

**THE CITY OF FREDERICK
RESOLUTION NO: 15-17**

A RESOLUTION concerning

Policy on Acceptance of Security for Public Improvements and City Contracts

WHEREAS, on November 20, 2014, by Resolution No. 14-25, the Board of Aldermen adopted a Policy on Acceptance of Security; and

WHEREAS, under such policy, the total amount of security provided by any entity must not exceed \$10,000,000 per principal; and

WHEREAS, the Board of Aldermen now wishes to eliminate the above-referenced \$10,000,000 limitation.

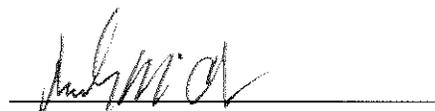
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF FREDERICK that the Policy on Acceptance of Security, attached hereto as Exhibit A and incorporated herein by this reference, is hereby adopted.

BE IT FURTHER RESOLVED that the Policy on Acceptance of Security as adopted on November 20, 2014 is hereby repealed and is of no further force or effect.

ADOPTED and APPROVED, the 16th day of July, 2015

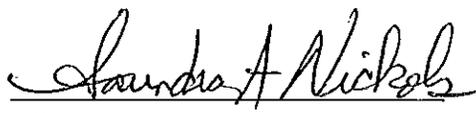
WITNESS





Randy McClement, Mayor

Approved for legal sufficiency:



City Attorney

POLICY ON ACCEPTANCE OF SECURITY

(A) Applicability.

This policy governs the acceptance by The City of Frederick ("City") of security for:

- (1) the construction of public improvements; and
- (2) contract work awarded by the City.

(B) Amount.

The amount of the security must be approved by the Director of Public Works.

(C) Types of security accepted.

The City will accept only:

- (1) cash;
- (2) certified check;
- (3) cashiers check;
- (4) letter of credit meeting the requirements of section (D) below; and
- (5) bond meeting the requirements of section (E) below.

(D) Letters of credit.

- (1) A letter of credit must be issued by a financial institution and available for demand at a Maryland location.
- (2) The beneficiary must be:

The City of Frederick
c/o Building Department
140 West Patrick Street
Frederick, MD 21701

- (3)** A letter of credit must contain the following language:

It is a condition of this letter of credit that it shall be deemed automatically extended without amendment for one year from the present or any future expiration date of this letter of credit unless at least 45 days prior to such expiration date we notify the beneficiary by certified mail that we elect not to consider this letter of credit renewed for such additional period.

(E) Bonds.

- (1)** A bond must be submitted on the City's current bond form.
- (2)** All bonding entities and co-sureties must provide a letter of good standing or a certificate of authority from the Maryland Insurance Administration.
- (3)** Bonding entities that are not Maryland entities, and any co-sureties, must:
- (A)** provide the name and address of a Maryland registered agent; and
 - (B)** consent to jurisdiction in the Circuit Court for Frederick County, Maryland in the event of litigation.
- (4)** Should a bonding entity fail to meet any of the requirements of this policy at any time the bond is in effect, within 30 days after receipt of a written notice from the City, the principal shall provide a substitute bond from an entity that does meet these requirements.

(F) Interest.

Cash, certified checks, and cashier's checks accepted as security will be held by the City in an interest-bearing account. Interest earned will be retained by the City.

(G) Exceptions.

Exceptions to this policy may be granted only by the Board of Aldermen.