



National Association of Surety Bond Producers

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BY ELECTRONIC TRANSMISSION (purchasing@ircgov.com)

February 1, 2017

Jennifer Hyde, Purchasing Manager
Indian River County Purchasing Division
1800 27th Street
Vero Beach, FL 32960

RE: Comments on Bond Requirement for Indian River County Yard Waste Processing and Disposal Services Project

Dear Ms. Hyde:

I am contacting you on behalf of the National Association of Surety Bond Producers (NASBP), a national trade association of companies employing licensed surety bond producers, including those in the state of Florida, about the requirement for a single bond covering the three-year contract for the Indian River County Yard Waste Processing and Disposal Services Project (Project). Addendum No. 1 to the RFP document provides that a one-year bond renewable annually will not meet the contract specifications and will be rejected non-conforming.

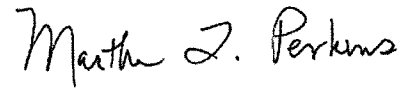
NASBP would ask that the County reconsider this approach. The usual approach with commercial surety bonds, such as this one, is to require an annually renewable bond where non-renewable is not an event of default for the contractor or the surety. The longer, three-year bond currently required by the County poses considerable problems from a surety underwriting perspective. Sureties are less comfortable in issuing commercial surety bonds for longer than one year as the risk is increased due to the longer bond duration.

The three-year bond term will lessen or eliminate the ability of small businesses to bid on the Project, as sureties are likely only to provide such bonds for the largest businesses. Maximum competition is, of course, in the best interest of any public owner and its treasury.

NASBP respectfully requests that Indian River County reconsider its bond structure for this Project and implement acceptance of an annually renewable bond where non-renewal does not constitute an event of default for the contractor or the surety.

NASBP appreciates your prompt consideration of our concern. Please feel free to contact me at 202-464-1214 or at mperkins@nasbp.org should you wish to discuss this matter.

Yours sincerely,

A handwritten signature in black ink that reads "Martha L. Perkins". The signature is written in a cursive style with a large, stylized 'M' and 'P'.

Martha L. Perkins
General Counsel