

## **CONSTRUCTION INSTRUCTIONS**

(This attachment applies only to Construction, and supplements Form 73083)

- A. Preparation of Bids - Bidders must make their own evaluation of the facilities and difficulties attending the performance of the proposed order, including local conditions, uncertainty of weather, and all other contingencies.
- B. Bid Guarantee - A bid guarantee shall be submitted with any construction bid in excess of \$25,000. The amount of the bid guarantee shall be not less than 20% of the proposed price but shall not exceed \$3,000,000. Enclosed is Bid Bond Standard Form 24 (three copies) which can be used to fulfill the bid guarantee requirements. Failure to furnish a bid guarantee in the proper form and amount by the time set for opening of bids may be cause for rejection of the bid.

The bid guarantee shall be in the form of a firm commitment, such as a bid bond, postal money order, certified check, cashier's check, irrevocable letter of credit or, in accordance with Treasury Department regulations, certain bonds or notes of the United States. Corporations executing the bond as sureties must be among those appearing in the Treasury Department's Circular 570 and must be acting within these limitations.

Financial Institutions issuing irrevocable letters of credit must be Federally insured and have an investment grade or higher rating from a recognized commercial rating service. The Bidder is required to provide a commercial rating service credit rating, that indicates the financial institution has an investment grade or higher rating, at the same time the letter of credit is tendered to Bettis.

If the successful Bidder, upon acceptance of his bid by Bettis within the period specified therein for acceptance, fails to execute such further contractual documents, if any, and give such bond(s) as may be required within the time specified (ten days if no period is specified) after receipt of the forms by him, then he shall be liable for any cost of procuring the work which exceeds the amount of his bid, and the bid guarantee shall be available toward offsetting such difference.

- C. Purchase Order and Bond - The Bidder to whom award is made must, when required, enter into a written order for the work on this project as covered in drawings and specifications and associated documents, with satisfactory security in the amount required within the period specified, or, if no period is specified, within ten days after the prescribed forms are requested by Bettis. A Performance Bond, Standard Form 25, in an amount equal to the order amount shall be furnished by the Seller for orders in excess of \$25,000. A Payment Bond, Standard Form 25-A, shall also be furnished by the Seller in accordance with the following:

<u>Contract Price</u>	<u>Amount Required</u>
More than \$25,000 but not more than \$1,000,000	50% of contract price
More than \$1,000,000 but not more than \$5,000,000	40% of contract price
More than \$5,000,000	\$2,500,000

The premiums for bonds, or other security, shall be set forth as required by the Bid Form.

The successful Bidder, in lieu of furnishing surety or sureties on a bond, has the option to furnish irrevocable letters of credit to guarantee performance, payment or both. To do so, the successful Bidder must appropriately complete and sign the applicable bond form and indicate thereon that the respective letter of credit is to be used in lieu of a surety. A separate letter of credit is required for the performance and payment obligations, and must be in the same amounts as required for the bonds under the purchase order. The financial institutions issuing the irrevocable letter of credit must be Federally insured and have an investment grade or higher rating from a recognized commercial rating service. The successful Bidder is required to provide a commercial rating service credit rating, that indicates the financial institution has an investment grade or higher rating, at the same time the irrevocable letter of credit is tendered to Bettis. Bettis retains full discretion in accepting or rejecting letters of credit. A sample irrevocable letter of credit format is enclosed at the end of this attachment. Irrevocable letters of credit, if furnished, will be subject to the Additional Bond Security Article of the General Provisions.

Irrevocable letters of credit in excess of \$5 million dollars must be confirmed by another financial institution, with an acceptable rating, that has letter of credit business in the past year of at least \$25 million dollars.

- D. Multiple Awards - Bettis may accept any service or group of services of an offer, unless the Bidder qualifies the offer by specific limitations. Unless otherwise provided in the inquiry, bids may not be submitted for quantities less than those specified. Bettis reserves the right to make an award on any services for a quantity less than the quantities offered, at the unit prices offered, unless the Bidder specifies otherwise in the offer.
- E. Notice to Construction Bidders - Within two weeks, or such other time as may be deemed reasonable by Bettis, construction Bidders who are no longer being considered for award may be informed by the Contract Administrator.
- F. Responsive Bids - Bidders are notified that they must fully complete their Bid Form (Davis-Bacon Action). The following is provided to show what could have your bid ruled NON-RESPONSIVE (i.e., not considered for award):
  - a. If you fail to provide the following on the Bid Form:
    - 1. Total price for work specified.
    - 2. Acknowledgment of Bulletins (if they are issued).
    - 3. Official signature.
    - 4. Price for performance and payment bonds (if bid exceeds \$25,000) or price for other security, if applicable.
  - b. If you fail to provide an acceptable Bid Guarantee (Bid Bond or equivalent) for a bid over \$25,000.
  - c. If your firm is on the GSA List of Parties Excluded from Federal Procurement and Non-Procurement Programs, you are excluded from receiving this contract.

[Issuing Bank's Letterhead]

**Sample Performance or Payment Letter of Credit Form (Construction Actions)**

Issue Date \_\_\_\_\_

Irrevocable Letter of Credit No. \_\_\_\_\_

Account Party's Name \_\_\_\_\_

Account Party's Address \_\_\_\_\_

For Contract No. \_\_\_\_\_ (for reference only) \_\_\_\_\_

TO: Beneficiary: Bettis Atomic Power Laboratory  
Beneficiary's address: P.O. Box 79, 814 Pittsburgh-McKeesport Boulevard  
West Mifflin, PA 15122

We hereby establish this irrevocable and transferable Letter of Credit in your favor for drawings up to United States \$\_\_\_\_\_. This Letter of Credit is payable at [our] [confirming bank's] office at \_\_\_\_\_ [Issue bank's address] [confirming bank's address] \_\_\_\_\_ and expires with [our] [confirming bank's] close of business on \_\_\_\_\_, 20\_\_.

We hereby undertake to honor your or transferee's sight draft(s) drawn on [us] [confirming bank], for all or part of this Credit if presented at the office specified in the above paragraph on or before the expiry date or any automatically extended expiry date.

It is a condition of the Letter of Credit that it is deemed to be automatically extended without amendment for one year from the expiry date hereof, or any future expiration date, unless at least 60 days, prior to any expiration date we notify you or the transferee by registered mail, or other receipted means of delivery, that we elect not to consider this Letter of Credit renewed for any such additional period. At the time we notify you we also agree to notify the account part [and confirming bank] by the same means of delivery.

This Letter of Credit is transferable. Transfer and assignments of proceeds are to be effected without charge to either the beneficiary, or the transferee/assignee of proceeds.

This Letter of Credit is subject to the Uniform Customs and Practice [UCP] for Documentary Credits, 1963 Revision, International Chamber of Commerce Publication No. 400, and to the extent not inconsistent therewith, the laws of \_\_\_\_\_ [state of the confirming bank if any, otherwise state of the issuing bank] \_\_\_\_\_. If this Credit expires during an interruption of business as described in Article 19 of said Publication No. 400, the bank hereby specifically agrees to effect payment if this Credit is drawn against within 30 days after the resumption of business.

Very truly yours,