

**MINORITY SURETY  
BOND GUARANTY PROGRAM**

**GUIDELINES**

## Overview

Mississippi Code Section 69-2-13(5) directs the Mississippi Development Authority (MDA) “to develop a program which will assist minority business enterprises by guaranteeing bid, performance, and payment bonds which such minority businesses are required to obtain in order to contract with federal and state agencies or political subdivisions of the state.” A Loss Reserve Fund of \$2,000,000 was appropriated with authority for an additional \$1,000,000 to guaranty private surety bonds guaranteed under the Minority Surety Bond Guaranty Program.

## Purpose

- The Minority Surety Bond Guaranty Program strives to increase minority participation in construction and building trades contracts with federal, state, and local units of government, and their subsidiaries. The program also applies to commercial projects that receive incentives under the Mississippi Major Economic Impact Authority.

The Minority Surety Bond Guaranty Program assists minority firms through surety bond guaranties and technical assistance to individual contractors.

The goal of the Minority Surety Bond Guaranty Program is to help minority and women contractors establish a bond line with a surety company with a partial guarantee from the state. With successful completion of contracts guaranteed under the program, coupled with management and technical assistance, it is expected that minority contractors will grow in experience, management skills and financial stability sufficient to obtain surety bonding on their own.

## Eligibility

### **A contractor/applicant must meet the following criteria:**

- Be in the construction, building trades business or other trades that require the posting of surety bonds to secure contracts.
- Be a Minority-Owned Business Enterprise (MBE) or Woman-Owned Business Enterprise (WBE) certified by the Mississippi Development Authority, Minority and Small Business Development Division (MSBDD). Certification information and applications may be found online at [www.mississippi.org](http://www.mississippi.org) or may be obtained by contacting the Mississippi Development Authority or any of the Mississippi Procurement Technical Assistance Program Regional Offices.
- Have been in business for at least one year prior to application.
- Have its principal place of business located in the state of Mississippi.
- Meet experience and financial standards appropriate to the contract.
- Agree to subcontract no more than seventy-five (75%) of a qualified contract.
- Show reasonable evidence of inability to secure bonding in the general market.

Agree to participate/attend formal instructional development courses/lectures/workshops designed to expand the contractor's knowledge of basic business principles as they apply to sound business practices. This training will be applied on the basis of the contractor's needs and will be consistent with the program's goals of business development and helping the firm to become bondable. When training is required it will be the responsibility of the contractor to comply with the request(s) as failure to do so could result in exclusion from the Program.

## **Types of Bonds**

- **Bid Bond** – guarantees that the bidder on a contract will enter into the contract and furnish the required payment and performance bond.
- **Payment and Performance Bond** – guarantees payment from the contractor to the person who furnishes labor, material, equipment and/or supplies for use in the performance of the contract. The bond also guarantees that the contractor will perform the contract in accordance with its terms.

## **Examples of governmental agencies whose construction contracts qualify:**

### **Federal Agencies**

- U.S Post Office
- U. S. Army Corp of Engineers
- Department of Housing and Urban Development
- U.S. Military

### **State Agencies**

- Universities and Community Colleges
- Department of Transportation
- Bureau of Buildings, Grounds, and Real Property Management
- Economic Development Projects receiving incentives under the Mississippi Major Impact Authority

### **Local Governments and Subsidiaries**

- Cities, towns and counties
- Public housing authorities
- Public Schools
- Public Facilities
- Roads and Bridges
- Other Related Public Infrastructure

## **Guaranty Amounts**

For a Mississippi Development Authority approved firm, the Minority Surety Bond Guaranty Program offers bond guaranties up to \$250,000 for a company new to the program. After reevaluation, the maximum guaranty amount increases to \$350,000 in the company's second year of participation providing that there has been no default and the company remains eligible. The Mississippi Development Authority may guarantee up to ninety (90%) of specified bond amounts up to the applicable maximum.

## **Costs**

The surety company may require a portion of the State of Mississippi's guaranteed amount be in the form of an "irrevocable letter of credit". In such cases, the costs of obtaining the letter of credit through a designated financial institution will be the responsibility of the contractor.

## **Default**

The definition of surety losses is the responsibility of the Surety and the Mississippi Development Authority as detailed in applicable Bond Guaranty Agreement documents.

## **APPLICATION**

Certified MBE/WBE's can go directly to a bonding agent whose underwriters are participating in the Mississippi Minority Surety Bond Guaranty Program and make the necessary bonding applications. The Surety will then determine through its underwriting criteria if a bond will be issued with or without the State's guarantee. If a guarantee is requested, the Surety will forward all necessary information to MDA to be reviewed by an internal bond committee. Bonding packages are then returned to the participating Underwriters or Sureties. Throughout the process the MBE/WBE will be given the proper directions and technical assistance by MDA.

For instructional workbooks, applications, and other information on the Mississippi Minority Surety Bond Guaranty Program, contact:

## **Mississippi Development Authority**

Minority and Small Business Development Division

Post Office Box 849  
Jackson, MS 39205  
(601) 359-3448 Phone  
(601) 359-5290 Fax

[www.mississippi.org](http://www.mississippi.org).

## **Mississippi Procurement Technical Assistance Program Regional Centers**

[www.mississippi.org/mptap](http://www.mississippi.org/mptap)

Central Mississippi Contract Procurement Center

% Mississippi Development Authority

Post Office Box 849  
Jackson, MS 39205  
(601) 359-3485 Phone  
(601) 359-5290 Fax

Delta Contract Procurement Center, Inc.

342 Washington Ave. 2<sup>nd</sup> Floor

P.O. Box 1774  
Greenville, MS 38702  
(662) 334-1543 Phone  
(662) 334-1523 Fax

East Central Contract Procurement Center, Inc.

Meridian Community College

910 Highway 19 North  
Meridian, MS 39307  
(601) 482-7658 Phone  
(601) 482-5803 Fax

Northeast Mississippi Contract Procurement Center, Inc.

318 7<sup>th</sup> Street North  
P.O. Box 1805  
Columbus, MS 39705  
(662) 329-1077 Phone

(662) 327-6600 Fax

South Mississippi Contract Procurement Center, Inc  
1141 Bayview Avenue.  
Suite 401  
Biloxi, MS 39530  
(228) 374-2970 Phone  
(228) 374-2973 Fax