

Before the district awards any contract to a qualified contractor for the construction, alteration, or repair of any district building, or other public work or improvement, the contractor will provide bonds to the district, which will become binding upon the award of the contract to such contractor. The following bonds must be payable to the district and must be filed in the district office *when the contractor's bid is submitted for consideration*:

1. A performance bond in any amount to be fixed by the district, but in no event less than eighty-five percent (85%) of the contract amount conditioned upon the faithful performance of the contract in accordance with the plans, specifications and conditions thereof. *The amount of performance bond will be set forth in the applicable Request for Bids.* Said bond shall be solely for the protection of this district.

2. A payment bond in an amount to be fixed by the district, but in no event less than eighty-five percent (85%) of the contract amount, solely for the protection of persons supplying labor or materials, or renting, leasing, or otherwise supplying equipment to the contractor, or his or her subcontractors for such contract. *The amount of payment bond will be set forth in the applicable Request for Bids.*

If this district requires a performance bond or payment bond in excess of fifty percent (50%) of the total contract amount, it shall not be authorized to withhold from the contractor or subcontractor any amount exceeding five percent (5%) of the total amount payable as retainage. Further, the district will release to the contractor any retainage for those portions of the project accepted by the district and the contractors as complete within thirty (30) days after such acceptance. Regarding contract work with this district, contractors are not authorized to withhold from a subcontractor any amount exceeding five percent (5%) of the total amount payable to the subcontractor as retainage. The contractor shall remit the retainage to the subcontractor within thirty (30) days after completion of the subcontract.

Each bond shall be executed by a surety company or companies duly authorized to do business in this state, or the contractor may deposit any of the type of government obligations approved by state law. The bonds may not be required to be furnished by a particular surety company, or through a particular agent or broker.

Nothing in this policy shall be construed to limit the authority of the district to require a performance bond or other security in addition to the above bonds, or to require bonds in other circumstances.



LEGAL REFERENCE:

Idaho Code Section 54-1926

ADOPTED: March 11, 2002

**Language in text set forth in italics is optional.*

SECTION 800: BUSINESS PROCEDURES