

**103E.545 REDUCING CONTRACTOR'S BOND.**

Subdivision 1. **Application to drainage authority.** (a) The contractor, at the end of each season's work and before the contract is completed, may make a verified application to the drainage authority to reduce the contractor's bond and file the application with the auditor. The application must state:

- (1) the work certified as completed by the engineer;
  - (2) the value of the certified work;
  - (3) the amount of money received by the contractor and the amount retained by the drainage authority;
  - (4) the amount unpaid by the contractor for labor or material furnished on the contract; and
  - (5) a request for an order to reduce the amount of the contractor's bond.
- (b) The application must be filed with the auditor.

Subd. 2. **Notice of hearing.** When an application is filed, the auditor, by order, shall set the time and location for a hearing on the application. Ten days before the hearing, notice of the hearing must be published in each affected county and notice by mail given to the engineer, the attorney for the petitioners, and the auditor of each affected county. The contractor must pay the cost of publishing the hearing notice.

Subd. 3. **Hearing; bond reduction.** The drainage authority may, by order, reduce the contractor's bond if it determines that the contractor is not in default and that a loss will not result from reducing the bond. The bond may be reduced to an amount sufficient to protect the affected counties from loss and damage, but the reduction:

- (1) may not be more than 35 percent of the amount already paid to the contractor;
- (2) may not affect the remaining amount of the bond;
- (3) does not affect liability incurred on the bond before the reduction; and
- (4) does not affect a provision for a three-year guaranty of tile work.

**History:** 1990 c 391 art 5 s 74