EXHIBIT B
PROCEDURES AND REQUIREMENTS

INNOVATION AND DESIGN GRANT PROGRAM
Cycle 3 I&D (2025-26)

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 Innovation and Design 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 (NTP)
Quarterly	**Progress Reports Due**
06/30/26	**All Expenditures Finalized**
07/21/26	**Final Report and final Payment Request Due**
07/21/26	**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, 2026 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 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, 2026. July 21, 2026 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, 2026.

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, goods and costs specifically included in the approved Work Plan and approved Budget. Eligible costs must be incurred, services provided and goods received on or after the Notice to Proceed 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:

- Investigating the use of California-generated PCC material to manufacture established products that do not currently use recycled post-consumer carpet material. The intention should be to recreate these products to be more reusable, recyclable and/or have a decreased environmental footprint during their manufacture.

- Testing and/or certifying new or reformulated products containing California-generated PCC material. These products must exhibit environmentally preferable and innovative characteristics.

- Feasibility and/or pilot project studies on potential new and environmentally preferable uses of California PCC material.

- Research and development projects that create a more reusable, recyclable and/or environmentally sustainable carpet design through manufacture and/or end-of-life management.

INELIGIBLE COSTS

Any costs not specifically included in the approved Budget and not directly related to product testing 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:

- Permitting costs
- Public education and outreach
- Salaries deemed non-essential to the research analysis or documentation, etc. Only 5% of the project budget may be allocated for administration
- Travel expenses such as airfare, mileage and hotels not essential to material transport
- Design and engineering costs unrelated to direct product testing activities
- Costs incurred after the end of the Grant Term
- Costs associated with incineration, waste-to-energy, CAAF or landfilling
- Costs related to environmental review of a project under CEQA or NEPA, including the preparation of environmental impact reports
- Purchase of recycled carpet feedstock
- Purchase of buildings or capital assets
- 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 one month 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 **Progress Report** quarterly within 3 weeks of the end of the quarter. The grant manager will send out the report three weeks in advance of its due date.

- 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?
- A report on investigating the use of California-generated PCC material to manufacture established products that do not currently use recycled post-consumer carpet material. The intention should be to recreate these products to be more reusable, recyclable and/or have a decreased environmental footprint during their manufacture.
- A report on testing and/or certifying new or reformulated products containing California-generated PCC material. These products must exhibit environmentally preferable and innovative characteristics.
- A report on feasibility and/or pilot project studies on potential new and environmentally preferable uses of California PCC material.

- A report on research and development projects that create a more reusable, recyclable and/or environmentally sustainable carpet design through manufacture and/or end-of-life management.
- Quantities of California generated post-consumer carpet collected, recycled and/or remanufactured to date, including new products or existing products being produced and timeline and quantity thresholds for collection.
- 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. All of these methods are discouraged and not supported by grant funds.
- 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.
- Ideas for future investigation and lessons learned

FINAL REPORT

The Final Report is due **July 21, 2026.** This report should cover grant activities **from NTP** through **June 30, 2026**. The following items may be included:

The Grant Number, Grantee's name and Grant Term.

- A breakdown of the budget: How have funds been allocated?
- How have milestones been met according to the original work plan?
- What challenges did the project encounter and how were they overcome?
- A report on investigating the use of California-generated PCC material to manufacture established products that do not currently use recycled post-consumer carpet material. The intention should be to recreate these products to be more reusable, recyclable and/or have a decreased environmental footprint during their manufacture.
- Suggestions around how CARE might improve this grant program.
- A report on testing and/or certifying new or reformulated products containing California-generated PCC material. These products must exhibit environmentally preferable and innovative characteristics.
- A report on feasibility and/or pilot project studies on potential new and environmentally preferable uses of California PCC material.
- A project summary power point presentation.
- A report on research and development projects that create a more reusable, recyclable and/or environmentally sustainable carpet design through manufacture and/or end-of-life management.

- Quantities of California generated post-consumer carpet collected, recycled and/or remanufactured to date, including new products or existing products being produced and timeline and quantity thresholds for collection.
- 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. Each of these methods is discouraged and not eligible for grant funding.
- 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.
- 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 in terms of pounds of PCC diverted, quantity of Tier II products created, tons of greenhouse gas emissions avoided, California jobs created, etc.

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.
   Equipment purchased before NTP date will not be eligible for payment.
2. 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. Special payment requests outside the reporting periods may be submitted for potential CARE approval.
3. 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.
4. 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.
5. 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.
6. 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.

7. 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.
8. 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.
9. 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.
10. Grantees will not be reimbursed until they are current on all CARE drop-off site reporting, CARE grant reporting, and/or CARE membership reporting, if applicable.

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 one month 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 payments, purchase orders, paid warrants, contracts and change orders, samples of items and materials developed with grant funds, invoices and/or cancelled checks and check registers. Please refer to the Terms and Conditions (Exhibit A) for more information.