

CALIFORNIA  
SURETY  
FEDERATION

March 7, 2007

Ms. Claire Morey  
Orange County Department of Education  
Legal Services  
200 Kalmus Dr.  
P.O. Box 9050  
Costa Mesa, CA 92628-9050

**Subject: *Project No. 061001 "Electrical Work at Various Sites"***

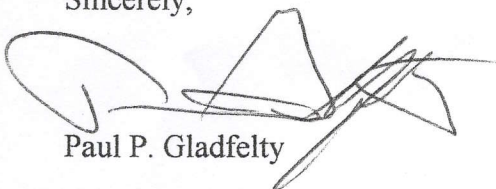
Dear Ms. Morey:

On behalf of the over 30 California-admitted surety carriers and independent agents of the California Surety Federation (CSF), I am writing in response to the practice by the Anaheim City Unified School District (District) of using different standards for determining the sufficiency of a surety depending on its "A.M. Best" rating. The recent example of this practice we are aware of was on the project entitled "No. 061001 "Electrical at Various Sites."

We have recently corresponded with the District regarding this issue. We were subsequently informed by the District that this policy was at the direction of the Orange County Department of Education. It is for this reason we are corresponding with you as well. For your convenience, I have included a copy of the letter we sent to the District. The letter goes into great detail as to why we believe this practice is ill-advised.

We would appreciate your careful consideration of our comments. We are confident that once you have considered our perspective you will understand the compelling reasons for relying on the Department of Insurance's website to evaluate potential sureties.

Sincerely,



Paul P. Gladfelty

Enclosure