

Date: February 29, 2012

To: Department Directors

From: Carlos A. Gimenez
Mayor

A handwritten signature in black ink, appearing to read "Carlos A. Gimenez", written over the printed name and title.

Subject: First Sealord Surety Bonds

Earlier this month, the Courts of Pennsylvania ordered the receivership and liquidation of First Sealord Surety, Inc. ('First Sealord'), a surety providing payment and performance bonds, as well as bid bonds to some County vendors. Under the order of liquidation, bonds will terminate upon the soonest of its stated date of termination or March 9, 2012. To protect a claim against the bond, a proof of claim must be filed no later than October 5, 2012.

In consultation with the County Attorney's Office, the following procedures will be followed for all bonds underwritten by First Sealord:

Bid Bonds

No new bid bonds will be accepted where First Sealord appears as a surety. The contracting department shall send a letter to any bidder with a First Sealord bid bond requesting that the bid bond be replaced before March 9, 2012, with another bond or acceptable security. In instances where the County is prepared to award a contract to a vendor whose bid or proposal is guaranteed by a First Sealord bid bond, a replacement bid bond will not be required if the award can be completed (including the provision of any subsequent payment and performance bond, insurance, etc.) prior to March 9, 2012. If the award will not be completed by that time, a replacement bid bond must be requested.

Performance and Payment Bonds

No new performance and payment bonds will be accepted where First Sealord appears as the surety. Contracts that have not been awarded, or have been awarded conditioned upon satisfactory bonding, shall not be awarded without a new acceptable performance and payment bond.

For all contracts previously awarded with a payment and performance bond issued by First Sealord:

1. The contracting department shall send a letter to the contractor requesting that the contractor replace the bond with an acceptable surety or alternate form of security before the March 9, 2012 deadline. (If you need assistance contact Barbara Dunlop, Risk Management Division, Internal Service Department at 305-375-3199).
2. No further payment shall be made under a contract for a line item identified as "bonding" in any contract where First Sealord is the bonding company and no substitute bond is provided in accordance with the County's directive.
3. The County Attorney's Office must be contacted when a substitute bond is not provided prior to March 9, 2012, for advice regarding future actions under the contract.

Notice of Claim

A detailed Notice of Claim must be filed no later than March 9, 2012, to preserve the County's rights under First Sealord Surety performance and payment bonds. Please contact the County Attorney's Office, (CAO) for assistance with all known claims. The CAO will work with the Internal Services Department to file a general notice of claim for all contracts where the County is an obligee on First Sealord Surety performance and payment bonds.

Should you need additional information, please contact Barbara Dunlop, Internal Services Department, Risk Management Division at 305-375-3199 or the County Attorney's Office at 305-375-5151.

- c: Office of the Mayor Senior Staff
 - R.A. Cuevas, Jr., County Attorney
 - Lester Sola, Director, Internal Services Department
 - Mary Lou Rizzo, Assistant Director, Internal Services Department
 - Beth Wininger, RMD, Division Director