

SECTION 01 29 76
PAYMENT PROCEDURES

PART 1 - GENERAL

1.01 RETAINAGE

Before the first Application for Payment communicate in writing to the Owner whether the Contractor “elects” or “does not elect” to make an application to The University of Tennessee Treasurer’s Office to withdraw retained funds for deposit in securities in a bank designated by the Contractor.

A. If the Contractor “elects”:

1. Prior to submitting the first Application for Payment contact The University of Tennessee Treasurer's Office to receive and then comply with documentation requirements.
2. Submit a completed Form UT T-2, shown in Section 01 29 76.2 with each Application for Payment.
3. To reduce retainage in accordance with the General Conditions submit a completed Form UT T-5, shown in Section 01 29 76.3.

B. If the Contractor “does not elect”:

1. If the original Contract Sum is less than \$500,000, then the Owner will not pay interest on retained funds.
2. If the original Contract Sum is equal to or more than \$500,000, then the Owner will pay interest on retained funds in the same manner as interest is paid to local governments participating in the local government investment pool as provided by state law (a process also referred to as “state deposit”) and submit a completed Reconciliation Form SDR-1, shown in Section 01 29 76.1 with each Application for Payment.

1.02 APPLICATIONS FOR PAYMENT

A. Submit to Designer

B. Format and copies:

1. Use AIA Document G702, Application and Certificate for Payment.
2. Complete all header information including Project Title, SBC Number, application number, and period of application.
3. Use AIA Document G703, Continuation Sheet, itemized with the line items and values of the Schedule of Values accepted by the Designer, and values and percentages for each line item.
4. Submit four copies bearing an original notarized signature.
5. Each copy shall have required attachments.

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- C. Attachments for Applications for Payment:
 - 1. Continuation sheets as described above.
 - 2. Completed Form UT T-2 or Form SDR-1 if applicable as described above.
 - 3. Completed form for attestation regarding Personnel Used in Contract Performance, exhibited as Section 01 29 76.13, dated the same as the Application for Payment.
 - 4. Attachments required by Section 01 29 76.5, Payments for Stored Materials.
- D. Attachments for an Application for Payment **proposing a reduction in retainage**:
 - 1. The Contractor may submit an Application for Payment which proposes a reduction in retainage in accordance with requirements described in the Contract Conditions including acceptance of a Certificate of Substantial Completion.
 - 2. In such case the Contractor shall, with the Application for Payment, submit a stamped or embossed Consent of Surety to Reduction in Retainage using AIA Document G707A or a similarly formed letter.
- E. Attachments for a **final** Application for Payment:
 - 1. The Contractor may submit an Application for Payment which proposes final payment in accordance with requirements described in the Contract Conditions.
 - 2. In such case the Contractor shall, with the Application for Payment, submit the following.
 - a Certification of payment of debts and claims submitted as a completed copy of the form exhibited in Section 01 29 76.9, General Contractor's Affidavit.
 - b Stamped or embossed Consent of Surety to Final Payment using AIA Document G707A or a similarly formed letter.

1.03 CERTIFICATES FOR PAYMENT

- A. In accordance with the format of AIA Document G702 the Designer will use the Contractor's Application for Payment to develop and submit to the Owner a Certificate for Payment indicating the amount certified.
- B. If the Designer is in disagreement with amounts claimed the Designer may either return the Application to the Contractor for revision and resubmittal or revise the Application by hand to indicate corrections the Designer considers appropriate and the corresponding amount certified.
- C. The Owner will require that the Designer submit a Certificate of Substantial Completion with an Application for Payment claiming the Total Completed and Stored to Date to be 100%.
- D. In a routine processing of a Certificate for Payment the Designer will submit to the Owner three counterparts with original signatures and attachments and retain one for the Designer's records.

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1.04 PUBLIC NOTICE PRIOR TO FINAL PAYMENT

- A. Within ten days of receipt of a Certificate of Payment which proposes final payment to the Contractor the Owner will advertise a public notice that communicates the following:
 - 1. The Contractor has applied for final payment.
 - 2. Written notice of any unsettled claims for labor, material, or services provided to the Contractor or its Subcontractors may be provided to the Owner within thirty (30) days of appearance of the advertisement.
 - 3. The sole purpose of such notice is to inform the Owner of unsettled claims.
 - 4. Claimants must pursue remedies in accordance with applicable law.
- B. Advertisement will be in a general circulation newspaper published in the locality of the project.
- C. The Owner will not make final payment prior to the end of the 30 day period.

END OF SECTION