**Section 1.2047 Security Requirements**

a) Vendors shall furnish bid, proposal, material, completion, payment or performance security as specified in the solicitation or contract. The cost of providing security will be borne by the vendor unless otherwise stated in the solicitation.

b) Security, unless otherwise specified, may be in the form of cashier's check, certified check, money order, irrevocable letter of credit or bond. Any bond must be issued by a surety company authorized to do business in the State of Illinois and having a rating acceptable to the State agency.

c) Unless the amount is set by law, the State agency, in consultation with the SPO, will determine the amount, in dollars or percentage of contract price, that will adequately protect the State's interests. That amount will vary depending on the type of procurement and the risks and potential losses associated with delay or failure to complete the project, and for other such reasons.

d) A vendor may be required to furnish up to 100% performance security at any time during contract performance and at its cost, if it appears that delivery or production schedules cannot be met, quality is poor, responsibility is questioned and for similar reasons.

e) The vendor's subcontractor may also be required to furnish security. If the vendor does not have a stock of the supplies in question in the amount required or the facilities to produce the item in that amount, the State agency may, in addition, require the vendor to have the subcontractor furnish security acceptable to the State agency, conditioned on the source supplying the vendor as required in the solicitation.

f) Bid or Proposal Security

1) The bid or proposal will be used to ensure the bidder or offeror meets all obligations imposed under the solicitation, including the obligation to keep the price, bid or proposal firm for as long a period as specified in the solicitation to enter into a contract and the obligation to file a performance security. If required, when the contract is awarded, the State agency may retain the bid or proposal security as damages of the bidder or offeror fails to meet its obligations.

2) The bid or proposal security will be returned to the vendor as soon as is practicable after the bid or proposal opening. The three lowest qualified vendors' security will be returned as soon as possible after the contract is awarded or, if performance security is required, as soon as the successful vendor has filed acceptable performance security. Security will be returned to the unsuccessful vendors upon expiration of the bid or proposal firm time or execution of the contract, whichever is earlier.

(Source: Amended at 46 Ill. Reg. 10208, effective June 2, 2022)