EXHIBIT B
PROCEDURES AND REQUIREMENTS

CAPITAL IMPROVEMENTS GRANT PROGRAM
Cycle 7A – (2025/27)

Copies of these Procedures and Requirements should be shared with BOTH the Finance Department AND the staff responsible for implementing the grant activities.

INTRODUCTION
The Capital Improvements Grant Program is administered through the Carpet America Recovery Effort (CARE) California Carpet Stewardship Program. These Procedures and Requirements describe project and reporting requirements, report due dates, report contents, grant payment conditions, eligible and ineligible project costs, project completion and closeout procedures, records and audit requirements.

This document is attached to, and incorporated by reference, into the Grant Agreement.

MILESTONES (For competitive grants)

NTP Date:	**Grant Term** on date indicated on the Notice to Proceed
Quarterly	**Progress Reports Due**
June 30, 2027	**All Expenditures Finalized**
07/21/2027	**Final Report and final Payment Request Due**
07/21/2027	**Grant Term End**

No extensions will be granted for submittal of Final Report and final Payment Request. Failure to submit the Final Report and final Payment Request with appropriate documentation by July 21, 2027 may result in rejection of the Payment Request and/or forfeiture by the grantee of claims for costs incurred that might otherwise have been eligible for grant funding.

PRIOR TO COMMENCING WORK
Prior to commencing work under this grant, the grantee's Grant Manager or primary contact and authorized grant Signature Authority should review the Terms and Conditions (Exhibit A) and the Procedures and Requirements (Exhibit B) to identify key grant administrative requirements. Evaluation of the grantee's compliance with these requirements is a major focus of grant audits.

Reliable Contractor Declaration

Prior to authorizing any contractor or subcontractor to commence work under this Grant, the Grantee shall submit to CARE a Reliable Contractor Declaration from the contractor or subcontractor, signed under penalty of perjury, disclosing whether of any of the events listed in the Declaration has occurred with respect to the contractor or subcontractor within the preceding three (3) years. If a contractor is placed on CARE's

Unreliable List after award of this Grant, the Grantee may be required to terminate that contract.

(For competitive grant programs)
GRANT TERM
The Grant Term begins on the date indicated in the Notice to Proceed. The Grant Term ends on July 21, 2027. July 21, 2027 is the date the Final Report and Final Payment Request are due to CARE. CARE may request reporting on project impacts for up to three years after the close of the Grant Term.
Grant-eligible program expenditures may start no earlier than the date on the Notice to Proceed. Eligible program costs must be incurred no later than June 30,2027.

CARE recommends reserving the period from July 1 to July 21 exclusively for the preparation of the Final Report and final Payment Request, though they may be completed earlier. **Costs incurred to prepare the Final Report and final Payment Request are only eligible for reimbursement during the Grant Term.**

ELIGIBLE COSTS
All grant expenditures must be for activities, capital and costs specifically included in the approved Work Plan and approved Budget. Eligible costs must be incurred, services provided and capital received on or after the NTP date and before the end of the Grant Term.

Any proposed revision(s) to the Work Plan and/or Budget must be submitted in writing and reviewed and pre-approved in writing by the Grant Manager, CARE Executive Director and potentially the CARE Sustainable Plan Committee prior to grantee incurring the proposed expenditure. The approval document should be retained by the grantee for audit purposes. See Audit/Record Access section of the Terms and Conditions (Exhibit A).

Eligible costs are limited to the following:

- Capital investment, infrastructure and/or equipment used to increase recycled output and/or re-manufacture Tier 2 products using California-generated post-consumer carpet.
- Construction, renovation and/or expansion of collection, processing and/or manufacturing facilities to increase recycled output and/or re-manufacture Tier 2 products using California-generated post-consumer carpet. Funds used for collection must improve collection technology or the effectiveness of collection.
- Partnerships aimed at establishing or increasing the use of recycled output fiber, calcium carbonate, carpet carcass, commercial broadloom, or other material or component of CA post-consumer carpet waste stream.

INELIGIBLE COSTS
Any costs not specifically included in the approved Budget and not directly related to capital improvements and the approved grant project are ineligible for reimbursement. Contact the Grant Manager if clarification is needed. Ineligible costs include, but are not limited to:

- Costs incurred prior to NTP date or after the end of the grant term.

- Costs associated with incineration for the purpose of sending ash to landfill, waste-to-energy, kiln, Carpet As Alternative Fuel, and landfilling. Projects must adhere to the California waste hierarchy; non-recyclable portions of the PCC gross collections should be prioritized for other diversion prior to disposal by landfill.
- Costs exceeding five percent (5%) of the total amount requested for permitting, public education and outreach, indirect costs.
- Costs exceeding 10% for product sales and marketing.
- Expenditures such as travel and mileage, vehicles, overhead and salaries.
- Design and engineering costs greater than five percent (5%) of the total grant amount.
- Costs related to environmental review of the project, including the preparation of environmental impact reports.
- Purchase of recycled carpet feedstock.
- Purchase of offsets.
- Costs deemed unreasonable by CARE; costs that are unrelated to the grant project.

ACKNOWLEDGEMENTS: The grantee shall acknowledge CARE's California Carpet Stewardship Program support each time projects funded, in whole or in part, by this Agreement are publicized in any medium, including news media, brochures, blogs, or other types of promotional materials. The acknowledgement of CARE's support must incorporate the CARE California program logo. Initials or abbreviations for CARE's California Carpet Stewardship Program shall not be used. The Grant Manager may approve deviation from this requirement on a case-by-case basis where such deviation is consistent with CARE's Communication Strategy and Outreach Plan.

REPORTING REQUIREMENTS
Quarterly Progress Reports and a Final Report are required by this Agreement; however, the Grant Manager may request a Progress Report at any time during the Grant Term. All reports must be e-mailed to the Grant Manager, who will send out the reporting document three weeks before the reporting document deadline.

The reports must be current, include all required sections and documents, and must be approved by the Grant Manager before any Payment Request can be processed. Failure to comply with the specified reporting requirements may be considered a breach of this Agreement and may result in the termination of this Agreement or rejection of the Payment Request and/or forfeiture by the grantee of claims for costs incurred that might

otherwise have been eligible for grant funding. Any problems or delays must be reported immediately to the Grant Manager.

PROGRESS REPORT

The grantee must submit a Quarterly Progress Report. The link to the online form will be sent by the grant manager 3 weeks in advance of the due date. The report may include the following:

- How funds have been used to date.
- A description of work completed according to categories outlined in the work plan. How will the grantee complete delayed tasks to make up the lost time?
- What have been some of the project challenges and how have they been overcome?
- Partnerships established and for what purpose.
- Quantities of California generated post-consumer carpet collected, recycled and/or remanufactured to date, including new products being produced and timeline and quantity thresholds for collection. Sources of new lbs reported.
- A plan for any collected material: How will diversion follow the California waste hierarchy?
- Quantity of CA PCC used for waste-to-energy, kiln, Carpet As Alternative Fuel or landfilled.
- Documentation that the project is utilizing feedstock generated in CA.
- Number and type of California jobs created to date.
- Conservation measures met to date, such as MTCO2e avoided and improvements to water conservation.
- Impact by material type.
- Project photos.
- Work to be conducted during the subsequent grant reporting period and any adjustments to the work plan.
- List any changes to all permits, licenses, certifications, contracts or filings relevant to the grant work.
- Serial numbers for any equipment purchased.
- Locations of any grant-funded containers as well as swap frequency.

FINAL PROGRESS REPORT

The Final Report is due **July 21, 2027.** This report should cover grant activities **from the NTP** through **July 21, 2027.** The following items shall be included:

1. The Grant Number, Grantee's name and Grant Term. The following disclaimer statement on the cover page:
   "The statements and conclusions of this report are those of the grantee and not necessarily those of the Carpet America Recovery Effort (CARE), its employees, or the State of California. CARE makes no warranty, express or implied, and assumes no liability for the information contained in the succeeding text."
2. A breakdown of the budget: How have funds been allocated?
3. How have milestones been met?
4. What challenges did the project encounter and how were they overcome?
5. Partnerships established and for what purpose.
6. Quantities of California generated post-consumer carpet collected, recycled and/or remanufactured to date, including new products being produced and timeline and quantity thresholds for collection. Sources of new lbs reported.
7. Measurable increases in recycled carpet output.
8. A plan for any collected material: How will diversion follow the California waste hierarchy?
9. Quantity of CA PCC used for waste-to-energy, kiln, Carpet As Alternative Fuel or landfilled.
10. Documentation that the project is utilizing feedstock generated in CA.
11. Quantity and type of California jobs created to date.
12. Conservation measures met to date, such as MTCO2e avoided and improvements to water conservation.
13. Impact by material type.
14. Project photos.
15. Does the grantee anticipate project impacts beyond the grant term, and if so, what are the impacts in terms of scope and scale? Please quantify anticipated continued increases to recycled output, Tier 2 products, greenhouse gas reductions and related metrics.
16. Recommendations on how to improve the CARE grants program.

GRANT PAYMENT INFORMATION

1. Payment to the grantee for eligible grant expenses is made on a reimbursement basis only, unless otherwise approved by CARE, and for only those materials and services specified in the approved grant application. Pertinent documentation may include invoices, receipts, purchase orders with proof of payment, expenditure itemization summary. Proof that multiple vendors were solicited during expenditure bidding processes unless there is a sole source justification made. Equipment purchased previously will not be eligible for payment. Collection equipment will not be reimbursed until PCC sources are disclosed.
2. Equipment purchased with CARE grant funds shall be used only for the intended purpose outlined in the grantee's project work plan. Equipment purchased with CARE grant funds shall not be decommissioned without making every reasonable effort to remedy the equipment malfunction(s).
3. Equipment purchased with CARE grant funds shall not be transferred to the grantee from any other entity affiliated with grantee or grantee's company, or any internal division of grantee's company, for any purpose. The entity purchasing the equipment using CARE grant funds must be the sole processor using the equipment.
4. Reimbursement may be requested only five times during the Grant Term. In conjunction with (or after) submission of the Progress Reports and in conjunction with the Final Report. CARE may consider additional reimbursement of capital expenses outside of the payments coinciding with progress reports and the final report.
5. The grantee must submit the required Progress Reports/Final Report, and the Grant Manager must approve the report prior to, or concurrent with, submission of the Grant Payment Request.
6. The grantee must submit a completed Grant Payment Request and provide supporting documentation as described in the “Payment Request and Documentation” section for completed project(s) only.
7. Grant payments will be made only to the grantee. It is the grantee’s responsibility to pay all contractors and subcontractors for purchased goods and services.
8. Ten percent of each approved Grant Payment Request will be withheld and retained until all conditions stipulated in the Agreement, including submission and Grant Manager approval of the Progress and/or Final Report, have been satisfied. Reimbursement of the 10 percent retention must be requested in the final Grant Payment Request. An additional 10 percent of costs associated with any storage management plan will also be withheld until the stored PCC is diverted.
9. Reimbursement will not be made until the grantee is in compliance with all CARE membership, CARE public drop-off site, and/or CARE grant reporting requirements.

9. CARE will make payments to the grantee as promptly as fiscal procedures permit. The grantee can typically expect payment approximately 45 days from the date a Grant Payment Request is approved by the Grant Manager.

The grantee must provide a Reliable Contractor Declaration signed under penalty of perjury by the grantee's contractor(s) and subcontractor(s) in accordance with the "Unreliable List" provision of the Terms and Conditions (Exhibit A). The declaration must be received and approved by the Grant Manager prior to commencement of work. See "Unreliable List" provision in Terms and Conditions (Exhibit A) for more information. Grantees should understand that all reports are subject to review by the CARE Executive Director and/or the Sustainable Plan Committee (SPC) before payments occur.

PAYMENT REQUEST AND DOCUMENTATION

Payment requests and reports must be submitted by e-mail to the Grant Manager at abeane@carpetrecovery.org. The Grant Manager will send out payment request forms 3 weeks before the payment request and documentation deadline.

AUDIT CONSIDERATIONS

The grantee agrees to maintain records and supporting documentation pertaining to the performance of this grant subject to possible audit for a minimum of three (3) years after final payment date or Grant Term end date, whichever is later. A longer period of records retention may be stipulated in order to complete any action and/or resolution of all issues which may arise as a result of any litigation, dispute, or audit, whichever is later.

Examples of audit documentation include, but are not limited to, expenditure ledger, payroll register entries, time sheets, expenditure itemization summary form, proof of funds received, purchase orders, paid warrants, contracts and change orders, samples of items and materials developed with grant funds, invoices and/or cancelled checks, and checking account registers. Please refer to the Terms and Conditions (Exhibit A) for more information.