

# SureTec Insurance Company

1330 Post Oak Blvd., Suite 1100 Houston, TX 77056

Bond No. 5222573

## BUSINESS SERVICES BOND

### AGREEMENT

In consideration of an agreed premium, SureTec Insurance Company, hereinafter called "Surety", hereby agrees to indemnify Aquamarine Pools of Houston, LLC of 25730 I-45N Spring, TX 77386, hereinafter called "Obligee", against direct loss of money or other property, from the premises of any and all subscribers (hereinafter called "Subscriber"), to its services and belonging to the Subscriber, or in which the Subscriber has a pecuniary interest or for which the Subscriber is legally liable, which the Subscriber shall sustain as a result of any employee dishonesty, as hereinafter defined, of an Employee or Employees of the Obligee and for which the Obligee is liable, to an amount not exceeding Twenty Five Thousand Dollars Dollars (\$ 25,000.00 ), the limit of the bond.

THE FORGOING AGREEMENT IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

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#### TERM OF BOND

Section 1. The term of this bond begins at 12:01 A.M. standard time on September 22, 2016 at the address of the Obligee given above and ends at 12:01 A.M. standard time on the effective date of the cancellation of this bond in its entirety.

#### DISCOVERY PERIOD

Section 2. Loss is covered under this bond only (a) if sustained through any act or acts committed by an Employee of Obligee while this bond is in force as to such Employee, and (b) if discovered prior to the expiration or sooner cancellation of this bond in its entirety as provided in Section 14, or from its cancellation or termination in its entirety in any other manner, whichever shall happen first.

#### LIMITS OF BOND

Section 3. The most the Surety will pay for loss for any one occurrence is the applicable limit of bond shown above.

#### DEFINITION OF EMPLOYEE

Section 4. The word Employee or Employees, as used in this bond, shall be deemed to mean, respectively, one or more of the natural person (except directors or trustee, if a corporation, who are not also officers or employees thereof in some other capacity) while in the regular service of the Obligee in the ordinary course of the Obligee's business during the term of this bond, and whom the Obligee compensates by salary or wage and has the right to govern and direct in the performance of such service, and who are engaged in such service within any of the States of the United State of America, or within the District of Columbia, Puerto Rico, the Virgin Islands, or elsewhere for a limited period, but not mean brokers, factors, commission merchants, consignees, contractors, or other agents or representatives of the same general character.

#### DEFINITION OF EMPLOYEE DISHONESTY

Section 5. Employee dishonesty shall mean only the fraudulent or dishonest occurrences causing loss during the time the Employee is engaged in services on the premises of the Subscriber or Subscribers and which is punishable under the Criminal Code in the jurisdiction within which the occurrence took place, for which said Employee(s) is tried and convicted by a court of proper jurisdiction and only in an amount not to exceed the amount stated in the conviction.

#### DEFINITION OF OCCURRENCE

Section 6. Occurrence means all loss(es) caused by or involving one or more Employees whether the result of a single act or a series of acts without regard to the number of Subscribers involved.

#### DEFINITION OF CONVICTION

Section 7. Conviction shall mean a final verdict in a criminal trial in which the defendant is found guilty of the charge.

#### DEFINITION OF PREMISES

Section 8. Premises shall mean only the interior of the Subscriber's building or structure or any part thereof for which the Subscriber is the tenant or owner and for which the Oblige is rendering a service to the Subscriber but shall not include driveways, parking spaces, or appurtenant structures for which the Oblige is not performing a service.

#### MERGER OR CONSOLIDATION

Section 9. If any natural person shall be taken into the regular service of the Oblige through merger or consolidation with some other concern, the Oblige shall give the Surety written notice thereof and shall pay an additional premium on any increase in the number of Employees covered under this bond as a result of such merger or consolidation computed pro rata from the date of such merger or consolidation to the end of the current premium period.

#### NON-ACCUMULATION OF LIABILITY

Section 10. Regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the liability of the Surety under this bond shall not be cumulative in amount from year to year or period to period.

#### LIMIT OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE

Section 11. With respect to loss or losses caused by an Employee or which are chargeable to such Employee as provided in Section 5 and which occur partly under this bond and partly under other bonds or policies issued by the Surety to the Oblige or to any predecessor in interest of the Oblige and terminated or cancelled or allowed to expire and in which the period for discovery has not expired at the time any such loss or losses thereunder are discovered, the total liability of the Surety under this bond and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under this bond on such loss or losses or the amount available to the Oblige under such other bonds or policies, as limited by the terms and conditions thereof for any such loss or losses, if the latter amount be larger.

#### TRANSFER OF RIGHTS OF RECOVERY

Section 12. The Oblige, as a condition to coverage under this bond, must transfer to the surety all rights of recovery, to the extent that a loss is paid by the Surety against any person or organization for any loss the Oblige sustains and for which we have paid or settled the claim. The Oblige must also do everything necessary to secure those rights and do nothing after loss to impair them.

#### SALVAGE

Section 13. If the Oblige shall sustain any loss or losses covered by this bond which exceed the amount of coverage provided by this bond, the Oblige shall be entitled to all recoveries, except from suretyship, insurance, reinsurance security and indemnity taken by or for the benefit of the Surety, by whomsoever made, on account of such loss or losses under this bond until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Surety.

#### TERMINATION AND CANCELLATION AS TO ANY EMPLOYEE

Section 14. This bond shall be deemed terminated and cancelled as to any Employee: (a) immediately upon discovery by the Oblige, or by any employee, supervisor, manager, partner or officer thereof not in collusion with such Employee, of any fraudulent or dishonest act on the part of such Employee; or (b) at 12:01 A.M. standard time, upon the effective date specified in a written notice served by the Surety upon the insured or sent by mail. Such date, if the notice be served, shall not be less than ten days after such service, or, if sent by mail, not less than fifteen days after the date of mailing. Mailing by Surety of notice, as aforesaid, to the Oblige at its principal office shall be sufficient proof of notice.

#### CANCELLATION AS TO BOND IN ITS ENTIRETY

Section 15. This bond shall be deemed cancelled in its entirety at 12:01 A.M. standard time, upon the effective date specified in a written notice by the Oblige upon the Surety or by the Surety upon the Oblige, or sent by mail.



Such date, if the notice be served by Surety, shall not be less than ten days after such service, or, if set by the Surety by mail, not less than fifteen days after the date of mailing. The mailing by the Surety of notice, as aforesaid, to the Obligee at its principal office shall be sufficient proof of notice. The Surety shall refund to Obligee the unearned premium computed pro rata if this bond be cancelled at the insistence of the Surety, or at short rates if cancelled or reduced at the insistence of the Obligee.

#### PRIOR FRAUD, DISHONESTY OR CANCELLATION

Section 16. No Employee, to the best of the knowledge of the Obligee, or of any employee, supervisor, manager, partner or officer thereof not in collision with such Employee, has committed any fraudulent or dishonest act in the service of the Obligee or otherwise. If prior to the issuance of this bond, any fidelity insurance in favor of the Obligee or any predecessor in interest of the Obligee and covering one or more of the Obligee's employees shall have been terminated and cancelled as to any such employees by reason of (a) the discovery of any fraudulent or dishonest act on the part of such employee, or (b) the giving of written notice of cancellation by the insurer issuing said fidelity insurance, whether the Surety or not, and if such employees shall not have been reinstated under the coverage of said fidelity insurance, or superseding fidelity insurance, the Surety shall not be liable under this bond on account of such employee unless the Surety shall agree in writing to include such employees within the coverage on this bond.

#### LOSS-NOTICE-PROOF-LEGAL PROCEEDINGS

Section 17. At the earliest practical moment, and in no event not later than thirty days after discovery of any fraudulent or dishonest act on the part of any Employee by the Obligee, or by any partner or officer thereof not in collusion with such Employee, the Obligee shall give the Surety written notice thereof and within four months after such discovery shall file with the Surety affirmative proof of loss, itemized and duly sworn to, and shall upon request of the Surety render every assistance, not pecuniary, to facilitate the investigation and adjustment of any loss. No suit to recover on account of loss under this bond shall be brought before the expiration of ninety days from the filing of proof of loss as aforesaid on account of such loss, nor after the expiration of the earlier of twenty five months from the filing of proof of loss as aforesaid, or thirty months from the discovery as aforesaid of fraudulent or dishonest act causing such loss. If any limitation in this bond for giving notice, filing claim or bringing suit is prohibited or made void by any law controlling the construction of this bond, such limitations shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

#### EXCLUSIONS

Section 18. This bond does not apply:

- (a) To the defense of any legal proceeding brought against the Obligee or Subscriber, or to fees, costs or expenses incurred or paid by the Obligee or Subscriber in prosecuting or defending any legal proceeding whether or not such proceeding result or would result in a loss to the Obligee or Subscriber covered by this bond.
- (b) To potential income, including but not limited to interest and dividends, not realized by the Obligee or Subscriber because of a loss covered under this bond.
- (c) To damages of any type for which the Obligee or Subscriber is legally liable, except direct compensatory damages arising from a loss covered under this bond.
- (d) To costs, fees and other expenses incurred by the Obligee or Subscriber in establishing the existence of or the amount of loss covered under this bond.
- (e) To any loss relating to loans or advances to Employee or by Obligee or Subscriber to any third party.
- (f) To indirect or consequential damages or losses.
- (g) To money or property of Obligee, whether on the premises of a Subscriber or elsewhere.

#### COMPUTATION OF LOSSES

Section 19. In determining the amount collectable under this bond for any loss, all money or property received by the Obligee from any source whatsoever in connection with any matter from which a claimed loss has arisen, whenever received, shall be deducted from the amount actually paid out, advanced, withdrawn, taken or otherwise lost or stolen.

SureTec Insurance Company

By:   
Andra Pribble-Brown, Attorney in Fact

**THIS BOND HAS AN EMPLOYEE CONVICTION REQUIREMENT TO SUBSTANTIATE ANY LOSS OR CLAIM.**

Case Files - Brown



**SureTec Insurance Company**  
**THIS BOND RIDER CONTAINS IMPORTANT COVERAGE INFORMATION**

**Statutory Complaint Notice/Filing of Claims**

To obtain information or make a complaint: You may call the Surety's toll free telephone number for information or to make a complaint or file a claim at: 1-866-732-0099. You may also write to the Surety at:

SureTec Insurance Company  
9737 Great Hills Trail, Suite 320  
Austin, Tx 78759

You may contact the Texas Department of Insurance to obtain information on companies, coverage, rights or complaints at 1-800-252-3439. You may write the Texas Department of Insurance at

PO Box 149104  
Austin, TX 78714-9104  
Fax#: 512-490-1007  
Web: <http://www.tdi.state.tx.us>  
Email: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

**PREMIUM OR CLAIM DISPUTES:** Should you have a dispute concerning your premium or about a claim, you should contact the Surety first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

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# SureTec Insurance Company

## LIMITED POWER OF ATTORNEY

**Know All Men by These Presents**, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Andra Pribble-Brown

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for:

**Principal:** Aquamarine Pools of Houston, LLC

**Amount:** \$ 25,000.00

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. *(Adopted at a meeting held on 20<sup>th</sup> of April, 1999.)*

**In Witness Whereof**, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 21<sup>st</sup> day of March, A.D. 2013.

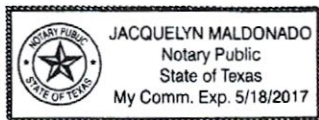


**SURETEC INSURANCE COMPANY**

By: \_\_\_\_\_  
**John Knox Jr., President**

State of Texas                    ss:  
 County of Harris

On this 21st day of March, A.D. 2013 before me personally came John Knox Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



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**Jacquelyn Maldonado, Notary Public**  
 My commission expires May 18, 2017

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 22nd day of September, 2016, A.D.

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**M. Brent Beaty, Assistant Secretary**