

**003 AWARD AND EXECUTION OF CONTRACT.**  
**(REV 9-12-11) (FA 10-12-11) (7-12)**

SUBARTICLE 3-5.4 (Page 17) is deleted and the following substituted:

**3-5.4 Surety to Furnish Legal Defense as to Payment and Performance Claims or Suits:** The surety company shall indemnify and provide defense for the Department when called upon to do so for all claims or suits against the Department, by third parties, pertaining to Contractor payment or performance issues arising out of the Contract where the Contractor has failed to timely do so. It is expressly understood that the monetary limitation on the extent of the indemnification shall be the approved Contract amount, which shall be the original Contract amount as may be increased by subsequent Supplemental Agreements.

ARTICLE 3-6 (Page 18) is deleted and the following substituted:

**3-6 Execution of Contract and Bond.**

Within 10 calendar days, excluding Saturdays, Sundays and state holidays, after receipt of the Contract award, execute the necessary agreements to enter into a contract with the Department and return the agreement along with a satisfactory surety bond and documentation evidencing all insurance required by 7-13 to the Department's Contracts Office that awarded the Contract. For each calendar day that the successful bidder is late in delivering to the Department's Contracts Office all required documents in properly executed form, the Department will deduct one day from the allowable Contract Time as specified in 8-7.1. The Department will not be bound by any proposal until it executes the associated Contract. The Department will execute the Contract and bond in the manner stipulated in 2-5.1.

The Department will execute the Contract within 5 calendar days, excluding Saturdays, Sundays and state holidays, after receipt of the necessary agreements and bond from the Contractor.

ARTICLE 3-7 (Page 18) is deleted and the following substituted:

**3-7 Failure by Contractor to Execute Contract and Furnish Bond.**

In the event that the bidder fails to execute the awarded Contract and to file an acceptable bond, as prescribed in 3-5 and 3-6, within 10 calendar days, excluding Saturdays, Sundays and state holidays, of receipt of the Contract award, the Department may annul the award, causing the bidder to forfeit the proposal guaranty to the Department; not as a penalty but in liquidation of damages sustained. The Department may then award the Contract to the next lowest responsible bidder, re-advertise, or accomplish the work using day labor.

ARTICLE 3-8 (Page 18) is deleted and the following substituted:

**3-8 Audit of Contractor's Records.**

Upon execution of the Contract, the Department reserves the right to conduct an audit of the Contractor's records pertaining to the project. The Department or its representatives may conduct an audit, or audits, at any time prior to final payment, or thereafter pursuant to 5-13. The Department may also require submittal of the records from either the prime contractor, the subcontractor, or both. As the Department deems necessary, records include all books of account, supporting documents, and papers pertaining to the cost of performance of the project work.

Retain all records pertaining to the Contract for a period of not less than three years from the date of the Engineer's final acceptance of the project, unless a longer minimum period is otherwise specified. Upon request, make all such records available to the Department or its representative(s). For the purpose of this Article, records include but are not limited to all books of account, supporting documents, and papers that the Department deems necessary to ensure compliance with the Contract provisions.

If the Contractor fails to comply with these requirements, the Department may disqualify or suspend the Contractor from bidding on or working as a subcontractor on future Contracts.

Ensure that the subcontractors provide access to their records pertaining to the project upon request by the Department.