Park Board Members:
X Chris Wright – President
X Susan Traver – Vice President
X Eadie, Leroy
X Kelley, Ross
X Van Voorhis, Ken
X Selinger, Sam
X Pendergraft, Lauren
X Sumner, Nick
X McGregor, Ted
X Greta Gilman
X Mumm, Candace (Arrival: 1:39 p.m.)

Parks Staff:
Jason Conley
Garrett Jones
Al Vorderbrueggen
Angel Spell
Jon Moog
Berry Ellison
Mark Buening
Fianna Dickson
Carl Strong
Ken Beltran
Becky Phillips
Pamela Clarke

Guests:
Teri Stripes
Matt Walker
Hal McGlathery
Steve Corker
J.T. Johnson
Mary Ann Bosky
Don Russell
Anita Halbich
Constantine Graham
Stephanie Klein
Mason Cole Morgan
Eric Krueger

MINUTES

1. Roll Call: Pamela Clarke
   See above

2. Introductions:
   A. New Park Board member Greta Gilman – Chris Wright introduced new Park Board member
      Greta Gilman. Ms. Gilman will also serve on the following Park Board committees: Riverfront
      Park, Land and Finance.

3. Minutes:
   A. Aug. 11, 2016, Regular Park Board meeting minutes and Study Session notes

      Motion No. 1: Ross Kelley moved to approve the Aug. 11, 2016, Regular Park Board Meeting
      Minutes and Study Session notes.

      Nick Sumner seconded.
      Motion passed unanimously.

   B. Aug. 31, 2016, Special Park Board meeting minutes

      Motion No. 2: Ross Kelley moved to approve the Aug. 31, 2016, Special Park Board meeting
      minutes.

      Ken Van Voorhis seconded.
      Motion passed unanimously.
4. **Additions or Deletions to the Agenda:**
   A. The Public Comment was moved to the next order of business in efforts to accommodate the citizens who arrived to offer testimony to the Park Board.

5. **Monthly Highlights:**
   A. None

6. **Public Comment:**
   A. **Affordable Family Entertainment** – Leroy Eadie reported on a consideration to close some Riverfront Park attractions next year to accommodate the redevelopment construction. Mr. Eadie explained, if the attractions are closed for 2017, there is a projected $600,000 budget shortfall. If the attractions remain open, the projected shortfall is $1.2 million, due to high expenses to keep the attractions running with limited access and strained operational capacity. Attractions slated for closure are: IMAX, Looff Carrousel, SkyRide, Tour Train, mini golf and restaurants. Current plans for the Central Plaza, directed by the park’s Master Plan, call for the removal of the IMAX and the rides. Approximately 15 citizens attended the Park Board meeting to show support of saving the IMAX and rides. Of those individuals, nine provided testimony in support of saving the rides and the IMAX or large-screen projection theater.

7. **Claims:** Claims for the month of August 2016 – **Susan Traver**
   
   **Motion No. 3:** Susan Traver moved to approve claims for the month of August 2016 in the amount of $2,332,274.33.

   Ken Van Voorhis seconded.
   Motion passed unanimously.

8. **Financial Update:** – **Chris Wright** introduced the new Parks and Recreation Budget/Finance Director **Mark Buening.** Park Board members welcomed Mr. Buening to Parks. There was no Financial report presented.

9. **Special Discussion:**
   A. Quarterly Performance Measures – **Jason Conley** presented the second quarter, April through June, of Recreation and Golf’s performance indicators. Recreation classes are holding steady for the quarter at 73 percent which is slightly above the three-year average of 72.3 percent. The Park’s four golf courses enjoyed a 52 percent tee-time capacity compared to the three-year average of 50 percent.

10. **Committee Reports:**
    **Urban Forestry Tree Committee:** Aug. 30, 2016, **Lauren Pendergraft**
    A. Action Item: None
    B. An update was provided on the progress of the improvements at Woodland Center.
    C. The next regularly scheduled meeting is 4:15 p.m. Oct. 4, 2016, at the Woodland Center, Finch Arboretum.

    **Golf Committee:** Sept. 6, 2016, **Nick Sumner**
    A. Action Item: None
    B. The Golf Strategic Plan Task Force kickoff meeting was Sept. 7 which brought a wide range of expertise and ideas to the table. The task force includes representatives from Park Board, City administrators, Park staff and support groups. The next task force meeting is expected to be held in the next few weeks.
C. The next scheduled meeting is 8:05 a.m. Oct. 11, 2016, in the City Hall Conference Room 5A.

Land Committee: Aug. 31, 2016, Ken Van Voorhis
A. Action Item: None
B. In lieu of the Land Committee, there was a Special Board meeting to take action on some of the Conservation Futures parcels nominated for the 2016 Conservation Futures acquisition list. During this meeting, the Park Board approved support for two nominated parcels.
C. The next scheduled meeting is 3 p.m. Oct. 5, 2016, in the City Hall Conference Room 5A

Recreation Committee: Sept. 1, 2016, Sam Selinger
A. Witter Pool Deck project management & testing contract ($51,200) – Carl Strong provided an overview of a proposed contract with TD & H Engineering for project management, inspection and administrative services on the Witter Pool deck construction project, in the amount of $51,200.

Motion No. 4: Dr. Selinger moved to approve the Witter Pool Deck project management and testing contract with TD & H Engineering, not to exceed $51,200.

Nick Sumner seconded.
The motion passed unanimously.

B. Dr. Selinger presented information pertaining to future centers’ contracts and reporting practices. The suggested changes were prompted by the need for more consistent reporting methods.
C. The next scheduled meeting is 3 p.m. Oct. 6, 2016, in the Manito Meeting Room, Manito Park.

Riverfront Park Committee: Sept. 6, 2016, Ted McGregor
A. Alternate delivery method – Berry Ellison and Matt Walker presented an overview of a progressive design-build (PDB) strategy for the Pavilion and its surrounding landscape. This delivery method is designed to reduce risks, such as budget and schedule overruns. The Park Board was asked to consider a resolution to accept this alternate delivery method for the Riverfront Park Pavilion. Park Board members voiced concerns on approving the resolution without having a firm Pavilion budget. Members also expressed a need for additional information on the PDB process. Staff was directed to provide the Park Board additional information regarding strategy, PDB process and the Pavilion budget.

Motion No. 5: Dr. Selinger moved to proceed towards a progressive design-build strategy for the Pavilion and its surrounding area, with plans to submit the application to the Project Review Committee in November.

Lauren Pendergraft seconded.
The motion passed with a 7-to-2 vote.

Riverfront Park Brownfield designation resolution – Berry Ellison and Teri Stripes reviewed a proposed resolution establishing the Riverfront Park Brownfield Redevelopment Opportunity Zone and the Riverfront Park Brownfield Renewal Authority. Ms. Stripes explained this would be the third redevelopment opportunity zone in the state. While funds have yet to be allocated to the program’s trust fund, there is expectation this will come to fruition, she added. The Park Board suggested the Carnation maintenance building property be added to the opportunity zone. The resolution requires Park Board and City Council approval in order to move forward
for Brownfield designation consideration.

**Motion No. 6:** Ted McGregor moved to adopt the Riverfront Park Brownfield designation resolution, as presented, with the addition of including the Carnation maintenance building property to the boundary map.

Ken Van Voorhis seconded.
The motion passed unanimously.

Howard Street Bridge South supplemental contract #5 ($70,749) – *Berry Ellison* presented the Howard Street Bridge South supplemental contract #5. Mr. Ellison explained the agreement includes professional services to provide additional design and permitting services, as requested by the City. Cost of the proposed supplemental contract with CH2M Hill is $70,749.

**Motion No. 7:** Ted McGregor moved to approve the Howard Street Bridge South supplemental contract #5 with CH2M Hill, not to exceed $70,749.

Ross Kelley seconded.
The motion passed unanimously.

Looff Carrousel Utility Memorandum of Understanding (budget neutral) – *Berry Ellison* presented a proposed memorandum between Parks and Utilities which notes Utilities agrees to be financially responsible for all costs necessary to upgrade the water main through the Looff Carrousel facility site. The projected reimbursement should not exceed $275,000 and is a budget neutral project for Parks.

**Motion No. 8:** Ted McGregor moved to adopt the Looff Carrousel Utility MOU, as presented, not to exceed $275,000.

Dr. Selinger seconded.
The motion passed unanimously.

GeoEngineering contract amendment (budget neutral) – *Berry Ellison* presented the amendment which moves the budget from Geotechnical & Environmental Assessment to a focused soil assessment. Mr. Ellison explained the soil program will expand from 20 geo/environmental explorations to 41 direct-push borings throughout the park. The amendment also accelerates the previously approved schedule and is a budget neutral amendment.

**Motion No. 9:** Ted McGregor moved to approve the GeoEngineering contract amendment, as presented.

Ross Kelley seconded.
The motion passed unanimously.

Fort Walla Walla Museum amendment ($92,388.56) and Spokane Tribe of Indians amendment ($100,640.18) – *Berry Ellison* presented the Spokane Tribe of Indians Preservation Program and the Fort Walla Walla Museum Heritage Research Services proposal to provide cultural resource services as part of the Riverfront Park redevelopment construction. The total estimated cost for this project is $193,028.74. The cost covers the estimated level of effort needed to cover testing, archaeological monitoring, permitting, inadvertent discoveries, and an
inadvertent discovery plan and data recovery. The final data recovery report will be presented to Parks, and the state Department of Archaeology and Historic Preservation.

**Motion No. 10:** Ted McGregor moved to approve the Fort Walla Walla Museum amendment and Spokane Tribe of Indians amendment with the total combined project not to exceed $193,028.74.

Ross Kelley seconded.
The motion passed with an 8-to-1 vote.

B. The next scheduled meeting is 8:05 a.m. Oct. 10, 2016, in the City Council Briefing Center.

**Finance Committee:** Sept. 6, 2016, Susan Traver
A. Witter Pool Deck Repair Contract with Cameron-Reilly, LLC, ($404,320.95) – Carl Strong provided background regarding the Witter Pool deck repair project. The contract with Cameron-Reilly is projected to eliminate the causes, by digging down deep, repair compromised pipes, back filling with CDF, and finishing with a new deck. Projected cost for the services is $404,320.95.

**Motion No. 11:** Susan Traver moved to approve the Witter Pool Deck Repair contract with Cameron-Reilly, LLC, not to exceed $404,320.95.

Ken Van Voorhis seconded.
Motion carried unanimously.

B. Susan Traver provided an update on the 2017 budget. Ms. Traver explained that each committee will do an action item to the Finance Committee. The 2017 budget will come to the Park Board from the Finance Committee next month. She urged Park Board members to attend the October Finance Committee meeting.
C. The next regularly scheduled meeting is 3 p.m. Oct. 11, 2016, in City Hall Conference Room 2B.

**Bylaws Committee:** Ross Kelley. No report.

10. **Reports:**

**Park Board President:** Chris Wright
   1. No report

**Liaison Reports:**

**Director's Report:** Leroy Eadie
   1. No report

11. **Correspondence:**
A. Letters: Affordable Family Entertainment/SAFER emails

B. Newsletters:
   Corbin Senior Activity Center
   Hillyard Senior Center
Southside Senior and Community Center
Sinto Senior Activity Center

12. **Executive Session:** None

13. **Adjournment:** 4:34 p.m.
   A. Next Committee meeting dates:
      Golf Committee: 8:05 a.m. Oct. 11, 2016, City Hall Conference Room 5A
      Land Committee: 3 p.m. Oct. 5, 2016, City Hall Conference Room 5A
      Recreation Committee: 3 p.m. Oct. 6, 2016, Manito Meeting Room, Manito Park
      Riverfront Park Committee: 8:05 a.m. Oct. 10, 2016, City Council Briefing Center
      Finance Committee: 3 p.m. Oct. 11, 2016, City Hall Conference Room 2B
      Urban Forestry Committee: 4:15 p.m. Oct. 4, 2016, Woodland Center, Finch Arboretum
   B. Special Park Board meeting: 8:30 a.m. Sept. 23, 2016, Woodland Center, Finch Arboretum
   C. Park Board meeting: 1:30 p.m. Oct. 13, 2016, City Council Chambers
   D. Park Board Study Session: 3:30 p.m. Oct. 13, 2016, City Hall Conference Room 5A

Minutes approved by: [Signature]

Leroy Eadie, Director of Parks and Recreation
I am very concerned regarding the scheduled removal and destruction of the IMAX theater and park rides. First, as you have heard, these rides provide affordable family time. I can’t tell you how often I hear parents say they cannot afford to take their children to Silverwood. Also, how often do we hear concerns about childhood obesity and poor health from a lack of exercise. Did you know this generation is the first generation in history expected to have a shorter lifespan than their parents? Our amazing park system helps get children out of the home. The rides and Imax provide a doorway for all the other activities at Riverfront Park. They enhance sales for the train ride, carousel, and sky ride. Take them away, you will see a loss of revenue in these other venues as well. Sincerely, when the voters agreed to fund Riverfront Park, I don’t think destroying IMAX and the rides. At the very least, you should go back to the voters regarding these major changes.

The IMAX is one of the few true IMAX theaters left. Sadly, an internet search includes the theaters, such as the Riverpark Square, so I cannot find an accurate count of the true five-story IMAX theaters. These theaters provide predictable and safe entertainment for children and families. Both of my children saw their first movies right here. Recently, we took our children to a movie, and although the movie was perfect for the children, one of the previews was unpredictably scary for both my children. I have seen dozens and dozens of classrooms come to the IMAX, again for good, educational movie. Remove these, and yet one more family-friendly piece is removed from Spokane.

Let us talk about the financial impact. The City of Spokane has worked hard to revitalize the downtown area, and made good progress so far. I believe fewer families will come to downtown once the rides are removed. They are but one PIECE of Riverfront Park, but vital ones. In short, you won’t be able to undo this once you knock down IMAX and sell the rides. People are drawn to Riverfront Park. Remove the rides and IMAX, and fewer people will come. More businesses like Olive Garden will leave. Your efforts to save a few bucks now will come at a great cost to the businesses of Spokane. Keep in mind, there are many small business owners that will feel that impact much more than say a big retail store.

As people move out of Riverfront Park, you will see an increase of criminal activity in and around the park. The families serve as a 1000’s eyes to keep watch over our park. Remove those families, the park will become a safe haven for criminal activity. I anticipate you will need to permanently detail two Spokane Police offers to the park. If you don’t believe me, go to Canada Island in the evening around dusk. But again, you won’t know your mistake until it is too late.

Lastly, I believe Riverfront Park is not run like a business. For example, often I see three people at the concession stand (often leaning on the counter) in the Carousel and one person actually loading the ride. This creates a safety hazard and makes the typical turn around time more than 12 minutes from ride to ride. When two people run the ride, even at busy times, it is closer to 6-8 minutes. At $2 per rider, that makes a big difference in the revenue generated. Similarly, the
golden ring is used very rarely, typically only during peak hours on the holiday. Use the golden ring more often. It works like a coupon, drawing more people to come BACK. Businesses don’t lose money on coupons, they MAKE money. Using the golden ring, will generate more revenue. Lastly, with the rides, the past six years, there has been ONE two-person bench at the rides. This year, that was increased to three. Make more seating and parents/grandparents will be more inclined to come. Lastly, the fact that the rides are all (mostly) in the shade is child and parent friendly. I would prefer you keep the rides in their places at the Pavilion. Whatever you do to keep the rides, make sure there is plenty of seating and shade for children and parents.
CITY OF SPOKANE PARK BOARD

RESOLUTION

A Resolution accepting the Riverfront Park Pavilion delivery method as Progressive Design Build.

WHEREAS the Citizens of Spokane approved a $64.3 million dollar bond for certain improvements to Riverfront Park which is referred to as the Riverfront Park Redevelopment Project; and

WHEREAS the Park Board is always working towards the most cost effective way to use approved bond dollars to complete the Redevelopment Project before 2020; and

WHEREAS the Park Board has investigated all forms of traditional and alternative delivery methods for design and construction of the RFP Redevelopment Project; and

WHEREAS the Park Board has decided traditional design bid build method works for all areas of the RFP Redevelopment Project except for the design and construction of the Pavilion; and

WHEREAS the Park Board agrees to an alternate delivery method for the Pavilion and adjacent site (Exhibit “A”); and

WHEREAS the delivery method most advantageous for the project is Progressive Design Build; and,

WHEREAS the Progressive Design Build approach requires approval from the Washington State Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC), and

WHEREAS, the Spokane Parks Division will procure a Design Builder in accordance with RCW 39.10 and make a recommendation to Park Board for a Design Builder, and

WHEREAS, the Design Builder will design and construct the project to not exceed the project budget and report back to the Parks Division on a regular basis, and,

WHEREAS, the Parks Division, including design build subject matter experts, with Park Board oversite will guide and manage the Design Builder in regularly scheduled meetings and through pay request approvals, and,

WHEREAS a Riverfront Park Design Builder will not exceed the budget approved by the Parks Board without prior written approval, and,

NOW THEREFORE, IT IS HEREBY RESOLVED by the Park Board that the Riverfront Park Pavilion and adjacent site be designed and constructed using Progressive Design Build alternate delivery
method to be completed by, 2020, and to be managed by Parks and Recreation Division with oversight by the Park Board.

Dated this 8th day of September, 2016.

________________________
Park Board President
STANDARD FORM OF PROGRESSIVE DESIGN-BUILD AGREEMENT BETWEEN OWNER AND DESIGN-BUILDER - COST PLUS FEE WITH A GUARANTEED MAXIMUM PRICE
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This AGREEMENT is made as of the ______________________ day of __________________ in the year of 20 ______, by and between the following parties, for services in connection with the Project identified below:

OWNER:
(Name and address)

DESIGN-BUILDER:
(Name and address)

PROJECT:
(Include Project name and location as it will appear in the Contract Documents)

In consideration of the mutual covenants and obligations contained herein, Owner and Design-Builder agree as set forth herein.
**Article 1**

**Scope of Work**

1.1 Design-Builder shall perform all design and construction services, and provide all material, equipment, tools and labor, necessary to complete the Work described in and reasonably inferable from the Contract Documents.

**Article 2**

**Contract Documents**

2.1 The Contract Documents are comprised of the following:

2.1.1 All written modifications, amendments, minor changes, and Change Orders to this Agreement issued in accordance with DBIA Document No. 535, *Standard Form of General Conditions of Contract Between Owner and Design-Builder* (2010 Edition) (“General Conditions of Contract”);

2.1.2 The Validation Amendment in accordance with Section 6.6.1 herein, provided such Amendment is executed between the parties.

2.1.3 The GMP Amendment in accordance with Section 6.6.2 herein, provided such Amendment is executed between the parties;

2.1.4 This Agreement, including all exhibits but excluding the GMP Amendment:

   .1 Exhibit A: Insurance Requirements;
   .2 Exhibit B: Form of Performance and Payment Bond; and
   .3 Exhibit C: Validation Period Scope of Work and Owner’s Program Requirements

2.1.5 The General Conditions of Contract; and

2.1.6 Construction Documents prepared and approved in accordance with Section 2.4 of the General Conditions of Contract.

**Article 3**

**Interpretation and Intent**

3.1 Design-Builder and Owner, prior to execution of the Agreement, shall carefully review all the Contract Documents, including the various documents Owner’s Project Criteria set forth in Exhibit C, for any conflicts or ambiguities. Design-Builder and Owner will discuss and resolve any identified conflicts or ambiguities prior to execution of the Agreement.

3.2 The Contract Documents are intended to be complementary and interpreted in harmony so as to avoid conflict, with words and phrases interpreted in a manner consistent with construction and design industry standards. In the event inconsistencies, conflicts, or ambiguities between or among the Contract Documents are discovered after execution of the Agreement or after the parties’ execution of the Validation Amendment, Design-Builder and Owner shall attempt to resolve any ambiguity, conflict or inconsistency...
informally, recognizing that the Contract Documents shall take precedence in the order in which they are listed in Section 2.1 hereof. (Note, the parties are strongly encouraged to establish in the GMP Exhibit or GMP Proposal (as applicable) the priority of the various documents comprising such exhibit or proposal.)

3.3 Terms, words and phrases used in the Contract Documents, including this Agreement, shall have the meanings given them in the General Conditions of Contract.

3.4 If the Owner’s Project Criteria contain design or prescriptive specifications the Design-Builder shall be entitled to reasonably rely on the accuracy of the information represented in such design or prescriptive specifications and their compatibility with other information set forth in Owner’s Project Criteria, including any performance specifications for the purposes of developing the Scope of Services for the Validation Period, the Validation Period Not to Exceed Amount and the Design-Builder’s Fee. However, Design-Builder is required to perform an independent evaluation of such design or prescriptive specifications to verify the information provided by the Owner during the Validation Period. Further, regardless of the inclusion of design or prescriptive specifications or criteria, Design-Builder shall remain responsible for meeting the performance requirements of the Project, including but not limited to the requirements that the Project meet the Initial and Final Basis of Design Documents as well as all applicable Legal Requirements. Provided Design-Builder complies with other requirements set forth in this Agreement such as those regarding notice of claims to Owner and identification of differing site conditions, Design-Builder shall be entitled to an adjustment in the Scope of Services for the Validation Period, the Validation Period Not to Exceed Amount and/or the Design-Builder’s Fee to the extent Design-Builder’s cost and/or time of performance have been adversely impacted by such inaccurate design or prescriptive specifications that are inconsistent with meeting the performance requirements.

3.5 The Contract Documents form the entire agreement between Owner and Design-Builder and by incorporation herein are as fully binding on the parties as if repeated herein. No oral representations or other agreements have been made by the parties except as specifically stated in the Contract Documents.

**Article 4**

Ownership of Work Product

4.1 Work Product. All drawings, specifications and other documents and electronic data, including such documents identified in the General Conditions of Contract, furnished by Design-Builder to Owner under this Agreement (“Work Product”) are deemed to be instruments of service and Design-Builder shall retain the ownership and property interests therein, including but not limited to any intellectual property rights, copyrights and/or patents, subject to the provisions set forth in Sections 4.2 through 4.5 below.

4.2 Owner’s Limited License upon Project Completion and Payment in Full to Design-Builder. Upon Owner’s payment in full for all Work performed under the Contract Documents, Design-Builder shall grant Owner a limited license to use the Work Product in connection with Owner’s occupancy of the Project, conditioned on Owner’s express understanding that its alteration of the Work Product without the involvement of Design-Builder is at Owner’s sole risk and without liability or legal exposure to Design-Builder or anyone working by or through Design-Builder, including Design Consultants of any tier (collectively the “Indemnified Parties”), and on the Owner’s obligation to provide the indemnity set forth in Section 4.5 below.

4.3 Owner’s Limited License upon Owner’s Termination for Convenience or Design-Builder’s Election to Terminate. If Owner terminates this Agreement for its convenience as set forth in Article 8 hereof, or if Design-Builder elects to terminate this Agreement in accordance with Section 11.4 of the General Conditions of Contract, Design-Builder shall, upon Owner’s payment in full of the amounts due Design-Builder under the Contract Documents, grant Owner a limited license to use the Work Product to complete the Project and subsequently occupy the Project, and Owner shall thereafter have the same rights as set forth in Section 4.2 above, conditioned on the following:
4.3.1 Use of the Work Product is at Owner’s sole risk without liability or legal exposure to any Indemnified Party, and on the Owner’s obligation to provide the indemnity set forth in Section 4.5 below, and

4.3.2 Owner shall not be required to pay Design-Builder additional compensation for the right to use the Work Product to complete the Project and subsequently use the Work Product in accordance with Section 4.2 if Owner resumes the Project through its employees, agents, or third parties.

4.4 Owner’s Limited License upon Design-Builder’s Default. If this Agreement is terminated due to Design-Builder’s default pursuant to Section 11.2 of the General Conditions of Contract, then Design-Builder grants Owner a limited license to use the Work Product to complete the Project and subsequently occupy the Project, and Owner shall thereafter have the same rights and obligations as set forth in Section 4.2 above. Notwithstanding the preceding sentence, if it is ultimately determined that Design-Builder was not in default, Owner shall be deemed to have terminated the Agreement for convenience, and Design-Builder shall be entitled to the rights and remedies set forth in Section 4.3 above.

4.5 Owner’s Indemnification for Use of Work Product. If Owner is required to indemnify any Indemnified Parties based on the use or alteration of the Work Product under any of the circumstances identified in this Article 4, Owner shall defend, indemnify and hold harmless such Indemnified Parties from and against any and all claims, damages, liabilities, losses and expenses, including attorneys’ fees, arising out of or resulting from the use or alteration of the Work Product.

Article 5
Contract Time

5.1 Date of Commencement. The Work shall commence within five (5) days of Design-Builder’s receipt of Owner’s Notice to Proceed (“Date of Commencement”) unless the parties mutually agree otherwise in writing.

5.2 Substantial Completion and Final Completion.

5.2.1 The Validation Period shall be completed no later than _______________ (“Validation Period Completion Date”). The parties will establish a date for Substantial Completion of the entire Work (“Scheduled Substantial Completion Date”) in the GMP Amendment.

5.2.2 Interim milestones and/or Substantial Completion of identified portions of the Work (“Scheduled Interim Milestone Dates”) shall be determined during the Validation Period: (Insert any interim milestones for portions of the Work with different scheduled dates for Substantial Completion)

5.2.3 Final Completion of the Work or identified portions of the Work shall be achieved as expeditiously as reasonably practicable. Final Completion is the date when all Work is complete pursuant to the definition of Final Completion set forth in Section 1.2.7 of the General Conditions of Contract.

5.2.4 All of the dates set forth in this Article 5 (collectively the “Contract Time(s)”) shall be subject to adjustment in accordance with the General Conditions of Contract.
5.3 **Time is of the Essence.** Owner and Design-Builder mutually agree that time is of the essence with respect to the dates and times set forth in the Contract Documents.

5.4 **Liquidated Damages.** Design-Builder understands that if Substantial Completion is not attained by the Scheduled Substantial Completion Date, Owner will suffer damages which are difficult to determine and accurately specify. Design-Builder and Owner will include liquidated damages for delay in the Validation Amendment.

5.5 Any liquidated damages assessed pursuant to this Agreement for delay damages shall be in lieu of all liability for any and all extra costs, losses, expenses, claims, penalties and any other damages, whether special or consequential, and of whatsoever nature, incurred by Owner which are occasioned by any delay in achieving the Contract Time(s).

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**Article 6**

**Contract Price**

6.1 **Contract Price.**

6.1.1 Owner shall pay Design-Builder in accordance with Article 6 of the General Conditions of Contract a contract price ("Contract Price") as set forth herein.

- The total Compensation to Design-Builder shall not exceed the Guaranteed Maximum Price ("GMP") of _____________________________________

6.2 **Design-Builder's Fee.**

6.2.1 Design-Builder's Fee Percentage shall be:

- percent (__________) of the Cost of the Work, as adjusted in accordance with Section 6.2.2 below.

The Fee Percentage and any Fixed Fee shall include the following items, which shall not be charged as a Cost of the Work:

- All profit of the Design-Builder for this Project; and
- All regional and home office overhead expenses, including labor and materials, phone, facsimile, postage, internet service, and other incidental office expenses attributed to work on this Project that is not specifically identified in the Fixed Amount for Specified General Conditions Work.

**Modifications to Fee.** The Fee Percentage shall not be subject to modification.

6.2.2 Prior to the execution of the Validation Amendment, Design-Builder's Fee will only be adjusted pursuant to Section 3.4 of this Agreement.
6.2.3 If the Parties enter into the Validation Amendment, Design-Builder shall be paid a fixed fee (the "Fixed Fee") determined by multiplying the Fee Percentage by the estimated Cost of the Work included in the Target Budget. The Fixed Fee will be earned and paid on a monthly basis following execution of the Validation Amendment on a percentage of completion basis, specifically taking into account payments previously made, including during the Validation Period. The Fixed Fee established in the Validation Amendment shall not be modified unless either the Target Budget or the GMP varies, either upward or downward, by more than fifteen percent (15%) from the original Target Budget established in the Validation Amendment.

6.3 Cost of the Work. The term Cost of the Work shall mean costs reasonably and actually incurred by Design-Builder in the proper performance of the Work. The Cost of the Work shall include only the following:

6.3.1 Unless included in Fixed General Conditions, direct labor costs of employees of Design-Builder performing the Work at the Site or, with Owner's agreement, at locations off the Site; provided, however, that the costs for those employees of Design-Builder performing design services shall be calculated on the basis of Prevailing market rates for design professionals performing such services or, if applicable, those rates set forth in an exhibit to this Agreement. Wages for those employees performing construction services shall be paid as follows: Basic wages and fringe benefits: The hourly wage (without markup or labor burden) and fringe benefits paid by the Design-Builder as established by the Washington Department of Labor and Industries or contributed to labor trust funds as itemized fringe benefits. Whichever is applicable, not to exceed that specified in the applicable "Intent to Pay Prevailing Wage" for the laborers, apprentices, journeymen, and foremen performing and/or directly supervising the Change in the Work on the site. The premium portion of overtime wages is not included unless pre-approved in writing by the Owner. The Design-Builder shall provide to the Owner copies of payroll records, including certified payroll statements for itself and Subcontractors of any tier for the period upon the Owner's request. Direct labor costs also include direct contributions to the State of Washington as industrial insurance, medical aid, and supplemental pension by class and rates established by the Washington Department of Labor and Industries and contributions required by the Federal Insurance Compensation Act (FICA), the Federal Unemployment Tax Act (FUTA) and the State Unemployment Compensation Act (SUCA).

6.3.2 Unless included in Fixed General Conditions, wages or salaries of Design-Builder's supervisory and administrative personnel engaged in the performance of the Work and who are located at the Site or working off-Site to assist in the production or transportation of material and equipment necessary for the Work.

6.3.3 Unless included in Fixed General Conditions, wages or salaries of Design-Builder's personnel stationed at Design-Builder's principal or branch offices, but only to the extent said personnel are approved in advance in writing by the Owner.

6.3.4 Unless included in Fixed General Conditions, costs incurred by Design-Builder for employee benefits, premiums, taxes, insurance, contributions and assessments required by law, collective bargaining agreements, or which are customarily paid by Design-Builder, to the extent such costs are based on wages and salaries paid to employees of Design-Builder covered under Sections 6.3.1 through 6.3.3 hereof.

6.3.5 Unless included in Fixed General Conditions, the reasonable portion of the cost of travel, accommodations and meals for Design-Builder's personnel necessarily and directly incurred in connection with the performance of the Work. Such costs must be approved in writing by Owner in advance.

6.3.6 Payments properly made by Design-Builder to Subcontractors and Design Consultants for performance of portions of the Work, including any insurance and bond premiums incurred by Subcontractors and Design Consultants.
6.3.7 Costs, including transportation, inspection, testing, storage and handling, of materials, equipment and supplies incorporated or reasonably used in completing the Work. The material costs shall be based upon the net cost after all discounts or rebates, freight costs, express charges, or special delivery costs, when applicable. No lump sum costs will be allowed except when approved in writing in advance by the Owner. Discounts and rebates based on prompt payment need not be included, however, if the Design-Builder offered but the Owner declined the opportunity to take advantage of such discount or rebate.

6.3.8 Costs (less salvage value) of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by the workers that are not fully consumed in the performance of the Work and which remain the property of Design-Builder, including the costs of transporting, inspecting, testing, handling, installing, maintaining, dismantling and removing such items.

6.3.9 Costs of removal of debris and waste from the Site.

6.3.10 Unless included in Fixed General Conditions, the reasonable costs and expenses incurred in establishing, operating and demobilizing the Site office, including the cost of facsimile transmissions, long-distance telephone calls, postage and express delivery charges, telephone service, photocopying and reasonable petty cash expenses.

6.3.11 Unless included in Fixed General Conditions, rental charges and the costs of transportation, installation, minor repairs and replacements, dismantling and removal of temporary facilities, machinery, equipment and hand tools not customarily owned by the workers, which are provided by Design-Builder at the Site, whether rented from Design-Builder or others, and incurred in the performance of the Work. The rental charge the applicable rental cost as established by the lower of the local prevailing rate published in the Rental Rate Blue Book by Data Quest. San Jose, California, as modified by the AGC/WSDOT agreement or the actual rate paid to an unrelated third party as evidenced by rental receipts. Rates and quantities of equipment rented that exceed the local fair market rental costs shall be subject to the Owner’s prior written approval. Total rental charges for equipment or tools shall not exceed 75% of the fair market purchase value of the equipment or the tool. Actual, reasonable mobilization costs are permitted if the equipment is brought to the site solely for the change in the Work. The rental rates are the maximum rates allowable for equipment of modern design and in good working condition and include full compensation for furnishing all fuel, oil, lubrication, repairs, maintenance, and insurance. When rental rates payable do not include fuel, lubrication, maintenance, and servicing, as defined as operating costs in the Blue Book, such operating costs shall be reimbursed based on actual costs. Equipment not of modern design and/or not in good working condition will have lower rates. Hourly, weekly, and/or monthly rates, as appropriate, will be applied to yield the lowest total cost. The rate for equipment necessarily standing by for future use (and standing by for no longer than two (2) weeks') on the changed Work shall be 50% of the rate established above. The total cost of rental allowed shall not exceed the cost of purchasing the equipment outright. If equipment is required for which a rental rate is not established by The Rental Rate Blue Book, an agreed rental rate shall be established for the equipment, which rate and use must be approved by the Owner prior to performing the Work.

6.3.12 Premiums for insurance and bonds required by this Agreement or the performance of the Work.

6.3.13 All fuel and utility costs incurred in the performance of the Work.

6.3.14 Sales, use or similar taxes, tariffs or duties incurred in the performance of the Work, with the exception of Washington State Sales Tax, which shall be paid outside the Validation NTE or GMP.

6.3.15 Costs for permits, royalties, licenses, tests and inspections incurred by Design-Builder as a requirement of the Contract Documents.
6.3.16 The cost of defending suits or claims for infringement of patent rights arising from the use of a particular design, process, or product required by Owner, paying legal judgments against Design-Builder resulting from such suits or claims, and paying settlements made with Owner’s consent.

6.3.17 Costs incurred in preventing damage, injury or loss in case of an emergency affecting the safety of persons and property.

6.3.19 Accounting and data processing costs related to the Work.

6.3.20 Fees paid by the Design-Builder for the approval of Statements of Intent to Pay Prevailing Wages and certification of Affidavits of Wages Paid by the industrial statistician of the State Department of Labor and Industries. The Design-Builder will remain responsible for the actual submittal of the documents to the industrial statistician. In order to receive this reimbursement the Design-Builder will be required to submit to Owner, a list of its subcontractors at all tiers and have their Statements of Intent to Pay Prevailing Wages on file with the Owner.

6.3.21 Other costs reasonably and properly incurred in the performance of the Work to the extent approved in writing by Owner and not included in the Design-Builder’s Contingency, Design Builder’s Fee or the Fixed General Conditions.

6.4 Other Methods of Compensation

Within the Validation NTE or the GMP, the parties may agree to the following methods of pricing Design-Builder’s Compensation

6.4.1 Allowance Items and Allowance Values.

.1 Any and all Allowance Items, as well as their corresponding Allowance Values, are set forth in Exhibit C or the GMP Amendment and are included within any established NTE and the GMP, as applicable.

.2 Design-Builder and Owner have worked together to review the Allowance Items and Allowance Values based on design information then available to determine that the Allowance Values constitute reasonable estimates for the Allowance Items. Design-Builder and Owner will continue working closely together during the preparation of the design to develop Construction Documents consistent with the Allowance Values. Nothing herein is intended in any way to constitute a guarantee by Design-Builder that the Allowance Item in question can be performed for the Allowance Value.

.3 No work shall be performed on any Allowance Item without Design-Builder first obtaining in writing advanced authorization to proceed from Owner. Owner agrees that if Design-Builder is not provided written authorization to proceed on an Allowance Item by the date set forth in the Project schedule, due to no fault of Design-Builder, Design-Builder may be entitled to an adjustment of the Contract Time(s) and Contract Price.

.4 The Allowance Value for an Allowance Item includes the direct cost of labor, materials, equipment, transportation, taxes and insurance associated with the applicable Allowance Item. All other costs, including design fees, Design-Builder’s overall project management and general conditions costs, overhead and fee, are deemed to be included in the original Contract Price, and are not subject to adjustment, regardless of the actual amount of the Allowance Item.
Whenever the actual costs for an Allowance Item is more than or less than the stated Allowance Value, the Contract Price shall be adjusted accordingly by Change Order, subject to Section 6.4.4; however, Design-Builder must provide written notice of the difference between the actual cost and the Allowance Value pursuant to the Changes provisions in the General Conditions. The amount of the Change Order shall reflect the difference between actual costs incurred by Design-Builder for the particular Allowance Item and the Allowance Value.

6.4.2 Not To Exceed Sums

The Owner and Design Builder may establish Not to Exceed ("NTE") Sums for specific scopes of the Work. Any such NTE Sum will be negotiated between the Owner and Design-Builder. The NTE Sum agreed upon by the Parties shall be incorporated into the GMP Amendment or a Change Order, and the parties shall include the following information:

a. A specific description of the Scope of the Work that is subject to the NTE Sum;

b. An updated Schedule of Values that incorporates the NTE Sum; and

c. Any milestone dates associated with the scope of the Work associated with the NTE Sum.

For each scope of work for which a NTE Sum has been established, the Design-Builder shall be reimbursed for the scope of the Work as a Cost of the Work; however, Design-Builder’s compensation shall not exceed the NTE Sum without a written Change Order.

Design-Builder shall not request reimbursement for costs subject to the NTE Sum, unless those costs are identified in the Payment Application as subject to the NTE Sum.

NTE Sums may only be modified by Change Order pursuant to the General Conditions.

6.4.3 Lump Sums

The Owner and Design-Builder may establish a Lump Sum for specific scopes of the Work. Any such Lump Sum will be negotiated between the Owner and Design-Builder. The Lump Sum agreed upon by the Parties shall be incorporated into the GMP Amendment or a Change Order, and the parties shall include the following information:

a. A specific description of the Scope of the Work that is subject to the Lump Sum;

b. An updated Schedule of Values that incorporates the Lump Sum; and

c. Any milestone dates associated with the scope of the Work associated with the Lump Sum.

For each scope of work for which a Lump Sum has been established, the Design-Builder shall be compensated pursuant to the Schedule of Values set forth above based on the percentage of the Scope of the Work subject to the Lump Sum that has been completed.
.3 Design-Builder shall not request reimbursement for costs subject to the Lump Sum, unless those costs are identified in the Payment Application as subject to the Lump Sum.

.4 Lump Sums may only be modified via Change Order pursuant to the General Conditions.

6.4.4 Design-Builder’s Contingency

.1 The parties shall establish, as part of any NTE and the GMP, a Design-Builder’s Contingency which is available for Design-Builder’s exclusive use for unanticipated costs it has incurred that are not a Cost of the Work and not the basis for a Change Order under the Contract Documents (collectively “Contingency Items”). By way of example, and not as a limitation, such costs may include the following:

(a) trade buy-out differentials;
(b) overtime or acceleration;
(c) escalation of materials;
(d) Costs incurred by Design-Builder in repairing or correcting defective, damaged or nonconforming Work (excluding any warranty or corrective Work performed after Substantial Completion), provided that such Work was beyond the reasonable control of Design-Builder, or caused by the ordinary mistakes or inadvertence, and not the negligence, of Design-Builder or those working by or through Design-Builder. If the costs associated with such Work are recoverable from insurance, Subcontractors or Design Consultants, Design-Builder shall exercise its best efforts to obtain recovery from the appropriate source and provide a credit to Owner if recovery is obtained;
(e) Legal costs, court costs and costs of mediation and arbitration reasonably arising from Design-Builder’s performance of the Work, provided such costs do not arise from disputes between Owner and Design-Builder; or
(f) Subcontractor defaults.

.2 The Design-Builder shall be reimbursed for items that are included in the Design-Builder’s Contingency in the same manner as set forth in Section 6.3, a Cost of the Work; however, Design-Builder’s compensation for Contingency items shall not exceed the amount set forth as the Design-Builder’s Contingency in the applicable NTE or GMP without a written Change Order, and Design-Builder shall not be entitled to any Fee for items reimbursed under this Section. If the Fee is fixed, the amounts included in the Design-Builder’s Contingency shall be excluded from the calculation set forth in Section 6.1.2 to determine whether the Target Budget or the GMP has changed.

.3 The Contingency is not available to Owner for any reason, including, but not limited to changes in scope or any other item which would enable Design-Builder to increase an NTE or GMP under the Contract Documents.

.4 Design-Builder shall provide Owner notice of all anticipated charges against the Contingency, and shall provide Owner as part of the monthly status report required by Section 2.1.2 of the General Conditions of Contract an accounting of the Contingency, including all reasonably foreseen uses or potential uses of the Contingency in the upcoming three (3) months. Design-Builder agrees that with
respect to any expenditure from the Contingency relating to a Subcontractor default or an event for which insurance or bond may provide reimbursement, Design-Builder will in good faith exercise reasonable steps to obtain performance from the Subcontractor and/or recovery from any surety or insurance company. Design-Builder agrees that if Design-Builder is subsequently reimbursed for said costs, then said recovery will be credited back to the Contingency.

6.4.5 Fixed General Conditions Costs

.1 If the Parties enter into the Validation Amendment, the Parties shall establish an amount for the Fixed General Conditions Costs. The parties shall determine the portions of the Cost of the Work set forth in Section 6.3 that are included in the Fixed General Conditions Costs, and the parties shall include a description of such costs in the Validation Amendment.

.2 For the Costs of the Work that are included in the Fixed General Conditions Costs, the Design-Builder shall no longer be entitled to be reimbursed for such costs as part of the Cost of the Work. The Fixed General Conditions Costs shall not be modified unless the Target Budget or GMP varies, either upward or downward, by more than fifteen percent (15%) from the original Target Budget established in the Validation Amendment.

6.5 Non-Reimbursable Costs.

6.5.1 The following shall not be deemed as costs of the Work:

.1 Compensation for Design-Builder’s personnel stationed at Design-Builder’s principal or branch offices, except as provided for in Sections 6.3.1, 6.3.2 and 6.3.3 hereof.

.2 Overhead and general expenses, except as provided for in Section 6.3 hereof.

.3 The cost of Design-Builder’s capital used in the performance of the Work.

.4 Costs that would cause the GMP, the Design Builder’s Contingency, or any NTE or Lump Sum Amount, as adjusted in accordance with the Contract Documents, to be exceeded.

6.6 Compensation During Project Phases.

6.6.1 Validation Period

.1 Compensation. During the Validation Period, the Design Builder shall be compensated for the following:

a. The Cost of the Work set forth in Section 6.3;

b. Design-Builder’s Fee Percentage set forth in Section 6.2.1 multiplied by the Cost of the Work;

c. Any Lump Sums established pursuant to Section 6.4.3; and

d. Contingency Items charged under Section 6.4.4.

.2 Validation Period Not to Exceed Amount. Design-Builder guarantees that its Compensation during the Validation Period shall not exceed the Validation Period Not to
Exceed Amount ("Validation NTE") of ________________ Dollars ($__________). Documents used as a basis for the Validation NTE shall be identified in Exhibit C to this Agreement. Design-Builder agrees that it will be responsible for paying all costs of completing the Work which exceed the Validation NTE, as adjusted in accordance with the Contract Documents.

.2 The Validation NTE includes the Design-Builder’s Contingency in the amount of ________________ Dollars ($______________).

.3 Validation Amendment Proposal. At the conclusion of the Validation Period, Design-Builder shall submit a Validation Amendment Proposal to Owner which shall include the following, unless the parties mutually agree otherwise:

a. A Target Budget which shall not exceed the GMP set forth in Section 6.1.1, unless the Owner agrees in writing. The Target Budget shall be the sum of:

   i. Design-Builder’s Fixed Fee as calculated pursuant to Section 6.2.3 hereof;

   ii. The estimated Cost of the Work as defined in Section 6.3 hereof, inclusive of any Design-Builder’s Contingency as defined in Section 6.4.4 hereof;

   iii. Design-Builder’s Fixed General Conditions Costs pursuant to Section 6.4.5; and

   iv. If applicable, any NTE or Lump Sum established by the Parties.

b. The Initial Basis of Design Documents;

c. A list of the assumptions and clarifications made by Design-Builder in the preparation of the Validation Amendment Proposal, which list is intended to supplement the information contained in the drawings and specifications and is specifically included as part of the Initial Basis of Design Documents;

d. The Target Scheduled Substantial Completion Date and Milestone Dates upon which the proposed Target Budget are based and a schedule upon which the Target Scheduled Substantial Completion Date and Milestones Dates are based;

e. The GMP Development NTE

f. If applicable, a list of Allowance Items, Allowance Values, and a statement of their basis;

h. If applicable, a list of NTEs and the information required pursuant to Section 6.4.2 above;

i. If applicable, a list of Lump Sums and the information required pursuant to Section 6.4.3 above;

j. The time limit for acceptance of the Validation Amendment Proposal.
.4 Submission of the Validation Amendment Proposal. Submission of the Validation Amendment Proposal constitutes Design-Builder's representation and agreement that it has adequately investigated the site and the project parameters, the Project is adequately defined, the Initial Basis of Design Documents are sufficiently defined to provide an accurate Target Budget and Schedule, and subject to the assumptions and clarifications in the Validation Amendment Proposal, the Project is sufficiently clear and understandable for the Design-Builder to perform the Work in accordance with the Contract Documents for an amount that will not exceed the GMP.

.5 Review and Adjustment to Validation Amendment Proposal. After submission of the Validation Amendment Proposal, Design-Builder and Owner shall meet to discuss and review the Validation Amendment Proposal. If Owner has any comments regarding the Validation Amendment Proposal, or finds any inconsistencies or inaccuracies in the information presented, it shall promptly give written notice to Design-Builder of such comments or findings. If appropriate, Design-Builder shall, upon receipt of Owner’s notice, make appropriate adjustments to the Validation Amendment Proposal.

.6 Acceptance of Validation Amendment Proposal. If Owner accepts the Validation Amendment Proposal, as may be amended by Design-Builder, the terms of the Validation Amendment Proposal shall be set forth in the Validation Amendment. The Design-Builder understands that the Target Budget must be below the Guaranteed Maximum Price established in the Agreement. Although the parties recognize that further refinement of the budget scope and schedule will occur during the GMP Development Period, by submitting the Validation Proposal, the Design-Builder represents that the Project can be completed for the amount of the Target Budget and by the proposed schedule dates, as qualified by the Design-Builder's assumptions and clarifications.

.7 Failure to Accept the Validation Proposal. If Owner rejects the Validation Proposal, the Validation Proposal shall be deemed withdrawn and of no effect. In such event, Owner and Design-Builder shall meet and confer as to how the Project will proceed, with Owner having the following options:

   a. Owner may suggest modifications to the Validation Proposal, whereupon, if such modifications are accepted in writing by Design-Builder, the Validation Proposal shall be deemed accepted and the parties shall proceed in accordance with Section 6.6.1.5 above;

   b. Owner may terminate this Agreement for convenience in accordance with Article 8 hereof.

.8 Performance of Work After Submission of Validation Proposal. The Design-Builder shall not perform any Work after the submission of the Validation Proposal until the Owner has approved and signed the Validation Proposal unless the Design-Builder obtains the Owner’s prior, written consent to perform such Work and only to the extent that such Work is expressly described in writing in such written consent. If Design-Builder performs such Work, Design-Builder shall be compensated pursuant to the written approval.

6.6.2 GMP Development Period.

.1 Compensation. During the GMP Development Period, the Design Builder shall be compensated for the following, all subject to the GMP Development NTE:

   a. The Cost of the Work set forth in Section 6.3;

   b. Design-Builder’s Fixed Fee established pursuant to Section 6.2.3;
c. Any Lump Sums established pursuant to Section 6.4.3;

d. Contingency Items charged under Section 6.4.4; and

e. Design-Builder’s Fixed General Conditions Costs established pursuant to Section 6.4.5

.2 **GMP Development Not to Exceed Amount.** Design-Builder guarantees that it shall not exceed the GMP Development Not to Exceed Amount established in the Validation Amendment. Documents used as a basis for the GMP Development NTE shall be identified in an Exhibit to the Validation Amendment. Design-Builder agrees that it will be responsible for paying all costs of completing the Work which exceed the Validation NTE, as adjusted in accordance with the Contract Documents.

.3 **GMP Proposal.** At the conclusion of the GMP Development Period, Design-Builder shall submit a GMP Proposal to Owner which shall include the following, unless the parties mutually agree otherwise:

a. A proposed GMP which shall not exceed the GMP set forth in Section 6.1.1, unless the Owner agrees in writing. The proposed GMP which shall be the sum of:

i. Design-Builder’s Fixed Fee as calculated pursuant to Section 6.2.3 hereof;

ii. The estimated Cost of the Work as defined in Section 6.3 hereof;

iii. Contingency Items charged under Section 6.4.4;

iv. The Fixed General Conditions Costs as defined in Section 6.4.5; and

iv. If applicable, any Lump Sum established by the Parties pursuant to Section 6.4.3.

b. The Final Basis of Design Documents;

c. A list of the assumptions and clarifications made by Design-Builder in the preparation of the GMP Proposal, which list is intended to supplement the information contained in the drawings and specifications and is specifically included as part of the Basis of Design Documents;

d. The Scheduled Substantial Completion Date and Milestone Dates upon which the proposed GMP is based and a schedule upon which the Scheduled Substantial Completion Date and Milestones Dates is based;

e. If applicable, a list of Allowance Items, Allowance Values, and a statement of their basis;

f. If applicable, a list of NTEs and the information required pursuant to Section 6.4.2 above;

g. If applicable, a list of Lump Sums and the information required pursuant to Section 6.4.3 above;

h. If applicable, a schedule of unit prices;
i. A Schedule of Values for the Project; and

j. The time limit for acceptance of the GMP Proposal.

.2 Submission of the GMP Proposal. Submission of the GMP Proposal constitutes Design-Builder’s representation and agreement that the Project is adequately defined, that the Final Basis of Design Documents are sufficiently defined to provide an accurate Contract Price, and that the Project is sufficiently clear and understandable for the Design-Builder to perform the Work in accordance with the Contract Documents for an amount that will not exceed the GMP.

.3 Review and Adjustment to GMP Proposal. After submission of the GMP Proposal, Design-Builder and Owner shall meet to discuss and review the GMP Proposal. If Owner has any comments regarding the GMP Proposal, or finds any inconsistencies or inaccuracies in the information presented, it shall promptly give written notice to Design-Builder of such comments or findings. If appropriate, Design-Builder shall, upon receipt of Owner’s notice, make appropriate adjustments to the GMP Proposal.

.4 Acceptance of GMP Proposal. If Owner accepts the GMP Proposal, as may be amended by Design-Builder, the GMP and its basis shall be set forth in the GMP Amendment. Execution of the GMP Amendment constitutes Design-Builder’s representation and agreement that the Project is adequately defined, that the Final Basis of Design Documents are sufficiently defined to provide an accurate Guaranteed Maximum Price, and that the Project is sufficiently clear and understandable for the Design-Builder to perform the Work in accordance with the Contract Documents for an amount that will not exceed the GMP.

.5 Failure to Accept the GMP Proposal. If Owner rejects the GMP Proposal, or fails to notify Design-Builder in writing on or before the date specified in the GMP Proposal that it accepts the GMP Proposal, the GMP Proposal shall be deemed withdrawn and of no effect. In such event, Owner and Design-Builder shall meet and confer as to how the Project will proceed, with Owner having the following options:

a. Owner may suggest modifications to the GMP Proposal, whereupon, if such modifications are accepted in writing by Design-Builder, the GMP Proposal shall be deemed accepted and the parties shall proceed in accordance with Section 6.6.2.3 above;

b. Owner may authorize Design-Builder to continue to proceed with the Work on the basis of reimbursement as provided in Section 6.1 hereof without a GMP, in which case all references in this Agreement to the GMP shall not be applicable; however, Design-Builder may not exceed any NTE or Lump Sum that may be established between the Parties; or

c. Owner may terminate this Agreement for convenience in accordance with Article 8 hereof; provided, however, in this event, Design-Builder shall not be entitled to the payment provided for in Section 8.2 hereof.

.6 Performance of Work After Submission of GMP Proposal. The Design-Builder shall not perform any Work after the submission of the GMP Proposal until the Owner has approved and signed the GMP Proposal unless the Design-Builder obtains the Owner’s prior, written consent to perform such Work and only to the extent that such Work is expressly described in writing in such written consent.
6.6.3 Post GMP Period.

.1 Compensation. During the Post GMP Period, the Design Builder shall be compensated for the following, all subject to the GMP:

a. The Cost of the Work set forth in Section 6.3;

b. Design-Builder’s Fixed Fee established pursuant to Section 6.2.3;

c. Any Lump Sums established pursuant to Section 6.4.3;

d. Contingency Items charged under Section 6.4.4; and

e. Design-Builder’s Fixed General Conditions Costs established pursuant to Section 6.4.5

.2 GMP The total compensation paid to Design-Builder for this Project shall not exceed the GMP, as amended pursuant to this Contract. By agreeing to the GMP Amendment, the Design-Builder understands that if the Work cannot be completed for the agreed GMP, any additional costs shall be the responsibility of the Design-Builder, and Design-Builder hereby assumes liability for such costs without reimbursement by the Owner.

6.6.4 Savings.

.1 If the sum of the actual Cost of the Work and Design-Builder’s Fee (and, if applicable, any prices established under Section 6.1.2 hereof) is less than the GMP, as such GMP may have been adjusted over the course of the Project, the difference (“Savings”) shall go to 100% to the Owner.

Article 7

Procedure for Payment

7.1 Progress Payments.

7.1.1 Design-Builder shall submit to Owner on the twenty fifth (25th) day of each month, beginning with the first month after the Date of Commencement, Design-Builder’s Application for Payment in accordance with Article 6 of the General Conditions of Contract.

7.1.2 Owner shall make payment within thirty (30) days after Owner’s receipt of each properly submitted and accurate Application for Payment in accordance with Article 6 of the General Conditions of Contract, but in each case less the total of payments previously made, and less amounts properly withheld under Section 6.3 of the General Conditions of Contract.

7.1.3 If Design-Builder’s Fee under Section 6.2.1 hereof is a fixed amount, the amount of Design-Builder’s Fee to be included in Design-Builder’s monthly Application for Payment and paid by Owner shall be proportional to the percentage of the Work completed, less payments previously made on account of Design-Builder’s Fee.

7.2 Retainage on Progress Payments.
7.2.1 The Owner will withhold retainage pursuant to RCW Chapter 60.28, and Owner shall release such retainage pursuant to state law. Pursuant to RCW Chapter 60.28, the Design-Builder may submit a bond in lieu of the retainage that the Owner would otherwise keep under the terms of this Contract and pursuant to applicable law. Any such bond submitted in lieu of retainage must be on the form approved by the Owner. In the event the Design-Builder fails at any time to pay persons protected under RCW Chapter 60.28 or the Owner has reason to believe that the Owner or other obligee under the bond has a claim against the retainage or for other good cause, the Owner may, at its option, resume retaining from monies earned by the Design-Builder in such amount as it would otherwise be entitled to retain had the bond not been accepted. Notwithstanding the Owner’s resuming such retainage, said bond shall remain in full force and effect to the extent of its penal sum, limited to the amount of retainage released to the Design-Builder. After the Design-Builder has paid protected persons or otherwise cured any default, the Owner may, at its option, again release retainage pursuant to the terms of the bond.

7.3 Final Payment. Design-Builder shall submit its Final Application for Payment to Owner in accordance with Section 6.7 of the General Conditions of Contract. Owner shall make payment on Design-Builder’s properly submitted and accurate Final Application for Payment pursuant and subject to RCW Chapter 60.28 and RCW Chapter 39.08 and all applicable laws and regulations, provided that Design-Builder has satisfied the requirements for final payment set forth in Section 6.7.2 of the General Conditions of Contract.

7.4 Interest. Payments due and unpaid by Owner to Design-Builder, whether progress payments or final payment, shall bear interest commencing five (5) days after payment is due at the rate of twelve percent (12%) per year until paid.

7.5 Record Keeping and Finance Controls. Design-Builder acknowledges that this Agreement is to be administered on an “open book” arrangement relative to Costs of the Work. Design-Builder shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management, using accounting and control systems in accordance with generally accepted accounting principles and as may be provided in the Contract Documents. During the performance of the Work and for a period of six (6) years after Final Payment, Owner, Owner’s accountants, the Washington State Department of Commerce and the Washington State Auditor shall be afforded access to, and the right to audit from time-to-time, upon reasonable notice, Design-Builder’s records, books, correspondence, receipts, subcontracts, purchase orders, vouchers, memoranda and other data relating to the Work, all of which Design-Builder shall preserve for a period of six (6) years after Final Payment. Such inspection shall take place at Design-Builder’s offices during normal business hours unless another location and time is agreed to by the parties. Any multipliers or markups agreed to by the Owner and Design-Builder as part of this Agreement are only subject to audit to confirm that such multiplier or markup has been charged in accordance with this Agreement, with the composition of such multiplier or markup not being subject to audit.

Article 8
Termination for Convenience

8.1 Upon ten (10) days’ written notice to Design-Builder, Owner may, for its convenience and without cause, elect to terminate all or a portion of this Agreement. In such event, Owner shall pay Design-Builder for the following:

8.1.1 All Work executed and for proven loss, cost or expense in connection with the Work;

8.1.2 The reasonable costs and expenses attributable to such termination, including demobilization costs and amounts due in settlement of terminated contracts with Subcontractors and Design Consultants; and
8.1.3 The fair and reasonable sums for overhead and profit on the sum of items 8.1.1 and 8.1.2 above based on Design-Builder’s Fee Percentage, provided, however, if a Fixed Fee has been established, then the Fixed Fee shall only be modified pursuant to Section 6.2.3 above.

8.2 If Owner terminates this Agreement pursuant to Section 8.1 above and proceeds to design and construct the Project through its employees, agents or third parties, Owner’s rights to use the Work Product shall be as set forth in Section 4.3 hereof. Such rights may not be transferred or assigned to others without Design-Builder’s express written consent and such third parties’ agreement to the terms of Article 4.

**Article 9**

Representatives of the Parties

9.1 Owner’s Representatives.

9.1.1 Owner designates the individual listed below as its Senior Representative (“Owner Senior Representative”), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract: *(Identify individual’s name, title, address and telephone numbers)*

9.1.2 Owner designates the individual listed below as its Owner’s Representative, which individual has the authority and responsibility set forth in Section 3.4 of the General Conditions of Contract: *(Identify individual’s name, title, address and telephone numbers)*

9.2 Design-Builder’s Representatives.

9.2.1 Design-Builder designates the individual listed below as its Senior Representative (“Design-Builder’s Senior Representative”), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract: *(Identify individual’s name, title, address and telephone numbers)*

9.2.2 Design-Builder designates the individual listed below as its Design-Builder’s Representative, which individual has the authority and responsibility set forth in Section 2.1.1 of the General Conditions of Contract: *(Identify individual’s name, title, address and telephone numbers)*
Article 10

Bonds and Insurance

10.1 Insurance. Design-Builder and Owner shall procure the insurance coverages set forth in the Insurance Exhibit attached hereto and in accordance with Article 5 of the General Conditions of Contract.

10.2 Bonds and Other Performance Security. Upon execution of this Agreement, Design-Builder shall provide a performance and a labor and material bond, pursuant to RCW Chapter 39.08, equal to one hundred percent (100%) of the Validation NTE in the form set forth as Exhibit B. Upon execution of the Validation Amendment, Design-Builder shall provide a performance and labor and material bond, pursuant to RCW Chapter 39.08, equal to one hundred percent (100%) of the Target Budget in the form set forth as Exhibit B.

Article 11

Other Provisions

11.1 Other provisions, if any, are as follows: (Insert any additional provisions)

11.2 Wages.

11.2.1 The Design-Builder and its Subcontractors, Consultants and Sub-Consultants shall pay all laborers, workmen, or mechanics employed by it or them in the performance of this Contract the applicable state prevailing wage rate required by (RCW Chapter 39.12). The schedule of prevailing wage rates for the locality or localities of the Work is determined by the Industrial Statistician of the Department of Labor and Industries. It is the Design-Builder’s responsibility to verify the applicable prevailing wage rate.

11.2.2 Before payment is made by the Owner to the Design-Builder for any Work performed by Design-Builder or any Subcontractor, Consultant or Sub-Consultant whose work is included in the application for payment, the Design-Builder shall submit, or shall have previously submitted, to the Owner a Statement of Intent to Pay Prevailing Wages, approved by the Department of Labor and Industries, certifying the rate of hourly wage paid and to be paid each classification of employees, laborers, workers, or mechanics employed for the Work by Design-Builder, Consultants, Subcontractors and Sub-Consultants. The "Statement of Intent to Pay Prevailing Wages" shall include: (1) the Design-Builder’s registration number; and (2) the prevailing wages under RCW 39.12.020 and the number of workers in each classification. Each voucher claim submitted by the Design-Builder for payment on a project estimate shall state that the prevailing wages have been paid in accordance with the prefiled statement or statements of intent to pay prevailing wages on file with the Owner.

11.2.3 Design-Builder and each Subcontractor required to pay the prevailing rate of wages shall post in a location readily visible at the job site: (1) a copy of a "Statement of Intent to Pay Prevailing Wages" approved by the industrial statistician of the Department of Labor and Industries; and (2) the address and telephone number of the industrial statistician of the Department of Labor and Industries where a complaint or inquiry concerning prevailing wages may be made.

11.2.4 Prior to release of the retainage, the Design-Builder shall submit to the Owner an Affidavit of Wages Paid, approved by the Department of Labor and Industries, for the Design-Builder and every Consultant, Sub-Consultant, and Subcontractor of any tier that performed work on the Project.
11.2.5 Disputes regarding prevailing wage rates shall be referred for arbitration to the Director of the Department of Labor and Industries. The arbitration decision shall be final and conclusive and binding on all parties involved in the dispute as provided for by RCW 39.12.060.

11.2.6 Each Application for Payment submitted by Design-Builder shall state that prevailing wages have been paid in accordance with the prefiled statement(s) of intent, as approved. Copied of the approved intent statement(s) shall be posted on the job site with the address and telephone number of the Industrial Statistician of the Department of Labor and Industries where a complaint or inquiry concerning prevailing wages may be made.

11.2.7 In compliance with WAC Chapter 296-127, Design-Builder shall pay to the Department of Labor and Industries the currently established fee(s) for each statement of intent and/or affidavit of wages paid submitted to the Department of Labor and Industries for certification.

11.2.8 Consistent with WAC 296-127-320, the Design-Builder and all Consultants, Sub-Consultants and Subcontractors shall submit a certified copy of payroll records if requested.

11.3 Hours of Labor

11.3.1 Design-Builder shall comply with applicable provisions of RCW Chapter 49.28, and such provisions are incorporated herein by reference.

11.3.2 RCW 49.28 permits entities performing public works contracts to enter into an agreement where employees work up to ten hours in a calendar day, subject to the provisions of the statute. No such agreement may provide that employees work ten-hour days for more than four calendar days a week. Any such agreement is subject to approval by the employees.

11.4 Off Site Prefabricated Items.

11.4.1 In accordance with RCW 39.04.370, Design-Builder shall submit certain information about off-site, prefabricated, nonstandard, project specific items produced under the terms of the contract and produced outside Washington as a part of the Affidavit of Wages Paid form filed with the Washington State Department of Labor and Industries.

11.5 Nondiscrimination.

11.5.1 No individual shall be excluded from participation in, denied the benefit of, subjected to discrimination under, or denied employment in the administration of or in connection with this contract because of age, sex, race, color, religion, creed, marital status, familial status, sexual orientation, national origin, honorably discharged veteran or military status, the presence of any sensory, mental or physical disability, or use of a service animal by a person with disabilities.

11.6 Business Registration Requirement.

11.6.1 Design-Builder represents and warrants that it and all of its subconsultants, subcontractors and suppliers are properly licensed to perform the work for which they are contracted and have all applicable business licenses, including but not limited to any licenses or registrations required by the State of Washington and any other regulatory authority. Design-Builder shall be solely responsible for contacting the State of Washington Business License Services at http://bls.dor.wa.gov or 1-800-451-7985 to obtain a business registration.

11.7 Contractor’s Registration Requirement.

11.7.1 Design-Builder represents and warrants that it and all of its subconsultants, subcontractors and suppliers performing construction work are properly licensed pursuant to RCW 39.06.010.

11.8 Apprenticeship Program
11.8.1 Design-Builder shall comply with the apprenticeship program set forth in RCW 39.04.320, as applicable.

In executing this Agreement, Owner and Design-Builder each individually represents that it has the necessary financial resources to fulfill its obligations under this Agreement, and each has the necessary corporate approvals to execute this Agreement, and perform the services described herein.

OWNER:                                                                 DESIGN-BUILDER:

(Name of Owner)                                                                 (Name of Design-Builder)

(Signature)                                                                 (Signature)

(Printed Name)                                                                 (Printed Name)

(Title)                                                                 (Title)

Date: __________________________________________________________________ __________________________________________________________________

Caution: An original DBIA document has this caution printed in blue. This is a printable copy and an original assures that changes will not be obscured as may occur when documents are reproduced.
STANDARD FORM OF GENERAL CONDITIONS OF PROGRESSIVE DESIGN-BUILD CONTRACT BETWEEN OWNER AND DESIGN-BUILDER
Article 1

General

1.1 Mutual Obligations

1.1.1 Owner and Design-Builder commit at all times to cooperate fully with each other, and proceed on the basis of trust and good faith, to permit each party to realize the benefits afforded under the Contract Documents.

1.1.2 Integrated Delivery: The Parties wish to fully embrace the principles of collaboration and integrated delivery in the performance of the Work of this Project. Integrated delivery emphasizes a cooperative approach to problem solving involving all key parties to the Project: the Owner, Design-Builder, Designer and principal Subcontractors (electrical, mechanical and others as the Design-Builder and the Owner jointly agree are appropriate). Toward that end, the Parties agree to employ the following techniques to maximize efficiency and minimize waste:

.1 Create a culture of open and honest communication throughout the course of the Project;
.2 Resolve disputes at the lowest possible level;
.3 Integrate the design and construction team (including key specialty contractors and trade partners) as early as possible into the design process;
.4 Utilize lean construction methods efficiently and effectively;
.5 Establish a collaborative environment where all parties have the opportunity to contribute their best efforts for the benefit of the Project as a whole rather than to the benefit of individual parties; and
.6 Establish business terms that allow for equitable shared risk and reward for the parties who are members of the Design-Build Team.

1.2 Basic Definitions

1.2.1 Agreement refers to the executed contract between Owner and Design-Builder under DBIA Document No. 530, Standard Form of Progressive Design-Build Agreement Between Owner and Design-Builder – with Cost Plus Fee and a Guaranteed Maximum Price (2010 Edition).

1.2.2 Initial Basis of Design Documents are those documents developed as a Validation Period deliverable that outline the scope of the Project and include the DBIA 530 Standard Form of Progressive Design-Build Agreement Between Owner and Design-Builder Cost plus Fee with a Guaranteed Maximum Price; the DBIA 535 Standard Form of General Conditions of Progressive Design-Build Contract, and the other documents required as a Validation Period deliverable. The Scope of Work set forth in the Initial Basis of Design Documents shall be consistent with the Commercial Terms, including but not limited to the Guaranteed Maximum Price set forth in Section

1.2.3 Commercial Terms are any terms that establish a GMP, Not to Exceed, Lump Sum, or Contract Time.

1.2.4 Construction Documents are the documents, consisting of Drawings and Specifications, to be prepared or assembled by the Design-Builder consistent with the Initial and Final Basis of Design Documents unless a deviation from the Initial or Final Basis of Design Documents (as applicable) is specifically set forth in a Change Order executed by both the Owner and Design-Builder, as part of the design review process contemplated by Section 2.4 of these General Conditions of Contract.

1.2.5 Day or Days shall mean calendar days unless otherwise specifically noted in the Contract Documents.

1.2.6 Design-Build Team is comprised of the Design-Builder, the Design Consultant, and key
Subcontractors identified by the Design-Builder.

1.2.7 **Design Consultant** is a qualified, design professional licensed in the State of Washington who is not an employee of Design-Builder, but is retained by Design-Builder, or employed or retained by anyone under contract with Design-Builder, to furnish design services required under the Contract Documents. A Design Sub-Consultant is a qualified, licensed design professional who is not an employee of the Design Consultant, but is retained by the Design Consultant or employed or retained by anyone under contract to Design Consultant, to furnish design services required under the Contract Documents.

1.2.8 **Design Log** is a log of Reliable Design Decisions agreed upon by the parties. The Design Log supplements the Initial and Final Basis of Design Documents, as applicable.

1.2.9 **Design Submission** is a drawing, mock up, or other representation of the design created by the Design-Builder and provided to the Owner as part of the Design Services of this Agreement.

1.2.10 **Final Basis of Design Documents** are the documents agreed upon in the GMP Amendment by the Owner and Design-Builder at the conclusion of the GMP Development Period that comprise the performance and other requirements of the Project.

1.2.11 **Final Completion** is the date on which all Work is complete in accordance with the Contract Documents, including but not limited to, any items identified in the punch list prepared under Section 6.6.1 and the submission of all documents set forth in Section 6.7.2.

1.2.12 **Force Majeure Events** are those events that are beyond the control of both Design-Builder and Owner, including the events of war, floods, labor disputes, earthquakes, epidemics, adverse weather conditions not reasonably anticipated, and other acts of God.


1.2.14 **GMP Amendment** means an amendment to the Agreement entered into the parties at the conclusion of the GMP Development Period that establishes the Final Basis of Design Documents, the GMP, the Project Schedule and other terms agreed to by the parties.

1.2.15 **GMP Development Period** is the second phase of the Contract when the Design-Builder engages in consultation with the Owner and other stakeholders to develop the design, budget and schedule to a sufficient extent to allow the Design-Builder to submit a GMP Proposal. At the conclusion of the GMP Development Period, the Design-Builder shall submit the deliverables set forth in the Validation Amendment.

1.2.16 **GMP Proposal** means that proposal developed by Design-Builder in accordance with Section 6.6 of DBIA Document No. 530, *Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee With a Guaranteed Maximum Price*.

1.2.17 **Hazardous Conditions** are any materials, wastes, substances and chemicals deemed to be hazardous under applicable Legal Requirements, or the handling, storage, remediation, or disposal of which are regulated by applicable Legal Requirements.

1.2.18 **Legal Requirements** are all applicable federal, state and local laws, codes, ordinances, rules, regulations, orders and decrees of any government or quasi-government entity having jurisdiction over the Project or Site, the practices involved in the Project or Site, or any Work.

1.2.19 **Project Schedule** is the schedule provided by the Design-Builder pursuant to Section 2.1.3 of the General Conditions.

1.2.20 **Reliable Design Decision** is a decision, development, or election that refines the Initial
Basis of Design Documents or Final Basis of Design Documents, that is approved by the Owner and that is set forth in the Design Log. A Reliable Design Decision cannot change the Initial Basis of Design Documents or Final Basis of Design Documents but shall instead constitute a further development or refinement of the design for the Project with which all subsequent design, development and Construction Documents shall be consistent.

1.2.21 *Site* is the land or premises on which the Project is located.

1.2.22 *Subcontractor* is any person or entity retained by Design-Builder as an independent contractor to perform a portion of the Work and shall include Design Consultants, materialmen, and suppliers.

1.2.23 *Sub-Subcontractor* is any person or entity retained by a Subcontractor as an independent contractor to perform any portion of a Subcontractor’s Work and shall include Design Sub-Consultants, materialmen, and suppliers.

1.2.24 *Substantial Completion* or *Substantially Complete* means the date on which the Work, or an Interim Milestone Date, is sufficiently complete in accordance with the Contract Documents so that Owner can occupy and use the Project or a portion thereof for its intended purposes without compromising the building operation (including materially increasing operating expenses) or the user’s ability to reasonably use all parts of the Project.

1.2.25 *Trend* is an issue identified in the Trend Log.

1.2.26 *Trend Log* is a log of issues that have been identified by the Design-Builder or the Owner during the design process that may cause any Commercial Term to be modified or cause the Contract Time to be exceeded.

1.2.27 *Validation Period* is the second period in the Project. The purpose of the Validation Period is for the Design-Builder to conduct the Work described in Section 2.11.2.

1.2.28 *Validation Period Amendment* means an amendment to the Agreement entered into the parties at the conclusion of the Validation Period that establishes the Initial Basis of Design Documents, the Target Budget, the Target Project Schedule and other terms agreed to by the parties.

1.2.29 *Work* shall mean the services, design and construction to be completed by the Design-Builder under the terms of this Contract. Work specifically includes the furnishing of all services, labor, materials, equipment, and all incidentals necessary to the successful completion of the services, design and construction, whether expressly required by or reasonably inferable from the Contract Documents, whether they are temporary or permanent, and whether they are incorporated into the finished Work or not. Work also includes all other obligations imposed on the Design-Builder by the Contract. The Work is sometimes generally referred to as the "Project."

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**Article 2**

**Design-Builder’s Services and Responsibilities**

2.1 General Services.

2.1.1 Design-Builder’s Representative shall be reasonably available to Owner and shall have the necessary expertise and experience required to supervise the Work. Design-Builder’s Representative shall communicate regularly with Owner and shall be vested with the authority to act on behalf of Design-Builder. Design-Builder’s Representative may be replaced only with the mutual agreement of Owner and Design-Builder.
2.1.2 Design-Builder shall provide Owner with a monthly status report detailing the progress of the Work, including (i) whether the Work is proceeding according to schedule, (ii) whether discrepancies, conflicts, or ambiguities exist in the Contract Documents that require resolution, (iii) whether health and safety issues exist in connection with the Work; (iv) status of the contingency account to the extent provided for in the Agreement; and (v) other items that require resolution so as not to jeopardize Design-Builder’s ability to complete the Work for the Contract Price and within the Contract Time(s). Status reports shall be submitted with the Design-Builder’s draft Payment Applications as a pre-requisite to payment.

2.1.3 Design-Builder shall prepare and submit, at least three (3) days prior to the meeting contemplated by Section 2.1.4 hereof, the Project Schedule for the execution of the Validation Period for Owner’s review and response. The Project Schedule shall indicate the dates for the start and completion of the various stages of Work, including the dates when Owner information and approvals are required to enable Design-Builder to achieve the Contract Time(s). The schedule shall be revised as required by conditions and progress of the Work, but such revisions shall not relieve Design-Builder of its obligations to complete the Work within the Contract Time(s), as such dates may be adjusted in accordance with the Contract Documents. Owner’s review of, and response to, the schedule shall not be construed as relieving Design-Builder of its complete and exclusive control over the means, methods, sequences and techniques for executing the Work.

2.1.4 The parties will meet within seven (7) days after execution of the Agreement to discuss issues affecting the administration of the Work and to implement the necessary procedures, including those relating to submittals and payment, to facilitate the ability of the parties to perform their obligations under the Contract Documents.

2.1.5 The Design-Build Team, which at a minimum shall consist of the Design-Builder’s Representative and a representative from the lead designer and lead constructor, shall meet with the Owner at least on a weekly basis and shall provide to the Owner a written update regarding the status of the Project, including but not limited to the following information: any updates to the Project Schedule, status of any changes or potential changes to the Initial and/or Final Basis of Design Documents or the Project Schedule, progress of the design, and any issues that may have a material effect on the Project. The Design-Build Team shall issue meeting minutes within three days of meeting.

2.2 Design Professional Services.

2.2.1 Design-Builder shall, consistent with applicable state licensing laws, provide through qualified, licensed design professionals employed by Design-Builder, or procured from qualified, independent licensed Design Consultants, the necessary design services, including architectural, engineering and other design professional services, for the preparation of the required drawings, specifications and other design submittals to permit Design-Builder to complete the Work consistent with the Contract Documents. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Design Consultant. Design-Builder shall provide to Owner a list of all Design Consultants and Design Sub-Consultants who will perform material portions of the Work. “Material portions of the Work” shall, at a minimum, include the civil, landscape, architectural, structural, mechanical, electrical, and plumbing design. Design-Builder shall not substitute a listed Design Consultant or Sub-Consultant without obtaining Owner’s prior written consent, such consent shall not be unreasonably withheld. The Contract Documents shall not be construed to create a contractual relationship of any kind between Owner and any Design Consultant or Subconsultant of any tier.

2.3 Standard of Care for Design Professional Services.

2.3.1 The standard of care for all design professional services performed to execute the Work shall be the care and skill ordinarily used by members of the design profession practicing under similar conditions at the same time and locality of the Project. The Design-Builder shall also perform
the design and construction so that the Work meets or exceeds the performance requirements set forth in the Owner's Program.

2.4 Design Development Services.

2.4.1 Design-Builder and Owner shall, consistent with any applicable provision of the Contract Documents, agree upon any interim design submissions that Owner may wish to review, which interim design submissions may include design criteria, drawings, diagrams and specifications setting forth the Project requirements.

.1 Interim and final design submissions shall be consistent with the Initial and Final Basis of Design Documents, as the Basis of Design Documents may have been changed through the design process set forth in this Section 2.4.1, as well as the Commercial Terms. By submitting a design submission, the Design-Builder represents to the Owner that the design submission may be constructed for the then current Initial or Final Basis of Design Documents (as applicable) and the Commercial Terms. Notwithstanding the above, Design-Builder may propose designs that may alter the Initial or Final Basis of Design Documents, the Commercial Terms; however, Design-Builder must provide notice thereof in accordance with Article 9.

.2 On or about the time of the scheduled submissions, Design-Builder and Owner shall meet and confer about the submissions, with Design-Builder identifying during such meetings, among other things, the evolution of the design and any changes to the Initial or Final Basis of Design Documents, or, if applicable, previously submitted design submissions.

.3 The Owner shall review and comment on such Design Submissions, providing any comments and/or concerns about such Design Submissions. The Owner shall provide all comments on the Design Submissions within the time provided by the Schedule. The Design-Builder shall revise the Design Submissions (and any other deliverables) in response to the Owner's comments, and incorporate said responses into the next Design Submission.

.4 If incorporation of the Owner's comments result in a design that is inconsistent with the Initial or Final Basis of Design Documents or otherwise give rise to a change in the Initial or Final Basis of Design Documents, or the Commercial Terms, the Design-Builder shall provide notice thereof in accordance with Article 9. Changes to the Initial or Final Basis of Design Documents, including those that are deemed minor changes under Section 9.3.1, shall be processed in accordance with Article 9.

.5 The Design-Builder shall provide an updated cost model for the Project periodically as agreed by Owner throughout the Work. The cost model will be based on a detailed labor and material type cost estimate for the GMP and other Commercial Terms, consistent with Association for the Advancement of Cost Engineering (AACE) practices. The cost model shall be organized by CSI division listing all materials, equipment, and systems necessary to construct the facilities. The Design-Builder shall also schedule and facilitate a one-day review meeting with the Owner to present and summarize changes in the Design Submission, changes to the scheduled Milestone dates and present an overview of cost model.

.6 Design Log. A Design Log, including a full listing of Reliable Design Decisions and all changes to the Initial and Final Basis of Design Documents, will be maintained by the Design-Builder and provided to all attendees for review.

   a. The Design Log shall be updated after every Design Review Meeting, and in any case, on a weekly basis.
b. Once a Reliable Design Decision in the Design Log is approved in writing by the Owner, it shall be binding on the Design-Builder as if set forth in the Interim or Final Basis of Design Documents.

c. The Design Log is for the sole purpose of tracking the development of the Design Submissions. If a Reliable Design Decision will cause a change in the Interim or Final Basis of Design Decisions, or any of the Commercial Terms, such changes must be processed pursuant to Article 9.

.7 Trend Log. If the Design-Builder does not know the extent to which a Design Submission will alter a Commercial Term, the Design-Builder shall request in writing for the Owner to agree to identify the Trend in the Trend Log.

a. The request to include a Trend in the Trend Log must include the following information:

i. Identification of the portion of the Design Submission for which the costs are uncertain and may cause any Commercial Term to be exceeded;

ii. The estimated change in the applicable Commercial Term; and

iii. Potential impacts or changes to the Initial or Final Basis of Design Documents as a result of the Trend.

b. The Design-Builder must obtain the Owner’s consent to include the Trend in the Trend Log. The Design-Builder will track the Trend on the Trend Log, and the Trend Log shall be updated with the most recent information on a weekly basis.

c. The parties will work collaboratively to resolve Trends in the Trend Log as quickly as possible. When a Trend in the Log is resolved and the resolution changes the Initial or Final Basis of Design Documents and/or any Commercial Term, the resolution shall be memorialized in a Change Order.

2.4.2 Design-Builder shall submit to Owner Construction Documents setting forth in detail drawings and specifications describing the requirements for construction of the Work. The Construction Documents shall be consistent with the latest set of interim design submissions, as such submissions may have been modified in a design review meeting and recorded as set forth above. The parties shall have a design review meeting to discuss, and Owner shall review and approve, the Construction Documents in accordance with the procedures set forth in Section 2.4.1 above. Design-Builder shall proceed with construction in accordance with the approved Construction Documents and shall submit one set of approved Construction Documents to Owner prior to commencement of construction.

2.4.3 Owner’s review and approval of interim design submissions, meeting minutes, the Design Log, the Trend Log, and the Construction Documents is for the purpose of mutually establishing a conformed set of Contract Documents compatible with the requirements of the Work. Neither Owner’s review nor approval of any interim design submissions, meeting minutes, the Design Log, the Trend Log and Construction Documents shall be deemed to transfer any design liability from Design-Builder to Owner. Design-Builder shall provide Owner with sufficient time in the Project Schedule to review and approve the design submissions, such time period shall not be less than one (1) week.

2.4.4 To the extent not prohibited by the Contract Documents or Legal Requirements, Design-Builder may prepare interim design submissions and Construction Documents for a portion of the Work to permit construction to proceed on that portion of the Work prior to completion of the Construction Documents for the entire Work.

2.5 Legal Requirements.

2.5.1 Design-Builder shall perform the Work in accordance with all Legal Requirements and shall
provide all notices applicable to the Work as required by the Legal Requirements.

2.5.2 The Commercial Terms shall be adjusted to compensate Design-Builder for the effects of any changes in the Legal Requirements enacted after the date the parties agree upon the Commercial Term. Such effects may include, without limitation, revisions Design-Builder is required to make to the Construction Documents because of changes in Legal Requirements.

2.6 Government Approvals and Permits.

2.6.1 Except as identified in an Owner's Permit List attached as an exhibit to the Agreement, Design-Builder shall obtain and pay for all necessary permits, approvals, licenses, government charges and inspection fees required for the prosecution of the Work by any government or quasi-government entity having jurisdiction over the Project.

2.6.2 Design-Builder shall provide reasonable assistance to Owner in obtaining those permits, approvals and licenses that are Owner's responsibility.

2.7 Design-Builder's Construction Phase Services.

2.7.1 Unless otherwise provided in the Contract Documents to be the responsibility of Owner or a separate contractor, Design-Builder shall provide through itself or Subcontractors the necessary supervision, labor, inspection, testing, start-up, material, equipment, machinery, temporary utilities and other temporary facilities to permit Design-Builder to complete construction of the Project consistent with the Contract Documents.

2.7.2 Design-Builder shall perform all construction activities efficiently and with the requisite expertise, skill and competence to satisfy the requirements of the Contract Documents. Design-Builder shall at all times exercise complete and exclusive control over the means, methods, sequences and techniques of construction.

2.7.3 Design-Builder shall employ only Subcontractors who are duly licensed and qualified to perform the Work consistent with the Contract Documents. Design-Builder shall, prior to the start of construction, provide Owner with a list of all Subcontractors performing the construction work to Owner. To the extent that the Design-Builder has not selected a Subcontractor prior to performing the construction work, Design-Builder shall inform Owner in writing of the scope of work that has not been subcontracted and provide Owner a list of any subsequently added Subcontractors prior to the Subcontractor performing Work on the Project. Owner may reasonably object to Design-Builder’s selection of any Subcontractor, provided that the Contract Price and/or Contract Time(s) shall be adjusted to the extent that Owner’s decision impacts Design-Builder’s cost and/or time of performance. Design-Builder may not substitute listed Subcontractors without Owner’s prior consent; such consent shall not be unreasonably withheld. The Contract Documents shall not be construed to create a contractual relationship of any kind between Owner and any Subcontractor of any tier.

2.7.4 Design-Builder assumes responsibility to Owner for the proper performance of the Work of Subcontractors and any acts and omissions in connection with such performance. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Subcontractor or Sub-Subcontractor, including but not limited to any third-party beneficiary rights.

2.7.5 Design-Builder shall coordinate the activities of all Subcontractors. If Owner performs other work on the Project or at the Site with separate contractors under Owner’s control, Design-Builder agrees to reasonably cooperate and coordinate its activities with those of such separate contractors so that the Project can be completed in an orderly and coordinated manner without unreasonable disruption.

2.7.6 Design-Builder shall keep the Site reasonably free from debris, trash and construction
wastes to permit Design-Builder to perform its construction services efficiently, safely and without interfering with the use of adjacent land areas. Upon Substantial Completion of the Work, or a portion of the Work, Design-Builder shall remove all debris, trash, construction wastes, materials, equipment, machinery and tools arising from the Work or applicable portions thereof to permit Owner to occupy the Project or a portion of the Project for its intended use.

2.8 Design-Builder’s Responsibility for Project Safety.

2.8.1 Design-Builder recognizes the importance of performing the Work in a safe manner so as to prevent damage, injury or loss to (i) all individuals at the Site, whether working or visiting, (ii) the Work, including materials and equipment incorporated into the Work or stored on-Site or off-Site, and (iii) all other property at the Site or adjacent thereto. Design-Builder assumes responsibility for implementing and monitoring all safety precautions and programs related to the performance of the Work. Design-Builder shall, prior to commencing construction, designate a Safety Representative with the necessary qualifications and experience to supervise the implementation and monitoring of all safety precautions and programs related to the Work. Unless otherwise required by the Contract Documents, Design-Builder’s Safety Representative shall be an individual stationed at the Site who may have responsibilities on the Project in addition to safety. The Safety Representative shall make routine daily inspections of the Site and shall hold weekly safety meetings with Design-Builder’s personnel, Subcontractors and others as applicable.

2.8.2 Design-Builder and Subcontractors shall comply with all Legal Requirements relating to safety, as well as any Owner-specific safety requirements set forth in the Contract Documents, provided that such Owner-specific requirements do not violate any applicable Legal Requirement. Design-Builder will immediately report in writing any safety-related injury, loss, damage or accident arising from the Work to Owner’s Representative and, to the extent mandated by Legal Requirements, to all government or quasi-government authorities having jurisdiction over safety-related matters involving the Project or the Work.

2.8.3 Design-Builder’s responsibility for safety under this Section 2.8 is not intended in any way to relieve Subcontractors and Sub-Subcontractors of their own contractual and legal obligations and responsibility for (i) complying with all Legal Requirements, including those related to health and safety matters, and (ii) taking all necessary measures to implement and monitor all safety precautions and programs to guard against injuries, losses, damages or accidents resulting from their performance of the Work.

2.9 Design-Builder’s Warranty.

2.9.1 Design-Builder warrants to Owner that the construction, including all materials and equipment furnished as part of the construction, shall be new unless otherwise specified in the Contract Documents, of good quality, in conformance with the Contract Documents and free of defects in materials and workmanship. Design-Builder’s warranty obligation excludes defects caused by abuse, alterations, or failure to maintain the Work in a commercially reasonable manner. Nothing in this warranty is intended to limit any manufacturer’s warranty which provides Owner with greater warranty rights than set forth in this Section 2.9 or the Contract Documents. Design-Builder will provide Owner with all manufacturers’ warranties upon Substantial Completion.

2.10 Correction of Defective Work.

2.10.1 Design-Builder agrees to correct any Work that is found to not be in conformance with the Contract Documents, including that part of the Work subject to Section 2.9 hereof, within a period of one year from the date of Substantial Completion of the Work or any portion of the Work, or within such longer period to the extent required by any specific warranty included in the Contract Documents.

2.10.2 Design-Builder shall, within seven (7) days of receipt of written notice from Owner that the Work is not in conformance with the Contract Documents, take meaningful steps to commence
correction of such nonconforming Work, including the correction, removal or replacement of the 
nonconforming Work and any damage caused to other parts of the Work affected by the 
nonconforming Work. If Design-Builder fails to commence the necessary steps within such seven 
(7) day period, Owner, in addition to any other remedies provided under the Contract Documents, 
may provide Design-Builder with written notice that Owner will commence correction of such 
nonconforming Work with its own forces. If Owner does perform such corrective Work, Design- 
Builder shall be responsible for all reasonable costs incurred by Owner in performing such 
correction. If the nonconforming Work creates an emergency requiring an immediate response, the 
seven (7) day period identified herein shall be deemed inapplicable.

2.10.3 The one-year period referenced in Section 2.10.1 above applies only to Design-Builder’s 
obligation to correct nonconforming Work and is not intended to constitute a period of limitations 
for any other rights or remedies Owner may have regarding Design-Builder’s other obligations 
under the Contract Documents.

2.11 Contract Phases

2.11.1 Validation Period. The Validation Period shall commence upon Notice to Proceed from 
the Owner and shall end on the Validation Period Completion Date as set forth in DBIA Document 
530, Section 5.2. The services provided by the Design-Builder during the Validation Period shall 
be established in Exhibit C.

.1 In the Validation Period, the Design-Builder shall carefully and thoroughly examine 
the information set forth in Exhibit C, the existing site conditions, and any other information 
provided by the Owner with respect to the Project. Such information includes, but is not 
limited to, as-built drawings of the existing facilities; necessary testing of existing facilities; 
geotechnical and other site conditions; and legal, permitting and regulatory requirements 
and restrictions

.2 The Design-Builder may not rely on information provided by the Owner and must 
validate all information provided by the Owner during the Validation Period as set forth in 
Exhibit C. Notwithstanding the above, the parties recognize that the Design-Builder relied 
on the information set forth in the Request for Proposals to establish the Validation Period 
NTE, and if the actual conditions differ materially from the information set forth in the RFP, 
then the Design-Builder shall provide Notice thereof and may be entitled to an equitable 
adjustment in the Validation Period NTE, provided that the Design-Builder meets the 
requirements in Section 4.2.1 of the General Conditions.

.3 The Design-Builder and the Owner shall, consistent with any applicable provision 
of the Contract Documents and during the Validation Period, agree upon the quantity and 
level of development for Design Submissions that the Owner may wish to review, which 
Design Submissions may include Milestone Design Submissions, design criteria, drawings, 
diagrams and specifications setting forth the Project requirements. Design Submissions 
shall be consistent with the GMP and the information set forth in the RFP, as they may 
develop through the design process set forth in the Contract Documents.

.4 Design-Builder must verify the information set forth in Exhibit C by the conclusion 
of the Validation Period. The extent to which such verification will occur in the Validation 
Period shall be set forth in Exhibit C. If the Design-Builder discovers or should have 
discovered with reasonable diligence material differences from the actual conditions and 
the information provided in Exhibit C, Design-Builder shall, at the conclusion of the 
Validation Period, provide Owner with written notice of any such material differences. A 
“Material Difference” is defined as one that would either a) impact the Initial Basis of Design 
Documents or Design-Builder’s Fee or b) be considered a Differing Site Condition pursuant 
to Section 4.2.1 of the General Conditions. Design-Builder shall not be entitled to a Change 
Order for Differing Site Conditions pursuant to Section 4.2.1(i) of the General Conditions if 
the Differing Site Condition could have been discovered, with reasonable diligence, during
the Validation Period.

.5 At the conclusion of the Validation Period, the Design-Builder will submit a Validation Amendment Proposal pursuant to Section 6.6.2 of the Agreement. The parties will negotiate the Final terms of the Validation Amendment Proposal, and if the parties agree, they will enter into the Validation Amendment. Upon execution of the Validation Amendment, the Design-Builder shall provide a payment and performance bond for the amount of the Target Budget.

.6 The Initial Basis of Design Documents submitted with the Validation Proposal will be developed collaboratively with the Owner. Unless otherwise agreed to in writing by the Owner, the Initial Basis of Design Documents shall include the following:

- Schematic drawings;
- Concept floor plan and elevations;
- Equipment cut sheets for major systems;
- Site plan;
- Design and construction phasing plan;
- Subcontractor procurement plan; and
- Stakeholder engagement plan

.7 If the Design-Builder performs Work after the submission of the Validation Amendment Proposal but before the parties enter into the Validation Amendment pursuant to Section 6.6.2 of the Agreement, the Design-Builder shall be entitled to be paid in the same manner as it was paid during the Validation Period; however, in no case shall the Design-Builder be entitled to be paid in excess of the Validation NTE.

2.11.2 GMP Development Period. The GMP Development Period shall commence and end pursuant to the schedule set forth in the Validation Amendment. The services provided by the Design-Builder during the Validation Period shall be established in the Validation Amendment.

.1 In the GMP Development Period, the Design-Builder shall, in collaboration with the Owner, further develop the Final Basis of Design Documents, including but not limited to the plans and specifications for the Project, the Final GMP, and the Final Project Schedule. The scope of the GMP Development Period shall be set forth in the Validation Amendment.

.2 The Design-Builder and the Owner shall, consistent with any applicable provision of the Contract Documents and during the GMP Development Period, agree upon the quantity and level of development for Design Submissions that the Owner may wish to review, which Design Submissions may include Milestone Design Submissions, design criteria, drawings, diagrams and specifications setting forth the Project requirements. Design Submissions shall be consistent with the GMP and the information set forth in the RFP, as they may develop through the design process set forth in the Contract Documents.

.3 At the conclusion of the GMP Development Period, the Design-Builder will submit a GMP Proposal pursuant to Section 6.6.2 of the Agreement. The parties will negotiate the Final terms of the GMP Proposal, and if the parties agree, they will enter into the GMP Amendment.

.4 If the Design-Builder performs Work after the submission of the GMP Proposal but before the parties enter into the GMP Amendment pursuant to Section 6.6.2 of the Agreement, the Design-Builder shall be entitled to be paid in the same manner as it was paid during the GMP Development Period; however, in no case shall the Design-Builder be entitled to be paid in excess of the GMP Development NTE.
2.11.3 Post GMP Period. The Post GMP Period is the final phase of the Contract where the Design-Builder: (i) completes the design services and develops Construction Documents for the Project, (ii) performs the construction, start-up, testing and commissioning and closeout of the Project, and (iii) undertakes any necessary warranty services for the Project.

Article 3
Owner’s Services and Responsibilities

3.1 Duty to Cooperate.

3.1.1 Owner shall, throughout the performance of the Work, cooperate with Design-Builder and perform its responsibilities, obligations and services in a timely manner to facilitate Design-Builder’s timely and efficient performance of the Work and so as not to delay or interfere with Design-Builder’s performance of its obligations under the Contract Documents.

3.1.2 Owner shall provide timely reviews and approvals of interim design submissions and Construction Documents consistent with the turnaround times set forth in Design-Builder’s schedule.

3.1.3 Owner shall give Design-Builder timely notice of any Work that Owner notices to be defective or not in compliance with the Contract Documents.

3.2 Furnishing of Services and Information.

3.2.1 Not Used.

3.2.2 Owner is responsible for securing and executing all necessary agreements with adjacent land or property owners that are necessary to enable Design-Builder to perform the Work. Owner is further responsible for all costs, including attorneys’ fees, incurred in securing these necessary agreements.

3.3 Financial Information.

3.3.1 If Design-Builder has reasonable belief that Owner will not have sufficient funds to complete the Project, at Design-Builder’s written request, Owner shall promptly furnish reasonable evidence satisfactory to Design-Builder that Owner has adequate funds available and committed to fulfill all of Owner’s contractual obligations under the Contract Documents. If Owner fails to furnish such financial information in a timely manner, Design-Builder may stop Work under Section 11.3 hereof or exercise any other right permitted under the Contract Documents.

3.3.2 Design-Builder shall cooperate with the reasonable requirements of Owner’s lenders or other financial sources. Notwithstanding the preceding sentence, after execution of the Agreement Design-Builder shall have no obligation to execute for Owner or Owner’s lenders or other financial sources any documents or agreements that require Design-Builder to assume obligations or responsibilities greater than those existing obligations Design-Builder has under the Contract Documents.

3.4 Owner’s Representative.

3.4.1 Owner’s Representative shall be responsible for providing Owner-supplied information and approvals in a timely manner to permit Design-Builder to fulfill its obligations under the Contract Documents. Owner’s Representative shall also provide Design-Builder with prompt notice if it
observes any failure on the part of Design-Builder to fulfill its contractual obligations, including any errors, omissions or defects in the performance of the Work. Owner’s Representative shall communicate regularly with Design-Builder and shall be vested with the authority to act on behalf of Owner.

3.5 Government Approvals and Permits.

3.5.1 Owner shall obtain and pay for all necessary permits, approvals, licenses, government charges and inspection fees set forth in Section 2.6.1.

3.5.2 Owner shall provide reasonable assistance to Design-Builder in obtaining those permits, approvals and licenses that are Design-Builder’s responsibility.

3.6 Owner’s Separate Contractors.

3.6.1 Owner is responsible for all work performed on the Project or at the Site by separate contractors under Owner’s control. Owner shall contractually require its separate contractors to cooperate with, and coordinate their activities so as not to interfere with, Design-Builder in order to enable Design-Builder to timely complete the Work consistent with the Contract Documents.

Article 4

Hazardous Conditions and Differing Site Conditions

4.1 Hazardous Conditions.

4.1.1 Unless otherwise expressly provided in the Contract Documents to be part of the Work, Design-Builder is not responsible for any Hazardous Conditions encountered at the Site that could have been reasonably discovered during the Validation Period. Unless working with such Hazardous Condition is part of the scope of the Work, upon encountering any Hazardous Conditions, Design-Builder will stop Work immediately in the affected area and duly notify Owner and, if required by Legal Requirements, all government or quasi-government entities with jurisdiction over the Project or Site.

4.1.2 Upon receiving notice of the presence of suspected Hazardous Conditions that are not set forth as part of the Work or that could not have been reasonably discovered during the Validation Period, Owner shall take the necessary measures required to ensure that the Hazardous Conditions are remediated or rendered harmless. Such necessary measures shall include Owner retaining qualified independent experts to (i) ascertain whether Hazardous Conditions have actually been encountered, and, if they have been encountered, (ii) prescribe the remedial measures that Owner must take either to remove the Hazardous Conditions or render the Hazardous Conditions harmless.

4.1.3 Design-Builder shall be obligated to resume Work at the affected area of the Project only after Owner’s expert provides it with written certification that (i) the Hazardous Conditions have been removed or rendered harmless and (ii) all necessary approvals have been obtained from all government and quasi-government entities with jurisdiction over the Project or Site.

4.1.4 Unless expressly provided in the Contract Documents to be part of the Work, Design-Builder will be entitled, in accordance with these General Conditions of Contract, to an adjustment in its Contract Price and/or Contract Time(s) to the extent Design-Builder’s cost and/or time of performance have been adversely impacted by the presence of Hazardous Conditions.

4.1.5 To the fullest extent permitted by law, Owner shall indemnify, defend and hold harmless
Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them, and their officers, directors, employees and agents, from and against any and all claims, losses, damages, liabilities and expenses, including reasonable attorneys’ fees and expenses, arising out of or resulting from the presence, removal or remediation of Hazardous Conditions at the Site pursuant to this Section.

4.1.6 Notwithstanding the preceding provisions of this Section 4.1, Owner is not responsible for Hazardous Conditions introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable. To the fullest extent permitted by law, Design-Builder shall indemnify, defend and hold harmless Owner and Owner’s officers, directors, employees and agents from and against all claims, losses, damages, liabilities and expenses, including attorneys’ fees and expenses, arising out of or resulting from those Hazardous Conditions introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable.

4.1.7 With respect to Hazardous Conditions that are part of the Work, Design-Builder agrees to comply with all applicable regulatory authorities, including but not limited to any statute, regulation or regulatory agency regarding such Hazardous Conditions. Design-Builder agrees to work cooperatively with Owner and regulatory agencies with jurisdiction over the Project to properly handle, dispose of, and/or remediate any Hazardous Conditions.

4.2 Differing Site Conditions.

4.2.1 Concealed or latent physical conditions or subsurface conditions at the Site that (i) materially differ from the conditions indicated in Exhibit C or (ii) are of an unusual nature, differing materially from the conditions ordinarily encountered and generally recognized as inherent in the Work are collectively referred to herein as “Differing Site Conditions.” If Design-Builder encounters a Differing Site Condition, Design-Builder will be entitled to an adjustment in the applicable Commercial Term to the extent Design-Builder’s cost and/or time of performance are adversely impacted by the Differing Site Condition. Notwithstanding the above, provided the parties sign the Validation Amendment, Design-Builder shall not be entitled to a Change Order for Differing Site Conditions pursuant to Section 4.2.1(i) of the General Conditions if the Differing Site Condition could have been discovered, with reasonable diligence, during the Validation Period.

4.2.2 Upon encountering a Differing Site Condition, Design-Builder shall provide prompt written notice to Owner of such condition, which notice shall not be later than fourteen (14) days after such condition has been encountered. Design-Builder shall, to the extent reasonably possible, provide such notice before the Differing Site Condition has been substantially disturbed or altered. Design-Builder and Owner shall work together cooperatively to determine the appropriate course of action regarding any Differing Site Condition.

Article 5

Insurance and Bonds

5.1 Design-Builder’s Insurance Requirements.

5.1.1 Design-Builder is responsible for procuring and maintaining the insurance for the coverage amounts all as set forth in the Insurance Exhibit to the Agreement. Coverage shall be secured from insurance companies authorized to do business in the state in which the Project is located, and with a minimum rating set forth in the Agreement.

5.1.2 Design-Builder’s insurance shall specifically delete any design-build or similar exclusions that could compromise coverages because of the design-build delivery of the Project.

5.1.3 Upon signing and returning the signed Agreement to the Owner, and in any event, prior to
performing any Work under this Agreement, Design-Builder shall provide Owner with certificates evidencing that (i) all insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect for the duration required by the Contract Documents and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Owner. If any of the foregoing insurance coverages are required to remain in force after final payment are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the Final Application for Payment. If any information concerning reduction of coverage is not furnished by the insurer, it shall be furnished by the Design-Builder with reasonable promptness according to the Design-Builder’s information and belief.

5.2 Owner’s Liability Insurance.

5.2.1 Owner shall procure and maintain from insurance companies authorized to do business in the state in which the Project is located such liability insurance as set forth in the Insurance Exhibit to the Agreement to protect Owner from claims which may arise from the performance of Owner’s obligations under the Contract Documents or Owner’s conduct during the course of the Project.

5.3 Owner’s Property Insurance.

5.3.1 Unless otherwise provided in the Contract Documents, Owner shall procure and maintain from insurance companies authorized to do business in the state in which the Project is located property insurance upon the entire Project to the full insurable value of the Project, including professional fees, overtime premiums and all other expenses incurred to replace or repair the insured property. The property insurance obtained by Owner shall be the broadest coverage commercially available, and shall include as additional insureds the interests of Owner, Design-Builder, Design Consultants and Subcontractors of any tier. Such insurance shall include but not be limited to the perils of fire and extended coverage, theft, vandalism, malicious mischief, collapse, flood, earthquake, debris removal and other perils or causes of loss as called for in the Contract Documents. The property insurance shall include physical loss or damage to the Work, including materials and equipment in transit, at the Site or at another location as may be indicated in Design-Builder’s Application for Payment and approved by Owner. The Owner is responsible for the payment of any deductibles under the insurance required by this Section 5.3.1.

5.3.2 Unless the Contract Documents provide otherwise, Owner shall procure and maintain boiler and machinery insurance that will include the interests of Owner, Design-Builder, Design Consultants, and Subcontractors of any tier. The Owner is responsible for the payment of any deductibles under the insurance required by this Section 5.3.2.

5.3.3 Prior to Design-Builder commencing any Work, Owner shall provide Design-Builder with certificates evidencing that (i) all Owner’s insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect until Design-Builder has completed all of the Work and has received final payment from Owner and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Design-Builder. Owner’s property insurance shall not lapse or be canceled if Owner occupies a portion of the Work pursuant to Section 6.6.3 hereof. Owner shall provide Design-Builder with the necessary endorsements from the insurance company prior to occupying a portion of the Work.

5.3.4 Any loss covered under Owner’s property insurance shall be adjusted with Owner and Design-Builder and made payable to both of them as trustees for the insureds as their interests may appear, subject to any applicable mortgage clause. All insurance proceeds received as a result of any loss will be placed in a separate account and distributed in accordance with such agreement as the interested parties may reach. Any disagreement concerning the distribution of any proceeds will be resolved in accordance with Article 10 hereof.

5.3.5 Owner and Design-Builder waive against each other and Owner’s separate contractors,
Design Consultants, Subcontractors, agents and employees of each and all of them, all damages covered by property insurance provided herein, except such rights as they may have to the proceeds of such insurance. Design-Builder and Owner shall, where appropriate, require similar waivers of subrogation from Owner’s separate contractors, Design Consultants and Subcontractors and shall require each of them to include similar waivers in their contracts. These waivers of subrogation shall not contain any restriction or limitation that will impair the full and complete extent of its applicability to any person or entity unless agreed to in writing prior to the execution of this Agreement.

**Article 6**

**Payment**

6.1 **Schedule of Values.**

6.1.1 Unless required by the Owner upon execution of this Agreement, within ninety (90) days of execution of the Agreement, Design-Builder shall submit for Owner's review and approval a preliminary schedule of values for all of the Work. The Schedule of Values will (i) subdivide the Work into its respective parts, (ii) include values for all items comprising the Work and (iii) serve as the basis for monthly progress payments made to Design-Builder throughout the Work. Design-Builder will furnish, as part of the Schedule of Values, adequate and reliable cost justification and documentation so as to provide both Owner and Design Builder a transparent understanding of the cost data estimates and bids that comprise the initial baseline Schedule of Values as well as any updates thereto. Design-Builder will provide a final Schedule of Values with the GMP Proposal.

6.1.2 The Owner will timely review and approve the schedule of values so as not to delay the submission of the Design-Builder’s first application for payment. The Owner and Design-Builder shall timely resolve any differences so as not to delay the Design-Builder’s submission of its first application for payment.

6.2 **Monthly Progress Payments.**

6.2.1 On or before the date established in the Agreement, Design-Builder shall submit for Owner's review and approval its Application for Payment requesting payment for all Work performed as of the date of the Application for Payment. The Application for Payment shall be accompanied by all supporting documentation required by the Contract Documents and/or established at the meeting required by Section 2.1.4 hereof.

6.2.2 The Application for Payment may request payment for equipment and materials not yet incorporated into the Project, provided that (i) Owner is satisfied that the equipment and materials are suitably stored at either the Site or another acceptable location, (ii) the equipment and materials are protected by suitable insurance and (iii) upon payment, Owner will receive the equipment and materials free and clear of all liens and encumbrances.

6.2.3 All discounts offered by Subcontractor, Sub-Subcontractors and suppliers to Design-Builder for early payment shall accrue one hundred percent to Design-Builder to the extent Design-Builder advances payment. Unless Owner advances payment to Design-Builder specifically to receive the discount, Design-Builder may include in its Application for Payment the full undiscounted cost of the item for which payment is sought.

6.2.4 The Application for Payment shall constitute Design-Builder’s representation that the Work described herein has been performed consistent with the Contract Documents, has progressed to the point indicated in the Application for Payment, and that title to all Work will pass to Owner free and clear of all claims, liens, encumbrances, and security interests upon the incorporation of the Work into the Project, or upon Design-Builder’s receipt of payment, whichever occurs earlier.

6.3 **Withholding of Payments.**
6.3.1 On or before the date established in the Agreement, Owner shall pay Design-Builder all amounts properly due. If Owner determines that Design-Builder is not entitled to all or part of an Application for Payment as a result of Design-Builder’s failure to meet its obligations hereunder, it will notify Design-Builder in writing at least five (5) days prior to the date payment is due. The notice shall indicate the specific amounts Owner intends to withhold, the reasons and contractual basis for the withholding, and the specific measures Design-Builder must take to rectify Owner’s concerns. Design-Builder and Owner will attempt to resolve Owner’s concerns prior to the date payment is due. If the parties cannot resolve such concerns, Design-Builder may pursue its rights under the Contract Documents, including those under Article 10 hereof.

6.3.2 Notwithstanding anything to the contrary in the Contract Documents, Owner shall pay Design-Builder all undisputed amounts in an Application for Payment within the times required by the Agreement.

6.4 Right to Stop Work and Interest.

6.4.1 If Owner fails to pay timely Design-Builder any undisputed amount that becomes due, Design-Builder, in addition to all other remedies provided in the Contract Documents, may stop Work pursuant to Section 11.3 hereof, provided Design-Builder gives Owner five business days’ written notice of its intent to stop work and an opportunity to cure the late payment. All payments due and unpaid shall bear interest at the rate set forth in the Agreement.

6.5 Design-Builder’s Payment Obligations.

6.5.1 Design-Builder will pay Design Consultants and Subcontractors, in accordance with its contractual obligations to such parties, all the amounts Design-Builder has received from Owner on account of their work. Design-Builder will impose similar requirements on Design Consultants and Subcontractors to pay those parties with whom they have contracted. Design-Builder will indemnify and defend Owner against any claims for payment and mechanic’s liens as set forth in Section 7.3 hereof.

6.6 Substantial Completion.

6.6.1 Design-Builder shall notify Owner when it believes the Work, or to the extent permitted in the Contract Documents, a portion of the Work, is Substantially Complete. Within five (5) days of Owner’s receipt of Design-Builder’s notice, Owner and Design-Builder will jointly inspect such Work to verify that it is Substantially Complete in accordance with the requirements of the Contract Documents. If such Work is Substantially Complete, Owner shall prepare and issue a Certificate of Substantial Completion that will set forth (i) the date of Substantial Completion of the Work or portion thereof, (ii) the remaining items of Work that have to be completed before final payment, (iii) provisions (to the extent not already provided in the Contract Documents) establishing Owner’s and Design-Builder’s responsibility for the Project’s security, maintenance, utilities and insurance pending final payment, and (iv) an acknowledgment that warranties commence to run on the date of Substantial Completion, except as may otherwise be noted in the Certificate of Substantial Completion.

6.6.2 Not Used

6.6.3 Owner, at its option, may use a portion of the Work which has been determined to be Substantially Complete, provided, however, that (i) a Certificate of Substantial Completion has been issued for the portion of Work addressing the items set forth in Section 6.6.1 above, (ii) Design-Builder and Owner have obtained the consent of their sureties and insurers, and to the extent applicable, the appropriate government authorities having jurisdiction over the Project, and (iii) Owner and Design-Builder agree that Owner’s use or occupancy will not interfere with Design-Builder’s completion of the remaining Work.

6.7 Final Payment.
6.7.1 After receipt of a Final Application for Payment from Design-Builder, Owner shall make final payment by the time required in the Agreement, provided that Design-Builder has achieved Final Completion.

6.7.2 At the time of submission of its Final Application for Payment, Design-Builder shall provide the following information:

   6.7.2.1 An affidavit that there are no claims, obligations or liens outstanding or unsatisfied for labor, services, material, equipment, taxes or other items performed, furnished or incurred for or in connection with the Work which will in any way affect Owner’s interests;

   6.7.2.2 A general release executed by Design-Builder waiving, upon receipt of final payment by Design-Builder, all claims, except those claims previously made in writing to Owner and remaining unsettled at the time of final payment;

   6.7.2.3 Consent of Design-Builder’s surety, if any, to final payment;

   6.7.2.4 All operating manuals, warranties and other deliverables required by the Contract Documents; and

   6.7.2.5 Certificates of insurance confirming that required coverages will remain in effect consistent with the requirements of the Contract Documents.

6.7.3 Upon making final payment, Owner waives all claims against Design-Builder except claims relating to (i) Design-Builder’s failure to satisfy its payment obligations, if such failure affects Owner’s interests, (ii) Design-Builder’s failure to complete the Work consistent with the Contract Documents, including defects appearing after Substantial Completion and (iii) the terms of any special warranties required by the Contract Documents.

6.7.4 Deficiencies in the Work discovered after Substantial Completion, whether or not such deficiencies would have been included on the Punch List if discovered earlier, shall be deemed warranty Work. Such deficiencies shall be corrected by Design-Builder under Sections 2.9 and 2.10 herein, and shall not be a reason to withhold final payment from Design-Builder, provided, however, that Owner shall be entitled to withhold from the Final Payment the reasonable value of completion of such deficient work until such work is completed.

6.7.5 Owner shall release the Contract Retainage pursuant to RCW 60.28.011.

**Article 7**

**Indemnification**

7.1 Patent and Copyright Infringement.

7.1.1 Design-Builder shall defend any action or proceeding brought against Owner based on any claim that the Work, or any part thereof, or the operation or use of the Work or any part thereof, constitutes infringement of any United States patent or copyright, now or hereafter issued. Owner shall give prompt written notice to Design-Builder of any such action or proceeding and will reasonably provide authority, information and assistance in the defense of same. Design-Builder shall indemnify and hold harmless Owner from and against all damages and costs, including but not limited to attorneys’ fees and expenses awarded against Owner or Design-Builder in any such action or proceeding. Design-Builder agrees to keep Owner informed of all developments in the defense of such actions.

7.1.2 If Owner is enjoined from the operation or use of the Work, or any part thereof, as the result of any patent or copyright suit, claim, or proceeding, Design-Builder shall at its sole expense take
reasonable steps to procure the right to operate or use the Work. If Design-Builder cannot so procure such right within a reasonable time, Design-Builder shall promptly, at Design-Builder’s option and at Design-Builder's expense, (i) modify the Work so as to avoid infringement of any such patent or copyright or (ii) replace said Work with Work that does not infringe or violate any such patent or copyright.

7.1.3 Sections 7.1.1 and 7.1.2 above shall not be applicable to any suit, claim or proceeding based on infringement or violation of a patent or copyright (i) relating solely to a particular process or product of a particular manufacturer specified by Owner and not offered or recommended by Design-Builder to Owner or (ii) arising from modifications to the Work by Owner or its agents after acceptance of the Work. If the suit, claim or proceeding is based upon events set forth in the preceding sentence, Owner shall defend, indemnify and hold harmless Design-Builder to the same extent Design-Builder is obligated to defend, indemnify and hold harmless Owner in Section 7.1.1 above.

7.1.4 The obligations set forth in this Section 7.1 shall constitute the sole agreement between the parties relating to liability for infringement of violation of any patent or copyright.

7.2 Tax Claim Indemnification.

7.2.1 If, in accordance with Owner’s direction, an exemption for all or part of the Work is claimed for taxes, Owner shall indemnify, defend and hold harmless Design-Builder from and against any liability, penalty, interest, fine, tax assessment, attorneys’ fees or other expenses or costs incurred by Design-Builder as a result of any action taken by Design-Builder in accordance with Owner’s directive. Owner shall furnish Design-Builder with any applicable tax exemption certificates necessary to obtain such exemption, upon which Design-Builder may rely.

7.3 Payment Claim Indemnification.

7.3.1 Provided that Owner is not in breach of its contractual obligation to make payments to Design-Builder for the Work, Design-Builder shall indemnify, defend and hold harmless Owner from any claims or mechanic’s liens brought against Owner or against the Project as a result of the failure of Design-Builder, or those for whose acts it is responsible, to pay for any services, materials, labor, equipment, taxes or other items or obligations furnished or incurred for or in connection with the Work. Within three (3) days of receiving written notice from Owner that such a claim or mechanic’s lien has been filed, Design-Builder shall commence to take the steps necessary to discharge said claim or lien, including, if necessary, the furnishing of a mechanic’s lien bond. If Design-Builder fails to do so, Owner will have the right to discharge the claim or lien and hold Design-Builder liable for costs and expenses incurred, including attorneys’ fees.

7.4 Design-Builder’s General Indemnification.

7.4.1 Design-Builder, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Owner, its Consultants, and their respective, its officers, directors, and employees (collectively “Indemnitees”) from and against claims, losses, damages, liabilities, including attorneys’ fees and expenses, for bodily injury, sickness or death, and property damage or destruction (other than to the Work itself) to the extent resulting from the negligent acts or omissions of Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable. Design-Builder’s duty to indemnify shall not apply to liability for damages arising out of Design-Builder’s services or out of bodily injury to persons or damage to property that are (a) caused by or resulting from the sole negligence of Indemnitee or (b) caused by or resulting from the concurrent negligence of (i) Indemnitee, its agents or employees and (ii) Design-Builder, its agents or employees, with such liability limited only to the extent of the negligence of Design-Builder, it’s agents or employees.

7.4.2 If an employee of Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable has a claim
against Owner, its officers, directors, employees, or agents, Design-Builder’s indemnity obligation set forth in Section 7.4.1 above shall not be limited by any limitation on the amount of damages, compensation or benefits payable by or for Design-Builder, Design Consultants, Subcontractors, or other entity under any employee benefit acts, including workers’ compensation or disability acts. Solely for the purposes of the indemnification obligations under this Agreement, Design Builder specifically and expressly waives any immunity that may be granted it under the worker’s compensation laws under the Washington State Industrial Insurance Act, Title 51 RCW; provided that such waiver shall be expressly limited to Design-Builder’s indemnity obligations herein and shall not be intended as a benefit to any third party. Further, the indemnification obligation under this Agreement shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers compensation acts, disability benefits acts, or other employee benefits acts. This waiver was mutually negotiated.

7.4.3 THE PARTIES ACKNOWLEDGE THAT THE INDEMNIFICATION OBLIGATIONS IN THIS AGREEMENT AND THE WAIVER OF IMMUNITY UNDER RCW TITLE 51 WERE MUTUALLY NEGOTIATED.

OWNER’S INITIALS: (_____)  
DESIGN-BUILDER’S INITIALS: (_____)  

7.4.5 The Owner shall not be responsible or be held liable for any damage to person or property consequent upon the use, misuse or failure of any crane, hoist, rigging, blocking, scaffolding or other equipment used by the Design-Builder or any of its Subcontractors, even though the said crane, hoist, rigging, blocking, scaffolding, or other equipment be furnished or loaned to the Design-Builder by the Owner. The acceptance and/or use of any such crane, hoist, rigging, blocking, scaffolding or other equipment by the Design-Builder or its Subcontractors shall be construed to mean that the Design-Builder accepts all responsibility for any claims for damages whatsoever resulting from the use, misuse or failure of such apparatus whether such damages by its own employees or property or to the employees or property of other contractors, the Owner, or otherwise.

7.5 Lower Tier Contractors Indemnification Obligations  

7.5.1 Design-Builder shall include in its contracts with all lower tier contractors, including but not limited to its Design Consultant, Subconsultants, and Subcontractors, the indemnification obligations set forth in this Agreement and the General Conditions and shall include Owner as an Indemnitee for all such indemnification provisions.

Article 8  

Time  

8.1 Obligation to Achieve the Contract Times.  

8.1.1 Design-Builder agrees that it will commence performance of the Work and achieve the Contract Time(s) in accordance with Article 5 of the Agreement and any Amendment to the Agreement.

8.2 Delays to the Work.  

8.2.1 If Design-Builder is delayed in the performance of the Work due to acts, omissions, conditions, events, or circumstances beyond its control and due to no fault of its own or those for whom Design-Builder is responsible, the Contract Time(s) for performance shall be reasonably
extended by Change Order. By way of example, events that will entitle Design-Builder to an extension of the Contract Time(s) include acts or omissions of Owner or anyone under Owner’s control (including separate contractors), changes in the Work, Differing Site Conditions, Hazardous Conditions, and Force Majeure Events.

8.2.2 In addition to Design-Builder’s right to a time extension for those events set forth in Section 8.2.1 above, Design-Builder shall also be entitled to an appropriate adjustment of the Contract Price provided, however, that the Contract Price shall not be adjusted for Force Majeure Events unless otherwise provided in the Agreement.

Article 9

Changes to the Contract Price and Time

9.1 Change Orders.

9.1.1 A Change Order is a written instrument issued after execution of the Agreement signed by Owner and Design-Builder, stating their agreement upon all of the following:

9.1.1.1 The scope of the change in the Work;

9.1.1.2 The amount of the adjustment to the Contract Price or any Commercial Term; and

9.1.1.3 The extent of the adjustment to the Contract Time(s) or any Commercial Term.

9.1.2 All changes in the Work authorized by applicable Change Order shall be performed under the applicable conditions of the Contract Documents. Owner and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for such changes.

9.1.3 If Owner requests a proposal for a change in the Work from Design-Builder and subsequently elects not to proceed with the change, a Change Order shall be issued to reimburse Design-Builder for reasonable costs incurred for estimating services, design services and services involved in the preparation of proposed revisions to the Contract Documents.

9.1.4 Owner may make changes in the Project, including but not limited to adding and/or removing Work from the Project. In such case, Design-Builder shall adjust the remaining Work to meet Owner’s Project changes as reasonably possible within the applicable Commercial Term. At Owner’s sole discretion, it may remove Work from the Project rather than increase the applicable Commercial Term to equitably adjust for claims by Design-Builder pursuant to Article 10 or Differing Site Conditions pursuant to Section 4.2.

9.2 Work Change Directives.

9.2.1 A Work Change Directive is a written order prepared and signed by Owner directing a change in the Work prior to agreement on an adjustment in the Contract Price and/or the Contract Time(s).

9.2.2 Owner and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for the Work Change Directive. Upon reaching an agreement, the parties shall prepare and execute an appropriate Change Order reflecting the terms of the agreement.

9.3 Minor Changes in the Work.
9.3.1 Minor changes in the Work do not involve an adjustment in the Contract Price and/or Contract Time(s) and do not materially and adversely affect the Work, including the design, quality, performance and workmanship required by the Contract Documents. Design-Builder may make minor changes in the Work consistent with the intent of the Contract Documents, provided, however, that Design-Builder shall promptly inform Owner, in writing, of any such changes and record such changes on the documents maintained by Design-Builder.

9.4 Contract Price Adjustments.

9.4.1 The increase or decrease in Contract Price resulting from a change in the Work shall be determined by one or more of the following methods:

9.4.1.1 Unit prices set forth in the Agreement or as subsequently agreed to between the parties;

9.4.1.2 A mutually accepted lump sum, properly itemized and supported by sufficient substantiating data to permit evaluation by Owner;

9.4.1.3 Costs, fees and any other markups set forth in the Agreement; or

9.4.1.4 If an increase or decrease cannot be agreed to as set forth in items 9.4.1.1 through 9.4.1.3 above and Owner issues a Work Change Directive, the cost of the change of the Work shall be determined by the reasonable expense and savings in the performance of the Work resulting from the change, including a reasonable overhead and profit, as may be set forth in the Agreement.

9.4.2 If unit prices are set forth in the Contract Documents or are subsequently agreed to by the parties, but application of such unit prices will cause substantial inequity to Owner or Design-Builder because of differences in the character or quantity of such unit items as originally contemplated, such unit prices shall be equitably adjusted.

9.4.3 Pricing Components For Changed Work

9.4.3.1 The total cost of any Change in Work or of any other increase or decrease in the Contract Sum, including a Claim, shall be limited to the following components.

9.4.3.2 Direct labor costs: These are the actual labor costs determined by the number of additional craft hours and the hourly costs necessary to perform the change in the Work.

9.4.3.3 Direct Material costs: This is an itemization, including material invoice, of the quantity and cost of additional materials reasonable and necessary to perform the change in the Work. No lump sum costs will be allowed except when approved in advance by the Owner.

9.4.3.4 Construction equipment usage costs: This is an itemization of the actual length of time that construction equipment appropriate for Work will be used solely on the change in the Work at the site times the applicable rental cost as established by the Cost of the Work.

9.4.3.5 Subcontractor costs: These are payments the Design-Builder makes to Subcontractors for changed Work performed by such Subcontractors. The Subcontractor’s’ cost of changes Work shall be determined in the same manner as prescribed in this Section 9.4.3 and, among other things, shall not include consultant costs, attorney’s’ fees, or claim preparation expenses. If Owner and Design-Builder disagree upon whether Design-Builder is entitled to be paid for any services required by Owner, or if there are any other disagreements over the scope of Work or proposed changes to the Work, Owner and Design-Builder shall resolve the disagreement pursuant to Article 10 hereof. As part of the negotiation process, Design-Builder shall furnish Owner with a good faith estimate of the costs to perform the disputed services in accordance with Owner’s interpretations. If the parties are unable to agree and Owner expects Design-Builder to perform the
services in accordance with Owner’s interpretations, Design-Builder shall proceed to perform the disputed services, conditioned upon Owner issuing a written order to Design-Builder (i) directing Design-Builder to proceed and (ii) specifying Owner’s interpretation of the services that are to be performed. If this occurs, Design-Builder shall be entitled to submit in its Applications for Payment an amount equal to fifty percent (50%) of its reasonable estimated direct cost to perform the services, and Owner agrees to pay such amounts, with the express understanding that (i) such payment by Owner does not prejudice Owner’s right to argue that it has no responsibility to pay for such services and (ii) receipt of such payment by Design-Builder does not prejudice Design-Builder’s right to seek full payment of the disputed services if Owner’s order is deemed to be a change to the Work.

9.5 Emergencies.

9.5.1 In any emergency affecting the safety of persons and/or property, Design-Builder shall act, at its discretion, to prevent threatened damage, injury or loss. Any change in the Contract Price and/or Contract Time(s) on account of emergency work shall be determined as provided in this Article 9.

Article 10
Contract Adjustments and Disputes

10.1 Requests for Contract Adjustments and Relief.

10.1.1 If either Design-Builder or Owner believes that it is entitled to relief against the other for any event arising out of or related to the Work or Project, such party shall provide written notice to the other party of the basis for its claim for relief. Such notice shall, if possible, be made prior to incurring any cost or expense and in accordance with any specific notice requirements contained in applicable sections of these General Conditions of Contract. In the absence of any specific notice requirement, written notice shall be given within a reasonable time, not to exceed twenty-one (21) days, after the occurrence giving rise to the claim for relief or after the claiming party reasonably should have recognized the event or condition giving rise to the request, whichever is later. Such written notice shall be separate from the Design Log or Trend Log maintained by the Design-Builder, unless the parties specifically agree to allow the Trend Log to operate as such written notice of claims. The Design-Builder shall provide more complete information with respect to the claim within fourteen (14) days of the initial notice, the more complete information shall include sufficient information to advise the other party of the circumstances giving rise to the claim for relief, the specific contractual adjustment or relief requested and the basis of such request. The failure to provide timely written notice of any claim shall operate as a waiver of such claim, but only to the extent that the failure to provide timely written notice prejudices the position of the non-claiming party.

10.2 Dispute Avoidance and Resolution.

10.2.1 The parties are fully committed to working with each other throughout the Project and agree to communicate regularly with each other at all times so as to avoid or minimize disputes or disagreements. If disputes or disagreements do arise, Design-Builder and Owner each commit to resolving such disputes or disagreements in an amicable, professional and expeditious manner so as to avoid unnecessary losses, delays and disruptions to the Work.

10.2.2 Design-Builder and Owner will first attempt to resolve disputes or disagreements at the field level through discussions between Design-Builder’s Representative and Owner’s Representative which shall conclude within fourteen (14) days of the written notice provided for in Section 10.1.1 unless the Owner and Design-Builder mutually agree otherwise.
10.2.3 If a dispute or disagreement cannot be resolved through Design-Builder's Representative and Owner's Representative, Design-Builder's Senior Representative and Owner's Senior Representative, upon the request of either party, shall meet as soon as conveniently possible, but in no case later than thirty (30) days after such a request is made, to attempt to resolve such dispute or disagreement. Five (5) days prior to any meetings between the Senior Representatives, the parties will exchange relevant information that will assist the parties in resolving their dispute or disagreement.

10.2.4 If after meeting the Senior Representatives determine that the dispute or disagreement cannot be resolved on terms satisfactory to both parties, the parties shall submit within thirty (30) days of the conclusion of the meeting of Senior Representatives the dispute or disagreement to non-binding mediation. The mediation shall be conducted by a mutually agreeable impartial mediator, or if the parties cannot so agree, a mediator designated by the American Arbitration Association (“AAA”) pursuant to its Construction Industry Mediation Rules. The mediation will be governed by and conducted pursuant to a mediation agreement negotiated by the parties or, if the parties cannot so agree, by procedures established by the mediator. Unless otherwise mutually agreed by the Owner and Design-Builder and consistent with the mediator’s schedule, the mediation shall commence within ninety (90) days of the submission of the dispute to mediation. Good faith mediation is a condition precedent to proceeding with arbitration or other binding dispute resolution procedure. Representatives of the parties with authority to resolve the dispute shall be present at any mediation.

10.3 Arbitration.

10.3.1 Any claims, disputes or controversies between the parties arising out of or relating to the Agreement, or the breach thereof, which have not been resolved in accordance with the procedures set forth in Section 10.2 above, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the AAA then in effect, unless the parties mutually agree otherwise.

10.3.2 The award of the arbitrator(s) shall be final and binding upon the parties without the right of appeal to the courts. Judgment may be entered upon it in accordance with applicable law by any court having jurisdiction thereof.

10.3.3 Design-Builder and Owner expressly agree that any arbitration pursuant to this Section 10.3 may be joined or consolidated with any arbitration involving any other person or entity (i) necessary to resolve the claim, dispute or controversy, or (ii) substantially involved in or affected by such claim, dispute or controversy. Both Design-Builder and Owner will include appropriate provisions in all contracts they execute with other parties in connection with the Project to require such joinder or consolidation.

10.3.4 The prevailing party in any arbitration, or any other final, binding dispute proceeding upon which the parties may agree, shall be entitled to recover from the other party reasonable attorneys’ fees and expenses incurred by the prevailing party.

10.4 Duty to Continue Performance.

10.4.1 Unless provided to the contrary in the Contract Documents, Design-Builder shall continue to perform the Work and Owner shall continue to satisfy its payment obligations to Design-Builder, pending the final resolution of any dispute or disagreement between Design-Builder and Owner.

10.5 CONSEQUENTIAL DAMAGES.

10.5.1 NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY (EXCEPT AS SET FORTH IN SECTION 10.5.2 BELOW), NEITHER DESIGN-BUILDER NOR OWNER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL LOSSES OR DAMAGES, WHETHER ARISING IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSSES OF USE, PROFITS, BUSINESS,
10.5.2 The consequential damages limitation set forth in Section 10.5.1 above is not intended to affect the payment of liquidated damages or lost early completion bonus, if any, set forth in Article 5 of the Agreement, which both parties recognize has been established, in part, to reimburse Owner or reward Design-Builder for some damages that might otherwise be deemed to be consequential.

10.5.3 The consequential damages limitation set forth in Section 10.5.1 above is not intended to affect the ability of any party to recover consequential damages that are covered by insurance.

**Article 11**

Stop Work and Termination for Cause

11.1 Owner's Right to Stop Work.

11.1.1 Owner may, without cause and for its convenience, order Design-Builder in writing to stop and suspend the Work. Such suspension shall not exceed sixty (60) consecutive days or aggregate more than ninety (90) days during the duration of the Project.

11.1.2 Design-Builder is entitled to seek an adjustment of the Contract Price and/or Contract Time(s) if its cost or time to perform the Work has been adversely impacted by any suspension of stoppage of the Work by Owner.

11.2 Owner's Right to Perform and Terminate for Cause.

11.2.1 If Design-Builder persistently fails to (i) provide a sufficient number of skilled workers, (ii) supply the materials required by the Contract Documents, (iii) comply with applicable Legal Requirements, (iv) timely pay, without cause, Design Consultants or Subcontractors, (v) prosecute the Work with promptness and diligence to ensure that the Work is completed by the Contract Time(s), as such times may be adjusted, or (vi) perform material obligations under the Contract Documents, then Owner, in addition to any other rights and remedies provided in the Contract Documents or by law, shall have the rights set forth in Sections 11.2.2 and 11.2.3 below.

11.2.2 Upon the occurrence of an event set forth in Section 11.2.1 above, Owner may provide written notice to Design-Builder that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Design-Builder's receipt of such notice. If Design-Builder fails to cure, or reasonably commence to cure, such problem, then Owner may give a second written notice to Design-Builder of its intent to terminate within an additional seven (7) day period. If Design-Builder, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Owner may declare the Agreement terminated for default by providing written notice to Design-Builder of such declaration.

11.2.3 Upon declaring the Agreement terminated pursuant to Section 11.2.2 above, Owner may enter upon the premises and take possession, for the purpose of completing the Work, of all materials, equipment, scaffolds, tools, appliances and other items thereon, which have been purchased or provided for the performance of the Work, all of which Design-Builder hereby transfers, assigns and sets over to Owner for such purpose, and to employ any person or persons to complete the Work and provide all of the required labor, services, materials, equipment and other items. In the event of such termination, Design-Builder shall not be entitled to receive any further payments under the Contract Documents until the Work shall be finally completed in accordance with the Contract Documents. Design-Builder will only be entitled to be paid for Work performed prior to its default. If Owner's cost and expense of completing the Work exceeds the unpaid balance of any Commercial Term, then Design-Builder shall be obligated to pay the difference to Owner. Such costs and expense shall include not only the cost of completing the Work, but also losses, damages, costs and expense, including attorneys' fees and expenses, incurred by Owner in
connection with the reprocurement and defense of claims arising from Design-Builder’s default, subject to the waiver of consequential damages set forth in Section 10.5 hereof.

11.2.4 If Owner improperly terminates the Agreement for cause, the termination for cause will be converted to a termination for convenience in accordance with the provisions of Article 8 of the Agreement.

11.3 Design-Builder’s Right to Stop Work.

11.3.1 Design-Builder may, in addition to any other rights afforded under the Contract Documents or at law, stop the Work for the following reasons:

11.3.1.1 Owner’s failure to provide financial assurances as required under Section 3.3 hereof; or

11.3.1.2 Owner’s failure to pay amounts properly due under Design-Builder’s Application for Payment.

11.3.2 Should any of the events set forth in Section 11.3.1 above occur, Design-Builder has the right to provide Owner with written notice that Design-Builder will stop the Work unless said event is cured within seven (7) days from Owner’s receipt of Design-Builder’s notice. Design-Builder may not stop work unless it provides such written notice. If Owner does not cure the problem within such seven (7) day period, Design-Builder may stop the Work. In such case, Design-Builder shall be entitled to make a claim for adjustment to the Contract Price and Contract Time(s) to the extent it has been adversely impacted by such stoppage.

11.4 Design-Builder’s Right to Terminate for Cause.

11.4.1 Design-Builder, in addition to any other rights and remedies provided in the Contract Documents or by law, may terminate the Agreement for cause for the following reasons:

11.4.1.1 The Work has been stopped for sixty (60) consecutive days, or more than ninety (90) days during the duration of the Project, because of court order, any government authority having jurisdiction over the Work, or orders by Owner under Section 11.1.1 hereof, provided that such stoppages are not due to the acts or omissions of Design-Builder or anyone for whose acts Design-Builder may be responsible.

11.4.1.2 Owner’s failure to provide Design-Builder with any information, permits or approvals that are Owner’s responsibility under the Contract Documents which result in the Work being stopped for sixty (60) consecutive days, or more than ninety (90) days during the duration of the Project, even though Owner has not ordered Design-Builder in writing to stop and suspend the Work pursuant to Section 11.1.1 hereof.

11.4.1.3 Owner’s failure to cure the problems set forth in Section 11.3.1 above after Design-Builder has stopped the Work.

11.4.2 Upon the occurrence of an event set forth in Section 11.4.1 above, Design-Builder may provide written notice to Owner that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Owner’s receipt of such notice. If Owner fails to cure, or reasonably commence to cure, such problem, then Design-Builder may give a second written notice to Owner of its intent to terminate within an additional seven (7) day period. If Owner, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Design-Builder may declare the Agreement terminated for default by providing written notice to Owner of such declaration. In such case, Design-Builder shall be entitled to recover in the same manner as if Owner had terminated the Agreement for its convenience under Article 8 of the Agreement.
11.5 **Bankruptcy of Owner or Design-Builder.**

11.5.1 If either Owner or Design-Builder institutes or has instituted against it a case under the United States Bankruptcy Code (such party being referred to as the “Bankrupt Party”), such event may impair or frustrate the Bankrupt Party’s ability to perform its obligations under the Contract Documents. Accordingly, should such event occur:

11.5.1.1 The Bankrupt Party, its trustee or other successor, shall furnish, upon request of the non-Bankrupt Party, adequate assurance of the ability of the Bankrupt Party to perform all future material obligations under the Contract Documents, which assurances shall be provided within ten (10) days after receiving notice of the request; and

11.5.1.2 The Bankrupt Party shall file an appropriate action within the bankruptcy court to seek assumption or rejection of the Agreement within sixty (60) days of the institution of the bankruptcy filing and shall diligently prosecute such action.

If the Bankrupt Party fails to comply with its foregoing obligations, the non-Bankrupt Party shall be entitled to request the bankruptcy court to reject the Agreement, declare the Agreement terminated and pursue any other recourse available to the non-Bankrupt Party under this Article 11.

11.5.2 The rights and remedies under Section 11.5.1 above shall not be deemed to limit the ability of the non-Bankrupt Party to seek any other rights and remedies provided by the Contract Documents or by law, including its ability to seek relief from any automatic stays under the United States Bankruptcy Code or the right of Design-Builder to stop Work under any applicable provision of these General Conditions of Contract.

**Article 12**

**Electronic Data**

12.1 **Electronic Data.**

12.1.1 The parties recognize that Contract Documents, including drawings, specifications and three-dimensional modeling (such as Building Information Models) and other Work Product may be transmitted among Owner, Design-Builder and others in electronic media as an alternative to paper hard copies (collectively “Electronic Data”).

12.2 **Transmission of Electronic Data.**

12.2.1 Owner and Design-Builder shall agree upon the software and the format for the transmission of Electronic Data. Each party shall be responsible for securing the legal rights to access the agreed-upon format, including, if necessary, obtaining appropriately licensed copies of the applicable software or electronic program to display, interpret and/or generate the Electronic Data.

12.2.2 Neither party makes any representations or warranties to the other with respect to the functionality of the software or computer program associated with the electronic transmission of Work Product. Unless specifically set forth in the Agreement, ownership of the Electronic Data does not include ownership of the software or computer program with which it is associated, transmitted, generated or interpreted.

12.2.3 By transmitting Work Product in electronic form, the transmitting party does not transfer or assign its rights in the Work Product. The rights in the Electronic Data shall be as set forth in Article 4 of the Agreement. Under no circumstances shall the transfer of ownership of Electronic Data be deemed to be a sale by the transmitting party of tangible goods.
12.3 **Electronic Data Protocol.**

12.3.1 The parties acknowledge that Electronic Data may be altered or corrupted, intentionally or otherwise, due to occurrences beyond their reasonable control or knowledge, including but not limited to compatibility issues with user software, manipulation by the recipient, errors in transcription or transmission, machine error, environmental factors, and operator error. Consequently, the parties understand that there is some level of increased risk in the use of Electronic Data for the communication of design and construction information and, in consideration of this, agree, and shall require their independent contractors, Subcontractors and Design Consultants to agree, to the following protocols, terms and conditions set forth in this Section 12.3.

12.3.2 Electronic Data will be transmitted in the format agreed upon in Section 12.2.1 above, including file conventions and document properties, unless prior arrangements are made in advance in writing.

12.3.3 The Electronic Data represents the information at a particular point in time and is subject to change. Therefore, the parties shall agree upon protocols for notification by the author to the recipient of any changes which may thereafter be made to the Electronic Data, which protocol shall also address the duty, if any, to update such information, data or other information contained in the electronic media if such information changes prior to Final Completion of the Project.

12.3.4 The transmitting party specifically disclaims all warranties, expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose, with respect to the media transmitting the Electronic Data. However, transmission of the Electronic Data via electronic means shall not invalidate or negate any duties pursuant to the applicable standard of care with respect to the creation of the Electronic Data, unless such data is materially changed or altered after it is transmitted to the receiving party, and the transmitting party did not participate in such change or alteration.

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**Article 13**

**Miscellaneous**

13.1 **Confidential Information.**

13.1.1 Confidential Information is defined as information which is determined by the transmitting party to be of a confidential or proprietary nature and: (i) the transmitting party identifies as either confidential or proprietary; (ii) the transmitting party takes steps to maintain the confidential or proprietary nature of the information; and (iii) the document is not otherwise available in or considered to be in the public domain. The receiving party agrees to maintain the confidentiality of the Confidential Information and agrees to use the Confidential Information solely in connection with the Project.

13.2 **Assignment.**

13.2.1 Neither Design-Builder nor Owner shall, without the written consent of the other assign, transfer or sublet any portion or part of the Work or the obligations required by the Contract Documents.

13.3 **Successorship.**

13.3.1 Design-Builder and Owner intend that the provisions of the Contract Documents are binding upon the parties, their employees, agents, heirs, successors and assigns.
13.4 Governing Law.

13.4.1 The Agreement and all Contract Documents shall be governed by the laws of the place of the Project, without giving effect to its conflict of law principles.

13.5 Severability.

13.5.1 If any provision or any part of a provision of the Contract Documents shall be finally determined to be superseded, invalid, illegal, or otherwise unenforceable pursuant to any applicable Legal Requirements, such determination shall not impair or otherwise affect the validity, legality, or enforceability of the remaining provision or parts of the provision of the Contract Documents, which shall remain in full force and effect as if the unenforceable provision or part were deleted.

13.6 No Waiver.

13.6.1 The failure of either Design-Builder or Owner to insist, in any one or more instances, on the performance of any of the obligations required by the other under the Contract Documents shall not be construed as a waiver or relinquishment of such obligation or right with respect to future performance.

13.7 Headings.

13.7.1 The headings used in these General Conditions of Contract, or any other Contract Document, are for ease of reference only and shall not in any way be construed to limit or alter the meaning of any provision.

13.8 Notice.

13.8.1 Whenever the Contract Documents require that notice be provided to the other party, notice will be deemed to have been validly given (i) if delivered in person to the individual intended to receive such notice, (ii) four (4) days after being sent by registered or certified mail, postage prepaid to the address indicated in the Agreement, or (iii) if transmitted by facsimile, by the time stated in a machine generated confirmation that notice was received at the facsimile number of the intended recipient.

13.9 Amendments.

13.9.1 The Contract Documents may not be changed, altered, or amended in any way except in writing signed by a duly authorized representative of each party.
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<td><strong>TOTAL CONSTRUCTION COST</strong></td>
<td><strong>17,611,005</strong></td>
<td>Includes Owner's constr contingency, WSST</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8/22/16 constr budget $17,618,068</td>
</tr>
<tr>
<td>&quot;Advertised construction budget&quot;</td>
<td>13,871,294</td>
<td></td>
</tr>
<tr>
<td>Project Cost</td>
<td>22,300,000</td>
<td></td>
</tr>
</tbody>
</table>