

## **Procedure for the Orderly and Efficient Advancement of Bond and Grant Proceeds**

### **A) Schedule B/Expenditure Schedule**

- 1) Each Project Sponsor shall prepare a draft Schedule B setting out all committed funding and the post bid costs by line item (example attached). To the extent possible, all costs should have a corresponding bid, contract or other document establishing the amount.
- 2) No project contingency should be included, unless required by another funding agency or agreed to by the Infrastructure Council.
- 3) Construction contingency should be no more than 5% of the low bid amount (10% until bids received).
- 4) Construction contingency shall be allocated to Infrastructure Council dollars (i.e. last in) or pro rated with another funding agency if agreed to in advance.
- 5) All construction, engineering and soft costs shall be based on either bids or executed contracts/agreements. Copies of all executed contracts/agreements shall be provided upon request of the Infrastructure Council.
- 6) In the case of grant funding, all contingency funds shall be placed under the Infrastructure Council grant or pro rated with another grant funding agency if agreed to in advance.
- 7) No contingency funds shall be advanced at closing for project costs without the prior written consent of the Infrastructure Council.
- 8) The final agreed upon Schedule B shall be submitted to the Infrastructure Council, always with a corresponding budget/expenditure schedule, at least 5 business days prior to closing.
- 9) The final Schedule B must be approved by each funding source including the Infrastructure Council prior to execution by the Project Sponsor and the consulting engineer. The final Schedule B shall include as an attachment an anticipated draw down schedule showing the anticipated expenditure of all project funding. The final Schedule B shall also contain a footnote specifying how cost items covered by more than one funding source will be pro rated.

### **B) Schedule B/Budget Changes**

- 1) The following procedures must be followed for any changes to the approved Schedule B/Expenditure Schedule after the bond/grant closing. If changes do not affect the Infrastructure Council line items, then a copy of the approval from the other funding agency and an adjustment on the expenditure schedule are required.

- 2) If decrease on any line item:
  - a) Letter explaining draw request reason for change, use of funds, use of or change to contingency, pro ration between funding sources and status of adjustment to the line item.
  - b) Provide expenditure schedule showing change as adjustment.
- 3) If increase is under \$25,000 (on any line item):
  - a) Letter explaining draw request reason and source of payment of increase, including between/among funding sources.
  - b) Copy of amendment to agreement and or change order, if applicable.
  - c) Provide expenditure schedule showing change as adjustment.
  - d) The Infrastructure Council will return any draw request, in whole or in part, that does not contain the letter or signed/approved change order.
- 4) If increase is over \$25,000\* (on any line item or cumulative adjustments are over \$25,000):
  - a) Follow existing Use of Contingency Policy Rules.
  - b) Approved or rejected by Funding Committee.
  - c) If approved, include Funding Committee letter with next draw request.

\*No payments will be made by the Infrastructure Council for any amount in any line item greater than the approved or adjusted Schedule B.
- 5) The Project Sponsor or its consulting engineer shall call the Infrastructure Council to receive a sign off for any change orders required to be made in the field. The following draw request shall meet the requirements of B.3. above.

C) Draw Requests

Other than the first draw advanced at the closing and the final draw after project completion, the following procedures must be followed to request bond/grants funds:

- 1) Only one draw request may be submitted each month (minimum draw of \$5,000 unless prior written approval of Council is received).
- 2) Draw requests must be submitted by 4:00 p.m. the 5<sup>th</sup> day of each month.

- 3) No adjustments made in the Schedule B will be made outside of “Budget Changes” Procedure.
- 4) Multiple adjustments can be made with each draw, so long as “Budget Changes” Procedure is followed for each line item.
- 5) Any line item that is split between the Infrastructure Council and one or more other funding agencies shall not be paid until all monies from other agencies have been depleted, unless agreed to during Schedule B review and shown as a footnote on Schedule B.
- 6) Expenditure Schedules
  - a) Must include the Infrastructure Council project number in heading.
  - b) Must include detailed line items in same order as final Schedule B at closing.
  - c) Must include an expenditure schedule for each fund from each agency, as well as a total expenditure schedule with each draw request.
  - d) Must balance across rows and columns without negative amounts.
  - e) Must show a separate column for each Infrastructure Council fund type and/or number where there are more than one (i.e. one column each for Loan, Grant or for Loan #1, Grant #1, Grant #2, etc.)
  - f) Infrastructure Council grant proceeds, if applicable, shall be spent only after any Infrastructure Council loan proceeds are depleted.

D) Close-Out Procedure

- 1) If multiple contracts, at the point of substantial completion for each construction contract the following items must be submitted to the Infrastructure Council within 30 days of Substantial Completion, as certified by the consulting engineer:
  - a) Copy of consulting engineer’s Certificate of Substantial Completion.
  - b) Certification with last draw on remaining amounts in expenditure schedule related to that contract.
  - c) Remaining expected expenditures related to that contract.
- 2) Once the final contract has received the Consulting Engineer’s final inspection.

- a) Within 60 days, Project Sponsor must provide a copy of the final inspection certification and notify the Infrastructure Council of the selected following options:
  - i) If grant funds remain:
    - 1. Use of contingency and/or remaining budget.
    - 2. Amount to be returned to Infrastructure Council.
  - ii) If loan funds remain:
    - 1. Use contingency and/or remaining budget.
    - 2. Request to reduce number of payments.
    - 3. Request to pre-fund reserves.
  
- b) If Request is not received within 60 days of the final inspection date, the Infrastructure Council will:
  - i) Reduce grant amount in accordance with remaining budget.
  - ii) To the extent that the reserve fund has not previously been funded, remit the loan funds to the Municipal Bond Commission up to the reserve fund requirement. If the reserve fund is fully funded, the Infrastructure Council will apply the balance to the last maturities and provide a revised debt service schedule showing the amount outstanding and the new maturity date.
  
- c) The Project Sponsor shall draw down the funds within 6 months unless it has received the prior written consent of the Infrastructure Council for a longer period.

E) Miscellaneous

- 1) The Project Sponsor shall provide project funding bank statements and other related documents upon written request of the Infrastructure Council.