TO: Loudoun Water

FROM: Kenneth W. Wire

DATE: January 7, 2013

RE: General Bonding Requirements for Developer Agreements

The following is the list of requirements and provisions that must be included in a bond in order for it to be acceptable for use by the Authority:

1. The Developer must post a performance and payment bond ("Bond") for the facilities that the Developer is installing pursuant to the Developer Agreement between the Developer and the Loudoun County Sanitation Authority.
   a. The Bond may be reduced to 20% of the original sum upon Authority’s issuance of a written determination (following Developer’s written request) that the facilities are sufficiently complete to be placed into service.
   b. The Bond may further be reduced to 5% of the original sum to cover the one (1) year maintenance warranty pursuant to the Developer Agreement but only after the Authority issues a written determination that the facilities have been deed to and accepted by the Authority.

2. The Bond must give Authority right to draw upon Developer’s breach of performance, payment or maintenance obligations under the Developer Agreement.

3. The Bond must be issued by a surety with an AM Best rating of A VII or higher.

4. The Bond must list the Loudoun County Sanitation Authority as the Obligee.

5. The Bond must include the LSCA Project Identification Number.

6. The Bond must reference the developer agreement and the date it was signed.

7. The individual signing the bond must provide evidence of the authority to do so on behalf of the Surety.

8. The Bond must be properly signed and notarized.

9. The Surety must provide a printout from the State Corporation Commission website that it is licensed to do business in Virginia.

10. The Surety must provide a copy of its current credit rating from a national rating company.