


# Memorandum



**Date:** March 6, 2012

**To:** Honorable Chairman Joe A. Martinez  
and Members, Board of County Commissioners

**From:** Carlos A. Gimenez  
Mayor 

**Subject:** Resolution ratifying the action of the Mayor or Mayor's designee pursuant to Section 2-8-2.11(2)(b) and (c) of the Code of Miami-Dade County for the Miami-Dade Water and Sewer Department

Agenda Item No. 8(P)(2)

## **RECOMMENDATION**

It is recommended that the Board of County Commissioners (Board) adopt the attached resolution ratifying the action of the Mayor or Mayor's designee pursuant to Section 2-8-2.11(2)(b) and (c) of the Code of Miami-Dade County in approving two change orders for the Miami-Dade Water and Sewer Department (WASD).

The first change order, Change Order No. 1 for Contract No. W-857(A) is related to the County's 20-Year Water Use Permit. It increases the entire contract dollar amount by \$461,670 due to a change in the scope of work. The second change order, Change Order No. 1 for Contract No. S-817(A) is related to the County's High Level Disinfection (HLD) Facility located at the South District Wastewater Treatment Plant. It is a deductive change order in the amount of \$400,000.

Both change orders are recommended for ratification.

## **SCOPE OF AGENDA ITEM**

This agenda item impacts two commission districts. The project related to the HLD Facility is located at 23300 SW 88 Avenue in District 8, Commissioner Lynda Bell. The project related to the County's 20-Year Water Use Permit is located at 11800 SW 208 Street in District 9, Commissioner Dennis C. Moss.

## **FISCAL IMPACT/FUNDING SOURCE**

Pursuant to Resolution R-530-10 adopted by the Board on May 4, 2010: 1) the County has a financial commitment only with the change order related to the County's 20-Year Water Use Permit, Change Order No. 1 for Contract No. W-857(A). The financial commitment is for \$461,670, which is the total dollar amount of the change order. As stated previously, Change Order No.1 for HLD Contract No. S-817(A) is a \$400,000 deductive change order, therefore, the County does not have a financial commitment with this change order, 2) the funding source for Change Order No. 1 for Contract No. W-857(A) is revenue bonds sold, and 3) there is a fiscal impact to the County's current budget until the scope of work under Contract No. S-857(A) is completed and final payment is made to the contractor. Future funding will be determined during the annual budget approval process if the work is not completed by the end of this fiscal year.

## **TRACK RECORD/MONITOR**

WASD's Deputy Director for Capital Improvements and Regulatory Compliance has been tracking and monitoring these projects. Contract No. W-857(A) relates to the County's 20-Year Water Use Permit, and Contract No. S-817(A) relates to the HLD Facility, both projects are ongoing.

## **BACKGROUND**

On July 24, 2007, the Board adopted Ordinance 07-108, which authorizes the Mayor or Mayor's designee to advertise and recommend for award design and construction contracts related to the

County's 20-Year Water Use Permit and the HLD Facility at the South District Wastewater Treatment Plant. The ordinance also authorizes the Mayor or Mayor's designee to approve change orders on such contracts without the need for prior committee or Board approval as long as the change order does not exceed \$500,000 in cumulative dollar amount and 15% of the contract price in cumulative percentage amount. However, these actions are subject to ratification by committee and the Board.

#### Change Orders

Change Order No. 1 for Contract No. W-857(A) entitled "South Miami Heights Water Treatment Plant Reservoir and High Service Pump Station" (see Exhibit A) increases the total contract price by \$461,670, from \$16,287,364.16 to \$16,749,034.16. The increase consists of: 1) an additional \$248,070 for the equipment and materials needed to construct a chemical feed station, 2) \$213,600 for a 178-day compensable time extension for the construction management of the installation of the chemical feed station, and 3) replenishment of the time allowance account by 55 days for unforeseen field conditions while the scope of work authorized by this change order takes place. The justification for this change order is outlined below.

- 1) The Board awarded Contract No. W-857(A) "South Miami Heights Water Treatment Plant Reservoir and High Service Pump Station" on December 15, 2009 in the amount of \$16,287,364.16. The Notice-to-Proceed was issued on March 31, 2010. On February 15, 2011, WASD withdrew a related contract award recommendation for the construction of the South Miami Heights Water Treatment Plant, Contract No. W-855(A).
  - a. The request to withdraw the contract award recommendation for the South Miami Heights Water Treatment Plant, Contract No. W-855 (A) was based on the need for WASD to review a less expensive option, specifically, the option of using the Floridan Aquifer as a source of water supply instead of the Biscayne Aquifer. An amendment to the County's 20-Year Water Use Permit is currently being reviewed by the South Florida Water Management District to authorize the change of source water for the South Miami Heights Water Treatment Plant. After this authorization is received and when funding becomes available, necessary design changes will be made and a construction contract will be solicited.
- 2) Although the award recommendation for the construction of the South Miami Heights Water Treatment Plant, Contract No. W-855(A) was withdrawn, the scope of work under construction of Contract No. W-857(A) for the South Miami Heights Water Treatment Plant Reservoir and High Service Pump Station remains as a necessity.
  - a. As the community in the southern service area expands, the peripheries of the service area have become increasingly difficult to serve. Construction of the South Miami Heights Reservoir and High Service Pump Station, Contract No. W-857(A) will provide a much needed increase in water pressure and flow into the extremities of the southern service area with drinking water that meets current local, state and federal standards.
  - b. In order to complete the project proposed under the South Miami Heights Reservoir and High Service Pump Station, Contract No. W-857(A), the construction of the chemical feed station had to be added to the scope of work as it had been included in the scope of work for South Miami Heights Water Treatment Plant, Contract No. W-855(A).

Change Order No. 1 for Contract No. S-817 (A) entitled "South District Wastewater Treatment Plant: HLD Upgrade to 285 MGD - Effluent Pump Station" (see Exhibit B) reduces the overall contract amount by \$400,000, from \$21,008,660 to \$20,608,660. In addition, based on the contractor's request,

WASD is recommending a non-compensable 45-day time extension to the contract for the contractor to complete the work.

The scope of work for this contract includes the supply of six (6) large pumps to pressurize the treated effluent for disposal into the deep injection wells. The pressure required varies according to how much treated effluent is disposed of from night time lows of 30 MGD (million gallons per day) to wet weather peaks of 285 MGD. The contract specifications specified the peak flow condition of 285 MGD as the point of guaranteed efficiency. The contractor constructed the six (6) pumps but not in accordance with the contract specifications. The pumps manufactured by the contractor do not meet the point of guaranteed efficiency at the peak flow condition of 285 MGD, however, the pumps will operate at 285 MGD as needed. The pumps operate at optimal levels when handling *average* flows.

Although the performance criteria set for the pumps was not met, the manufacturer demonstrated that the pumps would generate a substantial power savings of approximately \$200,000 per year when managing daily flows. The contractor offered a \$400,000 credit to the contract, and an additional two-year warranty to install the fabricated pumps.



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County Manager/Deputy Mayor



# MEMORANDUM

(Revised)

**TO:** Honorable Chairman Joe A. Martinez  
and Members, Board of County Commissioners

**DATE:** March 6, 2012

**FROM:**   
R. A. Cuevas, Jr.  
County Attorney

**SUBJECT:** Agenda Item No. 8(P)(2)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's \_\_\_\_, 3/5's \_\_\_\_, unanimous\_\_\_\_) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 8(P)(2)  
3-6-12

RESOLUTION NO. \_\_\_\_\_

RESOLUTION RATIFYING THE ACTIONS OF THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE AS AUTHORIZED BY SECTION 2-8-2.11 (2) (b) and (c) OF THE CODE OF MIAMI-DADE COUNTY IN APPROVING TWO CHANGE ORDERS; CHANGE ORDER NO. 1 FOR CONTRACT NO. W-857(A) WITH POOLE KENT COMPANY OF FLORIDA, IN THE AMOUNT OF \$461,670 FOR CONSTRUCTION AND INSTALLATION OF A CHEMICAL FEED STATION AT THE SOUTH MIAMI HEIGHTS WATER TREATMENT PLANT RESERVOIR AND HIGH SERVICE PUMP STATION; AND DEDUCTIVE CHANGE ORDER NO. 1 FOR CONTRACT NO. S-817(A) WITH POOLE & KENT COMPANY OF FLORIDA IN THE AMOUNT OF A \$400,000 DEDUCTION AND A 45-DAY NON-COMPENSABLE TIME EXTENSION FOR THE EFFLUENT PUMP STATION PROJECT AT THE SOUTH DISTRICT WASTEWATER TREATMENT PLANT, HLD UPGRADE TO 285 MGD; AND AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXECUTE SAME AND EXERCISE THE PROVISIONS CONTAINED THEREIN

**WHEREAS**, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that this Board hereby ratifies the actions of the County Mayor or County Mayor's designee as authorized by Section 2-8-2.11(2)(b) and (c) of the Code of Miami-Dade County in approving two change orders; Change Order No. 1 for Contract No. W-857(A) with Poole & Kent of Florida Company in the amount of \$461,670 for construction and installation of a chemical feed station at the South Miami Heights Plant Water Treatment Plant Reservoir and High Service Pump site and replenishment of the time allowance account of 55 days; and a Deductive Change Order No. 1 for Contract No. S-817(A) with Poole & Kent of Florida Company in the amount of a

5

\$400,000 deduction and a 45-day non-compensable time extension for the Effluent Pump Station Project at South District Wastewater Treatment Plant, HLD Upgrade to 285 MGD; and authorizing the County Mayor or County Mayor's designee to execute same and exercise the provisions contained therein.

The foregoing resolution was offered by Commissioner  
who moved its adoption. The motion was seconded by Commissioner  
and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman	
Audrey M. Edmonson, Vice Chairwoman	
Bruno A. Barreiro	Lynda Bell
Esteban L. Bovo, Jr.	Jose "Pepe" Diaz
Sally A. Heyman	Barbara J. Jordan
Jean Monestime	Dennis C. Moss
Rebeca Sosa	Sen. Javier D. Souto
Xavier L. Suarez	

The Chairperson thereupon declared the resolution duly passed and adopted this 6<sup>th</sup> day of March, 2012. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.



Henry N. Gillman

# MIAMI-DADE COUNTY, FLORIDA Exhibit A

## MIAMI-DADE WATER AND SEWER DEPARTMENT

### CHANGE ORDER TO ORIGINAL CONTRACT



**CHANGE ORDER NO:** 1 **CONTRACT NO:** W-857 (A) **DATE:** 11/22/2011  
**PROJECT TITLE:** South Miami Heights Water Treatment Plant (SMHWTP) Reservoir and High Service Pump Station  
**TO CONTRACTOR:** Poole & Kent Company of Florida 1781 NW North River Drive Miami, Florida 33125

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 change is for a time extension, increase in the contract amount and to replenish the Time Allowance Account. For a complete description of the requested changes, please see the Monetary and Time Justifications.  
**Monetary Justification:** The Miami-Dade Water and Sewer Department (WASD) prepared this change order in accordance with Ordinance No. 07-108 (Section 2-8-2.11 of the Miami-Dade County Code) for Contract No. W-857(A): South Miami Heights Reservoir and High Service Pump Station for the South Miami Heights Water Treatment Plant. The change order is for an additional \$461,670; \$248,070 for the installation of a chemical feed station, and a compensable time extension of 178 days in the amount of \$213,600 to install the chemical feed station. (Continued below)  
**Time Justification:** Compensable Time Extension of 178 days  
 Upon review by WASD staff, the additional 178 calendar days requested by the Contractor is considered to be fair and reasonable. The amount of \$1,200.00/calendar day for the Contractor's field administration cost associated with the extra work was negotiated and settled. The total amount of \$213,600 is considered fair and reasonable and is re (Continued below)

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-----	\$16,287,364.16
COST OF CHANGES PREVIOUSLY ORDERED-----	\$0.00
ADJUSTED CONTRACT AMOUNT PRIOR TO THIS CHANGE-----	\$16,287,364.16
COST OF CHANGES WITH THIS DOCUMENT-----	\$461,670.00
ADJUSTED CONTRACT AMOUNT INCLUDING THIS CHANGE-----	\$16,749,034.16
PERCENT INCREASE WITH THIS CHANGE-----	3%
TOTAL PERCENT INCREASE TO DATE-----	3%
TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	550 / 0 / 233
CONTINGENCY TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	55 / 0 / 0
ADJUSTED DURATION INCLUDING THIS CHANGE-----	838

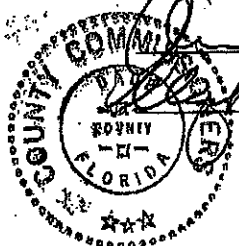
**CERTIFYING STATEMENT:** *The Contractor certifies that the changes and supporting cost data included is in its considered opinion necessary and accurate and that the prices quoted are fair and reasonable.*

Bond No. 105372924 (TR), 82193803 (FE) **Accepted By:**

<b>Organization</b>	<b>Name</b> Patrick H. Carr	<b>Title</b> President/CEO	<b>Date</b>
Pool & Kent Company of Florida		<b>Contractor</b>	12-02-11
Travelers Casualty And Surety Company of America & Surety	Federal Insurance Company	<b>Surety</b>	12-1-2011

Rita Sagistano, Attorney-In-Fact

Title	Name	Date
Approved By: <u>County Attorney</u> (for legal sufficiency)		12/16/11
Approved By: <u>County Manager</u>		12/16/11
Attested By: <u>Clerk of the Board</u>		12/16/11



7

**Time Justification: (Continued)**

commended for approval.

**Replenishment of the Time Allowance Account**

The Contract's Time Allowance Account, Bid Item 29, is designated to be used for unforeseen conditions, minor construction changes, and quantity adjustments. The original time allowance for this Contract was 55 calendar days, equal to 10% of the contract's original duration time. Twenty-two calendar days were granted to the Contractor as part of additional work performed during the course of the project and the remaining thirty-three calendar days were granted to allow for the procurement of materials associated with the connection of the 24-inch and 36-inch yard piping to the existing WASD system and the extension of a 30-inch reservoir fill line to enhance circulation. The Time Allowance Account has been exhausted.

Replenishment of the Time Allowance Account is necessary in order to respond to any unforeseen conditions or changes during the performance of the extra work. WASD is requesting that the contract's Time Allowance Account be replenished by fifty-five calendar days.

**Monetary Justification: (Continued)**

In addition, the Time Allowance Account needs to be replenished by fifty-five calendar days to have the ability to respond to any unforeseen conditions during the performance of the extra work that will be performed under this change order.

Ordinance No. 07-108 was approved by the Board on July 24, 2008 to accelerate the award and certain change orders of various WASD projects necessary to comply with the 20-Year Water Use Permit issued by the South Florida Water Management District. Contract No. W-857(A) is one construction project in a series of construction projects necessary to construct the South Miami Heights Water Treatment Plant required by the 20-Year Water Use Permit. The plant would provide the additional water needed for the south service area of the County.

The Miami-Dade County Board of County Commissioners awarded Contract No. W-857(A) on December 16, 2009 in the amount of \$18,287,364.16. The Notice-to-Proceed was issued on March 31, 2010. On February 15, 2011, WASD withdrew a related contract award recommendation for the construction of the South Miami Heights Water Treatment Plant, Contract No. W-855(A). The request to withdraw this contract award recommendation was based on the need for WASD to review a less expensive option, specifically, the option of using the Floridan Aquifer as a source of water supply instead of the Biscayne Aquifer. An amendment to the County's 20-Year Water Use Permit is currently being reviewed by the South Florida Water Management District to authorize the change of source water for the South Miami Heights Water Treatment Plant. After this authorization is received and when funding becomes available, necessary design changes will be made and a construction contract will be solicited.

Although the award recommendation for the construction of the South Miami Heights Water Treatment Plant, Contract No. W-855(A) was withdrawn, the construction of Contract No. W-857(A) remains as a necessity. As the community in the southern service area expands, the peripheries of the service area have become increasingly difficult to serve. Construction of the South Miami Heights Reservoir and High Service Pump Station, Contract No. W-857(A) will provide a much needed increase in water pressure and flow into the extremities of the southern service area with drinking water that meets current local, state and federal standards. In addition, customers will also be better protected as fire hydrant service pressures are improved. In order to complete the project proposed under Contract No. W-857(A), certain tasks need to be added to the scope of work which were originally included in the scope of work for Contract No. W-855(A). These tasks consist of installing a Chemical Feed System which requires the installation of permanent power feeds, the connection of 24-inch and 36-inch yard piping to the existing WASD pipe system, and an extension of a 30-inch reservoir fill line.

Compensable Time Extension of 178 days - \$ 213,600

Upon review by WASD staff, the additional 178 calendar days requested by the Contractor is considered to be fair and reasonable. The amount of \$1,200.00/calendar day for the Contractor's field administration cost associated with the extra work was negotiated and settled. The total amount of \$213,600 is considered fair and reasonable and is recommended for approval.

Monetary Justification of \$248,070

The scope of work covers the installation of a chemical disinfection system that is needed to operate as a pumping station. Upon review by WASD staff, the amount of \$248,070 is considered fair and reasonable and recommended for approval.

**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.





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. 222895

Certificate No. 004552978

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, 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

Thomas Bean, Rita Sagistano, Gerard S. Macholz, Susan Lupski, Robert T. Pearson, Camille Maitland, George O. Brewster, and Colette R. Chisholm

of the City of Garden City, State of New York, 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 21st day of September, 2011

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]
George W. Thompson, Senior Vice President

On this the 21st day of September, 2011, before me personally appeared George W. Thompson, 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

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA  
HARTFORD, CT. 06183**

**ATTORNEY-IN-FACT JUSTIFICATION  
PRINCIPAL'S ACKNOWLEDGMENT — IF A CORPORATION**

State of Florida, County of Miami-Dade, ss.

On this 2nd day of December, 2011, before me personally appeared Patrick H. Carr to me known, who, being by me duly sworn, deposes and says: That he/she resides in the City of Miami that he/she is the President & CEO of Poole & Kent Co. of Florida, the corporation described in said which executed the within instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order.

  
Patrick H Carr

**PRINCIPAL'S ACKNOWLEDGMENT — IF INDIVIDUAL OR FIRM**

State of New York, County of \_\_\_\_\_, ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_ to me known to be (the individual) (one of the firm of \_\_\_\_\_) described in and who executed the within instrument, and he/she thereupon duly acknowledged to me that he/she executed the same (as the set and deed of said firm).

**SURETY COMPANY'S ACKNOWLEDGMENT**

State of New York, County of Nassau, ss.

On this 1st day of December, 2011, before me personally appeared Rita Sagistano to me known, who, being by me duly sworn, did depose and say: That he/she resides in the City of Nassau, County of Nassau, NY; that he/she is Attorney-in-Fact of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, the corporation described in and which executed the within instrument; that he/she knows the corporate seal of said Company; that the seal affixed to said instrument is such corporate seal; and that he/she signed said instrument as Attorney-in-Fact by authority of the Board of Directors of said Company; and affiant did further depose and say that the Superintendent of Insurance of the State of New York has, pursuant to Chapter 882 of the Laws of the State of New York for the year 1939, constituting chapter 26 of the Consolidating Laws of the State of New York as the Insurance Law as amended, issued to TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA his/her certificate that said Company is qualified to become and be accepted as surety or guarantor on all bonds, undertakings, recognizances, guarantees, and other obligations required or permitted by law; and that such certificate has not been revoked.

  
Notary Public

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA  
Hartford, Connecticut 06183**

CAMILLE MATLAND
NOTARY PUBLIC STATE OF NEW YORK
KINGS COUNTY
LIC. #011MA8006044
COMM. EXPIRES APRIL 20, 2014

**FINANCIAL STATEMENT AS OF DECEMBER 31, 2010  
AS FILED WITH THE INSURANCE DEPT. OF THE STATE OF NEW YORK  
CAPITAL STOCK \$ 6,480,000**

ASSETS		LIABILITIES	
CASH AND INVESTED CASH	\$ 40,788,175	UNEARNED PREMIUMS	\$ 813,854,297
BONDS	3,817,487,280	LOSSES	820,220,402
INVESTMENT INCOME DUE AND ACCRUED	83,300,217	REINSURANCE PAYABLE ON PAID LOSSES / LOSS ADJ. EXPENSES	2,626,742
PREMIUM BALANCES	178,028,702	LOSS ADJUSTMENT EXPENSES	477,458,845
NET DEFERRED TAX ASSET	67,793,379	COMMISSIONS	31,967,828
REINSURANCE RECOVERABLE	28,860,665	TAXES, LICENSES AND FEES	53,078,699
RECEIVABLES FROM PARENT, SUBSIDIARIES AND AFFILIATES	34,023,660	OTHER EXPENSES	34,823,822
SECURITIES LENDING REINVESTED COLLATERAL ASSETS	11,844,000	FUNDS HELD UNDER REINSURANCE TREATIES	66,187,863
UNDISTRIBUTED PAYMENTS	4,607,866	CURRENT FEDERAL AND FOREIGN INCOME TAXES	3,320,337
OTHER ASSETS	515,786	REMITTANCES AND ITEMS NOT ALLOCATED	9,428,732
		AMOUNTS WITHHELD / RETAINED BY COMPANY FOR OTHERS	25,581,266
		RETROACTIVE REINSURANCE RESERVE ASSUMED	3,733,670
		POLICYHOLDER DIVIDENDS	7,472,605
		PROVISION FOR REINSURANCE	8,256,854
		PAYABLE FOR SECURITIES LENDING	11,844,000
		CEDED REINSURANCE NET PREMIUMS PAYABLE	(80,388,827)
		OTHER ACCRUED EXPENSES AND LIABILITIES	1,068,875
		<b>TOTAL LIABILITIES</b>	<b>\$ 2,438,933,238</b>
		CAPITAL STOCK	\$ 6,480,000
		PAID IN SURPLUS	483,885,760
		OTHER SURPLUS	1,282,041,528
		<b>TOTAL SURPLUS TO POLICYHOLDERS</b>	<b>\$ 1,772,407,288</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,238,238,533</b>	<b>TOTAL LIABILITIES &amp; SURPLUS</b>	<b>\$ 4,238,238,533</b>

Securities carried at \$7,754,486 in the above statement are deposited with public authorities, as required by law

10



**Chubb  
Surety**

**POWER  
OF  
ATTORNEY**

**Federal Insurance Company  
Vigilant Insurance Company  
Pacific Indemnity Company**

**Attn: Surety Department  
15 Mountain View Road  
Warren, NJ 07059**

**Know All by These Presents, That FEDERAL INSURANCE COMPANY, an Indiana corporation, VIGILANT INSURANCE COMPANY, a New York corporation, and PACIFIC INDEMNITY COMPANY, a Wisconsin corporation, do each hereby constitute and appoint Thomas Bean, George O. Brewster, Colette R. Chisholm, Susan Lupski, Gerard S. Macholz, Camille Mallard, Robert T. Pearson, Rita Sagliano of Garden City, New York**

each as their true and lawful Attorney-in-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument related to in said bonds or obligations.

In Witness Whereof, said FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY have each executed and attested these presents and affixed their corporate seals on this 8th day of December, 2010.

*Kenneth C. Wendel*  
Kenneth C. Wendel, Assistant Secretary

*David B. Norris, Jr.*  
David B. Norris, Jr., Vice President

STATE OF NEW JERSEY  
County of Somerset

On this 8th day of December, 2010 before me, a Notary Public of New Jersey, personally came Kenneth C. Wendel, to me known to be Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY, the companies which executed the foregoing Power of Attorney, and the said Kenneth C. Wendel, being by me duly sworn, did depose and say that he is Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of the By-Laws of said Companies; and that he signed said Power of Attorney as Assistant Secretary of said Companies by like authority; and that he is acquainted with David B. Norris, Jr., and knows him to be Vice President of said Companies; and that the signature of David B. Norris, Jr., subscribed to said Power of Attorney is in the genuine handwriting of David B. Norris, Jr., and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal



**KATHERINE J. ADELAAR  
NOTARY PUBLIC OF NEW JERSEY  
No. 2316685  
Commission Expires July 16, 2014**

*Katherine J. Adelaar*  
Notary Public

**CERTIFICATION**

Extract from the By-Laws of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY:

"All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, 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 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 upon the Company with respect to any bond or undertaking to which it is attached."

I, Kenneth C. Wendel, Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY (the "Companies") do hereby certify that

- (i) the foregoing extract of the By-Laws of the Companies is true and correct,
- (ii) the Companies are duly licensed and authorized to transact surety business in all 50 of the United States of America and the District of Columbia and are authorized by the U.S. Treasury Department; further, Federal and Vigilant are licensed in Puerto Rico and the U.S. Virgin Islands, and Federal is licensed in American Samoa, Guam, and each of the Provinces of Canada except Prince Edward Island; and
- (iii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Warren, NJ this 1st day of December, 2011



*Kenneth C. Wendel*  
Kenneth C. Wendel, Assistant Secretary

**IN THE EVENT YOU WISH TO NOTIFY US OF A CLAIM, VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT ADDRESS LISTED ABOVE, OR BY Telephone (908) 903-3493 Fax (908) 903-3656 e-mail: surety@chubb.com**

11

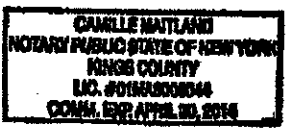
ACKNOWLEDGMENT OF SURETY COMPANY

STATE OF ..New York..... }  
COUNTY OF ...Nassau..... } 38

On this ..December 1, 2011....., before me personally came ..... Rita Sagistano.....  
to me known, who, being by me duly sworn, did depose and say; that he/she resides in  
..... Nassau County....., State of ..... NY....., that he/she is the Attorney-in-Fact of the  
..... Federal Insurance Company..... the corporation described in which executed the  
above instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is  
such corporate seal; that it was so affixed by the Board of Directors of said corporation; and that he/she signed  
his/her name thereto by like order; and the affiant did further depose and say that the Superintendent of  
Insurance of the State of New York, has, pursuant to Section 1111 of the Insurance Law of the State of New  
York, issued to ..... Federal Insurance Company..... (Surety) his/her certificate of  
qualification evidencing the qualification of said Company and its sufficiency under any law of the State of New  
York as surety and guarantor, and the propriety of accepting and approving it as such; and that such certificate  
has not been revoked.

*[Handwritten Signature]*  
.....  
Notary Public

NY acknowledgment



12

# FEDERAL INSURANCE COMPANY

## STATEMENT OF ASSETS, LIABILITIES AND SURPLUS TO POLICYHOLDERS

Statutory Basis

DECEMBER 31, 2010

(in thousands of dollars)

<u>ASSETS</u>	<u>LIABILITIES AND SURPLUS TO POLICYHOLDERS</u>
Cash and Short Term Investments..... \$ 235,579	Outstanding Losses and Loss Expenses..... \$ 12,051,257
United States Government, State and Municipal Bonds ..... 10,931,173	Unearned Premiums..... 3,331,654
Other Bonds..... 4,110,731	Ceded Reinsurance Premiums Payable..... 329,476
Stocks..... 837,803	Provision for Reinsurance ..... 70,491
Other Invested Assets..... 1,909,914	Other Liabilities..... 982,493
<b>TOTAL INVESTMENTS ..... 18,025,200</b>	<b>TOTAL LIABILITIES ..... 16,745,371</b>
Investments in Affiliates:	Special Surplus Funds ..... 174,400
Chubb Investment Holdings, Inc. .... 3,002,346	Capital Stock..... 20,980
Pacific Indemnity Company..... 2,424,142	Paid-In Surplus..... 3,106,808
Chubb Insurance Investment Holdings Ltd.... 1,275,789	Unassigned Funds ..... 11,015,075
Executive Risk Indemnity Inc..... 1,111,774	
CC Canada Holdings Ltd..... 752,455	<b>SURPLUS TO POLICYHOLDERS ..... 14,317,263</b>
Great Northern Insurance Company ..... 459,252	
Chubb Insurance Company of Australia Limited 313,107	
Chubb European Investment Holdings SLP .. 234,636	
Vigilant Insurance Company..... 212,646	
Other Affiliates ..... 381,791	
Premiums Receivable ..... 1,441,826	<b>TOTAL LIABILITIES AND SURPLUS TO POLICYHOLDERS..... \$ 31,062,634</b>
Other Assets ..... 1,427,670	
<b>TOTAL ADMITTED ASSETS ..... \$ 31,062,634</b>	

Investments are valued in accordance with requirements of the National Association of Insurance Commissioners.  
Investments with a carrying value of \$452,427,638 are deposited with government authorities as required by law.

State, County & City of New York, — ss:

Yvonne Baker, Assistant Secretary \_\_\_\_\_ of the Federal Insurance Company

being duly sworn, deposes and says that the foregoing Statement of Assets, Liabilities and Surplus to Policyholders of said Federal Insurance Company on December 31, 2010 is true and correct and is a true abstract of the Annual Statement of said Company as filed with the Secretary of the Treasury of the United States for the 12 months ending December 31, 2010.

Subscribed and sworn to before me  
this March 31, 2011.

*Dorothy Baker*  
\_\_\_\_\_  
Notary Public

DOROTHY M. BAKER  
Notary Public, State of New York  
No. 31-4904994  
Qualified in New York County  
Commission Expires Sept. 14, 2013

*Yvonne Baker*  
\_\_\_\_\_  
Assistant Secretary

# FEDERAL INSURANCE COMPANY

## STATEMENT OF ASSETS, LIABILITIES AND SURPLUS TO POLICYHOLDERS

Statutory Basis

DECEMBER 31, 2010

(in thousands of dollars)

ASSETS		LIABILITIES AND SURPLUS TO POLICYHOLDERS	
Cash and Short Term Investments.....	\$ 235,579	Outstanding Losses and Loss Expenses.....	\$ 12,051,257
United States Government, State and Municipal Bonds .....	10,931,173	Unearned Premiums.....	3,331,654
Other Bonds.....	4,110,731	Ceded Reinsurance Premiums Payable.....	329,476
Stocks .....	837,803	Provision for Reinsurance .....	70,491
Other Invested Assets.....	1,909,914	Other Liabilities.....	962,493
<b>TOTAL INVESTMENTS .....</b>	<b>18,025,200</b>	<b>TOTAL LIABILITIES .....</b>	<b>16,745,371</b>
Investments in Affiliates:		Special Surplus Funds .....	174,400
Chubb Investment Holdings, Inc. ....	3,002,346	Capital Stock.....	20,980
Pacific Indemnity Company.....	2,424,142	Paid-In Surplus.....	3,106,808
Chubb Insurance Investment Holdings Ltd....	1,275,789	Unassigned Funds .....	11,015,075
Executive Risk Indemnity Inc.....	1,111,774		
CC Canada Holdings Ltd.....	752,455	<b>SURPLUS TO POLICYHOLDERS .....</b>	<b>14,317,263</b>
Great Northern Insurance Company .....	459,252		
Chubb Insurance Company of Australia Limited	313,107		
Chubb European Investment Holdings SLP ..	234,636		
Vigilant Insurance Company.....	212,646		
Other Affiliates .....	381,791		
Premiums Receivable .....	1,441,826	<b>TOTAL LIABILITIES AND SURPLUS</b>	
Other Assets .....	1,427,670	<b>TO POLICYHOLDERS.....</b>	<b>\$ 31,062,634</b>
<b>TOTAL ADMITTED ASSETS .....</b>	<b>\$ 31,062,634</b>		

Investments are valued in accordance with requirements of the National Association of Insurance Commissioners.  
Investments with a carrying value of \$452,427,638 are deposited with government authorities as required by law.

State, County & City of New York, — ss:

Yvonne Baker, Assistant Secretary \_\_\_\_\_ of the Federal Insurance Company

being duly sworn, deposes and says that the foregoing Statement of Assets, Liabilities and Surplus to Policyholders of said Federal Insurance Company on December 31, 2010 is true and correct and is a true abstract of the Annual Statement of said Company as filed with the Secretary of the Treasury of the United States for the 12 months ending December 31, 2010.

Subscribed and sworn to before me  
this March 31, 2011.

*Dorothy Baker*  
\_\_\_\_\_  
Notary Public

DOROTHY M. BAKER  
Notary Public, State of New York  
No. 31-4904994  
Qualified in New York County  
Commission Expires Sept. 14, 2013

*Yvonne Baker*  
\_\_\_\_\_  
Assistant Secretary

# MIAMI-DADE COUNTY, FLORIDA

## MIAMI-DADE WATER AND SEWER DEPARTMENT

### CHANGE ORDER TO ORIGINAL CONTRACT

Exhibit B



**CHANGE ORDER NO:** 1 **CONTRACT NO:** S-817 (A) **DATE:** 11/21/2011  
**PROJECT TITLE:** South District Wastewater Treatment Plant, HLD Upgrade To 285 MGD, Effluent Pump Station  
**TO CONTRACTOR:** Poole & Kent Company of Florida 1781 NW North River Drive Miami, Florida 33125

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 deductive change order for \$400,000 and a non-compensable time extension of 45 days. For a complete explanation of the requested changes, see the Monetary Justification below.  
Monetary Justification: The Miami-Dade Water and Sewer Department (WASD) prepared a deductive change order in accordance with Ordinance No. 07-108 (Section 2-8-2.11 of the Miami-Dade County Code) in the amount of \$400,000, and a non-compensable time extension of 45 days for Contract No. S-817(A); Effluent Pump Station at the South District Wastewater Treatment Plant (SDWWTP).  
 Contract No. S-817(A) is one project in a series of projects under the High Level Disinfection (HLD) Program to comply with Consent Order No. (Continued below)  
Time Justification: See Monetary Justification.

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-----	\$21,008,660.00
COST OF CHANGES PREVIOUSLY ORDERED-----	\$0.00
ADJUSTED CONTRACT AMOUNT PRIOR TO THIS CHANGE-----	\$21,008,660.00
COST OF CHANGES WITH THIS DOCUMENT-----	(\$400,000.00)
ADJUSTED CONTRACT AMOUNT INCLUDING THIS CHANGE-----	\$20,608,660.00
PERCENT INCREASE WITH THIS CHANGE-----	-2%
TOTAL PERCENT INCREASE TO DATE-----	-2%
TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	900 / 0 / 45
CONTINGENCY TIME: ORIGINAL CONTRACT / PREVIOUS CHANGES / THIS CHANGE-----	90 / 0 / 0
ADJUSTED DURATION INCLUDING THIS CHANGE-----	1035

**CERTIFYING STATEMENT:** The Contractor certifies that the changes and supporting cost data included is in its considered opinion necessary and accurate and that the prices quoted are fair and reasonable.

Bond No. 105356952(TR); 82190152(FE) Accepted By:

<u>Organization</u>	<u>Name</u> Patrick H. Carr	<u>Title</u> President & CEO	<u>Date</u>
Poole & Kent Company of Florida		<u>Contractor</u>	12-02-11
Travelers Casualty and Surety Company of America & Federal Insurance Company		<u>Surety</u>	12/01/2011
		Rita Sagistano, Attorney-in-Fact	

<u>Title</u>	<u>Name</u>	<u>Date</u>
Approved By: <u>County Attorney</u> (for legal sufficiency)		12/16/11
Approved By: <u>County Manager</u>		12/16/11
Attested By: <u>Clerk of the Board</u>		12/16/11



Monetary Justification: (Continued)

03-1376 negotiated by the County and Florida Department of Environmental Protection. It also adheres to regulatory requirements resulting from a rule

change implemented by the U.S. Environmental Protection Agency to meet effluent quality standards for deep well disposal. Upon the completion of the entire project, the SDWWTP will be able to accept and treat up to 285 million gallons per day (MGD). For this contract, the specifications include the supply of six (6) large pumps to pressurize the treated effluent for disposal into the deep injection wells. The pressure required varies according to how much water is being disposed from night time lows of 30 MGD to wet weather peaks of 285 MGD. Each pump must be able to perform across the entire range of flows. For the purpose of selecting the pump, WASD chose the peak flow condition of 285 MGD.

The Contractor constructed the six (6) pumps but not in accordance with the contract specifications. The pumps fabricated by the Contractor did not meet the guaranteed efficiency at the specified peak flow condition of 285 MGD, rather, the pumps operate at optimal levels when handling average flows. Although the performance criteria set for the pumps was not met, the manufacturer demonstrated that the pumps would generate a substantial power savings of approximately \$200,000 per year when managing daily flows.

The Contractor's assertion of these significant power savings was verified by WASD staff. A comparison was made between the original specifications and the fabricated pumps using historical operating data and future capacity needs, and a factory test of the fabricated pump was also performed and witnessed by the Department. The power savings is estimated at \$200,000 per year. Additionally, the Contractor is offering a \$400,000 credit to the contract, and an additional two-year warranty if allowed to install the fabricated pumps.

In order for the County to accept the fabricated pumps, \$400,000 credit, and an additional two-year warranty, the County must waive the performance requirements in Bid Item No. 49, Evaluated Pumping Costs, and Specification Section Paragraph 01025.1.02.A.49, Measurement and Payment Definition. In addition, the Contractor requested and WASD is recommending a non-compensable 45-day time extension to the contract to complete the work. The time extension would revise Milestones 3, 4 and 5, adding 45 days to each. Extending these milestones will not adversely impact the overall completion schedule of the entire HLD Disinfection Project.

If the pumps are re-manufactured, it would extend the contract completion time by another five months. Accepting these pumps as fabricated, for the reasons noted above, is in the best interest of the County. An immediate saving of \$400,000 will result from this deductive change order, and an operating cost saving of \$4,000,000 is expected over 20 years of operation.

**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.

16





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. 222895

Certificate No. 004552956

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, 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

Thomas Bean, Rita Sagistano, Gerard S. Macholz, Susan Lupski, Robert T. Pearson, Camille Maitland, George O. Brewster, and Colette R. Chisholm

of the City of Garden City, State of New York, 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 21st day of September, 2011

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]
George W. Thompson, Senior Vice President

On this the 21st day of September, 2011, before me personally appeared George W. Thompson, 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

17

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA  
HARTFORD, CT. 06183**

**ATTORNEY-IN-FACT JUSTIFICATION  
PRINCIPAL'S ACKNOWLEDGMENT — IF A CORPORATION**

Florida  
State of ~~New York~~ County of Miami-Dade ) ss.

On this 2nd day of December, 20 11, before me personally appeared Patrick H. Carr to me known, who, being by me duly sworn, deposes and says: That he/she resides in the City of Miami that he/she is the President & CEO of Poel & Kent Co. of Miami, the corporation described in and which executed the within instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order.

*Patrick H. Carr*  
\_\_\_\_\_

**PRINCIPAL'S ACKNOWLEDGMENT — IF INDIVIDUAL OR FIRM** Patrick H. Carr

State of New York, County of ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, before me personally appeared \_\_\_\_\_ to me known to be (the individual) (one of the firm of \_\_\_\_\_) described in and who executed the within instrument, and he/she thereupon duly acknowledged to me that he/she executed the same (as the act and deed of said firm).

**SURETY COMPANY'S ACKNOWLEDGMENT**

State of New York, County of Nassau ) ss.

On this 1st day of December, 20 11, before me personally appeared Rita Sagistano to me known, who, being by me duly sworn, did depose and say: That he/she resides in New York Nassau County, NY that he/she is Attorney-in-Fact of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, the corporation described in and which executed the within instrument; that he/she knows the corporate seal of said Company; that the seal affixed to said instrument is such corporate seal; and that he/she signed said instrument as Attorney-in-Fact by authority of the Board of Directors of said Company; and affiant did further depose and say that the Superintendent of Insurance of the State of New York has, pursuant to Chapter 882 of the Laws of the State of New York for the year 1999, constituting chapter 28 of the Consolidating Laws of the State of New York as the Insurance Law as amended, issued to TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA his/her certificate that said Company is qualified to become and be accepted as surety or guarantor on all bonds, undertakings, recognizances, guarantees, and other obligations required or permitted by law; and that such certificate has not been revoked.

*Nelly Rencovich*  
\_\_\_\_\_

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA  
Hartford, Connecticut 06183**

**NELLY RENCOVICH  
Notary Public, State of New York  
No. 0185218158  
Qualified in Queens County  
Commission Expires March 1, 2014**

**FINANCIAL STATEMENT AS OF DECEMBER 31, 2010  
AS FILED WITH THE INSURANCE DEPT. OF THE STATE OF NEW YORK  
CAPITAL STOCK \$ 8,480,000**

ASSETS		LIABILITIES	
CASH AND INVESTED CASH	\$ 40,786,178	UNEARNED PREMIUMS	\$ 813,084,287
BONDS	3,617,487,280	LOSSES	880,220,402
INVESTMENT INCOME DUE AND ACCRUED	88,309,217	REINSURANCE PAYABLE ON PAID LOSSES / LOSS ADJ. EXPENSES	2,588,742
PREMIUM BALANCES	176,028,702	LOSS ADJUSTMENT EXPENSES	477,486,843
NET DEFERRED TAX ASSET	87,793,379	COMMISSIONS	31,967,823
REINSURANCE RECOVERABLE	23,960,885	TAXES, LICENSES AND FEES	63,078,869
RECEIVABLES FROM PARENT, SUBSIDIARIES AND AFFILIATES	34,028,080	OTHER EXPENSES	34,623,822
SECURITIES LENDING REINVESTED COLLATERAL ASSETS	11,844,000	FUNDS HELD UNDER REINSURANCE TREATIES	98,187,883
UNDISTRIBUTED PAYMENTS	4,607,656	CURRENT FEDERAL AND FOREIGN INCOME TAXES	3,820,537
OTHER ASSETS	513,768	REMITTANCES AND ITEMS NOT ALLOCATED	8,428,732
		AMOUNTS WITHHELD / RETAINED BY COMPANY FOR OTHERS	26,591,599
		RETROACTIVE REINSURANCE RESERVE ASSUMED	3,080,978
		POLICYHOLDER DIVIDENDS	7,479,805
		PROVISION FOR REINSURANCE	6,286,884
		PAYABLE FOR SECURITIES LENDING	11,844,000
		CEDED REINSURANCE NET PREMIUMS PAYABLE	(80,388,837)
		OTHER ACCRUED EXPENSES AND LIABILITIES	1,583,878
		<b>TOTAL LIABILITIES</b>	<b>\$ 2,358,058,253</b>
		CAPITAL STOCK	\$ 8,480,000
		PAID IN SURPLUS	493,803,760
		OTHER SURPLUS	2,377,041,538
		<b>TOTAL SURPLUS TO POLICYHOLDERS</b>	<b>\$ 1,879,325,298</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,231,298,623</b>	<b>TOTAL LIABILITIES &amp; SURPLUS</b>	<b>\$ 4,231,298,623</b>

Securities carried at \$7,764,488 in the above statement are deposited with public authorities, as required by law



**Chubb  
Surety**

**POWER  
OF  
ATTORNEY**

**Federal Insurance Company  
Vigilant Insurance Company  
Pacific Indemnity Company**

**Attn: Surety Department  
15 Mountain View Road  
Warren, NJ 07059**

**Know All by These Presents, That FEDERAL INSURANCE COMPANY, an Indiana corporation, VIGILANT INSURANCE COMPANY, a New York corporation, and PACIFIC INDEMNITY COMPANY, a Wisconsin corporation, do each hereby constitute and appoint Thomas Bean, George O. Brewster, Colette R. Chisholm, Susan Lupski, Gerard S. Macholz, Camille Maitland, Robert T. Pearson, Rita Sagistano of Garden City, New York**

each as their true and lawful Attorney-In-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY have each executed and attested these presents and affixed their corporate seals on this 8th day of December, 2010.

Kenneth C. Wendel, Assistant Secretary

David B. Norris, Jr., Vice President

STATE OF NEW JERSEY  
County of Somerset

On this 8th day of December, 2010 before me, a Notary Public of New Jersey, personally came Kenneth C. Wendel, to me known to be Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY, the companies which executed the foregoing Power of Attorney, and the said Kenneth C. Wendel, being by me duly sworn, did depose and say that he is Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of the By-Laws of said Companies; and that he signed said Power of Attorney as Assistant Secretary of said Companies by like authority; and that he is acquainted with David B. Norris, Jr., and knows him to be Vice President of said Companies; and that the signature of David B. Norris, Jr., subscribed to said Power of Attorney is in the genuine handwriting of David B. Norris, Jr., and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal



**KATHERINE J. ADELAAR  
NOTARY PUBLIC OF NEW JERSEY  
No. 2316685  
Commission Expires July 14, 2014**

Notary Public

**CERTIFICATION**

Extract from the By-Laws of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY:

"All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, 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 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 upon the Company with respect to any bond or undertaking to which it is attached."

I, Kenneth C. Wendel, Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY (the "Companies") do hereby certify that

- (i) the foregoing extract of the By-Laws of the Companies is true and correct,
- (ii) the Companies are duly licensed and authorized to transact surety business in all 50 of the United States of America and the District of Columbia and are authorized by the U.S. Treasury Department; further, Federal and Vigilant are licensed in Puerto Rico and the U.S. Virgin Islands, and Federal is licensed in American Samoa, Guam, and each of the Provinces of Canada except Prince Edward Island; and
- (iii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Warren, NJ this 1st Day of December, 2011



Kenneth C. Wendel, Assistant Secretary

IN THE EVENT YOU WISH TO NOTIFY US OF A CLAIM, VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT ADDRESS LISTED ABOVE, OR BY Telephone (800) 803-3493 Fax (800) 803-3656 e-mail: surety@chubb.com

**ACKNOWLEDGMENT OF SURETY COMPANY**

STATE OF New York }  
COUNTY OF NASSAU } SS

On this December 1, 2011, before me personally came Rita Sagistano  
to me known, who, being by me duly sworn, did depose and say; that he/she resides in  
Nassau County, State of NY, that he/she is the Attorney-in-Fact of the  
Federal Insurance Company the corporation described in which executed the  
above instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is  
such corporate seal; that it was so affixed by the Board of Directors of said corporation; and that he/she signed  
his/her name thereto by like order; and the affiant did further depose and say that the Superintendent of  
Insurance of the State of New York, has, pursuant to Section 1111 of the Insurance Law of the State of New  
York, issued to Federal Insurance Company (Surety) his/her certificate of  
qualification evidencing the qualification of said Company and its sufficiency under any law of the State of New  
York as surety and guarantor, and the propriety of accepting and approving it as such; and that such certificate  
has not been revoked.

*Nelly Renchiwicz*  
Notary Public

NY acknowledgment

**NELLY RENCHIWICH**  
Notary Public, State of New York  
No. 01RE6218158  
Qualified in Queens County  
Commission Expires March 1, 2014

# FEDERAL INSURANCE COMPANY

## STATEMENT OF ASSETS, LIABILITIES AND SURPLUS TO POLICYHOLDERS

Statutory Basis

DECEMBER 31, 2010

(In thousands of dollars)

<u>ASSETS</u>		<u>LIABILITIES AND SURPLUS TO POLICYHOLDERS</u>	
Cash and Short Term Investments.....	\$ 235,579	Outstanding Losses and Loss Expenses .....	\$ 12,051,257
United States Government, State and Municipal Bonds .....	10,931,173	Unearned Premiums.....	3,331,654
Other Bonds.....	4,110,731	Ceded Reinsurance Premiums Payable.....	329,476
Stocks.....	837,803	Provision for Reinsurance .....	70,491
Other Invested Assets.....	1,909,914	Other Liabilities.....	982,493
<b>TOTAL INVESTMENTS .....</b>	<b>18,025,200</b>	<b>TOTAL LIABILITIES .....</b>	<b>16,745,371</b>
Investments in Affiliates:		Special Surplus Funds .....	174,400
Chubb Investment Holdings, Inc.....	3,002,346	Capital Stock.....	20,980
Pacific Indemnity Company.....	2,424,142	Paid-In Surplus.....	3,106,808
Chubb Insurance Investment Holdings Ltd....	1,275,789	Unassigned Funds .....	11,015,075
Executive Risk Indemnity Inc.....	1,111,774		
CC Canada Holdings Ltd.....	752,455	<b>SURPLUS TO POLICYHOLDERS .....</b>	<b>14,317,263</b>
Great Northern Insurance Company .....	459,252		
Chubb Insurance Company of Australia Limited	313,107		
Chubb European Investment Holdings SLP ..	234,636		
Vigilant Insurance Company.....	212,646	<b>TOTAL LIABILITIES AND SURPLUS</b>	
Other Affiliates .....	381,791	<b>TO POLICYHOLDERS.....</b>	<b>\$ 31,062,634</b>
Premiums Receivable .....	1,441,828		
Other Assets .....	1,427,670		
<b>TOTAL ADMITTED ASSETS .....</b>	<b>\$ 31,062,634</b>		

Investments are valued in accordance with requirements of the National Association of Insurance Commissioners.  
Investments with a carrying value of \$452,427,638 are deposited with government authorities as required by law.

State, County & City of New York, — ss:

Yvonne Baker, Assistant Secretary of the Federal Insurance Company

being duly sworn, deposes and says that the foregoing Statement of Assets, Liabilities and Surplus to Policyholders of said Federal Insurance Company on December 31, 2010 is true and correct and is a true abstract of the Annual Statement of said Company as filed with the Secretary of the Treasury of the United States for the 12 months ending December 31, 2010.

Subscribed and sworn to before me  
this March 31, 2011.

*Dorothy Baker*  
\_\_\_\_\_  
Notary Public

*Yvonne Baker*  
\_\_\_\_\_  
Assistant Secretary

DOROTHY M. BAKER  
Notary Public, State of New York  
No. 31-4904994  
Qualified in New York County  
Commission Expires Sept. 14, 2013