

WAC 468-320-050 Specific requirements for alternate forms of security. In addition to meeting any special requirements contained in the bid specifications for a contract, alternate forms of contract security will be subject to the following requirements:

(1) Certified check.

(a) Must be issued by a bank which:

(i) Is a qualified public depository under RCW 39.58.010 and meets any other requirements contained in the bid specifications; or

(ii) Meets alternate standards set forth in the bid specifications.

(b) Will be deposited as directed by the contractor at the time of contract execution, with the options specified in WAC 82-32-010.

(2) Cashier's check.

(a) Must be issued by a bank which:

(i) Is a qualified public depository under RCW 39.58.010 and meets any other requirements contained in the bid specifications; or

(ii) Meets alternate standards set forth in the bid specifications.

(b) Will be deposited as directed by the contractor at the time of contract execution, with the options specified in WAC 82-32-010.

(3) Treasury bill(s).

(a) Must be issued by the Treasury Department of the United States and meet any other requirements contained in the bid specifications.

(b) Must be used only for contract security, not warranty coverage.

(c) Must bear a maturity date which is at least six months past the date specified for contract completion. If for any reason, the actual contract completion date extends to within sixty days of the maturity date of the treasury bill(s) furnished by the contractor, the contractor shall, at least thirty days prior to the maturity date, substitute treasury bill(s) with a maturity date at least six months longer than the state's new estimate of the time required for contract completion.

(d) Must be held in book entry at the Federal Reserve in San Francisco and be pledged to the state's account.

(4) Irrevocable bank letter of credit.

(a) Must be issued by a bank which:

(i) Is a qualified public depository under RCW 39.58.010 and meets any other requirements contained in the bid specifications; or

(ii) Meets alternate standards set forth in the bid specifications.

(b) If at any time during the contract or warranty period, as applicable, the issuing bank fails to meet the standards specified in (a) of this subsection, the contractor shall inform the state of such event, and shall, within ten days, substitute an irrevocable letter of credit from a bank which meets the standards specified in (a) of this subsection.

(c) Must be in the form required in the bid specifications, unless an alternate form is approved as provided in (d) of this subsection.

(d) If a contractor cannot obtain an irrevocable letter of credit in the form required in the bid specifications, and wishes to propose an alternative form of irrevocable letter of credit, it shall submit such alternate irrevocable letter of credit to the contracts department of Washington state department of transportation, marine division, for approval on or before the date set forth in the bid specifi-

cations. The state, in its sole discretion, may approve or reject the proposed letter of credit, or may suggest changes in it which will make it acceptable, provided the contractor and its bank concur with such changes, in writing, prior to the date set for bid opening.

(5) Assignment of savings account.

(a) The assigned account must be in a bank which:

(i) Is a qualified public depository under RCW 39.58.010 and meets any other requirements contained in the bid specifications; or

(ii) Meets alternate standards set forth in the bid specifications.

(b) The proposed document of assignment shall be submitted to the contracts department of Washington state department of transportation, marine division, on or before the date set forth in the bid specifications. The state, in its sole discretion, may approve or reject the proposed document of assignment, or may suggest changes in it which will make it acceptable, provided the contractor and its bank concur with such changes, in writing, prior to the date set for bid opening.

(c) Must be accompanied by a notarized statement, on bank letterhead, stating that the bank concurs in the assignment.

(d) Must be effective:

(i) For at least six months past the date specified for contract completion, if the contractor does not propose to use the assignment for warranty coverage; or

(ii) For at least one year and six months past the date specified for contract completion if the contractor proposes to use the assignment for warranty coverage.

If for any reason, the actual contract completion date or end of the contract warranty period, as applicable, extends to within sixty days of the end of the savings account assignment, the contractor shall, at least thirty days prior to the end of the initial assignment, make a new or extended assignment in compliance with these regulations for a period at least six months longer than the state's new estimate of the time required for contract completion or warranty coverage, as applicable.

(6) Assignment of other liquid assets.

(a) Must be an assignment of assets approved for investment in WAC 82-32-060.

(b) Both a full description of the liquid assets proposed to be assigned and the proposed document of assignment shall be submitted to the contracts department of Washington state department of transportation, marine division, on or before the date set forth in the bid specifications. The state, in its sole discretion, may approve or reject the proposed liquid assets and/or document of assignment, or may suggest changes in them which will make the liquid assets or the document of assignment acceptable, provided the contractor concurs with such changes, in writing, prior to the date set for bid opening.

(c) Must be effective:

(i) For at least six months past the date specified for contract completion, if the contractor does not propose to use the assets for warranty coverage; or

(ii) For at least one year and six months past the date specified for contract completion, if the contractor proposes to use the assignment for warranty coverage.

If for any reason the actual contract completion date or end of the contract warranty period, as applicable, extends to within sixty days of the end of the liquid asset assignment, the contractor shall, at least thirty days prior to the end of the initial assignment, make

a new or extended assignment in compliance with these regulations for a period at least six months longer than the state's new estimate of the time required for contract completion or warranty coverage, as applicable.

[Statutory Authority: Chapter 34.05 RCW and 1989 c 58. WSR 89-22-028, § 468-320-050, filed 10/26/89, effective 11/26/89.]