

## 01 29 54 – UT RETAINAGE INITIATION

### Part – GENERAL

#### 1.01 BASIC REQUIREMENTS

- A. Reference Tennessee Code Annotated (TCA) §66-34-104.
- B. In accordance with State law retainage shall be deposited into an interest-bearing escrow account if the original Contract Sum is \$500,000 or greater.
- C. 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.

#### 1.02 PROCESS

- 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 54.2 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 54.3.
- 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 54.1 with each Application for Payment.

END OF SECTION