

NEW LONDON SCHOOL DISTRICT STANDARDS FOR WAIVER OF BONDING REQUIREMENTS

The New London School District (the "District") hereby establishes the following written standards for waiver of the public bonding requirements pursuant to authority granted by 779.14(lm) Wis. Stats.

1. For contracts **under \$10,000**, bond requirements are generally waived unless specifically demanded by action of the District Administrator of the New London School District (the "Administrator") or his designee, or by the New London School Board (the "Board")
2. For other contracts **under \$150,000**, waiver may be authorized by the Administrator or his designee.
3. For contracts in **excess of \$150,000**, waiver shall require a written resolution of the Board.
4. After making a decision to waive public bonding requirements, the Board, the Administrator, or a designee of either, shall endeavor to notify the architect or other design professional and counsel or other legal professional, responsible for preparation of the contract documents, so that appropriate disclosures may be made in the bid documents. Among other things, this may encourage subcontractors, laborers, and material suppliers

to avail themselves of alternative legal protections, for example under 779.15 Wis. Stats., or to protect themselves by contract with their general contractor or subcontractor.

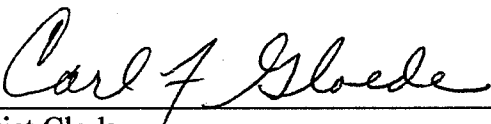
5. In making the decision whether to waive or not waive bonding requirements, due consideration shall be given to the potential advantages of waiver, including direct cost savings that may accrue as a result of not including bond costs, indirect cost savings that may accrue by virtue of expanding the field of potential bidders, and intangible public benefits that may accrue by the virtue of the inclusion of unbondable bidders who are small businesses, disadvantaged businesses, minority businesses, or women-owned businesses. Consideration shall also be given to the potential disadvantages of waiver, including the possibly increased chance for the involvement of unqualified contractors, possible performance and morale problems created by unpaid subcontractors, laborers or material suppliers, and the possibility of claims by unpaid subcontractors seeking a basis for relief against the owner.

6. In granting a waiver of the bonding requirements in a particular case, the appropriate official or body, in its discretion, must be satisfied that adequate guarantees are in place to successfully complete the project after considering factors such as the following:

- a. the financial stability and wherewithal of the general contractor for which the performance bond would otherwise be required (the "Contractor")
 - b. the reputation, professionalism and trustworthiness of the Contractor, based either on a past direct relationship between the Contractor and the District or by references from other entities which have worked closely with the Contractor;
 - c. a payment distribution system that provides the District satisfactory assurances that it will receive regular lien waivers from the Contractor and any subcontractors and material suppliers; and
 - d. contractual authority for the District to retain sufficient amounts of payments to the Contractor to substantially assure proper performance by the Contractor and to minimize the potential of non-payment of any subcontractors, laborers and material suppliers.
7. Any action taken in waiving or not waiving the bonding requirement shall constitute the appropriate official's representation that due consideration has been given to the factors set forth above.

8. These standards are for the benefit of the New London School District only, and are not intended to create any duties of ordinary care vis-à-vis any third persons, or to confer any rights upon third persons who seek to enforce their alleged breach as third party beneficiaries, or to provide any other basis for claims by third parties.

Adopted by the New London School Board this 27th day of April, 1998



District Clerk