

1230.0500 SECURITY.

Subpart 1. **Payment.** Each solicitation must set forth the security required by the division, if any. The security may be a bid bond or a security check, such as a certified check, cashier's check, or money order, made payable to "State of Minnesota" and must be made upon the condition or guarantee that in the event the responder's offer is accepted, the responder must enter into a contract in accordance with the solicitation. Solicitations may stipulate that a security check may also be held as supply security for delivery or acceptance of merchandise, or satisfactory completion of the contract. A successful responder may substitute a supply bond or an irrevocable letter of credit from a bank for a security check.

Subp. 2. **Forfeit.** Bid bonds or security checks of successful responders constitute liquidated damages for failure of a responder to enter into a contract. Security checks of successful responders that are held as supply security constitute liquidated damages for failure of the successful responder to make delivery, to have merchandise accepted, or to satisfactorily complete the contract.

Subp. 3. **Return.** Security checks of unsuccessful responders must be returned to the responder by placing them in the mail within five working days after an award is made. Security checks of successful responders must be returned upon receipt of required supply bond or payment and performance bonds. Security checks of successful responders that are held as supply security must be returned within five working days after delivery is completed and notification to the division that acceptance is made by the agency, or the contract is satisfactorily completed. No interest may be paid on any money held as security.

Subp. 4. [Repealed, 28 SR 499]

Subp. 5. [Repealed, 28 SR 499]

Statutory Authority: *MS s 16B.04; 16B.18; 16B.19; 16B.22; 16C.03; 16C.16; 16C.19*

History: *16 SR 194; 28 SR 499*

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