



AIA® Document A101™ – 2007

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the eighteenth (18th) day of March in the year Two Thousand and Thirteen
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

Southgate Independent Board of Education
6 William Blatt
Southgate, Kentucky 41071

and the Contractor:
(Name, legal status, address and other information)

Blau Mechanical, Inc.
1532 Russell Street
Covington, Kentucky 41011

for the following Project:
(Name, location and detailed description)

Southgate Elementary School – Boiler Replacement
6 William Blatt
Southgate, Kentucky 41071

The Architect:
(Name, legal status, address and other information)

Robert Ehmet Hayes & Associates, PLLC
2512 Dixie Highway
Fort Mitchell, Kentucky 41017

The Owner and Contractor agree as follows.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AIA Document A201™–2007, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

Init.

, subject to adjustments of this Contract Time as provided in the Contract Documents.
(Insert provisions, if any, for liquidated damages relating to failure to achieve Substantial Completion on time or for bonus payments for early completion of the Work.)

ARTICLE 4 CONTRACT SUM

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be (~~\$—~~), Twenty-Six Thousand, Five Hundred Dollars (\$26,500), subject to additions and deductions as provided in the Contract Documents.

§ 4.2 The Contract Sum is based upon the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If the bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date when that amount expires.)

No Alternate Bids

§ 4.3 Unit prices, if any:
(Identify and state the unit price; state quantity limitations, if any, to which the unit price will be applicable.)

<u>Item</u>	<u>Units and Limitations</u>	<u>Price Per Unit (\$0.00)</u>
<u>None</u>		

§ 4.4 Allowances included in the Contract Sum, if any:
(Identify allowance and state exclusions, if any, from the allowance price.)

<u>Item</u>	<u>Price</u>
<u>None</u>	

ARTICLE 5 PAYMENTS

§ 5.1 PROGRESS PAYMENTS

§ 5.1.1 Based upon Applications for Payment submitted to the Architect by the Contractor and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

§ 5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

Contractor shall submit each application for payment to the Architect two weeks prior to the second Thursday of each month. Owner will make payment within twenty (20) days after Contractor's application has been approved by the Owner and release of payment has been authorized.

Payment to the Contractor shall be in accordance with General, KDE, Supplementary, and other Conditions of the Contract, and Section 012900 "Payment Procedures."

~~§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the — day of a month, the Owner shall make payment of the certified amount to the Contractor not later than the — day of the — month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than — (—) days after the Architect receives the Application for Payment.
(Federal, state or local laws may require payment within a certain period of time.)~~

~~§ 5.1.4 Each Application for Payment shall be based on the most recent schedule of values submitted by the Contractor in accordance with the Contract Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. The schedule of values shall be prepared in such form and supported by such data to~~

Init.

ARTICLE 6 DISPUTE RESOLUTION

§ 6.1 INITIAL DECISION MAKER

The Architect will serve as Initial Decision Maker pursuant to Section 15.2 of AIA Document A201-2007, unless the parties appoint below another individual, not a party to this Agreement, to serve as Initial Decision Maker.
(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)

§ 6.2 BINDING DISPUTE RESOLUTION

For any Claim subject to, but not resolved by, mediation pursuant to Section 15.3 of AIA Document A201-2007, the method of binding dispute resolution shall be as follows:
(Check the appropriate box. If the Owner and Contractor do not select a method of binding dispute resolution below, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.)

- Arbitration pursuant to Section 15.4 of AIA Document A201-2007
- Litigation in a court of competent jurisdiction
- Other *(Specify)*

ARTICLE 7 TERMINATION OR SUSPENSION

§ 7.1 The Contract may be terminated by the Owner or the Contractor as provided in Article 14 of AIA Document A201-2007.

§ 7.2 The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201-2007.

ARTICLE 8 MISCELLANEOUS PROVISIONS

§ 8.1 Where reference is made in this Agreement to a provision of AIA Document A201-2007 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 8.2 Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.
(Insert rate of interest agreed upon, if any.)

| %

§ 8.3 The Owner's representative:
(Name, address and other information)

| Jim Palm, Superintendent
Southgate Independent Schools
6 William Blatt
Southgate, Kentucky 41071

§ 8.4 The Contractor's representative:
(Name, address and other information)

| Joseph Salazar, Project Manager
Blau Mechanical, Inc.
1532 Russell Street
Covington, Kentucky 41011

§ 8.5 Neither the Owner's nor the Contractor's representative shall be changed without ten days written notice to the other party.

§ 8.6 Other provisions:

Init.

Performance Bond and Payment Bond (AIA A312, 1984) with accompanying KDE Amendment to Performance Bond/Payment Bond (5/93) and AIA Amendment to Payment Bond (11/20/08) to be issued with this Agreement

9.1.8 Award of contract is subject to acceptance of the Bid and approval of the Contract by the Kentucky Department of Education..

ARTICLE 10 INSURANCE AND BONDS

The Contractor shall purchase and maintain insurance and provide bonds as set forth in Article 11 of AIA Document A201-2007.

(State bonding requirements, if any, and limits of liability for insurance required in Article 11 of AIA Document A201-2007.)

Type of insurance or bond	Limit of liability or bond amount (\$0.00)
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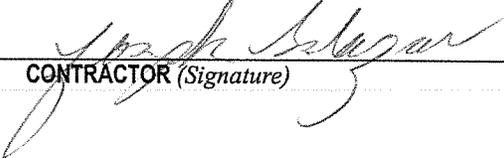
<u>Contractor's standard coverages with Owner, Architect, and Consultant additional insureds and installation floater.</u>	
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This Agreement entered into as of the day and year first written above.

SOUTHGATE INDEPENDENT BOARD OF EDUCATION

BLAU MECHANICAL, INC.

OWNER (Signature)



CONTRACTOR (Signature)

Jim Palm, Superintendent
(Printed name and title)

Joseph Salazar, Vice President
(Printed name and title)

Init.

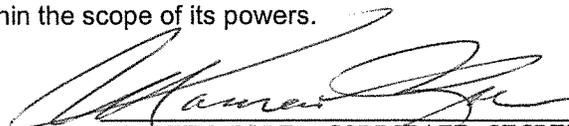
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User Notes:

(1685274959)

Certificate of Corporate Principal (Contractor)
(To be executed if Contractor is a Corporation)

I, MAUREEN RABE, certify that I am the CORPORATE SECRETARY of the organization named as Contractor herein, that JOSEPH SALAZAR, the officer who signed this Agreement on behalf of the Contractor, was then VICE PRESIDENT of said organization, and that this Agreement was duly signed for and in behalf of said organization by authority of its governing body and is within the scope of its powers.


MAUREEN RABE, CORPORATE SECRETARY

State of Incorporation: KENTUCKY

Corporate Seal:

Certificate of Corporate Principal (Owner)
(To be executed if Owner is a Corporation)

I, _____, certify that I am the _____ of the organization named as Owner herein, that _____, the officer who signed this Agreement on behalf of the Owner, was then _____ of said organization, and that this Agreement was duly signed for and in behalf of said organization by authority of its governing body and is within the scope of its powers.

State of Incorporation: _____

Corporate Seal:

**KENTUCKY DEPARTMENT OF EDUCATION
DIVISION OF FACILITIES MANAGEMENT
AMENDMENT TO THE
STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND CONTRACTOR
AIA A101-2007**

ARTICLE 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

- 3.3** Add the following: "Liquidated Damages: As actual damages for delay in completion of Work are impossible to determine, the Contractor and his Surety shall be liable for and shall pay to the Owner the sum of \$ 0, not as a penalty, but as fixed, agreed and liquidated damages for each calendar day of delay until the Contract Work is substantially completed as defined in the General Conditions of the Contract for Construction.
"The Owner shall have the right to deduct liquidated damages from money in hand otherwise due, or to become due, to the Contractor, or to sue and recover compensation for damages for failure to substantially complete the Work within the time stipulated herein. Said liquidated damages shall cease to accrue from the date of Substantial Completion."

ARTICLE 5 PAYMENTS

- 5.1.3** Add the following: "State law (KRS 371.405) requires the Owner to pay undisputed Applications for Payment within forty-five (45) business days following receipt of the invoices. If the Owner fails to pay the Contractor within forty-five (45) business days following receipt of an undisputed Application for Payment, state law requires the Owner shall pay interest to the Contractor beginning on the forty-sixth business day after receipt of the Application for Payment, computed at the rate required by state law.
- 5.1.8** Revise subparagraph to read: "The Owner shall retain ten percent (10%) from each Application for Payment up to fifty percent (50%) completion of the Work, then, provided the Work is on schedule and satisfactory, and upon written request of the Contractor together with consent of surety and the recommendation of the Architect, the Owner shall approve a reduction in retainage to five percent (5%) of the current Contract Sum. No part of the five percent (5%) retainage shall be paid until after Substantial Completion of the Work, as defined in the General Conditions of the Contract for Construction. After Substantial Completion, if reasons for reduction in retainage are certified in writing by the Architect, a reduction to a lump sum amount less than the five percent (5%) retainage may be approved by the Owner when deemed reasonable. The minimum lump sum retainage shall be twice the estimated cost to correct deficient or incomplete work."
- 5.2.1** Add condition 5.2.1.3, as follows: "The Contractor provides the Owner with affidavits that all payrolls, bills for materials, supplies and equipment, and other indebtedness connected with the Work have been paid or otherwise satisfied, and with Consent of Surety for final payment."
- 5.2.2** Delete the entire paragraph.

ARTICLE 6 DISPUTE RESOLUTION

- 6.1** Delete the words: ", unless the parties appoint below another individual, not a party to this Agreement, to serve as Initial Decision Maker."

ARTICLE 8 MISCELLANEOUS PROVISIONS

- 8.2** Revise the sentence to read "...shall bear interest from the date payment is due at such rate required by state law, or in the absence of law, at the prevailing legal rate at the time and place where the Project is located."

END OF AMENDMENT

(BM)

BLAU MECHANICAL INC.

February 25, 2013

Attn: James Palm, Superintendent
Southgate Public Schools
Wm Blatt & Evergreen Avenue
Southgate, KY 41071

RE: Southgate Elementary School
Boiler Replacement

Dear Mr. Palm:

We are pleased to quote on the replacement of the boiler at the above address.

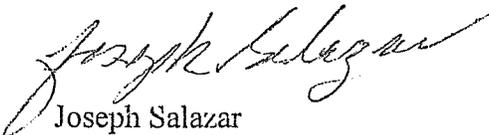
This to consist of:

- Installation of ONE (1) Weil McLain, LGB-14s, cast-iron gas-fired steam boiler with a gravity burner, having an out-put of 1,690,000 BTU's per hour with standard "UL" safety and operating controls as required.
- Removal and disposal of the existing boiler.
- Necessary pipe, valves and fittings to connect the new boiler to the existing system of piping
- Revisions to the existing stack to accommodate the new boiler.
- Electric wiring of the new boiler
- Insulation of the new piping with 1" thick fiberglass insulation.
- Permits as required.
- Labor to complete this installation.

This installation can be done for the sum of Twenty Six Thousand Five Hundred Dollars (\$26,500.00).

This price does not include insulation of the stack, nor does it include any asbestos removal.

Sincerely


Joseph Salazar
Vice President

JAS.mr

1532 Russell Street • Covington, KY 41011-3359
Phone: 859-291-3159 • e-mail: mrabe@blaumech.com • Fax: 859-581-3022
KY Lic. MO2932 • OH Lic. 29625



KOHR'S LONNEMANN HEIL ENGINEERS, PSC

FT. THOMAS, KENTUCKY
DAYTON, OHIO
COLUMBUS, OHIO
NEW YORK, NEW YORK

800.354.9783
WWW.KLHENGERS.COM

February 15, 2013

Joseph Salazar
Blau Mechanical Inc.
1532 Russell Street
Covington, KY 41011-3359

Re Southgate Elementary School, Southgate Public Schools

Joe:

Southgate Public Schools is seeking bids for an emergency situation at the above referenced school building. Currently this school has lost redundancy and requires the installation of a new low pressure steam boiler.

Time is of the essence; therefore the low best bid will be reviewed based upon price and the operational completion date of the boiler system.

Please provide a quote detailing the following option:

1. Provide a new steam boiler at 1,690,000 BTU input/ 1,369,000 BTU output.

The following shall also be provided.

1. Remove the existing boiler and dispose of all demo'd items. Owner will deal with asbestos if encountered; currently asbestos exists in some of the piping insulation in the mechanical room.
2. Install a new boiler for a total of 1,690,000 BTU input.
3. Reconnect all steam and condensate piping as required to make the system fully operational.
4. Provide start up as required.
5. Provide insulation, electrical connections, and permits as required.
6. Limits of work relates to items, piping and equipment having to be modified for this installation.

The location of the boiler can be inspected and reviewed, please contact either myself or the superintendent of Southgate Independent Schools Jim Palm for a time to review the site or discuss the details. My office number is 859-442-8050 and Jim's office number is 859-441-0743 ext. 101.

Bids will be due at the Southgate Public School office at 2:00 pm EST on Monday, February 25, 2013.

We appreciate your time and effort in this regard, if you have any further questions, please don't hesitate to contact me.

Regards,

KLH ENGINEERS, P.S.C.

A handwritten signature in black ink, appearing to read 'Joseph R Kohrs', written over a white background.

Joseph R Kohrs, P.E.
Principal

THE AMERICAN INSTITUTE OF ARCHITECTS



Bond No. 09119151

AIA Document A312

Performance Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

BLAU MECHANICAL, INC.
1532 Russell Street, Covington, KY, 41011

SURETY (Name and Principal Place of Business):

FIDELITY AND DEPOSIT COMPANY OF MARYLAND
1400 American Lane
Schaumburg, IL 60196-1056

OWNER (Name and Address):

Southgate Independent Board of Education
6 William Blatt
Southgate, KY 41071

CONSTRUCTION CONTRACT

Date: 3/18/2013
Amount: *TWENTY-SIX THOUSAND FIVE HUNDRED DOLLARS AND 00/100*(\$26,500.00)
Description (Name and Location): Southgate Elementary - Boiler Replacement

BOND

Date (Not earlier than Construction Contract Date): 3/27/13
Amount: *TWENTY-SIX THOUSAND FIVE HUNDRED DOLLARS AND 00/100*(\$26,500.00)
Modifications to this Bond: [] None

[X] See Page 3

CONTRACTOR AS PRINCIPAL

Company: BLAU MECHANICAL, INC. (Corporate Seal)

Signature: [Signature]
Name and Title: Vicente Salazar, President

SURETY

Company: FIDELITY AND DEPOSIT COMPANY OF MARYLAND (Corporate Seal)

Signature: [Signature]
Name and Title: Michelle D. Krebs, Atty-In-Fact and KY Resident Agent

(Any additional signatures appear on page 3)

(FOR INFORMATION ONLY—Name, Address and Telephone)

AGENT or BROKER:

Aon Risk Services Northeast, Inc.
250 East 5th Street, Suite 2300, Cincinnati, OH, 45202
(513) 621-0130

OWNER'S REPRESENTATIVE (Architect, Engineer or other party):

Robert Ehmet Hayes & Associates, PLLC
2512 Dixie Highway, Ft. Mitchell, KY 40117

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.

2 If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.

3 If there is no Owner Default, the Surety's obligation under this Bond shall arise after:

3.1 The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below that the Owner is considering declaring a Contractor Default and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Construction Contract. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default; and

3.2 The Owner has declared a Contractor Default and formally terminated the Contractor's right to complete the contract. Such Contractor Default shall not be declared earlier than twenty days after the Contractor and the Surety have received notice as provided in Subparagraph 3.1; and

3.3 The Owner has agreed to pay the Balance of the Contract Price to the Surety in accordance with the terms of the Construction Contract or to a contractor selected to perform the Construction Contract in accordance with the terms of the contract with the Owner.

4 When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:

4.1 Arrange for the Contractor, with consent of the Owner, to perform and complete the Construction Contract; or

4.2 Undertake to perform and complete the Construction Contract itself, through its agents or through independent contractors; or

4.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price incurred by the Owner resulting from the Contractor's default; or

4.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:

.1 After investigation, determine the amount for

which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or

.2 Deny liability in whole or in part and notify the Owner citing reasons therefor.

5 If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4, and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.

6 After the Owner has terminated the Contractor's right to complete the Construction Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. To the limit of the amount of this Bond, but subject to commitment by the Owner of the Balance of the Contract Price to mitigation of costs and damages on the Construction Contract, the Surety is obligated without duplication for:

6.1 The responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;

6.2 Additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and

6.3 Liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.

7 The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators or successors.

8 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

9 Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation avail-

able to sureties as a defense in the jurisdiction of the suit shall be applicable.

10 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page.

11 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

12 DEFINITIONS

12.1 Balance of the Contract Price: The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Con-

tractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.

12.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

12.3 Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Construction Contract.

12.4 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

- 1. KY Dept. of Education, Division of Facilities Management Amendment to Performance Bond and Payment Bond AIA A312-1984

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL
Company: _____ (Corporate Seal)

SURETY
Company: _____ (Corporate Seal)

Signature: _____
Name and Title:
Address:

Signature: _____
Name and Title:
Address:

**KENTUCKY DEPARTMENT OF EDUCATION
DIVISION OF FACILITIES MANAGEMENT
AMENDMENT TO
PERFORMANCE BOND/PAYMENT BOND |
AIA A312-1984**

Add to each document under this heading:

Modifications to these bonds are as follows:

1. Surety Company shall be licensed to conduct business in the Commonwealth of Kentucky and listed in and written within the terms and limits established by 58 Federal Register, p. 35778, 1993.
2. Insurance Agency and Agents issuing bond shall be registered and licensed to conduct business in the Commonwealth of Kentucky with the appropriate Power of Attorney included.
3. Bond shall comply with all statutory requirements of the Commonwealth of Kentucky including the Kentucky Unemployment Insurance Law.
4. No suit, action or proceeding by reason or any default whatever shall be brought on this bond after two (2) years from the date on which final payment of the contract fall due and provided further that if any alterations or additions which may be made under the contract or in the work to be done under it, or the giving by the Owner of any extension of time for the performance of the contract or any other forbearance on the part of either the Owner or the Principal shall not, in any way, release the Principal and Surety, or either of them, their heirs, executors, administrators, successors, or assigns for their liability hereunder. Notice to the Surety of any such alterations, extensions, or forbearance being expressly waived.

This obligation shall remain in force and effect until the performance of all covenants, terms and conditions herein stipulated and after such performance, it shall become null and void.

- * Contractor shall do all things necessary to guarantee the faithful performance of the prevailing hourly wage provisions set forth in the Contract and related Documents (if prevailing wages are required on this Project).

THE AMERICAN INSTITUTE OF ARCHITECTS



Bond No. 09119151

AIA Document A312

Payment Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

BLAU MECHANICAL, INC.
1532 Russell Street, Covington, KY

SURETY (Name and Principal Place of Business):

FIDELITY AND DEPOSIT COMPANY OF MARYLAND
1400 American Lane
Schaumburg, IL 60196-1056

OWNER (Name and Address):

Southgate Independent Board of Education
6 William Blatt
Southgate, KY 41071

CONSTRUCTION CONTRACT

Date: 3/18/2013

Amount: *TWENTY-SIX THOUSAND FIVE HUNDRED DOLLARS AND 00/100*(\$26,500.00)

Description (Name and Location): Southgate Elementary School - Boiler Replacement

BOND

Date (Not earlier than Construction Contract Date): 3/27/13

Amount: *TWENTY-SIX THOUSAND FIVE HUNDRED DOLLARS AND 00/100*(\$26,500.00)

Modifications to this Bond:

None

See Page 6

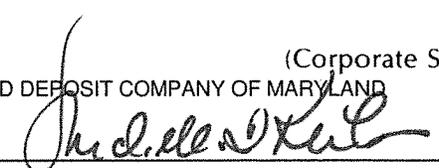
CONTRACTOR AS PRINCIPAL

Company: (Corporate Seal)
BLAU MECHANICAL, INC.

Signature: 
Name and Title: Vicente Salazar, President

SURETY

Company: (Corporate Seal)
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

Signature: 
Name and Title: Michelle D. Krebs, Atty-In-Fact and
KY Resident Agent

(Any additional signatures appear on page 6)

(FOR INFORMATION ONLY—Name, Address and Telephone)

AGENT or BROKER:

Aon Risk Services Northeast, Inc.
250 East 5th Street, Suite 2300, Cincinnati, OH, 45202
(513) 621-0130

OWNER'S REPRESENTATIVE (Architect, Engineer or
other party):

Robert Ehmet Hayes & Associates, PLLC
2512 Dixie Highway, Ft. Mitchell, KY 40117

- 1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference.
- 2 With respect to the Owner, this obligation shall be null and void if the Contractor:
 - 2.1 Promptly makes payment, directly or indirectly, for all sums due Claimants, and
 - 2.2 Defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity whose claim, demand, lien or suit is for the payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, provided the Owner has promptly notified the Contractor and the Surety (at the address described in Paragraph 12) of any claims, demands, liens or suits and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety, and provided there is no Owner Default.
- 3 With respect to Claimants, this obligation shall be null and void if the Contractor promptly makes payment, directly or indirectly, for all sums due.
- 4 The Surety shall have no obligation to Claimants under this Bond until:
 - 4.1 Claimants who are employed by or have a direct contract with the Contractor have given notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and, with substantial accuracy, the amount of the claim.
 - 4.2 Claimants who do not have a direct contract with the Contractor:
 - .1 Have furnished written notice to the Contractor and sent a copy, or notice thereof, to the Owner, within 90 days after having last performed labor or last furnished materials or equipment included in the claim stating, with substantial accuracy, the amount of the claim and the name of the party to whom the materials were furnished or supplied or for whom the labor was done or performed; and
 - .2 Have either received a rejection in whole or in part from the Contractor, or not received within 30 days of furnishing the above notice any communication from the Contractor by which the Contractor has indicated the claim will be paid directly or indirectly; and
 - .3 Not having been paid within the above 30 days, have sent a written notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and enclosing a copy of the previous written notice furnished to the Contractor.
- 5 If a notice required by Paragraph 4 is given by the Owner to the Contractor or to the Surety, that is sufficient compliance.
- 6 When the Claimant has satisfied the conditions of Paragraph 4, the Surety shall promptly and at the Surety's expense take the following actions:
 - 6.1 Send an answer to the Claimant, with a copy to the Owner, within 45 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.
 - 6.2 Pay or arrange for payment of any undisputed amounts.
- 7 The Surety's total obligation shall not exceed the amount of this Bond, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.
- 8 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any Construction Performance Bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and the Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.
- 9 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.
- 10 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.
- 11 No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work or part of the work is located or after the expiration of one year from the date (1) on which the Claimant gave the notice required by Subparagraph 4.1 or Clause 4.2.3, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.
- 12 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page. Actual receipt of notice by Surety, the Owner or the Contractor, however accomplished, shall be sufficient compliance as of the date received at the address shown on the signature page.
- 13 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this

Bond shall be construed as a statutory bond and not as a common law bond.

14 Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor shall promptly furnish a copy of this Bond or shall permit a copy to be made.

15 DEFINITIONS

15.1 Claimant: An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Contract. The intent of this Bond shall be to include without limitation in the terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the

Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

15.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

15.3 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

1. KY Dept. of Education, Division of Facilities Management Amendment to Performance Bond and Payment Bond AIA A312-1984
2. Amendment dated May 21, 2008, to A312-1984 Payment Bond

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL
Company: _____ (Corporate Seal)

SURETY
Company: _____ (Corporate Seal)

Signature: _____
Name and Title: _____
Address: _____

Signature: _____
Name and Title: _____
Address: _____

**Amendment dated May 21, 2008,
to A312™-1984 Payment Bond**

Recent state and federal court decisions have interpreted Section 6 of the AIA's A312™-1984 Payment Bond form. Those decisions have held that sureties that do not send an answer to the claimant within 45 days have waived the right to subsequently dispute claims. As a result, several national surety companies have refused to issue payment bonds without significant modifications to the language of A312-1984. Those modifications are not consistent nationwide and may alter the rights and obligations of the claimant and surety.

As a stopgap measure to address the immediate concerns of the sureties, and until such time as the AIA can consider a comprehensive revision of A312-1984, the AIA has authorized the following amendment to A312-1984. The AIA believes that this amendment addresses the sureties' concerns over waiver of defenses, and balances those concerns against the interests of the claimants.

The AIA recommends amending Section 6 of A312-1984 as follows:

§ 6 When the Claimant has satisfied the conditions of Section 4, the Surety shall promptly and at the Surety's expense take the following actions:

§ 6.1 Send an answer to the Claimant, with a copy to the Owner, within 4560 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.

§ 6.2 Pay or arrange for payment of any undisputed amounts.

§ 6.3 The Surety's failure to discharge its obligations under this Section 6 shall not be deemed to constitute a waiver of defenses the Surety or Contractor may have or acquire as to a claim. However, if the Surety fails to discharge its obligations under this Section 6, the Surety shall indemnify the Claimant for the reasonable attorney's fees the Claimant incurs to recover any sums found to be due and owing to the Claimant.

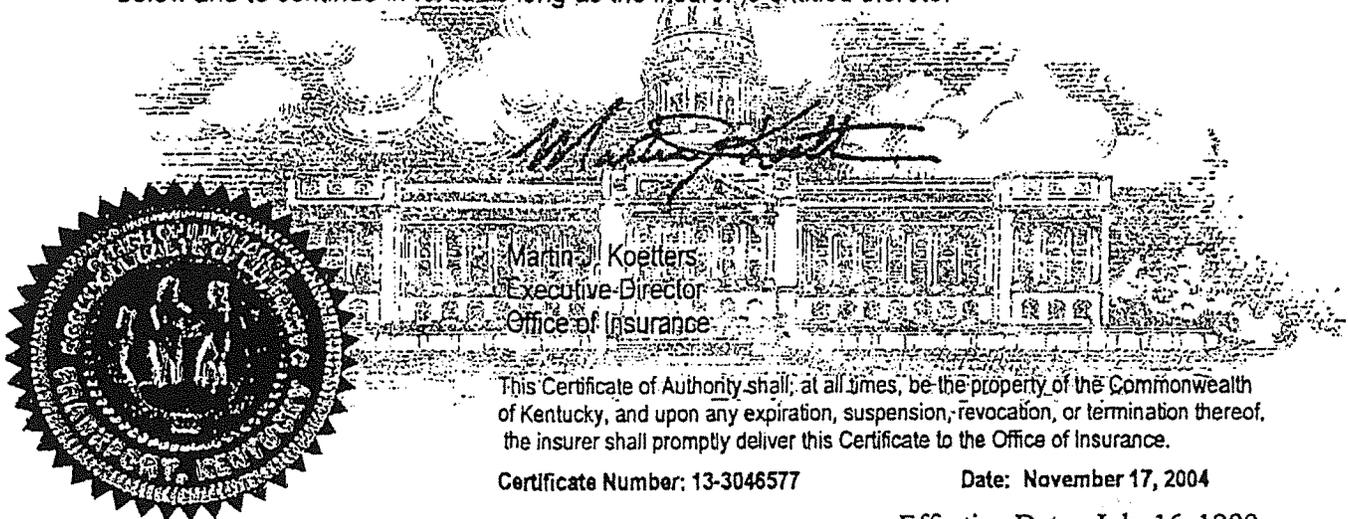


Ernie Fletcher
GOVERNOR

OFFICE OF INSURANCE

CERTIFICATE OF AUTHORITY
Corrected

Satisfactory evidence has been furnished to me showing that **Fidelity and Deposit Company of Maryland** in the State of **Maryland**, and having its principal office at **Baltimore, Maryland**, is in sound and solvent condition, and has fully complied with all the provisions of the Insurance Laws of the Commonwealth of Kentucky that are applicable thereto. Now, therefore, on behalf of the Office of Insurance of the Commonwealth of Kentucky, I do hereby authorize the said insurance company to transact the business of Property and Casualty (limited to limited to vehicle, liability, workers' compensation & employer's liability, burglary & theft, personal property floater, glass, boiler & machinery, leakage & fire extinguishing equipment, credit, malpractice, elevator, failure of certain institutions to record documents, automobile guaranty and miscellaneous), Surety and Marine & Transportation Insurance in this Commonwealth for the period beginning on the date shown below and to continue in force as long as the insurer is entitled thereto.



Martin J. Koetters
Executive Director
Office of Insurance

This Certificate of Authority shall, at all times, be the property of the Commonwealth of Kentucky, and upon any expiration, suspension, revocation, or termination thereof, the insurer shall promptly deliver this Certificate to the Office of Insurance.

Certificate Number: 13-3046577

Date: November 17, 2004

Effective Date: July 16, 1999

**ZURICH AMERICAN INSURANCE COMPANY
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That the ZURICH AMERICAN INSURANCE COMPANY, a corporation of the State of New York, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, a corporation of the State of Maryland, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND a corporation of the State of Maryland (herein collectively called the "Companies"), by **JAMES M. CARROLL, Vice President**, in pursuance of authority granted by Article V, Section 8, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, do hereby nominate, constitute, and appoint **Michelle D. KREBS, Thomas E. PURTELL and Elaine SWINDLING, all of Cincinnati, Ohio, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings**, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the ZURICH AMERICAN INSURANCE COMPANY at its office in New York, New York., the regularly elected officers of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at its office in Owings Mills, Maryland., and the regularly elected officers of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at its office in Owings Mills, Maryland., in their own proper persons.

The said Vice President does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article V, Section 8, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President has hereunto subscribed his/her names and affixed the Corporate Seals of the said **ZURICH AMERICAN INSURANCE COMPANY, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND**, this 7th day of September, A.D. 2012.

ATTEST:

**ZURICH AMERICAN INSURANCE COMPANY
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



By: Eric D. Barnes
Eric D. Barnes
Assistant Secretary
Eric D. Barnes

James M. Carroll
James M. Carroll
Vice President
James M. Carroll

State of Maryland
City of Baltimore

On this 7th day of September, A.D. 2012, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, **JAMES M. CARROLL, Vice President, and ERIC D. BARNES, Assistant Secretary**, of the Companies, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and acknowledged the execution of same, and being by me duly sworn, depose and saith, that he/she is the said officer of the Company aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and the signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Constance A. Dunn
Constance A. Dunn



Constance A. Dunn, Notary Public
My Commission Expires: July 14, 2015

