

Office of School Board Attorney
JulieAnn Rico, Board Attorney

SUBJECT: PROPOSED SETTLEMENT AGREEMENT -- HARTFORD FIRE INSURANCE COMPANY vs. THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, CASE NO. 04-05145 CA 10; HARTFORD FIRE INSURANCE COMPANY [SURETY FOR J.V. CONSTRUCTION CORPORATION] (PROJECT NOS. A-0691, A-0527, A-0670 and A-0713, MIDDLE SCHOOLS RENOVATIONS AND NEW CONSTRUCTION)

JV Construction Corp. (JV) was the design builder for Mays Middle School and Horace Mann Middle School; and the construction contractor for Westview Middle School and Thomas Jefferson Middle School. JV was terminated for default by the School Board on various dates in 2001 and 2002. The Surety, Hartford Fire Insurance Company (Hartford), took over and completed the construction, and paid \$2,500,000 in payment bond claims to JV's subcontractors plus substantial sums to complete the Projects. The School Board assessed liquidated damages for the lateness of completion, and these exceeded the contract balances. Accordingly, the School Board ceased further payments.

Hartford sued the School Board for the \$2,521,591.93 contract balances, and asserted a claim for additional costs, losses and damages, for a total demand of \$6,043,641.96.

At court ordered mediation, the parties entered into a settlement conditioned upon approval by the School Board. The settlement, all of which will be funded from the existing contract balance, acknowledges and authorizes release of only \$1,750,000.00 as full and final settlement of Hartford's \$6,043,641.96 claim, with the School Board keeping the remaining contract balance of \$771,591.93. There are some items of work and correction remaining, with an estimated cost, slightly in excess of \$530,000.00.

The parties will exchange mutual general releases, and Hartford will indemnify and hold the School Board harmless against any claims for payment made by the contractors hired by Hartford to complete the Projects.

Copies of the Settlement Agreement will be made available under separate cover prior to the Board meeting of July 15, 2008.

RECOMMENDED: That The School Board of Miami-Dade County, Florida approve the proposed settlement agreement with Hartford Fire Insurance Company resolving all claims asserted in the state court case: Hartford Fire Insurance Company vs. The School Board of Miami-Dade County, Florida, Case No. 04-05145 CA 10, which provides for the School Board to keep \$771,591.93 of the remaining contract balance, and releasing to Hartford Fire Insurance Company, the amount of \$1,750,000.00.