



Rep. Daniel V. Beiser

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LRB098 17614 JWD 56241 a

1 AMENDMENT TO HOUSE BILL 4769

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4769 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Public Construction Bond Act is amended by  
5 changing Section 1 as follows:

6 (30 ILCS 550/1) (from Ch. 29, par. 15)

7 Sec. 1. Except as otherwise provided by this Act, all  
8 officials, boards, commissions, or agents of this State, or of  
9 any political subdivision thereof, in making contracts for  
10 public work of any kind costing over \$50,000 to be performed  
11 for the State, or of any political subdivision thereof, shall  
12 require every contractor for the work to furnish, supply and  
13 deliver a bond to the State, or to the political subdivision  
14 thereof entering into the contract, as the case may be, with  
15 good and sufficient sureties. The surety on the bond shall be a  
16 company that is licensed by the Department of Insurance

1 authorizing it to execute surety bonds and the company shall  
2 have a financial strength rating of at least A- as rated by  
3 A.M. Best Company, Inc. or a similar rating agency. The amount  
4 of the bond shall be fixed by the officials, boards,  
5 commissions, commissioners or agents, and the bond, among other  
6 conditions, shall be conditioned for the completion of the  
7 contract, for the payment of material used in the work and for  
8 all labor performed in the work, whether by subcontractor or  
9 otherwise.

10 If the contract is for emergency repairs as provided in the  
11 Illinois Procurement Code, proof of payment for all labor,  
12 materials, apparatus, fixtures, and machinery may be furnished  
13 in lieu of the bond required by this Section.

14 Each such bond is deemed to contain the following  
15 provisions whether such provisions are inserted in such bond or  
16 not:

17 "The principal and sureties on this bond agree that all the  
18 undertakings, covenants, terms, conditions and agreements of  
19 the contract or contracts entered into between the principal  
20 and the State or any political subdivision thereof will be  
21 performed and fulfilled and to pay all persons, firms and  
22 corporations having contracts with the principal or with  
23 subcontractors, all just claims due them under the provisions  
24 of such contracts for labor performed or materials furnished in  
25 the performance of the contract on account of which this bond  
26 is given, when such claims are not satisfied out of the

1 contract price of the contract on account of which this bond is  
2 given, after final settlement between the officer, board,  
3 commission or agent of the State or of any political  
4 subdivision thereof and the principal has been made.".

5 Each bond securing contracts between the Capital  
6 Development Board or any board of a public institution of  
7 higher education and a contractor shall contain the following  
8 provisions, whether the provisions are inserted in the bond or  
9 not:

10 "Upon the default of the principal with respect to  
11 undertakings, covenants, terms, conditions, and agreements,  
12 the termination of the contractor's right to proceed with the  
13 work, and written notice of that default and termination by the  
14 State or any political subdivision to the surety ("Notice"),  
15 the surety shall promptly remedy the default by taking one of  
16 the following actions:

17 (1) The surety shall complete the work pursuant to a  
18 written takeover agreement, using a completing contractor  
19 jointly selected by the surety and the State or any  
20 political subdivision; or

21 (2) The surety shall pay a sum of money to the obligee,  
22 up to the penal sum of the bond, that represents the  
23 reasonable cost to complete the work that exceeds the  
24 unpaid balance of the contract sum.

25 The surety shall respond to the Notice within 15 working  
26 days of receipt indicating the course of action that it intends

1 to take or advising that it requires more time to investigate  
2 the default and select a course of action. If the surety  
3 requires more than 15 working days to investigate the default  
4 and select a course of action or if the surety elects to  
5 complete the work with a completing contractor that is not  
6 prepared to commence performance within 15 working days after  
7 receipt of Notice, and if the State or any political  
8 subdivision determines it is in the best interest of the State  
9 to maintain the progress of the work, the State or any  
10 political subdivision may continue to work until the completing  
11 contractor is prepared to commence performance. Unless  
12 otherwise agreed to by the procuring agency, in no case may the  
13 surety take longer than 30 working days to advise the State or  
14 political subdivision on the course of action it intends to  
15 take. The surety shall be liable for reasonable costs incurred  
16 by the State or any political subdivision to maintain the  
17 progress to the extent the costs exceed the unpaid balance of  
18 the contract sum, subject to the penal sum of the bond.".

19 The surety bond required by this Section may be acquired  
20 from the company, agent or broker of the contractor's choice.  
21 The bond and sureties shall be subject to the right of  
22 reasonable approval or disapproval, including suspension, by  
23 the State or political subdivision thereof concerned. In the  
24 case of State construction contracts, a contractor shall not be  
25 required to post a cash bond or letter of credit in addition to  
26 or as a substitute for the surety bond required by this

1 Section.

2 When other than motor fuel tax funds, federal-aid funds, or  
3 other funds received from the State are used, a political  
4 subdivision may allow the contractor to provide a  
5 non-diminishing irrevocable bank letter of credit, in lieu of  
6 the bond required by this Section, on contracts under \$100,000  
7 to comply with the requirements of this Section. Any such bank  
8 letter of credit shall contain all provisions required for  
9 bonds by this Section.

10 (Source: P.A. 98-216, eff. 8-9-13.)

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law."