

First Reading: _____
Second Reading: _____

ORDINANCE NO. _____

AN ORDINANCE TO AMEND PART II, CHATTANOOGA CITY
CODE, CHAPTER 2, ARTICLE V, SECTION 2-562, RELATIVE
TO CONTRACTOR'S BOND.

SECTION 1. BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That Part II, Chattanooga City Code, Chapter 2, Article V, Section 2-562, is amended by deleting said Section in its entirety and inserting in lieu thereof the following:

Sec. 2-562. Contractor's bond.

No contract shall be let for any public construction project until the contractor shall have first executed a good and solvent bond to the effect that he/she will pay for all the labor and materials used by such contractor, or any immediate or remote subcontractor under him/her, in such contract, in lawful money of the United States. The bond to be so given shall be for one hundred percent (100%) of the contract price on all contracts in excess of twenty-five thousand dollars (\$25,000). Where advertisement is made, the condition of the bond shall be stated in the advertisement; provided, that this section shall not apply to contracts of twenty-five thousand dollars (\$25,000) or less. In lieu of the bond required by this section, the following securities or cash may be substituted at the percentage rate required for such bond:

- (1) United States treasury bonds, United States treasury notes and United States treasury bills;
- (2) General obligation bonds in the State of Tennessee;
- (3) Certificates of deposit or evidence of other deposits irrevocably pledged from:
 - a. A state or national bank having its principal office in Tennessee; or
 - b. A state or federal savings and loan association having its principal office in Tennessee.

(4) A letter of credit from a state or national bank or state or federal savings and loan association having its principal office in Tennessee. The terms and conditions of any letter of credit shall be subject to the approval of the City. The form of such letter of credit shall be provided by the bank or savings and loan association and may be based on either the Uniform Commercial Code, title 47, chapter 5, or the ICC Uniform Customs and Practice for Documentary Credits. All letters of credit shall be accompanied by an authorization of the contractor to deliver retained funds to the bank issuing the letter; or

(5) Cash.

SECTION 2. BE IT FURTHER ORDAINED, That this Ordinance shall take effect within two (2) weeks upon passage on second reading.

Passed on second and final reading:_____

CHAIRPERSON

APPROVED:____ DISAPPROVED:____

MAYOR

VLM/kac