WHAT DID THEY DO?

Eleven local surety associations were presented with the 2008 Silver and Gold Awards for Excellence in Surety Bond Promotion, and one surety professional was inducted into the Tiger Trust at the annual meetings of the National Association of Surety Bond Producers (NASBP) and The Surety & Fidelity Association of America (SFAA).

The Silver and Gold awards are given to LSAs that conduct at least five and 10 activities, respectively, in a calendar year to promote the value and benefits of contract surety bonds. Here are some highlights of what they accomplished:

Silver Award Winners

- **Surety Association of Kentucky** – Members presented on a variety of surety topics to engineers and contractors at the Society of Military Engineers Small Business Conference; contractors at a construction risk seminar; and environmental contractors, consultants, and engineers at a Weapons Complex Monitor Decision-Makers Forum. Members also participated in presentations and private contractor interviews for “Bond Readiness” Model Contractor Development Program. They also presented to Construction Management students at Morehead State University.

- **Surety Association of Wisconsin** – Members educated the Wisconsin Department of Administration on various surety underwriting issues related to potential contractual language in state contracts calling for efficiency guarantees, 10-year completion periods, and performance guarantees for work falling outside of the prime contract. Members also met with the American Institute of Architects of Wisconsin about suggested changes to the AIA A312 Payment Bond. Members also addressed the A312 issue with Dane County legal counsel and Lincoln County officials in conjunction with projects out for bid and met with the CFMA Milwaukee Chapter to educate the group about AIA and ConsensusDocs documents. Furthermore, members have been leading an educational campaign involving the Wisconsin League of Municipalities and a local municipality that opted to waive performance and payment bonds on a public project.

Gold Award Winners

- **Surety Association of Arizona** – Members met with Gila River Indian Community Tribal General Counselors to discuss surety bonds and tribal immunity, resulting in the community’s filing of a statute with the federal government, enabling litigation in federal court and improving the community’s circumstances to allow contracts with the tribe. The effort also made doing business with the community easier for sureties, enhancing their ability to provide bonds. Members also published articles and presented to contractors, subcontractors, public owners, fiduciary professionals, and students.

- **Florida Surety Association** – Members addressed onerous bond forms of numerous public owners including the City of Orlando, Greater Orlando
Aviation Authority, Seminole County, Volusia County, Miami-Dade Expressway Authority, Florida Department of Environmental Protection and Florida Department of Transportation and others. The association also
aligned with and maintained ongoing relationship with Florida A&M
University/FDOT Construction Management Development Program and Bond
Guarantee Program. After going through a series of accounting, construction
management, and surety seminars, the MBE/WBE and small emerging
contractor participants were eligible for set-aside work with FDOT and
access to the FDOT Bond Guarantee Program. Members also published
articles and presented to public owners, bankers, contractors, accountants,
the construction industry licensing board, home builders association, state
transportation builders association, and students.

- **Surety Association of Illinois** – Members presented to contractors and
subcontractors attending a seminar hosted by the Horton Group on the
importance of surety, participated in the Illinois Model Contractor
Development Program, met with the Illinois Association of Public
Procurement Officials on how to protect the group from fraudulent bonds,
and met with mayors and municipal officials about working with sureties and
contractors to complete troubled community developments under
construction. The association was also extremely busy in 2008 addressing
onerous contract language with more than 19 local school districts.

- **Surety Association of Indiana** – Members presented to WBE/MBE
contractors and subcontractors attending training sessions hosted by the
Indiana Stadium & Convention Building Authority in relation to the
construction of Lucas Oil Stadium (Colts Stadium) and the new Convention
Center expansion. Members also presented to architects, accountants,
public owners, contractors, and subcontractors.

- **Surety Association of Kansas City** – Members presented to the Kansas
City Chapter of the National Electrical Contractors Association, Construction
Industry CPAs, American Institute of CPAs, PPC’s Users (Auditor)
Conference, Associated General Contractors of America’s (AGC) Tax & Fiscal
Affairs Conference, National AICPA Construction Conference, Builders
Association of Kansas City, Commerce Bank’s Commercial Lending
Committee, and CFMA Heartland Regional Conference. Members also staffed
an exhibit booth at the Associated Builders and Contractors (ABC)
conference, taught students at the Builders Association’s Management
Academy, and were quoted in a CFMA Building Profits magazine article about
the need to consider surety and bank impact when performing tax planning.

- **Surety Association of Ohio** – Members presented to small and emerging
contractors participating in a six-week Model Contractor Program; minority
contractors attending a class at Cuyahoga Community College; contractors
attending a construction seminar; members of the American Society of
Professional Engineers; and accounting professionals at a Cleveland CPA
firm. They also met with ODOT to discuss long-term warranties; taught Ohio
State University insurance and risk management students; and published
articles in Professional Roofing, HVACR Business, and Builders Exchange
magazines. A news release on how the Bonding Prep program helped a
minority contractor secure a $3.1 million janitorial contract with Cuyahoga
County Public Library was published by at least 119 media outlets.

- **Surety Association of San Diego** – Members met with the City of San
Diego’s Contractor Prequalification Reform Committee to discuss surety and
prequalification contractors for surety credit; the City of San Diego to discuss
claims handling; and the San Diego Association of Governors Regional
Procurement to discuss surety credit availability with committee members,
city officials, CALTRANS, San Diego Airport Authority, Grossmont College,
Poway School District, San Diego County Water Authority, and San Diego
Unified School District. Members also met with San Diego County officials to
discuss and review the county’s Design Build Prequalification Questionnaire.
Members also sent a letter to the San Diego County Water Authority to
confirm surety credit availability in the San Diego market in response to the
authority’s public concern regarding availability of surety bonds during the
economic downturn. The water authority was preparing to hold up release of
new construction projects, but as a result of the association’s
involvement, the water authority has continued to release new construction
work. Members gave numerous other presentations to emerging contractors,
contractors, subcontractors, bankers, lenders, project managers, and design professionals.

- **Surety Underwriters Association of Southern California** – Members presented to contractors and subcontractors attending an LAUSD Boot Camp; owners, CFOs, controllers, and others attending a national CFMA conference; contractors attending a Construction Superconference; Stanford and California State University at Fullerton students; and met with Caltrans to discuss ways to better serve small contractors. Members presented at a number of other events including the California Construction Expo, Port of Los Angeles, and the Department of Water and Power; and gave workshops on the City of Los Angeles Bond Assistance Program at various council member districts. Members also published articles in ESA and SCCA magazines and staffed an exhibit booth at the San Joaquin Minority Contractors Regional Conference.

- **Surety Association of St. Louis** – Members presented “Advantages of Surety Bonds Vs. Letters of Credit” to bankers and contractors at the American Bankers Association local chapter conference and worked with Sen. Kevin Engler’s office on SB1077 concerning wording that could negatively affect the surety industry. Members also met with the Missouri DOT to discuss allowing contractors to post annual bid bonds during their annual prequalification process. Representatives agreed on a solution and MoDOT is moving forward. In addition, members presented to contractors, suppliers, and students; trained M/W/DBE contractors; and published an article in the American Subcontractors Association Midwest Chapter newsletter.

**Tiger Trust Inductee**

SIO’s Tiger Trust recognizes NASBP and SFAA members who persuade a private construction project owner or lender to require surety bonds on a project.

**Steven E. Minard**, Minard-Ames Insurance Services LLC, was inducted into the Tiger Trust. The Independent Insurance Agents and Brokers of Arizona Inc. purchased two adjacent lots to construct a $220,000 commercial parking lot. Cost over-rides for re-zoning and multiple city permit processes eroded the not-for-profit association’s available funds planned for construction costs. Confronted with a project that was going to cost much more than the association expected, the association’s Board of Directors and architect began identifying cuts to keep the project moving.

After some research on the general contractor, including speaking with several of his prior customers, the architect and association staff felt safe eliminating the surety requirement.

Minard was the only Board member with a strong surety knowledge and background and posed this question, “How would it appear to the membership of an association owned by property and casualty insurance agents for their association to have liens against an $800,000 project without the benefit of a surety bond?”

“After a few minutes of silence, the entire Board of Directors agreed to reverse our imprudent decision to forgo the surety bond and agreed such action would be reckless and a potential Directors and Officers liability exposure,” says Lanny Hair, Executive Vice President of the association. “Although as of this date there are no liens from any suppliers or subcontractors, we are aware of at least one disagreement between the general contractor and a subcontractor that appears to be setting the stage for such future action.”

**Back to top**