

# RICHLAND COUNTY DEPARTMENT OF PUBLIC WORKS CONSTRUCTION BOND PROCESS

## Ordinance Section 26-223. *Financial Surety*

In lieu of the completion of a subdivision development previous to final plat approval, the county may accept a bond, in an amount and with surety and conditions satisfactory to it, providing for and securing to the county the actual construction and installation of all improvements within a specified time period as expressed in the bond documents. The following types of bonds shall be acceptable to the county, subject to review and approval by the Richland County Legal Department and/or the county engineer.

(a) *Surety bond.* A surety bond issued by a company licensed to do business in the State of South Carolina in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of improvements. The county engineer shall determine the estimated cost of improvements.

(b) *Escrow funds.* Escrow funds in an account in the name of Richland County in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of improvements. The county engineer shall determine the estimated cost of improvements. The contract may authorize a reduction of the escrow account upon completion of a portion of the improvements, but at no time shall the escrow account be less than one hundred twenty-five percent (125%) of the remaining improvements.

(c) *Securities.* The developer may pledge securities in the form of negotiable stocks or bonds in favor of the county in an amount at least two (2) times the estimated cost of improvements. The county engineer shall determine the estimated cost of improvements.

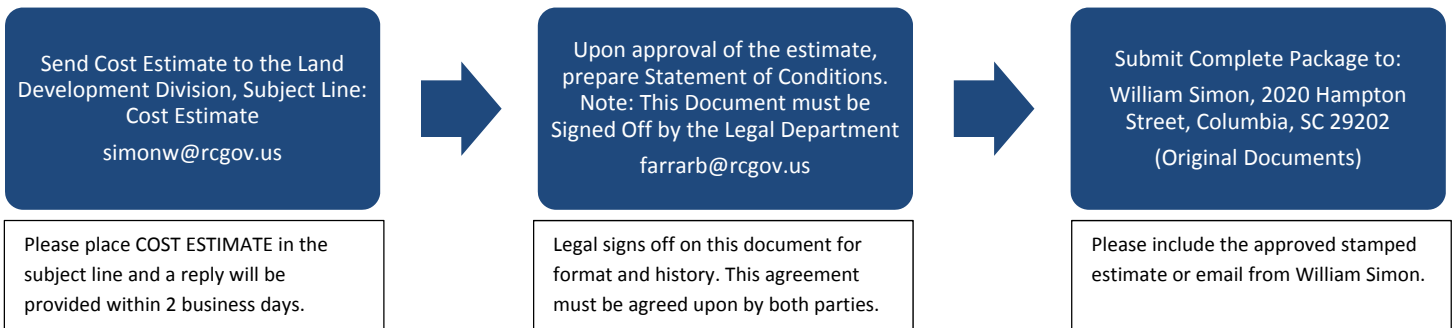
(d) *Omitted*

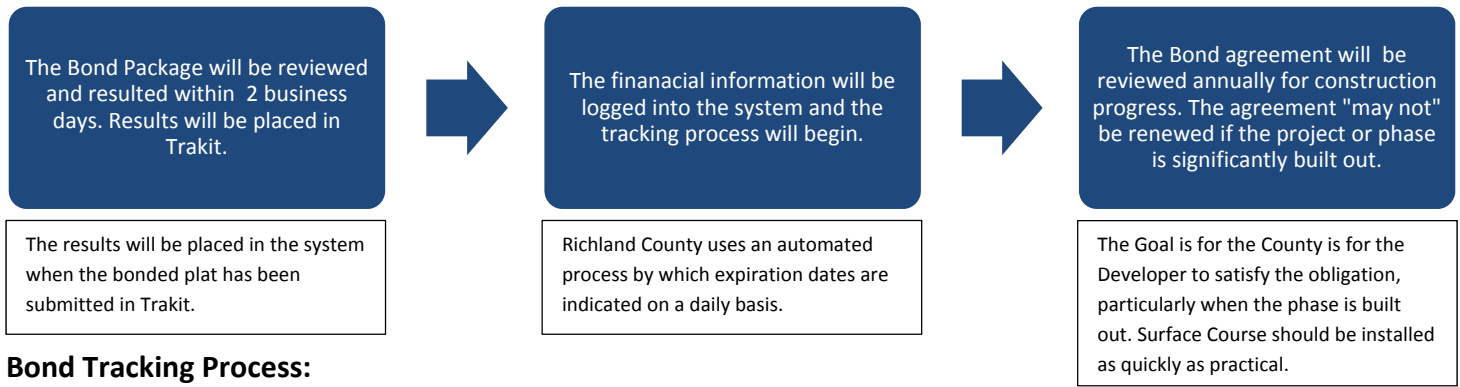
(e) *Letter of credit.* An irrevocable letter of credit issued by a responsible financial institution, in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of improvements. The estimated cost of improvements shall be determined by the county engineer.

## Bond Submittal Requirements (*Complete Bond Package*):

- Engineers Cost Estimate (Prepared by Engineer) Sealed and Signed
- Statement of Conditions (Prepared by Developer or Representative)
- Letter-of-Credit or Bond or Cash Bond (Prepared by Bank or Insurance Company)
- Bonded Plat (Prepared by Surveyor) Sealed and Signed

## Bond Submittal Process (*The process below is in conjunction with the overall submittal procedures for bonded plats*):





**Bond Tracking Process:**

Bonds are tracked for the benefit of Richland County. The Developer should not reply upon reminders from Richland County to manage the terms of the surety instrument, however, the County will take an active role in the process and establish a relationship with the bank or insurance company.

The County will also require the bank or insurance company to sign a memorandum of understanding as it relates to the agreement between the developer and the County.

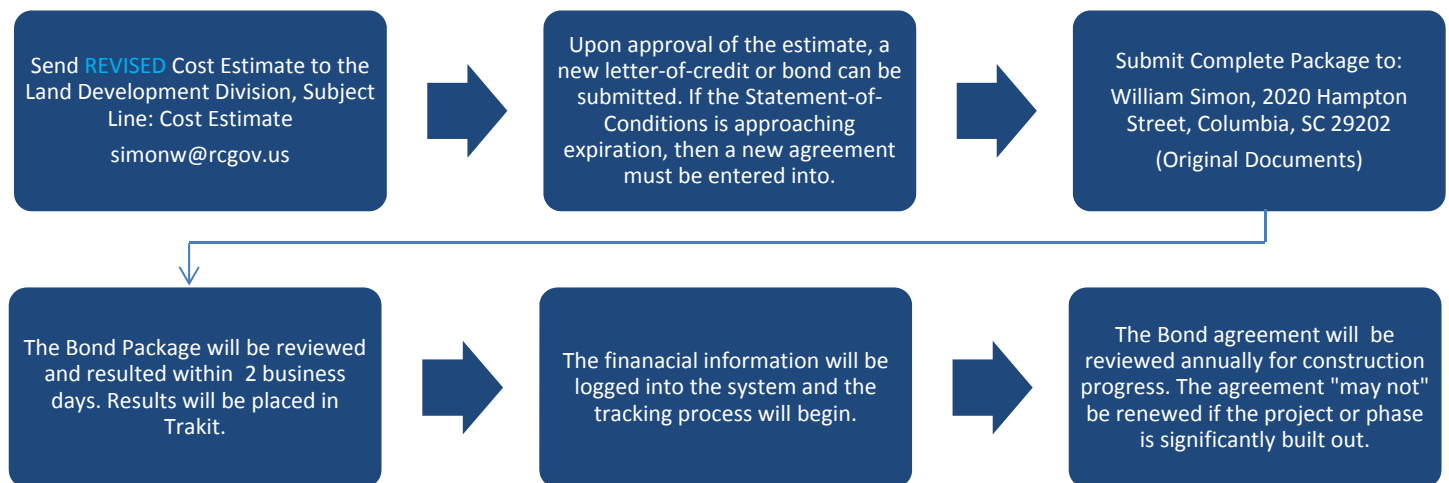
The tracking process includes sending letters, at specified times prior to expiration, to all relevant parties. The following criteria apply:

- 90-Day Letter (Sent to Developer)
- 45-Day Letter (Sent to Developer & Lending Institution) \*\*\*CERTIFIED\*\*\*
- 30-Day Letter (Series of call made to the Developer & Surety Institution)
- 15-Day Letter (Claims Letter Sent to Lending Institution – Developer Cc'd) \*\*\*CERTIFIED\*\*\*

**Bond Reductions:**

There is no codified language that allows reductions on letters-of-credit or bonds, however, it has been practice that these reductions are allowed. The County reserves the right to modify this practice with support from County Administration and proper notification to the Developing Community.

NOTE: BONDS WILL NO LONGER BE ALLOWED TO BE REDUCED TO MINIMAL AMOUNTS PRIOR TO ACCEPTANCE BY THE COUNTY. (i.e. A \$200,000.00 Bond cannot be reduced to \$7,000.00 the next day after surface course installation; the site is still subject to final inspection which could identify road failures after this installation and up to the day of acceptance by the County; and adequate surety must remain in place until acceptance. **To reduce a bond, the following procedures must be followed:**



**Bond Termination:** Bonds are terminated upon acceptance by the County or satisfaction of the obligation. Cash Bonds (Certified Checks) are held by the finance Department and refunds must be requested in writing to William Simon after project completion.