

Securities in Lieu of Retention

1. Contractor notifies the Project Manager of their interest to enter into securities in lieu of retention prior to start of construction.
2. The Project Manager provides contractor with a sample copy of the agreements for final approval by the contractor.
3. If accepted by the contractor, Purchasing prepares a draft of the appropriate SILR agreement and requests an account number and Bank of New York delivery instructions from Financial Services.
4. Purchasing obtains 1) signatures from contractor on the SILR agreement, and 2) contractor broker delivery instructions.
5. The Executive Director or the Director of Purchasing will sign the SILR documents, forwards copies of the documents to Financial Services and Business Services and notifies all parties that the SILR agreement has been executed.
6. Financial Services notifies BNY of contractor information.
7. When contractor initiates the first and subsequent payment applications they will notify their broker to transfer securities equal to 105% of the required retention amount to BNY using the delivery instructions pursuant SILR Section 4.
8. Payment Applications – CPMG forwards payment applications to Financial Services-debt/plant, to verify in the BNY INFORM system that the securities have been transferred and that the amount represents 105% of the retention amount. Once verified, Financial Services, debt/plant, will forward the payment application to Accounts Payable.
9. Release of Retention – Contractor contacts the project manager when the project is 50% complete and at final completion to initiate release of retention. The project manager will then notify CPS to release retention and forward the payment application with authorization to release retention to Financial Services-debt/plant. Financial Services will review the payment application and provide written instructions to BNY to release retention and provide contractor broker delivery instructions.
10. Monthly – By the tenth business day of the month Financial Services -debt/plant will send the contractor a BNY statement of activity. The contractor is then required to evaluate the market value of the securities and delivery securities if necessary to ensure the market value represents 105% of the current retention amount.
11. Reinvestment of Proceeds – Pursuant to Section 3.01 of the Institutional Trust Agreement, ASU Financial Services will provide written instruction to BNY for reinvestment of proceeds upon maturity of investments received from the contractor.