

in the Notice to Proceed. The initial submittal of the Schedule of Values shall include a breakdown of the awarded Contract value by completing the Uniform Building Systems form.

- Request for Payment of Materials on Hand-Form 702.17,
- Subcontractor Directory-Form 702.04S,
- Allowance and contingency accounting,
- Schedule update and narrative, and the
- Contractors Reuse, Recycling, and Disposal Report-Form 1151B (and if any demolition Work is included in this Project submit the Building Demolition Contractors Reuse, Recycling, and Disposal Report –Form 2060B).

b. Processing the Partial Payment Request.

Once each month during the progress of the Work, Design-Builder shall submit to the Construction Administrator a partial payment request that has been received and agreed upon by the Trustees' Project Manager/Construction Inspector. Design-Builder shall base the partial payment request on the approved bid breakdown for the cost of the Work completed. Where applicable, Design-Builder shall provide a maximum of 90% of the verified supplier-invoiced and Design-Builder-purchased value for the acceptable materials delivered to the Site, or stored, subject to the control of Design-Builder but identified as the property of the Trustees, and not yet installed and as allowed on the Contract Payment Request, form [702.12DB](#), line 2-f. Design-Builder must make any materials stored offsite accessible to the Trustees to verify invoiced value and shall deliver these materials to the Trustees upon request. When submitting a request for payment for materials, Design-Builder shall submit the Request for Materials On Hand, form [702.17](#), with its partial payment request.

Design-Builder shall submit the partial payment request on the monthly anniversary of the day selected by Design-Builder in the job start meeting. The Construction Inspector shall review and certify the validity of the request, which, if the request includes an invoice for materials, then it shall include an inspection by the Construction Inspector of materials invoiced. Design-Builder shall make no partial payment without the certification of the Construction Inspector, unless the partial payment is strictly administrative and processed after the completion of the Work (e.g. release of stop notice and stop payment notice claims).

The Trustees shall process Design-Builder's partial payment requests with five percent retention. The Trustees hold retention in part as security for the fulfillment of the Contract by Design-Builder. The Trustees will withhold sufficient funds in addition to the retention to cover for anticipated liquidated damages, stop payment notices, Labor Code wage and penalty assessments, unacceptable Work, punch list work, and Trustees' back-charges such as for retesting and reinspection. The Trustees will withhold monies from partial payments for incomplete punch list Work in addition to retention. The Trustees shall not process partial release of retention before Contract completion (Public Contract Code section 10851) unless the Trustees phase the Project with a segregation of costs per Articles 40.01 and 40.05.

The Trustees shall not construe partial payments as acceptance of any Work which is not in accordance with the requirements of the Contract. Once the Construction Inspector has certified the partial payment request, Construction Inspector shall submit it to the Trustees' Construction Administrator for approval and processing (Public Contract Code section 10851). The Trustees will then process payment in accordance with Public Contract Code section 10853, which provides for 39 Days processing, from the date of receipt of an undisputed and properly submitted payment request by the Construction Administrator, prior to assessment of late payment interest.

40.03 Escrow in Lieu of Retention

After Trustees issue the Notice to Proceed for Construction Work, Design-Builder may request to utilize an escrow account at Design-Builder's expense. With the approval of the Trustees, and upon execution of a three-party agreement between Design-Builder, the State Treasurer's Office and the Trustees, the Trustees may make payment of the five percent retention withheld from progress payments pursuant to the requirements of Public Contract Code section 10851, if Design-Builder deposits in escrow with the State Treasurer securities eligible for investment of State funds under Government Code section 16430 or bank certificates of deposit, and satisfies the conditions prescribed in Public Contract Code section 10852. Design-Builder shall utilize form [702.12R](#), Request for Payment of Retention to Contractor, to request retention payment.

40.04 Stop Payment Notices

Trustees shall retain out of any money due or that may become due Design-Builder, sums sufficient (125 percent of the claim) to cover claims filed pursuant to the stop payment notice provisions of the law (Civil Code section 9000 *et seq.*).

All parties shall present preliminary notices and stop payment notices to the Trustees' Construction Administrator in proper form and should send a copy to the Trustees at the address identified in the letter transmitting the Contract for signature and at the preconstruction conference. Design-Builder shall be responsible to communicate this information to all subcontractors.

