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October 8, 2008

Mr. Joel Harry, P.E.  
CH2M Hill  
9193 S. Jamaica Street  
Englewood, Colorado 80112

Re: Waterford Corporation  
Fort Collins-Loveland Municipal Airport Project  
Bond Number 6506274  
Contract amount: \$343,000.25

Dear Mr. Harry:

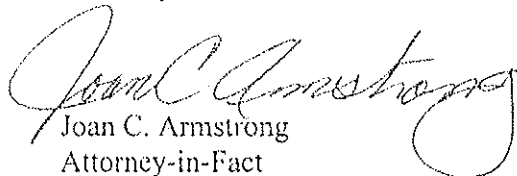
The Performance and Payment Bond covering the captioned project was executed by this agency through First National Insurance Company of America.

We hereby authorize you, as project manager, to date the bond and power of attorney to coincide with the date of the contract.

Should you need anything further regarding these documents please let me know at 303 831-5204.

Thank you.

Sincerely,



Joan C. Armstrong  
Attorney-in-Fact  
First National Insurance Company of America

**PERFORMANCE BOND**

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, Waterford Corporation  
as Principal, and First National Insurance Company of America

Washington, and duly authorized to transact business in the State of Colorado,  
as Surety, are held and firmly bound unto the Cities of Loveland and Fort Collins, Colorado,  
hereinafter referred to as the Owner, in the penal sum of Three-Hundred Forty-Three  
Thousand dollars and Twenty-Five Cents

(100 percent of Contract Value)

(\$ 343,000.25), lawful money of the United States of America, for the payment of which  
well and truly to be made the said Principal and the said Surety do hereby bind ourselves, our  
heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these  
presents, as follows:

The condition of the above obligation is such that:

WHEREAS, the said Principal has entered into a written contract with the Cities of  
Loveland and Fort Collins, for improvements to Fort Collins-Loveland Municipal Airport  
under AIP Project No. 3-08-0023-23, in conformity with the Drawings, Plans, General and  
Special Provisions, and Specifications prepared by CH2M HILL of Englewood, Colorado,  
which Contract, Drawings, Plans, General and Special Provisions, and Specifications are  
hereby referred to and made a part hereof, the same to all intents and purposes as if written at  
length herein, in which contract the said Principal has contracted to perform the work  
specified in said contract in accordance with the terms hereof;

NOW THEREFORE, THE CONDITIONS OF THIS OBLIGATION are such that if  
the above bonded Principal shall well, truly, and faithfully perform said contract and any  
alterations in and additions thereto and comply with all of the terms and provisions thereof  
except that no change will be made which increases the total contract price by more than  
25 percent in excess of the original contract price without notice to the Surety, then this  
obligation to be void, otherwise to remain in full force and virtue, and comply; and shall fully  
indemnify and save harmless the Owner from all damages, claims, demands, expense and  
charge of every kind (including claims of patent infringement) arising from any act,  
omission, or neglect of said Principal, his agents, or employees with relation to said work;  
and shall fully reimburse and repay to the Owner all costs, damages, and expenses which  
they may incur in making good any default based upon the failure of the Principal to fulfill

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his obligation to furnish maintenance, repairs or replacements for the full guarantee period provided in the specification contained herein then this obligation shall be null and void, otherwise it shall remain in full force and effect.

Further conditions of the foregoing obligations are such that the Principal and Surety will guarantee the work performed under this Contract against defects in workmanship performed by the Principal and all defects in materials furnished by him which appear within a period of one calendar year after the final acceptance of the work by the Owner. Under this guarantee, the Principal and Surety shall repair or replace all defective workmanship and material provided by the Principal appearing within 1 year after the completion and acceptance of the work, at no cost to the Owner.

PROVIDED FURTHER, that the Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the Contract or to the work to be performed thereunder, or the specifications accompanying the same shall in any way affect its obligations of this bond, and it does hereby waive notice of any such change, extension of time, alteration, or addition to the terms of the Contract or to the work, or the specifications.

IN WITNESS WHEREOF, said Principal and Surety have set their hands and seals at

Denver, Colorado

this 28<sup>th</sup> day of October, 2008, A.D.

WATERFORD CORPORATION

Principal (Contractor)

By: [Signature]

Attest: [Signature]

FIRST NATIONAL INSURANCE

COMPANY OF AMERICA

Surety

By: [Signature]

Joan C. Armstrong, Attorney-in-Fact

Attest: [Signature]

(SEAL)

(Accompany this bond with Attorney-In-Fact's authority from the Surety to execute bond, certified to include the date of the bond.)

END OF SECTION

PAYMENT BOND

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, Waterford Corporation  
as Principal, and First National Insurance Company of America

Washington, and duly authorized to transact business in the State of Colorado,  
as Surety, are held and firmly bound unto the Cities of Loveland and Fort Collins, Colorado,  
hereinafter referred to as the Owner, in the penal sum of Three-Hundred Forty-Three  
Thousand dollars and Twenty-Five Cents

(100 percent of Contract Value)

(\$ 343,000.25), lawful money of the United States of America, for the payment of which  
well and truly to be made the said Principal and the said Surety do hereby bind ourselves, our  
heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these  
presents, as follows:

The condition of the above obligation is such that:

WHEREAS, the said Principal has entered into a written contract with the Cities of Loveland  
and Fort Collins, for improvements to Fort Collins-Loveland Municipal Airport under AIP  
Project No. 3-08-0023-23, in conformity with the Drawings, Plans, General and Special  
Provisions, and Specifications prepared by CH2M HILL of Englewood, Colorado, which  
contract, drawings, plans, General and Special Provisions, and specifications are hereby  
referred to and made a part hereof, the same to all intents and purposes as if written at length  
herein, in which contract the said Principal has contracted to perform the work specified in  
said contract in accordance with the terms hereof;

NOW THEREFORE, THE CONDITIONS OF THE OBLIGATION are such that if  
the above Principal shall well, truly, and faithfully satisfy all claims and demands incurred by  
the Principal in the performance of said contract and any additions thereto, except that no  
change will be made which increases the total contract price by more than 25 percent in  
excess of the original contract price without notice to the Surety, then this obligation to be  
void, otherwise to remain in full force and virtue, and comply; and shall satisfy all claims and  
demands incurred in the performance of said contract and shall fully indemnify and save  
harmless the Owner from all damages, claims, demands, expense and charge of every kind  
(including claims of patent infringement) arising from any act, omission, or neglect of said  
Principal, his agents, or employees with relation to said work; and shall fully reimburse and  
repay to the Owner all costs, damages, and expenses which they may incur in making good

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PAYMENT BOND

any default based upon the failure of the Principal to fulfill his obligation to furnish maintenance, repairs or replacements for the full guarantee period provided in the specification contained herein and a condition of this bond shall be that the Contractor shall at all times promptly make payments of all amounts lawfully due to all persons supplying or furnishing him or his subcontractors with labor and materials used or performed in the prosecution of work provided for in the above contract, and that the undersigned will indemnify and save harmless the Owner for the extent of any and all payments in connection with the carrying out of such contract, then this obligation shall be null and void, otherwise it shall remain in full force and effect.

PROVIDED FURTHER, that if the said Contractor fails to fully pay for any labor, materials, team hire, sustenance, provision, provender, gasoline, lubricating oils, fuels, oils, grease, coal, or any other supplies or materials used or consumed by said Contractor or his subcontractors in performance of the work contracted to be done, the Surety will pay the same in any amount as provided by law.

PROVIDED FURTHER, that the Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the contract or the specifications accompanying the same shall in any way affect its obligations of this bond, and it does hereby waive notice of any such change, extension of time, alteration, or addition to the terms of the contract or to the work, or the specifications.

IN WITNESS WHEREOF, said Principal and Surety have set their hands and seals at

Denver, Colorado, this 28<sup>th</sup> day of October, 2008, A.D.

WATERFORD CORPORATION  
Principal (Contractor)  
By: [Signature]

FIRST NATIONAL INSURANCE  
COMPANY OF AMERICA

Attest: [Signature]

Surety  
By: [Signature]  
Joan C. Armstrong, Attorney-in-Fact  
Attest: [Signature]  
(SEAL)

(Accompany this bond with Attorney-In-Fact's authority from the Surety to execute bond, certified to include the date of the bond.)

END OF SECTION



POWER OF ATTORNEY

First National Insurance Company of America  
Safeco Plaza  
Seattle, WA 98185

No. 4268

KNOW ALL BY THESE PRESENTS:

That FIRST NATIONAL INSURANCE COMPANY OF AMERICA, a Washington corporation, does hereby appoint  
\*\*\*\*\*JOAN C. ARMSTRONG; DOUGLAS C. BAESLER; TIM MITCHELL; WENDY A. OLANDER; Boulder, Colorado\*\*\*\*\*

its true and lawful attorney(s)-in-fact, with full authority to execute on behalf of the company fidelity and surety bonds or undertakings and other documents of a similar character issued by the company in the course of its business, and to bind FIRST NATIONAL INSURANCE COMPANY OF AMERICA thereby as fully as if such instruments had been duly executed by its regularly elected officers at its home office.

IN WITNESS WHEREOF, FIRST NATIONAL INSURANCE COMPANY OF AMERICA has executed and attested these presents

this 13th day of June, 2007

STEPHANIE DALEY-WATSON, SECRETARY

TIM MIKOLAJEWSKI, SENIOR VICE-PRESIDENT, SURETY

CERTIFICATE

Extract from the By-Laws of FIRST NATIONAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business... On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

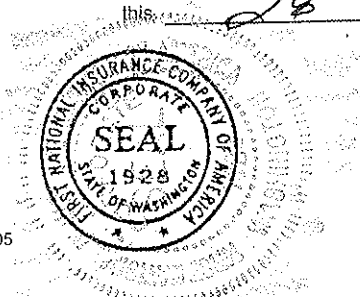
Extract from a Resolution of the Board of Directors of  
FIRST NATIONAL INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,  
(i) The provisions of Article V, Section 13 of the By-Laws, and  
(ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and  
(iii) Certifying that said power-of-attorney appointment is in full force and effect,  
the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Stephanie Daley-Watson, Secretary of FIRST NATIONAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of this corporation, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 28<sup>th</sup> day of October, 2008



STEPHANIE DALEY-WATSON, SECRETARY

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