change Order #	1								
					<u>\$715,000</u>				
* S-740	1	WS	GOAL CSBE 9%	12/04/2003	\$992,200	\$0 11/29/2006			* STAR PAVING CORP. - \$89,297.97
INSTALLATION OF 24" DUCTILE IRON FORCE MAIN FROM PUMP STATION 416 TO NW 177ST AND NW 75 PLACE (SIC 16)									
Change Order #	2								
					<u>\$992,200</u>				

* Indicates closed or expired contracts
 Thursday, June 7, 2007

Change Orders without dates are pending BCC approval
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MIAMI DADE COUNTY
Firm History Report
(excluding A&E)

From: 06/07/2002 To: 06/07/2007

FIRM NAME: UNITED ENGINEERING CORPORATION
405 SW 148 Ave, Suite 2
Davie, FL 33325-0000

PRIMES

PROJECT #	CONTRACT	DEPT	MEASURES	AWARD DATE	AWARD AMOUNT	PAID TO PRIME AS OF	REQ TO DATE REPORTED	DATE	SUBCONTRACTORS
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W-847
 ASR ULTRAVIOLET DISINFECTION SYSTEM AT THE
 WEST AND SOUTHWEST WELL FIELDS (SIC 16)

1 WS GOAL CSBE 13.93% 04/27/2004 \$3,774,200 \$0 02/21/2006

\$3,774,200

* BCL CONSTRUCTION, INC. - \$528,388.00

Total Award Amount	\$8,230,723
Total Change Orders Approved by BCC	\$0
Total Change Orders Approved After	\$8,230,723
Total Change Orders Pending	\$0
Total Change Orders Pending	\$8,230,723

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MIAMI-DADE WATER AND SEWER DEPARTMENT
DADE COU. FLORIDA

JOHN E. PRESTON WATER TREATMENT PLANT SOFTENERS NO. 7 AND NO. 8
DISINFECTANT/DISINFECTION BY-PRODUCTS
CONTRACT NO. W-665B

ESTIMATE: \$20,500,000 CSBE 8%

TABULATION OF BIDS		BID DATE: June 26, 2000	
BIDDERS		Harry Pepper & Associates, Inc. 18901-A N.E. 5 Avenue North Miami Beach, FL 33179	
		The Poole and Kent Company 1781 N.W. North River Drive Miami, FL 33125	
		United Engineering Corporation 10145 NW 19th St. Miami, FL 33172	
ITEM NO.	DESCRIPTION	QUANT. UNIT	TOTAL
1.	Selling and delivering to the Department all necessary materials, equipment and supplies for Construction of the Project, complete	Aggr. Sum	\$15,400,000.00
2.	All other costs incurred in constructing and completing the Project, including installation of all materials, equipment and supplies furnished under Item 1 or by the Department, complete	Aggr. Sum	5,950,000.00
3.	Unforeseen conditions, construction changes, for additional work or materials not covered by other Proposal Items and for quantity adjustments, if ordered by the Engineer	Allowance Account	2,100,000.00
TOTAL BID (Items 1 through 3)			\$23,450,000.00
* Revised due to error			\$25,753,000.00
			\$18,653,000.00
			\$18,500,000.00
			7,889,000.00
			2,100,000.00
			\$28,489,000.00

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MIAMI-DADE WATER AND SEWER DEPARTMENT
DADE COUNTY, FLORIDA

JOHN E. PRESTON WATER TREATMENT PLANT SOFTENERS NO. 7 AND NO. 8
DISINFECTANT/DISINFECTION BY-PRODUCTS
CONTRACT NO. W-665B

ESTIMATE: \$20,500,000 CSBE 8%

BID DATE: June 26, 2000

TABULATION OF BIDS
BIDDERS

MCM Corp.

6201 SW 70 St., 2nd Floor
Miami, FL 33143

ITEM NO.	DESCRIPTION	QUANT.	UNIT	TOTAL
1.	Selling and delivering to the Department all necessary materials, equipment and supplies for Construction of the Project, complete	Aggr. Sum		\$13,400,000.00
2.	All other costs incurred in constructing and completing the Project, including installation of all materials, equipment and supplies furnished under item 1 or by the Department, complete	Aggr. Sum		13,460,000.00
3.	Unforeseen conditions, construction changes, for additional work or materials not covered by other Proposal items and for quantity adjustments, if ordered by the Engineer	Allowance Account		2,100,000.00
TOTAL BID (Items 1 through 3)				\$28,960,000.00

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MIAMI-DADE COUNTY, FLORIDA
MIAMI-DADE WATER AND SEWER DEPARTMENT
CHANGE ORDER TO ORIGINAL CONTRACT



CHANGE ORDER NO: 1 and Final **CONTRACT NO:** W-665B **DATE:** 5/23/2007
PROJECT TITLE: John E. Preston Water Treatment Plant Softeners No. 7 and No. 8, Disinfectant/Disinfection By-Products
TO CONTRACTOR: United Engineering Corp. 405 S.W. 148 Ave, Suite 2 Davie, FL 33325

YOU ARE HEREBY REQUESTED TO MAKE THE FOLLOWING CHANGES IN THE PLANS AND SPECIFICATIONS FOR THIS PROJECT AND TO PERFORM THE WORK ACCORDINGLY, SUBJECT TO ALL CONTRACT STIPULATIONS AND COVENANTS.

Description of work authorized: This is a negotiated change order for a monetary increase in the contract amount and an extension of time. For complete descriptions see the Monetary and Time Justifications.
Monetary Justification: This Change Order is a negotiated change order to fully resolve all claims held by the Contractor on the project. MDWASD with the assistance of the the Miami-Dade County Attorney's Office, negotiated this change order on behalf of Miami-Dade County with the Contractor and their attorney.
 The subject contract, W-665B, John E. Preston Water Treatment Plant Softeners No. 7 and No. 8 Disinfectant/Disinfection By-Products ("the contract" or "the project") involved the installation of new treatment processes to MDWASD's John E. (Continued below)
Time Justification: MDWASD is recommending a non-compensable 326 day time extension due to MDWASD initiated revisions in instrumentation controls as well as due to the previously approved change orders.

This change order includes not only all direct costs of contractor such as labor, material, job overhead, and profit markup; but also includes any costs for modifications or changes in sequence of work to be performed, delays, rescheduling, disruption, extended direct overhead or general overhead, acceleration, material or other escalation which include wages and other impact costs.

Contractor hereby waives, fully releases, discharges and acquits Miami-Dade County of any and all liability for claims, additional costs, and any requests for additional time arising out of the fulfillment of the contract and this change order from the date of the contract award to and including execution of this change order.

SUMMARY OF CONTRACT AMOUNT / TIME

ORIGINAL CONTRACT AMOUNT-----	\$23,450,000.00
COST OF CHANGES PREVIOUSLY ORDERED-----	\$0.00
ADJUSTED CONTRACT AMOUNT PRIOR TO THIS CHANGE-----	\$23,450,000.00
COST OF CHANGES WITH THIS DOCUMENT-----	\$621,961.19
ADJUSTED CONTRACT AMOUNT INCLUDING THIS CHANGE-----	\$24,071,961.19
PERCENT INCREASE WITH THIS CHANGE-----	3%
TOTAL PERCENT INCREASE TO DATE-----	3%
TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	1580 / 0 / 326
CONTINGENCY TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	0 / 0 / 0
ADJUSTED DURATION INCLUDING THIS CHANGE-----	1906

CERTIFYING STATEMENT: *I hereby certify that the changes and supporting cost data included is, in my considered opinion, necessary and accurate; that the prices quoted are fair and reasonable and in proper ratio to the cost of the original work contracted for under benefit of competitive bidding.*

Approved: ENGINEER OR CONSULTING ENGINEER *Julia Medina* Date: 6/12/07

Recommended By: PROJECT MANAGER *[Signature]* Date: 6-12-07

TO BE FILLED OUT BY MIAMI-DADE WATER AND SEWER DEPARTMENT

FUNDS BUDGET CODE Project # S047660 Fund# EW623

CERTIFIED BY DEPARTMENT'S FINANCE DIVISION: *Perla Veliz* Date: 6/13/07

Accepted By: United Engineering Corp.

Contractor

6/14/07

Accepted By: Surety

Surety

6/14/07

Fireman's Fund Insurance Company
Charles J. Nielson, Attorney-in-Fact

Reviewed By: Manager, Construction Division

[Signature]

6/12/07

Approved By: Assistant Director

[Signature]

6/12/07

Approved By: Director

[Signature] for SWR.

6/14/07

Approved By: Director, DBD

[Signature]

6/14/07

Approved By: Director, OSBM

[Signature]

6/14/07
6-14

Approved By: County Attorney

[Signature]

Approved By: County Manager

Attested By: Clerk of the Board

Monetary Justification: (Continued)

Preston Water Treatment Plant; as the Plant needed to remain in operation at all times, UEC was to complete this work in phases, with final completion to occur four years after the construction had begun. During the prosecution of the work, it became apparent that UEC would not complete the phased work within the time scheduled. UEC claimed that this was the result of County actions, and informed the County that it would request additional compensation and contract time.

Subsequent to previous notices to UEC regarding liquidated damages and after the completion of the contract work, MDWASD informed UEC that the County was required to retain the pending contract balance because of assessed liquidated damages. UEC contended that liquidated damages were inappropriate, as it was entitled to an extension of the contract time.

Due to the impasse between MDWASD and UEC on the close-out of the contract, MDWASD on September 29, 2006, sent a letter to UEC presenting a claim against the contract. At the time this letter was sent, the County retained approximately \$1,129,909.31 in contract funds. In response to MDWASD's claim, on October 13, 2006 UEC therefore presented a Request for Equitable Adjustment seeking adjustment to both the contract time and contract sum.

The Request for Equitable Adjustment broadly alleged that various actions of the County had caused UEC to incur extra costs or had otherwise delayed UEC's prosecution of the work. In particular, UEC contended that (1) MDWASD's consultant interfered with UEC's prosecution of the work by imposing excessive requirements on submittals, including the schedule of values and various design drawings, (2) MDWASD requested various changes to the contract after design, including changes to the electrical control system and lime-slaker mechanism, (3) MDWASD's design was defective in that it called for use of sealants which UEC contended were inappropriate, as well as various other issues, and (4) various administrative delays, including delays in issuance of a permit by the City of Hialeah. In addition, UEC noted that the MDWASD had previously agreed to various allowance account change orders for extra work but had not granted additional contract time associated with the completion of the work. The total of the UEC claim is \$4,115,436.

After reviewing this claim, MDWASD staff determined that the Contractor was potentially entitled to a non-compensable 326 day time extension due to MDWASD initiated revisions in instrumentation controls as well as due to the previously approved allowance account change orders. Such an extension would result in contract liquidated damages being waived, and result in payment to the Contractor of the contract balance.

Review of the remainder of the claim between MDWASD staff and the County Attorney's Office demonstrated that, while the majority of this claim was not persuasive, there were certain elements on which liability could be contested, and on which UEC has indicated that it would pursue through litigation. As this contract was a complex, five year construction project, litigation would involve significant effort and expense on the part of MDWASD with uncertain results. MDWASD therefore negotiated a final settlement with the Contractor on the balance of the remaining claims in the amount of \$621,961.19. This amount represents an increase of 2.6 percent over the original contract amount.

Therefore, pursuant to this change order final payment to the Contractor will be 2.6 million dollars, which number includes \$1,981,723.25 of the original contract balance plus an additional payment of \$621,961.19.

Time Justification Declaration:

A time extension is provided for additional work performed outside the scope of the original Contract that affects the critical path schedule of the contracted work or previously approved changes. Should additional work be required which does not affect the critical path schedule, no time extension will be granted. Should one item of additional work run concurrent with another item of additional work, only time, not duplicated can be provided.

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FIREMAN'S FUND INSURANCE COMPANY

NATIONAL SURETY CORPORATION
THE AMERICAN INSURANCE COMPANY

ASSOCIATED INDEMNITY CORPORATION
AMERICAN AUTOMOBILE INSURANCE COMPANY

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That FIREMAN'S FUND INSURANCE COMPANY, a California corporation, NATIONAL SURETY CORPORATION, an Illinois corporation, THE AMERICAN INSURANCE COMPANY, a New Jersey corporation redomesticated in Nebraska, ASSOCIATED INDEMNITY CORPORATION, a California corporation, and AMERICAN AUTOMOBILE INSURANCE COMPANY, a Missouri corporation, (herein collectively called "the Companies") does each hereby appoint Charles J. Nielson, Mary Aceves, Brett Rosenhaus, D. Michael Stevens, Kevin Wojtowicz, Charles D. Nielson or Warren M. Alter of Miami Lakes, FL Don A. Lambert, Jr., Lynn C. Lambert of Palm Beach Gardens, FL their true and lawful Attorney(s)-in-Fact, with full power of authority hereby conferred in their name, place and stead, to execute, seal, acknowledge and deliver any and all bonds, undertakings, recognizances or other written obligations in the nature thereof-----

and to bind the Companies thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seals of the Companies and duly attested by the Companies' Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises.

This power of attorney is granted under and by the authority of Article VII of the By-laws of each of the Companies which provisions are now in full force and effect.

This power of attorney is signed and sealed under the authority of the following Resolution adopted by the Board of Directors of each of the Companies at a meeting duly called and held, or by written consent, on the 19th day of March, 1995, and said Resolution has not been amended or repealed:

"RESOLVED, that the signature of any Vice-President, Assistant Secretary, and Resident Assistant Secretary of the Companies, and the seal of the Companies may be affixed or printed on any power of attorney, on any revocation of any power of attorney, or on any certificate relating thereto, by facsimile, and any power of attorney, any revocation of any power of attorney, or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Companies."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed by their Vice-President, and their corporate seals to be hereunto affixed this 29 day of February, 2000.



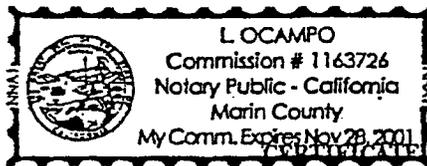
FIREMAN'S FUND INSURANCE COMPANY
NATIONAL SURETY CORPORATION
THE AMERICAN INSURANCE COMPANY
ASSOCIATED INDEMNITY CORPORATION
AMERICAN AUTOMOBILE INSURANCE COMPANY

By Donn R. Kolbeck
Vice-President

STATE OF CALIFORNIA } SS.
COUNTY OF MARIN

On this 29 day of February, 2000, before me personally came Donn R. Kolbeck to me known, who, being by me duly sworn, did depose and say: that he is a Vice-President of each company, described in and which executed the above instrument; that he knows the seals of the said Companies; that the seals affixed to the said instrument are such company seals; that they were so affixed by order of the Board of Directors of said companies and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year herein first above written.



[Signature]
Notary Public

STATE OF CALIFORNIA } SS.
COUNTY OF MARIN

I, the undersigned, Resident Assistant Secretary of each company, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force and has not been revoked; and furthermore that Article VII of the By-laws of each company, and the Resolution of the Board of Directors; set forth in the Power of Attorney, are now in force.

Signed and sealed at the County of Marin. Dated the 14th day of June, 2007.



[Signature]
Resident Assistant Secretary

13

MIAMI-DADE COUNTY, FLORIDA

MIAMI-DADE WATER AND SEWER DEPARTMENT

CHANGE ORDER TO ORIGINAL CONTRACT



CHANGE ORDER NO: 1 and Final CONTRACT NO: W-665B DATE: 5/23/2007
 PROJECT TITLE: John E. Preston Water Treatment Plant Softeners No. 7 and No. 8, Disinfectant/Disinfection By-Products
 TO CONTRACTOR: United Engineering Corp. 405 S.W. 148 Ave, Suite 2 Davie, FL 33325

YOU ARE HEREBY REQUESTED TO MAKE THE FOLLOWING CHANGES IN THE PLANS AND SPECIFICATIONS FOR THIS PROJECT AND TO PERFORM THE WORK ACCORDINGLY, SUBJECT TO ALL CONTRACT STIPULATIONS AND COVENANTS.

Description of work authorized: This is a negotiated change order for a monetary increase in the contract amount and an extension of time. For complete descriptions see the Monetary and Time Justifications.

Monetary Justification: This Change Order is a negotiated change order to fully resolve all claims held by the Contractor on the project. MDWASD with the assistance of the Miami-Dade County Attorney's Office, negotiated this change order on behalf of Miami-Dade County with the Contractor and their attorney.

The subject contract, W-665B, John E. Preston Water Treatment Plant Softeners No. 7 and No. 8 Disinfectant/Disinfection By-Products ("the contract" or "the project") involved the installation of new treatment processes to MDWASD's John E. (Continued below)

Time Justification: MDWASD is recommending a non-compensable 326 day time extension due to MDWASD initiated revisions in instrumentation controls as well as due to the previously approved change orders.

This change order includes not only all direct costs of contractor such as labor, material, job overhead, and profit markup; but also includes any costs for modifications or changes in sequence of work to be performed, delays, rescheduling, disruption, extended direct overhead or general overhead, acceleration, material or other escalation which include wages and other impact costs.

Contractor hereby waives, fully releases, discharges and acquits Miami-Dade County of any and all liability for claims, additional costs, and any requests for additional time arising out of the fulfillment of the contract and this change order from the date of the contract award to and including execution of this change order.

SUMMARY OF CONTRACT AMOUNT / TIME

ORIGINAL CONTRACT AMOUNT-----	\$23,450,000.00
COST OF CHANGES PREVIOUSLY ORDERED-----	\$0.00
ADJUSTED CONTRACT AMOUNT PRIOR TO THIS CHANGE-----	\$23,450,000.00
COST OF CHANGES WITH THIS DOCUMENT-----	\$621,961.19
ADJUSTED CONTRACT AMOUNT INCLUDING THIS CHANGE-----	\$24,071,961.19
PERCENT INCREASE WITH THIS CHANGE-----	3%
TOTAL PERCENT INCREASE TO DATE-----	3%
TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	1580 / 0 / 326
CONTINGENCY TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	0 / 0 / 0
ADJUSTED DURATION INCLUDING THIS CHANGE-----	1906

CERTIFYING STATEMENT: *I hereby certify that the changes and supporting cost data included is, in my considered opinion, necessary and accurate; that the prices quoted are fair and reasonable and in proper ratio to the cost of the original work contracted for under benefit of competitive bidding.*

Approved: ENGINEER OR CONSULTING ENGINEER *Jules Munin* Date: 6/12/07

Recommended By: PROJECT MANAGER *Mark J. [Signature]* Date: 6-12-07

TO BE FILLED OUT BY MIAMI-DADE WATER AND SEWER DEPARTMENT

FUNDS BUDGET CODE Project # S047660 Fund# EW623

CERTIFIED BY DEPARTMENT'S FINANCE DIVISION: *Leah Vela* Date: 6/12/07

Accepted By: United Engineering Corp.

Contractor

6/14/07

Accepted By: Surety

Surety

6/14/07

Fireman's Fund Insurance Company
Charles J. Nielson, Attorney-in-Fact

Reviewed By: Manager, Construction Division

[Signature]

6/12/07

Approved By: Assistant Director

[Signature]

6/12/07

Approved By: Director

[Signature] em June

6/14/07

Approved By: Director, DBD

[Signature]

6/14/07

Approved By: Director, OSBM

for

[Signature]

6-14-07

Approved By: County Attorney

[Signature]

6/21/07

Approved By: County Manager

Attested By: Clerk of the Board

Monetary Justification: (Continued)

Preston Water Treatment Plant; as the Plant needed to remain in operation at all times, UEC was to complete this work in phases, with final completion to occur four years after the construction had begun. During the prosecution of the work, it became apparent that UEC would not complete the phased work within the time scheduled. UEC claimed that this was the result of County actions, and informed the County that it would request additional compensation and contract time.

Subsequent to previous notices to UEC regarding liquidated damages and after the completion of the contract work, MDWASD informed UEC that the County was required to retain the pending contract balance because of assessed liquidated damages. UEC contended that liquidated damages were inappropriate, as it was entitled to an extension of the contract time.

Due to the impasse between MDWASD and UEC on the close-out of the contract, MDWASD on September 29, 2006, sent a letter to UEC presenting a claim against the contract. At the time this letter was sent, the County retained approximately \$1,129,909.31 in contract funds. In response to MDWASD's claim, on October 13, 2006 UEC therefore presented a Request for Equitable Adjustment seeking adjustment to both the contract time and contract sum.

The Request for Equitable Adjustment broadly alleged that various actions of the County had caused UEC to incur extra costs or had otherwise delayed UEC's prosecution of the work. In particular, UEC contended that (1) MDWASD's consultant interfered with UEC's prosecution of the work by imposing excessive requirements on submittals, including the schedule of values and various design drawings, (2) MDWASD requested various changes to the contract after design, including changes to the electrical control system and lime-slaker mechanism, (3) MDWASD's design was defective in that it called for use of sealants which UEC contended were inappropriate, as well as various other issues, and (4) various administrative delays, including delays in issuance of a permit by the City of Hialeah. In addition, UEC noted that the MDWASD had previously agreed to various allowance account change orders for extra work but had not granted additional contract time associated with the completion of the work. The total of the UEC claim is \$4,115,436.

After reviewing this claim, MDWASD staff determined that the Contractor was potentially entitled to a non-compensable 326 day time extension due to MDWASD initiated revisions in instrumentation controls as well as due to the previously approved allowance account change orders. Such an extension would result in contract liquidated damages being waived, and result in payment to the Contractor of the contract balance.

Review of the remainder of the claim between MDWASD staff and the County Attorney's Office demonstrated that, while the majority of this claim was not persuasive, there were certain elements on which liability could be contested, and on which UEC has indicated that it would pursue through litigation. As this contract was a complex, five year construction project, litigation would involve significant effort and expense on the part of MDWASD with uncertain results. MDWASD therefore negotiated a final settlement with the Contractor on the balance of the remaining claims in the amount of \$621,961.19. This amount represents an increase of 2.6 percent over the original contract amount.

Therefore, pursuant to this change order final payment to the Contractor will be 2.6 million dollars, which number includes \$1,981,723.25 of the original contract balance plus an additional payment of \$621,961.19.

Time Justification Declaration:

A time extension is provided for additional work performed outside the scope of the original Contract that affects the critical path schedule of the contracted work or previously approved changes. Should additional work be required which does not affect the critical path schedule, no time extension will be granted. Should one item of additional work run concurrent with another item of additional work, only time not duplicated can be provided.

FIREMAN'S FUND INSURANCE COMPANY

NATIONAL SURETY CORPORATION
THE AMERICAN INSURANCE COMPANY

ASSOCIATED INDEMNITY CORPORATION
AMERICAN AUTOMOBILE INSURANCE COMPANY

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That FIREMAN'S FUND INSURANCE COMPANY, a California corporation, NATIONAL SURETY CORPORATION, an Illinois corporation, THE AMERICAN INSURANCE COMPANY, a New Jersey corporation redomesticated in Nebraska, ASSOCIATED INDEMNITY CORPORATION, a California corporation, and AMERICAN AUTOMOBILE INSURANCE COMPANY, a Missouri corporation, (herein collectively called "the Companies") does each hereby appoint Charles J. Nielson, Mary Aceves, Brett Rosenhaus, D. Michael Stevens, Kevin Wojtowicz, Charles D. Nielson or Warren M. Alter of Miami Lakes, FL Don A. Lambert, Jr., Lynn C. Lambert of Palm Beach Gardens, FL their true and lawful Attorney(s)-in-Fact, with full power of authority hereby conferred in their name, place and stead, to execute, seal, acknowledge and deliver any and all bonds, undertakings, recognizances or other written obligations in the nature thereof-----

and to bind the Companies thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seals of the Companies and duly attested by the Companies' Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises.

This power of attorney is granted under and by the authority of Article VII of the By-laws of each of the Companies which provisions are now in full force and effect.

This power of attorney is signed and sealed under the authority of the following Resolution adopted by the Board of Directors of each of the Companies at a meeting duly called and held, or by written consent, on the 19th day of March, 1995, and said Resolution has not been amended or repealed:

"RESOLVED, that the signature of any Vice-President, Assistant Secretary, and Resident Assistant Secretary of the Companies, and the seal of the Companies may be affixed or printed on any power of attorney, on any revocation of any power of attorney, or on any certificate relating thereto, by facsimile, and any power of attorney, any revocation of any power of attorney, or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Companies."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed by their Vice-President, and their corporate seals to be hereunto affixed this 29 day of February, 2000.



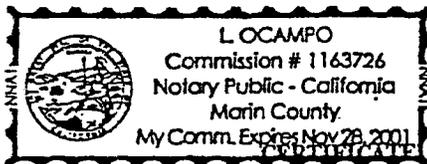
FIREMAN'S FUND INSURANCE COMPANY
NATIONAL SURETY CORPORATION
THE AMERICAN INSURANCE COMPANY
ASSOCIATED INDEMNITY CORPORATION
AMERICAN AUTOMOBILE INSURANCE COMPANY

By Donn R. Kolbeck
Vice-President

STATE OF CALIFORNIA }
COUNTY OF MARIN } SS.

On this 29 day of February, 2000, before me personally came Donn R. Kolbeck to me known, who, being by me duly sworn, did depose and say: that he is a Vice-President of each company, described in and which executed the above instrument; that he knows the seals of the said Companies; that the seals affixed to the said instrument are such company seals; that they were so affixed by order of the Board of Directors of said companies and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year herein first above written.



[Signature]
Notary Public

STATE OF CALIFORNIA }
COUNTY OF MARIN } SS.

I, the undersigned, Resident Assistant Secretary of each company, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force and has not been revoked; and furthermore that Article VII of the By-laws of each company, and the Resolution of the Board of Directors; set forth in the Power of Attorney, are now in force.

Signed and sealed at the County of Marin. Dated the 14th day of June, 2007.



16 [Signature]
Resident Assistant Secretary

MIAMI-DADE COUNTY, FLORIDA
MIAMI-DADE WATER AND SEWER DEPARTMENT
CHANGE ORDER TO ORIGINAL CONTRACT



CHANGE ORDER NO: 1 and Final **CONTRACT NO:** W-665B **DATE:** 5/23/2007
PROJECT TITLE: John E. Preston Water Treatment Plant Softeners No. 7 and No. 8, Disinfectant/Disinfection By-Products
TO CONTRACTOR: United Engineering Corp. 405 S.W. 148 Ave, Suite 2 Davie, FL 33325

YOU ARE HEREBY REQUESTED TO MAKE THE FOLLOWING CHANGES IN THE PLANS AND SPECIFICATIONS FOR THIS PROJECT AND TO PERFORM THE WORK ACCORDINGLY, SUBJECT TO ALL CONTRACT STIPULATIONS AND COVENANTS.

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Monetary Justification: This Change Order is a negotiated change order to fully resolve all claims held by the Contractor on the project. MDWASD with the assistance of the the Miami-Dade County Attorney's Office, negotiated this change order on behalf of Miami-Dade County with the Contractor and their attorney.

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Time Justification: MDWASD is recommending a non-compensable 326 day time extension due to MDWASD initiated revisions in instrumentation controls as well as due to the previously approved change orders.

This change order includes not only all direct costs of contractor such as labor, material, job overhead, and profit markup; but also includes any costs for modifications or changes in sequence of work to be performed, delays, rescheduling, disruption, extended direct overhead or general overhead, acceleration, material or other escalation which include wages and other impact costs.

Contractor hereby waives, fully releases, discharges and acquits Miami-Dade County of any and all liability for claims, additional costs, and any requests for additional time arising out of the fulfillment of the contract and this change order from the date of the contract award to and including execution of this change order.

SUMMARY OF CONTRACT AMOUNT / TIME

ORIGINAL CONTRACT AMOUNT-----	\$23,450,000.00
COST OF CHANGES PREVIOUSLY ORDERED-----	\$0.00
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TOTAL PERCENT INCREASE TO DATE-----	3%
TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	1580 / 0 / 326
CONTINGENCY TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	0 / 0 / 0
ADJUSTED DURATION INCLUDING THIS CHANGE-----	1906

CERTIFYING STATEMENT: *I hereby certify that the changes and supporting cost data included is, in my considered opinion, necessary and accurate; that the prices quoted are fair and reasonable and in proper ratio to the cost of the original work contracted for under benefit of competitive bidding.*

Approved: ENGINEER OR CONSULTING ENGINEER Julio Marin Date: 6/12/07

Recommended By: PROJECT MANAGER [Signature] Date: 6/12/07

TO BE FILLED OUT BY MIAMI-DADE WATER AND SEWER DEPARTMENT

FUNDS BUDGET CODE Project # S047660 Fund# EW623

CERTIFIED BY DEPARTMENT'S FINANCE DIVISION: Reck Vele Date: 6/13/07

Accepted By: United Engineering Corp.

Contractor

6/14/07

Accepted By: Surety

Surety

6/14/07

Firemen's Fund Insurance Company
Charles J. Nielson, Attorney-in-Fact

Reviewed By: Manager, Construction Division

[Signature]

6/12/07

Approved By: Assistant Director

[Signature]

6/12/07

Approved By: Director

[Signature] For Jue

6/14/07

Approved By: Director, DBD

[Signature]

6/14/07

Approved By: Director, OSBM

[Signature]

6/14/07

Approved By: County Attorney

[Signature]

6-14-07

Approved By: County Manager

[Signature]

6/21/07

Attested By: Clerk of the Board

Monetary Justification: (Continued)

Preston Water Treatment Plant; as the Plant needed to remain in operation at all times, UEC was to complete this work in phases, with final completion to occur four years after the construction had begun. During the prosecution of the work, it became apparent that UEC would not complete the phased work within the time scheduled. UEC claimed that this was the result of County actions, and informed the County that it would request additional compensation and contract time.

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Time Justification Declaration:

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FIREMAN'S FUND INSURANCE COMPANY

NATIONAL SURETY CORPORATION
THE AMERICAN INSURANCE COMPANY

ASSOCIATED INDEMNITY CORPORATION
AMERICAN AUTOMOBILE INSURANCE COMPANY

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That FIREMAN'S FUND INSURANCE COMPANY, a California corporation, NATIONAL SURETY CORPORATION, an Illinois corporation, THE AMERICAN INSURANCE COMPANY, a New Jersey corporation redomesticated in Nebraska, ASSOCIATED INDEMNITY CORPORATION, a California corporation, and AMERICAN AUTOMOBILE INSURANCE COMPANY, a Missouri corporation, (herein collectively called "the Companies") does each hereby appoint Charles J. Nielson, Mary Aceves, Brett Rosenhaus, D. Michael Stevens, Kevin Wojtowicz, Charles D. Nielson or Warren M. Alter of Miami Lakes, FL Don A. Lambert, Jr., Lynn C. Lambert of Palm Beach Gardens, FL their true and lawful Attorney(s)-in-Fact, with full power of authority hereby conferred in their name, place and stead, to execute, seal, acknowledge and deliver any and all bonds, undertakings, recognizances or other written obligations in the nature thereof-----

and to bind the Companies thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seals of the Companies and duly attested by the Companies' Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises.

This power of attorney is granted under and by the authority of Article VII of the By-laws of each of the Companies which provisions are now in full force and effect.

This power of attorney is signed and sealed under the authority of the following Resolution adopted by the Board of Directors of each of the Companies at a meeting duly called and held, or by written consent, on the 19th day of March, 1995, and said Resolution has not been amended or repealed:

"RESOLVED, that the signature of any Vice-President, Assistant Secretary, and Resident Assistant Secretary of the Companies, and the seal of the Companies may be affixed or printed on any power of attorney, on any revocation of any power of attorney, or on any certificate relating thereto, by facsimile, and any power of attorney, any revocation of any power of attorney, or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Companies."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed by their Vice-President, and their corporate seals to be hereunto affixed this 29 day of February, 2000.



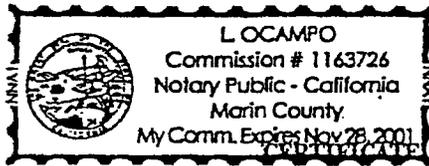
FIREMAN'S FUND INSURANCE COMPANY
NATIONAL SURETY CORPORATION
THE AMERICAN INSURANCE COMPANY
ASSOCIATED INDEMNITY CORPORATION
AMERICAN AUTOMOBILE INSURANCE COMPANY

By Donn R. Kolbeck
Vice-President

STATE OF CALIFORNIA } SS.
COUNTY OF MARIN

On this 29 day of February, 2000, before me personally came Donn R. Kolbeck to me known, who, being by me duly sworn, did depose and say: that he is a Vice-President of each company, described in and which executed the above instrument; that he knows the seals of the said Companies; that the seals affixed to the said instrument are such company seals; that they were so affixed by order of the Board of Directors of said companies and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year herein first above written.



[Signature]
Notary Public

STATE OF CALIFORNIA } SS.
COUNTY OF MARIN

I, the undersigned, Resident Assistant Secretary of each company, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force and has not been revoked; and furthermore that Article VII of the By-laws of each company, and the Resolution of the Board of Directors; set forth in the Power of Attorney, are now in force.

Signed and sealed at the County of Marin. Dated the 14th day of June, 2007.



[Signature]
Resident Assistant Secretary