**BI RMI NGHAM CITY COM M I SSION AGENDA**

**SPECIAL MEETING**

**JULY 1, 2019 - 7:00 PM**

**MUNICIPAL BUILDING**

151 MARTIN, BIRMINGHAM MI 48009  PH: 248-530-1880

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**I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

Patricia Bordman, Mayor

**II. ROLL CALL**

J. Cherilynn Mynsberge, City Clerk

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**III. BUSINESS**

A. Resolution approving the Agreement Between Owner and Developer with Woodward Bates Partners, LLC as to form,

AND

Resolution authorizing the City Manager, with the advice of counsel for the City, to make or agree to nonmaterial modifications and amendments to the form of the Agreement between Owner and Developer (the Agreement) to consent and approve non-material modifications to the form of Agreement between Owner and Design Builder attached to the Agreement so long as such modifications and amendments (i) do not increase the Contract Price (as defined in the Agreement) payable by the City, (ii) do not materially or unreasonably increase the obligations or liability of the City or (iii) are otherwise detrimental to the interests of the City,

AND

Resolution directing the Mayor and Clerk to sign the agreement upon issuance of the City Approval Notice,

AND

Resolution directing the Planning Board to conduct a courtesy review of the public elements of the project.

B. Resolution authorizing the release of the Owner’s Representative RFP for professional services to oversee the demolition of the existing North Old Woodward Parking structure located at 333 N. Old Woodward, construction of a new parking structure with expanded capacity at the same site, and the extension of Bates Street from Willits to N. Old Woodward.

C. Review of preliminary draft ground lease for site #2 for the Birmingham N.O.W. Project (the new North Old Woodward Parking Structure and related Bates Street development project)

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**IV. ADJOURN**

**NOTICE:** Individuals requiring accommodations, such as mobility, visual, hearing, interpreter or other assistance, for effective participation in this meeting should contact the City Clerk's Office at (248) 530-1880 (voice), or (248) 644-5115 (TDD) at least one day in advance to request accommodation, visual, hearing or other assistance.

Las personas que requieren asistencia, tales como servicios de interpretación, la participación efectiva en esta reunión deben ponerse en contacto con la Oficina del Secretario Municipal al (248) 530-1880 por lo menos el día antes de la reunión pública. (Title VI of the Civil Rights Act of 1964).
INTRODUCTION:

At the June 20th workshop of the City Commission, a draft construction agreement was presented by the City’s development counsel with the Commission and comments were provided for clarification. The construction agreement has been revised accordingly and is being presented for the City Commission’s consideration.

BACKGROUND:

At the direction of the City Commission given on June 4, 2018, the City has engaged with the Woodward Bates Partners, LLC development team to pursue the reconstruction of the N. Old Woodward parking structure and related site developments along Bates Street in accordance with the Request for Proposals issued for this project. Staff began negotiations with the Walbridge / Woodward Bates Partners to reach the terms of a Development Agreement, begin the due diligence review with a development consultant, engage development counsel, and conduct a title search. On April 18, 2019, a non-binding Development Agreement was adopted by the City Commission that established a formal framework for advancement of the project.

On May 6, 2019, the City reviewed the proposed Guaranteed Maximum Price (GMP) for the project and authorized the resolution for the parking structure bond proposal and ballot language for the August 6, 2019 referendum for an amount not to exceed $57,400,000.

The project team continued to work with the Developer to further refine the GMP pricing with a proposed alternate design for the parking structure and negotiate the terms of a Construction Agreement that would govern the project through completion.

LEGAL REVIEW:

The construction agreement has been drafted and reviewed by the City’s development counsel and accepted by the City Attorney.
FISCAL IMPACT:

The construction agreement is non-binding and there is no fiscal impact for the City with the approval of this agreement until all contingencies are satisfied.

SUMMARY:

Staff recommends approval of the construction agreement.

ATTACHMENTS:

1. A copy of the Construction Agreement between the City and the Developer for the N. Old Woodward Avenue and N. Bates Street Redevelopment Project.

SUGGESTED RESOLUTION:

To approve the Agreement Between Owner and Developer with Woodward Bates Partners, LLC as to form,

AND

Authorize the City Manager, with the advice of counsel for the City, to make or agree to nonmaterial modifications and amendments to the form of the Agreement between Owner and Developer (the Agreement) to consent and approve non-material modifications to the form of Agreement between Owner and Design Builder attached to the Agreement so long as such modifications and amendments (i) do not increase the Contract Price (as defined in the Agreement) payable by the City, (ii) do not materially or unreasonably increase the obligations or liability of the City or (iii) are otherwise detrimental to the interests of the City,

AND

To direct the Mayor and Clerk to sign the agreement upon issuance of the City Approval Notice,

AND

Further to direct the Planning Board to conduct a courtesy review of the public elements of the project.
AGREEMENT BETWEEN OWNER AND DEVELOPER

THIS AGREEMENT BETWEEN OWNER AND DEVELOPER (this “Agreement”) is entered into as of ________________, 2019, by and between the CITY OF BIRMINGHAM, a Michigan municipal corporation (the “Owner”) and WOODWARD BATES PARTNERS, LLC, a Michigan limited liability company (the “Developer”).

RECITALS

This Agreement is based on the following recitals:

A. The Owner owns certain parcels of real property consisting of approximately 3.9 acres located at and near the intersection of Willits Street and Bates Street and on North Old Woodward Avenue to the north of Willits Street in the Owner, as more particularly described on Exhibit A to this Agreement (collectively, the “Redevelopment Parcel”);

B. Owner and Developer have entered into a Development Agreement dated as of April 22, 2019 pursuant to which the Developer and the Owner committed to undertake certain efforts in connection with the redevelopment of the Redevelopment Parcel (the “Development Agreement”);

C. The Development Agreement contemplates that neither the Developer nor the Owner will be bound to the redevelopment of the Redevelopment Parcel unless and until certain contingencies stated in the Development Agreement have been satisfied and/or waived by each of Owner and Developer and the satisfaction of other stated contingencies therein;

D. Pursuant to the Development Agreement, Owner and Developer agreed prior to the waiver and/or satisfaction of the contingencies stated in the Development Agreement, to negotiate a Construction Contract (as defined in the Development Agreement) pursuant to which Owner would engage Developer to effect the construction of the Public Components contemplated to be constructed in Phase I, same being Projects 1A (a Public Parking Deck), 1B (the extension of Bates Street) and 3 (a retail linear space located within the Public Parking Deck);

E. Among the contingencies to the Owner’s undertaking of the development of the Project is the scheduling of a Special Election (as defined in the Development Agreement), the affirmative vote of the public in support of the issuance of bonds by the Owner, the proceeds of which will be used to defray the costs and expenses of the Project;

F. The Owner’s obligation to proceed with the Project is further contingent upon the issuance and sale by the Owner of bonds in such amounts and on such terms as the Owner may determine appropriate, the proceeds of which will be used to pay the costs to construct the Project, it being agreed that in the event the Special Election is not held, the Special election fails to authorize the issuance of the bonds or the Owner fails to issue and sell the bonds then the Owner, at the Owner’s election, shall have the right to terminate the Development Agreement (and this Agreement) without any liability to either party;

G. Subject to, and as provided in the Development Agreement, the Owner has agreed to retain the Developer to redevelop the Redevelopment Parcel with an extension of Bates Street and a new multi-story parking structure consisting of Project 1A, 1B and 3 (collectively, the “Project”) pursuant to a guaranteed maximum price contract on behalf of the Owner, and in furtherance thereof, Developer shall enter into a “Design-Build Agreement” (the “Design/Build Agreement”) with Walbridge Aldinger LLC (“Walbridge”) in form and content acceptable to Owner;
H. After completion of the Project and subject to the satisfaction and/or waiver of the contingencies to the undertaking of Phase 2 (as defined in the Development Agreement), the Owner also intends to develop a public park and other public amenities (the “Public Plaza”) within the Redevelopment Parcel;

I. Owner has commenced development of the Preliminary Plans and Specifications for the Project and Developer has agreed to contribute to the cost thereof the sum of Two Hundred and One Thousand Six Hundred ($201,600.00) Dollars;

J. The Developer will have certain payment and other obligations under the Design/Build Agreement with respect to the Project; and

K. The Developer and the Owner wish to set forth their respective undertaking and obligations with respect to Design/Build Agreement and the development of the Project.

NOW THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Developer and the Owner hereby covenant and agree as follows:

1. ACKNOWLEDGEMENTS AND RECITALS

1.1 The Recitals are acknowledged to be true, correct and otherwise incorporated herein by reference.

1.2 Notwithstanding anything contained herein to the contrary, Owner shall have the right to terminate this Agreement without liability or cost by providing written notice to Developer in the event any of the Contingencies to the Owner’s obligation to proceed with the Project as set forth in the Development Agreement are not satisfied and/or waived by the Owner pursuant to and in accordance with the terms and conditions of the Development Agreement. The Contingencies shall include, but not otherwise be limited to, the following:

1.2.1 The Owner’s written confirmation that it has satisfied itself with respect to the pre-development contingencies of the development as set forth in the Development Agreement, the Developer’s issuance of the Developer Approval Notices as set forth in the Development Agreement, the parties’ execution and exchange of a Contingency Agreement as required by the Development Agreement, the occurrence of the special election and the affirmative vote of the public in support of the issuance of the bonds by the Owner, and the issuance and sale of the bonds on such terms and conditions as the Owner shall deem acceptable, in its sole and absolute discretion, in sufficient amounts to cover the cost of construction of the Project. Upon the satisfaction of all contingencies to the Owner’s obligation to proceed with the Project as set forth in the Development Agreement, Owner and Developer shall execute an acknowledgment confirming such waiver or satisfaction whereupon this Agreement shall be binding on the parties in accordance with its terms and the Developer shall thereafter immediately commence providing the services described herein and undertaking the construction and development of the Project (the “Commitment Date”).

1.2.2 Prior to the Commitment Date, all costs and expenses incurred by either party pursuant to the terms and conditions of this Agreement shall be borne exclusively by the party incurring same and the other party shall have no obligation to
reimburse such party for such costs and expenses, except as may be provided in any separate written agreement. In no event shall the Owner be liable to the Developer for any costs and expenses incurred by the Developer in connection with the Developer’s execution of the Design/Build Agreement nor the termination thereof prior to the Commitment Date.

2. SERVICES

2.1 Subject to the terms and conditions of this Agreement, Owner hereby engages Developer to perform the services described in this Agreement. In consideration of the payment by Owner of the Contract Sum (as defined in Section 3.1 below), Developer shall provide the Services to Owner and cause the development and construction of the work required to be completed (the “Work”) necessary for Final Completion of the Project in accordance with the Final Plans and Specifications and this Agreement. Specifically, the Developer shall undertake all actions necessary to implement and complete the design, planning, development and construction of the Project in accordance with this Agreement. Subject to the terms and conditions of this Agreement, including, without limitation, Owner’s obligation to timely and properly fund and pay the Contract Sum in accordance with the payment procedures set forth in Section 7 hereof or as provided elsewhere in this Agreement, the responsibilities of Developer shall include, but not be limited to, the following (collectively, the “Services”):

2.1.1 Consult with, advise, assist and make recommendations to the Owner regarding the final design of the Project during the pre-construction/design phase and thereafter construct the Project, and in connection with the construction of the Project, meet with Owner, and cause Walbridge to meet with Owner, on a regular basis throughout all phases of the Project, including, without limitation, with respect to any particular requirements relating to the Project design, construction schedule, insurance or payment procedures associated with the Design/Build Agreement;

2.1.2 Consult with, advise, assist and make recommendations to the Owner with respect to press releases and other public relations and public education aspects of the Project, which press releases shall not be released without Owner’s written approval, and if such press release references Developer, Owner shall provide a draft thereof to Developer for Developer’s comments prior to issuance of same;

2.1.3 Negotiate and execute, and cause Walbridge to execute, the Design/Build Agreement and related construction documents, said Design/Build Agreement to be in the form attached hereto as Exhibit B-1 or in such other form as the Owner may approve in writing (collectively, the “Contract Documents”) and retain, or cause Walbridge to retain, the services of other Project consultants, including the Architect and engineers approved by Owner pursuant to such agreements as the Owner may approve. Upon execution of the Design/Build Agreement by Developer, Developer shall collaterally assign same to Owner pursuant to an assignment in form acceptable to the Owner and with the acknowledgment of Walbridge such that upon the Owner’s termination of this Agreement pursuant to Section 8 below or otherwise the Owner may, at its option, elect to assume Developer’s rights and obligations under the Design/Build Agreement whereupon Walbridge shall be obligated to perform for the Owner all obligations under the Design/Build Agreement;
2.1.4 Prepare, or cause to be prepared, through Walbridge (A) the Preliminary Plans and Specifications for the Project (which are attached as Exhibit B-2 hereto which Exhibit B-2 contains a description of the elements to be included in the Final Plans and Specifications and the Contract Sum) and any necessary changes to the Preliminary Plans and Specifications, (B) the Final Plans and Specifications for the Project based upon the Preliminary Plans and Specifications, subject to the terms of Section 5 hereof and the Construction Schedule (as defined in the Design/Build Agreement and as may be revised from time to time with Owner’s prior written consent in accordance with the Design/Build Agreement and this Agreement, hereinafter, the “Construction Schedule”); and (C) revisions to the Preliminary Plans and Specifications, the Final Plans and Specifications, as applicable, subject to the terms of Section 5 hereof and the Construction Schedule, all of which shall be subject to the review and approval of the Owner;

2.1.5 Make, or cause Walbridge to make, all submittals (as required by any Governmental Authority relating to the Work) and apply for and obtain or cause to be obtained all entitlements, approvals, licenses and permits required to develop, construct and complete the Project in accordance with the Final Plans and Specifications and permits for Change Orders (if applicable), provided Owner reasonably cooperates with Developer in granting its consent or approval and providing Developer with any reasonably requested information in connection therewith, it being acknowledged that the obligations of Owner as set forth in this Section 2.1.5 shall not constitute a commitment by the City of Birmingham, in its capacity as a municipal body with regulatory authority over all development activities within the city (hereinafter the “City”) to grant its consent to or approve any application for the Project. Nothing herein shall be deemed a preapproval of the Preliminary Plans and Specifications or the Final Plans and Specifications by the City, all of which shall be subject to the review and approval of all departments and divisions of the City, including but not limited to, the Planning Board and the City Commission;

2.1.6 Attend necessary construction meetings and/or conferences with Walbridge and the Owner regarding the Project that will (i) permit Developer to make required decisions and perform its obligations hereunder; and (ii) apply for and respond to any applicable Governmental Authorities related to licenses, permits or approvals for the Work;

2.1.7 Prepare or cause to be prepared project meeting notes, and distribute or cause to be distributed such meeting notes to all affected parties;

2.1.8 Prepare or cause to be prepared the critical path schedule for completion of the Project;

2.1.9 Provide coordination of all professional consultants engaged by the Owner, including any Owner’s Representative as may be engaged by the Owner in connection with the Project (it being agreed that upon Developer’s receipt of written notice from the Owner that Owner has engaged an Owner’s Representative and the name and address of same, all notices to be given to the Owner by Developer hereunder or by Walbridge under the Contract Documents shall be simultaneously provided to Owner’s Representative), the Developer and/or Walbridge providing services to the Project;
2.1.10 Supervise and direct Walbridge, and require Walbridge to supervise and direct all subcontractors, sub-subcontractors, material suppliers and other parties providing services to the Project;

2.1.11 Review and approve all Applications for Payment submitted by Walbridge and subject to the timely receipt of payment from the Owner, make all payments to Walbridge, pursuant to Section 7 hereof, obtain or cause to be obtained all documents required of Walbridge pursuant to Section 7 or the Design/Build Agreement, including but not limited to all necessary waivers and/or releases of liens;

2.1.12 Provide to Owner on a monthly basis (or more often as agreed to by the parties), a written report stating the current status of the actual Construction Costs as compared to the Construction Price, the cost to complete the Project and any approved changes and the current status of the Construction Schedule;

2.1.13 Conduct, or cause to be conducted, periodic site inspections, cause to be prepared and maintained inspection reports and logs and posting at the job site of applicable plans and other documentation in adherence to applicable requirements of Governmental Authorities relating to the Work;

2.1.14 Work with, and cause Walbridge and all other sub-contractors to work with, the Owner’s Representative in connection with all aspects of the design and construction of the Project provide to Owner and the Owner’s Representative all notices and other information requested by Owner and/or the Owner’s Representative; and

2.1.15 Cause Walbridge to fully perform its obligations under the Design/Build Agreement and enforce same against Walbridge and cause Walbridge to enforce all of the terms and conditions of any subcontract.

2.2 In performing the Services, Developer shall utilize a standard of care applicable to similarly sized improvements in the geographic location of the Property;

2.3 Subject to Developer providing advance written notice to the Owner of such engagement and provided the terms thereof are fair and reasonable, Developer may, at its sole cost, contract with or employ any person or entity which is an affiliate of Developer in connection with the performance of any duties specified in this Agreement;

2.4 Developer shall, subject to Owner’s obligation to timely and properly pay for the Work in accordance with the payment procedures and other requirements set forth in Section 7 hereof or as provided elsewhere in this Agreement: (A) diligently cause to be prosecuted and constructed the Work for the Project in accordance with the Final Plans and Specifications, the Construction Schedule approved by Owner, and this Agreement; and (B) deliver the Project to Owner in substantially the condition required pursuant to the terms of this Agreement within the time period set forth in the Construction Schedule;

2.5 Developer shall: (A) maintain or cause to be maintained the insurance required pursuant to Section 9 of this Agreement; and (B) cause Walbridge to maintain the insurance required pursuant to the Design/Build Agreement;
2.6 In connection with the Work, Developer shall comply with and shall require Walbridge to comply with: (i) all Applicable Laws; and (ii) covenants and obligations, or requirements of any Governmental Authority, but in each case (i) and (ii), only to the extent specifically relating to the Work;

2.7 Notwithstanding the foregoing:

2.7.1 The Developer shall not be responsible to furnish legal, accounting, auditing or insurance consulting services to the Owner for the Project.

2.7.2 The Developer shall have no responsibility for the identification, discovery, generation, presence, storage, handling, removal or disposal of, or exposure of persons to, hazardous materials in any form at the Development Parcel, except any hazardous materials brought to the site by the Developer. Developer shall immediately advise Owner in writing of the discovery on the Development Parcel of any hazardous materials regardless of the cause. The Developer shall not be responsible to furnish environmental consulting or testing services for the Project unless requested by Owner pursuant to and in accordance with a mutually agreed Owner Change Order (as defined in Section 5.2.5). Nothing contained in this Agreement shall be construed or interpreted to require the Developer to assume the status of generator, storer, transporter, treater or disposal facility for any hazardous materials not brought to the site by Developer or Walbridge, or their respective sub-contractors, as those terms appear within the Resource Conservation and Recovery Act or within any Federal or State statute or regulation governing the generation, transportation, treatment, storage and disposal of pollutants. Developer acknowledges that it has been provided with a copy of the Phase II Environmental Site Assessment prepared by the Owner and that the conditions reflected therein have been reflected in the Contract Sum.

2.7.3 The Developer shall not be required by the Owner to sign any document that would result in the Developer having to certify, guarantee or warrant the existence of conditions whose existence the Developer cannot ascertain.

2.8 The Developer is an independent contractor and is not an employee or agent of the Owner, and the Developer has no right or authority, express or implied, to commit or otherwise obligate the Owner in any manner whatsoever without the express prior written approval of the Owner.

2.9 In connection with the progression of the Project, Developer agrees that it shall:

2.9.1 not modify, amend or terminate the Design/Build Agreement or consent to any modification, amendment or termination to any subcontract which has been previously approved or subject to the approval of the Owner without the Owner’s prior written consent, which shall not be unreasonably withheld, conditioned or delayed;

2.9.2 promptly provide written notice to the Owner of any instances in connection with the development of the Project which has resulted in damage to persons and/or property or which would otherwise interfere with the Construction Schedule;
2.9.3 promptly provide written notice to Owner of any default by Walbridge under the Design/Build Agreement or any default by a subcontractor of Walbridge; and

2.9.4 upon demand, assign all of Developer’s rights to all work product relating to the Project pursuant to the Design Build Documents, including without limitation, Section 12.3 of the Design-Build Agreement.

2.10 The Developer shall be responsible for causing Walbridge to initiate, maintain and supervise, all safety precautions and programs in connection with the performance of the Work.

2.11 The Developer shall cause Walbridge to undertake all, precautions for the safety of, and reasonable protection to prevent damage, injury or loss to:

2.11.1 employees on the Work and other persons who may be affected thereby;

2.11.2 the Work and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody or control of Developer, Walbridge or the Architect, Consultants, or Contractors, or other person or entity providing services or work for Developer; and

2.11.3 other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, or structures and utilities not designated for removal, relocation or replacement in the course of construction.

2.12 If Owner suffers injury or damage to person or property because of an act or omission of Developer, or of others for whose acts such party is legally responsible, written notice of the injury or damage, whether or not insured, shall be given to Developer within a reasonable time not exceeding twenty one (21) days after discovery. The notice shall provide sufficient detail to enable Developer to investigate the matter.

2.13 Developer agrees to remain responsible for the reasonable preservation and protection of the Work during work stoppages or delays and further agrees to protect the Work from deterioration and/or damage until such time as the Work is accepted by Owner. If such delays or work stoppages are the fault of Developer or Walbridge, no additional payments (except insurance proceeds) will be made by Owner to repair damage or restore deterioration, or otherwise correct deficiencies caused by such delays or work stoppages. Developer shall protect, and cause Walbridge to protect, as may be affected by execution of the Work, adjoining private or municipal property, including, but not limited to, buildings and structures, foundations, landscaping, parking areas, walkways and underground systems, and shall provide barricades, temporary fences, and covered walkways required to protect the safety of passers-by, as required by local building codes, ordinances or other laws, or this Agreement. Developer shall, as a component of the Contract Sum promptly repair any damage or disturbance to walls, utilities, sidewalks, curbs, exterior alleys, streets, and driveways and the property of third parties (including municipalities) caused by the performance of the Work, whether by Developer, Walbridge, its Subcontractors, its Sub-subcontractors, its material suppliers, its equipment suppliers, or its laborers, unless such damage or disturbance is caused by the acts or omissions of Owner or its employees, or results from existing conditions not caused by Developer or Walbridge (e.g. sinkholes).
2.14 Areas of the Project site which may be used by Developer and Walbridge are limited and shall be approved by Owner and any authorities having jurisdiction over the site before Developer commences the Work. Owner shall have the right to reasonably change the location of such areas from time to time upon reasonable notice to Developer. If Owner changes the location of such areas, Owner shall pay Developer’s and Walbridge’s reasonable costs incurred in making such change. Further, Developer acknowledges that areas for parking vehicles and storing equipment and materials at the jobsite are limited. Developer shall provide adequate supervision and use its best efforts to ensure that no subcontractor or others performing the Work violate any of the foregoing restrictions. In the event utilities are not available at the project site, Developer shall make arrangements for and furnish, at Developer’s cost and expense, all water, electricity, lighting and other utilities and equipment as are necessary to complete the Work. If necessary, temporary toilet facilities shall be provided and maintained at Developer’s expense for the use of all workmen and workwomen on the Project. The temporary toilets shall be located in a reasonable location, subject to Owner’s reasonable approval and shall be relocated inside the building or connected to the sewer system serving the Project as soon as work will reasonably and customarily allow. The temporary toilets shall be kept in a sanitary condition in accordance with general industry practices. Developer shall be responsible for obtaining all necessary permits and approvals for the installation and use of the temporary facilities.

2.15 Developer is responsible for compliance with any requirements included in the Final Plans and Specifications or the Design/Build Agreement regarding hazardous materials. If the Developer encounters a hazardous material or substance not addressed in the Final Plans and Specifications or the Design/Build Agreement and if reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance, including but not limited to asbestos or polychlorinated biphenyl (PCB), encountered on the site by the Developer, the Developer shall, upon recognizing the condition, immediately cause Walbridge to stop Work in the affected area and report the condition to the Owner in writing.

2.16 The Owner shall not be responsible under this Section 2.16 for materials or substances the Developer, Walbridge or its subcontractors brings to the site unless such materials or substances are required by the Final Plans and Specifications. The Owner shall be responsible for materials or substances required by the Final Plans and Specifications, except to the extent of Developer’s fault or negligence in the use and handling of such materials or substances.

2.17 The Developer shall indemnify, defend, and hold the Owner and each Owner Indemnified Party (as hereinafter defined) harmless for the cost and expense the Owner incurs (1) for remediation of a material or substance the Developer, Walbridge or its subcontractors brings to the site and negligently handles, or (2) where the Developer fails to perform its obligations under Sections 5, 2.15 and 2.16, except to the extent that the cost and expense are due to the Owner’s fault or negligence.

2.18 The Developer shall promptly correct, or cause Walbridge to promptly correct, Work rejected by the Owner or failing to conform to the requirements of the Final Plans and Specifications, whether discovered before or after Substantial Completion (but prior to the expiration of the Warranty Period as defined below) and whether or not fabricated, installed or completed. Costs of correcting such rejected Work, including additional testing and inspections, the cost of uncovering and replacement, and compensation for any design
consultant employed by the Owner whose expenses and compensation were made necessary thereby, shall be at the Developer’s expense.

2.19 If, within one (1) year after the date of Substantial Completion of the Work or designated portion thereof or after the date for commencement of warranties established under Section 9.8 of the Design/Build Agreement, or by terms of an applicable special warranty required by the Final Plans and Specifications (the “Warranty Period”), any of the Work is found not to be in accordance with the requirements of the Final Plans and Specifications, the Developer shall correct, or cause Walbridge to correct, it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Developer a written acceptance of such condition. The Owner shall give such notice promptly after discovery of the condition. During the Warranty Period for correction of the Work, if the Owner fails to notify Developer and give Developer an opportunity to make the correction, the Owner waives the rights to require correction by Developer and to make a claim for breach of warranty. If Developer fails to have nonconforming Work corrected within a reasonable time during that period after receipt of notice from the Owner, the Owner may correct it in accordance with Section 2.18. In addition to the warranties set forth in this Section 2.19, for a twelve (12) month period following the expiration of the one (1) year Warranty Period referenced above, Developer shall correct, or cause Walbridge to correct, promptly after receipt of written notice from the Owner to do so (unless Owner has previously given the Developer a written acceptance of such condition), any defects in the structural elements of the Project improvements. The Owner shall give notice promptly after discovery of such structural defects in the Project improvements and the Developer shall promptly undertake, or cause Walbridge to undertake, such actions to correct such structural defects in the Project improvements. If the Developer fails to do so within a reasonable period of time, then the Owner may correct it in accordance with Section 2.1.8.

2.20 Developer shall use commercially reasonable diligent efforts to promptly commence, pursue, and complete the construction of the Project and conduct its activities with minimal disruption to residents, owners, tenants, occupants, and invitees of properties neighboring the Project and the general public and to traffic patterns in and around the area. Before commencing construction, Developer shall take, or cause Walbridge to take, reasonable interim measures to ensure temporary screening of construction activities from such neighboring properties, and to prevent movement of wind-blown debris, dust and soil onto neighboring properties. Developer shall provide its own site security protection during construction on a twenty-four (24) hour basis.

2.21 All of the services and other obligations required to be performed under this Agreement by Developer will be performed by Developer or under its supervision, and all agents, contractors, subcontractors, consultants and personnel engaged in the Work shall be fully qualified and, where so required, shall be authorized or permitted under State and local law to perform such services.

2.22 Developer covenants and agrees, that upon discovery by Developer, to provide notice to the City of the occurrence or non-occurrence of any event that could have a material adverse effect on Developer’s ability to complete the Project in a timely fashion or to fulfill its obligations under this Agreement.

2.23 Developer will cause Walbridge to construct all improvements in connection with the Project to be performed in accordance with the Final Plans and Specifications.
2.24 Prior to Developer’s commencement of construction of the Project, and without waiving the provision of any law, ordinance or statute which prohibits a party from filing and/or enforcing a lien on public property, all of which rights and defenses are expressly retained by the Owner, the Developer will nonetheless submit to the City evidence that it has complied with the requirements of the Michigan Construction Lien Act, Act No. 497 of the Public Acts of 1980, as amended, by recording with the Oakland County Register of Deeds and posting upon the site a Notice of Commencement.

2.25 Developer shall indemnify, defend, and hold the Owner and the City, its officials (whether elected or appointed), employees, agents, consultants, attorneys, volunteers and representatives (individually each an “Owner Indemnified Party”) harmless for, from, and against any and all costs, expenses, liabilities, and claims incurred by the Owner or any Owner Indemnified Party from Developer’s failure to perform its obligations in accordance with this Agreement or otherwise resulting from the Developer’s performance (or non-performance) of the Developer’s obligations hereunder, except to the extent resulting from the Owner’s failure to perform its obligations in accordance with this Agreement or from the Owner’s negligence or willful misconduct.

2.26 Fair Employment. In accordance with the United States Constitution and all federal legislation and regulations governing fair employment practices and equal employment opportunity, and including, but not limited to, the Civil Rights Act of 1964 (P.L. 88-352, 78 Stat. 252) and in accordance with the Michigan Constitution and all state laws and regulations governing fair employment practices and equal employment opportunity, including, but not limited to, the Michigan Civil Rights Act (P.A. 1976 No. 453) and the Michigan Handicapped Civil Rights Act (P.A. 1976 No. 220), Developer agrees that it will not discriminate against any person, employee, consultant or applicant for employment with respect to his or her hire, tenure, terms, condition, or privileges of employment because of his or her religion, race, color, or national origin, age, sex, height, weight, marital status, sexual orientation, or disability.

3. COMPENSATION AND PAYMENTS

3.1 For the proper performance of the Services and other obligations under this Agreement, the Owner shall pay the Developer a sum not to exceed the guaranteed maximum price of $________________________ all as provided in Exhibit C attached hereto and incorporated herein by reference (the “Contract Sum”), the Contract Sum consists of the following components:

3.1.1 (the “Development Fee”) in an amount equal to Three percent (3%) of the Construction Price, payable on a percentage completion basis, simultaneous with Construction Price payments under Section 7 below.

3.1.2 The Owner shall also pay the “Construction Price” as defined in Section 6 below.

3.2 The Developer shall submit periodic invoices as provided in Section 7 to the Owner and Owner’s Representative for amounts due under Section 3.1.1 and 3.1.2 simultaneously with each Payment Application submitted by Walbridge. Invoices shall be due and payable within thirty (30) days after receipt of the Payment Application by the Owner, unless Owner provides notice to Developer that Owner disputes the Payment Application.
4. OWNER’S RESPONSIBILITIES

4.1 The Owner shall:

4.1.1 furnish with promptness all information reasonably required by Developer with respect to the Project;

4.1.2 promptly execute and deliver all documents requiring Owner’s signature (so long as Owner’s obligation to execute such documents is consistent with this Agreement and the Development Agreement) and otherwise reasonably cooperate with Developer in all matters relating to the development of the Project, including, but not limited to, applications for licenses, permits and zoning changes or variances, requirements of Applicable Laws, provided however, nothing in this Agreement shall require the Owner to circumvent or negate the protocols, procedures, rules and regulations of the City;

4.1.3 promptly perform, at Owner’s cost, all of its obligations to be performed by Owner pursuant to this Agreement, including without limitation, timely payment of the Contract Sum in accordance with the payment procedures set forth herein.

4.2 All payments required to be made by Owner under this Agreement shall be made in US Dollars by wire transfer or other immediately available funds. Developer shall thereafter make all payments to Walbridge, its subcontractor(s) or supplier(s), or other third party(ies) identified by Developer in such approved Payment Application, but in all events, prior to the payment of any subsequent Payment Applications.

5. CHANGES TO THE WORK

5.1 Neither Owner nor Developer shall have the right to order extra work or change orders with respect to the Project or effect a Change Order under the Design/Build Agreement except pursuant to a Change Order or as otherwise provided in this Agreement.

5.2 In the event Owner wishes to propose a modification or change to the Final Plans and Specifications or the Work, Owner shall:

5.2.1 Promptly provide Developer with a description in writing of the proposed modification or change, together with any and all supporting documentation reasonably appropriate to understand and evaluate the proposed modification or change (a “Owner Change Proposal”)

5.2.2 Developer’s consent to any Owner Change Proposal shall not be required unless such proposed modification: (A) compromises the structural integrity of the Project; (B) adversely affects the warranties to be provided pursuant to this Agreement; (C) changes the Project Scope in any material respect, or (D) adversely affects, or materially increases the scope of, the Developer’s Duties.

5.2.3 Within seven (7) business days after Developer receives any Owner Change Proposal, Developer shall provide Developer’s “Proposal Response Notice” setting forth the increase or decrease to the Construction Costs that would result from such proposed modification and the projected delay, if any, in the Construction Schedule (together with any and all available supporting
documentation reasonably appropriate to understand and evaluate the proposed modification or change); provided, however, if Developer cannot provide such information with the seven (7) business day period, Developer will instead, within such seven (7) business day period provide notice of the reasonable period of time within which Developer will be able to provide such information, and such notice shall satisfy the requirement for Developer’s Proposal Response Notice hereunder, provided Developer subsequently provides such information by the period so specified.

5.2.4 Owner shall accept in whole, accept in part (provided such part is identifiable and any additional Construction Costs or projected delay are included in the Developer’s Proposal Response Notice for such delineated part) or reject the proposed modification or change promptly, but in all events after Owner has obtained the consent or approval of the City Commission or any department or board of the City having jurisdiction over the subject matter of the Proposal Response Notice following Developer’s Proposal Response Notice (“Owner’s Response Date”). The City shall notify Developer within five (5) business days whether additional time will be required to obtain required City consent or approval. Any delay in the progression of the Work attributable to the additional time required by Owner to obtain such City consent or approval shall be the basis for an equitable extension to the Construction Schedule resulting from such delay. Any acceptance by Owner of a Change Order under this Section 5 or under the Design/Build Agreement must be in writing signed by the Owner’s authorized representative to be binding on the Owner. If required under Section 5.2.3, Developer shall include in Developer’s Proposal Response Notice Developer’s reasonable estimate of the effect on the Construction Schedule and any increase or decrease to the Construction Costs that may be incurred by Developer in evaluating and responding to such proposed modification or change or the effect on the Construction Schedule and any increase or decrease to the Construction Costs that may be incurred as a result of Owner’s proposed modification or change and any such increased Construction Costs shall be deemed acceptance of the Construction Schedule delays and increased or decreased Construction Costs which shall be set forth in a written Change Order signed by Owner and Developer. Immediately upon approving such Change Order, Owner shall confirm that sufficient sums exist to pay for any increases in the Construction Price as a result of such Change Order.

5.2.5 If Owner accepts, in whole or in part, such Change Order, Developer shall implement such modification or change (including, if applicable, any identifiable part of such change approved by Owner as described above) (a “Owner Change Order”), as agreed to by the parties, and the Construction Schedule and/or the Construction Price shall be adjusted by the effect on the Construction Schedule or increased or decreased Construction Costs that may be incurred as result of Owner’s proposed modification or change and any such increased Construction Costs shall be deemed Additional Costs as described in Section 6.2 of this Agreement.

5.2.6 If Owner fails to so timely direct Developer to implement the proposed modification, or if Owner disapproves of such proposed modification or if Owner fails to sign the Owner Change Order, Owner shall be deemed to have rejected
such Owner Change Proposal and Developer shall not implement such proposed modification, and such proposed modification shall be of no further force or effect.

5.3 In the event Developer or Walbridge wish to propose a modification or change to the Final Plans and Specifications that is not a Required Change Order (a “Developer’s Change Proposal”) Developer shall:

5.3.1 promptly provide Owner with a description in writing of the proposed modification or change, together with such supporting documentation reasonably appropriate to understand and evaluate the proposed modification or change, together with Developer’s estimate of such change or modification’s effect on the Construction Costs or the Construction Schedule.

5.3.2 deliver Developer’s Change Proposal to Owner and Owner shall have five (5) business days after receipt of Developer’s Change Proposal to notify Developer in writing as to whether or not Owner consents to such modification or change, subject to the requirements herein, provided however, if Owner cannot provide such response within said five (5) business day period, Owner will instead provide written notice of the reasonable period of time within which Owner will respond.

5.3.3 In the event Developer makes a Developer’s Change Proposal (which, for clarification, does not include a Required Change Order), such Developer’s Change Proposal shall not be effective without Owner’s written consent, which consent shall not be unreasonably withheld, conditioned or delayed, unless such Developer’s Change Proposal will increase the Contract Sum or result in an extension of the Construction Schedule or materially and adversely affect and/or alter the Final Plans and Specifications of the Project.

5.3.4 Owner shall accept in whole, accept in part (provided such part is identifiable and any additional Construction Costs or projected delay are included in the Developer’s Change Proposal for such delineated part) or reject the proposed modification or change promptly, but in all events, after Owner has obtained the consent or approval of the City Commission or any other department or board having jurisdiction over the subject matter of the Developer’s Change Proposal. The City shall notify Developer within five (5) business days whether additional time will be required to obtain required City consent or approval. Any delay in the progression of Work attributable to the additional time required by Owner to obtain such City consent or approval shall be the basis for an equitable extension to the Construction Schedule resulting from such delay. If the Owner accepts in writing, in whole or in part Developer’s Change Proposal, Owner’s approval shall be deemed acceptance of the Construction Schedule delays and increased or decreased Construction Costs which shall be set forth in a written Change Order signed by Owner and Developer (an “Approved Developer Change Order”). Immediately upon written approval of such Change Order, Owner shall confirm that sufficient sums exist to pay for any increases in the Construction Price as a result of such Change Order.

5.3.5 Upon execution of such Approved Developer Change Order, then Developer shall initiate or implement the Approved Developer Change Order, as agreed to by the parties and the Construction Schedule and/or the Construction Price shall be adjusted as stated in such Approved Developer Change Order by the effect on the
Construction Schedule or increased or decreased Construction Costs that may be incurred as result of Developer’s proposed modification or change and any such increased Construction Costs shall be deemed Additional Costs as described in Section 5.2 of this Agreement.

5.3.6 In the event that Owner fails to timely respond to a Developer’s Change Proposal within such five (5) business day period, or if Owner disapproves of such proposed modification, or fails to sign the Owner Change Order or fails to confirm that sufficient sums exist in the Escrow Account to pay for such Change Order, then Owner shall be deemed to have rejected such Developer’s Change Proposal and Developer shall not implement such proposed modification, and such proposed modification shall be of no further force or effect.

5.4 Provided not less than five (5) business days advance written notice is given by Developer to the Owner of Required Change Orders or Minor Field Changes (each as defined below) and Owner has not provided Developer notice of the Owner’s objections thereto or that such Required Change Orders or Minor Field Changes require the approval of the City Commission or any other department or board of the City having jurisdiction over the subject matter thereof, within such 5-business day period (in which event Developer shall not proceed with such Required Change Order or Minor Field Changes), Developer may implement a change or modification to the Work, and Owner’s consent shall not be required for, any proposed modifications or changes to the Working Drawings or the Final Plans and Specifications, but only:

5.4.1 to the extent such modifications or changes are necessitated by requirements of any Governmental Authority or changes in Applicable Laws after the date of this Agreement (individually and collectively, “Required Change Order(s)”)

Notwithstanding the foregoing, if such Required Change Order will increase the Contract Sum and/or require an extension under the Construction Schedule, Developer shall not proceed with such Work without a signed written Change Order, and may suspend Work until receipt of such written Change Order.

5.4.2 to the extent such modifications or changes constitute Minor Field Changes. For purposes of this Agreement, “Minor Field Changes” means any changes to the Project which satisfy all of the following conditions and requirements:

5.4.2.1 do not require an adjustment to the Construction Schedule or an increase in the Construction Costs or require the use of any sums designated as contingencies;

5.4.2.2 with respect to any substitution, elimination or replacement of materials, such substituted materials are of equal or superior quality, durability and appearance to the materials which are being replaced, and the substitution shall not change the Owner approved appearance, use or specification of the Project;

5.4.2.3 the change shall not diminish the value or utility of the Project; and

5.4.2.4 the change shall not alter the overall appearance or general location of any items specifically shown or specified on the Final Plans and Specifications.
5.5 Any increase or decrease in the Construction Price arising on account of any Required Change Order, Owner Approved Change Order or Developer Approved Change Order shall be deemed a Cost Adjustment Item (defined below) and the Construction Schedule shall be adjusted and extended for the delay as expressly stated in such Change Order.

5.6 Developer may implement any Required Change Order as provided above provided Owner does not object to same pursuant to Section 5.4.

6. **CONSTRUCTION PRICE**

6.1 The “Construction Price” as used in this Agreement shall be the sum of all hard and soft costs payable to Walbridge under the Design/Build Agreement, whether as Cost of the Work, General Conditions Costs, Contractor’s Fee, or otherwise, but in no event in excess of the Guaranteed Maximum Price, as such may be adjusted from time to time with Owner’s prior written consent pursuant to the Contract Documents (all of such costs referred to as “Construction Costs,” and for purposes of determining any “Savings” (as defined below) shall be the Guaranteed Maximum Price set forth in Exhibit C attached hereto.

6.2 Any increase to the Construction Price as a result of any Cost Adjustment Item (collectively “Additional Costs”) approved by the Owner in writing shall be paid by the Owner.

6.3 Simultaneously with the execution of the Design/Build Agreement by Developer and Walbridge, Developer shall submit to Owner for Owner’s approval, a schedule of values allocating the entire Contract Sum to the various portions of the Work and prepared in such form and supported by such data to substantiate its accuracy as the Owner may require. This schedule of values, unless objected to by the Owner, shall be used as a basis for reviewing the Owner’s and Walbridge’s Payment Applications. Notwithstanding the foregoing, Owner acknowledges that such individual line items in such schedule of values are not guaranteed. Cost underruns from one line item may be used to offset cost overruns in one or more other line items, provided that the Guaranteed Maximum Price, as may be modified from time to time, is not exceeded.

6.4 The Construction Price, including any Additional Costs, shall be paid to Developer commencing with the first Progress Payment (as defined and set forth in Section 7) and thereafter with each Application for Payment pursuant to Section 7 through Final Completion of the Project.

6.5 Developer and Owner acknowledge and agree that simultaneously with the parties’ approval of any Change Order pursuant to the terms hereof, the Construction Price (and Guaranteed Maximum Price) shall be adjusted by the following amounts in the following circumstances (each a “Cost Adjustment Item” and collectively the “Cost Adjustment Items”):

6.5.1 the Construction Price will be increased as hereinafter provided by each of the following Cost Adjustment Items:

6.5.1.1 as established pursuant to a Change Order;
6.5.1.2 any Additional Costs with respect to an Allowance Item in excess of the Allowance Amount for such Allowance Item, but only to the extent approved by Owner in writing (“Approved Allowance”);

6.5.1.3 any Additional Costs pursuant to a change in the Project Scope, Owner’s Design Change or other changes requested by Owner or otherwise required by law, but only to the extent approved by Owner in writing;

6.5.1.4 any Additional Costs on account of any Owner Default;

6.5.1.5 any costs or charges incurred by Developer or Walbridge in the event of failure to timely receive payment of any Development Fee or Construction Price installment payment which is otherwise due and payable in accordance with the terms hereof or the Contract Documents;

6.5.2 the Construction Price will be decreased as hereinafter provided by each of the following Cost Adjustment Items:

6.5.2.1 the amount of the net savings or credit set forth in a deductive Change Order, which shall all result in a proportionate reduction in the Development Fee; or

6.5.2.2 the amount of the positive difference between an Allowance Amount for a particular Allowance Item minus the Construction Costs actually incurred for such Allowance Item, if applicable, it being acknowledged that Allowance Amounts shall not be used by Developer or Walbridge to offset cost over runs in Construction Costs applicable to other elements in the Work.

7. PAYMENT.

7.1 Escrow. Owner and Developer shall establish an escrow (“Escrow Account”) with First American Title Insurance Company, whose address is 300 East Long Lake, Suite 300, Bloomfield Hills, Michigan 48304 (“Escrowee”) pursuant to an escrow agreement in substantially the form of Exhibit D attached hereto and made a part hereof (“Escrow Agreement”), pursuant to which Owner shall deposit on a monthly basis the amount necessary to pay to Developer the Construction Price Installment Payment approved by the Owner for subsequent disbursement to Developer. Upon Final Completion of the Project, any “Savings” as defined below achieved in the progression of the Work shall be retained by the Owner.

7.2 Construction Price Installments. Owner shall pay the entire Construction Price in accordance with monthly Applications for Payment provided by Developer (each a “Construction Price Installment Payment”), plus any Additional Costs as provided in Section 7.4 below. The first Construction Price Installment Payment shall be due and payable in accordance with the provisions of Section 7.6 below following the commencement of construction and Owner’s receipt of the first Application for Payment (as defined below). Each subsequent Construction Price Installment Payment shall thereafter be due monthly through the date on which the final payment is made.
7.3 **Development Fee Installments.** In connection with each Construction Price Installment Payment, Developer shall be paid an amount equal to Three percent (3%) of the total amount of Construction Costs (less a retainage as set forth in the Design Build Agreement) approved in connection with the applicable Application For Payment (the “Developer Fee Installment Amount”) which shall be due and payable to Developer at the same time as the Construction Price Installment Payment is due and payable. Any portion of the Developer Fee which is retained by Owner shall be released to Developer simultaneously with the release to Walbridge of any Walbridge Retainage due it.

7.4 **Change Order Payments; Other Payments.** In the event of any Additional Costs arising on account of Change Orders, Owner’s Design Change, changes in the Project Scope or other changes requested by Owner pursuant to the terms hereof (“Change Order Amount”), the Change Order Amount shall be paid to Developer or in accordance with written directions, as applicable, contained in the Change Order approved by the Owner and pursuant to Section 7.6. With respect to any Additional Costs arising on account of any Cost Adjustment Items other than a Change Order Amount, including, without limitation, in connection with any Allowance Item, such amounts shall be paid by Owner within thirty (30) days after request therefore from Developer, with reasonable specificity as to the Other Amounts required to be paid on account of a Cost Adjustment Item.

7.5 **Construction Price Retainage.** The Construction Price amount deposited by the Owner into the Escrow on a monthly basis excludes a retainage (of the sum of ten percent (10%) of the Construction Price less through fifty percent (50%) completion (“Construction Price Retainage”), which Construction Price Retainage shall be released by Owner to Developer for subsequent payment to Walbridge from time to time as subcontractors fully complete their portion of the Project and have delivered final conditional lien waivers with respect to such portion of the Project, with all remaining Construction Price Retainage, except the Walbridge Retainage, paid to Developer or in accordance with Developer’s written directions, concurrently with Substantial Completion of the Project. In the event that such release reduces the overall retention held on the Design-Build Agreement to less than 5%, Owner may withhold sufficient additional retention on the next payment so that it retains five percent (5%) retention through Substantial Completion. The portion of the Construction Price Retainage (the “Walbridge Retainage”) shall be held in the Escrow Account and released to Developer for payment to Walbridge upon Substantial Completion of the Project, less a holdback of one hundred fifty percent (150%) of the estimated cost of the Work to be completed (but not more than Walbridge Retainage) for the Punchlist Items.

7.6 **Construction Progress Payments.** Each Construction Price Installment Payment, plus any Change Order Amount required to be paid at that time, and Development Fee Installment Payments then due shall be deposited on a monthly basis in the Escrow Account and disbursed by Escrow Agent to Developer or in accordance with Developer’s written directions, in the form of progress payments against the Construction Costs and Additional Costs, and to the Developer for the applicable portion of the Development Fee in accordance with the procedure set forth below.

7.6.1 On or before the 25th day of each month for Work to be completed by the last day of that month, Developer shall submit, or have submitted, to Owner and the Owner Representative for Owner’s approval, and to Escrowee, an application for payment which conforms to the requirements of this Agreement and the Design/Build Agreement (“Application for Payment”) signed by Walbridge and Developer, which includes the portion of the Construction Price due based upon the percentage
of Work completed and materials purchased and suitably stored on the Project site or at other locations reasonably approved by Owner, and the portion of the Development Fee due in an amount equal to 3% of such Construction Costs less any required retention.

7.6.2 Each Application for Payment shall be accompanied by: (i) Owner’s standard Application and Certificate for Payment (which is the version AIA Document G702 and G703) executed by Developer and Walbridge, showing the percentage and value of Work completed since the prior disbursement and stating that the portion of the Work for which the Application for Payment is submitted has been substantially completed in accordance with the Final Plans and Specifications; (ii) a certificate from the Architect certifying that the portion of the Work that is subject to the Application for Payment has been substantially completed in accordance with the Final Plans and Specifications; (iii) Walbridge’s sworn statement setting forth the name of all applicable consultants, architects, engineers, contractors, subcontractors, sub-subcontractors and material suppliers performing the Work or otherwise providing services or materials for the Project and setting forth the percentage of completion of each scheduled item; (iv) partial conditional lien releases from Walbridge and each applicable subcontractor, sub-subcontractor and/or material supplier providing construction services or supplies for the Work (such parties are collectively referred to as “Lien Claimants”) for the portion of the Work completed, and covered by the current monthly Application for Payment along with evidence of payment by Developer and Walbridge (or other applicable party) of the applicable Lien Claimants’ prior payment applications for the Work completed in connection with the prior monthly Application for Payment; (v) a partial unconditional release or waiver from each Lien Claimant showing evidence of payment for the prior Application for Payment; (vi) with respect to any costs that are submitted by Walbridge that are not included in any Application for Payment, written invoices to substantiate such costs so incurred; (vii) a description of any Retainage to be released to subcontractors pursuant to Section 7.5; (viii) a copy of the application for payment submitted by Walbridge pursuant to the Design/Build Agreement; and (ix) a certificate by Developer and Walbridge of the cost to complete the Project after the amounts stated in the Application for Payment have been paid on a line by line basis.

7.6.3 After review and approval by Owner of each Application for Payment and the items delivered pursuant to this Section (a “Certificate of Payment”), then on or before twenty-one (21) days after approval by Owner of such Application for Payment and the items required under this Section, the Owner shall tender the required payment to Escrow Agent and direct the Escrowee to pay Developer (or such other party as Developer may direct) from the Escrow Account, the amount due pursuant to the approved Application for Payment, less Retainage of ten (10%) percent, plus any Retainage approved to be released pursuant to Section 7.5, and to pay Developer from the Escrow Account the portion of the Development Fee as set forth in the Application for Payment.

7.6.4 The Owner may withhold an Application for Payment in whole or in part to the extent reasonably necessary to protect the Owner due to the Owner’s reasonable determination that the Work has not progressed to the point indicated in the Application for Payment, or the quality of the Work is not in accordance with this Agreement or the Design/Build Documents. If the Owner is unable to
certify/approve payment in the amount of the Application, the Owner will notify the Developer and Walbridge. If Walbridge, Developer and Owner cannot agree on a revised amount, the Owner will promptly issue a Certificate for Payment for the amount that the Owner deems to be due and owing. The Owner may also withhold a Payment or, because of subsequently discovered evidence, may nullify the whole or a part a Payment previously issued to such extent as may be necessary to protect Owner from loss for which Developer and/or Walbridge is responsible because of:

7.6.4.1 defective Work not remedied;
7.6.4.2 third party claims filed or reasonable evidence indicating probable filing of such claims unless security acceptable to the Owner is provided by the Developer;
7.6.4.3 failure of Developer or Walbridge to make payments properly to Architect, Engineer, Consultant, Contractor, Subcontractors or for labor, materials or equipment;
7.6.4.4 reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
7.6.4.5 damage to the Owner or a third party caused by Developer or Walbridge or a party for which Developer and/or Walbridge is responsible, unless the Developer and/or Walbridge have in writing undertaken the commitment to cure such damage within ten (10) days of notice thereof and thereafter promptly commences and diligently pursues efforts to correct such damage;
7.6.4.6 reasonable evidence that the Work will not be completed within the time periods set forth in the construction Schedule, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay;
7.6.4.7 repeated failure to carry out the Work in accordance with this Agreement or the Design/Build Agreement;
7.6.4.8 repeated failure of Developer or Walbridge to provide updated weekly status reports and approved, updated and revised progress schedules;
7.6.4.9 Failure to comply with the Key Milestone dates and Developer has not provided adequate assurances reasonably acceptable to Owner within fourteen (14) business days of demand therefor detailing the means by which Developer and/or Walbridge can nonetheless achieve timely the next Key Milestone and Substantial Completion.
7.6.4.10 the filing of a lien, except if the lien or claim is the result of Owner's nonpayment of an amount contained in a previously submitted pay application over which no good-faith dispute exists between Owner and Developer;
7.6.4.11 erroneous estimates by Developer or Walbridge of the values of the Work performed; or

7.6.4.12 default by Developer or Walbridge under the Design/Build Agreement, that Developer or Walbridge has undertaken in writing the commitment to cure within five (5) days of notice thereof and has promptly commenced and thereafter diligently pursues same after Owner provided written notice of the default.

7.6.5 The Owner shall not unreasonably withhold any certification for Payment and shall release all undisputed amounts as required herein. When the aforementioned reasons for withholding certification are removed, certification will be made for amounts previously withheld.

If the Owner withholds certification for payment under Section 7.6.4.3, the Owner may, at its sole option, issue joint checks to Developer, Walbridge and to the Architect or any Consultants, Contractor, material or equipment suppliers, or other persons or entities providing services or work for Walbridge to whom Developer or Walbridge failed to make payment for Work properly performed or material or equipment suitably delivered.

7.6.6 After the Owner has issued a Certificate for Payment, the Owner shall make payment in the manner and within the time provided in this Agreement.

Developer shall pay, or cause Walbridge to pay, each Architect, Consultant, Contractor, and other person or entity providing services or work for Walbridge no later than the time period required by applicable law, but in no event more than seven days after receipt of payment from the Owner the amount to which the Architect, Consultant, Contractor, and other person or entity providing services or work is entitled, reflecting percentages actually retained from payments to Walbridge on account of the portion of the Work performed by the Architect, Consultant, Contractor, or other person or entity. Walbridge shall, by appropriate agreement with each Architect, Consultant, Contractor, and other person or entity providing services or work for Walbridge, require each Architect, Consultant, Contractor, and other person or entity providing services or work for Walbridge to make payments to subconsultants and subcontractors in a similar manner.

Walbridge payments to material and equipment suppliers shall be treated in a manner similar to that provided in Sections 9.6.2, 9.6.3 and 9.6.4 of the Design/Build Agreement.

A Certificate for Payment, a progress payment, or partial or entire use or occupancy of the Project by the Owner shall not constitute acceptance of Work not in accordance with this Agreement.

7.6.7 Provided that Owner has timely paid Developer in accordance with this Agreement, Developer shall ensure, and cause Walbridge to ensure, that no construction liens, or any encumbrances in the nature thereof or any other encumbrances whatsoever (including equitable lien claims), shall be filed or maintained by Developer, Walbridge, or by any subcontractors, sub-subcontractors, materialmen, laborers or other lienors (each, a "Lienor") against
the Project in connection with any Work for which Owner has made payment or for which payment is not yet due. Developer shall have the unconditional obligation to notice or transfer any such lien or claim to bond. As a condition to the receipt of each progress payment from the Owner, Developer must furnish a release of lien from each Lienor, for the amount of the previous month’s payment, in the statutory form, together with a Design/Builder’s partial release of lien in the statutory form. Further, as a condition to the receipt of the Final Payment, Developer shall provide Owner with a final release of lien from Walbridge and each Lienor, in the statutory form, conditioned upon receipt of such Final Payment. Each release of lien given to the Owner shall waive and release any lien rights of the Lienor to the extent payment is made with respect to any Work performed through the date of the progress payment to which the lien release applies.

7.6.8 Developer agrees to indemnify, defend and hold the Owner and each Owner Indemnified Party harmless from and against any and all liens or other claims whatsoever filed against the Owner, any Owner Indemnified Party or Owner’s property by any Lienor for work performed or materials or services furnished in connection with Work for which Developer has been paid or for which payment is not yet due at the time the lien is filed. In the event a claim or a claim of lien is filed against the Owner, any Owner Indemnified Party or Owner’s property, Developer shall cause the same to be satisfied within forty five (45) days following the date of filing, or in the alternative, shall cause the claim of lien to be noticed or transferred to bond. In the event any liens are not cleared of record within forty five (45) days of filing, Owner shall have the right to withhold payments equal to the value of such lien in accordance with Section 7.6.4.9, and Owner shall be entitled to all other remedies available at law or in equity. The provisions of this Section shall be deemed an independent covenant of Developer and shall be effective with respect to all work performed and materials or services furnished under any Change Orders between Owner and Developer or any other agreement for extra work with respect to the Project.

7.6.9 If the Owner does not issue a Certificate of Payment, except as otherwise expressly set forth in this Agreement and through no fault of the Developer or Walbridge, within the time required by the Contract Documents, then the Developer and/or Walbridge may, upon fourteen (14) days additional written notice to the Owner, stop the Work until payment of the amount owing has been received. The Contract Time shall be extended appropriately and the Contract Sum shall be increased by the amount of the Developer’s and Walbridge’s reasonable costs of shut down, delay and start-up, plus interest as provided for in the Design-Build Documents.

7.7 **Final Payment of Construction Costs.** On or prior to the Final Completion Date, Developer shall cause Walbridge to submit to the Developer a final Application for Payment for the entire unpaid balance of the Construction Price (which shall include payment for any remaining Walbridge Retainage) (the “**Final Construction Price Payment**”). Subject to the terms and conditions of this Agreement, Developer shall review, certify to the best of its actual knowledge as correct, and forward such final Application for Payment to the Owner. Developer (or such other party as Developer may direct) shall be entitled to the Final Construction Price Payment upon Owner’s receipt of the following (in addition to the items required pursuant to Section 7.6 above): (i) all items constituting deliverables required to satisfy Final Completion; and (ii) final conditional lien releases from Developer, Walbridge and all Lien Claimants, subject only to receipt of final
payment owed to such Lien Claimants. Owner’s obligation to pay the Construction Price, Development Fee and all other amounts required to be paid by Owner under this Agreement shall survive termination of this Agreement. In addition, to the extent any final Application for Payment reflects amounts owed to Developer for the balance of the Development Fee, such amounts shall be paid to Developer simultaneously with such Final Construction Price Payment. To the extent the cost to complete construction of the Project pursuant to the Final Plans and Specifications exceeds the Guaranteed Maximum Price, as such may be modified from time to time, the Developer Fee, whether or not paid to the Developer shall be applied by the Developer to all such excess costs.

7.7.1 Substantial Completion shall not be deemed to occur, and the Work will not be considered suitable for Substantial Completion review, until each of the following has been met: (i) all Project systems included in the Work are operational as designed and scheduled; (ii) all designated or required governmental inspections and certifications have been made and posted; (iii) a temporary or final certificate of occupancy or equivalent with respect to all portions of the Work has been issued; (iv) designated instruction of Owner's personnel in the operation of all systems have been completed; (v) all final finishes within the Contract are in place; (vi) the Project is available to the Owner for occupancy for use intended, (as to all of (i) – (vi), subject to agreed correction and completion of Punch List items); (vii) Developer has submitted to the Owner for review and acceptance a certificate which states that the Work has been substantially completed in accordance with this Agreement and the Design/Build Agreement, all equipment, system and material guarantee certificates (including Walbridge’s general one(1) year warranty and two (2) year structural warranty), all operation and maintenance manuals, all building keys and all subcontractor and Developer waiver of lien certificates accurately reflecting all payment made up to Substantial Completion, and Developer has complied with all other requirements of this Agreement and the Design/Build Agreement; and (viii) three copies of Mylar final as-built plans for the Work have been delivered to Owner.

7.7.2 When the Developer considers that the Work is substantially complete, the Developer shall prepare and submit to the Owner a comprehensive list of items which do not interfere with the Owner’s intended use but need to be completed or corrected prior to final payment (the “Punch List”). The Punch List shall also indicate the cost of completing the items on the Punch List (the “Punch List Cost”). Failure to include an item on such list does not alter the responsibility of Developer to complete all Work in accordance with this Agreement.

7.7.3 Upon receipt of the Punch List, the Owner will make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the inspection discloses any item, whether or not included on the Punch List, which is not sufficiently complete in accordance with this Agreement so that the Owner can occupy or utilize the Work or designated portion thereof for its intended use, Developer shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Engineer. In such case, Walbridge shall then submit a request for another inspection by the Owner to determine Substantial Completion. Any items discovered by the Owner during the inspection which are not on the Punch List but should be included in the Punch List shall be addressed by the Developer. Should the Owner have reasonable
justification to disagree with the estimated Punch List Cost provided by the
Developer, the Owner may determine the reasonable Punch List Cost.

7.7.4 The Developer will complete, or cause Walbridge to complete, items on the Punch
List promptly after receipt of approval of the Punch List from the Owner or receipt
of an updated Punch List. If Developer fails to complete, or cause to be completed,
all items of the Punch List within thirty (30) days or such other reasonable period
that is mutually agreed upon by the Owner and Developer, the Owner will reserve
the right, after written notice to Developer, to have the remaining Work completed
by any reasonable means, and the reasonable cost of such Work will be deducted
from the final payment due to Developer. Required warranty durations as defined
elsewhere within the Agreement shall not be affected by partial occupancy by the
Owner.

7.7.5 When the Work or designated portion thereof is substantially complete, upon
written request from Developer, the Owner will prepare a Certificate of Substantial
Completion which shall establish the date of Substantial Completion, shall
establish responsibilities of the Owner and Developer for security, maintenance,
heat, utilities, damage to the Work and insurance, and shall fix the time within
which Developer shall finish all items on the list accompanying the Certificate.
Warranties required by this Agreement or the Design/Build Agreement shall
commence on the date of Substantial Completion of the Work or designated
portion thereof unless otherwise provided in the Certificate of Substantial
Completion.

7.7.6 The Certificate of Substantial Completion shall be submitted to the Owner and
Developer for their written acceptance of responsibilities assigned to them in such
Certificate and Owner shall be provided a list of warranties which take effect.
Upon such acceptance, if any, the Owner shall make payment of retainage or
designated portion thereof, less 150% of the Punch List Cost, which shall be
released as part of the Final Payment. As a condition precedent to Final Payment
of the Work and the release of the retainage, the Owner shall certify that the items
on the Punch List have been completed and Developer will provide Owner all
operation and maintenance manuals, all building keys, certificates of testing,
inspection or approval as required by the Design/Build Agreement, and shall
assign to the Owner for direct enforcement all warranties required by the
Design/Build Agreement, which assignment shall be acknowledge and confirmed
by Walbridge. Such payment shall be adjusted for Work that is incomplete or not
in accordance with the requirements of the Design/Build Agreement.

7.8 If, upon Final Completion of the Project, the final Construction Price is less than the
Guaranteed Maximum Price (after adjustments due to Change Orders), the difference shall
be deemed “Savings” and shall be paid to and/or retained by the Owner.

7.9 Owner shall have the right to make payment (either directly or by joint or multiple party check)
in the amount agreed to by Developer to any lienor listed on Developer’s partial or final
affidavit as unpaid, or any other lienor who has given written notice to Owner or whose
existence is otherwise known to Owner, provided, that Owner may withhold payments to any
subcontractor with whom a dispute exists. Owner shall not directly pay any lienor for claims
of lien which have been transferred to bond. Developer shall be a party on all joint or multiple
party checks issued by Owner. Endorsement by any payee of a joint or multiple party check
shall be deemed payment to that party for the full amount of the check. Developer’s acceptance of the Final Payment shall release Owner from any further liability for any additional payments or compensation in connection with the construction of the Work, unless otherwise agreed in writing at that time.

7.10 Developer shall keep, and cause Walbridge to keep, full and detailed records and accounts related to the Cost of the Work and exercise such controls as may be necessary for proper financial management under this Agreement and to substantiate payment. The accounting and control systems shall be Walbridge’s customary accounting systems. The Owner and the Owner’s auditors shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy, the Developer’s and Walbridge’s records and accounts, including complete documentation supporting accounting entries, books, correspondence, instructions, drawings, receipts, subcontracts, subcontractor’s proposals, purchase orders, vouchers, memoranda and other data relating to this Contract, to the extent necessary to substantiate the Cost of the Work as required by the Design/Build Documents and/or compliance with the terms hereof or the Contract Documents. Upon Final Completion of the Project, Developer shall cause Walbridge to turn over to the City those Project records maintained by Walbridge, its Architect, Consultants, Contractors and subcontractors as set forth in Section 9.11.2 of the Design-Build Agreement.

7.11 Except for Work which is subcontracted for on a lump sum basis, Developer shall keep, and cause Walbridge to keep, and shall require each subcontractor of Walbridge to keep, accurate books of records and accounts in accordance with sound accounting principles of all costs for Work performed and all other costs incurred in connection with the Project for which they seek payment. Without limiting the foregoing, the materials to be kept shall include those records necessary to evaluate and verify direct and indirect costs, including overhead allocations as they apply to costs associated with the Project, together with any other records, documentation or accounting data or information reasonably required by the Owner. All records shall be maintained by Developer and/or Walbridge and subcontractors for a minimum of three (3) years following Project Completion or longer if required by law. Upon request, Developer shall deliver, and cause Walbridge to deliver, to Owner true and complete copies of all such records.

7.12 The records identified in Sections 7.10 and 7.11 shall be available to Owner upon request for examination and audit at a mutually convenient time within five (5) working days of such request. Such audits may require Owner’s inspection and copying from time to time of the Records. Owner’s authorized representatives shall have access to Developer’s, Walbridge’s and subcontractor’s facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with this Section 7.12. Developer shall require Walbridge and all subcontractors to comply with the provisions of Section 7.12 by insertion of the requirements thereof in any written agreement between Developer and subcontractor.

8. DEFAULT AND TERMINATION

8.1 Default by Developer. The occurrence of any one or more of the following events beyond the applicable notice and cure periods shall constitute a “Developer Default” under this Agreement:
8.1.1 If Developer shall:

8.1.1.1 fail to perform or comply in any material respect with any obligation of Developer which is required to be complied with under this Agreement or the Design/Build Agreement or the Contract Documents, or

8.1.1.2 fail to cure any representation or warranty given in this Agreement or the Contract Documents that becomes materially untrue after the date hereof,

8.1.1.3 and such failure in this clause shall continue uncured for thirty (30) days after the giving of written notice thereof by Owner to Developer specifying the nature of such failure, unless such failure can be cured but is not susceptible of being cured within said thirty (30) day period, in which event such a failure shall not constitute an Developer Default if Developer commences curative action within said thirty (30) day period, and thereafter prosecutes such action to completion with all due diligence and dispatch and the Construction Schedule is not affected.

8.1.2 If Developer or Walbridge shall make a general assignment for the benefit of creditors.

8.1.3 If any petition shall be filed against Developer or Walbridge in any court, whether or not pursuant to any statute of the United States or of any State, in any bankruptcy, reorganization, dissolution, liquidation, composition, extension, arrangement or insolvency proceedings, and such proceedings shall not be dismissed within one hundred twenty (120) days after the institution of the same, or if any such petition shall be so filed by Developer.

8.1.4 If, in any proceeding, a receiver, trustee or liquidator be appointed for all or a substantial portion of the property and assets of Developer or Walbridge, and such receiver, trustee or liquidator shall not be discharged within ninety (90) days after such appointment.

8.1.5 Any assignment or other transfer of its rights or obligations by Developer or Walbridge specifically prohibited under this Agreement.

8.1.6 Developer or Walbridge shall obtain or be subject to (due to Developer’s fault) an order or decree in any court of competent jurisdiction enjoining the construction of the Project or delaying construction of the same or enjoining or prohibiting Owner or Developer from carrying out the terms and conditions of this Agreement or any of the Contract Documents and such order or decree is not vacated or stayed within sixty (60) days after the filing thereof.

8.1.7 If Developer or Walbridge default under the Design/Build Agreement or any Contract Document.

8.2 Owner’s Rights and Remedies. Upon the happening of any Developer Default hereunder then Owner shall have the following rights and remedies:
8.2.1 Owner shall have the right to terminate this Agreement by giving written notice of such termination to Developer.

8.2.1.1 In the event of such termination, Owner shall have no further obligations under this Agreement (except for its obligation to pay the amounts owed to Developer through the date of termination, including without limitation, compensation due under Section 3 that was not previously paid to the Developer for Services performed and payment of all Applications for Payment submitted and approved by Owner prior to such date of termination, in accordance with the payment procedures set forth in Section 7 or as provided elsewhere in this Agreement less damages and costs incurred by the City due to such Developer Default) and Owner may take possession of the Project, terminate any non-performing contractor or sub-contractor and, at Owner's option, take an assignment of any Contract Documents and thereafter complete the Project in an expeditious manner and reasonably mitigate all costs, expenses or damages.

8.2.1.2 Require Developer to deliver and assign to Owner all right, title and interest in the Final Plans and Specifications, the Working Drawings, the Preliminary Plans and Specifications and all other related design documents within thirty (30) days after such termination.

8.2.1.3 Without limitation of the foregoing, if requested by Owner in writing to Walbridge (with a copy to Developer) after any such Developer Default, Owner shall be entitled to exercise the assignment of the Design/Build Agreement to Owner, in which event Owner will have the rights and obligations of “Developer” under the Design/Build Agreement arising from and after the effective date of such assignment.

8.2.1.4 Pursue all of Owners rights and remedies permitted hereunder at law or in equity.

8.3 Default by Owner. The occurrence of any one or more of the following events beyond applicable notice and cure periods shall constitute an “Owner Default” under this Agreement:

8.3.1 If Owner fails to pay to Developer any payment under this Agreement required to be paid by Owner when due, including, without limitation, any installment of the Contract Sum in accordance with the payment procedures set forth in Section 6 hereof or as provided elsewhere in this Agreement, or any other amount that may be required to be paid by Owner hereunder, and such failure to pay shall continue for thirty (30) days following written notice of such failure from Developer;

8.3.2 If City fails to deposit any sums into the Escrow when required to be deposited pursuant to this Agreement to pay an Application for Payment for which Owner has issued a Certificate of Payment in accordance with the payment procedures set forth in Section 7.6 hereof or as provided elsewhere in this Agreement or if City prevents or obstructs the disbursement or payment from the Escrow for any reason not expressly permitted hereunder of any amounts due and payable to Developer in connection therewith, and such failure to deposit and/or unauthorized
obstruction shall continue for ten (10) business days following Owner’s receipt of written notice of such failure from Developer;

8.3.3 If Owner breaches this Agreement, including breach of any representation or warranty given in this Agreement that becomes materially untrue after the date hereof, and such breach is not cured within any applicable cure period specified herein; and if no such cure period is specified, within thirty (30) days after the giving of written notice thereof by Developer specifying the nature of such default, unless such default can be cured, but is not susceptible of being cured within said thirty (30) day period, in which event such default shall not constitute an Owner Default if Owner commences curative action within said thirty (30) day period, and thereafter prosecutes such action to completion with all due diligence and dispatch;

8.3.4 If Owner shall, after the Commitment Date:

8.3.4.1 have a voluntary or involuntary petition filed by it or against it in bankruptcy, and such petition shall not be dismissed within ninety (90) days after the institution of same;

8.3.4.2 be adjudged a bankrupt, or

8.3.4.3 have all or a substantial portion of its assets or the business conducted by it taken by any trustee, receiver or other person pursuant to any judicial proceedings;

8.3.4.4 become insolvent;

8.3.4.5 have a petition for a dissolution, reorganization or arrangement of its affairs filed by or against it which is not bonded against or otherwise removed within ninety (90) days;

8.3.4.6 make a general assignment for the benefit of its creditors;

8.3.4.7 have a receiver or trustee in liquidation, whether temporary or final, appointed for all or a substantial portion of its property, and such receiver or trustee shall not be discharged within ninety (90) days after such appointment; or

8.3.4.8 make any assignment or other transfer of its rights or obligations by Owner specifically prohibited under this Agreement.

8.4 Developer’s Rights and Remedies. In the event of an Owner Default after the Commitment Date, the following provisions shall apply:

8.4.1 In the event an Owner Default occurs, Developer shall be entitled to terminate this Agreement or stop the Work by written notice to the Owner pursuant to Section 8.4.1.2 and in the event of the termination of this Agreement,

8.4.1.1 Developer shall be entitled to collect:
8.4.1.1 the Development Fee [then earned for the Work completed prior to such termination],

8.4.1.2 the Construction Price for Work performed through the date of the Owner’s Default, and

8.4.1.3 any and all out-of-pocket costs and expenses and reasonable attorneys’ fees and expenses that Developer has incurred as a result of such Owner Default (including any amounts owing under the Design/Build Agreement or any other contracts for the Work performed through the date of such Owner Default; and any commercially reasonable penalties due under any such contracts) and any amounts incurred in connection with funding any portion of the Construction Costs (including any costs incurred by Walbridge), together with interest at the Default Interest Rate; and

8.4.1.2 Developer may, at its option:

8.4.1.2.1 suspend or stop performance of Developer’s duties hereunder and cause Walbridge and Architect and any other parties to indefinitely suspend or stop the work at the Project until such Owner Default is fully cured by Owner (the occasion of which shall be deemed an “Owner Delay” for all purposes hereunder);

8.4.1.2.2 make any payments or render any performance required to be made by City hereunder in connection with such City Default and be entitled to reimbursement of such sum from City together with interest on such sums at the Default Interest Rate; and/or

8.4.1.2.3 terminate Developer’s Services or any other obligations of Developer under this Agreement by written notice to Owner;

8.4.1.2.4 pursue all of Developer’s rights and remedies expressly permitted under this Agreement, subject to any limitation on remedies set forth in this Agreement.

8.4.2 The terms of this Section 8.4 shall survive termination of this Agreement.

8.5 [Other Termination.]

8.5.1 In addition to the right to terminate this Agreement pursuant to Section 8.1 above, Owner shall have the right to terminate this Agreement (without liability except as provided in Section 8.5.2 below) at any time upon fifteen (15) days prior written notice to the Developer in the event that certain ground lease by and between Owner and the Developer’s affiliate for Project 2 (as defined in the Development Agreement) shall be terminated for any reason other than a default by the Owner thereunder.
8.5.2 In the event of termination of this Agreement under Section 8.5, Owner shall pay to Developer all compensation earned through the date of termination that was not previously paid to the Developer for Services performed through the date of termination, and shall make payment on all Applications for Payment submitted and approved by Owner prior to such date of termination, in accordance with the payment procedures set forth in Section 6 or as provided elsewhere in this Agreement) and Developer and all parties claiming by Developer shall vacate the Project, terminate any non-performing contractor or sub-contractor and, at Owner’s option, take an assignment of any Contract Documents (to the extent assignable) and complete the Project in an expedient manner and mitigate all costs, expenses or damages.

9. INSURANCE

9.1 The Developer shall purchase and maintain throughout the term of this Agreement Worker’s Compensation Insurance and Commercial General Liability Insurance covering its activities under this Agreement, in the following amounts:

- Commercial General Liability $3,000,000 per claim and annual aggregate

9.2 Developer shall maintain or cause to be maintained, builder’s risk property insurance for the Project.

9.3 The Owner shall maintain insurance coverages as determined by the Owner to be required to protect the interests of the Owner in connection with the Project.

9.4 The Owner and the Developer waive all rights against each other, and against the Design/Builder, Architect, subcontractors, suppliers, consultants, and agents and employees of the other, for damages covered by any property insurance maintained or required to be maintained in connection with construction of the Project. This Section 9.4 shall survive the expiration or termination of this Agreement.

9.5 The insurance coverages required to be maintained by the parties under this Section 9 shall be provided by financially responsible insurance carriers licensed to do business in the State of Michigan.

9.6 Developer shall purchase and maintain throughout the term of this Agreement professional liability insurance covering its activities under this Agreement of not less than $3,000,000 per claim and an annual aggregate, provided such insurance is available at commercially reasonable rates.

9.7 All insurance obligations under Section 9.1 may be satisfied by Developer if Developer is named as an additional insured on the insurance to be maintained by Walbridge under the Design/Build Agreement.

10. LIMITATION ON LIABILITY

10.1 The Developer shall not be responsible for the design of the Project, for any errors, omissions or other deficiencies in the Drawings and Specifications, for any other error or omissions of the Architect or other consultants, if any, in connection with the Project, or for the failure of the Drawings and Specifications to comply with the requirements of
applicable codes, laws or governmental regulations. Notwithstanding the foregoing, and consistent with its obligations under this Agreement, including without limitation Sections 2.1.3, 2.1.15 and 7.7.6 above, Developer will cause Walbridge to fully perform its obligations under the Design/Build Agreement and enforce same against Walbridge and cause Walbridge to enforce all of the terms and conditions of any subcontract. Furthermore, at City’s request, Developer will assign all of Developer’s rights under the Design/Build Agreement to the Owner for direct enforcement against Walbridge, which assignment shall be acknowledge and confirmed by Walbridge.

10.2 The Developer shall not be responsible for construction means, methods, techniques, sequences and procedures employed by Walbridge or any other contractors and/or suppliers in the performance of their contracts and purchase orders. Notwithstanding the foregoing, and consistent with its obligations under this Agreement, including without limitation Sections 2.1.3, 2.1.15 and 7.7.6 above, Developer will cause Walbridge to fully perform its obligations under the Design/Build Agreement and enforce same against Walbridge and cause Walbridge to enforce all of the terms and conditions of any subcontract. Furthermore, at City’s request, Developer will assign all of Developer’s rights under the Design/Build Agreement to the Owner for direct enforcement against Walbridge, which assignment shall be acknowledge and confirmed by Walbridge.

10.3 In no event shall the Developer or the Owner be liable to the other for special, incidental or consequential damages, including without limitation, loss of profits, revenue or use of capital, or loss of use of the Project, whether based on contract, tort, negligence, strict liability or otherwise, and including indemnification of third party claims for such special, incidental or consequential damages.

10.4 The provisions of this Section 10 shall survive the expiration or termination of this Agreement.

11. MISCELLANEOUS

11.1 Except pursuant to the Design/Build Agreement with Walbridge, Developer shall not transfer, assign or delegate to any other person or entity all or any part of its rights or obligations arising under this Agreement without the prior written consent of Owner, which consent may be unreasonably withheld. Regardless of any such consent by the Owner, the obligations of the Developer under this Agreement shall survive any assignment.

11.2 “Developer” shall at all times be controlled, directly or indirectly, by Ron Boji of Boji Group, LLC, and one or more of the following, John Rakolta, III. of Walbridge Aldinger Company, Victor Saroki of Saroki Architecture or Paul Robertson of Robertson Brothers Homes. For the purposes of this definition, “control” shall mean the power to exercise, directly or indirectly, exclusive authority (whether through contract or otherwise) to direct the management and operations of an entity and whom collectively own at least fifty-one (51%) percent of the outstanding voting interests of such entity.

11.3 This Agreement shall be governed by the laws of the State of Michigan.

11.4 The Owner and, subject to the terms of Section 11.2, the Developer, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement, and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement.
11.5 All statutory rights of a contractor and statutory obligations of the Owner with respect to its contractors shall run to both Developer and Walbridge.

11.6 This Agreement represents the entire and integrated agreement between the Owner and the Developer with respect to the matters set forth herein and supersedes all prior negotiations, representations, proposals or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the Owner and the Developer.

11.7 Nothing contained in this Agreement shall be deemed to give any third party any claim or right of action against the Owner or the Developer which does not otherwise exist without regard to this Agreement. The services of the Developer to advise and consult with the Owner and to monitor the design and construction of the Project shall be performed for the benefit of the Owner and not for the benefit or reliance of Architect, subcontractors, suppliers or others.

11.8 Any notice provided for under this Agreement shall be made in writing and shall be deemed duly served (i) by registered or certified United States Mail postage prepaid, in which case such notice shall be deemed effective on the day three (3) business days after the same is deposited with the United States Postal Service, (ii) by a nationally recognized overnight delivery service (e.g., Federal Express), in which case such notice shall be deemed effective on the next business day the same is deposited with such nationally recognized overnight delivery service, or (iii) in person, in which case such notice shall be deemed effective upon delivery, in each case addressed to the following:

If to Developer: Woodward Bates Partners, LLC
Attn: Mr. Ronnie J. Boji
255 South Old Woodward Avenue, Suite 310
Birmingham, Michigan 48009
Email: rboji@bojigroup.com

With a copy to: Lowell D. Salesin, Esq.
Honigman LLP
39400 Woodward Avenue, Suite 101
Bloomfield Hills, Michigan 48304
Telephone: (248) 566-8540
E-Mail: lsalesin@honigman.com

If to Owner: Owner of Birmingham
Attn: Joseph Valentine, Owner Manager
151 Martin Street
Birmingham, MI 48009
Telephone: (248) 530-1809
Email: jvalentine@bhamgov.org

With a copy to: Joseph M. Fazio, Esq.
Miller, Canfield, Paddock and Stone, P.L.C.
101 N. Main Street, 7th Floor
Ann Arbor, Michigan 48104
Telephone: (734) 668-7633
Email: fazio@millercanfield.com
Either party may change its address or designee for purposes of this Section 11 by written notice complying with the provisions of this Section 11.7.

11.9 All disputes between the Owner and the Developer arising under or relating to this Agreement shall be submitted to non-binding mediation unless the parties mutually agree otherwise. In the event of litigation to enforce the terms of this Agreement, the prevailing party shall be entitled to recover from the other party reasonable attorney’s fees, court costs and expenses incurred in connection with such litigation.

11.10 The Developer shall indemnify, defend and hold harmless the Owner and the Owner Indemnified Parties, its officers, directors, employees and agents from and against any and all damages, liability, costs and expense (including reasonable attorney’s fees) incurred by the Owner and the Owner Indemnified Parties to the extent resulting from the negligence or willful misconduct of the Developer. The provisions of this Section 11.9 shall survive the expiration or termination of this Agreement.

11.11 Developer shall comply with all governmental laws, rules, regulations and orders applicable to it or to the Project.

11.12 As soon as it has knowledge thereof, Developer will promptly notify Owner of any of the following:

11.12.1 Any occurrence which constitutes a default under the Agreement which materially and adversely affects the Project, the Developer’s financial condition or the Developer’s ability to comply with its obligations under this Agreement.

11.12.2 After Developer receives any notice of the commencement of (i) any proceeding or investigation by a federal or state environmental agency against it regarding its compliance with any environmental law, rule or regulation, or (ii) any other judicial or administrative proceeding or litigation by or against it.

11.13 The Developer hereby represents and warrants to the City, as of the date of this Agreement and as of the Commitment Date, as follows:

11.13.1 It is a duly organized limited liability company, validly existing and in good standing under the laws of the State of Michigan.

11.13.2 It has the power to execute, deliver and perform under this Agreement in accordance with the terms and conditions of this Agreement and has taken all necessary action to authorize the foregoing and to authorize the execution, delivery and performance of this Agreement.

11.13.3 The execution, delivery and performance of this Agreement will not violate any provisions of, or constitute a default under, any agreement or contract to which it
is a party and, to the best knowledge of Developer, will not violate any provision of any existing law, regulation, order or decree of any court or governmental entity.

11.13.4 To its best knowledge, it is in compliance with all existing laws and regulations applicable to it, the violations of which would or could materially adversely affect its operations or would or could materially adversely affect its ability to fulfill its obligations under this Agreement.

11.13.5 To its best knowledge and, except with respect to that certain case filed against the Owner in the United States District Court for the Eastern District of Michigan on January 28, 2019, as Case No. 2:19-CV-10277-PDP-EAS, no litigation or administrative proceeding of or before any court or administrative body is presently pending, nor, is any such litigation or proceeding presently threatened, against the Developer that, if adversely determined, would or could materially affect its ability to fulfill its obligations under this Agreement.

11.13.6 To its best knowledge, all other written information, reports, papers and data prepared by the Developer and given to the Owner by the Developer with respect to the Project are accurate and correct in all material respects and substantially complete insofar as completeness may be necessary to give the Owner a true and accurate knowledge of the subject matter.

11.13.7 Developer represents and warrants to Owner that neither it nor any of its Affiliates or any representatives of the Developer and its Affiliates (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury (“OFAC”) pursuant to Executive Order number 13224, 66 Federal Register 49079 (September 25, 2001) (the “Order”); (ii) is listed on any other list of terrorists or terrorist organizations maintained pursuant to the Order, the rules and regulations of the OFAC or any other applicable requirements contained in any enabling legislation or other executive orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the “Orders”); (iii) is engaged in activities prohibited in the Orders; or (iv) has been convicted, pleaded nolo contendere, indicted, arraigned or detained on charges involving money laundering or predicate crimes to money laundering.

11.13.8 Developer represents and warrants to Owner that to its best knowledge after due inquiry no member of the City Commission and no other officer, employee or agent of the Owner who exercises any function or responsibility in connection with the carrying out of this Agreement has any personal interest, direct or indirect, in the Developer or the Project.

11.14 Developer covenants and agrees that no employee, agent, consultant, officer, or elected official or appointed official of the Owner who exercises or has exercised any functions or responsibilities with respect to this Agreement or the Project, or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business, during or after their tenure. The foregoing restrictions shall apply to all activities that are part of the Project, but Developer shall not be deemed to have breached this Section 11.15 if
Developer had no actual knowledge of such person’s position, relationship, interest and/or benefit after due inquiry.

11.15 No official of Owner (whether elected or appointed), officer, employee, board member, council member (including, without limitation, any member of the City Commission), attorney, agent, representative, advisor, or consultant of the Owner shall have any personal liability under this Agreement or otherwise in any manner arising out of or in connection with the Project.

11.16 Where any consent, approval, or other action of the Owner is required or requested under this Agreement, such consent, approval, or other action may be provided by the Manager for the Owner unless such consent, approval, or other action of the Owner requires, or in the discretion of the Manager should be submitted for, the approval of the City Commission pursuant to the express provisions of this Agreement or applicable law.

Signature Page Follows
This Agreement entered into as of the day and year first written above.

**OWNER:**

CITY OF BIRMINGHAM

By: ________________________________
Name: ______________________________
Its: ________________________________

**DEVELOPER:**

WOODWARD BATES PARTNERS, LLC

By: ________________________________
Name: ______________________________
Its: ________________________________

**List of Exhibits:**

Exhibit A – Legal Description of Redevelopment Parcel
Exhibit B-1 – Owner Approved form of Design/Build Agreement
Exhibit B-2 – Preliminary Plans and Specifications
Exhibit C – Guaranteed Maximum Price
Exhibit D – Escrow Agreement
EXHIBIT A

LEGAL DESCRIPTION OF THE REDEVELOPMENT PARCEL

Land in the City of Birmingham, Oakland County, Michigan described as follows:

Lots 1 through 8 inclusive, of Schlaack Subdivision as recorded in Liber 8, Page 8 of Plats, Oakland County Records, EXCEPT that part of Lots 3 and 4 beginning at the most Easterly corner of Lot 3; thence South 67 degrees 34 minutes 20 seconds West 50.53 feet; thence North 14 degrees 06 minutes 00 seconds West 50.32 feet; thence North 59 degrees 26 minutes 20 seconds East to the East line of Lot 4; thence Southeasterly along said line to beginning, ALSO EXCEPT the South 24 feet of Lot 8, ALSO that part of vacated Bates Street adjacent to said Lots, and Part of Lot 10, Assessor's Plat No. 27, as recorded in Liber 6, Page 46 of Plats, Oakland County Records described as beginning at the Northwest Lot corner; thence Northeasterly 64.11 feet along the North Lot line; thence South 59 degrees 26 minutes 20 seconds West to the West Lot line; thence Northwesterly to beginning, ALSO all of Lots 11 through 15 inclusive, ALSO Lot 16 EXCEPT the North 40 feet thereof, ALSO All of Lot 19, ALSO EXCEPT part of Lots 3 and 4 of Schlaack Subdivision as recorded in Liber 8, Page 8 of Plats, Oakland County Records, and Part of Lots 10 and 11 of Assessor's Plat No 27, as recorded in Liber 6, Page 46 of Plats, Oakland County Records in parcel described as beginning at a point distant South 63 degrees 11 minutes 50 seconds West 16.85 feet from the Southeast corner of said Lot 11; thence South 63 degrees 11 minutes 50 seconds West 103.15 feet; thence South 59 degrees 26 minutes 20 seconds West 99.61 feet; thence North 14 degrees 06 minutes 00 seconds West 6.42 feet; thence North 59 degrees 26 minutes 20 seconds East 217.53 feet; thence South 30 degrees 33 minutes 40 seconds East 4.01 feet; thence South 63 degrees 11 minutes 50 seconds West 16.19 feet; thence South 26 degrees 48 minutes 10 seconds East 10 feet to the point of beginning, ALSO EXCEPT that part of Lot 11 of Assessor's Plat No. 27, as recorded in Liber 6, Page 46, of Plats, Oakland County Records, described as beginning at the Southeast Lot corner; thence South 63 degrees 11 minutes 50 seconds West 16.85 feet; thence North 26 degrees 48 minutes 10 seconds West 10 feet; thence North 63 degrees 11 minutes 50 seconds East 16.19 feet; thence South 30 degrees 33 minutes 40 seconds East 10 feet to the point of beginning.
EXHIBIT B-1

OWNER APPROVED FORM OF DESIGN/BUILD AGREEMENT
AGREEMENT is made effective as of the ___ day of ___________ in the year 2019 (the "Effective Date").

BETWEEN the Developer (also referred to as the "Owner" in this Agreement):
(Name, legal status, address and other information)

WOODWARD BATES PARTNERS, LLC

and the Design-Builder:
(Name, legal status, address and other information)

Walbridge Aldinger LLC
777 Woodward Avenue, Suite 300
Detroit, Michigan 48226

for the following Project:
(Name, location and detailed description)

Design, Procurement, and Construction Services for a _______ SF,
________________________ Project, located at:
________________________ , City of Birmingham, Michigan

The Property Owner of this Project (also referred to as the "City" in this Agreement):
(Name, address and other information)

City of Birmingham
151 Martin Street
Birmingham, Michigan 48009

The Owner's Representative (also referred to as the "City's Representative" in this Agreement) for this Project is:
(Name, address and other information)

The Developer and Design-Builder agree as follows.
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### ARTICLE 1  GENERAL PROVISIONS

**§ 1.1 Owner's Criteria**

This Agreement is based on the City’s Criteria set forth in this Section 1.1.

**§ 1.1.1 The City’s program for the Project:** As set forth in Exhibit A to AIA A141.

**§ 1.1.2 The City’s design requirements for the Project and related documentation:** As set forth in Exhibit A to AIA A141.

**§ 1.1.3 The Project’s physical characteristics:** As set forth in Exhibit A to AIA A141.

**§ 1.1.4 The City’s design and construction milestone dates:**

1. Design phase milestone dates: As set forth in Exhibit A to AIA A141.

2. Construction phase milestone dates: As set forth in Exhibit A to AIA A141.

**§ 1.1.5 The Design-Builder shall confirm that the information included in the City’s Criteria complies with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities. If the City’s Criteria conflicts with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, the Design-Builder shall notify the Owner of the conflict."
§ 1.1.6 If there is a change in the City’s Criteria, the Owner and the Design-Builder shall execute a Modification in accordance with Article 6.

§ 1.1.7 If the Owner and Design-Builder intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions.

§ 1.2 Project Team
§ 1.2.1 The Owner identifies the following representative in accordance with Section 7.1.1:

City’s Authorized Representative:

City’s Field Representative:

Parties expressly understand and acknowledge that in no event shall a Field Representative have the authority to approve or authorize any changes to the Contract Sum or extensions to the Contract Time. All changes involving Contract Sum or Contract Time must be approved by the City’s Authorized Representative.

§ 1.2.2 The persons or entities, in addition to the City’s representative, who are required to review the Design-Builder’s Submittals are as follows:

[Developer]

§ 1.2.3 The Owner will retain the following consultants and separate contractors:

QAQC Consultant

§ 1.2.4 The Design-Builder identifies the following representative in accordance with Section 3.1.2:

Design-Builder’s (Contractor’s) Authorized Representative:

§ 1.2.5 Design-Builder’s representative shall not be changed without first obtaining Owner’s written approval, which shall not be unreasonably withheld, conditioned or delayed.

§ 1.2.6 Design-Builder shall at all times act as an independent contractor, and nothing in the Design-Build Documents is intended or shall be construed as creating any other relationship or designating the Design-Builder as an agent for or joint venturer with Owner. Design-Builder shall at all times be responsible for the actions and omissions of the Consultant, Architect, Contractor, Subcontractors, suppliers, vendors, and other persons and entities performing the Work or any part thereof on behalf of the Design-Builder.

§ 1.2.7 All notices or other communications hereunder to either party shall be (1) in writing, and, if mailed, shall be deemed to have been given on the earlier of actual receipt by the intended recipient or on the third business day after the date when deposited in the United States mail by registered or certified mail, postage pre-paid, or by personal delivery, Federal Express or other recognized and reputable overnight courier, addressed as hereinafter provided, and (2) addressed as follows:

If to the Owner: ______________________

With copies to: ______________________
If to the Design-Builder:  

or to either party at such other address as such party may designate, in a notice to the other party given pursuant to the terms above. The parties may mutually agree to deliver and accept notice via electronic mail (Email) during the term of this Agreement.

§ 1.3 Binding Dispute Resolution
For any Claim subject to, but not resolved by, mediation pursuant to Section 14.3, the method of binding dispute resolution shall be the following:

- Arbitration pursuant to Section 14.4
- Litigation in a court of competent jurisdiction

§ 1.4 Definitions
§ 1.4.1 Design-Build Documents. The Design-Build Documents consist of this Agreement between Owner and Design-Builder and its attached Exhibits (hereinafter, the “Agreement”); other documents listed in this Agreement; and Modifications issued after execution of this Agreement. A Modification is (1) a written amendment to the Contract signed by both parties, including the Design-Build Amendment, (2) a Change Order, or (3) a Change Directive.

§ 1.4.2 The Contract. The Design-Build Documents form the Contract. The Contract represents the entire and integrated agreement between the parties and supersedes prior negotiations, representations or agreements, either written or oral. The Contract may be amended or modified only by a Modification. The Design-Build Documents shall not be construed to create a contractual relationship of any kind between any persons or entities other than the Owner and the Design-Builder. Owner hereby objects to any terms or conditions referred to or attached to Design-Builder’s invoices or any other documents provided hereafter by the Design-Builder. Design-Builder agrees that such terms and conditions shall be of no force or effect, and Owner’s payment of the invoice shall be made only in accordance with the terms of this Contract and shall not be deemed an acceptance of any such terms and conditions, unless such terms and conditions are the result of a written amendment to the Contract or a Change Order.

§ 1.4.3 The Work. The term “Work” means the design, construction and related services required to fulfill the Design-Builder’s obligations under the Design-Build Documents, whether completed or partially completed, and includes all labor, materials, equipment and services provided or to be provided by the Design-Builder. The Work may constitute the whole or a part of the Project.

§ 1.4.4 The Project. The Project is the total design and construction of which the Work performed under the Design-Build Documents may be the whole or a part, and may include design and construction by the Owner and by separate contractors.

§ 1.4.5 Instruments of Service. Instruments of Service are representations, in any medium of expression now known or later developed, of the tangible and intangible creative work performed by the Design-Builder, Contractor(s), Architect, and Consultant(s) under their respective agreements. Instruments of Service may include, without limitation, studies, surveys, models, sketches, drawings, specifications, digital models and other similar materials.

§ 1.4.6 Submittal. A Submittal is any submission to the Owner for review and approval demonstrating how the Design-Builder proposes to conform to the Design-Build Documents for those portions of the Work for which the Design-Build Documents require Submittals. Submittals include, but are not limited to, shop drawings, product data, and samples. Submittals are not Design-Build Documents unless incorporated into a Modification.

§ 1.4.7 Owner. The Owner is the person or entity identified as such in the Agreement and is referred to throughout the Design-Build Documents as if singular in number. The term “Owner” means the Owner or the Owner’s authorized representative.

§ 1.4.8 Design-Builder. The Design-Builder is the person or entity identified as such in the Agreement and is referred to throughout the Design-Build Documents as if singular in number. The term “Design-Builder” means the Design-Builder or the Design-Builder’s authorized representative.
§ 1.4.9 Consultant. A Consultant is a person or entity providing professional services for the Design-Builder for all or a portion of the Work, and is referred to throughout the Design-Build Documents as if singular in number. To the extent required by the relevant jurisdiction, the Consultant shall be lawfully licensed to provide the required professional services.

§ 1.4.10 Architect. The Architect is a person or entity providing design services for the Design-Builder for all or a portion of the Work, and is lawfully licensed to practice architecture in the applicable jurisdiction. The Architect is referred to throughout the Design-Build Documents as if singular in number.

§ 1.4.11 Contractor. A Contractor is a person or entity performing all or a portion of the construction, required in connection with the Work, for the Design-Builder. The Contractor shall be lawfully licensed, if required in the jurisdiction where the Project is located. The Contractor is referred to throughout the Design-Build Documents as if singular in number and means a Contractor or an authorized representative of the Contractor.

§ 1.4.12 Confidential Information. Confidential Information is information containing confidential or business proprietary information that is clearly marked as "confidential."

§ 1.4.13 Contract Time. Unless otherwise provided, Contract Time is the period of time, including authorized adjustments, as set forth in the Design-Build Amendment for Substantial Completion of the Work.

§ 1.4.14 Day. The term "day" as used in the Design-Build Documents shall mean calendar day unless otherwise specifically defined.

§ 1.4.15 Contract Sum. The Contract Sum is the amount to be paid to the Design-Builder for performance of the Work after execution of the Design-Build Amendment, as identified in Article A.1 of the Design-Build Amendment.

§ 1.5 Extent of Agreement. Notwithstanding anything stated in this Agreement to the contrary, the Owner and the Design-Builder agree that the City is an intended third-party beneficiary of all the provisions of the Design-Build Documents and shall have the right to enforce the terms and conditions of the Design-Build Documents as applicable, or prevent the breach thereof, or exercise any other right, which may be available to it as a third-party beneficiary of the Design-Build Documents.

ARTICLE 2 COMPENSATION AND PROGRESS PAYMENTS
§ 2.1 Compensation for Work
§ 2.1.1 Payments for Work performed shall be made in accordance with the terms of the Design-Build Amendment.

§ 2.1.3 Compensation for Reimbursable Expenses
§ 2.1.3.1 Reimbursable Expenses include expenses, directly related to the Project, incurred by the Design-Builder and the Design-Builder’s Architect, Consultants, and Contractors, as follows or as otherwise set-forth in the Design-Build Amendment:

.1 Transportation and authorized out-of-town travel and subsistence;
.2 Dedicated data and communication services, teleconferences, Project web sites, and extranets;
.3 Fees paid for securing approval of authorities having jurisdiction over the Project;
.4 Printing, reproductions, plots, standard form documents;
.5 Postage, handling and delivery;
.6 Expense of overtime work requiring higher than regular rates, if authorized in advance by the Owner;
.7 Renderings, physical models, mock-ups, professional photography, and presentation materials requested by the Owner;
.8 All taxes levied on professional services and on reimbursable expenses; and
.9 Other Project-related expenditures, if authorized in advance by the Owner.

§ 2.1.3.2 For Reimbursable Expenses, the compensation shall be the actual expenses the Design-Builder and the Design-Builder’s Architect, Consultants and Contractors incurred with no additional markup, plus an administrative fee of ___ percent (%) of the Expenses incurred.

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User Notes: (1278371930)
ARTICLE 3  GENERAL REQUIREMENTS OF THE WORK OF THE DESIGN-BUILD CONTRACT
§ 3.1 General
§ 3.1.1 The Design-Builder shall comply with all applicable licensing requirements in the jurisdiction where the Project is located.

§ 3.1.2 The Design-Builder shall designate in writing a representative who is authorized to act on the Design-Builder’s behalf with respect to the Project.

§ 3.1.3 The Design-Builder shall perform the Work in accordance with the Design-Build Documents. The Design-Builder shall not be relieved of the obligation to perform the Work in accordance with the Design-Build Documents by the activities, tests, inspections or approvals of the Owner or the City or payment by the Owner or the City.

§ 3.1.3.1 The Design-Builder shall perform the Work in compliance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities. If the Design-Builder performs Work contrary to applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities, the Design-Builder shall assume responsibility for such Work and shall bear the costs attributable to correction.

§ 3.1.3.2 Neither the Design-Builder nor any Contractor, Consultant, or Architect shall be obligated to perform any act which they believe will violate any applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities. If the Design-Builder determines that implementation of any instruction received from the Owner, including those in the Owner’s Criteria, would cause a violation of any applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, the Design-Builder shall notify the Owner in writing. Upon verification by the Owner that a change to the Owner’s Criteria is required or remedy the violation, the Owner and the Design-Builder shall execute a Modification in accordance with Article 6.

§ 3.1.3.3 The Architect shall perform its services consistent with the professional skill and care provided by engineers and architects practicing nationally under the same or similar circumstances (“Standard of Care”). The Architect shall perform its services as expeditiously as is consistent with such professional skill and care and the orderly progress of the Project. Any designs, drawings, or specifications prepared or furnished by the Architect that contain errors, conflicts, or omissions will be promptly corrected by the Architect and if such error, conflict or omission violates the Standard of Care, the correction shall be at no additional cost to Owner or the City. Owner's or the City’s approval, acceptance, use of or payment for all or any part of the Architect’s services shall in no way alter the Architect’s obligations or Owner’s or the City’s rights hereunder.

§ 3.1.3.4 Owner or the Design-Builder will not do business with any entity or person where Owner believes that payoffs or similar improper or unethical practices are involved. Design-Builder will: (i) maintain transparency and accuracy in corporate record keeping; (ii) act lawfully in handling competitive data, proprietary information and other intellectual property; and (iii) comply with legal requirements regarding fair competition and antitrust, and accurate marketing. Design-Builder shall not engage in corrupt practices, including public or private bribery or kickbacks.

§ 3.1.3.5 Design-Builder represents and warrants to Owner and the City that neither it nor any of its affiliates or any representatives of the Design-Builder and its affiliates (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury (“OFAC”) pursuant to Executive Order number 13224, 66 Federal Register 49079 (September 25, 2001) (the “Order”); (ii) is listed on any other list of terrorists or terrorist organizations maintained pursuant to the Order, the rules and regulations of the OFAC or any other applicable requirements contained in any enabling legislation or other executive orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the “Orders”); (iii) is engaged in activities prohibited in the Orders; or (iv) has been convicted, pleaded nolo contendere, indicted, arraigned or detained on charges involving money laundering or predicate crimes to money laundering.

§ 3.1.3.6 Design-Builder represents and warrants to Owner and the City that to its best knowledge after due inquiry no member of the City Commission and no other officer, employee or agent of the City who exercises any function or responsibility in connection with the carrying out of this Agreement has any personal interest, direct or indirect, in the Design-Builder, Design-Builder’s affiliates, or the Project.
§ 3.1.4 The Design-Builder shall be responsible to the Owner and to the City for acts and omissions of the Design-Builder’s employees, Architect, Consultants, Contractors, and their agents and employees, and other persons or entities performing portions of the Work.

§ 3.1.4.1 The Design-Builder shall be responsible to coordinate its Work with the work to be performed by Owner and/or City-direct contractors and other prime contractors or design-builders at the Project Site, as may be required or necessary for the performance of the Design-Builder’s Work in accordance with the Design-Build Documents.

§ 3.1.5 General Consultation. The Design-Builder shall schedule and conduct weekly meetings with the Owner and the City to review matters such as procedures, progress, coordination, and scheduling of the Work.

§ 3.1.6 When applicable law requires that services be performed by licensed professionals, the Design-Builder shall provide those services through qualified, licensed professionals. The Owner understands and agrees that the services of the Design-Builder’s Architect and the Design-Builder’s other Consultants are performed in the sole interest of, and for the exclusive benefit of, the Design-Builder.

§ 3.1.7 The Design-Builder, with the assistance of the Owner, shall prepare and file documents required to obtain necessary approvals of governmental authorities and local utility companies having jurisdiction over the Project.

§ 3.1.8 Progress Reports

§ 3.1.8.1 The Design-Builder shall keep the Owner and the City informed of the progress and quality of the Work. On a monthly basis, or otherwise as agreed to by the Owner and Design-Builder, the Design-Builder shall submit written progress reports to the Owner, showing estimated percentages of completion and other information identified below:

1. Work completed for the period;
2. Project schedule status;
3. Submittal schedule and status report, including a summary of outstanding Submittals;
4. Responses to requests for information to be provided by the Owner;
5. Approved Change Orders and Change Directives;
6. Pending Change Order and Change Directive status reports;
7. Tests and inspection reports;
8. Status report of Work rejected by the Owner;
9. Status of Claims previously submitted in accordance with Article 14;
10. Current Project cash-flow and forecast reports;
11. Design-Builder’s work force report and;
12. Additional information as agreed to by the Owner and Design-Builder.

§ 3.1.9 Design-Builder’s Schedules

§ 3.1.9.1 The Design-Builder, promptly after execution of this Agreement, shall prepare and submit for the Owner’s information a schedule for the Work. The schedule, including the time required for design and construction, shall not exceed time limits current under the Design-Build Documents, shall be revised at appropriate intervals as required by the conditions of the Work and Project, shall be related to the entire Project to the extent required by the Design-Build Documents, shall provide for expeditious and practicable execution of the Work, and shall include allowances for periods of time required for the Owner’s review and for approval of submissions by authorities having jurisdiction over the Project.

§ 3.1.9.2 The Design-Builder shall perform the Work in general accordance with the most recent schedules submitted to the Owner in accordance with Section 3.1.9.1.

§ 3.1.10 Certifications. Upon the Owner’s written request, the Design-Builder shall obtain from the Architect, Consultants, and Contractors, and furnish to the Owner, certifications with respect to the documents and services provided by the Architect, Consultants, and Contractors (a) that, to the best of their knowledge, information and belief, the documents or services to which the certifications relate (i) are consistent with the Design-Build Documents, except to the extent specifically identified in the certificate, and (ii) comply with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities governing the design of the Project; and (b) that the Owner and its consultants shall be entitled to rely upon the accuracy of the representations and statements contained in the certifications. The Design-Builder’s Architect, Consultants, and Contractors shall
not be required to execute certificates or consents that would require knowledge, services or responsibilities beyond the scope of their services.

§ 3.1.11 Design-Builder’s Submittals
§ 3.1.11.1 Prior to submission of any Submittals, the Design-Builder shall prepare a Submittal schedule, and shall submit the schedule for the Owner’s approval. The Owner’s approval shall not unreasonably be delayed or withheld. The Submittal schedule shall (1) be coordinated with the Design-Builder’s schedule provided in Section 3.1.9.1, (2) allow the Owner reasonable time to review Submittals, and (3) be periodically updated to reflect the progress of the Work. If the Design-Builder fails to submit a Submittal schedule, the Design-Builder shall not be entitled to any increase in Contract Sum or extension of Contract Time based on the time required for review of Submittals.

§ 3.1.11.2 By providing Submittals the Design-Builder represents to the Owner that it has (1) reviewed and approved them for conformity with the Design Build Documents, (2) determined and verified materials, field measurements and field construction criteria related thereto, or will do so and (3) checked and coordinated the information contained within such Submittals with the requirements of the Work and of the Design Build Documents.

§ 3.1.11.3 The Design-Builder shall perform no portion of the Work for which the Design Build Documents require Submittals until the Owner has approved the respective Submittal.

§ 3.1.11.4 The Work shall be in accordance with approved Submittals except that the Design-Builder shall not be relieved of its responsibility to perform the Work consistent with the requirements of the Design Build Documents. The Work may deviate from the Design Build Documents only if the Design-Builder has notified the Owner in writing of a deviation from the Design Build Documents at the time of the Submittal and a Modification is executed authorizing the identified deviation. The Design-Builder shall not be relieved of responsibility for errors or omissions in Submittals by the Owner’s approval of the Submittals.

§ 3.1.11.5 All professional design services or certifications to be provided by the Design-Builder, including all drawings, calculations, specifications, certifications, shop drawings and other Submittals, shall contain the signature and seal of the licensed design professional preparing them. Submittals related to the Work designed or certified by the licensed design professionals, if prepared by others, shall bear the licensed design professional’s written approval. The Owner and its consultants shall be entitled to rely upon the adequacy, accuracy and completeness of the services, certifications or approvals performed by such design professionals.

§ 3.1.12 Warranty. The Design-Builder warrants to the Owner that materials and equipment furnished under the Contract will be of good quality and new unless the Design Build Documents require or permit otherwise. The Design-Builder further warrants that the Work will conform to the requirements of the Design Build Documents and will be free from defects, except for those inherent in the quality of the Work or otherwise expressly permitted by the Design Build Documents or within the applicable Standard of Care. Work, materials, or equipment not conforming to these requirements may be considered defective. The Design-Builder’s warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by the Design-Builder, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage. If required by the Owner, the Design-Builder shall furnish satisfactory evidence as to the kind and quality of materials and equipment.

§ 3.1.13 Royalties, Patents and Copyrights
§ 3.1.13.1 The Design-Builder shall pay all royalties and license fees.

§ 3.1.13.2 The Design-Builder shall defend suits or claims for infringement of copyrights and patent rights and shall indemnify and hold the Owner, the City and their separate contractors and consultants harmless from loss on account thereof, but shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer or manufacturers is required by the Owner, or where the copyright violations are required in the City’s Criteria. However, if the Design-Builder has reason to believe that the design, process or product required in the City’s Criteria is an infringement of a copyright or a patent, the Design-Builder shall be responsible for such loss unless such information is promptly furnished to the Owner in writing. If the Owner receives notice from a patent or copyright owner of an alleged violation of a patent or copyright, attributable to the Design-Builder, the Owner shall give prompt written notice to the Design-Builder.

§ 3.1.14 Indemnification

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User Notes:
§ 3.1.14.1 To the fullest extent permitted by law, the Design-Builder shall indemnify, defend, and hold harmless the Owner, the City, including the Owner and the City’s agents and employees, Owner and the City’s engineers, consultants, and the City’s Representative from and against claims, damages, losses and expenses, including but not limited to attorneys’ fees, arising out of or resulting from performance of the Work, but only to the extent caused by the negligent acts or omissions of the Design-Builder, Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by them or anyone for whose acts they may be liable. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Section 3.1.14. Indemnity obligations set forth in this Section shall survive expiration or early termination of the Agreement.

§ 3.1.14.2 The indemnification obligation under this Section 3.1.14 shall not be limited by a limitation on amount or type of damages, compensation, or benefits payable by or for Design-Builder, Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by them, under workers’ compensation acts, disability benefit acts or other employee benefit acts.

§ 3.1.15 Contingent Assignment of Agreements

§ 3.1.15.1 Each agreement for a portion of the Work is assigned by the Design-Builder to the Owner and assigned by the Design-Builder to the City in the event City terminates its contract with the Developer for this Project prior to Final Completion of this Project or prior to arising of such event, provided that

.1 assignment is effective only after termination of the Contract by the Owner for cause, pursuant to Sections 13.1.4 or 13.2.2, and only for those agreements that the Owner accepts by written notification to the Design-Builder and the Architect, Consultants, and Contractors whose agreements are accepted for assignment; and

.2 assignment is subject to the prior rights of the surety, if any, obligated under bond relating to the Contract.

When the Owner (or the City) accepts the assignment of an agreement, the Owner (or the City) assumes the Design-Builder’s rights and obligations under the agreement.

§ 3.1.15.2 Upon such assignment, if the Work has been suspended for more than 45 days, the compensation under the assigned agreement shall be equitably adjusted for increases in cost resulting from the suspension.

§ 3.1.15.3 Upon such assignment to the Owner (or the City) under this Section 3.1.15, the Owner (or the City) may further assign the agreement to a successor design-builder or other entity. If the Owner (or the City) assigns the agreement to a successor design-builder or other entity, the Owner (or the City) shall nevertheless remain legally responsible for all of the successor design-builder’s or other entity’s obligations under the agreement.

§ 3.1.16 Design-Builder’s Insurance and Bonds. The Design-Builder shall purchase and maintain insurance and provide bonds as set forth in Insurance Attachment No.1 incorporated into this Agreement.

§ 3.1.16.1 Miscellaneous Other Requirements.

§ 3.1.16.1 No illegal drugs, tobacco, alcohol, marijuana or any other controlled substance will be allowed on the job site.

§ 3.1.16.2 The Owner may request, in writing with written explanation, the removal and substitution of any person employed by the Design-Builder. Design-Builder’s agreement with such request shall not be unreasonably withheld.

ARTICLE 4 WORK PRIOR TO EXECUTION OF THE DESIGN-BUILD AMENDMENT – NOT APPLICABLE

ARTICLE 5 WORK FOLLOWING EXECUTION OF THE DESIGN-BUILD AMENDMENT

§ 5.1 Construction Documents

§ 5.1.1 Upon the execution of the Design-Build Amendment, the Design-Builder shall prepare Construction Documents. The Construction Documents shall establish the quality levels of materials and systems required. The Construction Documents shall be consistent with the Design-Build Documents.

§ 5.1.2 The Design-Builder shall provide the Construction Documents to the Owner for the Owner’s information. If the Owner discovers any deviations between the Construction Documents and the Design-Build Documents, the
Owner shall promptly notify the Design-Builder of such deviations in writing. The Construction Documents shall not modify the Design-Build Documents unless the Owner and Design-Builder execute a Modification. The failure of the Owner to discover any such deviations shall not relieve the Design-Builder of the obligation to perform the Work in accordance with the Design-Build Documents.

§ 5.2 Construction
§ 5.2.1 Commencement. Construction shall not commence prior to execution of the Design-Build Amendment.

§ 5.2.2 The Design-Builder shall supervise and direct the Work, using the Design-Builder's best skill and attention. The Design-Builder shall be solely responsible for, and have control over, construction means, methods, techniques, sequences and procedures, and for coordinating all portions of the Work under the Contract, unless the Design-Build Documents give other specific instructions concerning these matters.

§ 5.2.3 The Design-Builder shall be responsible for inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.

§ 5.2.4 The Design-Builder shall perform, and have its Subcontractors perform, all of the Work in a manner that will not unduly impede the City's separate contractors' work adjacent to this Project Site.

§ 5.3 Labor and Materials
§ 5.3.1 Unless otherwise provided in the Design-Build Documents, the Design-Builder shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services, necessary for proper execution and completion of the Work, whether temporary or permanent, and whether or not incorporated or to be incorporated in the Work.

§ 5.3.2 When a material or system is specified in the Design-Build Documents, the Design-Builder may make substitutions only in accordance with Article 6.

§ 5.3.3 The Design-Builder shall enforce strict discipline and good order among the Design-Builder's employees and other persons carrying out the Work. The Design-Builder shall not permit employment of unfit persons or persons not properly skilled in tasks assigned to them.

§ 5.3.4 The Design-Builder represents that it is an equal employment opportunity employer and that it will not discriminate in hiring any person for this Project on the basis of race, color, sex, religion, national origin, age, disability, or genetic information.

§ 5.3.5 The Design-Builder will not use its own or affiliated company's sales and rentals departments to purchase or lease equipment for the Project, unless approved in writing by the Owner.

§ 5.4 Taxes
The Design-Builder shall pay sales, consumer, use and similar taxes, for the Work provided by the Design-Builder that are legally enacted when the Design-Build Amendment is executed, whether or not yet effective or merely scheduled to go into effect.

§ 5.5 Permits, Fees, Notices and Compliance with Laws
§ 5.5.1 Unless otherwise provided in the Design-Build Documents, the Design-Builder shall secure and pay for the building permit as well as any other permits, fees, licenses, and inspections by government agencies, necessary for proper execution of the Work and Substantial Completion of the Project.

§ 5.5.2 The Design-Builder shall comply with and give notices required by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities, applicable to performance of the Work.

§ 5.5.3 Concealed or Unknown Conditions. If the Design-Builder encounters conditions at the site that are (1) subsurface or otherwise concealed physical conditions that differ materially from those indicated in the Design-Build Documents or (2) unknown physical conditions of an unusual nature that differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Design-Build Documents, the Design-Builder shall promptly provide notice to the Owner before conditions...
are disturbed and in no event later than 21 days after first observance of the conditions. The Owner shall promptly investigate such conditions and, if the Owner determines that they differ materially and cause an increase or decrease in the Design-Builder's cost of, or time required for, performance of any part of the Work, shall recommend an equitable adjustment in the Contract Sum or Contract Time, or both. If the Owner determines that the conditions at the site are not materially different from those indicated in the Design-Build Documents and that no change in the terms of the Contract is justified, the Owner shall promptly notify the Design-Builder in writing, stating the reasons. If the Design-Builder disputes the Owner's determination or recommendation, the Design-Builder may proceed as provided in Article 14.

§ 5.5.4 If, in the course of the Work, the Design-Builder encounters human remains, or recognizes the existence of burial markers, archaeological sites, or wetlands, not indicated in the Design-Build Documents, the Design-Builder shall immediately suspend any operations that would affect them and shall notify the Owner. Upon receipt of such notice, the Owner shall promptly take any action necessary to obtain governmental authorization required to resume the operations. The Design-Builder shall continue to suspend such operations until otherwise instructed by the Owner but shall continue with all other operations that do not affect those remains or features. Requests for adjustments in the Contract Sum and Contract Time arising from the existence of such remains or features may be made as provided in Article 14.

§ 5.6 Allowances
§ 5.6.1 The Design-Builder shall include in the Contract Sum all allowances stated in the Design-Build Documents. Items covered by allowances shall be supplied for such amounts, and by such persons or entities as the Owner may direct, but the Design-Builder shall not be required to employ persons or entities to whom the Design-Builder has reasonable objection.

§ 5.6.2 Unless otherwise provided in the Design-Build Documents,
.1 allowances shall cover the cost to the Design-Builder of materials and equipment delivered at the site and all required taxes, less applicable trade discounts;
.2 the Design-Builder's costs for unloading and handling at the site, labor, installation costs, overhead, profit, and other expenses contemplated for stated allowance amounts, shall be included in the allowances unless otherwise agreed by the City, Owner and Design-Builder; and
.3 whenever costs are more than or less than allowances, the Contract Sum shall be adjusted accordingly by Change Order. The amount of the Change Order shall reflect (1) the difference between actual costs and the allowances under Section 5.6.2.1 and (2) changes in Design-Builder's costs under Section 5.6.2.2.

§ 5.6.3 The Owner and the City, if appropriate, shall make selections of materials and equipment with reasonable promptness for allowances requiring Owner or City selection.

§ 5.7 Key Personnel, Contractors and Suppliers
§ 5.7.1 The Design-Builder shall not employ personnel, or contract with Contractors or suppliers to whom the Owner has made reasonable and timely objection. The Design-Builder shall not be required to contract with anyone to whom the Design-Builder has made reasonable and timely objection.

§ 5.7.2 If the Design-Builder changes any of the personnel, Contractors or suppliers identified in the Design-Build Amendment, the Design-Builder shall notify the Owner and provide the name and qualifications of the new personnel, Contractor or supplier. The Owner may reply within 14 days to the Design-Builder in writing, stating (1) whether the Owner has reasonable objection to the proposed personnel, Contractor or supplier or (2) that the Owner requires additional time to review. Failure of the Owner to reply within the 14-day period shall constitute notice of no reasonable objection.

§ 5.7.3 Except for those persons or entities already identified or required in the Design-Build Amendment, the Design-Builder, as soon as practicable after execution of the Design-Build Amendment, shall furnish in writing to the Owner the names of persons or entities (including those who are to furnish materials or equipment fabricated to a special design) proposed for each principal portion of the Work. The Owner may reply within 14 days to the Design-Builder in writing stating (1) whether the Owner has reasonable objection to any such proposed person or entity or (2) that the Owner requires additional time to review. Failure of the Owner to reply within the 14-day period shall constitute notice of no reasonable objection.

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§ 5.7.3.1 If the Owner has reasonable objection to a person or entity proposed by the Design-Builder, the Design-Builder shall propose another to whom the Owner has no reasonable objection. If the rejected person or entity was reasonably capable of performing the Work, the Contract Sum and Contract Time shall be increased or decreased by the difference, if any, occasioned by such change, and an appropriate Change Order shall be issued before commencement of the substitute person or entity’s Work. However, no increase in the Contract Sum or Contract Time shall be allowed for such change unless the Design-Builder has acted promptly and responsively in submitting names as required.

§ 5.8 Documents and Submittals at the Site
The Design-Builder shall maintain at the site for the Owner one copy of the Design-Build Documents and a current set of the Construction Documents, in good order and marked currently to indicate field changes and selections made during construction, and one copy of approved Submittals. The Design-Builder shall deliver these items to the Owner in accordance with Section 9.10.2 as a record of the Work as constructed.

§ 5.9 Use of Site
The Design-Builder shall confine operations at the site to areas permitted by applicable laws, statutes, ordinances, codes, rules and regulations, lawful orders of public authorities, and the Design-Build Documents, and shall not unreasonably encumber the site with materials or equipment.

§ 5.10 Cutting and Patching
The Design-Builder shall not cut, patch or otherwise alter fully or partially completed construction by the Owner or a separate contractor except with written consent of the Owner and of such separate contractor; such consent shall not be unreasonably withheld. The Design-Builder shall not unreasonably withhold from the Owner or a separate contractor the Design-Builder’s consent to cutting or otherwise altering the Work.

§ 5.11 Cleaning Up
§ 5.11.1 The Design-Builder shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations under the Contract. At completion of the Work, the Design-Builder shall remove waste materials, rubbish, the Design-Builder’s tools, construction equipment, machinery and surplus materials from and about the Project.

§ 5.11.2 If the Design-Builder fails to clean up as provided in the Design-Build Documents, the Owner may do so and Owner shall be entitled to reimbursement from the Design-Builder.

§ 5.12 Access to Work
The Design-Builder shall provide the Owner, the City and their separate contractors and consultants access to the Work in preparation and progress wherever located. The Design-Builder shall notify the Owner and the City regarding Project safety criteria and programs, which the Owner, the City, and their contractors and consultants, shall comply with while at the site.

§ 5.13 Construction by Owner or by Separate Contractors
§ 5.13.1 Owner's Right to Perform Construction and to Award Separate Contracts
§ 5.13.1.1 The Owner reserves the right to perform construction or operations related to the Project with the Owner’s own forces; and to award separate contracts in connection with other portions of the Project, or other construction or operations on the site, under terms and conditions identical or substantially similar to this Contract, including those terms and conditions related to insurance and waiver of subrogation. The Owner shall notify the Design-Builder promptly after execution of any separate contract. If the Design-Builder claims that delay or additional cost is involved because of such action by the Owner or the City, the Design-Builder shall make a Claim as provided in Article 14.

§ 5.13.1.2 When separate contracts are awarded for different portions of the Project or other construction or operations on the site, the term “Design-Builder” in the Design-Build Documents in each case shall mean the individual or entity that executes each separate agreement with the Owner.

§ 5.13.1.3 The Owner and/or the City shall provide for coordination of the activities of the Owner’s and/or City’s own forces respectively, and of each separate contractor, with the Work of the Design-Builder, who shall cooperate
with them. The Design-Builder shall participate with other separate contractors and the Owner in reviewing their construction schedules. The Design-Builder shall make any revisions to the construction schedule deemed necessary after a joint review and mutual agreement. The construction schedules shall then constitute the schedules to be used by the Design-Builder, separate contractors and the Owner and/or City until subsequently revised.

§ 5.13.1.4 Unless otherwise provided in the Design-Build Documents, when the Owner performs construction or operations related to the Project with the Owner’s own forces or separate contractors, the Owner shall be deemed to be subject to the same obligations, and to have the same rights, that apply to the Design-Builder under the Contract.

§ 5.14 Mutual Responsibility
§ 5.14.1 The Design-Builder shall afford the Owner and separate contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities, and shall connect and coordinate the Design-Builder’s construction and operations with theirs as required by the Design-Build Documents.

§ 5.14.2 If part of the Design-Builder’s Work depends upon construction or operations by the Owner or a separate contractor, the Design-Builder shall, prior to proceeding with that portion of the Work, prepare a written report to the Owner, identifying apparent discrepancies or defects in the construction or operations by the Owner or separate contractor that would render it unsuitable for proper execution and results of the Design-Builder’s Work. Failure of the Design-Builder to report shall constitute an acknowledgment that the Owner’s or separate contractor’s completed or partially completed construction is fit and proper to receive the Design-Builder’s Work, except as to defects not then reasonably discoverable.

§ 5.14.3 The Design-Builder shall reimburse the Owner for costs the Owner incurs that are payable to a separate contractor because of the Design-Builder’s delays, improperly timed activities or defective construction. The Owner shall be responsible to the Design-Builder for costs the Design-Builder incurs because of a separate contractor’s delays, improperly timed activities, damage to the Work or defective construction.

§ 5.14.4 The Design-Builder shall promptly remedy damage the Design-Builder wrongfully causes to completed or partially completed construction or to property of the Owner or separate contractors as provided in Section 10.2.5.

§ 5.14.5 The Owner and each separate contractor shall have the same responsibilities for cutting and patching the Work as the Design-Builder has with respect to the construction of the Owner or separate contractors in Section 5.10.

§ 5.15 Owner’s Right to Clean Up
If a dispute arises among the Design-Builder, separate contractors and the Owner as to the responsibility under their respective contracts for maintaining the premises and surrounding area free from waste materials and rubbish, the Owner may clean up and will allocate the cost among those responsible.

ARTICLE 6  CHANGES IN THE WORK
§ 6.1 General
§ 6.1.1 Changes in the Work may be accomplished after execution of the Contract, and without invalidating the Contract, by Change Order or Change Directive, subject to the limitations stated in this Article 6 and elsewhere in the Design-Build Documents.

§ 6.1.2 A Change Order shall be based upon agreement between the Owner and Design-Builder. The Owner may issue a Change Directive without agreement by the Design-Builder.

§ 6.1.3 Changes in the Work shall be performed under applicable provisions of the Design-Build Documents, and the Design-Builder shall proceed promptly, unless otherwise provided in the Change Order or Change Directive.

§ 6.1.3.1 The initiation of a Change Order can be accomplished by either the Owner or the Design-Builder issuing a proposal for a change in the Work (each a “Change Order Proposal”). If initiated by the Owner, the Change Order Proposal shall be considered to be a request for pricing (“RFP”) for a specific change in the Work. If initiated by the Design-Builder, the Change Order Proposal shall be considered to be a potential change order request (“PCO”) for a specific change in the Work. If a PCO is initiated by the Design-Builder, the PCO shall be accompanied by
adequate supporting information to allow the Owner to evaluate the Design-Builder's entitlement and pricing of the Change Order Proposal in accordance with Section 6.1.4.6 below.

§ 6.1.4 The reasonable allowance for overhead and profit combined, excluding the costs of bonds and insurance, that can be included in the total cost of the Change Order Proposal to the Owner, shall be based on the following schedule:

.1 For the Design-Builder, for any Work performed by the Design-Builder's own forces or by Subcontractors which are owned and controlled by the Design-Builder, five percent (5%) of the cost.
.2 For the Design-Builder, for Work performed by the Design-Builder's Subcontractor, five percent (5%) of the amount due the Subcontractor.
.3 For each Subcontractor or Sub-subcontractor involved, for any Work performed by that Subcontractor's own forces, ten percent (10%) of the cost. No additional mark-ups shall be allowed for other additional lower subcontract tiers.
.4 For each Subcontractor, for Work performed by the Subcontractor's Sub-subcontractors, five percent (5%) of the amount due the Sub-subcontractor.
.5 Cost to which overhead and profit is to be applied shall be determined in compliance with Sections 6.3.7.1 through 6.3.7.5. However, the total overhead and profit, including all lower-tier subcontractors, subcontracts, and the Design-Builder's mark-ups combined, shall not exceed fifteen percent (15%) of total direct cost of the Change Order Proposal.
.6 In order to facilitate checking of quotations for extras or credits, all proposals shall be accompanied by a complete itemization of costs including labor, materials and Subcontracts, except those so minor that their propriety can be seen by inspection, those for which unit prices are stated in the Design-Build Documents or subsequently agreed upon, and those as otherwise mutually agreed upon by the Owner and Design-Builder. Labor and materials shall be itemized in the manner prescribed above. Where major cost items are Subcontracts, they shall be itemized also.

§ 6.1.5 Upon reaching an agreement on time and cost adjustments, if any, with respect to each of the RFPs and PCOs, Owner will issue a Change Order to amend the Agreement accordingly. All parties shall make good faith efforts to process the RFPs, PCOs, and CCOs in a timely manner.

§ 6.2 Change Orders
A Change Order is a written instrument, approved by the City and City's Representative, and signed by the Owner and Design-Builder stating their agreement upon all of the following:

.1 A definition of the change in the Work; and
.2 The amount of the adjustment, if any, in the Contract Sum; and
.3 The extent of the adjustment, if any, in the Contract Time; and
.4 That all Work affected by the change shall be included in the Change Order Proposal. Each Change Order constitutes a full and complete settlement for all of the direct and indirect costs and schedule extension that are associated with the scope of the Work identified within that Change Order. Consideration shall not be given at a later date for additional direct or indirect costs or time not made a part of the original Change Order request arising out of or relating to the scope change that is the basis of the subject Change Order.

§ 6.3 Change Directives
§ 6.3.1 A Change Directive is a written order signed by the Owner directing a change in the Work prior to agreement on adjustment, if any, in the Contract Sum or Contract Time. The Owner may by Change Directive, without invalidating the Contract, order changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions, the Contract Sum and Contract Time being adjusted accordingly.

§ 6.3.3 A Change Directive shall be used in the absence of total agreement on the terms of a Change Order.

§ 6.3.3 If the Change Directive provides for an adjustment to the Contract Sum, the adjustment shall be based on one of the following methods:

.1 Mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation;
2. Unit prices stated in the Design-Build Documents or subsequently agreed upon;
3. Cost to be determined in a manner agreed upon by the parties and a mutually acceptable fixed or percentage fee; or
4. As provided in Section 6.3.7.

§ 6.3.4 If unit prices are stated in the Design-Build Documents or subsequently agreed upon, and if quantities originally contemplated are materially changed in a proposed Change Order or Change Directive so that application of such unit prices to quantities of Work proposed will cause substantial inequity to the Owner or Design-Builder, the applicable unit prices shall be equitably adjusted.

§ 6.3.5 Upon receipt of a Change Directive, the Design-Builder shall promptly proceed with the change in the Work involved and advise the Owner of the Design-Builder's agreement or disagreement with the method, if any, provided in the Change Directive for determining the proposed adjustment in the Contract Sum or Contract Time.

§ 6.3.6 A Change Directive signed by the Design-Builder indicates the Design-Builder's agreement therewith, including adjustment in Contract Sum and Contract Time or the method for determining them. Such agreement shall be effective immediately and shall be recorded as a Change Order.

§ 6.3.7 If the Design-Builder does not respond within five (5) business days or disagrees with the method for adjustment in the Contract Sum, the Owner shall determine the method and the adjustment on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including, in case of an increase, an amount for overhead and profit as set forth in the Agreement, or if no such amount is set forth in the Agreement, a reasonable amount. In such case, and also under Section 6.3.3.3, the Design-Builder shall keep and present, in such form as the Owner may prescribe, an itemized accounting together with appropriate supporting data of the Cost of the Work, as such Costs are delineated in the Design-Build Amendment.

§ 6.3.8 The amount of credit to be allowed by the Design-Builder to the Owner for a deletion or change that results in a net decrease in the Contract Sum shall be actual net cost. When both additions and credits covering related Work or substitutions are involved in a change, the allowance for overhead and profit shall be figured on the basis of net increase, if any, with respect to that change.

§ 6.3.9 Pending final determination of the total cost of a Change Directive to the Owner, the Design-Builder may request payment for Work completed under the Change Directive in Applications for Payment. The Owner and Design-Builder shall make an interim determination for purposes of issuing a Change Order for the agreed upon change items for the purposes of certification for payment for those costs deemed to be reasonably justified. Parties shall attempt to resolve any open or disputed items in a Change Directive in an expeditious manner and memorialize the same in a Change Order as promptly as commercially reasonable.

§ 6.3.10 When the Owner and Design-Builder agree with a determination concerning the adjustments in the Contract Sum and Contract Time, or otherwise reach agreement upon the adjustments, such agreement shall be effective immediately and the Owner and Design-Builder shall execute a Change Order. Change Orders may be issued for all or any part of a Change Directive.

ARTICLE 7 OWNER'S RESPONSIBILITIES
§ 7.1 General
§ 7.1.1 The Owner shall designate in writing a representative who shall have express authority to bind the Owner with respect to all Project matters requiring the Owner's approval or authorization.

§ 7.1.2 The Owner shall render decisions in a timely manner and in accordance with the Design-Builder's schedule agreed to by the Owner. The Owner shall furnish to the Design-Builder, within 15 days after receipt of a written request, information necessary and relevant for the Design-Builder to evaluate, give notice of or enforce mechanic's lien rights. Such information shall include a correct statement of the record legal title to the property on which the Project is located, usually referred to as the site, and the Owner's interest therein.

§ 7.2 Information and Services Required of the Owner
§ 7.2.1 The Owner and the City shall furnish information or services required of them by the Design-Build Documents with reasonable promptness.

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§ 7.2.2 The Owner and the City shall provide, to the extent under their control and if not required by the Design-Build Documents to be provided by the Design-Builder, the results and reports of prior tests, inspections or investigations conducted for the Project involving structural or mechanical systems; chemical, air and water pollution; hazardous materials; or environmental and subsurface conditions and information regarding the presence of pollutants at the Project site. Upon receipt of a written request from the Design-Builder, the Owner and the City shall also provide surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a legal description of the site under the Owner’s control.

§ 7.2.3 The Owner and City shall promptly obtain easements, zoning variances, and legal authorizations or entitlements regarding site utilization where essential to the execution of the Project.

§ 7.2.4 The Owner shall cooperate with the Design-Builder in securing building and other permits, licenses and inspections and necessary approvals of local utility companies having jurisdiction over the Project. However, the Design-Builder shall be responsible for preparing the permit drawings and supporting documents, submitting the required permit applications to the authorities having jurisdiction over the Project, and complying with the necessary processes to obtain the required permits to perform the Work, as required by the Design-Build Documents.

§ 7.2.5 The services, information, surveys and reports required to be provided by the Owner under this Agreement, shall be furnished at the Owner’s expense, and except as otherwise specifically provided in this Agreement or elsewhere in the Design-Build Documents or to the extent the Owner advises the Design-Builder to the contrary in writing, the Design-Builder shall be entitled to rely upon the accuracy and completeness thereof. In no event shall the Design-Builder be relieved of its responsibility to exercise proper precautions relating to the safe performance of the Work.

§ 7.2.6 If the Owner observes or otherwise becomes aware of a fault or defect in the Work or non-conformity with the Design-Build Documents, the Owner shall give prompt written notice thereof to the Design-Builder.

§ 7.2.7 Prior to the execution of the Design-Build Amendment, the Design-Builder may request in writing that the Owner provide reasonable evidence that they have made financial arrangements to fulfill the Owner’s obligations under the Design-Build Documents and the Design-Builder’s Proposal. Thereafter, the Design-Builder may only request such evidence if (1) the Owner fails to make payments to the Design-Builder as the Design-Build Documents require; (2) a change in the Work materially changes the Contract Sum; or (3) the Design-Builder identifies in writing a reasonable concern regarding the Owner’s ability to make payment when due. The Owner shall furnish such evidence as a condition precedent to commencement or continuation of the Work or the portion of the Work affected by a material change. After the Owner furnishes the evidence, the Owner shall not materially vary such financial arrangements without prior notice to the Design-Builder.

§ 7.2.8 Except as otherwise provided in the Design-Build Documents or when direct communications have been specially authorized, the Owner shall communicate through the Design-Builder with persons or entities employed or retained by the Design-Builder.

§ 7.2.9 Unless required by the Design-Build Documents to be provided by the Design-Builder, the Owner shall, upon request from the Design-Builder, furnish the services of geotechnical engineers or other consultants for investigation of subsurface, air and water conditions when such services are reasonably necessary to properly carry out the design services furnished by the Design-Builder. In such event, the Design-Builder shall specify the services required. Such services may include, but are not limited to, test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, ground corrosion and resistivity tests, and necessary operations for anticipating subsoil conditions. The services of geotechnical engineer(s) or other consultants shall include preparation and submission of all appropriate reports and professional recommendations.

§ 7.2.10 The Owner shall require the Design-Builder to purchase and maintain insurances as set forth in Insurance Attachment No. 1 incorporated into this Agreement.

§ 7.3 Submittals

§ 7.3.1 The Owner, in consultation with the City’s Representative, shall review and approve or take other appropriate action on Submittals. Review of Submittals is not conducted for the purpose of determining the accuracy and
completeness of other details, such as dimensions and quantities; or for substantiating instructions for installation or performance of equipment or systems; or for determining that the Submittals are in conformance with the Design-Build Documents, all of which remain the responsibility of the Design-Build as required by the Design-Build Documents. The Owner’s action will be taken in accordance with the submittal schedule approved by the Owner or, in the absence of an approved submittal schedule, with reasonable promptness while allowing sufficient time in the Owner’s judgment to permit adequate review. The Owner’s review of Submittals shall not relieve the Design-Builder of the obligations under Sections 3.1.11, 3.1.12, and 5.2.3. The Owner’s review shall not constitute approval of safety precautions or, unless otherwise specifically stated by the Owner, of any construction means, methods, techniques, sequences or procedures. The Owner’s approval of a specific item shall not indicate approval of an assembly of which the item is a component.

§ 7.3.2 Upon review of the Submittals required by the Design-Build Documents, the Owner shall notify the Design-Build of any non-conformance with the Design-Build Documents the Owner discovers.

§ 7.4 Visits to the site by the Owner shall not be construed to create an obligation on the part of the Owner to make on-site inspections to check the quality or quantity of the Work. The Owner shall neither have control over or charge of, nor be responsible for, the construction means, methods, techniques, sequences or procedures, or for the safety precautions and programs in connection with the Work, because these are solely the Design-Build’s rights and responsibilities under the Design-Build Documents.

§ 7.5 The Owner shall not be responsible for the Design-Build’s failure to perform the Work in accordance with the requirements of the Design-Build Documents. The Owner shall not have control over or charge of, and will not be responsible for acts or omissions of the Design-Build, Architect, Consultants, Contractors, or their agents or employees, or any other persons or entities performing portions of the Work for the Design-Build.

§ 7.6 The Owner and the City have the authority to reject Work that does not conform to the Design-Build Documents. The Owner and the City shall have authority to require inspection or testing of the Work in accordance with Section 15.5.2, whether or not such Work is fabricated, installed or completed. However, neither this authority of the Owner or the City nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of the Owner or the City to the Design-Build, the Architect, Consultants, Contractors, material and equipment suppliers, their agents or employees, or other persons or entities performing portions of the Work.

§ 7.7 The Owner and the City shall determine the date or dates of Substantial Completion in accordance with Section 9.8 and the date of final completion in accordance with Section 9.10.

§ 7.8 Owner’s Right to Stop Work
If the Design-Build fails to correct Work which is not in accordance with the requirements of the Design-Build Documents as required by Section 11.2 or fails to carry out Work in accordance with the Design-Build Documents, or if the Owner determines that an emergency requires a work stoppage, the Owner may issue a written order to the Design-Build to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, the right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right for the benefit of the Design-Build or any other person or entity, except to the extent required by Section 5.13.1.3.

§ 7.9 Owner’s Right to Carry Out the Work
If the Design-Build defaults or neglects to carry out the Work in accordance with the Design-Build Documents and fails within a ten-day period after receipt of written notice from the Owner to commence and continue correction of such default or neglect with diligence and promptness, the Owner may, without prejudice to other remedies the Owner may have, correct such deficiencies. In such case, an appropriate Change Order shall be issued deducting from payments then or thereafter due the Design-Build the reasonable cost of correcting such deficiencies. If payments then or thereafter due the Design-Build are not sufficient to cover such amounts, the Design-Build shall pay the difference to the Owner.
ARTICLE 8 TIME
§ 8.1 Progress and Completion
§ 8.1.1 Time limits stated in the Design-Build Documents are of the essence of the Contract. By executing the Design-Build Amendment the Design-Builder confirms that the Contract Time is a reasonable period for performing the Work.

§ 8.1.2 The Design-Builder shall not, except by agreement of the Owner in writing, commence the Work prior to the effective date of insurance, other than property insurance, required by this Contract. The Contract Time shall not be adjusted as a result of the Design-Builder’s failure to obtain insurance required under this Contract.

§ 8.1.3 The Design-Builder shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the Contract Time.

§ 8.2 Delays and Extensions of Time
§ 8.2.1 If the Design-Builder is delayed at any time in the commencement or progress of the Work by an act or neglect of the Owner, the City or of a consultant or separate contractor employed by either of them; or by changes ordered in the Work by the Owner; or by labor disputes not solely directed toward the Design-Builder, fire, unusual delay in deliveries, unavoidable casualties or other causes beyond the Design-Builder’s control; or by delay authorized by the Owner pending mediation and binding dispute resolution or by other causes that the Owner determines may justify delay, then the Contract Time shall be extended and the Contract Sum adjusted due to any resulting cost increases by Change Order for such reasonable time as the Owner and the City may determine.

§ 8.2.2 Claims relating to time shall be made in accordance with applicable provisions of Article 14.

§ 8.2.3 This Section 8.2 does not preclude recovery of damages for delay by either party under other provisions of the Design-Build Documents.

ARTICLE 9 PAYMENT APPLICATIONS AND PROJECT COMPLETION
§ 9.1 Contract Sum
The Contract Sum is stated in the Design-Build Amendment.

§ 9.2 Schedule of Values
Where the Contract Sum is based on a stipulated sum or Guaranteed Maximum Price, the Design-Builder, prior to the first Application for Payment after execution of the Design-Build Amendment shall submit to the Owner a schedule of values allocating the entire Contract Sum to the various portions of the Work and prepared in such form and supported by such data to substantiate its accuracy as the Owner may require. This schedule, unless objected to by the Owner, shall be used as a basis for reviewing the Design-Builder’s Applications for Payment.

§ 9.3 Applications for Payment
§ 9.3.1 On the twenty-fifth (25th) day of a month for Work projected to be completed the last day of that month, the Design-Builder shall submit to the Owner an itemized Application for Payment for completed portions of the Work. The application shall be notarized, if required, and supported by data substantiating the Design-Builder’s right to payment as the Owner may require, such as copies of requisitions from the Architect, Consultants, Contractors, and material suppliers, and shall reflect retainage if provided for in the Design-Build Documents.

§ 9.3.1.1 As provided in Section 6.3.9, Applications for Payment may not include requests for payment on account of changes in the Work that have been properly authorized by Change Directives, or by interim determinations of the Owner, but not yet included in Change Orders. Only those changes approved through fully executed Change Orders, or as submitted in Section 6.3.9, may be included in requests for payment.

§ 9.3.1.2 Applications for Payment shall not include requests for payment for portions of the Work for which the Design-Builder does not intend to pay the Architect, Consultant, Contractor, material supplier, or other persons or entities providing services or work for the Design-Builder, unless such Work has been performed by others whom the Design-Builder intends to pay.

§ 9.3.2 Unless otherwise provided in the Design-Build Documents, payments shall be made for services provided as well as materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work. If
approved in advance by the Owner, payment may similarly be made for materials and equipment suitably stored off the site at a location agreed upon in writing. Payment for materials and equipment stored on or off the site shall be conditioned upon compliance by the Design-Builder with procedures satisfactory to the Owner to establish the Owner's title to such materials and equipment or otherwise protect the Owner's interest, and shall include the costs of applicable insurance, storage and transportation to the site for such materials and equipment stored off the site.

§ 9.3.3 The Design-Builder warrants that title to all Work, other than Instruments of Service, covered by an Application for Payment will pass to the Owner no later than the time of payment. The Design-Builder further warrants that, upon submittal of an Application for Payment, all Work for which Certificates for Payment have been previously issued and payments received from the Owner shall, to the best of the Design-Builder's knowledge, information and belief, be free and clear of liens, claims, security interests or encumbrances in favor of the Design-Builder, Architect, Consultants, Contractors, material suppliers, or other persons or entities entitled to make a claim by reason of having provided labor, materials and equipment relating to the Work.

§ 9.3.4 Each Application for Payment shall be accompanied by the following, all in form and substance satisfactory to the Owner:

(a) a duly executed and acknowledged sworn statement showing all Architect, Engineer, Consultant, Contractor, and Subcontractors with whom the Design-Builder has entered into contracts, the amount of each such contract, the amount requested for each of these parties in the requested progress payment and the amount to be paid to the Design-Builder from such progress payment, together with similar sworn statements from all Contractor and Subcontractors (this may be provided with AIA forms G702 and G703); and

(b) conditional waivers of construction liens related to such payment applications.

§ 9.4 Certificates for Payment
The Owner shall, within ten (10) business days after receipt of the Design-Builder's Application for Payment, issue to the Design-Builder a Certificate for Payment indicating the amount the Owner determines is properly due, and notify the Design-Builder in writing of the Owner's reasons for withholding certification in whole or in part as provided in Section 9.5.1.

§ 9.5 Decisions to Withhold Certification
§ 9.5.1 The Owner may withhold a Certificate for Payment in whole or in part to the extent reasonably necessary to protect the Owner due to the Owner's determination that the Work has not progressed to the point indicated in the Design-Builder's Application for Payment, or the quality of the Work is not in accordance with the Design-Build Documents. If the Owner is unable to certify payment in the amount of the Application, the Owner will notify the Design-Builder as provided in Section 9.4. If the Design-Builder and Owner cannot agree on a revised amount, the Owner will promptly issue a Certificate for Payment for the amount that the Owner deems to be due and owing. The Owner may also withhold a Certificate for Payment or, because of subsequently discovered evidence, may nullify the whole or a part of a Certificate for Payment previously issued to such extent as may be necessary to protect the Owner from loss for which the Design-Builder is responsible because of

1. defective Work not remedied;
2. third party claims filed or reasonable evidence indicating probable filing of such claims unless security acceptable to the Owner is provided by the Design-Builder;
3. failure of the Design-Builder to make payments properly to Architect, Engineer, Consultant, Contractor, Subcontractors or for labor, materials or equipment;
4. reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
5. damage to the Owner or a third party caused by the Design-Builder or a party for which the Design-Builder is responsible, unless the Design-Builder has commenced to correct such damage;
6. reasonable evidence that the Work will not be completed within the Contract Time, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay;
7. repeated failure to carry out the Work in accordance with the Design-Build Documents;
8. repeated failure of the Design-Builder to provide updated weekly status reports and approved, updated and revised progress schedules;
the filing of a lien on the Project, except if the lien is the result of Owner's nonpayment of an amount contained in a previously submitted pay application over which no good-faith dispute exists between Owner and the Design-Builder;

failure to comply with the Key Milestones of the Project Schedule and failure to cure such non-compliance within fourteen (14) days of receipt of written notice from the Owner or the City, unless the Design-Builder provides written assurance with a recovery plan, reasonably acceptable to the City, that the Project will be completed according to the Schedule;

.11 erroneous estimates by the Design-Builder of the values of the Work performed; or

.12 default by Design-Builder under one or more of the Design-Build Documents that the Design-Builder is not endeavoring to cure after Owner provided written notice of the default.

§ 9.5.2 The Owner shall not unreasonably withhold any certification for Payment and shall release all undisputed amounts as required herein. When the aforementioned reasons for withholding certification are removed, certification will be made for amounts previously withheld.

§ 9.5.3 If the Owner withholds certification for payment under Section 9.5.1.3, the Owner may, at its sole option, issue joint checks to the Design-Builder and to the Architect or any Consultants, Contractors, material or equipment suppliers, or other persons or entities providing services or work for the Design-Builder to whom the Design-Builder failed to make payment for Work properly performed or material or equipment suitably delivered.

§ 9.6 Progress Payments
§ 9.6.1 After the Owner has issued a Certificate for Payment, the Owner shall make payment in the manner and within the time provided in the Design-Build Documents.

§ 9.6.2 The Design-Builder shall pay each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder no later than the time period required by applicable law, but in no event more than seven days after receipt of payment from the Owner the amount to which the Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder is entitled, reflecting percentages actually retained from payments to the Design-Builder on account of the portion of the Work performed by the Architect, Consultant, Contractor, or other person or entity. The Design-Builder shall, by appropriate agreement with each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder, require each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder to make payments to subconsultants and subcontractors in a similar manner.

§ 9.6.3 The Owner will, on request and if practicable, furnish to the Architect, a Consultant, Contractor, or other person or entity providing services or work for the Design-Builder, information regarding percentages of completion or amounts applied for by the Design-Builder and action taken thereon by the Owner on account of portions of the Work done by such Architect, Consultant, Contractor or other person or entity providing services or work for the Design-Builder.

§ 9.6.4 The Owner has the right to request written evidence from the Design-Builder that the Design-Builder has properly paid the Architect, Consultants, Contractors, or other person or entity providing services or work for the Design-Builder, amounts paid by the Owner to the Design-Builder for the Work. If the Design-Builder fails to furnish such evidence within seven days, the Owner shall have the right to contact the Architect, Consultants, and Contractors to ascertain whether they have been properly paid. The Owner shall have no obligation to pay or to see to the payment of money to a Consultant or Contractor, except as may otherwise be required by law.

§ 9.6.5 Design-Builder payments to material and equipment suppliers shall be treated in a manner similar to that provided in Sections 9.6.2, 9.6.3 and 9.6.4.

§ 9.6.6 A Certificate for Payment, a progress payment, or partial or entire use or occupancy of the Project by the Owner shall not constitute acceptance of Work not in accordance with the Design-Build Documents.

§ 9.6.7 Unless the Design-Builder provides the Owner with a payment bond in the full penal sum of the Contract Sum, payments received by the Design-Builder for Work properly performed by the Architect, Consultants, Contractors and other person or entity providing services or work for the Design-Builder, shall be held in trust by the Design-Builder for the Architect and those Consultants, Contractors, or other person or entity providing services
or work for the Design-Builder, for which payment was made by the Owner. Nothing contained herein shall require
money to be placed in a separate account and not commingled with money of the Design-Builder, shall create any
fiduciary liability or tort liability on the part of the Design-Builder for breach of trust or shall entitle any person or
entity to an award of punitive damages against the Design-Builder for breach of the requirements of this provision.

§ 9.6.8 When a Subcontractor shall complete its portion of the Work, as agreed by Owner and Design-Builder, and
the Owner shall make payment in full on account of such portion of the Work, the Design-Builder shall promptly
submit a final unconditional release and waiver of all liens from said Subcontractor.

§ 9.6.9 Design-Builder shall ensure that no construction liens, or any encumbrances in the nature thereof or any other
encumbrances whatsoever (including equitable lien claims), shall be filed or maintained by the Design-Builder, or by
any subcontractors, sub-subcontractors, materialmen, laborers or other liens (each, a "Lienor") against the Project in
connection with any Work for which Owner has made payment or for which payment is not yet due. Design-Builder
shall have the unconditional obligation to notice or transfer any such lien to bond. As a condition to the receipt of
each progress payment from the Owner, Design-Builder must furnish a release of lien from each Lienor, for the amount
of the previous month's payment, in the statutory form, together with Design-Builder's partial release of lien in the
statutory form. Further, as a condition to the receipt of the Final Payment, the Design-Builder shall provide Owner
with a final release of lien from each Lienor, in the statutory form conditioned upon receipt of such Final Payment. Each
release of lien given to the Owner shall waive and release any lien rights of the Lienor to the extent payment is made
with respect to any Work performed through the date of the progress payment to which the lien release applies.

§ 9.6.10 Design-Builder agrees to indemnify, defend and hold the Owner and the City harmless from and against any
and all liens or other claims whatsoever filed against the Owner, the City, or City's property by any Lienor for work
performed or materials or services furnished in connection with Work for which Design-Builder has been paid or for
which payment is not yet due at the time the lien is filed. In the event a claim of lien is filed against the City's property,
the Design-Builder shall cause the same to be satisfied within thirty (30) days following the date of filing, or in the
alternative, shall cause the claim of lien to be noticed or transferred to bond. In the event any liens are not cleared of
record within thirty (30) days of filing, Owner and the City shall have the right to withhold payments equal to the value
of such lien in accordance with Section 9.5.1.9, and Owner and the City shall be entitled to all other remedies available at
law or in equity. The provisions of this Section shall be deemed an independent covenant of the Design-Builder and
shall be effective with respect to all work performed and materials or services furnished under any Change Orders
between Owner and Design-Builder or any other agreement for extra work with respect to the Project.

§ 9.7 Failure of Payment
If the Owner does not issue a Certificate of Payment for undisputed amounts, through no fault of the Design-
Builder, within the time required by the Contract Documents, then the Design-Builder may, upon fourteen (14) days
additional written notice to the Owner, stop the Work until payment of the undisputed amount due and owing has
been received. The Contract Time shall be extended appropriately and the Contract Sum shall be increased by the
amount of the Design-Builder's reasonable actual costs of shut down, delay and start-up, plus interest, if any, as
provided for in the Design-Build Documents.

§ 9.8 Substantial Completion
§ 9.8.1 Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof
is sufficiently complete in accordance with the Design-Build Documents so that the Owner can occupy or utilize the
Work for its intended use. At a minimum, the date of Substantial Completion shall not precede the day on which the
Owner approves the Work (which approval shall not be unreasonably delayed or withheld) and a Certificate of
Occupancy (either temporary or permanent) ("C of O") is issued for the entire Project by the local code officials,
unless such C of O is not issued because of items not within Design-Builder's Scope of Work. In the case of
multiple C of O's, the date of Substantial Completion shall be the date when the last C of O covering the Project is
issued.

§ 9.8.1.1 Substantial Completion shall not be deemed to occur, and the Work will not be considered suitable for
Substantial Completion review, until each of the following has been met: (i) all Project systems included in the
Work are operational as designed and scheduled; (ii) all designated or required governmental inspections and
certifications have been made and posted; (iii) a temporary or final certificate of occupancy with respect to all
portions of the Work has been issued; (iv) designated instruction of Owner's or City's personnel in the operation of
all systems have been completed; (v) all final finishes within the Contract are in place subject to Punch List; (vi) the

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User Notes:
Project is available to the Owner for occupancy for use intended, as to all of (i) – (vi), subject to agreed correction and completion of Punch List items; and (vii) the Design-Builder has submitted to the Owner for review and acceptance a certificate which states that the Work has been substantially completed in accordance with the Contact Documents and all subcontractor and Design-Builder waiver of lien certificates accurately reflecting all payment made up to Substantial Completion.

§ 9.8.2 When the Design-Builder considers that the Work, or a portion thereof which the Owner and the City agree to accept separately, is substantially complete, the Design-Builder shall prepare and submit to the Owner and the City a comprehensive list of items which do not interfere with the Owner's intended use but need to be completed or corrected prior to final payment (the “Punch List”). The Punch List shall also indicate the cost of completing the items on the Punch List (the “Punch List Cost”). Failure to include an item on such list does not alter the responsibility of the Design-Builder to complete all Work in accordance with the Design-Build Documents.

§ 9.8.3 Upon receipt of the Punch List, the Owner and the City will make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the inspection discloses any item, whether or not included on the Punch List, which is not sufficiently complete in accordance with the Design-Build Documents so that the City can occupy or utilize the Work or designated portion thereof for its intended use, the Design-Builder shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Engineer. In such case, the Design-Builder shall then submit a request for another inspection by the Owner and the City to determine Substantial Completion. Any items discovered by the Owner or the City during the inspection which are not on the Punch List should be included in the Punch List and shall be addressed by the Design-Builder. Should the Owner or the City have reasonable justification to disagree with the estimated Punch List Cost provided by the Design-Builder, the Owner and the City may determine the reasonable Punch List Cost.

§ 9.8.4 The Design-Builder will complete items on the Punch List promptly after receipt of approval of the Punch List from the Owner or receipt of an updated Punch List. If the Design-Builder fails to complete all items of the Punch List within thirty (30) days or such other reasonable period that is mutually agreed upon by the Owner and Design-Builder, the Owner will reserve the right, after written notice to the Design-Builder, to have the remaining Work completed by any reasonable means, and the reasonable cost of such Work will be deducted from the final payment due to the Design-Builder. Required warranty durations as defined elsewhere within the Agreement or General Conditions shall not be affected by partial occupancy by the City.

§ 9.8.5 When the Work or designated portion thereof is substantially complete, upon written request from the Design-Builder, the Owner, in consensus with the City, will prepare a Certificate of Substantial Completion which shall establish the date of Substantial Completion, shall establish responsibilities of the Owner and Design-Builder for security, maintenance, heat, utilities, damage to the Work and insurance, and shall fix the time within which the Design-Builder shall finish all items on the list accompanying the Certificate. Warranties required by the Design-Build Documents shall commence on the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Certificate of Substantial Completion.

§ 9.8.6 The Certificate of Substantial Completion shall be submitted to the Owner and Design-Builder for their written acceptance of responsibilities assigned to them in such Certificate and Owner shall be provided a list of warranties which take effect. Upon such acceptance and consent of surety, if any, the Owner shall make payment of retainage applicable to such Work or designated portion thereof, less 150% of the Punch List Cost, which shall be released as part of the Final Payment. Such payment shall be adjusted for Work that is incomplete or not in accordance with the requirements of the Design-Build Documents. As a condition precedent to Final Payment of the Work and the release of the retainage, the Owner shall certify that the items on the Punch List have been completed and the Design-Builder will provide i) certificates of testing, inspection or approval as required by the Design-Build Documents, ii) any required equipment and systems guarantee certificates (including the Design-Builder’s and all subcontractors one or two year warranty as described in Section 11.2.2.1 below), iii) all operation and maintenance manuals iv) and all building keys, and shall assign to the City for direct enforcement all warranties required by the Design-Build Documents applicable to the Work.

§ 9.9 Partial Occupancy or Use
§ 9.9.1 The City may occupy or use any completed or partially completed portion of the Work at any stage when such portion is designated by separate agreement with the Design-Builder, provided such occupancy or use is consented to, by endorsement or otherwise, by the insurer providing property insurance and authorized by public
authorities having jurisdiction over the Project. Such partial occupancy or use may commence whether or not the portion of Work is Substantially Complete, provided the Owner, the City, and Design-Builder have accepted in writing the responsibilities assigned to each of them for payments, retainerage, if any, security, maintenance, heat, utilities, damage to the Work and insurance, and have agreed in writing concerning the period for correction of the Work and commencement of warranties required by the Design-Build Documents. When the Design-Builder considers a portion substantially complete, the Design-Builder shall prepare and submit a list to the Owner as provided under Section 9.8.2. Consent of the Design-Builder to partial occupancy or use shall not be unreasonably withheld. The stage of the progress of the Work shall be determined by written agreement among the Owner, the City, and Design-Builder.

§ 9.9.2 Immediately prior to such partial occupancy or use, the Owner, the City, and Design-Builder shall jointly inspect the area to be occupied or portion of the Work to be used in order to determine and record the condition of the Work.

§ 9.9.3 Unless otherwise agreed upon, partial occupancy or use of a portion or portions of the Work shall not constitute acceptance of Work not complying with the requirements of the Design-Build Documents.

§ 9.10 Final Completion and Final Payment

§ 9.10.1 Upon receipt of the Design-Builder’s written notice that the Work is ready for final inspection and acceptance and upon receipt of a final Application for Payment, the Owner will promptly make such inspection. When the Owner finds the Work acceptable under the Design-Build Documents and the Contract fully performed, the Owner will, subject to Section 9.10.2, promptly issue a final Certificate for Payment.

§ 9.10.2 Neither final payment nor any remaining retained percentage shall become due until the Design-Builder submits to the Owner (1) an affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Work, for which the Owner or the Owner’s property might be responsible or encumbered, (less amounts withheld by Owner) have been paid or otherwise satisfied, (2) a certificate evidencing that insurance required by the Design-Build Documents to remain in force after final payment is currently in effect, (3) a written statement that the Design-Builder knows of no substantial reason that the insurance will not be renewable to cover the period required by the Design-Build Documents, (4) consent of surety, if any, to final payment, (5) Virginia-construction record copy of the Construction Documents marked to indicate field changes and selections made during construction, (6) manufacturer’s warranties, product data, and maintenance and operations manuals, and (7) if required by the Owner, other data establishing payment or satisfaction of obligations, such as receipts, or releases and waivers of liens, claims, security interests, or encumbrances, arising out of the Contract, to the extent and in such form as may be designated by the Owner. If an Architect, a Consultant, or a Contractor, a Subcontractor, or other person or entity providing services or work for the Design-Builder, refuses to furnish a release or waiver required by the Owner, the Design-Builder may furnish a bond satisfactory to the Owner to indemnify the Owner against such liens, claims, security interests, or encumbrances. If such liens, claims, security interests, or encumbrances remains unsatisfied after payments are made, the Design-Builder shall refund to the Owner all money that the Owner may be compelled to pay in discharging such liens, claims, security interests, or encumbrances, including all costs and reasonable attorneys’ fees.

§ 9.10.3 If, after Substantial Completion of the Work, final completion thereof is materially delayed through no fault of the Design-Builder or by issuance of Change Orders affecting final completion, the Owner shall, upon application by the Design-Builder, and without terminating the Contract, make payment of the balance due for that portion of the Work fully completed and accepted. If the remaining balance for Work not fully completed or corrected is less than retainerage stipulated in the Design-Build Documents, and if bonds have been furnished, the written consent of surety to payment of the balance due for that portion of the Work fully completed and accepted shall be submitted by the Design-Builder to the Owner prior to issuance of payment. Such payment shall be made under terms and conditions governing final payment, except that it shall not constitute a waiver of claims.

§ 9.10.4 The making of final payment shall constitute a waiver of Claims by the Owner except those arising from

1. liens, Claims, security interests or encumbrances arising out of the Contract and unsettled;
2. failure of the Work to comply with the requirements of the Design-Build Documents; or
3. terms of special warranties required by the Design-Build Documents.
§ 9.10.5 Acceptance of final payment by the Design-Build shall constitute a waiver of claims by the Design-Build except those previously made in writing and identified by the Design-Build as unsettled at the time of final Application for Payment.

§ 9.10.6 Owner shall have the right to make payment (either directly or by joint or multiple party check) in the amount agreed to by the Design-Build to any lienor listed on Design-Build's partial or final affidavit as unpaid, or any other lienor who has given written notice to Owner or whose existence is otherwise known to Owner, provided that in the event City has assumed this Agreement from the Owner then the City may withhold payments to any subcontractor with whom a dispute exists. Owner shall not directly pay any lienor for claims of lien which have been transferred to bond. Design-Build shall be a party on all joint or multiple party checks issued by Owner or the City. Endorsement by any payee of a joint or multiple party check shall be deemed payment to that party for the full amount of the check. Design-Build's acceptance of the Final Payment shall release Owner and the City from any further liability for any additional payments or compensation in connection with the construction of the Work, unless otherwise agreed in writing at that time.

§ 9.10.7 All applicable procedures defined in Section 9.10 shall apply to any close-out of “early completion” subcontracts.

§ 9.11 Accounting Records

§ 9.11.1 Design-Build shall keep full and detailed records and accounts related to the Cost of the Work and exercise such controls as may be necessary for proper financial management under this Contract and to substantiate payment. The accounting and control systems shall be Design-Build's customary accounting systems as acceptable to the City. The Owner and the Owner's auditors shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy, the Design-Build's records and accounts, including complete documentation supporting accounting entries, books, correspondence, instructions, drawings, receipts, subcontracts, Subcontractor's proposals, purchase orders, vouchers, memoranda and other data relating to this Contract but only as necessary to substantiate its Cost of the Work as required by the Design-Build Amendment. The Design-Build shall preserve these records for a period of three years after final payment, or for such longer period as may be required by law.

§ 9.11.2 Except for Work which is subcontracted for on a lump sum basis, Design-Build shall keep and shall require each subcontractor to keep accurate books of records and accounts in accordance with sound accounting principles of all costs for work performed and all other costs incurred in connection with the Project for which they seek payment. Without limiting the foregoing, the materials kept by Design-Build and/or subcontractors shall include records necessary to evaluate and verify direct and indirect costs, including overhead allocations as they apply to costs associated with the Project, together with any other records, documentation or accounting data or information reasonably required by the Owner. Upon Final Completion of the Project, the following Project records maintained by the Design-Build, its Architect, Consultants, Contractors and subcontractors shall be turned over to the City. A list of the Project records is as follows:

1. All design drawings, specifications, ASIs, Bulletins, and other deliverables from the Architect in editable (AutoCAD or equivalent format), PDF format, and at least one set of hard copy.
2. Meeting minutes from all design review meetings.
3. All bid packages, Requests for Pricing/Proposal (RFPs), Requests for Quotations (RFQs), related communications with the bidders, related meeting minutes.
4. All permit sets, permits, government approvals
5. Site plans, site plan approvals/comments
7. All bids, bid evaluations, contracts, subcontracts, purchase orders, change orders, amendments
8. All PCOS, related pricings, Construction Change Directives (CCDs), Change Order Requests (CORs), Contract Change Orders, Amendments to the Design-Build Agreement.
9. All Requests for Information (RFIs), Submittals, Shop Drawings, Samples, related reviews and comments received from the Architect, Owner, City, and the City's Representative.
10. All meeting minutes (daily, weekly, monthly, special purpose, other).
11. All safety and quality records, related non-conformances, related corrections.
12. All daily construction reports, visitor records, weather records.
13. All payment applications and related detailed backup including lien waivers, sworn statements, affidavits, etc. from the Design-Builder and all tiers of subcontractors and vendors.
14. All records of payment receipts by the Design-Builder and payments to its contractors, consultants, subcontractors, vendors, etc.
15. All project budget and project cost reports, project accounting records.
16. All project schedules (weekly updated reports, delay notices and related backup, monthly reports, base schedules, schedule amendments, 2-week and 4-week lookahead reports, etc.) in PDF format.
17. Base contract schedule and monthly updated project schedule in native (.xer or equivalent Primavera) format to be submitted monthly to the City and provided on a flash drive upon Project Completion.
18. All bond and insurance certificates, insurance renewals, notice and claim information.
19. All weekly, monthly Project reports.
20. All punchlist records, related correction records, City and Architect, Engineer walkthrough and inspection reports.
21. All records related to temporary and permanent certificates of completion, certificates of occupancy, Fire department inspection records, etc.
22. All other final permits and government approvals for the Project.
23. Copies of Substantial and Final Completion Certificates and related backup documents.
24. All warranties, O&M manuals, samples, attic stock information, keys, training manuals, and other Project Close-out materials.
25. A detailed list of Design-Builder and subcontractor contacts related to the enforcement of warranties.
26. Any other Project documents specifically required to be maintained by the Design-Build Documents.

§ 9.11.3 The records identified in Section 9.11.2 shall be available to Owner upon request for examination and audit at a mutually convenient time within five (5) working days of such request. Such audits may require Owner’s inspection and copying from time to time of the Records. Owner’s authorized representatives shall have access to the Design-Builder’s and Subcontractor’s facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with this Section 9.11.2. Subject to the City’s FOIA requirements, the Owner shall insure the confidentiality of all records obtained from the Design-Builder or Subcontractors. Design-Builder shall require all Subcontractors to comply with the provisions of Section 9.11.2 by insertion of the requirements thereof in any written agreement between Design-Builder and subcontractor.

ARTICLE 10 PROTECTION OF PERSONS AND PROPERTY
§ 10.1 Safety Precautions and Programs
The Design-Builder shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the performance of the Contract.

§ 10.2 Safety of Persons and Property
§ 10.2.1 The Design-Builder shall be responsible for precautions for the safety of, and reasonable protection to prevent damage, injury or loss to
1. employees on the Work and other persons who may be affected thereby;
2. the Work and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody or control of the Design-Builder or the Architect, Consultants, or Contractors, or other person or entity providing services or work for the Design-Builder; and
3. other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, or structures and utilities not designated for removal, relocation or replacement in the course of construction.

§ 10.2.2 The Design-Builder shall comply with, and give notices required by, applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities, bearing on safety of persons or property, or their protection from damage, injury or loss.

§ 10.2.3 The Design-Builder shall implement, erect, and maintain, as required by existing conditions and performance of the Contract, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations, and notify owners and users of adjacent sites and utilities of the safeguards and protections.
§ 10.2.4 When use or storage of explosives or other hazardous materials or equipment, or unusual methods, are necessary for execution of the Work, the Design-Builder shall exercise utmost care, and carry on such activities under supervision of properly qualified personnel.

§ 10.2.5 The Design-Builder shall promptly remedy damage and loss (other than damage or loss insured under property insurance required by the Design-Build Documents) to property referred to in Sections 10.2.1.2 and 10.2.1.3, caused in whole or in part by the Design-Builder, the Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable and for which the Design-Builder is responsible under Sections 10.2.1.2 and 10.2.1.3; except damage or loss attributable to acts or omissions of the Owner, the City, or anyone directly or indirectly employed by them, or by anyone for whose acts they may be liable, and not attributable to the fault or negligence of the Design-Builder. The foregoing obligations of the Design-Builder are in addition to the Design-Builder’s obligations under Section 3.1.14.

§ 10.2.6 The Design-Builder shall designate a responsible member of the Design-Builder’s organization, at the site, whose duty shall be the prevention of accidents. This person shall be the Design-Builder’s superintendent unless otherwise designated by the Design-Builder in writing to the Owner.

§ 10.2.7 The Design-Builder shall not permit any part of the construction or site to be loaded so as to cause damage or create an unsafe condition.

§ 10.2.8 Injury or Damage to Person or Property. If the Owner or Design-Builder suffers injury or damage to person or property because of an act or omission of the other, or of others for whose acts such party is legally responsible, written notice of the injury or damage, whether or not insured, shall be given to the other party within a reasonable time not exceeding 21 days after discovery. The notice shall provide sufficient detail to enable the other party to investigate the matter.

§ 10.2.9 Design-Builder agrees to remain responsible for the reasonable preservation and protection of the Work during work stoppages or delays and further agrees to protect the Work from deterioration and/or damage until such time as the Work is accepted by Owner and shall be reimbursed for any resulting costs plus reasonable mark-up for overhead and profit unless such work stoppage or delay was caused by Design-Builder. If such delays or work stoppages are the fault of Design-Builder, no additional payments (except insurance proceeds) will be made by Owner to repair damage or restore deterioration, or otherwise correct deficiencies. Design-Builder shall protect, as may be affected by execution of the Work, adjoining private or municipal property, including, but not limited to, buildings and structures, foundations, landscaping, parking areas, walkways and underground systems, and shall provide barricades, temporary fences, and covered walkways required to protect the safety of passers-by, as required by local building codes, ordinances or other laws, or the Design-Build Documents. Design-Builder shall, as a component of the Contract Sum promptly repair any damage or disturbance to walls, utilities, sidewalks, curbs, exterior alleys, streets, and driveways and the property of third parties (including municipalities) caused by Design-Builder, its Subcontractors, its Sub-subcontractors, its material suppliers, its equipment suppliers, or its laborers.

§ 10.2.10 Areas of the Project site which may be used by Design-Builder are limited and shall be approved by Owner and any authorities having jurisdiction over the site before Design-Builder commences the Work. Owner and the City shall have the right to reasonably change the location of such areas from time to time upon reasonable notice to Design-Builder, subject to reimbursement of any costs incurred. Further, Design-Builder acknowledges that areas for parking vehicles and storing equipment and materials at the jobsite are limited. Design-Builder shall provide adequate supervision to ensure that no subcontractor or others performing the Work violate any of the foregoing restrictions. In the event utilities are not available at the project site, Design-Builder shall make arrangements for and furnish, at Design-Builder’s cost and expense, all water, electricity, lighting and other utilities and equipment as are necessary to complete the Work. If necessary, Temporary toilet facilities shall be provided and maintained at Design-Builder’s expense for the use of all workmen and workwomen on the Project. The temporary toilets shall be located in a reasonable location, subject to Owner’s reasonable approval and shall be relocated inside the building or connected to the sewer system serving the Project as soon as work will reasonably and customarily allow. The temporary toilets shall be kept in a sanitary condition in accordance with general industry practices. Design-Builder shall be responsible for obtaining all necessary permits and approvals for the installation and use of the temporary facilities.
§ 10.3 Hazardous Materials

§ 10.3.1 The Design-Builder is responsible for compliance with any requirements included in the Design-Build Documents regarding hazardous materials. If the Design-Builder encounters a hazardous material or substance not addressed in the Design-Build Documents and if reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance, including but not limited to asbestos or polychlorinated biphenyl (PCB), encountered on the site by the Design-Builder, the Design-Builder shall, upon recognizing the condition, immediately stop Work in the affected area and report the condition to the Owner in writing.

§ 10.3.2 Upon receipt of the Design-Builder’s written notice, the Owner shall obtain the services of a licensed laboratory to verify the presence or absence of the material or substance reported by the Design-Builder and, in the event such material or substance is found to be present, to cause it to be rendered harmless. Unless otherwise required by the Design-Build Documents, the Owner shall furnish in writing to the Design-Builder the names and qualifications of persons or entities who are to perform tests verifying the presence or absence of such material or substance or who are to perform the task of removal or safe containment of such material or substance. The Design-Builder will promptly reply to the Owner in writing stating whether or not the Design-Builder has reasonable objection to the persons or entities proposed by the Owner. If the Design-Builder has an objection to a person or entity proposed by the Owner, the Owner shall propose another to whom the Design-Builder has no reasonable objection. When the material or substance has been rendered harmless, Work in the affected area shall resume upon written agreement of the Owner and Design-Builder. By Change Order, the Contract Time shall be extended appropriately and the Contract Sum shall be increased in the amount of the Design-Builder’s reasonable additional costs of shut-down, delay and start-up.

§ 10.3.3 To the fullest extent permitted by law, the Owner shall reimburse the Design-Builder, the Architect, Consultants, and Contractors, and employees of any of them, for all claims, damages, losses and expenses, including but not limited to attorneys’ fees, arising out of or resulting from performance of the Work in the affected area, if in fact the material or substance presents the risk of bodily injury or death as described in Section 10.3.1 and has not been rendered harmless, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to, or destruction of, tangible property (other than the Work itself), except to the extent that such damage, loss or expense is due to the fault or negligence of the party seeking indemnity.

§ 10.3.4 The Owner shall not be responsible under this Section 10.3 for materials or substances the Design-Builder brings to the site unless such materials or substances are required by the Owner’s Criteria. The Owner shall be responsible for materials or substances required by the Owner’s Criteria, except to the extent of the Design-Builder’s fault or negligence in the use and handling of such materials or substances.

§ 10.3.5 The Design-Builder shall indemnify, defend, and hold the Owner and the City harmless for the cost and expense the Owner or the City incurs (1) for remediation of a material or substance the Design-Builder brings to the site and negligently handles, or (2) where the Design-Builder fails to perform its obligations under Section 10.3.1, except to the extent that the cost and expense are due to the Owner’s fault or negligence.

§ 10.3.6 If, without negligence on the part of the Design-Builder, the Design-Builder is held liable by a government agency for the cost of remediation of a hazardous material or substance solely by reason of performing Work as required by the Design-Build Documents, the Owner shall reimburse the Design-Builder for all cost and expense thereby incurred.

§ 10.4 Emergencies
In an emergency affecting safety of persons or property, the Design-Builder shall act, at the Design-Builder’s discretion, to prevent threatened damage, injury or loss.

ARTICLE 11 UNCOVERING AND CORRECTION OF WORK

§ 11.1 Uncovering of Work
The Owner may request to examine a portion of the Work that the Design-Builder has covered to determine if the Work has been performed in accordance with the Design-Build Documents. If such Work is in accordance with the Design-Build Documents, the Owner and Design-Builder shall execute a Change Order to adjust the Contract Time and Contract Sum, as appropriate. If such Work is not in accordance with the Design-Build Documents, the costs of uncovering and correcting the Work shall be at the Design-Builder’s expense and the Design-Builder shall not be
entitled to a change in the Contract Time unless the condition was caused by the Owner or a separate contractor in which event the Owner shall be responsible for payment of such costs and the Contract Time will be adjusted as appropriate.

§ 11.2 Correction of Work

§ 11.2.1 Before or After Substantial Completion. The Design-Builder shall promptly correct Work rejected by the Owner or failing to conform to the requirements of the Design-Build Documents, whether discovered before or after Substantial Completion and whether or not fabricated, installed or completed. Costs of correcting such rejected Work, including additional testing and inspections, the cost of uncovering and replacement, and compensation for any design consultant employed by the Owner whose expenses and compensation were made necessary thereby, shall be at the Design-Builder's expense.

§ 11.2.2 After Substantial Completion

§ 11.2.2.1 In addition to the Design-Builder's obligations under Section 3.1.12, if, within two years (as to structural issues), or within one (1) year (as to all other elements), after the date of Substantial Completion of the Work or designated portion thereof or after the date for commencement of warranties established under Section 9.8, or by terms of an applicable special warranty required by the Design-Build Documents, any of the Work is found not to be in accordance with the requirements of the Design-Build Documents, the Design-Builder shall correct it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Design-Builder a written acceptance of such condition. The Owner shall give such notice promptly after discovery of the condition. During the applicable period for correction of the Work, if the Owner fails to notify the Design-Builder and give the Design-Builder an opportunity to make the correction, the Owner waives the rights to require correction by the Design-Builder and to make a claim for breach of warranty. If the Design-Builder fails to correct nonconforming Work within a reasonable time during that period after receipt of notice from the Owner, the Owner may correct it in accordance with Section 7.9.

§ 11.2.2.2 The one or two year period (as specified in Section 11.2.2.1 above), or longer as applicable, for correction of Work shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual completion of that portion of the Work.

§ 11.2.3 The Design-Builder shall remove from the site portions of the Work that are not in accordance with the requirements of the Design-Build Documents and are neither corrected by the Design-Builder nor accepted by the Owner.

§ 11.2.4 The Design-Builder shall bear the cost of correcting destroyed or damaged construction of the Owner or separate contractors, whether completed or partially completed, caused by the Design-Builder's correction or removal of Work that is not in accordance with the requirements of the Design-Build Documents.

§ 11.2.5 Nothing contained in this Section 11.2 shall be construed to establish a period of limitation with respect to other obligations the Design-Builder has under the Design-Build Documents. Establishment of the one or two-year period for correction of Work as described in Section 11.2.2 relates only to the specific obligation of the Design-Builder to correct the Work, and has no relationship to the time within which the obligation to comply with the Design-Build Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Design-Builder's liability with respect to the Design-Builder's obligations other than specifically to correct the Work.

§ 11.3 Acceptance of Nonconforming Work

If the Owner prefers to accept Work that is not in accordance with the requirements of the Design-Build Documents, the Owner may do so instead of requiring its removal and correction, in which case the Contract Sum will be reduced as appropriate and equitable. Such adjustment shall be effected whether or not final payment has been made.

ARTICLE 12 COPYRIGHTS AND LICENSES

§ 12.1 Drawings, specifications, and other documents furnished by the Design-Builder, including those in electronic form, are Instruments of Service. The Design-Builder, and the Architect, Consultants, Contractors, and any other person or entity providing services or work for any of them, shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and shall retain all common law,
statutory and other reserved rights, including copyrights. Submission or distribution of Instruments of Service to meet official regulatory requirements, or for similar purposes in connection with the Project, is not to be construed as publication in derogation of the reserved rights of the Design-Builder and the Architect, Consultants, and Contractors, and any other person or entity providing services or work for any of them.

§ 12.2 The Design-Builder and the Owner warrant that in transmitting Instruments of Service, or any other information, the transmitting party is the copyright owner of such information or has permission from the copyright owner to transmit such information for its use on the Project.

§ 12.3 Upon execution of the Agreement, the Design-Builder grants to the City a transferable, irrevocable, and exclusive license to use the Instruments of Service for purposes of constructing, using, maintaining, altering and adding to the Project. The license granted under this section permits the Owner and the City to authorize its consultants and separate contractors to reproduce applicable portions of the Instruments of Service for use in performing services or construction for the Project. For purposes of this Article 12, (i) the license to use the Instruments of Service shall be “transferable” by the Owner only in connection with a sale or other transfer of the Project, but shall not permit the Owner to transfer such Instruments of Service independently of the Project, and (ii) the exclusivity of such license to use the Instruments of Service with respect to the Developer and Walbridge Aldinger is limited to this Project only, with the Architect retaining its right to use the copyrighted portions of the Instruments of Service on other projects. However and notwithstanding the forgoing, in the event City cancels, suspends, or delays the Project for any reason whatsoever, the City has the right to use the Instruments of Service whether or not the size, scope, or location of the Project remains the same and whether or not the Developer, Design-Builder, and/or the Architect remain the same as contemplated in this Agreement.

§ 12.3.1 The Design-Builder shall obtain exclusive licenses from the Architect, Consultants, and Contractors, that will allow the Design-Builder to satisfy its obligations to the City under this Article 12. The Design-Builder’s licenses from the Architect and its Consultants and Contractors shall also allow the City, in the event this Agreement is terminated for any reason other than the default of the Owner or in the event the Design-Builder’s Architect, Consultants, or Contractors terminate their agreements with the Design-Builder for cause, to obtain a transferable, irrevocable and exclusive license for purposes of constructing, using, maintaining, altering and adding to the Project, provided that the City (1) agrees to pay to the Architect, Consultant or Contractor all amounts due, and (2) assumes responsibility for all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the City’s alteration or unauthorized use of the Instruments of Service.

§ 12.3.2 In the event the Owner alters the Instruments of Service without the author’s written authorization or uses the Instruments of Service without retaining the authors of the Instruments of Service, the Owner releases the Design-Builder, Architect, Consultants, Contractors and any other person or entity providing services or work for any of them, from all claims and causes of action arising from or related to such uses. The Owner, to the extent permitted by law, further agrees to indemnify and hold harmless the Design-Builder, Architect, Consultants, Contractors and any other person or entity providing services or work for any of them, from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner’s alteration or unauthorized use of the Instruments of Service under this Section 12.3.2. The terms of this Section 12.3.2 shall not apply if the Owner rightfully terminates this Agreement for cause under Sections 13.1.4 or 13.2.2.

ARTICLE 13 TERMINATION OR SUSPENSION
§ 13.1 Intentionally deleted.

§ 13.2 Termination or Suspension Following Execution of the Design-Build Amendment
§ 13.2.1 Termination by the Design-Builder
§ 13.2.1.1 The Design-Builder may terminate the Contract if the Work is stopped for a period of ninety (90) consecutive days through no act or fault of the Design-Builder, the Architect, a Consultant, or a Contractor, or their agents or employees, or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder, for any of the following reasons:

- Issuance of an order of a court or other public authority having jurisdiction that requires all Work to be stopped;
An act of government, such as a declaration of national emergency that requires all Work to be stopped; or

Because the Owner has suspended the Work pursuant to Section 13.2.3 hereof for more than ninety (90) days;

Because the Owner has not issued a Certificate for Payment and has not notified the Design-Build of the reasons for withholding certification as provided in Section 9.5.1; or

Because the Owner has not made payment of undisputed amounts on a Certificate of Payment within the time stated in the Design-Build Documents and a thirty-day notice and cure period has passed without a corrective action by the Owner; or

The Owner has failed to furnish to the Design-Build promptly, upon Design-Build's request, reasonable evidence as required by Section 7.2.7.

§ 13.2.1.2 The Design-Build may terminate the Contract if, through no act or fault of the Design-Build, the Architect, a Consultant, a Contractor, or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Build, repeated suspensions, delays or interruptions of the entire Work by the Owner as described in Section 13.2.3 constitute in the aggregate more than 100 percent of the total number of days scheduled for completion, or 120 days in any 365-day period, whichever is less.

§ 13.2.1.3 If one of the reasons described in Section 13.2.1.1 or 13.2.1.2 exists after the Work has been commenced, the Design-Build may, upon thirty (30) days' written notice and an opportunity to cure any default under the Agreement (and as for non-monetary defaults, such longer time as is reasonable under the circumstances) to the Owner, terminate the Contract and recover from the Owner payment for the Work executed, including costs incurred by reason of such termination, and Design-Build's fee allocable to the Work completed in accordance with the Design-Build Documents. All prior payments received by Design-Build shall be applied to the amounts due hereunder.

§ 13.2.2 Termination by the Owner For Cause

§ 13.2.2.1 After written notice to the Design-Build and reasonable opportunity to cure any default under this Agreement, the Owner may terminate the Contract if the Design-Build

1. fails to submit the Proposal by the date required by this Agreement, or if no date is indicated, within a reasonable time consistent with the date of Substantial Completion;

2. refuses or fails to supply an Architect, or enough properly skilled Consultants, Contractors, or workers or proper materials;

3. fails to make payment to the Architect, Consultants, or Contractors for services, materials or labor in accordance with their respective agreements with the Design-Build;

4. repeatedly disregards applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority;

5. is otherwise guilty of substantial breach of a provision of the Design-Build Documents;

6. files a petition under any federal or state law concerning bankruptcy, reorganization, insolvency or relief from creditors, or if such a petition is filed against the Design-Build without his consent and is not dismissed within ninety (90) days;

7. fails to comply with Construction Change Directives that Design-Build has not previously questioned as to Owner's ability to fund the directive or as to its appropriateness under applicable law, regulation or ordinance;

8. repeatedly fails to cooperate or otherwise interferes with the Owner's exercise of any right or remedy provided in the Design-Build Documents;

9. if the Design-Build becomes insolvent, or if the Design-Build consents to the appointment of a receiver, trustee, liquidator, custodian or the like of the Design-Build or of all or any substantial portion of its assets, or if a receiver, trustee, liquidator, custodian or the like is appointed with respect to the Design-Build or takes possession of all or any substantial portion of its assets and such appointment or possession is not terminated within sixty (60) days of the appointment, or if the Design-Build makes an assignment for the benefit of creditors;

10. there is reasonable evidence that the Work will not be completed within the Contract Time and Design-Build remains behind Schedule for fifteen (15) days after Written Notice from the Owner or the City that Design-Build is behind Schedule; or

11. the Ground Lease for Project 2 is terminated.
§ 13.2.2.2 When any of the above reasons exist, the Owner may without prejudice to any other rights or remedies of the Owner and after giving the Design-Builder and the Design-Builder’s surety, if any, seven days’ written notice, terminate employment of the Design-Builder and may, subject to any prior rights of the surety:

.1 Exclude the Design-Builder from the site and take possession of all materials and equipment that belong to the Project;
.2 Accept assignment of the Architect, Consultant and Contractor agreements pursuant to Section 3.1.15; and
.3 Finish the Work by whatever reasonable method the Owner may deem expedient. Upon written request of the Design-Builder, the Owner shall furnish to the Design-Builder a detailed accounting of the costs incurred by the Owner in finishing the Work.

§ 13.2.2.3 When the Owner terminates the Contract for one of the reasons stated in Section 13.2.2.1, the Design-Builder shall not be entitled to receive further payment until the Work is finished.

§ 13.2.2.4 If the unpaid balance of the Contract Sum exceeds costs of finishing the Work and other damages incurred by the Owner and not expressly waived, such excess shall be paid to the Design-Builder. If such costs and damages exceed the unpaid balance, the Design-Builder shall pay the difference to the Owner. The obligation for such payments shall survive termination of the Contract.

§ 13.2.3 Suspension by the Owner for Convenience
§ 13.2.3.1 The Owner may, without cause, order the Design-Builder in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the Owner may determine.

§ 13.2.3.2 The Contract Sum and Contract Time, if applicable and if substantiated, shall be adjusted for increases in the cost and time caused by suspension, delay or interruption as described in Section 13.2.3.1. No adjustment shall be made to the extent

.1 that performance is, was or would have been so suspended, delayed or interrupted by another cause for which the Design-Builder is responsible; or
.2 that an equitable adjustment is made or denied under another provision of the Contract.

§ 13.2.4 Termination by the Owner for Convenience
Intentionally deleted.

§ 13.3 OBLIGATIONS UPON TERMINATION
In the event of any termination of the Agreement on whatever basis:

§ 13.3.1 The Design-Builder shall execute and deliver all such documents and take all such steps, including the assignment of the Design-Builder’s contractual rights under subcontracts and other agreements, as the Owner may reasonably request or require for the purpose of fully vesting the Owner with the rights and benefits of the Design-Builder with respect to the Project that the Owner shall have elected (or be required under this Agreement) to assume responsibility.

§ 13.3.2 The parties shall remain responsible for all of their respective obligations and liabilities accrued or based upon events occurring prior to the date of termination, and those obligations and liabilities shall survive the termination.

§ 13.3.3 To the extent reasonably applicable, the Design-Builder’s compliance with the documentary requirements for Final Payment set forth in Article 9 shall be a conditioned precedent to the Design-Builder’s receipt of payment and termination costs hereunder.

ARTICLE 14 CLAIMS AND DISPUTE RESOLUTION
§ 14.1 Claims
§ 14.1.1 Definition. A Claim is a demand or assertion by one of the parties seeking, as a matter of right, payment of money, or other relief with respect to the terms of the Contract. The term “Claim” also includes other disputes and
matters in question between the Owner and Design-Builder arising out of or relating to the Contract. The responsibility to substantiate Claims shall rest with the party making the Claim.

§ 14.1.2 Time Limits on Claims. The Owner and Design-Builder shall commence all claims and causes of action, whether in contract, tort, breach of warranty or otherwise, against the other, arising out of or related to the Contract in accordance with the requirements of the binding dispute resolution method selected in Section 1.3, within the time period specified by applicable law, but in any case not more than 10 years after the date of Substantial Completion of the Work. The Owner and Design-Builder waive all claims and causes of action not commenced in accordance with this Section 14.1.2.

§ 14.1.3 Notice of Claims
§ 14.1.3.1 Prior To Final Payment. Prior to Final Payment and unless other time frames are required by the Design-Build Documents, Claims by either the Owner or Design-Builder must be initiated by written notice to the other party within 21 days after occurrence of the event giving rise to such Claim or within 21 days after the claimant first recognizes the condition giving rise to the Claim, whichever is later.

§ 14.1.3.2 Claims Arising After Final Payment. After Final Payment, Claims by either the Owner or Design-Builder that have not otherwise been waived pursuant to Sections 9.10.4 or 9.10.5, must be initiated by prompt written notice to the other party. The notice requirement in Section 14.1.3.1 and the Initial Decision requirement as a condition precedent to mediation in Section 14.2.1 shall not apply.

§ 14.1.4 Continuing Contract Performance. Pending final resolution of a Claim, except as otherwise agreed in writing or as provided in Section 9.7 and Article 13, the Design-Builder shall proceed diligently with performance of the Contract and the Owner shall continue to make payments for all items not in dispute in accordance with the Design-Build Documents.

§ 14.1.5 Claims for Additional Cost. If the Design-Builder intends to make a Claim for an increase in the Contract Sum, written notice as provided herein shall be given before proceeding to execute the portion of the Work that relates to the Claim. Prior notice is not required for Claims relating to an emergency endangering life or property arising under Section 10.4.

§ 14.1.6 Claims for Additional Time
§ 14.1.6.1 If the Design-Builder intends to make a Claim for an increase in the Contract Time, written notice as provided herein shall be given. The Design-Builder’s Claim shall include an estimate of cost (if claim is related to an Emergency) and of probable effect of delay on progress of the Work. In the case of a continuing delay, only one Claim is necessary.

§ 14.1.6.2 Within five (5) business days from the commencement of a delay, Design-Builder shall submit to the Owner’s Representative, in writing, a notice of the delay (a “Delay Notice”). Such Delay Notice shall, at a minimum, describe the nature and cause of the delay. The Design-Builder’s failure to give such notice to the Owner shall deprive the Design-Builder of his ability to request an adjustment to the Contract Time or the Contract Sum for any period (5) business days prior to such notice. In the case of a continuing cause of delay, only one Delay Notice shall be necessary. The giving of such notice shall not of itself establish the validity of the cause of delay, of the extension of the time for completion or of an increase to the Contract Sum. Submission of reports and/or updates required at regularly scheduled meetings or as a part of a regularly submitted report shall not constitute such notice.

Within fourteen (14) days from the commencement of a delay, Design-Builder shall submit to the Owner’s Representative, in writing, a preliminary estimate of the impact of said delay on the Project Schedule and provide a recovery plan to mitigate the delay.

Within fourteen (14) days from the resolution of the delay, Design-Builder shall submit to the Owner’s Representative a claim for an adjustment to the Project Schedule which shall include all documentation supporting the claim. Such submittal shall include a detailed description of all changes in activity durations, logic, sequence, or otherwise in the Project Schedule. The Design-Builder will make all reasonable efforts to mitigate the impact of delays and resolve Design-Builder claims resulting from delays as quickly as possible. In no event shall the Owner be required to extend the Contract Time or increase the Contract Sum for time periods or expenses incurred five (5) business days prior to its receipt of the Delay Notice.
Upon the occurrence of any circumstance of Excusable Delay (defined as any delay to the extent not caused by Design-Builder, its architect, consultants, subcontractors or suppliers), Design-Builder shall use its reasonable best efforts to continue to perform its obligations under this Contract. Design-Builder shall notify Owner of the steps it proposes to take, including any reasonable alternative means for performance which are not prevented by Excusable Delay. In any such case, Design-Builder shall use commercially reasonable efforts to mitigate all such costs and impacts on the Project Schedule. Design-Builder shall not be permitted to claim an event of Excusable Delay, and no change for Design-Builder's benefit will arise, on account of the following:

.1 vendor or supplier non-performance, except to the extent such non-performance is caused by an event of Excusable Delay;
.2 Design-Builder's non-payment of Taxes for which it is responsible;
.3 customs procedures, except for material changes in such procedures after the Effective Date;
.4 delay in applying for and/or pursuing, or failure to obtain or maintain, any government approval not constituting a change in the applicable law for which it is responsible;
.5 noncompliance with the applicable law, except for changes thereof after the Effective Date;
.6 normal unfavorable weather (excluding tornados, hurricanes and other catastrophic weather phenomena) and other Site-related conditions not constituting Owner's site risks;
.7 delay in, or failure to, import, transport to, or store or house at the Project site all necessary tools, equipment, materials and supplies and personnel to perform the Work, except to the extent such nonperformance may be caused by an event of Excusable Delay;
.8 the unavailability at the Project site of all necessary water and other utilities;
.9 failure to perform under this Contract by Design-Builder caused by its failure to engage qualified Subcontractors, to hire an adequate number of personnel or labor or to perform the work and its obligations in an efficient manner; or
.10 flaws in the Work requiring Design-Builder to redesign or re-engineer any portion of the Work.

§ 14.1.6.3 If adverse or sustained abnormal weather conditions are the basis for a Claim for additional time, such Claim will be considered only when there is substantial deviation from historical data or the Project has been physically damaged as a result. The Design-Builder shall substantiate that there was substantially greater than normal inclement weather, considering the full term of the Contract Time, using accumulated record mean values from climatological data compiled by the U.S. Department of Commerce, National Oceanic and Atmospheric Administration for the Project locale. In the case of a continuing cause of delay, only one request is necessary. The Design-Builder agrees that extensions of time will not be granted, unless the Work so affected is on the Critical Path of the Project Schedule or moves onto the Critical Path because of the length of the delay.

§ 14.1.7 Claims for Consequential Damages
§ 14.1.7.1 The Design-Builder and Owner waive Claims against each other for consequential damages arising out of or relating to this Contract and neither shall be liable for such damages to third parties. This mutual waiver includes:

(a) damages incurred by the Owner for rental expenses, for losses of use income, profit, financing, business opportunities and reputation, and for loss of management or employee productivity or of the services of such persons (except in the case of any claims arising out of or related to the Design-Builder’s or its Subcontractors, Sub-subcontractors or suppliers’ intentional misconduct, fraud, Intellectual Property infringement, noncompliance with applicable laws); and

(b) damages incurred by the Design-Builder for principal office expenses including the compensation of personnel stationed there, for losses of financing, business opportunities and reputation, and for loss of profit except anticipated profit arising directly from the completed Work (except in the case of any claims arising out of or related to the Owner’s intentional misconduct, fraud, Intellectual Property infringement or noncompliance with applicable laws).

This mutual waiver is applicable, without limitation, to all consequential damages due to either party’s termination in accordance with Article 14. Nothing contained in this Section 14.1.7 shall be deemed to preclude an award of Liquidated Damages, when applicable, in accordance with the Design-Build Documents.
§ 14.1.7.2 Notwithstanding anything to the contrary, the right of Owner or the City to recover consequential damages shall not be waived against any insurance carrier issuing an insurance policy that is provided by the Design-Builder for the Project with the express purpose of providing coverage for consequential damages, and Owner and the City specifically reserves all rights and claims against such insurance carriers to recover such consequential damages to the extent there is no right of subrogation or right of recovery for such damages back against the Design-Builder.

§ 14.2 Initial Decision
§ 14.2.1 An initial decision shall be required as a condition precedent to mediation of all Claims between the Owner and Design-Builder initiated prior to the date final payment is due, excluding those arising under Sections 10.3 and 10.4 of the Agreement, unless 30 days have passed after the Claim has been initiated with no decision having been rendered. Unless otherwise mutually agreed in writing, the Owner shall render the initial decision on Claims.

§ 14.2.2 Procedure
§ 14.2.2.1 Claims Initiated by the Owner. If the Owner initiates a Claim, the Design-Builder shall provide a written response to Owner within ten days after receipt of the notice required under Section 14.1.3.1. Thereafter, the Owner shall render an initial decision within ten days of receiving the Design-Builder’s response: (1) withdrawing the Claim in whole or in part, (2) approving the Claim in whole or in part, or (3) suggesting a compromise.

§ 14.2.2.2 Claims Initiated by the Design-Builder. If the Design-Builder initiates a Claim, the Owner will take one or more of the following actions within ten days after receipt of the notice required under Section 14.1.3.1: (1) request additional supporting data, (2) render an initial decision rejecting the Claim in whole or in part, (3) render an initial decision approving the Claim, (4) suggest a compromise or (5) indicate that it is unable to render an initial decision because the Owner lacks sufficient information to evaluate the merits of the Claim.

§ 14.2.3 In evaluating Claims, the Owner may, but shall not be obligated to, consult with or seek information from persons with special knowledge or expertise who may assist the Owner in rendering a decision. The retention of such persons shall be at the Owner’s expense.

§ 14.2.4 If the Owner requests the Design-Builder to provide a response to a Claim or to furnish additional supporting data, the Design-Builder shall respond, within ten days after receipt of such request, and shall either (1) provide a response on the requested supporting data, (2) advise the Owner when the response or supporting data will be furnished or (3) advise the Owner that no supporting data will be furnished. Upon receipt of the response or supporting data, if any, the Owner will either reject or approve the Claim in whole or in part.

§ 14.2.5 The Owner’s initial decision shall (1) be in writing; (2) state the reasons therefor; and (3) identify any change in the Contract Sum or Contract Time or both. The initial decision shall be final and binding on the parties but subject to mediation and, if the parties fail to resolve their dispute through mediation, to binding dispute resolution.

§ 14.2.6 Either party may file for mediation of an initial decision at any time, subject to the terms of Section 14.2.6.1.

§ 14.2.6.1 Either party may, within 30 days from the date of an initial decision, demand in writing that the other party file for mediation within 60 days of the initial decision. If such a demand is made and the party receiving the demand fails to file for mediation within the time required, then both parties waive their rights to mediate or pursue binding dispute resolution proceedings with respect to the initial decision.

§ 14.2.7 In the event of a Claim against the Design-Builder, the Owner may, but is not obligated to, notify the surety, if any, of the nature and amount of the Claim. If the Claim relates to a possibility of a Design-Builder’s default, the Owner may, but is not obligated to, notify the surety and request the surety’s assistance in resolving the controversy.

§ 14.2.8 If a Claim relates to or is the subject of a mechanic’s lien, the party asserting such Claim may proceed in accordance with applicable law to comply with the lien notice or filing deadlines.

§ 14.3 Mediation
§ 14.3.1 Claims, disputes, or other matters in controversy arising out of or related to the Contract, except those waived as provided for in Sections 9.10.4, 9.10.5, and 14.1.7, shall be subject to mediation as a condition precedent to binding dispute resolution.
§ 14.3.2 The parties shall endeavor to resolve their Claims by mediation which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its Construction Industry Mediation Procedures in effect as of the Effective Date of the Agreement. A request for mediation shall be made in writing, delivered to the other party to the Contract, and filed with the person or entity administering the mediation. The request may be made concurrently with the filing of binding dispute resolution proceedings but, in such event, mediation shall proceed in advance of binding dispute resolution proceedings, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order.

§ 14.3.3 The parties shall share the mediator’s fee and any filing fees equally. The mediation shall be held at a mutually agreeable venue located in Oakland County, Michigan. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction.

§ 14.4 LITIGATION
§ 14.4.1 Owner and Design-Builder hereby (a) irrevocably consent and submit to the jurisdiction of any Federal, state, county or municipal court sitting in or presiding over Oakland County, Michigan, in respect to any action or proceeding brought therein concerning any matters arising out of or in any way relating to this Agreement; (b) expressly waive any rights pursuant to the laws of any other jurisdiction by virtue of which exclusive jurisdiction of the courts of any other jurisdiction might be claimed; (c) irrevocably waive all objections as to venue and any and all rights it may have to a change of venue with respect to any such action or proceeding; (d) agree that the laws of the State where the Project is located shall govern in any such action or proceeding and waive any defense of any action or proceeding granted by the laws of any other jurisdiction unless such defense is also allowed by the laws of the State where the Project is located; and (e) agree that any final judgment rendered in any such action or proceeding shall be conclusive and may be entered in any other jurisdiction by suit on the judgment or in any other manner provided by law and expressly consent to the affirmation of the validity of any such judgment by the courts of any other jurisdiction so as to permit execution thereon.

§ 14.4.2 WAIVER OF JURY TRIAL. OWNER AND DESIGN-BUILDER ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARIALLY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THE CONTRACT DOCUMENTS, THE PERFORMANCE OF THE WORK, OR THE PROJECT.

§ 14.5 In no event shall Design-Builder have any recourse against the partners, officers, directors, employees, or agents of Owner or the City in connection with the obligations and liabilities of the Owner hereunder. The Owner, the City, their partners, and representatives will have no personal liability with respect to any of the provisions of the Agreement. In no event shall Owner, or the City have any recourse against the partners, officers, directors, employees or agents of Design-Builder in connection with the obligations and liabilities of the Design-Builder hereunder. Design-Builder, its partners, and its representatives, will have no personal liability with respect to any provisions of this Agreement.

ARTICLE 15 MISCELLANEOUS PROVISIONS
§ 15.1 Governing Law
The Contract shall be governed by the law of the place where the Project is located.

§ 15.2 Successors and Assigns
§ 15.2.1 The Owner and Design-Builder, respectively, bind themselves, their partners, successors, assigns and legal representatives to the covenants, agreements and obligations contained in the Design-Build Documents. Except as provided in Section 15.2.2, neither party to the Contract shall assign the Contract as a whole without written consent of the other. If either party attempts to make such an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Contract.

§ 15.2.2 The Owner may, without consent of the Design-Builder, assign the Contract to a purchaser of the Owner, an affiliated or related entity of the Owner, or lender providing construction financing for the Project. In such event,
such assignee shall assume the Owner’s rights and obligations under the Design-Build Documents. The Design-Build shall execute all consents reasonably required to facilitate such assignment.

§ 15.2.3 If the Owner requests the Design-Build, Architect, Consultants, or Contractors to execute certificates, other than those required by Section 3.1.10, the Owner shall submit the proposed language of such certificates for review at least 14 days prior to the requested dates of execution. If the Owner requests the Design-Build, Architect, Consultants, or Contractors to execute consents reasonably required to facilitate assignment to a lender, the Design-Build, Architect, Consultants, or Contractors shall execute all such consents that are consistent with this Agreement, provided the proposed consent is submitted to them for review at least 14 days prior to execution. The Design-Build, Architect, Consultants, and Contractors shall not be required to execute certificates or consents that would require knowledge, services or responsibilities beyond the scope of their services.

§ 15.3 Written Notice
Written notice shall be deemed to have been duly served if delivered in person to the individual, to a member of the firm or entity, or to an officer of the corporation for which it was intended; or if delivered at or sent by registered or certified mail or by courier service providing proof of delivery to, the last business address known to the party giving notice.

§ 15.4 Rights and Remedies
§ 15.4.1 The Design-Build shall perform its services consistent with the professional skill and care provided by design-builders practicing nationally under the same or similar circumstances (‘Design-Build’s Standard of Care’). Design-Build’s liability for errors, conflicts or omissions in the designs, drawings and specifications shall be limited to a violation of the Design-Build’s Standard of Care referenced in this Section.

§ 15.4.2 No action or failure to act by the Owner or Design-Build shall constitute a waiver of a right or duty afforded them under the Contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

§ 15.4.3 No party’s waiver of a breach of any provision of this Contract shall not constitute a waiver of any succeeding breach of the same or any other provision.

§ 15.5 Tests and Inspections
§ 15.5.1 Tests, inspections and approvals of portions of the Work shall be made as required by the Design-Build Documents and by applicable laws, statutes, ordinances, codes, rules and regulations or lawful orders of public authorities. Unless otherwise provided, the Design-Build shall make arrangements for such tests, inspections and approvals with an independent testing laboratory or entity acceptable to the Owner, or with the appropriate public authority, and shall bear all related costs of tests, inspections and approvals. The Design-Build shall give the Owner timely notice of when and where tests and inspections are to be made so that the Owner may be present for such procedures. The Owner shall bear, except for those costs identified in Section 15.5.3 below, costs of (1) tests, inspections or approvals that do not become requirements until after bids are received or negotiations concluded, and (2) tests, inspections or approvals where building codes or applicable laws or regulations prohibit the Owner from delegating their cost to the Design-Build.

§ 15.5.2 If the Owner determines that portions of the Work require additional testing, inspection or approval not included under Section 15.5.1, the Owner will instruct the Design-Build to make arrangements for such additional testing, inspection or approval by an entity acceptable to the Owner, and the Design-Build shall give timely notice to the Owner of when and where tests and inspections are to be made so that the Owner may be present for such procedures. Such costs, except as provided in Section 15.5.3, shall be at the Owner’s expense.

§ 15.5.3 If such procedures for testing, inspection or approval under Sections 15.5.1 and 15.5.2 reveal failure of the portions of the Work to comply with requirements established by the Design-Build Documents, all costs made necessary by such failure shall be at the Design-Build’s expense.

§ 15.5.4 Required certificates of testing, inspection or approval shall, unless otherwise required by the Design-Build Documents, be secured by the Design-Build and promptly delivered to the Owner.

§ 15.5.5 If the Owner is to observe tests, inspections or approvals required by the Design-Build Documents, the
Owner will do so promptly and, where practicable, at the normal place of testing.

§ 15.5.6 Tests or inspections conducted pursuant to the Design-Build Documents shall be made promptly to avoid unreasonable delay in the Work.

§ 15.6 Intentionally deleted.

§ 15.7 Capitalization
Terms capitalized in the Contract include those that are (1) specifically defined, (2) the titles of numbered articles or (3) the titles of other documents published by the American Institute of Architects.

§ 15.8 Interpretation
§ 15.8.1 In the interest of brevity the Design-Build Documents frequently omit modifying words such as “all” and “any” and articles such as “the” and “an,” but the fact that a modifier or an article is absent from one statement and appears in another is not intended to affect the interpretation of either statement.

§ 15.8.2 Unless otherwise stated in the Design-Build Documents, words which have well-known technical or construction industry meanings are used in the Design-Build Documents in accordance with such recognized meanings.

§ 15.9 Miscellaneous
§ 15.9.1 To facilitate execution of this Agreement, including any exhibits and schedules attached thereto and incorporated therein, the parties may execute this Agreement in counterpart and exchange signatures by facsimile transmission or by electronic delivery of a PDF copy of the executed Agreement, which facsimile or PDF copy shall be deemed valid and binding.

§ 15.9.2 The provisions of this Agreement are severable. If any paragraph, or part thereof, sentence or provisions of this instrument shall be invalid or unenforceable, it shall not affect any of the remaining provisions of this instrument, and all provisions shall be given full force and effect separately from the unenforceable or invalid section, subsections, paragraph, sentence or provisions, as the case may be. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable and if any provision of this Agreement is declared invalid or unenforceable for any reason other than over breadth, the offending provision will be modified so as to maintain the essential benefits of the bargain between the Owner and Design-Build to the maximum extent possible, consistent with applicable law.

ARTICLE 16 SCOPE OF THE AGREEMENT
§ 16.1 This Agreement is comprised of the following documents listed below:

.1 This AIA Document A141™—2014, Standard Form of Agreement Between Owner and Design-Build
.2 Insurance Attachment No. 1 incorporated into this Agreement
.3 AIA Document A141™—2014, Exhibit A, Design-Build Amendment, as modified by the parties, including all the Schedules incorporated therein.
This Agreement is entered into as of the day and year first written above.

OWNER (DEVELOPER) (Signature)

(Printed name and title)

(Date of the Signature)

DESIGN-BUILDER (Signature)

(Printed name and title)

(Date of the Signature)
This Attachment is executed simultaneously with, and as part of, that certain AIA Document A141 Standard Form of Agreement between Owner and Design-Build, 2014 Edition (the “Agreement”), as modified by the Owner, between __________ as the Design-Builder, and __________, as the “Owner.” As used in this Attachment, capitalized terms will have the same meanings given to them in the Agreement, unless otherwise indicated. The terms and conditions of the Agreement and other Design-Build Documents (including, without limitation, the Contractor’s assumptions and qualifications, if any) are incorporated into this Attachment, and vice versa, so that the Agreement, the other Design-Build Documents and this Attachment shall be deemed to be one instrument; provided that and notwithstanding anything to the contrary in the Agreement or other Design-Build Documents to the extent the amendments or modifications contained in this Attachment conflict with the provisions of the Agreement or other Design-Build Documents, the terms and provisions of this Attachment shall govern.

In consideration of the Agreement, Owner and Design-Build hereby agree that the Owner-Design-Build Agreement as modified by the Owner, and other Design-Build Documents are amended and modified as follows:

1.0 DESIGN-BUILDER'S INSURANCE; CERTIFICATES.

1.1 The Design-Builder shall procure and maintain, during the life of this Contract (and for six [6] years after final acceptance by the Owner and the City in the case of completed operations coverage), insurance with a carrier licensed to do business in the state in which the Project is located and a AM Best Rating of no less than A-. The Design-Builder shall pay for, the following types and minimum amounts of insurance:

(a) Commercial general liability insurance ("CGL") covering all operations, including legal liability and completed operations/products liability (including business interruption), with minimum limits of Two Million Dollars ($2,000,000) combined single limit per occurrence and Two Million Dollars ($2,000,000) General Aggregate. Such liability insurance shall provide Blanket Broad Form contractual coverage and Blanket XCU, which covers explosion, collapse and underground hazards, with a cross liability endorsement for the benefit of the Owner and all insured subcontractors; and

(b) Excess liability coverage with following form limits over the primary liability limits, including completed operations coverage, in the amount of Ten Million Dollars ($10,000,000), written on an occurrence/annual aggregate basis using a follow form policy; and

(c) Comprehensive Automobile Liability Insurance covering owned, non-owned, or rented automotive equipment to be used in performance of the work with minimum limits of One Million Dollars ($1,000,000) combined single limit per occurrence; and

(d) Workers’ compensation insurance in a form prescribed by the laws of the State or Commonwealth in which the Project is located. Workers’ compensation insurance shall include Policy endorsements providing an extension of the policy to cover the liability of the insured under “All States Operations”. The Design-Build shall provide employers’ liability insurance with limits of not less than One Million Dollars ($1,000,000);

(e) Physical damage insurance covering owned or rented machinery, tools, equipment, office trailers and vehicles, with limits of not less than One Hundred Thousand Dollars ($100,000) or such larger amounts as necessary based upon the value of the rented equipment; and

(f) Project Engineer/Architect engaged by the Design-Builder for this Project shall carry Professional Liability Insurance with limits of not less than Five Million Dollars ($5,000,000) per claim and Five Million Dollars ($5,000,000) in the aggregate. Project Engineer/Architect shall maintain this
coverage in effect during the term of this Agreement and for three (3) years after the date of Substantial Completion of the Project. In the event this is a claims-made form, the retroactive date shall be the same as or earlier than the Effective Date of this Agreement which shall also apply to any substitute, renewal or replacement policy.

1.2 All insurance required under Section 1.1 shall be with companies and on forms acceptable to the Owner. Certificates of insurance (or copies of policies, if required by the Owner) shall be furnished to the Owner prior to commencing any construction activities at the Project Site or mobilizing to the Project Site.

1.3 The Design-Builder shall require its subcontractors to procure and maintain the same types of insurance coverages as required hereunder of the Design-Builder with the exception of certain lower limits for only those types of insurance as set forth below with the balance of the insurance requirements remain applicable as set forth in this Attachment and in the Contract Documents:

(a) All Subcontractors that will not use cable operated hoisting equipment to perform their Work will be required to provide a Commercial General Liability Insurance with minimum limits of Two Million Dollars ($2,000,000) combined single limit per occurrence and Two Million Dollars ($2,000,000) General Aggregate; Excess liability coverage with following form limits over the primary liability limits, including completed operations coverage, in the amount of Two Million Dollars ($2,000,000) for three years after Substantial Completion of the Project in the case of completed operations coverage.

(b) All Subcontractors that will use cable operated hoisting equipment to perform their Work will be required to provide a Commercial General Liability Insurance with minimum limits of Two Million Dollars ($2,000,000) combined single limit per occurrence and Two Million Dollars ($2,000,000) General Aggregate; Excess liability coverage with following form limits over the primary liability limits, including completed operations coverage, in the amount of Five Million Dollars ($5,000,000) for three years after Substantial Completion of the Project in the case of completed operations coverage.

2.0 CANCELLATION; ADDITIONAL INSURED. Each contract of insurance required under Section 1.0 of this Attachment above (except Workers' Compensation) shall contain clauses to the effect that the same may not be reduced or canceled on less than thirty (30) days' prior written notice to the Owner and the City. In the event of such expiration or cancellation notice, Design-Builder shall obtain equivalent insurance coverage from other insurance companies prior to the expiration or cancellation of the original insurance coverage. The Insurance Certificates shall specifically state that the presence on the Site of representatives of the Owner or the City or the participation by the Owner or the City's representatives in the Project shall not invalidate the applicable insurance, and violation of the terms of any other policy issued by the insurer shall not by itself invalidate the policy. Each liability policy (except the professional liability policy under Section 1.1 f and the worker's compensation policy under Section 1.1 d) required hereunder shall name as additional insureds the Owner, the City, their representatives, and all their affiliates, including the respective parent companies, any subsidiary, related and affiliated companies of each of the previous entities and the officers, directors, agents, employees and assigns of each. The insurance required by Section 1.0 of this Attachment above shall be primary and non-contributory with respect to any other insurance available to said additional insureds their insurance being excess, secondary and non-contributing.

3.0 INTENTIONALLY OMITTED.

4.0 DESIGN-BUILDER AND SUBCONTRACTOR DEDUCTIBLES. Except as otherwise specified herein, no insurance required herein shall contain a deductible or self-insured retention in excess of $500,000 without the prior written approval of Owner.

5.0 AGGREGATE LIMITS REINSTATED. Owner must be notified immediately upon knowledge of possible claims against Design-Builder that might cause a reduction below fifty percent (50%) of any aggregate limit of any primary policy. Failure to obtain and maintain the required insurance shall constitute a material default hereunder.

6.0 CLAIMS. The Design-Builder and its Subcontractors and Sub-subcontractors shall reasonably assist and cooperate in every manner possible in connection with the adjustment of all claims arising out of the operations conducted under or in connection with the Work and shall cooperate with the insurance carrier or carriers of the Owner, the Architect and of the Design-Builder, its Subcontractors and Sub-subcontractors in all litigated claims and
demands which arise out of said operations and which the said insurance carrier or carriers are called upon to adjust or resist.

7.0 BONDS. The Design-Builder, Contractor and Subcontractors shall provide payment and performance bonds in a form substantially similar to AIA Document A312-2010 in amounts not less than one hundred (100%) percent of the Contract Value or subcontract amount, identifying the City as an additional obligee beneficiary in connection with said bonds being issued by an insurance company or surety authorized to conduct business in the State of Michigan with a financial rating not lower than [A] as listed in A.M. Best Key Rating Guide, current edition.

7.1 The Design-Builder may elect to enroll the Subcontractors in the Design-Builder’s subcontractor default insurance program or required them to be bonded in a form substantially similar to AIA Document A311-1970 in amounts not less than one hundred (100%) percent of the subcontract amount, identifying the City as an additional obligee beneficiary in connection with said bonds being issued by an insurance company or surety authorized to conduct business in the State of Michigan with a financial rating not lower than [A] as listed in A.M. Best Key Rating Guide, current edition.

7.2 Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Agreement, the Design-Builder shall promptly furnish a copy of the bonds or shall permit a copy to be made.

8.0 OWNER’S LIABILITY INSURANCE
The Owner shall maintain its usual liability insurance.

§ 8.1. PROPERTY INSURANCE
§ 8.1.1 The Design-Builder shall purchase and maintain, in a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located, property insurance written on a builder’s risk “all-risk” policy form in the amount of the construction project. Such builder’s risk insurance shall be maintained, unless otherwise provided in the Design-Build Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of such insurance, until final payment has been made to the Design-Builder or until no person or entity other than the City has an insurable interest in the property required by this Section §8.6 to be covered, whichever is later. This insurance shall include interests of the Owner, the City, the Design-Builder, Subcontractors and Sub-subcontractors in the Project, and the Design-Builder, Subcontractors and Sub-Subcontractors shall be additional named insureds under the policy.

§ 8.1.2 Property insurance shall be on an “all-risk” or equivalent policy form and shall include, without limitation, insurance against the perils of fire (with extended coverage) and physical loss or damage.

§ 8.1.3 If the property insurance requires deductibles, the Design-Builder shall be responsible for the cost of deductibles for this policy.

§ 8.1.4 This property insurance shall cover portions of the Work stored off the site, and also portions of the Work in transit.

§ 8.1.5 Partial occupancy or use in accordance with the terms of the Agreement shall not commence until the insurance company or companies providing property insurance have consented to such partial occupancy or use by endorsement or otherwise. The Owner and the Design-Builder shall take reasonable steps to obtain consent of the insurance company or companies and shall, without mutual written consent, take no action with respect to partial occupancy or use that would cause cancellation, lapse or reduction of insurance.

§ 8.1.6 Prior to execution of the Design-Build Amendment, the Design-Builder shall provide the Owner and the City a copy of the Builders Risk Insurance Policy required by this Section §8.1, so that the Owner and the City can review the policy and determine if additional insurance coverages are reasonably necessary, with the costs related thereto added to the Contract Sum. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project.

§ 8.2. BOILER AND MACHINERY INSURANCE
The Owner or City may purchase and maintain boiler and machinery insurance required by the Design-Build
Documents or by law, which shall specifically cover such insured objects during installation and until final acceptance by the Owner; this insurance shall include interests of the Owner, Design-Builder, Subcontractors and Sub-subcontractors in the Work, and the Design-Builder, Subcontractors and Sub-subcontractors shall be named an additional insured.

§ 8.3 LOSS OF USE INSURANCE
The City, at its option, may purchase and maintain such insurance as will insure the City against loss of use of the City's property due to fire or other hazards, however caused.

§ 8.4 WAIVER OF SUBROGATION
The Owner, City and Design-Builder waive all rights against each other and any of their consultants, subconsultants, contractors and subcontractors, agents and employees, each of the other and any of their subcontractors, sub-subcontractors, agents and employees, for damages caused by fire or other causes of loss to the extent covered by property insurance required to be obtained under this Attachment No. 1 or other property insurance applicable to the Work and completed construction, except such rights as they have to proceeds of such insurance. Except as otherwise provided herein, a waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

End of Insurance and Bond Requirements.
Design-Build Amendment

This Amendment is incorporated into the accompanying AIA Document A141™-2014, Standard Form of Agreement Between Owner and Design-Builder dated the ___ day of ___ in the year 2019 (the “Agreement”)

for the following PROJECT:
(Name and location or address)

Design, Procurement, and Construction Services for a ________ SF,
______________ Project, located at:
______________, City of Birmingham, Michigan

THE DEVELOPER (referred to as the "Owner" in this Design-Build Amendment):
(Name, legal status and address)

WOODWARD BATES PARTNERS, LLC

THE DESIGN-BUILDER:
(Name, legal status and address)

Walbridge Aldinger LLC.
777 Woodward Avenue, Suite 300
Detroit, Michigan 48226

The Property Owner of this Project (also referred to as the “City” in this Design-Build Amendment):
(Name, address and other information)

City of Birmingham
151 Martin Street
Birmingham, Michigan 48009

The Owner’s Representative (also referred to as the “City’s Representative”) for this Project:
(Name, address and other information)

The Developer and Design-Builder hereby amend the Agreement as follows.

ADDITIONS AND DELETIONS:
The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An Additions and Deletions Report that notes added information as well as revisions to the standard form text is available from the author and should be reviewed.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification. Consultation with an attorney is also encouraged with respect to professional licensing requirements in the jurisdiction where the Project is located.

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TABLE OF ARTICLES

A.1 CONTRACT SUM
A.2 CONTRACT TIME
A.3 INFORMATION UPON WHICH AMENDMENT IS BASED
A.4 DESIGN-BUILDER’S PERSONNEL, CONTRACTORS AND SUPPLIERS
A.5 MISCELLANEOUS PROVISIONS

ARTICLE A.1 CONTRACT SUM

§ A.1.1 The Owner shall pay the Design-Builder the Contract Sum in current funds for the Design-Builder’s performance of the Contract after the execution of this Amendment. The Contract Sum shall be the Sum of the Cost of the Work and the Design-Builder’s Fee, subject to a Guaranteed Maximum Price as set forth below and shall not include compensation the Owner paid the Design-Builder for Work performed prior to execution of this Amendment. The sum of the Cost of the Work and the Design-Builder’s Fee is guaranteed by the Design-Builder not to exceed «_______» ($ « $$ ), subject to additions and deductions for changes in the Work as provided in the Design-Build Documents. Costs that would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Design-Builder without reimbursement by the Owner.

§ A.1.2 Itemized Statement of the Guaranteed Maximum Price is contained in the schedules referenced in Article A.3 and based on the assumptions and clarifications listed in Schedule 6 referenced in Article A.3. The Guaranteed Maximum Price is not a line item guarantee and cost underruns in one or more categories may be used by the Design-Builder to offset cost overruns in other categories so long as the overall Guaranteed Maximum Price is not exceed.

§ A.1.3 The Guaranteed Maximum Price is based on the following alternates, if any, which are contained in the schedules referenced in Article A.3 and are hereby accepted by the Owner.

§ A.1.4 Unit Prices, if any, are contained in Schedule 3 referenced in Article A.3.

§ A.1.5 Payments

§ A.1.5.1 Progress Payments

§ A.1.5.1.1 Based upon Applications for Payment submitted to the Owner by the Design-Builder, the Owner shall make progress payments on account of the Contract Sum to the Design-Builder as provided below and elsewhere in the Design-Build Documents.

§ A.1.5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month.

§ A.1.5.1.3 Provided that an Application for Payment is received by the Owner and the Engineer not later than the twenty-fifth (25th) day of a month (or as otherwise mutually agreed upon) for Work projected to be completed the last day of that month, the Owner shall make payment of the certified amount to the Design-Builder not later than thirty (30) days from the date of the receipt of a complete Application for Payment. Notwithstanding the foregoing, all payments will be effected on either the 3rd or the 15th day of a given month after the payment becomes due. If an Application for Payment is received by the Owner after the application date fixed above, payment shall be made by the Owner not later than forty-five (45) days after the Owner approves the Application for Payment.

§ A.1.5.1.4 With each Application for Payment, the Design-Builder shall submit payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached to the extent required by the terms of this Design-Build Amendment, and any other evidence required by the Owner to demonstrate that cash disbursements already made by the Design-Builder on account of the Cost of the Work equal or exceed (1) progress payments already received by the Design-Builder, less (2) that portion of those payments attributable to the Design-Builder’s Fee; plus (3) payrolls for the period covered by the present Application for Payment. With each Application for Payment, the Design-Builder shall submit the most recent schedule of values in accordance with the Design-Build Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. Compensation for design services, if
any, shall be shown separately. Where the Contract Sum is based on the Cost of the Work with a Guaranteed Maximum Price, the Design-Builder’s Fee shall be shown separately. The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Owner may require. This schedule of values, unless objected to by the Owner, shall be used as a basis for reviewing the Design-Builder’s Applications for Payment.

§ A.1.5.1.5 In taking action on the Design-Builder’s Applications for Payment, the Owner and the City shall be entitled to rely on the accuracy and completeness of the information furnished by the Design-Builder and shall not be deemed to have made a detailed examination, audit or arithmetic verification of the documentation submitted in accordance with Sections A.1.5.1.4, or other supporting data; to have made exhaustive or continuous on-site inspections; or to have made examinations to ascertain how or for what purposes the Design-Builder has used amounts previously paid. Such examinations, audits and verifications, if required by the Owner, will be performed by the Owner’s auditors acting in the sole interest of the Owner.

§ A.1.5.1.6 Except with the Owner’s prior approval, the Design-Builder shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site. When an Application for Payment includes a request for an advance payment required by suppliers for materials or equipment which have not been delivered and stored at the site, the Design-Builder shall provide evidence that such advanced payment is required by a manufacturer or Supplier and will submit a receipt from such supplier evidencing such advanced payment with Design-Builder’s next Application for Payment.

When an Application for Payment includes materials stored off the Project site or stored on the Project site but not incorporated in the Work, for which no previous payment has been requested, a complete description of such material shall be attached to the application. Suitable storage which is off the Project site shall be a bonded warehouse or appropriate storage approved by Owner and Owner’s lenders with the stored materials properly tagged and identifiable for this Project and properly segregated from other materials. Owner’s written approval shall be obtained before the use of an off-site storage is made. Such approval may be withheld in Owner’s sole discretion. The Owner and Owner’s lender, if any, shall have the right to visit the off-site storage location and to inspect the items stored there. The Design-Builder’s All Risk insurance policies required hereunder shall include all equipment and materials stored off site. The Design-Builder shall provide the Owner with written proof, satisfactory to the Owner, that title to the materials and equipment stored off site are vested in the Owner, that the materials are properly labeled as belonging to the Project, and that the materials are segregated from other materials at the storage location.

§ A.1.5.2 and 1.5.3 Intentionally deleted.

§ A.1.5.4 Progress Payments—Cost of the Work Plus a Fee with a Guaranteed Maximum Price
§ A.1.5.4.1 Applications for Payment where the Contract Sum is based upon the Cost of the Work Plus a Fee with a Guaranteed Maximum Price shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment. The percentage of completion shall be the lesser of (1) the percentage of that portion of the Work which has actually been completed; or (2) the percentage obtained by dividing (a) the expense that has actually been incurred by the Design-Builder on account of that portion of the Work for which the Design-Builder has made or intends to make actual payment prior to the next Application for Payment by (b) the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values.

§ A.1.5.4.2 Subject to other provisions of the Design-Build Documents, the amount of each progress payment shall be computed as follows:

1. Take that portion of the Guaranteed Maximum Price properly allocable to completed Work as determined by multiplying the percentage of completion of each portion of the Work by the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values. Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 6.3.9 of the Agreement.

2. Add that portion of the Guaranteed Maximum Price properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work, or if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing.

3. Add the Design-Builder’s Fee, less retainage of ten percent (10%) through fifty percent (50%) completion of the Project. The Design-Builder’s Fee shall be computed upon the Cost of the Work at the rate stated in Section A.1.4.2 or, if the Design-Builder’s Fee is stated as a fixed sum in that Section, shall
be an amount that bears the same ratio to that fixed-sum fee as the Cost of the Work bears to a reasonable estimate of the probable Cost of the Work upon its completion;

.4 Subtract retainage of ten percent (10%) through fifty percent (50%) completion of the Project from that portion of the Work that the Design-Builder self-performs;

.5 Subtract the aggregate of previous payments made by the Owner;

.6 Subtract the shortfall, if any, indicated by the Design-Builder in the documentation required by Section A.1.5.1.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner’s auditors in such documentation; and

.7 Subtract amounts, if any, for which the Owner has withheld or nullified a payment as provided in Section 9.5 of the Agreement.

§ A.1.5.2.3 The progress payment amount determined in accordance with Section A.1.5.2.2 shall be further modified under the following circumstances:

.1 Add, upon Substantial Completion of the Work, a sum sufficient to increase the total payments to the full amount of the Contract Sum, less such amounts as the Owner shall determine for incomplete Work, retainage applicable to such work and unsettled claims less 150% of the cost related to Punch List items, retainage applicable to such work and unsettled claims; and

.2 Add, if final completion of the Work is thereafter materially delayed through no fault of the Design-Builder, any additional amounts payable in accordance with Section 9.10.3 of the Agreement.

§ A.1.5.4.3 The Owner and Design-Builder shall agree upon (1) a mutually acceptable procedure for review and approval of payments to the Architect, Consultants, and Contractors and (2) the percentage of retainage held on agreements with the Architect, Consultants, and Contractors; and the Design-Builder shall execute agreements in accordance with those terms. The Owner and Design-Builder may agree to early release of retention held on Subcontractors that have fully completed their work. In the event that such release reduces the overall retention held on the Contract to less than five percent (5%), Owner may withhold sufficient additional retention on the next payment so that it retains five percent (5%) retention through Substantial Completion of the Project.

§ A.1.5.5 Final Payment

§ A.1.5.5.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Design-Builder not later than 30 days after the Design-Builder has fully performed the Contract and the requirements of Section 9.10 of the Agreement have been satisfied, except for the Design-Builder’s responsibility to correct non-conforming Work discovered after final payment or to satisfy other requirements, if any, which extend beyond final payment.

ARTICLE A.2 CONTRACT TIME

§ A.2.1 Contract Time, as defined in the Agreement at Section 1.4.13, is the period of time, including authorized adjustments, for Substantial Completion of the Work.

§ A.2.2 The Design-Builder shall achieve Substantial Completion of the Work not later than the Substantial Completion milestone date set forth in Schedule 1.1 attached to the Agreement (Key Milestones).

ARTICLE A.3 INFORMATION UPON WHICH AMENDMENT IS BASED

§ A.3.1 The Contract Sum and Contract Time set forth in this Amendment are also based on the following:


§ A.3.1.2 The Drawings: See Schedule 4.

§ A.3.1.3 Schedules to this Agreement (enumerated as follows and incorporated herein):

.1 Schedule 1 Project Schedule
.2 Schedule 1.1 Key Milestones
.3 Schedule 2 Schedule of Values
.4 Schedule 3 Unit Prices
.5 Schedule 4 List of Specifications, Drawings, and Addenda
.6 Schedule 5 Scope of Work
.7 Schedule 6 Design-Builder’s Assumptions and Clarifications
§ A.3.1.5 Allowances, Contingencies and Savings:

.1 Allowances

As set forth in Schedule 2.

.2 Contingencies:

The Design Builder’s Contingency shall be available for the following to the extent not resulting from the Design-Builder’s gross negligence or intentional misconduct: (i) items of Work resulting from the ordinary and customary development of design documents during the design development and construction documents preparation phase, but not resulting from Owner or City driven scope changes; (ii) items of Work resulting from errors or omissions by the Architect subject to the Standard of Care as set forth in the Design-Build Agreement; or (iii) items of Work resulting from co-ordination of drawings with the input from the subcontractors and equipment vendors, but not resulting from Owner or City driven scope changes; (iv) items of Work within the scope of the Contract Documents but not included in a Subcontract due to errors of the Design Builder or interfacing omissions or additional work required by the design that is not otherwise a reason for a Change Order; (v) time extensions as to which no increase in the Contract Price is allowed; (vi) costs resulting from bidder or Subcontractor defaults, including bidder failure to execute a Subcontract, that are not recoverable under the Subcontractor Default Insurance program or Subcontractor bonds; (vii) extraordinary labor rate and material increases (for example new tariffs or nationwide labor strikes/shortage; etc.) during construction which have not already been accounted for in the Subcontractor bids and vendor prices guaranteed through December 31, 2019 as included in the GMP; (viii); and costs not otherwise recoverable under the Contract Documents resulting from errors, omissions, conflicts or constructability problems in the Drawings and Specifications or field conditions; (ix) impact costs on unchanged portions of the Work resulting from Change Orders to other portions of the Work discovered after issuance of the Change Order; and (x) overtime costs to expedite Work, maintain the Schedule or make up delays caused by the Design Builder or its Subcontractors. The specific use of the Construction Contingency shall be subject to prior written approval of the Owner and the City, which approval shall not be unreasonably withheld, conditioned or delayed, and reported during weekly Project meetings by the Design-Builder. Upon Final Completion of the Project, 100% of the unused portion of the Construction Contingency shall be returned to the City.

C) Savings:

Any savings generated through subcontractor/trade buyout after the GMP Amendment is executed shall be added to the Design-Builder's Contingency and become part of the Contingency for the purposes stated above. At the conclusion of the Project, or at such earlier time as agreed by Design-Builder, Owner and the City, unspent contingency may be released to the Owner as Savings to be used by Owner and the City as agreed in the Development Agreement. Design Builder does not share in any such savings.

ARTICLE A.4 DESIGN-BUILDER’S PERSONNEL, CONTRACTORS AND SUPPLIERS

§ A.4.1 The Design-Builder’s key personnel are identified below:

ARTICLE A.5 COST OF THE WORK

§ A.5.1 Cost To Be Reimbursed as Part of the Contract

§ A.5.1.1 Labor Costs

§ A.5.1.1.1 Wages of construction workers directly employed by the Design-Builder to perform the construction of the Work at the site or, with the Owner's prior approval, at off-site workshops.

§ A.5.1.1.2 With the Owner’s prior approval, wages or salaries of the Design-Builder's supervisory and administrative personnel when stationed at the site.

<table>
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<th>Person Included</th>
<th>Status (full-time/part-time)</th>
<th>Rate ($0.00)</th>
<th>Rate (unit of time)</th>
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§ A.5.1.3 Wages and salaries of the Design-Builder's supervisory or administrative personnel engaged at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

§ A.5.1.4 Costs paid or incurred by the Design-Builder for taxes, insurance, contributions, assessments and benefits required by law or collective bargaining agreements and, for personnel not covered by such agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Section A.5.1.1.

§ A.5.1.5 Bonuses, profit sharing, incentive compensation and any other discretionary payments paid to anyone hired by the Design-Builder or paid to the Architect or any Consultant, Contractor or supplier, with the Owner's prior approval.

§ A.5.1.2 Contract Costs. Payments made by the Design-Builder to the Architect, Consultants, Contractors Subcontractors, Sub-subcontractors and suppliers in accordance with the requirements of their subcontracts.

§ A.5.1.3 Costs of Materials and Equipment Incorporated in the Completed Construction

§ A.5.1.3.1 Costs, including transportation and storage, of materials and equipment incorporated or to be incorporated in the completed construction.

§ A.5.1.3.2 Costs of materials described in the preceding Section A.5.1.3.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold by the Design-Builder. Any amounts realized from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

§ A.5.1.4 Costs of Other Materials and Equipment, Temporary Facilities and Related Items

§ A.5.1.4.1 Costs of transportation, storage, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Design-Builder at the site and fully consumed in the performance of the Work. Costs of materials, supplies, temporary facilities, machinery, equipment and tools that are not fully consumed shall be based on the cost or value of the item at the time it is first used on the Project site less the value of the item when it is no longer used at the Project site. Costs for items not fully consumed by the Design-Builder shall mean fair market value.

§ A.5.1.4.2 Rental charges for temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Design-Builder at the site and costs of transportation, installation, minor repairs, dismantling and removal. The total rental cost of any Design-Builder-owned item may not exceed the purchase price of any comparable item. Rates of Design-Builder-owned equipment and quantities of equipment shall be subject to the Owner's prior approval.

§ A.5.1.4.3 Costs of removal of debris from the site of the Work and its proper and legal disposal.

§ A.5.1.4.4 Costs of document reproductions, electronic communications, postage and parcel delivery charges, dedicated data and communications services, teleconferences, Project websites, extranets and reasonable petty cash expenses of the site office.

§ A.5.1.4.5 Costs of materials and equipment suitably stored off the site at a mutually acceptable location, with the Owner's prior approval.

§ A.5.1.5 Miscellaneous Costs

§ A.5.1.5.1 Premiums for that portion of insurance and bonds required by the Design-Build Documents that can be directly attributed to the Contract. With the Owner's prior approval self-insurance for either full or partial amounts of the coverages required by the Design-Build Documents.

§ A.5.1.5.2 Sales, use or similar taxes imposed by a governmental authority that are related to the Work and for which the Design-Builder is liable.

§ A.5.1.5.3 Fees and assessments for the building permit and for other permits, licenses and inspections for which the Design-Builder is required by the Design-Build Documents to pay.
§ A.5.1.5.4 Fees of laboratories for tests required by the Design-Build Documents, except those related to defective or nonconforming Work for which reimbursement is excluded by Section 15.5.3 of the Agreement or by other provisions of the Design-Build Documents, and which do not fall within the scope of Section A.5.1.6.3.

§ A.5.1.5.5 Royalties and license fees paid for the use of a particular design, process or product required by the Design-Build Documents; the cost of defending suits or claims for infringement of patent rights arising from such requirement of the Design-Build Documents; and payments made in accordance with legal judgments against the Design-Builder resulting from such suits or claims and payments of settlements made with the Owner's consent. However, such costs of legal defenses, judgments and settlements shall not be included in the calculation of the Design-Builder's Fee or subject to the Guaranteed Maximum Price. If such royalties, fees and costs are excluded by the second to last sentence of Section 3.1.13.2 of the Agreement or other provisions of the Design-Build Documents, then they shall not be included in the Cost of the Work.

§ A.5.1.5.6 With the Owner's prior approval, costs for electronic equipment and software directly related to the Work.

§ A.5.1.5.7 Deposits lost for causes other than the Design-Builder's negligence or failure to fulfill a specific responsibility in the Design-Build Documents.

§ A.5.1.5.8 With the Owner's prior approval, which shall not be unreasonably withheld, legal, mediation and arbitration costs, including attorneys' fees, other than those arising from disputes between the Owner and Design-Builder, reasonably incurred by the Design-Builder after the execution of the Agreement and in the performance of the Work.

§ A.5.1.5.9 With the Owner's prior approval, expenses incurred in accordance with the Design-Builder's standard written personnel policy for relocation, and temporary living allowances of, the Design-Builder's personnel required for the Work.

§ A.5.1.5.10 That portion of the reasonable expenses of the Design-Builder's supervisory or administrative personnel incurred while traveling in discharge of duties connected with the Work.

§ A.5.1.6 Other Costs and Emergencies

§ A.5.1.6.1 Other costs incurred in the performance of the Work if, and to the extent, approved in advance in writing by the Owner.

§ A.5.1.6.2 Costs incurred in taking action to prevent threatened damage, injury or loss in case of an emergency affecting the safety of persons and property.

§ A.5.1.6.3 Costs of repairing or correcting damaged or nonconforming Work executed by the Design-Builder, Contractors or suppliers, provided that such damaged or nonconforming Work was not caused by negligence or failure to fulfill a specific responsibility of the Design-Builder and only to the extent that the cost of repair or correction is not recovered by the Design-Builder from insurance, sureties, Contractors, suppliers, or others.

§ A.5.1.6.4 All other costs identified as a Cost of the Work in the Schedules referenced in Article A.3.

§ A.5.1.6.7 Some of the costs listed above may be contained within a stipulated sum for categories of general conditions, such as its labor and temporary facilities, as outlined in the Schedules referenced in Article A.3.

§ A.5.1.7 Related Party Transactions

§ A.5.1.7.1 For purposes of Section A.5.1.7, the term "related party" shall mean a parent, subsidiary, affiliate or other entity having common ownership or management of the Design-Builder; any entity in which any stockholder in, or management employee of, the Design-Builder owns any interest in excess of ten percent in the aggregate of the Design-Builder; or any person or entity which has the right to control the business or affairs of the Design-Builder. The term "related party" includes any member of the immediate family of any person identified above.

§ A.5.1.7.2 If any of the costs to be reimbursed arise from a transaction between the Design-Builder and a related party, the Design-Builder shall notify the Owner of the specific nature of the contemplated transaction, including the identity of the related party and the anticipated cost to be incurred, before any such transaction is consummated or
cost incurred. If the Owner, after such notification, authorizes the proposed transaction, then the cost incurred shall be included as a cost to be reimbursed, and the Design-Builder shall procure the Work, equipment, goods or service from the related party, as a Contractor, according to the terms of Section A.5.4. If the Owner fails to authorize the transaction, the Design-Builder shall procure the Work, equipment, goods or service from some person or entity other than a related party according to the terms of Section A.5.4.

§ A.5.2 Costs Not to Be Reimbursed as Part of this Contract
The Cost of the Work shall not include the items listed below:

1. Salaries and other compensation of the Design-Builder's personnel stationed at the Design-Builder's principal office or offices other than the site office, except as specifically provided in Section A.5.1.1;
2. Expenses of the Design-Builder's principal office and offices other than the site office;
3. Overhead and general expenses, except as may be expressly included in Section A.5.1;
4. The Design-Builder's capital expenses, including interest on the Design-Builder's capital employed for the Work;
5. Except as provided in Section A.5.1.6.3 of this Agreement, costs due to the negligence or failure of the Design-Builder, Contractors and suppliers or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable to fulfill a specific responsibility of the Contract;
6. Any cost not specifically and expressly described in Section A.5.1; and
7. Costs, other than costs included in Change Orders approved by the Owner, that would cause the Guaranteed Maximum Price to be exceeded.

§ A.5.3 Discounts, Rebates, and Refunds
§ A.5.3.1 Cash discounts obtained on payments made by the Design-Builder shall accrue to the Owner if (1) before making the payment, the Design-Builder included them in an Application for Payment and received payment from the Owner, or (2) the Owner has deposited funds with the Design-Builder with which to make payments; otherwise, cash discounts shall accrue to the Design-Builder. Trade discounts, rebates, refunds and amounts received from sales of surplus materials and equipment shall accrue to the Owner, and the Design-Builder shall make provisions so that they can be obtained.

§ A.5.3.2 Amounts that accrue to the Owner in accordance with Section A.5.3.1 shall be credited to the Owner as a deduction from the Cost of the Work.

ARTICLE A.6 MISCELLANEOUS PROVISIONS
§ A.6.1 Relationship of the Parties
The Design-Builder accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to exercise the Design-Builder's skill and judgment in furthering the interests of the Owner; to furnish efficient construction administration, management services and supervision; to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious and economical manner consistent with the Owner's interests.
This Amendment to the Agreement entered into as of the day and year first written above.

OWNER (Signature)

(Printed name and title)

(Date of the Signature)

DESIGN-BUILDER (Signature)

(Printed name and title)

(Date of the Signature)
EXHIBIT B-2

PRELIMINARY PLANS AND SPECIFICATIONS
CITY OF BIRMINGHAM
PARKING STRUCTURE

Bates St. Extension
Birmingham, MI 48009

Issued For: DECK DESIGN CONCEPT, 05-30-2019
PRECAST WALL SYSTEM, SLOPE INWARD, REF: DETAILS EXTERIOR

PANEL JOINT AS REQ'D., REF: SPEC.

PRECAST WALL SYSTEM, SLOPE INWARD, REF: DETAILS INTERIOR

PANEL JOINT AS REQ'D., REF: SPEC.

PRE-CAST CONCRETE PILASTER REF: DETAIL 4/A150 & SCHEDULES (PCF-03)
GAS MAIN

CAUTION!!

"Know what's below. Call before you dig."

LEGAL DESCRIPTION (BY OTHERS)
Know what's below. Call before you dig.
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**Load Information**
- Yes
- Load Information

**Main**
- 60 A MCB

**Mounting**
- Surface Mounted

**Voltage**
- 208Y/120V, 3 Phase, 4 Wire + G
- 480Y/277V, 3 Phase, 4 Wire + G

**AIC**
- 10000
- 14000

**Watts**
- 0

**DEMAND KW**
- 0
EXHIBIT C

GUARANTEED MAXIMUM PRICE

See Attached
City of Birmingham

NORTH OLD WOODWARD / BATES ST. PARKING & SITE DEVELOPMENT

Birmingham, Michigan | GMP | JUNE 17, 2019

Walbridge | 777 Woodward Ave., Suite 300 | Detroit, Michigan 48226
INDEX

1 GUARANTEED MAXIMUM PRICE (GMP) & CLARIFICATIONS

2 SCHEDULE

The information contained herein is given voluntarily, and is proprietary, containing trade secrets and financial and/or commercial information. We request that the information remain confidential pursuant to the Michigan Freedom of Information Act exemption 15.243(1)(f)(ii)-(iii). Developer specifically requests and expects that it will be notified in the event there is any request for this information by any third party under the Michigan Freedom of Information Act, or otherwise.
DATE:    July 1, 2019

TO:      Joseph A. Valentine, City Manager

FROM:    Tiffany J. Gunter, Assistant City Manager

SUBJECT: Birmingham N.O.W. Project: Reorganized GMP Document

Attached is the Guaranteed Maximum Price (GMP) document that has been reorganized to better reflect cost categories and provide additional definition for each line item.

Also included is the price for Payment and Performance bonds that were discussed at the June 24, 2019 meeting, which is the only change to the GMP total.
### City of Birmingham Parking Structure GMP

**Birmingham, MI**

**Date:** 6/27/2019

**Updated Alt 3 5/30/19**

**Comments/Notes**

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**Construction Costs Direct and Contingency**

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**Total Construction Costs**

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**GMP Cost**

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<th>Cost Breakdown</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>$57,434,355</td>
<td>Total GMP Cost</td>
<td></td>
</tr>
</tbody>
</table>

**GMP Summary**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost Breakdown</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>$57,434,355</td>
<td>GMP Summary</td>
<td></td>
</tr>
</tbody>
</table>
## City of Birmingham Parking Structure GMP

**Birmingham, MI**

**Estimate Type: DD GMP 425,420 SQFT**

**Date: 6/17/2019**

**Updated Alt 3 5/30/19**

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey, layout, testing, vibration monitoring, (2) tower crane rental and crane operators</td>
<td>$2,425,663</td>
</tr>
<tr>
<td>DTE relocation, AT&amp;T, WOW, Comcast, Consumers infrastructure, and misc site improvements allowances.</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>Parking deck cast in place concrete foundations and structure i.e. hoisting labor, layout, forming, reinforcing steel, ready mix concrete, concrete finishing, scaling, embedments, etc.</td>
<td>$5,166,066</td>
</tr>
<tr>
<td>Architectural precast concrete spandrel beams, column covers and precast wall sections</td>
<td>$752,243</td>
</tr>
<tr>
<td>Parking deck interior CMU walls and granite base at retail area exterior wall</td>
<td>$176,863</td>
</tr>
<tr>
<td>Parking deck interior directional signage</td>
<td>$392,442</td>
</tr>
<tr>
<td>Level one parking entry and exit gate arms</td>
<td>$176,940</td>
</tr>
<tr>
<td>Balanced system for storage room, electric cabinets and heaters, exhaust fans, stack fans, fire dampers, temperature control, COS/NO2 monitoring system</td>
<td>Included Above</td>
</tr>
<tr>
<td>Parking deck lighting system, power distribution system, site lighting, site power distribution, fire alarm, generator, grounding, blue phone security system, lamp power and lighting</td>
<td>$2,258,000</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td><strong>$57,644,355</strong></td>
</tr>
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### Construction Costs

**Total Construction Costs Direct and Contingency**

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Cost</th>
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</thead>
<tbody>
<tr>
<td>Site &amp; U.G. Utilities</td>
<td><strong>$4,959,412</strong></td>
</tr>
<tr>
<td>Total Construction Costs Direct and Contingency</td>
<td><strong>$57,644,355</strong></td>
</tr>
</tbody>
</table>
The information contained herein is given voluntarily, and is proprietary, containing trade secrets and financial and/or commercial information. We request that the information remain confidential pursuant to the Michigan Freedom of Information Act exemption 15.243(1)(f)(i)-(iii). Developer specifically requests and expects that it will be notified in the event there is any request for this information by any third party under the Michigan Freedom of Information Act, or otherwise.

Bates Street Parking Structure
Woodward Bates
Birmingham, MI
Estimate Type: GMP
Bid Date: 6/18/19

Scope Of Work
1. Proposal includes costs for a 10 story parking structure (3 levels below grade, grade level and 6 elevated levels). Bates Street proper restoration and extension to Woodward Ave., utility connections and distribution. As indicated by Alternate 3 design concept drawings dated May 30, 2019 and see attached Drawing Index for a list of drawings.

Clarifications
01- General Requirements
1. General conditions and manpower reflect the current timing of the projects based on the Development Agreement. If the timing of this project changes, manpower will need to be revisited. Schedule is per the attached schedule run date of 6/13/19.
2. Our proposal is based on current building codes (IBC 2015), as established by the state of Michigan. Any changes in codes that occur after the date of this submission are not included and may require a price and/or schedule adjustment.
3. We exclude shuttling and/or bussing of any workers from base bid. As such, any related cost due to shuttling and/or bussing is excluded.
4. Proposal excludes unforeseen conditions. Any costs of construction for unforeseen findings from exploratory investigation are excluded.
5. Walbridge has included usage cost for utility consumption during construction (gas, water, electric, etc.)
6. Allowance of $1,600,000 has been included for utility relocation and other related expenses, and other site improvements and Allowances.
7. The proposal and schedule based upon the current design of Alternate 3 design concept drawings dated May 30, 2019. Proposal excludes cost for Environmental remediation/unsuitable soil, class II landfill fees, hazardous materials, and abatement costs.
8. All city inspections to be paid by sub-contractors.
11. GMP Design is identified as 25% complete. Final Utility requirements and locations may elect alternate routing, which will be documented in Record drawings.
12. Proposal excludes third party commissioning. All Mechanical and Electrical system start-up to be overseen by Walbridge staff. All city inspections to be paid by sub-contractors.
13. Proposal excludes third party commissioning. All Mechanical and Electrical system start-up to be overseen by Walbridge staff. All city inspections to be paid by sub-contractors.
14. Proposal excludes cost for future City Park/Plaza area.
15. Proposal includes commissioning. All Mechanical and Electrical systems start-up to be overseen by Walbridge staff. All city inspections to be paid by sub-contractors.
16. Clarifications submitted with this proposal become binding between Developer and City of Birmingham.
17. Proposal includes cost for Building Permits, SESC Permits, Subcontractor Trade Permits, and Utility connection permit fees.
18. Proposal excludes cost for future City Park/Plaza area.
19. Acceleration costs, including schedule recovery, due to additional work/unknown conditions is not included in the GMP.
20. GMP is based on the attached schedule and City of Birmingham approval to release for construction.
21. Building permit and plan review fees allowance are included in the GMP.
22. Proposal includes cost for roadway, sidewalk and parking meter closures to support construction.
23. City planning and zoning variance costs are not included. Any impact to design and schedule will result in additional costs.
24. Current 25% design documents reflect a total of 1159 parking spaces (1142 deck and 17 surface spaces). This count is not guaranteed until final drawings are submitted and approved by the City of Birmingham.
25. Proposal assumes payments for offsite storage of materials per industry standards.
26. Proposal excluded permits for FAA or Air Rights for tower cranes.
27. GMP line items are not guaranteed. Cost underruns from one item may be used to offset cost-overruns in one or more other items, so long as the GMP, as amended, is not exceeded.
Bates Street Parking Structure
Woodward Bates
Birmingham, MI
Estimate Type: GMP

32 General Conditions: An overrun of General Conditions will be funded from CM construction contingency.

02- Site Work and Utilities
1 Underground design is based on City of Birmingham provided as-built records and coordination with Utility providers. Unidentified utility disruptions due to construction that have not been identified are not our responsibility.
2 Proposal is based on current design of Earth Retention System and the extension of tie-back system under adjacent properties.
3 All existing earth spoils is assumed to be classified as clean fill. Therefor without a Phase I and II Environmental Site Assessment completed, including a Site Specific Due Care plan, all work and costs associated have been excluded including disposal to a Class II Landfill.
4 Proposal excludes removal and disposal of underground foundations encountered during demolition that were not on the provided existing parking deck drawings.
5 DTE Allowance cost is included for relocation of existing utilities and new services.
6 We have included the price for providing phone lines form the utility company demarcation point to point of use for Elevators and Fire Alarm System only. Operating cost is by others.
7 Dewatering disposal is assumed to be non-hazardous. Proposal includes frac (settling) tank, without additional pre-
8 Proposal excludes maintenance of landscaping during warranty period.
9 Proposal excludes snow removal of City roadways and sidewalks outside of our fence line.
10 ERS systems to be abandoned in place
11 Proposal excludes detensioning of ERS tie-backs.
12 Proposal excludes impact due to Geological obstructions impacting deep foundation installations.
13 Cleaning / Roto Rooting/ Refurbishing of existing systems beyond site limit and not indicated in the contract documents is not included in the GMP.
14 Rerouting of existing utilities to eliminate existing cross connections (i.e. storm/sanitary) not indicated in the contract documents is not included in the GMP.
15 Assume City of Birmingham and Utility Companies services including water, gas, other has sufficient pressure to support systems.
16 SES (Soil Erosion and Sedimentation Control) measures, maintenance and removal is limited to the scope shown on the contract documents.
17 Repair/Refurbishing of damaged trees/shrubs as direct result of completion of new work (exterior conc. and masonry, precast, earthwork and ERS systems, glazing) is not included in the GMP. Care will be taken to reduce risk.

03- Concrete
1 Bates Street scoring is an allowance
2 Proposal excluded permits for FAA or Air Rights for tower cranes.

04-Masonry
1

05- Structural and Miscellaneous Steel
1

07 - Thermal & Moisture Protection

08- Glazing
### GMP | CLRIFICATIONS

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<table>
<thead>
<tr>
<th>Bates Street Parking Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woodward Bates</td>
</tr>
<tr>
<td>Birmingham, MI</td>
</tr>
<tr>
<td>Estimate Type: GMP</td>
</tr>
<tr>
<td>Bid Date: 6/18/19</td>
</tr>
</tbody>
</table>

1. Proposal is based on Rich & Associated curtain wall design at stair towers
2. See Alternate No 1 for LZG curtain wall design at stair towers cost.

#### 09 - Finishes
1. Tile as indicated in North and Southwest stair lobbies.

#### 10 - Specialties
1. Proposal includes allowance for wayfinding signage in the Parking Deck.
2. Proposal includes allowance for Level one canopies are based on mapes hanger rob architectural canopies 6'-0" wide, flat soffit, 8" tall extruded fascia.

#### 11 - Equipment
1. Communications and low-voltage equipment for gate arms and card readers are provided by the City of Birmingham
2. Proposal includes allowance traffic control equipment gate arms and card readers.

#### 21 - Fire Suppression
1. Wet Sprinklers have not been included. Dry Fire Protection system has been included on all below grade levels and Level 1. Manual dry standpipe fire protection system in included on level 2 thru.7.

#### 22 - Plumbing
1

#### 23 - HVAC
1

#### 26 - Electrical
1. Proposal includes empty raceways and back boxes for new CCTV (2 cameras locations) only. Low Voltage cabling, hardware or cameras are excluded.
2. Proposal excludes the furnish and installation of the Lighting Control System.
3. Proposal includes demolition cost for fluorescent lamp disposal.
4. Fire Alarm wiring will be routed above the ceiling in bridle rings.
5. Proposal excludes car count system.
6. Proposal excludes BMS system
7. Proposal includes standard door hardware only. Card reader access is excluded.
8. Proposal includes Blue light emergency call system.
9. Proposal includes provisions for a 400A main breaker metered gear section for future vehicle charging stations.
10. LZG drawing A103.L First Level Lighting Concept Plan is excluded, drawing is incomplete in order to price
11. Backlit Signage Fixtures
<table>
<thead>
<tr>
<th>Activity Name</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tbody>
<tr>
<td>Bates Parking Deck and Site Development</td>
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<tr>
<td>Building Program - Phase 1</td>
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<td></td>
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<td></td>
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<tr>
<td>IB - 1B Parking Garage &amp; Road Extension</td>
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<tr>
<td>Design Development &amp; Construction Documents (1A - 1B)</td>
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<tr>
<td>City Council</td>
<td>WBP Review Meeting &amp; Approvals</td>
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<td>Pre-Construction</td>
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<tr>
<td>Parking Garage &amp; Road Extension (1A</td>
<td>1B)</td>
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<td>Site Mobilization</td>
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<tr>
<td>Earth Retention System / Site Excavation</td>
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<td>Perimeter U/G Utilities</td>
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<td>Building Foundation System (Auger Cast / Foundations)</td>
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<td>Parking Deck Vertical Construction</td>
<td>335</td>
<td>335</td>
<td>27-Apr-20</td>
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<tr>
<td>Construction - Level L3</td>
<td>258</td>
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<td>27-Apr-20</td>
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<tr>
<td>Construction - Level L2</td>
<td>228</td>
<td>228</td>
<td>08-Jun-20</td>
<td>29-Aug-21</td>
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<tr>
<td>Construction - Level L1</td>
<td>203</td>
<td>203</td>
<td>28-Jul-20</td>
<td>13-May-21</td>
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<tr>
<td>Construction - Ground Level</td>
<td>192</td>
<td>192</td>
<td>01-Sep-20</td>
<td>03-Jun-21</td>
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<tr>
<td>Construction - 2nd Floor</td>
<td>156</td>
<td>156</td>
<td>07-Oct-20</td>
<td>18-May-21</td>
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<tr>
<td>Construction - 3rd Floor</td>
<td>160</td>
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<td>11-Nov-20</td>
<td>29-Jun-21</td>
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<tr>
<td>Construction - 4th Floor</td>
<td>159</td>
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<td>18-Dec-20</td>
<td>04-Aug-21</td>
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<tr>
<td>Construction - 5th Floor</td>
<td>134</td>
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<td>02-Feb-21</td>
<td>11-Aug-21</td>
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<tr>
<td>Construction - 6th Floor</td>
<td>95</td>
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<td>25-Mar-21</td>
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<tr>
<td>Construction - Roof Level</td>
<td>66</td>
<td>66</td>
<td>17-May-21</td>
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<td>Exterior Paint Facade</td>
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<td>Architectural Finishes</td>
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<tr>
<td>Joint Sealants &amp; Caulking</td>
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<td>27-Aug-21</td>
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<tr>
<td>Construction - West Stair Tower</td>
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<td>100</td>
<td>06-Jul-21</td>
<td>23-Nov-21</td>
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<tr>
<td>Construction - North Star Tower</td>
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<td>13-Jul-21</td>
<td>22-Dec-21</td>
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<tr>
<td>Retail Storefronts &amp; Canopies</td>
<td>36</td>
<td>36</td>
<td>24-Aug-21</td>
<td>12-Oct-21</td>
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<td>Landscaping and Hardcape Areas</td>
<td>80</td>
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<td>08-Dec-21</td>
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<tr>
<td>Punchlist &amp; Closeout</td>
<td>43</td>
<td>43</td>
<td>10-Nov-21</td>
<td>13-Jan-22</td>
</tr>
<tr>
<td>P1.C.2245</td>
<td>IB - Generate Punchlist</td>
<td>30</td>
<td>30</td>
<td>10-Nov-21</td>
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<tr>
<td>P1.C.2260</td>
<td>Complete Punchlist</td>
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<td>09-Dec-21</td>
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<td>P1.C.2265</td>
<td>Project Close-out</td>
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<td>14-Dec-21</td>
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<tr>
<td>P1.C.2275</td>
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<tr>
<td>P1.C.2280</td>
<td>Final Completion</td>
<td>0</td>
<td>0</td>
<td>13-Jan-22</td>
</tr>
</tbody>
</table>
EXHIBIT D

ESCROW AGREEMENT

To Be Provided
DATE: June 24, 2019

TO: Joseph A. Valentine, City Manager

FROM: Tiffany J. Gunter, Assistant City Manager

SUBJECT: Birmingham N.O.W. Project: RFP – Owner’s Representative Services

INTRODUCTION:

On May 6, 2019, the City Commission authorized bond resolution language for the Birmingham N.O.W. project, for an amount not to exceed $57,400,000. The project includes the demolition of the existing North Old Woodward Parking structure located at 333 N. Old Woodward, construction of a new parking structure with expanded capacity at the same site, and the extension of Bates Street from Willits to N. Old Woodward. The bond resolution has been certified by the County Clerk’s office and the question will appear on the August 6, 2019 ballot.

City Administration has continued working with the Woodward Bates Partners, LLC to establish the required agreements necessary to proceed with the project, if approved on August 6.

Jones Lang LaSalle (JLL) was selected in 2018 to prepare a due diligence report for the proposed project, review and conduct budget validation of the initial proposal and subsequent guaranteed maximum price (GMP) proposals submitted by the Development team, and advise the City on whether the costs were consistent with industry standards and current market rates. JLL’s scope of work was intentionally limited to these items to allow the City Commission time to receive the information key to determining whether to continue with the project. Upon review and the City’s acceptance of the GMP for the preferred parking structure design, JLL will have completed its stated scope of work.

In an effort to ensure a successful transition into the design-build stage of the project, the City will need to secure an Owner’s Representative in order to begin work as stated in the project timeline. Staff is seeking authorization to release the Request for Proposals (RFP) on Friday, June 28, 2019 to begin the selection process. The proposed RFP clearly indicates that selection of an Owner’s Representative is contingent upon successful passage of the bond referendum and that there would be no further official action until August 19, 2019 when a recommendation is presented to the City Commission on the proposal that offers the best value. The proposed timing ensures that the City does not
attempt to enter into an agreement with a Contractor to serve as owner’s representative for the project prematurely in the event the August 6, 2019 ballot initiative is unsuccessful.

The Scope of Work included in the proposed RFP has been reviewed by development counsel at Miller Canfield. They have confirmed that the scope contains sufficient substance for the Owner’s Representative to carry the project from Design-Build through project completion.

BACKGROUND:

In September of 2015, at the recommendation of the AHPDC, the City issued a Request for Proposals (RFP) for a consultant team comprised of an architectural firm and a parking consultant to provide conceptual drawings and cost estimates related to the expansion of two municipal parking facilities owned by the City. In working with the consultant team to evaluate alternatives and costs, the AHPDC concluded the primary focus for their efforts was to replace the North Old Woodward parking structure and maximize the total number of new spaces available at this site given the adjoining parking lot next to the existing structure. The study was completed in 2016.

The consulting team of Saroki Architecture and Carl Walker were selected to develop a concept plan and vision for the redevelopment of the N. Old Woodward parking structure and the surrounding area. The team presented numerous options to the AHPDC, and the committee eventually selected a preferred concept plan to be included in a future RFP to solicit development teams.

In March 2016, the AHPDC completed a draft Request for Qualifications (“RFQ”) seeking a developer or a development team to undertake the collective redevelopment the Bates Street property to include removal of the N. Old Woodward parking deck, construction of an expanded public parking facility, the extension of Bates Street and the private development of commercial and residential space. The City’s objective was to solicit creative and innovative development plans, consistent with the preferred alternative, from qualified developers that would partner with the City to extend Bates Street from Willits to North Old Woodward and redevelop the remainder of the site by constructing a parking facility that provides a minimum of 1150 parking spaces to replace the 745 parking spaces currently on the N. Old Woodward / Bates Street site, introducing residential, commercial and/or mixed uses to create an activated, pedestrian-oriented urban streetscape and provide public access to the Rouge River and Booth Park to the north.
After reviewing the draft RFQ in 2016, the AHPDC requested that the Planning Division seek an independent review of the RFQ by a qualified consultant prior to its release to the general public. To this end, the City engaged Tim Kay of Jones Lang LaSalle, which is a national commercial real estate strategy, services and support firm. JLL provides a wide range of services related to commercial real estate throughout the United States, including project and development services. Mr. Kay of JLL completed his review of the RFQ, and provided a letter outlining his comments.

On January 6, 2017, the AHPDC reviewed the draft RFQ and the comments provided by JLL. The Committee requested that a note be added to the RFQ that there is construction currently underway adjacent to the project area for Brookside Terrace, and then voted unanimously to forward the RFQ to the City Commission for their review.

On March 13, 2017, the City Commission directed staff to issue the RFQ consistent with the terms and parameters defined in the preferred alternative. The RFQ was issued on March 16, 2017 seeking qualified developers interested in the N. Old Woodward Parking / Bates Street Extension project.

The City received submittals from the following four development teams:
- Morningside Group;
- Redico;
- TIR Equities; and
- Walbridge / Woodward Bates.

The four responses were reviewed by City staff and advanced to the RFP process.

During the summer of 2017, the AHPDC worked with staff to finalize a draft RFP for review and approval by the City Commission. On September 11, 2017, the City Commission approved the issuance of the RFP recommended by the AHPDC consistent with the terms and parameters defined in the preferred alternative.

The City received three proposals in response to the RFP from the following development teams:
- Redico;
- TIR Equities; and
- Walbridge / Woodward Bates Partners.
Although qualified to submit a proposal, the Morningside Group notified the City that they did not intend to submit a response to the RFP.

Each of the three development proposals received in response to the RFP were reviewed by City staff to determine if all of the requirements of the RFP were met. Requests for clarifications were issued. Redico withdrew their bid and did not respond to the request for clarifications. TIR Equities and Walbridge / Woodward Bates partners provided responses.

On March 7, 2018, the AHPDC interviewed the two remaining development teams of TIR Equities and the Walbridge / Woodward Bates team. At the conclusion of the interviews, committee members scored the proposals. Score were as follows:

- TIR Equities – 690 total points
- Walbridge / Woodward Bates – 992 total points.

After the interviews were conducted, the AHPDC discussed the two different development concepts that were proposed, and conducted a detailed analysis of the two proposals. Staff evaluation involved the following five key categories:

- Compliance with the RFP, as issued;
- Assumptions regarding local property tax generation;
- Parking structure cost differentials;
- Financial obligations for the City; and
- Project build-out requirements.

On May 2, 2018, the AHPDC met and reviewed all of the analysis for each of the items outlined above for the remaining two proposals. The committee considered three options for moving forward. The first option they considered recognized that of the two proposals under consideration only one of them is directly responsive to the RFP, and thus this option suggested moving forward only with the development team with the proposal that was responsive to the RFP. The second option that the committee considered was to reject both of the proposals and recommend that the Commission direct staff to reissue an RFP with expanded parameters. The third and final option considered was to proceed with the build out of the parking structure independent of any surrounding development and allow for additional development around the structure later.
The AHPDC voted to recommend to the City Commission that the City continue discussion with the Walbridge / Woodward Bates team to advance their proposal for the public parking development, extension of Bates Street, and the proposed private components.

On June 4, 2018, the City accepted the May 2, 2018 recommendation of the Ad Hoc Parking Development Committee (AHPDC) to accept the Walbridge / Woodward Bates Partners proposal for the North Old Woodward / Bates Street Redevelopment project and directed staff to begin negotiations with the Walbridge / Woodward Bates Partners to reach the terms of a Development Agreement, begin the due diligence review with a development consultant, engage development counsel, and conduct a title search. Staff executed all tasks, as directed.

On April 18, 2019, the non-binding Development Agreement was adopted by the City Commission that established a formal framework for advancement of the project.

On May 6, 2019, the City reviewed the proposed Guaranteed Maximum Price (GMP) for the project and authorized the resolution for the parking structure bond proposal and ballot language for the August 6, 2019 referendum for an amount not to exceed $57,400,000.

The project team continued to work with the Developer to further refine the GMP pricing with a proposed alternate design for the parking structure and negotiate the terms of a Construction Agreement that would govern the project through completion. On June 20, 2019, the City Commission held a session to review the revised GMP pricing and draft construction agreement. The City indicated that on Monday, June 24, 2019, staff would seek authorization for the release of the Request for Proposals to on board an Owner's Representative that would oversee the project construction with the understanding that no contract for service will be executed until the results of the ballot initiative are known.

LEGAL REVIEW:

The City Attorney’s office and Development Counsel at Miller Canfield have reviewed the proposed RFP for Owner’s Representative Services and terms of the draft contract and there were no issues identified.

FISCAL IMPACT:

The fees for the Owner’s Representative will be paid from the Automobile Parking System, which qualifies as an eligible expense for reimbursement through the bond, if desired.

SUMMARY:
The City Commission is being asked to authorize the release of the Owner’s Representative RFP to oversee the design-build construction and closeout phase of the Birmingham N.O.W. project

ATTACHMENTS:

- Proposed RFP

SUGGESTED RESOLUTION:

To authorize the release of the Owner’s Representative RFP for professional services to oversee the demolition of the existing North Old Woodward Parking structure located at 333 N. Old Woodward, construction of a new parking structure with expanded capacity at the same site, and the extension of Bates Street from Willits to N. Old Woodward.
REQUEST FOR PROPOSALS
OWNER’S REPRESENTATIVE SERVICES

Sealed proposals endorsed “Owner’s Representative Services”, will be received at Birmingham City Hall, ATTN: Tiffany J. Gunter, 151 Martin Street, Birmingham, Michigan, 48009; until **Monday, July 29, 2019** after which time bids will be publicly opened and read.

The City of Birmingham, Michigan is accepting sealed bid proposals from qualified professional firms and/or contractors for Owner's Representative Services to support the North Old Woodward Parking garage demolition and rebuild and extension of Bates Street. This work must be performed as specified in accordance with the specifications contained in the Request for Proposals (RFP).

The RFP, including the specifications, may be obtained online from the Michigan Inter-governmental Trade Network at [http://www.mitn.info](http://www.mitn.info) or at Birmingham City Hall, 151 Martin Street, Birmingham, Michigan. ATTENTION: City of Birmingham, Assistant City Manager, Tiffany J. Gunter.

The acceptance of any proposal made pursuant to this invitation shall not be binding upon the City of Birmingham until an agreement has been executed.

**Submitted to MITN:**

Friday, June 28, 2019

**Deadline for Submissions:**

Monday, July 29, 2019 at 4:00 PM

**Contact Person:**

Assistant City Manager, Tiffany J. Gunter
151 Martin Street
Birmingham, MI 48009
Phone: 248-530-1827
Email: tgunter@bhamgov.org
REQUEST FOR PROPOSALS
OWNER’S REPRESENTATIVE SERVICES

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INTRODUCTION
For purposes of this request for proposal the City of Birmingham will hereby be referred to as “the City” and the private firm or person will hereby be referred to as “Contractor.”

The City is accepting sealed bid proposals from qualified professional firms and/or contractors for Owner’s Representative Services to oversee the demolition of the existing North Old Woodward parking garage, construction of a new parking garage on the same site with expanded capacity, and the extension of Bates Street through to North Old Woodward, hereinafter referred to as the “Birmingham N.O.W. project” (Site Plan and Construction Agreement attached). This work must be performed as specified, in accordance with the specifications outlined by the Scope of Work contained in this Request for Proposals (RFP).

During the evaluation process, the City reserves the right to request additional information or clarification from contractors, or to allow corrections of errors or omissions. At the discretion of the City, contractors submitting proposals may be requested to make oral presentations as part of the evaluation.

It is anticipated that the selection of a Contractor will be completed by Monday, August 19, 2019. An Agreement for services will be required with the selected Contractor. A copy of the Agreement is contained herein for reference. Contract services will commence upon execution of the service agreement by the date specified by the City. Please note that the selection process is contingent upon successful passage of an August 6, 2019 bond vote required to finance the proposed project.

REQUEST FOR PROPOSALS (RFP)
The purpose of this RFP is to request sealed bid proposals from contractors presenting their qualifications, capabilities and costs to provide Owner’s Representative services.

INVITATION TO SUBMIT A PROPOSAL
Proposals shall be submitted no later than Monday, July 29, 2019 at 4:00 PM to:

Birmingham City Clerk’s Office
ATTN: CITY CLERK
151 Martin Street
Birmingham, MI 48009
One (1) original and two (2) copies of the proposal shall be submitted. Also, include a digital copy of the RFP on a thumb drive in the packet. The proposal should be firmly sealed in an envelope, which shall be clearly marked on the outside, **“OWNER’S REPRESENTATIVE SERVICES”**. Any proposal received after the due date cannot be accepted and will be rejected and returned, unopened, to the contractor. Contractor may submit more than one proposal provided each proposal meets the functional requirements.

**INSTRUCTIONS TO BIDDERS**

1. Any and all forms requesting information from the bidder must be completed on the attached forms contained herein (see Contractor’s Responsibilities). If more than one bid is submitted, a separate bid proposal form must be used for each.

2. Any request for clarification of this RFP shall be made via the Michigan Intergovernmental Trade Network (MITN) no later than Monday, July 15, 2019. Such request for clarification shall be answered via MITN, in writing, no later than 5 days prior to the deadline for submissions.

3. All proposals must be submitted following the RFP format as stated in this document and shall be subject to all requirements of this document including the instruction to respondents and general information sections. All proposals must be regular in every respect and no interlineations, excisions, or special conditions shall be made or included in the RFP format by the respondent.

4. The contract will be awarded by the City to the most responsive and responsible bidder who can best accomplish the requirements of the Scope of Work in an effective and cost efficient manner.

5. Each respondent shall include in his or her proposal, in the format requested, the cost of performing the work. Municipalities are exempt from Michigan State Sales and Federal Excise taxes. Do not include such taxes in the proposal figure. The City will furnish the successful company with tax exemption information when requested.

6. Each respondent shall include in their proposal the following information: Firm name, address, city, state, zip code, telephone number, and fax number. The company shall also provide the name, address, telephone number and e-mail address of an individual in their organization to whom notices and inquiries by the City should be directed as part of their proposal.
EVALUATION PROCEDURE AND CRITERIA

Proposals will be evaluated and ranked. The City of Birmingham reserves the right to reject any and all proposals, to make an award based directly on the proposals or to negotiate further with one or more firms. The firm(s) selected will be chosen on the basis of the apparent greatest value to the City, including but not limited to:

1. **Responsiveness to Objectives/Methodology** – The firm shall provide a work program that expressly addresses the objectives identified in the Request for Proposals. The selection committee will determine how well the proposed work program benefits/assists the objectives of the City.

2. **Experience and Qualifications** – The firm must have personnel who have experience with the professional engineering services described herein, as well as experience in working with municipal governments or public entities. Provide information on technical training, experience, and education of **ONLY** the personnel who will be assigned to the City's project.

3. **Capacity** – Enumeration of the firm’s capability to accomplish projects with its present work force. Firms should clearly identify all disciplines available within the firm and those that will be subcontracted to others. List the subcontracted firms that will be involved in the project. Provide for each firm the scope of responsibility.

4. **Comparable Projects** – Provide a list of comparable projects/services (minimum of 3; maximum of 10 public sector clients) that have been successfully completed by your firm within the past 5 years and a contact person (name, address, title, responsibility, and phone number) for each project.
TERMS AND CONDITIONS:

1. The City reserves the right to reject any or all proposals received, waive informalities, or accept any proposal, in whole or in part, it deems best. The City reserves the right to award the contract to the next most qualified Contractor if the successful Contractor does not execute a contract within ten (10) days after the award of the proposal.

2. The City reserves the right to request clarification of information submitted and to request additional information of one or more Contractors.

3. The City reserves the right to terminate the contract at its discretion should it be determined that the services provided do not meet the specifications contained herein. The City may terminate this Agreement at any point in the process upon notice to Contractor sufficient to indicate the City’s desire to do so. In the case of such a stoppage, the City agrees to pay Contractor for services rendered to the time of notice, subject to the contract maximum amount.

4. Any proposal may be withdrawn up until the date and time set above for the opening of the proposals. Any proposals not so withdrawn shall constitute an irrevocable offer, for a period of ninety (90) days, to provide the services set forth in the proposal.

5. The cost of preparing and submitting a proposal is the responsibility of the Contractor and shall not be chargeable in any manner to the City.

6. Payment will be made within thirty (30) days after invoice. Acceptance by the City is defined as authorization by the designated City representative to this project that all the criteria requested under the Scope of Work contained herein have been provided. Invoices are to be rendered each month following the date of execution of an Agreement with the City.

7. The Contractor will not exceed the timelines established for the completion of this project.

8. The successful bidder shall enter into and will execute the contract as set forth and attached as Attachment A.

CONTRACTOR’S RESPONSIBILITIES
Each bidder shall provide the following as part of their proposal:

1. Complete and sign all forms requested within this RFP.
   a. Bidder’s Agreement (Attachment B)
   b. Cost Proposal (Attachment C)
   c. Iran Sanctions Act Vendor Certification Form (Attachment D)
   d. Agreement (—only if selected by the City).

2. Provide a description of completed projects (preferably projects working with municipalities similar to Birmingham) and other businesses that demonstrate the firm’s ability to complete projects of similar scope, size, and purpose, and in a timely manner, and within budget.
3. Provide a written plan detailing the tasks set forth in the Scope of Work.

4. The Contractor will be responsible for any changes necessary for the plans to be approved by the City.

5. Provide a description of the firm, including resumes and professional qualifications of the principals involved in administering the project.

6. Provide a list of sub-contractors and their qualifications, if applicable.

7. Provide three (3) client references from past projects, include current phone numbers. At least two (2) of the client references should be for projects utilizing the same or similar services included in the Contractor’s proposal.

8. Provide a project timeline addressing each section within the Scope of Work and a description of the overall project approach. Include a statement that the Contractor will be available according to the proposed timeline.

**CITY’S RESPONSIBILITY**

1. The City will provide a designated representative to work with the Contractor to coordinate both the City’s and Contractor’s efforts.

2. The City will be accessible to the Contractor during regular business hours as approved by the City’s designated representative.

**SETTLEMENT OF DISPUTES**

The successful bidder agrees to certain dispute resolution avenues/limitations. Please refer to the Agreement attached as Attachment A for the details and what is required of the successful bidder.

**INSURANCE**

The successful bidder is required to procure and maintain certain types of insurances. Please refer to the Agreement attached as Attachment A for the details and what is required of the successful bidder.

**CONTINUATION OF COVERAGE**

The Contractor also agrees to provide all insurance coverages as specified. Upon failure of the Contractor to obtain or maintain such insurance coverage for the term of the agreement, the City may, at its option, purchase such coverage and subtract the cost of obtaining such coverage from the contract amount. In obtaining such coverage, City shall have no obligation to procure the most cost effective coverage but may contract with any insurer for such coverage.
EXECUTION OF CONTRACT
The bidder whose proposal is accepted shall be required to execute the contract and to furnish all insurance coverages as specified within ten (10) days after receiving notice of such acceptance. Any contract awarded pursuant to any bid shall not be binding upon the City until a written contract has been executed by both parties. Failure or refusal to execute the contract shall be considered an abandoned all rights and interest in the award and the contract may be awarded to another. The successful bidder agrees to enter into and will execute the contract as set forth and attached as Attachment A.

INDEMNIFICATION
The successful bidder agrees to indemnify the City and various associated persons. Please reference the Agreement attached as Attachment A for the details and what is required of the successful bidder.

CONFLICT OF INTEREST
The successful bidder is subject to certain conflict of interest requirements/restrictions. Please refer to the Agreement attached as Attachment A for the details and what is required of the successful bidder.

EXAMINATION OF PROPOSAL MATERIALS
The submission of a proposal shall be deemed a representation and warranty by the Contractor that it has investigated all aspects of the RFP, that it is aware of the applicable facts pertaining to the RFP process and its procedures and requirements, and that it has read and understands the RFP. Statistical information which may be contained in the RFP or any addendum thereto is for informational purposes only.

PROJECT TIMELINE
Proposals Due – Monday, July 29, 2019
Consultant Selection – August 19, 2019
Contract Execution – September 2019
Construction Commencement – November 2019
Construction Completion – January 2022
SCOPE OF WORK

The City of Birmingham is seeking qualified firm(s) to provide Owner’s Representative Services to oversee Birmingham N.O.W. project. During the construction, commissioning, and closeout phases, the Owner’s Rep will serve as the key liaison between the City of Birmingham, A&E firm, Design-Builders, trade contractors and other consultants. This service shall include, but shall not be limited to, the coordination of activities and resolution of any resulting problems and attendance and reporting of progress issues to City staff as necessary. Services will begin immediately after award of the contract by the City Commission. Services during this phase will include, but not limited to:

A. General Requirements
   a. Provide a report to the City at least monthly containing the following:
      i. the status of the Project including trade buyout;
      ii. a comparison of the Project budget to costs incurred through the date of the report;
      iii. a comparison of the Project schedule to the work actually completed through the date of the report;
      iv. any revision to the Project criteria, Project schedule or Project budget made during the time period covered by the report;
      v. a summary of change orders made during the time period covered by the report;
      vi. a list of all pending change orders and all outstanding issues requiring action or approval by the City;
      vii. status of the Design and Construction phase Contingency uses;
      viii. any quality non-conformances and related status;
      ix. any safety incidents or accidents and related status;
      x. any weather impacts and related recovery plans;
      xi. the status of any governmental requirements and activities required to facilitate approval of the Project; and
      xii. any other reports concerning the Project as the City may reasonably request.
   b. Owner’s Representative shall be available for questions and follow up either by telephone or via in-person site meetings with City Staff as the circumstances require.
   c. Owner’s Representative shall help to develop positive working relationships with and among the City, A&E firm, Design-Builders, trade contractors and other consultants.

B. Construction Oversight Services
   a. Owner’s Representative’s activities shall include the following as reasonably required to complete the project:
      i. Attend a kick-off meeting to review project goals and objectives
      ii. Assist and advise the project team through the design phase and through construction process to meet project objectives.
      iii. Assist the City in coordinating removal, and appropriate disposal of any unwanted equipment or supplies.
      iv. Assist Design-Builders in obtaining required approvals and permits.
      v. Assist with site logistics requiring any coordination with the City.
      vi. Attend Owner/Architect/Contractor progress meetings.
vii. Monitor Request for Information (RFI) logs, shop drawing submittal logs and facilitate issue resolution, if needed.

viii. Assist the City in planning & coordinating Design/Prime firm(s) products & services.

ix. Participate in bid review and approval process throughout the trade buyout phase and make necessary recommendations to the City and to the Design-Build.

x. Oversee Project cost accounting and budget tracking process.

xi. Monitor Project expenditures to ensure that the proposed budget is being met.

xii. Monitor Design-Build’s change order tracking and facilitate issue resolution in a timely manner, including an accountability log that will be used for all change orders issued for the project that will indicate the source and cost of any and all change orders (e.g., field condition, City initiated, Design-Build initiated, etc.)

xiii. Update the Project’s major milestone schedule and identify potential conflicts.

xiv. Track Project budget including expenses to date versus total budget and remaining Project cost estimates.

xv. Prepare monthly Project status reports for the City.

xvi. Monitor and assist with the coordination of other vendor(s) activities with the general contractors.

xvii. Review of payment applications from all contractors and consultants or other vendors in accordance with contractual arrangements and make recommendations for payment.

xviii. Review and ensure timely receipt of insurance certificates, performance and payment bonds, waivers, sworn statements, and other contractor-required or consultant-required information.

xix. Review and monitor any claims and/or contested change orders initiated by the Design-Build or any of its contractors, consultants, or subcontractors and advise the City as to the recommended resolution of such claims and/or contested change orders.

xx. Assist in evaluating disputes relating to contract interpretation and requirements.

xxi. Review change order requests for cost, reason, need and responsibility.

xxii. Notify the City if Owner’s Representative becomes aware that the work of a contractor or consultant is not being performed in accordance with the requirements of the Contract Documents or industry standards. The owner’s Representative shall not be required to inspect the work, opine on the quality of the work, or determine if the work is in accordance with the Architect’s Contract Documents.

xxiii. Advise the City if Owner Representative believes the work under a construction contract is substantially complete and that a punch list should be prepared. Owner’s Representative shall coordinate with the A & E firm and Design-Build and assist in its determination of the date of substantial completion.

C. Building Commissioning and Project Closeout
   a. Monitor activities of the A & E firm(s), Design-Build and any other
contractors to ensure they complete their respective contractual obligations. Post construction services typically commence after construction is substantially complete. Owner's Representative will continue to advocate on behalf of the City to ensure the close-out procedures are completed in a timely manner. Activities shall include the following as reasonably required to complete the project.

i. Assist City staff as needed in coordination & logistics of the move to allow construction to proceed without interruption of workflow and to minimize down time. This process formally begins when building plans and specifications are ready for bidding.

ii. Assist City Staff in creating a checklist and schedule for occupancy.

iii. Assist City Staff in reviewing punch list items and associated corrective work.

iv. Monitor A & E firm(s), Design-Builder and any other contractor's completion of punch list activities.

v. Participate in a final Project walk-through/inspections with the A & E firm(s) and Design-Builder and any other contractors, to review compliance with the Contract Documents for quality of finished construction.

vi. Assist with coordinating of the delivery of warranties and guarantees certificates ensuring direct enforcement by the City.

vii. Assist with the submittal of releases and waivers of liens and sworn statements.

viii. Assist with the coordination of building systems testing.

ix. Assist in obtaining occupancy permit, if applicable.

x. Monitor delivery of as-built drawings and operational manuals for the City’s use.

xi. Assist in scheduling of training staff on building systems, if applicable.

xii. Assist City in obtaining callback services from the Design-Builder and its contractor for a period at least extending through the correction period.
SUBCONTRACTOR/SUBCONSULTANT

The contractor shall not sublet, assign or transfer the contract or any portion of any payment due the contractor hereunder, without the written consent of the City. If it is the intention of the proposer to use Subcontractor(s) for any of the work called for herein, the respondent shall provide the information required for each Subcontractor, below.

Name of Firm: 

Contact Person: 

Address/City State: 

Phone: 

Email: 

Brief Narrative of the firm’s expertise highlighting completed projects:

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Name of Firm: 

Contact Person: 

Address/City State: 

Phone: 

Email: 

Brief Narrative of the firm’s expertise highlighting completed projects:

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Name of Firm: 

Contact Person: 

Address/City State: 

Phone: 

Email: 

Brief Narrative of the firm’s expertise highlighting completed projects:

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Name of Firm: 

Contact Person: 

Address/City State: 

Phone: 

Email: 

Brief Narrative of the firm’s expertise highlighting completed projects:

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# LEGAL STATUS OF PROPOSER

**CIRCLE ONE:** CORPORATION  PARTNERSHIP  LIMITED LIABILITY COMPANY

State and County in which incorporated:


Official title of person signing proposal:


Address of signer:


Full names, addresses and titles of all the corporation’s directors and officers, or partners, or members/managers of the LLC:


FIRM QUESTIONNAIRE

Please give the following information regarding your proposal:

List three (3) Municipal agencies (within the U.S.A.) that you have performed this service for in the last ten (10) years

Name: __________________________ Contact Person: __________________________

Phone #: __________________________ E-mail address: __________________________

Approximate Combined Portfolio Value __________________________

Name: __________________________ Contact Person: __________________________

Phone #: __________________________ E-mail address: __________________________

Approximate Combined Portfolio Value __________________________

Name: __________________________ Contact Person: __________________________

Phone #: __________________________ E-mail address: __________________________

Approximate Combined Portfolio Value __________________________

List states and categories in which your organization is legally qualified to do business:

________________________________________________________

________________________________________________________

Answer Yes/No to the following. If “Yes” explain. In the last 5 years, has your company:

Had a contract terminated by a client for cause?

________________________________________________________

________________________________________________________

Been in litigation, arbitration, mediation or regulatory proceedings related to your provision of Owner’s Representative Services?

________________________________________________________

________________________________________________________
Does your firm provide other Services besides Owner’s Representative Services? If “Yes” explain what other services you provide and identify the percentage of its business devoted to exclusively Owner Representative Services over the past ten (10) years, as well as any relationships – legally, contractually or otherwise – that could be perceived as a conflict of interest.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Identify any software or other management systems (including FTP/SFTP sites) in place to account for all direct and indirect program costs, to keep and maintain the project schedule, and to maintain all key project documentation (design documents, RFIs, submittals, invoices, correspondence, contracts, project manual, specifications, etc.).

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Describe its method(s) of budget/cost control, quality control, and time schedule adherence that will be used for the project.

________________________________________________________________________

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________________________________________________________________________

________________________________________________________________________

Describe how it stays up-to-date on all construction code, regulatory and other legal requirements related to multi-level parking structure and amphitheater construction.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Describe your firm's preferred plan for on-site observation/supervision of the project.

________________________________________________________________________

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________________________________________________________________________

Specifically identify and explain any and all exceptions to your firm’s compliance with the requirements of this RFP and sample Contract. Failure to specifically identify and explain an exception shall be deemed an express agreement to be bound by the terms of the RFP and Contract.

________________________________________________________________________

________________________________________________________________________

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________________________________________________________________________
FORM OF PROPOSAL
To: City of Birmingham, Michigan __________________, 2019
To All Here Present:

Having carefully examined the proposal for the proposed work, and being fully informed in regard to the conditions to be met in the prosecution and completion of the work, and having read and examined the Instructions to Proposers, Agreement, Bonds, General Conditions, Plans and Specifications pertaining to this work and agreeing to be bound accordingly, the undersigned proposes to furnish all the materials, labor, and other equipment as necessary in full accordance with and conformity to the plans and specifications for this work now on file in the office of the City's at and for the following named prices, to wit:

THIS PROPOSAL MUST BE SUBMITTED BACK TO THE CITY OF BIRMINGHAM IN ITS ENTIRETY AS PART OF THE CONTRACTORS PROPOSAL SUBMISSION. MAKE SURE THAT ALL PAGES ARE COMPLETELY FILLED OUT AND THAT ALL INFORMATION REQUESTED IS COMPLETE. FAILURE TO DO SO MAY BE CAUSE TO REJECT YOUR PROPOSAL. IF A PROPOSAL IS NOT BEING SUBMITTED FOR A PARTICULAR AREA OF WORK, PLEASE MARK “NO PROPOSAL” IN THE APPROPRIATE SPACE.

UNDERSTANDING OF SERVICE

1. These guidelines are provided to assist firms submitting in response to this Request for Proposals in formulating a thorough response. The successful firm ensures and understands that:

   2. All licenses required by the State of Michigan are to be maintained by the firm during the course of the contract.

   3. All required insurances are to be maintained by the firm during the course of the contract.

   4. The firm will provide a single point of contact for the duration of the contract.

   5. The firm will comply with administrative procedures of the City.

   6. The firm will meet with applicable City departments and consultants to review specific concerns or issues.

   7. The firm shall perform with a consistent team.

   8. The firm shall attend meetings as requested.

   9. The firm shall apply for all permits needed for the project(s) on behalf of the City or agency of jurisdiction.

   10. The firm shall provide status sheets periodically to City.
CITY OF BIRMINGHAM - PROPOSAL

I, the undersigned, propose to provide services proposed in this contract as per specifications supplied by the City of Birmingham. No contract is active until a purchase order is issued to the successful proposer.

I further propose to deliver the above-described services for the City of Birmingham in an operating manner in accordance with all specifications contained herein subject to purchaser’s inspection of services performed.

I attest that the proposal includes all information necessary for the City of Birmingham to accept proposal.

Company Name: __________________________________________________________

Address: __________________________________________________________________

Representative Signature: ____________________________________________________

Print Name: ______________________________________________________________

Title: _____________________________________________________________________

Office # ___________________________    Cell # ___________________________

FAX # ___________________________    Date: _________________________________

Federal Tax ID: ___________________
ATTACHMENT A - AGREEMENT
OWNER’S REPRESENTATIVE SERVICES

This AGREEMENT, made this ______ day of ____________, 2019, by and between the City of Birmingham (hereinafter sometimes called “the City”), having its principal municipal office at 151 Martin Street, Birmingham, MI, and ______________________________________________________________________ (hereinafter called “Contractor”), provides as follows:

WITNESSETH:

WHEREAS, the City has heretofore advertised for bids for the procurement and performance of services required to serve as the City’s Owner’s Representative for the Birmingham N.O.W. project which includes the demolition of the existing North Old Woodward Parking structure located at 333 N. Old Woodward, construction of a new parking structure with expanded capacity at the same site, and the extension of Bates Street from Willits to N. Old Woodward and in connection therewith has prepared a request for sealed proposals (“RFP”), which includes certain instructions to bidders, specifications, terms and conditions.

WHEREAS, the Contractor has professional qualifications that meet the project requirements and has made a bid in accordance with such request for cost proposals to perform the role of Owner’s Representative.

NOW, THEREFORE, for and in consideration of the respective agreements and undertakings herein contained, the parties agree as follows:

1. It is mutually agreed by and between the parties that the documents consisting of the Request for Proposal to perform for Owner’s Representative Services to facilitate the Birmingham N.O.W project. The Contractor’s cost proposal dated __________ shall be incorporated herein by reference and shall become a part of this Agreement, and shall be binding upon both parties hereto.

2. The Contractor’s Proposal shall be incorporated herein by reference, shall become a part of this Agreement, and shall be binding on the parties hereto. In the event there is a conflict between the Proposal and this Agreement, this Agreement shall control.
3. The term of this Agreement shall commence on ________ for a period of ________ expiring ___________. If changes to the existing terms are sought, an amendment to the Agreement must be prepared and signed before any changes are effective.

4. Notwithstanding the foregoing term, either party may terminate this Agreement for any or no reason upon a thirty day (30) notice to the other party. If the City terminates the Agreement under this paragraph, Contractor will be compensated for any work already performed up to the date of termination. However, Contractor shall not perform any new work or incur new costs after the City’s notice of termination unless specifically authorized by the City.

5. The City shall pay the Contractor for the performance of this Agreement in an amount not to exceed $________ as set forth in the Contractor’s ________________ cost proposal. Contractor shall submit monthly invoices in accordance with the schedule of values attached to and incorporated in this Agreement. City will be required to make payments of undisputed amounts against such monthly payment invoices within thirty (30) days of receipt of such invoices.

6. In the event City requests services from the Contractor that are outside the scope of this Agreement (“Additional Services”), the Contractor shall provide a written proposal to the City indicating any additional time or additional cost required to perform such Additional Services. Only upon City’s issuance of it written approval of such additional time/cost, if any, the Contractor may commence Additional Services.

7. This Agreement shall commence upon execution by both parties, unless the City exercises its option to terminate the Agreement in accordance with the Request for Proposals.

8. The Contractor shall employ personnel of good moral character and fitness in performing all services under this Agreement. The Contractor shall provide a list of personnel assigned to this Project at the commencement of its services. No change in personnel may be made by the Contractor without obtaining a prior written approval of the City.

9. The Contractor and the City agree that the Contractor is acting as an independent Contractor with respect to the Contractor’s role in providing services to the City pursuant to this Agreement, and as such, shall be liable for its own actions and neither the Contractor nor its employees shall be construed as employees of the City of Birmingham (“City”). Nothing contained in this Agreement shall be construed to imply a joint venture or partnership and neither party, by virtue of this Agreement, shall have any right, power or authority to act or create any obligation, express or implied, on behalf of the other party, except as specifically outlined herein. Neither the City nor the Contractor shall be considered or construed to be the agent of the other, nor shall either have the right to bind the other in any manner whatsoever, except as specifically provided in this Agreement, and this Agreement shall not be construed as a contract of agency. The Contractor shall not be entitled or eligible to participate in any benefits or privileges
given or extended by the City, or be deemed an employee of the City for purposes of federal or state withholding taxes, FICA taxes, unemployment, workers' compensation or any other employer contributions on behalf of the City.

10. The Contractor acknowledges that in performing services pursuant to this Agreement, certain confidential and/or proprietary information (including, but not limited to, internal organization, methodology, personnel and financial information, etc.) may become involved. The Contractor recognizes that unauthorized exposure of such confidential or proprietary information could irreparably damage the City. Therefore, the Contractor agrees to use reasonable care to safeguard the confidential and proprietary information and to prevent the unauthorized use or disclosure thereof. The Contractor shall inform its employees of the confidential or proprietary nature of such information and shall limit access thereto to employees rendering services pursuant to this Agreement. The Contractor further agrees to use such confidential or proprietary information only for the purpose of performing services pursuant to this Agreement.

11. This Agreement shall be governed by and performed, interpreted and enforced in accordance with the laws of the State of Michigan. The Contractor agrees to perform all services provided for in this Agreement in accordance with and in full compliance with all local, state and federal laws and regulations.

12. If any provision of this Agreement is declared invalid, illegal or unenforceable, such provision shall be severed from this Agreement and all other provisions shall remain in full force and effect.

13. This Agreement shall be binding upon the successors and assigns of the parties hereto, but no such assignment shall be made by the Contractor without the prior written consent of the City. Any attempt at assignment without prior written consent shall be void and of no effect.

14. The Contractor agrees that neither it nor its sub-Contractors will discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions or privileges of employment, or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight or marital status. The Contractor shall inform the City of all claims or suits asserted against it by the Contractor's employees who work pursuant to this Agreement. The Contractor shall provide the City with periodic status reports concerning all such claims or suits, at intervals established by the City.

15. The Contractor shall not commence work under this Agreement until it has, at its sole expense, obtained the insurance required under this paragraph. All coverages shall be with insurance companies licensed and admitted to do business in the State of Michigan. All coverages shall be with carriers acceptable to the City.

16. The Contractor shall maintain during the life of this Agreement the types of insurance coverage and minimum limits as set forth below:
A. **Workers’ Compensation Insurance:** Contractor shall procure and maintain during the life of this Agreement, Workers’ Compensation Insurance, including Employers Liability Coverage, in accordance with all applicable statutes of the State of Michigan.

B. **Commercial General Liability Insurance:** Contractor shall procure and maintain during the life of this Agreement, Commercial General Liability Insurance on an "Occurrence Basis" with limits of liability not less than $1,000,000 per occurrence combined single limit, Personal Injury, Bodily Injury and Property Damage. Coverage shall include the following extensions: (A) Contractual Liability; (B) Products and Completed Operations; (C) Independent Contractors Coverage; (D) Broad Form General Liability Extensions or equivalent.

C. **Motor Vehicle Liability:** Contractor shall procure and maintain during the life of this Agreement Motor Vehicle Liability Insurance, including all applicable no-fault coverages, with limits of liability of not less than $1,000,000 per occurrence combined single limit Bodily Injury and Property Damage. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles.

D. **Additional Insured:** Commercial General Liability and Motor Vehicle Liability Insurance, as described above, shall include an endorsement stating the following shall be Additional Insureds: City of Birmingham, including all elected and appointed officials, all employee and volunteers, all boards, commissions and/or authorities and board members, including employees and volunteers thereof. This coverage shall be primary to any other coverage that may be available to the additional insured, whether any other available coverage by primary, contributing or excess.

E. **Professional Liability:** Professional liability insurance with limits of not less than $1,000,000 per claim and $1,000,000 in the aggregate.

F. **Owners Contractors Protective Liability:** The Contractor shall procure and maintain during the life of this contract, an Owners Contractors Protective Liability Policy with limits of liability not less than $3,000,000 per occurrence, combined single limit, Personal Injury, Bodily Injury and Property Damage. The City of Birmingham shall be "Named Insured" on said coverage. Thirty (30) days Notice of Cancellation shall apply to this policy.

G. **Cancellation Notice:** Workers’ Compensation Insurance, Commercial General Liability Insurance and Motor Vehicle Liability Insurance (and Professional Liability Insurance, if applicable), as described above, shall include an endorsement stating the following: "Thirty (30) days Advance Written Notice of Cancellation or Non-Renewal, shall be sent to: City of Birmingham, 151 Martin Street, Birmingham, MI 48009."
H. **Proof of Insurance Coverage**: Contractor shall provide the City at the time the Agreement is returned for execution, Certificates of Insurance and/or policies, acceptable to the City, as listed below.

1) Two (2) copies of Certificate of Insurance for Workers’ Compensation Insurance;
2) Two (2) copies of Certificate of Insurance for Commercial General Liability Insurance;
3) Two (2) copies of Certificate of Insurance for Vehicle Liability Insurance;
4) Two (2) copies of Certificate of Insurance for Professional Liability Insurance;
5) If so requested, Certified Copies of all policies mentioned above will be furnished.

I. **Coverage Expiration**: If any of the above coverages expire during the term of this Agreement, Contractor shall deliver renewal certificates and/or policies to the City at least (10) days prior to the expiration date.

J. **Maintaining Insurance**: Upon failure of the Contractor to obtain or maintain such insurance coverage for the term of the Agreement, the City may, at its option, purchase such coverage and subtract the cost of obtaining such coverage from the Agreement amount. In obtaining such coverage, the City shall have no obligation to procure the most cost-effective coverage but may contract with any insurer for such coverage.

17. To the fullest extent permitted by law, the Contractor and any entity or person for whom the Contractor is legally liable, agrees to be responsible for any liability, defend, pay on behalf of, indemnify, and hold harmless the City elected and appointed officials, employees and volunteers and others working on behalf of the City of Birmingham against any and all claims, demands, suits, or loss, including all costs and reasonable attorney fees connected therewith, and for any damages which may be asserted, claimed or recovered against or from by reason of personal injury, including bodily injury and death and/or property damage, including loss of use thereof, which arises out of or is in any way connected or associated with this Agreement. Such responsibility shall not be construed as liability for damage caused by or resulting from the sole act or omission of its elected or appointed officials, employees, volunteers or others working on behalf of the City.

18. If, after the effective date of this Agreement, any official of the City, or spouse, child, parent or in-law of such official or employee shall become directly or indirectly interested in this Agreement or the affairs of the Contractor, the City shall have the right to terminate this Agreement without further liability to the Contractor if the disqualification has not been removed within thirty (30) days after the City has given the Contractor notice of the disqualifying interest. Ownership of less than one percent (1%) of the stock or other equity interest in a corporation or partnership shall not be a disqualifying interest. Employment shall be a disqualifying interest.
19. If Contractor fails to perform its obligations hereunder, the City may take any and all remedial actions provided by the general specifications or otherwise permitted by law.

20. All notices required to be sent pursuant to this Agreement shall be mailed to the following address:

   City of Birmingham  
   Attn: Assistant City Manager  
   151 Martin Street  
   Birmingham, MI 48009

21. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled either by commencement of a suit in Oakland County Circuit Court, the 48th District Court or by arbitration. If both parties elect to have the dispute resolved by arbitration, it shall be settled pursuant to Chapter 50 of the Revised Judicature Act for the State of Michigan and administered by the American Arbitration Association with one arbitrator being used, or three arbitrators in the event any party’s claim exceeds $1,000,000. Each party shall bear its own costs and expenses and an equal share of the arbitrator’s and administrative fees of arbitration. Such arbitration shall qualify as statutory arbitration pursuant to MCL§600.5001 et. seq., and the Oakland County Circuit Court or any court having jurisdiction shall render judgment upon the award of the arbitrator made pursuant to this Agreement. The laws of the State of Michigan shall govern this Agreement, and the arbitration shall take place in Oakland County, Michigan. In the event that the parties elect not to have the matter in dispute arbitrated, any dispute between the parties may be resolved by the filing of a suit in the Oakland County Circuit Court or the 48th District Court.

22. FAIR PROCUREMENT OPPORTUNITY: Procurement for the City will be handled in a manner providing fair opportunity for all businesses. This will be accomplished without abrogation or sacrifice of quality and as determined to be in the best interest of the City.
IN WITNESS WHEREOF, the said parties have caused this Agreement to be executed as of the date and year above written.

WITNESS:

_______________________________

By:_____________________________

Title: ___________________________

CONTRACTOR:

_______________________________

CITY OF BIRMINGHAM

Approved:

Tiffany J. Gunter, Asst. City Manager
(Approved as to substance)

Joseph A. Valentine, City Manager
(Approved as to substance)

Mark Gerber, Director of Finance
(Approved as to financial obligation)

Timothy J. Currier, City Attorney
(Approved as to form)
In submitting this proposal, as herein described, the Contractor agrees that:

1. They have carefully examined the specifications, terms and Agreement of the Request for Proposal and all other provisions of this document and understand the meaning, intent, and requirement of it.

2. They will enter into a written contract and furnish the item or items in the time specified in conformance with the specifications and conditions contained therein for the price quoted by the proponent on this proposal.

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ATTACHMENT C - COST PROPOSAL
OWNER’S REPRESENTATIVE SERVICES

In order for the bid to be considered valid, this form must be completed in its entirety. The cost for the Scope of Work as stated in the Request for Proposal documents shall be a lump sum, as follows:

*Attach technical specifications for all proposed materials as outlined in the Contractor’s Responsibilities section of the RFP*

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Firm Name

Authorized signature__________________________________  Date________________
Pursuant to Michigan Law and the Iran Economic Sanction Act, 2012 PA 517 (“Act”), prior to the City accepting any bid or proposal, or entering into any contract for goods or services with any prospective Vendor, the Vendor must certify that it is not an “Iran Linked Business”, as defined by the Act.

By completing this form, the Vendor certifies that it is not an “Iran Linked Business”, as defined by the Act and is in full compliance with all provisions of the Act and is legally eligible to submit a bid for consideration by the City.

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ATTACHMENT E – CONSTRUCTION AGREEMENT BETWEEN OWNER AND DEVELOPER

TO BE ATTACHED UPON ADOPTION BY CITY COMMISSION PRIOR TO RELEASE
ATTACHMENT F- PROJECT SITE PLAN

OWNER’S REPRESENTATIVE SERVICES APPLY TO PHASE 1 PUBLIC COMPONENTS OF PROJECT ONLY: SITES 1A, 1B, and 3
DATE: July 1, 2019
TO: Joseph A. Valentine, City Manager
FROM: Tiffany J. Gunter, Assistant City Manager
SUBJECT: Birmingham N.O.W. Project: Preliminary Draft Ground Lease for Site #2

Attached is the preliminary draft ground lease for Site #2 of the Birmingham N.O.W. project.
GROUND LEASE AGREEMENT

BETWEEN

THE CITY OF BIRMINGHAM,
AS LANDLORD,

AND

WBP PROJECT 2, LLC
A DELAWARE LIMITED LIABILITY COMPANY
AS TENANT,

____________________, 2019

____________________, BIRMINGHAM, MICHIGAN
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GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (this “Lease”) is made and entered into to be effective for all purposes as of ____________, 2019 (the “Effective Date”), by and between CITY OF BIRMINGHAM, a Michigan municipal corporation, (“Landlord”), and WBP PROJECT 2, LLC, a Delaware limited liability company (“Tenant”).

WITNESSETH:

A. Landlord is the owner of that certain real property consisting of approximately ____ acres of land located in the City of Birmingham, Oakland County, Michigan, as more particularly described on Exhibit A attached hereto and as depicted on the site plan (the “Site Plan”) attached hereto as Exhibit B (the “Land”).

B. In consideration of the duties, covenants, and obligations of the other hereunder, Landlord does hereby lease, demise and let unto Tenant and Tenant does hereby lease from Landlord the Land, together with the right to develop, construct, install, improve, finance, lease own, operate, maintain, repair and replace the Improvements (defined below) each in accordance with the terms and conditions of this Lease (the Land and the Improvements are hereinafter collectively referred to as the “Premises”).

AGREEMENT:

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Land, subject to all the following terms, conditions and limitations:

ARTICLE 1
CERTAIN DEFINITIONS

Section 1.1 Definitions. For purposes of this Lease, the following terms shall have the meanings respectively indicated:

“AAA” is defined in Section 26.20(a) of this Lease.

“AAA Rules” is defined in Section 26.20(a) of this Lease.

“Additional Rent” is defined in Section 3.3 of this Lease.

“Affiliate” means, with respect to a Person, (i) any Business Entity Controlled by, Controlling, or under joint or common Control with such Person; (ii) any Business Entity which is the successor by merger or otherwise to all or substantially all of such Person’s assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any of such Person’s constituent entities at any level; provided with respect to Tenant during the period from the Effective Date to the date that construction lien free Substantial Completion of Construction of the New Improvements is achieved, an entity shall be deemed under common Control only if at least two
(2) of the Key Persons control such entity and all of the Key Persons or Trusts controlled by the Key Persons created for the benefit of the Key Persons or their families on an aggregate basis own directly or indirectly a minimum of fifty one (51%) percent of the voting interest of such entity.

“Annual Rent” is defined in Section 3.1(b) of this Lease.

“Assigned Service Contracts” is defined in Section 15.1(e) of this Lease.

“Assignment and Assumption Agreement” is defined in Section 13.2(a)(i) of this Lease.

“Bankruptcy Code” means Title 11 of the United States Code or any successor hereinafter enacted.

“Business Days” means any day other than (a) a Saturday or Sunday, (b) a day on which national banks are required by law to close or are customarily closed, and (c) a day on which the New York Stock Exchange is closed.

“Business Entity” means any joint venture, limited liability company, partnership, corporation, trust or other legal entity or association.

“Certificate of Substantial Completion” means a certificate of substantial completion issued by the Tenant’s Architect with respect to the New Improvements.

“Certificate of Occupancy” means a final certificate of occupancy issued by the appropriate department of the City with respect to the New Improvements.

“City” means the City of Birmingham, Michigan, it being acknowledged that references to the City in this Lease shall not be in its capacity as the Landlord but in its capacity as a governmental municipal authority having jurisdiction over the Premises and development, use and occupancy of same. Nothing in this Lease shall constitute an approval by the City in such capacity and all references to Landlord hereunder shall only refer to the entity which owns the Land.

“Commencement Date” shall mean the date Landlord delivers possession of the Land to Tenant following the waiver (or deemed waiver) by Tenant of the Inspection Period contingencies pursuant to Section 4.1 below.

“Commencement of Construction” and “Commence Construction” means the earlier of (A) ______ days after the date Permits are issued by the City for any of the following activities: (i) fencing or other security measures, (ii) clearing, (iii) grading, and (iv) staking for building foundations, subject to force majeure, or (B) ______ days after the Commencement Date.

“Complete Construction” and “Completion of Construction” mean the date of satisfaction of the following conditions:

(a) construction lien free Substantial Completion of the New Improvements;

(b) Issuance by the applicable governmental entity of a Certificate of Occupancy (or a temporary certificate of occupancy subject only to punch list items and Weather
Related Items, as hereinafter defined) for the New Improvements and other applicable permits and licenses required for the New Improvements.

“Construction Standards” is defined in Section 4.6(e) of this Lease.

“Control” means with respect to a Business Entity that is a corporation, the right to exercise, directly or indirectly, control over the day-to-day management and operation of the Business Entity and, with respect to a Business Entity that is a limited liability company, the right, directly or indirectly, to control, consent to or approve the day-to-day management and operations of the controlled Business Entity. The definition of Control shall include, and shall be adapted, as the context requires to include the term “Controlling” and “Controlled”.

“Discount Rate” means, on the date in question, the per annum interest rate of United States Treasury notes or bonds, as applicable, having a maturity equal to the shorter of: (i) equivalent to the date of expiration of the then current Lease term; and (ii) the longest available United States Treasury note or bond then available.

“Dispute” is defined in Section 26.20(a) of this Lease.

“Election to Proceed” is defined in Section 13.5 of this Lease.

“Environmental Laws” is defined in Section 9.1 of this Lease.

“Event of Default” is defined in Section 17.1 of this Lease.

“Fee Mortgage” is defined in Section 18.9 of this Lease.

“Force Majeure” is defined in Section 26.14 of this Lease.

“Guaranteed Obligations” means, collectively, (i) Tenant’s obligation to cause the Completion of Construction to occur with respect to the New Improvements in accordance with this Lease, and (ii) the reimbursement to Landlord of the reasonable actual out-of-pocket costs incurred by Landlord in connection with the enforcement of the Guaranty to the extent Landlord prevails in the enforcement action under the Guaranty.

“Guarantor” means Ron Boji or another party reasonably satisfaction to Landlord.

“Guaranty” is defined in Section 24.1 of this Lease.

“Guaranty Satisfaction Date” is defined in Section 24.1 of this Lease.

“Hazardous Substances” is defined in Section 9.1 of this Lease.

“Impositions” is defined in Section 8.1(a) of this Lease.

“Improvements” means the buildings, improvements, landscaping, entrances, exits, parking, fixtures and related amenities and improvements located on or about the Premises (including, without limitation, the New Improvements), subject to the provisions of this Lease.
“**Indemnified Party**” means the Person seeking indemnification.

“**Indemnifying Party**” means the Person from whom indemnification is sought.

“**Inflation Adjustment**” shall mean the “Consumers Price Index U.S. City Average (1982-84=100), All Items for All Urban Consumers Index” as published by the United States Department of Labor’s Bureau of Labor Statistics provided however if the CPI ceases to be published by the United States Bureau of Labor Statistics then the Inflation Adjustment shall be based on the index then identified by the Federal Reserve Bank of the United States as most closely approximating the actual inflation rate.

“**Initiating Party**” is defined in Section 26.20(a) of this Lease.

“**Insurance Adjustment Date**” is defined in Section 10.3 of this Lease.

“**JAMS**” is defined in Section 26.20(a) of this Lease.

“**Key Person**” shall mean Ron Boji of the Boji Group, LLC, John Rakolta Jr. of Walbridge Aldinger Company, Victor Saroki of Saroki Architecture and Paul Robertson of Robertson Brothers Homes.

“**Land**” is defined in Recital A of this Lease (which shall be in the condition described on Exhibit E on the Commencement Date).

“**Landlord Indemnified Parties**” means collectively, Landlord, its successors and assigns, partners, elected and appointed officials, trustees, directors, employees, volunteers, officers, agents, representatives, attorneys, and affiliated persons.

“**Landlord ROFO Rights**” is defined in Section 13.5(a) of this Lease.

“**Laws**” is defined in Section 6.3 of this Lease.

“**Lease Year**” means a period of one calendar year; provided, however, if the Rent Commencement Date does not occur on January 1 of the applicable year, then the first (1st) Lease Year shall commence at 12:00 a.m. on the Rent Commencement Date and shall end at midnight on December 31st of the year following the year in which the Rent Commencement Date occurs.

“**Leasehold Mortgage**” is defined in Section 18.1 of this Lease.

“**Leasehold Mortgagee**” is defined in Section 18.1 of this Lease.

“**Materially Damaged**” is defined in Section 20.2 of this Lease.

“**Memorandum of Lease**” is defined in Section 26.9 of this Lease.

“**Mineral Interests**” is defined in Section 4.10 of this Lease.

“**Minimum Annual Rent**” is defined in Section 3.1(b) of this Lease.
“Minimum Tenant ROFO Price” is defined in Section 13.5(a)(ii) of this Lease.

“Monthly Rent” is defined in Section 3.1(a) of this Lease.

“Monthly Rent Payment Date” is defined in Section 3.1(a) of this Lease.

“New Improvements” means the core and shell of the initial Improvements to be constructed on the Land by Tenant as approved by the City (specifically excluding any buildout of the New Improvements required by any Subtenants.

“Permits” is defined in Section 4.1 of this Lease.

“Permitted Use” is defined in Section 6.1 of this Lease.

“Permitted Exceptions” means:

(a) Any subordination, non-disturbance, and attornment agreements or similar agreements which are provided to (i) Landlord or Tenant pursuant to the terms of this Lease or as otherwise entered into by and among Landlord and any mortgagee thereof and/or Tenant and any mortgagee thereof, or (ii) any Subtenant pursuant to the terms of this Lease;

(b) Liens for taxes and assessments (whether federal, state, local or foreign) attributable to any taxable period whether before, on or after the Effective Date;

(c) This Lease (and any new lease created pursuant to Section 18.5), the rights, privileges and entitlements of Tenant hereunder;

(d) Any Sublease entered into by Tenant, as sublandlord permitted under the terms of this Lease or is otherwise approved in writing by Landlord;

(e) Any Leasehold Mortgage;

(f) Any customary easements, dedications or rights-of-way that are approved by Tenant and created in the ordinary course of the development and construction of the Improvements; and

(g) All matters set forth in Schedule B of the Commitment attached hereto as Exhibit C.

“Person” means any natural person, corporation, limited liability company, firm, partnership, unincorporated organization, joint stock company, association, joint venture, trust, estate, real estate investment trust, governmental entity or political subdivision or agency thereof, or any similar entity, whether acting in an individual, fiduciary or other capacity.

“Personal Property” means all furniture, fixtures and equipment, including without limitation, machinery, apparatus, fittings, bathroom and plumbing equipment and fixtures, heating, ventilating and air-conditioning equipment and fixtures, lighting fixtures, bathroom or plumbing
equipment, refrigeration, and other property owned by Tenant now or hereafter located on the Premises.

“Prime Rate” means the rate of interest being charged on the date in question by Bank of America, N.A. (or its legal successor) as its “prime rate” to its commercial customers.

“Private Covenants” means any easements, restrictions, declarations, covenants, or other instruments currently filed of record against the Premises, to the extent such instruments apply to the Premises and identified on Exhibit C, and such additional easements, restrictions, declarations, covenants or other instruments as may be hereafter placed of record by Tenant approved by Landlord or as otherwise permitted in accordance with the terms of this Lease.

“Redevelopment” means any demolition and reconstruction of any of the exterior structural walls of the Improvements by Tenant following the initial construction thereof pursuant to which more than 20% of the net rentable square footage of the buildings on the Premises will be demolished, other than repairs or reconstruction as the result of a casualty or condemnation.

“Regulations” is defined in Section 4.1 of this Lease.

“Rent” means, collectively, the Annual Rent and all other sums of money becoming due and payable by Tenant under this Lease.

“Rent Commencement Date” means the earlier of (A) the first (1st) day following the date of Completion of Construction, (B) _____________ after the issuance of the Permits required to Commence Construction, or (C) ______________.

“Rent Reduction Percentage” is defined in Section 21.2 of this Lease.

“ROFO Terms” is defined in Section 13.5(a)(ii) of this Lease.

“Sublease” is defined in Section 13.3 of this Lease.

“Substantial Completion” means the exterior and interior core and shell components of the New Improvements and, subject to subsection (iv) below, all associated landscaping and lighting (as well as other external features relating thereto) have been substantially completed in accordance with applicable Laws and the Construction Standards as evidenced by the issuance to Landlord of a Certificate of Substantial Completion, except for (i) the obtaining of the final Certificate of Occupancy needed for achievement of Completion of Construction, (ii) the completion of customary punchlist items and mechanical adjustments, (iii) the installation of all material furniture, fixtures and equipment required by any Subtenant relating to the operation thereof, and (iv) completion of landscaping and nonessential exterior improvements to the extent delayed due to seasonal climate and other weather conditions (“Weather Related Items”).

“Subtenants” means all persons or other entities occupying any portion of the Premises as a subtenant or licensee of Tenant.

“Surrendered Premises” is defined in Section 2.1(c) of this Lease.
“Surviving Obligations” means Tenant’s and Landlord’s respective obligations expressly stated in this Lease to survive the termination hereof.

“Tenant Acquisition Terms” is defined in Section 13.5(a)(i) of this Lease.

“Tenant Indemnified Parties” means collectively, Tenant, its successors and assigns, partners, members, shareholders, trustees, directors, employees, officers, agents, representatives, attorneys, and affiliated persons.

“Tenant ROFO Notice” is defined in Section 13.5(a)(i) of this Lease.

“Tenant ROFO Purchase Agreement” is defined in Section 13.5(a)(i) of this Lease.

“Tenant ROFO Rights” is defined in Section 13.6(a) of this Lease.

“Tenant ROFO Transfer” is defined in Section 13.5(a) of this Lease.

“Tenant ROFO Transfer Period” is defined in Section 13.5(a)(i) of this Lease.

“Tenant Transfer Notice” is defined in Section 13.2(a)(i) of this Lease.

“Tenant’s Architect” means Saroki Architecture, same being the architect selected by Tenant for the design of the New Improvements to be constructed on the Land.

“Tenant’s Contractor” means Walbridge Aldinger Company, same being the contractor selected by Tenant for the construction of the New Improvements on the Land.

“Term” is defined in Section 2.1(a) of this Lease.

“Third Party Claim” is defined in Section 4.7(f) of this Lease.

“Title Company” means First American Title Insurance Company, whose address is 300 East Long Lake, Suite 300, Bloomfield Hills, Michigan 48304, Attention: Ms. Marcia A. Lawless, Phone: (248) 540-8035, E-Mail: mlawless@firstam.com.

“Transfer” is defined in Section 13.1 of this Lease.

“Transferee” means any Person to whom a Transfer is made.

ARTICLE 2
COMMENCEMENT AND TERM

Section 2.1 Term.

(a) Term. The term of this Lease (the “Term”) shall be effective as of the Commencement Date and shall expire at 11:59 p.m. Birmingham, Michigan time on January 31st following the fiftieth (50th) anniversary of the Rent Commencement Date, unless this Lease is sooner terminated as hereinafter provided.
(b) **Option to Extend.** Provided Tenant is not then in default in the payment of the Monthly Rent or Impositions after any required notice and the expiration of any applicable cure period at the time notice of the election to extend is provided to Landlord and again at the beginning of any Extension Period (as defined below), Tenant shall have the option to extend the Term of this Lease from the date upon which it would otherwise expire for one (1) additional consecutive period of fifty (50) years (such period being hereinafter called the “**Extension Period**”). If Tenant elects to exercise said option to extend the Term of this Lease, it shall do so by giving written notice of such election to Landlord any time during the Term of this Lease, which written notice must be received by Landlord on or before the date which is twelve (12) months before the beginning of the Extension Period, time being of the essence. If Tenant timely elects to exercise an option to extend the Term of this Lease, the Term of this Lease shall be automatically extended for the applicable Extension Period without execution of an extension or renewal lease. The Annual Rent during the applicable Extension Period shall be increased as provided in Section 3.01(b).

(c) **Surrender Upon Termination.** Upon the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord exclusive possession of the Premises (the “**Surrendered Premises**”), in accordance with the requirements of this Section 2.1(c) and Section 4.4 of this Lease. Upon such termination, the leasehold estate created hereby and all of Tenant’s right, title and interest in and to the Surrendered Premises, unless Landlord otherwise agrees in writing to assume such subleasehold estate or unless Landlord has otherwise executed a non-disturbance agreement with a Subtenant, shall automatically (without further documentation) revert to and become the sole property of Landlord. While further documentation is expressly not required under this Lease, Tenant shall, at no cost or expense to Tenant, execute any documents and do any acts reasonably requested by Landlord to evidence the transfer of possession, title, interests and rights as provided in this Section 2.1(c), including without limitation, the execution, acknowledgement and recordation of quitclaim deeds, assignments, and other conveyance instruments. This Lease shall terminate without further notice upon the expiration of the Term and any holding over by Tenant after the expiration of the Term shall not constitute a renewal of this Lease or give Tenant any rights hereunder or to the Premises, except as otherwise provided in this Lease. Except as otherwise expressly provided herein including Section 18.2 hereof, Landlord and Tenant acknowledge and agree that this Lease cannot be extended or modified except by a writing signed by Landlord and Tenant.

**ARTICLE 3**

**RENT**

Section 3.1 **Rent and Other Consideration.**

(a) **Monthly Rent.** For each month of the Term from and after the Rent Commencement Date, Tenant agrees to pay as herein provided, in advance and in lawful money of the United States of America, without deduction, offset, abatement, prior notice, or demand, and at such place or places as Landlord may from time to time designate in writing, one-twelfth (1/12th) of the applicable Annual Rent (as defined in Section 3.1(b)) as “**Monthly Rent**” (herein so called). Each payment of Monthly Rent shall be due and payable in advance on or before the fifteenth (15th) day of each month (a “**Monthly Rent Payment Date**”).
(b) **Annual Rent.** The “Annual Rent” shall be ________________ and 00/100 ($_______) Dollars subject to increase as provided in subsection (c) below.

(c) **Escalations.** On the fifth anniversary of the Rent Commencement Date and every anniversary of the Rent Commencement Date thereafter, the Annual Rent payable for the next year of the term shall be adjusted by an amount equal to the cumulative Inflation Adjustment which has occurred since the initial Rent Commencement Date or the preceding anniversary of the Rent Commencement Date, as the case may be, subject to the limitations set forth below. The increase in Annual Rent shall be computed based upon the positive increase, if any, in the CPI for the third month preceding such Lease Year over such index for the third month preceding the lease year in which the Annual Rent was previously adjusted, but in no event less than ______% (____%) percent per annum nor more than ______ (____%) percent per annum. Prior to the beginning of the sixth (6th) lease year and each anniversary of the Rent Commencement Date thereafter, Landlord shall compute the increase in Minimum Annual Rent and advise Tenant of the amount therefore and Tenant shall pay the same at the times and in the manner as provided in this section. In no event shall the CPI computations result in a reduction of the Annual Rent.

(d) **Prepaid Rent.** On or before the earlier of the date on which Tenant satisfies and/or waives all of the conditions precedent to its obligations to proceed under Section 4.1 or the date on which is thirty (30) days before the issuance by the City of the sale of the Bonds (as defined in the Development Agreement), Tenant shall tender to Landlord in connection with this Lease the sum of $_____________ in cash or an irrevocable letter of credit in form acceptable to Landlord payable to Landlord in the amount of Prepaid Rent issued by a financial institution acceptable to Landlord with retail branches in Oakland County, Michigan (hereinafter “Prepaid Rent”). The Landlord shall hold the Prepaid Rent and apply same as hereinafter provided. In the event Tenant defaults hereunder prior to the Rent Commencement Date, which default is not cured and Landlord elects its remedy to terminate this Lease, then such Prepaid Rents shall be retained by Landlord as a means of compensating Landlord for the time, effort and costs incurred by Landlord in connection with the negotiation and drafting of this Lease and providing to Tenant the extended investigation and construction periods as hereinafter provided. In the event Tenant timely achieves completion of construction and this Lease is not otherwise terminated due to a Tenant default, then, in that event, the Prepaid Rent shall be applied to the Monthly Rent obligations otherwise due from Tenant in an amount equal to $_______ per month for each month of the first _________ months following the Rent Commencement Date. In the event Tenant shall default hereunder, which shall continue beyond any applicable cure period following the giving of any required notice at any time prior to the full application of the Prepaid Rent, Landlord shall retain such Prepaid Rent and apply same to the damages otherwise incurred by Landlord hereunder due to such default.

Section 3.2 **Late Charge; Default Interest.** In the event that Tenant shall fail to pay any portion of any installment of Monthly Rent on the applicable Monthly Rent Payment Date and such failure continues for a period of ten (10) days after written notice from Landlord, there shall be added to such unpaid amount a late charge of five percent (5%) of the amount owed, in order to compensate Landlord for the additional administrative expenses incurred in connection with same. In addition, from and after the date which is ten (10) days after the applicable Monthly Rent Payment Date (without any requirement of notice from Landlord), the total amount then due shall bear interest at the annual rate (the “Default Rate”) which is the lesser of (a) the Prime Rate plus
five percent (5%), or (b) the highest lawful rate under Law, until paid in full. Landlord and Tenant stipulate and agree that Landlord will incur additional expenses in collecting any delinquent payments and the late charges provided for herein are intended to compensate Landlord for overhead and other expenses likely to be incurred in collecting delinquent accounts. Landlord and Tenant further stipulate and agree that the late charges are not “interest” and it is not the intent of the parties to contract for, charge or receive interest in excess of the maximum lawful amount.

Section 3.3 Additional Rent. All ad valorem taxes, utility costs, maintenance costs, property insurance premiums, annual assessments, and all other sums, liabilities, obligations, and other amounts which Tenant is required to pay or discharge pursuant to this Lease, in addition to Monthly Rent, together with any interest, penalty, or other sum which may be added for late payment thereof, shall constitute additional rent hereunder (“Additional Rent”). Commencing as of the Commencement Date and thereafter during the Term, Tenant shall pay Additional Rent, such payments to be made directly to the person entitled thereto prior to the delinquency thereof.

Section 3.4 All Sums Constitute Rent. Notwithstanding anything contained in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as rent, shall constitute rent for the purposes of Section 502(b)(6) (or any comparable successor provision) of the Bankruptcy Code and for all other purposes.

Section 3.5 Payments to Assignees and Third Parties. If Landlord’s interest in this Lease shall be assigned to a third party or if any sum accrued or to accrue hereunder shall ever be assigned or if any third party other than Landlord shall ever be entitled to collect such sum in accordance with the terms and provisions of this Lease, Tenant shall have no liability for failure to pay the assignee unless and until the fifteen (15) days after receipt of written notice shall be given by Landlord to Tenant of such assignment.

(a) In the event that there is any dispute as to who shall be entitled to receive any sum payable hereunder, Tenant shall, at its option, have the right to pay such sum into the registry of any court of competent jurisdiction located in Oakland County, Michigan, in connection with a bill of interpleader or similar proceeding filed by Tenant, naming Landlord and such other claimant as parties. The making of such payment in connection with the filing of such proceeding shall discharge Tenant from any further obligation for payment of the installment of rent so paid or deposited.

(b) In the event Landlord shall have given Tenant notice that a third party is entitled to receive payment of any sum, whether as a collateral assignee or otherwise, and if Tenant thereafter timely pays such sum to the third party named in such notice, such payment to the third party named in the notice shall fully discharge Tenant of any further obligation for such sum.

Section 3.6 Net Lease. Except as expressly provided for in this Lease, all Rent must be paid without notice, demand, abatement, deduction or offset. This Lease is intended to be a fully net lease, so that this Lease will yield, net to Landlord, the Annual Rent specified in this Lease. In that regard, all ad valorem taxes, impositions, property insurance premiums, assessments, utility charges, maintenance expenses, repair and replacement expenses, expenses relating to compliance with all Laws and all of Tenant’s loan documents and all other costs, fees, charges, expenses,
reimbursements and obligations of every kind and nature whatsoever relating to the Premises and
the Improvements which may arise or become due during the Term of this Lease must be paid and
discharged by Tenant as if Tenant were the owner of the Premises and (as provided in, and subject
to the provisions of, Article 7).

ARTICLE 4
CONDITIONS PRECEDENT, INSPECTIONS, DELIVERY OF THE PREMISES;
CONSTRUCTION OF BUILDING

Section 4.1 Conditions Precedent. Tenant’s obligations under this Lease are subject
to the satisfaction of the following conditions in Tenant’s sole and absolute discretion prior to the
date stated for each but in all events prior to the expiration of the Inspection Period (as identified
below):

(a) Zoning, Licenses and Permits. Tenant shall have obtained evidence
satisfactory to it that (i) the development and use of the Land as developed pursuant to the
Development Agreement, as hereinafter defined, is permitted by the City, and that Tenant shall
have obtained the Permits (as defined below), including any required site plan/zoning
approvals/other municipal approvals required for such purpose; and (ii) Tenant will be permitted
to tap into and receive service from all utilities on terms acceptable to Tenant.

Landlord acknowledges that this Lease is contingent upon Tenant’s obtaining from the City
all permits, licenses, variances and approvals pertaining to the building, occupancy, signs, curb
cuts, driveways (including ingress and egress to public thoroughfares), zoning, environmental
controls, and any other governmental permits (collectively, the “Permits”) which, in the sole
judgment of Tenant, are necessary or desirable to permit it to construct and operate its New
Improvements to the Premises. The obligations of Tenant hereunder shall be conditioned upon all
of said Permits being validly and irrevocably granted on terms and conditions and at a cost
satisfactory to Tenant without qualification, except such qualification as shall be acceptable to
Tenant, in its sole and absolute discretion, and no longer subject to appeal.

(b) Financial Feasibility. Landlord acknowledges that this Lease is contingent
upon Tenant determining to its satisfaction, prior to the expiration of the Inspection Period, that it
can complete its proposed development of the Premises to the Tenant’s satisfaction at a financially
feasible cost. If Tenant has not satisfied this condition within the Inspection Period, Tenant shall
have the right to terminate this Lease upon written notice to the Landlord prior to the expiration of
the Inspection Period.

(c) Environmental Audit and Testing. Tenant may obtain a Phase I
Environmental Audit of the Land and any other environmental testing which Tenant deems
reasonably necessary to evaluate potential environmental risks (the “Environmental Tests”). If
Tenant is not satisfied with any such Environmental Tests, in Tenant’s sole and absolute judgment,
then Tenant may terminate this Lease by written notice to Landlord given within the Inspection
Period. In the event of any such termination, Tenant agrees to provide copies of any reports or
letters with respect to the Environmental Tests to the Landlord at no cost and without any
representation or warranty regarding same.
(d) **Survey.** Tenant may prior to expiration of the Inspection Period obtain a current ALTA certified survey of the Land bearing a legal description of the Premises (the “Survey”). Landlord will provide a copy of the most recent survey of the Real Property in its possession to Tenant at no cost and without any representation or warranty regarding same.

(e) **Soil Tests.** Tenant may obtain and approve prior to the expiration of the Inspection Period borings, percolation tests, toxic or hazardous substance tests and other tests (collectively the “Soils Tests”) showing that the Land is satisfactory, in Tenant’s sole judgment, for the building foundations and the construction, operation and financing of the improvements which Tenant may wish to make, provided, however, that said Soils Tests shall be so conducted as not to unreasonably damage the Premises. Landlord, hereby grants to Tenant, its agents and contractors, the right to enter upon the Land to make said Soils Tests, Survey and Environmental Tests described on the attached Exhibit J pursuant to this Lease (collectively the “Site Inspections”); provided, however, that before any such entry on the Land, Tenant provide evidence of general liability insurance coverage naming Seller as an additional insured of not less than One Million and 00/100 ($1,000,000.00) Dollars. Any Site Inspections shall be conducted so as not to unreasonably damage the Premises. Tenant agrees to indemnify, defend and hold Landlord and the Landlord Indemnified Parties harmless from and against any claims, demands, damages or expenses arising out of Tenant’s entry onto the Premises to perform said Site Inspections, except as may be caused by the intentional acts of Landlord, its agents or contractors and in no event shall Tenant be liable for the mere discovery of existing conditions at the Premises.

(f) **Utilities.** Tenant determining that all utilities necessary for the operation of the New Improvement on the Premises in accordance with Tenant’s requirements, including sanitary sewer, storm sewer, water, gas and electric (collectively, the “Utilities”) have been or may be adequately extended within satisfactory easements or rights of way to the boundary of the Premises on terms acceptable to Tenant such that Tenant can tap into and receive service. Tenant shall pay all impact fees and other similar charges imposed against the Premises.

(g) **Title Insurance.** Tenant may elect to carry out such title searches and investigations as it deems appropriate to ascertain the state of title to the Premises. In pursuance of same, Tenant may obtain a title insurance commitment (the “Title Commitment”) for an ALTA owner’s title insurance policy with leasehold endorsement and without standard exceptions, provided Landlord shall not be obligated to provide any survey and shall only be obligated to provide an owner’s affidavit in the form attached hereto as Exhibit K (the “Title Policy”), issued by the Title Company. The costs of the Title Commitment (including the title search) and Title Policy shall be paid by Tenant. Landlord agrees to cooperate at no cost to Landlord with Tenant in obtaining said Title Policy, by producing any additional documents as may be reasonably required by the Title Insurance Company to issue the Title Policy, including an owner’s affidavit in the form attached hereto as Exhibit K. Said Title Policy must insure Tenant in an amount designated by Tenant and that good and marketable title to the Leased Premises is vested in Landlord, without exception for any matters including matters which would be disclosed by a survey and inspection subject to liens and encumbrances as have been approved in writing by Tenant and insure that the leasehold estate created by this Lease is vested in Tenant. In the event that such searches and investigations reveal any liens, encumbrances or exceptions to title other than those specified above or to which Tenant objects, Tenant shall notify Landlord, in writing, of Tenant’s title objections within thirty (30) days of Tenant’s receipt of the Title Commitment,
copies of all matters of record and of the Survey, failing which Tenant shall be deemed to have accepted the condition of title to the Premises. In the event Tenant notifies Landlord timely of its title objections and Landlord fails or refuses to cure such title objections within thirty (30) days following receipt of Tenant’s notice, then Tenant, at its sole option, may (i) waive such objections, (ii) by written notice to Landlord give Landlord additional time to satisfy said title objections (not to exceed thirty (30) days), and/or (iii) by written notice to Landlord, terminate this Lease, in which event this Lease shall be null and void and of no further force and effect. If, at any time after date of the Title Commitment, any new title matters arise out of the acts of anyone other than Tenant, or Landlord discovers any title matters which were not disclosed by the Title Commitment (collectively, the “New Matters”), any of which affects the title to the Premises or the right or power of Landlord to perform its obligations under this Lease, the existence of such New Matters shall constitute a defect in the title to the Real Property and Tenant shall have thirty (30) days to object to such New Matters. In the event Tenant notifies Landlord timely of its title objections to the New Matters and Landlord fails or refuses to cure such title objections within thirty (30) days following receipt of Tenant’s notice, then Tenant, at its sole option, may (i) waive such objections, (ii) if requested by Landlord, give Landlord, by written notice, additional time to satisfy said title objections (not to exceed thirty (30) days), and/or (iii) by written notice to Landlord, terminate this Lease, in which event this Lease shall be null and void and of no further force and effect.

(h) **Memorandum of Lease.** Landlord agrees that upon request from Tenant and after the expiration of the Inspection Period and the tender of the Prepaid Rent, Landlord will promptly execute and deliver to Tenant a memorandum of lease (hereinafter the “Memorandum of Lease”) in the form attached hereto as Exhibit D, to be recorded in the public office in which records relating to the Premises are kept, provided, however, that no copy of this Lease or other instrument shall be filed for record which sets forth the rental provisions contained herein.

(i) **Economic Development District.** Tenant shall have obtained during the Inspection Period from the City an amendment of the City of Birmingham Zoning Ordinance creating a new zoning district (or amending an existing zoning district) to include the Premises within an Economic Development District which allows the sale and consumption of beer, wine and liquor at the Premises.

(j) **Sublease.** Tenant shall have obtained from its Subtenant a waiver of all conditions precedent for such Subtenant to be bound under the sublease.

(k) **Utility Relocations.** Tenant shall have obtained all necessary approvals to relocate each of the utility lines currently located on the Premises in a manner which permit the development and construction of the New Improvements on the Premises, all at Landlord’s sole cost and expense.

(l) **Tax Split.** The Premises shall be a separate taxable parcel pursuant to Section 8.1(a).

(m) **Easements.** Tenant shall have obtained such permanent easements required for the subsurface structural support required for the New Improvements and such other temporary construction easements reasonably required to construct the New Improvements, all on such terms as may be acceptable to Tenant.
Tenant shall have until the earlier of (A) __________, or (B) the date Tenant has obtained the Permits and satisfied itself as to the other conditions referred to in Sections 4.1(a) through (m) (said period is hereinafter referred to as the “Inspection Period”). In the event any of the aforesaid conditions have not been satisfied, in Tenant’s sole discretion, within the Inspection Period, then Tenant may terminate this Lease by written notice to Landlord, which shall be delivered to Landlord within the Inspection Period. Tenant’s failure to deliver to Landlord written notice of Tenant’s election to terminate this Lease prior to the expiration of the Inspection Period, shall constitute a waiver by Tenant of all such conditions precedent right to terminate this Lease pursuant to this Section 4.1 shall be waived.

In the event Commencement of Construction has not occurred within the time periods required herein, then Landlord shall have the right to terminate this Lease, such election to be made and written notice provided to Tenant within thirty (30) days following such failure and if during such thirty (30) day period, Commencement of Construction occurs, then Landlord’s termination notice shall be deemed to be void and of no further force and effect. In the event Commencement of Construction has not occurred within such thirty (30) day period and Landlord elects to terminate the Lease under this Section 4.1, then, Landlord shall retain the Prepaid Rents as liquidated damages to compensate Landlord for the time, effort and costs incurred by Landlord in negotiating and drafting this Lease and providing to Tenant the extended Investigation Period. Upon such election by Landlord, Landlord and Tenant shall each be released of any and all future obligations arising thereunder, however, Tenant shall remain liable for any indemnity and restoration obligations which accrued after the Effective Date through the termination date caused by Tenant’s acts or omissions or those of its agents, employees and contractors, all of which indemnity and restoration obligations shall continue and survive the termination of this Lease.

Section 4.2 Delivery of the Premises. Upon Tenant’s and Landlord’s failure to terminate this Lease shall be pursuant to Section 4.1 above, Tenant shall be deemed to be familiar with the Land and to have made such independent investigations as Tenant deems necessary or appropriate concerning the lease, development and use of the Premises, including, but not limited to, (i) any desired investigations or analysis of present or future laws or requirements concerning the use of the Premises or any existing or proposed development thereof (collectively “Regulations”), including, but not limited to, zoning, entitlement, environmental or other such Regulations; (ii) the necessity or availability of any Permits including any zoning variance, entitlements, economic incentives, conditional use permits, building permits, environmental impact reports, any other governmental permits, approvals or acts; (iii) the necessity or existence of any fees, charges, costs or assessments that may be imposed in connection with any Regulations or the obtaining of any required Permits; (iv) the size, dimensions, location and topography of the Premises; (v) the availability or adequacy of access and utilities to the Premises; (vi) the presence or adequacy of infrastructure or other improvements on, near or concerning the Premises; (vii) the extent or condition of any grading, compaction or other site work already performed or hereafter required for Tenant’s proposed development; (viii) any surface, soil, subsoil, geologic or ground water conditions or other physical conditions of or affecting the Premises, such as climate, drainage, flood control, air, water or minerals or the existence of any contaminants or hazardous materials on or in the soil or the groundwater; (ix) the extent or condition of title to the Premises; (x) the Permitted Exceptions; and (xi) all other matters and/or materials concerning the condition, lease, development or use of the Premises. Tenant is relying solely upon its own inspection, investigation and analysis of the matters described in this Section 4.2 in entering into this Lease.
and, except as otherwise expressly set forth in this Lease, is not relying and will not rely in any way upon any representations, statements, agreements, warranties, studies, reports, descriptions, guidelines or other information or material furnished by Landlord or its representatives or consultants, whether oral or written, express or implied, of any nature whatsoever regarding any such matters, except for Landlord’s representations or warranties expressly provided for in this Lease. EXCEPT FOR LANDLORD’S REPRESENTATIONS AND WARRANTIES EXPRESSLY PROVIDED IN THIS LEASE, IF ANY TENANT HAS ACCEPTED AND HEREBY ACCEPTS, AND HAS LEASED AND HEREBY LEASES THE PREMISES FROM LANDLORD IN ITS “AS IS”, “WHERE IS”, “WITH ALL FAULTS” CONDITION WITHOUT ANY REPRESENTATION OR WARRANTY BY LANDLORD OR ANY OF LANDLORD’S REPRESENTATIVES OR CONSULTANTS, WHETHER EXPRESSED, IMPLIED OR STATUTORY (ALL OF WHICH ARE WAIVED BY TENANT AND DISCLAIMED BY LANDLORD TO THE FULLEST EXTENT PERMITTED BY LAW). EXCEPT FOR LANDLORD’S REPRESENTATIONS AND WARRANTIES EXPRESSLY PROVIDED IN THIS LEASE, TENANT IS NOT RELYING ON ANY (AND NEITHER LANDLORD OR ANY OTHER PARTY ACTING ON BEHALF OF LANDLORD HAS MADE ANY) REPRESENTATIONS OR WARRANTIES BY LANDLORD OR ANY OTHER PARTY IN CONNECTION WITH THIS LEASE AND TENANT IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PREMISES, THE STATUS OF ENTITLEMENTS FOR THE PREMISES AND ANY OTHER MATTERS. Tenant further acknowledges that, except for Landlord’s representations, warranties and covenants provided in this Lease, Landlord does not have any obligation to perform any repairs, maintenance, tenant improvement work, finish-out work or other renovation or other work whatsoever and that Tenant shall be responsible for all site work, site investigations, utility connections, and improvements. THE PROVISIONS OF THIS SECTION 4.2 HAVE BEEN NEGOTIATED IN GOOD FAITH, AND FREELY ACCEPTED, BY BOTH TENANT AND LANDLORD, AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION BY LANDLORD OF, AND TENANT DOES HEREBY DISCLAIM, ANY AND ALL WARRANTIES BY LANDLORD, EXPRESS, IMPLIED OR STATUTORY, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANOTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS LEASE.

Section 4.3 Legal Description of the Premises. The legal description for the Land attached hereto as Exhibit A may be adjusted and modified by the mutual written agreement of Landlord and Tenant.

Section 4.4 Title to Buildings and Improvements. The title to the Improvements, including all buildings, improvements and fixtures appurtenant thereto, and all changes, additions and alterations therein, and all renewals and replacements thereof, when made, erected, constructed, installed or placed upon the Premises by, through or under Tenant, or with the permission and/or approval of Tenant, shall be and remain in Tenant until the expiration of the Term of this Lease, unless sooner terminated as provided herein. Upon the expiration or earlier termination of this Lease, subject to the rights of Leasehold Mortgagee, title to all such property shall automatically pass to, vest in and belong to Landlord without further action on the part of
either party and, at Landlord’s election, Tenant shall be deemed to have abandoned such property. Tenant shall not enter into any sublease or leasehold mortgage which would extend beyond the stated term of this Lease without Landlord’s prior written consent, which consent may be withheld by Landlord in its sole discretion. Unless expressly agreed to the contrary in writing or as otherwise provided in a non-disturbance agreement delivered by Landlord to a Subtenant or a Leasehold Financing Agreement delivered by Landlord to a Leasehold Mortgagee, Landlord shall not be obligated to honor the rights of any person claiming by or through Tenant after the stated Term of this Lease, as same may be extended. Notwithstanding the foregoing, Tenant agrees to promptly execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered by others with rights therein, to Landlord upon the expiration or earlier termination of this Lease, as requested, a proper recordable instrument quitclaiming and releasing to Landlord all right, title and interest of Tenant (or such other parties) in and to the Premises and all Improvements with no exceptions to title or encumbrances on title other than those expressly permitted under the provisions of this Lease. Tenant shall upon such Lease termination, surrender and deliver the Premises and all Improvements to the possession and use of Landlord, without delay and in reasonably good order, condition and repair, ordinary wear and tear and (subject to the terms of this Lease) casualty and condemnation excepted, and in a broom clean and reasonably safe condition, excepting only Tenant’s or any Subtenant’s movable trade fixtures, machinery, equipment and personal property and if the Improvements are not in the condition required herein upon the expiration of the Term of this Lease, as may be extended, then, if required by Landlord, Tenant shall cause, at its sole cost and expense, all such Improvements to be removed from the Premises in compliance with applicable Laws and the Premises placed in a clean and sightly condition, free from trash and debris. So long as Tenant retains ownership of the property contemplated in this Section 4.4, Tenant shall be entitled to claim depreciation thereof for tax purposes. In addition, Tenant shall have the right, at its sole cost and expense, to obtain an owner’s policy of title insurance with leasehold endorsement, insuring Tenant’s leasehold estate and the value of the Improvements placed upon the Land by Tenant. Landlord will cooperate with Tenant in connection with Tenant’s efforts to obtain such title policy, including executing any affidavits or similar documents required by the Title Company issuing such title policy but shall not be obligated to incur any cost or assume any liability.

Section 4.5 Zoning and Use Condition. Tenant hereby acknowledges and agrees that upon the election of Tenant to proceed beyond the Inspection Period Tenant shall have confirmed the zoning and Permitted Uses of the Premises are sufficient in order to develop, construct and operate the New Improvements for its intended use.

Section 4.6 Construction of Improvements. Upon Tenant’s election to proceed beyond the Inspection Period, Tenant shall be obligated to construct the New Improvements pursuant to Section 4.6 below. Following the completion of the New Improvements and during the Term, except as permitted in this Article, Tenant (and each Subtenant of Tenant) may construct, remove, replace and otherwise deal with Improvements on the Premises, from time to time, as determined by Tenant (or such Subtenant of Tenant) in its sole discretion and without Landlord’s consent, subject to the following covenants:

(a) Conditions of Construction. Prior to any material work, demolition, development, construction or alteration is commenced on the Premises (“Construction Work”), Tenant shall comply with all of the conditions set forth in this Section 4.6.
(b) **Notice of Intent to Construct; Premises Notices.** Tenant shall notify Landlord in writing prior to Tenant’s commencement of any Construction Work. Landlord shall have the right to post and maintain on the Premises any notices of non-responsibility provided for under Law.

(c) **Required Governmental Permits.** Tenant shall procure all applicable permits and approvals as and when required by the City and all other applicable governmental agencies, including, but not limited to, demolition permits, grading permits, building permits, zoning and planning requirements, site plan approvals and other applicable approvals from various governmental agencies and bodies having jurisdiction.

(d) **Intentionally Omitted**

(e) **Construction Standards.** All work and alterations relating to the Premises (including, without limitation, the development and construction of the New Improvements) shall (i) be performed in a good and workmanlike manner and on a mechanics’ and materialmen’s lien-free basis other than those mechanics liens being protested by Tenant in accordance with the terms of this Lease; (ii) comply with all applicable zoning requirements, governmental permits, laws, ordinances and regulations; and (iii) use all new materials, consistent with industry standards (collectively, the “Construction Standards”).

(f) **Mechanic’s Liens; Protection of Landlord.** Tenant shall not suffer or permit to be enforced, filed or recorded against the Premises or any part thereof any mechanic’s, materialmen’s, contractor’s or subcontractor’s lien arising out of any work of improvement or materials supplied. If any such mechanic’s, materialmen’s, contractor’s or subcontractor’s lien shall at any time be enforced, filed or recorded against the Premises, or any portion thereof, (except those solely arising by, through or under Landlord) Tenant shall cause the same to be discharged of record or bonded over within ninety (90) calendar days after the date of filing or recording of the same; provided, however, that Tenant may contest the validity of any such lien that has attached to Tenant’s leasehold estate (but not any such liens that have attached to the fee estate) on or before ninety (90) calendar days prior to the due date thereof (but in no event later than 90 calendar days after the filing or recording thereof), notify Landlord, in writing, that Tenant intends to so contest same. **TENANT SHALL INDEMNIFY, DEFEND, PROTECT AND HOLD LANDLORD AND THE LANDLORD INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ALL LIABILITY AND LOSS OF ANY TYPE ARISING OUT OF WORK PERFORMED ON THE PREMISES BY, THROUGH OR UNDER TENANT OR OTHERWISE WITH TENANT’S PERMISSION AND/OR APPROVAL, TOGETHER WITH REASONABLE ATTORNEYS’ FEES AND ALL COSTS AND EXPENSES INCURRED BY LANDLORD IN NEGOTIATING, SETTLING, DEFENDING OR OTHERWISE PROTECTING AGAINST SUCH CLAIMS.** All materialmen, contractors, artisans, engineers, mechanics, laborers and any other Person now or hereafter furnishing any labor, services, materials, supplies or equipment to Tenant or with respect to the Premises, or any portion thereof, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for the same. Notice is hereby given that Landlord shall not be liable for any labor, services, materials, supplies, skill, machinery, fixtures or equipment furnished or to be furnished to Tenant upon credit, and that no mechanic’s lien or other lien for any such labor, services, materials, supplies, machinery, fixtures
or equipment shall attach to or affect the estate or interest of Landlord in and to the Premises, or any portion thereof.

(g) **Landlord’s Right to Discharge Lien.** If either (i) a mechanic’s lien is filed and not bonded or discharged with the time frame set forth in (f) above, or (ii) if any Event of Default exists after giving effect to all applicable notice and cure periods contained herein, then Landlord shall have the right, but not the duty, to pay or otherwise discharge or prevent the execution of such judgment or lien. Tenant shall reimburse Landlord for all sums paid by Landlord, together with all Landlord’s reasonable attorney’s fees and costs, plus interest on any amount paid by Landlord at the Default Rate from the date of payment until the date of reimbursement.

(h) **Construction of the New Improvements.**

(i) **General.** In connection with the construction of the New Improvements, Tenant shall (a) obtain all applicable permits, licenses and approvals from the City and all other governmental authorities having jurisdiction for the construction of the Improvements and from any Person whose approval is required; and (b) Complete Construction substantially in accordance with the Construction Standards no later than the Outside Date, subject to Force Majeure, and pay all fees, assessments, levies, costs and charges imposed by any governmental authority in connection therewith.

(ii) **Estimated Development Timeline.** As of the Effective Date, Tenant’s estimated development timeline for the New Improvements is set forth on Exhibit E attached hereto. Landlord and Tenant acknowledge that the estimated development timeline is dependent upon the occurrence of certain events which are not within the control of Landlord or Tenant, therefore, Landlord and Tenant agree to remain flexible, communicate regularly and remain open to modifying the estimated development timeline as more information becomes available but, subject to Force Majeure, in no event shall the date by which Substantial Completion of Construction of the New Improvements is achieved be more than _______ (____) months after the Commencement Date.

Section 4.7 **Signage.** Tenant shall be entitled to erect building signs, monument signs and pylon signs, in such number, height, location and design as determined by Tenant, in Tenant’s sole judgment, subject to the requirements of all applicable federal, state, municipal, governmental authorities.

Section 4.8 **Material Encroachments and Violations.** If the Improvements constructed upon the Premises by Tenant at any time during the term of this Lease shall encroach upon any property, street or right-of-way adjoining or adjacent to the Land, or shall materially violate the agreements or conditions contained in any Private Covenants affecting the Premises or any applicable Laws or any part thereof, or shall materially violate or obstruct any easement or right-of-way to which the Premises are subject, then, promptly after the written request of Landlord or any person affected by any such encroachment, violation, impairment or obstruction, Tenant shall, at Tenant’s expense, either (i) obtain effective waivers, consents to or settlements of all claims, liabilities and damages resulting from each such encroachment, violation, impairment or obstruction, or (ii) if such waivers, consents or settlements are not timely obtained, make such
changes in the Improvements on the Premises and take such other action as shall be necessary to remove such encroachments or obstructions and to remedy such violations or impairments, including, if necessary, the alteration or removal of any improvement on the Premises. Any such alteration or removal shall be made in conformity with the requirements of this Article 4 and Article 11.

Section 4.9 Redevelopment. Any Redevelopment by Tenant other than following the occurrence of a casualty or condemnation (or other similar governmental action), which shall be governed by Articles 20 and 21, respectively, shall comply with the Construction Standards.

Section 4.10 Mineral Rights; Surface Waiver. Landlord shall retain all right to all minerals of every kind and character (including, without limitation, all oil, gas, coal and other solid, liquid or gaseous hydrocarbons, sulfur, and gravel) in, on or under the Land (the "Mineral Interest"). Notwithstanding the foregoing, Landlord expressly releases and waives, on behalf of Landlord and its respective successors, assigns and representatives, all rights of ingress and egress and all other rights of every kind and character whatsoever to enter upon or to use the surface of the Premises or any part thereof extending to a depth of one thousand feet (1,000') below the surface, including, without limitation, the right to enter upon the surface and any portion of the Premises for purposes of exploring for, developing, drilling, producing, transporting, mining, treating, storing or any other purposes incident to the development or production of the Mineral Interest.

Section 4.11 Construction Bonds. Provided the Guaranty is in full force and effect and the Guarantor maintains its net worth as same has been approved by the Landlord, Tenant shall not be obligated to obtain performance bonds relative to the construction of the New Improvements.

ARTICLE 5
INDEPENDENT COVENANTS

Section 5.1 Independent Covenants. Tenant acknowledges and agrees that the covenants and agreements under this Lease are independent of one another and Tenant’s obligations under this Lease (including, without limitation, the payment of Monthly Rent, Additional Rent, and any other rent). It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that the Monthly Rent, the Additional Rent and all other sums payable by Tenant hereunder shall continue to be payable in all events and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated or modified pursuant to an express provision of this Lease.

ARTICLE 6
USE

Section 6.1 Use. The Premises shall only be used, maintained and occupied by Tenant (and its assignees and Subtenants expressly permitted under this Lease) for those uses which are in compliance with the applicable D-4 Overlay Zoning District (“D-4 District”) as such District may be modified from time to time by the City; provided, however, so long as the entirety of the
New Improvements are subleased to the Initial Subtenant, Tenant shall not be required to develop and operate the top floors for residential uses as may otherwise be required under the D-4 District.

Section 6.2 **Nuisance.** Tenant shall not create or allow its Subtenants to create any material public or private nuisance.

Section 6.3 **Compliance With Laws.** Tenant shall, at Tenant’s sole cost and expense, comply in all material respects with all federal, state, county and municipal laws, ordinances, orders rules and regulations (collectively, “Laws”) applicable to the use, operation, maintenance, condition, structure or occupancy of the Premises, including, without limitation, Laws relating to the environment, persons with disabilities, construction and occupational health and safety and any Private Covenants.

Section 6.4 **Private Covenants.** Tenant will comply in all material respects with the terms of, and perform the Landlord’s obligations under all Private Covenants currently of record, if any, or such additional restrictive covenants as may be hereafter placed of record with the consent of Tenant, other than liens for the benefit of Landlord’s mortgagee.

Section 6.5 **No Operating Covenant.** Following Completion of Construction of the New Improvements and, except as provided in this Article 6, nothing contained in this Lease shall be deemed to impose upon Tenant, either directly, indirectly, constructively or implicitly, an obligation to construct additional improvements upon the Premises, open for business, or remain open and operating for any period or in accordance with any operating schedule, procedure or method.

Section 6.6 **Naming Rights.** Tenant shall have the right to name, or change the name of, the Improvements without the prior consent of Landlord; provided in no event shall Tenant rename or change the name of the Improvements to a name generally considered to be offensive.

**ARTICLE 7
TRIPLE NET LEASE; INDEMNITY**

Section 7.1 **Triple Net Lease.** Except as otherwise provided in this Lease, this is a triple net lease, made on an absolutely net basis to Landlord. The term “triple net lease” as used herein, means that Landlord has no obligations under this Lease except as expressly provided hereunder, and the use of such term is not intended to create any additional obligations or increase any existing obligations of Tenant except as expressly set forth in this Lease. The foregoing shall not limit or impair any obligations of Landlord expressly provided for under this Lease.

Section 7.2 **Indemnity.** Tenant shall indemnify, protect, defend and save the Landlord Indemnified Parties harmless from and against, and shall reimburse the Landlord Indemnified Parties for, all liabilities, obligations, losses, claims, damages, penalties, costs, charges, judgments and expenses including without limitation, reasonable attorneys’ fees and expenses, which may be imposed upon or incurred or paid by or asserted or claimed against any of such Landlord Indemnified Parties by reason of or in connection with Tenant’s construction of improvements upon, use, occupancy or subleasing of the Premises through any easement or license granted to or
for Tenant, including, without limitation, any of the following occurring during the term of this Lease or relating to occurrences taking place during the term of this Lease:

(a) Any accident, injury, death or damage to any person or property occurring in, or on our about the Premises or any portion thereof or from events occurring in, on, under or about the Premises;

(b) All construction and any changes, alteration and repairs in, on or about the Premises or any part thereof;

(c) The use, non-use, occupation, condition, operation, maintenance or management of the premises or any part thereof;

(d) Any act or omission on the part of Tenant or any of its Subtenants, agents, contractors, servants, employees, space tenants, licenses or invitees;

(e) Performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof;

(f) Any violated by Tenant or by any agent, contractor, or licensee then upon or using the Premises) of any provision of this Lease, or any breach of any law, regulation, or ordinance by Tenant or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers;

(g) The condition of the Premises, any building or other structures now or hereafter situated thereon, or the fixtures of personal property thereon or therein; or

(h) All liability or loss arising out of any non-payment of any imposition contested pursuant to Section 8.1, together with reasonable attorneys’ fees incurred by Landlord in connection therewith.

THE INDEMNIFICATION PROVIDED BY TENANT IN FAVOR OF THE LANDLORD INDEMNIFIED PARTIES PURSUANT TO THIS SECTION 7.2 SHALL COVER ALL SUCH MATTERS EVEN IF CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OF ANY OF THE LANDLORD INDEMNIFIED PARTIES, BUT NOT TO THE EXTENT (X) CAUSED BY THE GROSSLY NEGLIGENT OR WRONGFUL ACTS OR OMISSIONS OF SUCH LANDLORD INDEMNIFIED PARTIES, OR (Y) ARISING OUT OF CONDITIONS EXISTING AT THE PREMISES PRIOR TO THE EFFECTIVE DATE.

Section 7.3 Defense of Claims. In case any action or proceeding is brought against Landlord or any of such Landlord Indemnified Parties by reason of any claim or occurrence mentioned in this Article 7, such party shall promptly notify Tenant in writing thereof, and Tenant shall at Tenant’s expense resist or defend such action or proceeding, in Landlord’s name and such parties’ names, if necessary, by a counsel designated by Tenant and approved by such party, which approval shall not be unreasonably withheld, conditioned or delayed (and if not granted or reasonably denied within five (5) days after written notice, such approval shall be deemed granted); provided, however, that any failure of any such parties to give such notice to Tenant shall not affect Tenant.
Tenant’s obligations of indemnification contained in this Lease unless such failure materially and adversely affects Tenant’s liability hereunder. The foregoing notwithstanding, (i) if the claim is covered by any policy of insurance carried by either party hereunder, then (w) no claim shall be made for indemnity or defense under this Article 7 unless and until the insurer shall fail or refuse to defend and/or pay all or any part of such claim, and (x) the indemnity obligation shall be limited to the amount by which the claim exceeds the amount of coverage actually available under such policy; or (ii) if such claim would have been covered by a policy of insurance that the party seeking the indemnity is required by this Lease to maintain but which has not been maintained, then (y) the Tenant shall not be obligated to provide any defense to such claim, and (z) the indemnity obligation shall be limited to the amount by which the claim exceeds the amount of coverage which would have been provided if the required policy had been maintained. The obligations of Tenant under Section 7.2 arising by reason of any such occurrence or claim taking place during the Term of this Lease shall survive for six (6) months after any expiration or termination of this Lease.

ARTICLE 8

IMPOSITIONS, UTILITIES, MAINTENANCE

Section 8.1  Impositions.

(a)  Impositions. Tenant acknowledges that as of the Effective Date, the Premises may be a part of the same tax parcel as other land owned by Landlord. Following the Effective Date, Landlord, at Landlord’s sole cost and expense, shall endeavor to obtain a tax parcel split from the City prior to the expiration of the Inspection Period, designating the Premises as a separate tax and assessment parcel, separate and distinct from the balance of land owned by Landlord, pursuant to which the real property taxes and assessments for the Premises will be billed directly to Tenant. Subject to Tenant’s right to contest such charges pursuant to Section 8.1(c), from and after the Effective Date, Tenant shall pay all real estate taxes, assessments for local improvements, water, and storm and sanitary sewer rates and charges (other than ordinary charges for utility services as provided in Section 8.2), licenses and permit fees, hook-in or tap-in fees or assessments, assessments payable to any owners association or similar entity, special assessments and governmental levies and charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever which are assessed, levied, confirmed, imposed, or become a lien upon the Premises (or any portion thereof), or become payable during the Term of this Lease (the “Impositions”), payment thereof to be made before any fine, penalty, interest, or cost may be added thereto for the nonpayment thereof; provided, however, that any Imposition relating to a fiscal period of the taxing authority a portion of which is included within the Term hereof and a portion of which is included in a period of time before the commencement or after the expiration of the Term (for reasons other than Tenant’s default hereunder) shall be adjusted between Landlord and Tenant as of the date for payment of Impositions occurring during the first Lease Year or such expiration date, as applicable. For purposes of this Section 8.2(a), Lease Impositions shall include (i) all taxes imposed on Tenant’s operations of the Premises; (ii) the any tax or assessment lien against the rent due under this Lease and the administration fee charged pursuant to Section 4.4 of the General Property Tax Act; and (iii) all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Premises or any part thereof and/or the Rent (including all interest and penalties thereon due to any failure in payment by Tenant), which at any time prior to, during or in respect of the Term hereof may be assessed or imposed on or in respect
of or be a lien upon (a) Landlord or Landlord’s interest in the Premises or any part thereof; (b) the Premises or any part thereof or any rent therefrom or any estate, right, title or interest therein; or (c) any occupancy, operation, use or possession of, or sales from, or activity conducted on, or in connection with the Premises or the leasing or use of the Premises or any part thereof. Tenant shall provide Landlord with written evidence of such timely payment of the ad valorem real estate taxes upon written request from Landlord. If Tenant does not pay such Impositions prior to delinquency (or contest such payment pursuant to Section 8.1(c) below) Landlord may, but shall have no obligation to, pay the same and such amount so paid shall be due and payable to Landlord as Additional Rent upon written demand therefor by Landlord.

(b) Exclusions. The foregoing provisions of this Section 8.1 shall not be deemed to require Tenant to pay any recording charge resulting from the transfer of the Premises of Landlord’s reserved fee interest, transfer, gift, corporation, franchise, gift, succession, estate, inheritance, or succession tax, or capital levy, or any municipal, state or federal income, excess profits, or revenue tax, or any other tax, assessment, charge, or levy based on or measured by the gross income or capital stock of Landlord. Tenant shall pay all transfer taxes due as a result of the execution of this Lease, if any.

(c) Contest. Tenant shall have the right, without the consent of Landlord, to contest the collection or assessment of any Imposition, tax, assessment, fee, water or sewer charge or rate, excise, or levy by legal proceedings or other appropriate action, and to enter into agreements with the applicable assessing entities settling any such contests; provided the following conditions are met:

(i) the contest is by a proceeding promptly initiated and conducted diligently and in good faith;

(ii) there is no Event of Default relating to the payment of taxes;

(iii) if the Impositions become due and payable prior to the conclusion of the contest, the Impositions are paid under protest, or the proceeding suspends the collection of the contested Impositions;

(iv) the proceeding is not prohibited under and is conducted in accordance with applicable Law; and

(v) the proceeding precludes imposition of criminal or civil penalties and sale or forfeiture of the Premises and Landlord will not be subject to any civil suit.

If Tenant so elects to contest such amounts, Tenant shall, prior to the prosecution or defense of any such claim, notify Landlord, in writing, that Tenant intends to so contest same.

(d) Tax Escrow. After and during the continuance of an Event of Default, Tenant shall, at Landlord’s written election, deposit with Landlord on the fifteenth (15th) day of each month a sum equal to 1/12th of the Impositions assessed against the Premises for the preceding tax year, which sums shall be used by Landlord toward payment of such Impositions. Tenant, on written demand, shall pay to Landlord any additional funds necessary to pay and discharge the obligations of Tenant pursuant to the provisions of this Section. The receipt by
Landlord of the payment of such Impositions by and from Tenant shall only be as an accommodation to Tenant, the mortgagees, and the taxing authorities, and shall not be construed as rent or income to Landlord, Landlord serving, if at all, only as a conduit for delivery purposes; provided, however, if Tenant’s Leasehold Mortgagee requires an escrow for Impositions pursuant to an agreement that requires all such deposits shall be used for Impositions, an escrow under this Section shall not be required.

(e) Special Assessment District. Referenced made to that certain Development Agreement entered into between Landlord and Tenant on even date herewith (“Development Agreement”) relating to the development by Landlord and Tenant of certain adjacent properties. Tenant acknowledges and agrees that it shall fully cooperate with the City in the creation of a special assessment district referenced in the Development Agreement which SAD shall include the Premises pursuant to which certain costs and expenses of the City incurred in connection with the development of the so-called Phase I and Phase II Public Components (as defined in the Development Agreement) are reimbursed to the City. Tenant agrees to execute and deliver to the City upon demand and to otherwise stipulate and consent to the recordation of any special assessment agreement as an encumbrance the Premises pursuant to which the special assessment sums are spread over the Premises and other Private Components (as defined in the Development Agreement). The Tenant shall comply with the foregoing requirements and execute and deliver such consents and approvals as may be necessary for the creation of the SAD and of the spreading of the roll as a condition of its right to commence construction of any improvements on the Property.

Section 8.2 Utilities. Tenant shall be responsible for and promptly pay all charges incurred for all utility services to the Premises, including, but not limited to, telephone service, sanitary and storm sewer, water, natural gas, light, power, heat, steam, communications services, garbage collection, and electricity arising out of Tenant’s use, occupancy, and possession of the Premises during the Term of this Lease. Tenant shall also pay for all maintenance of such utilities. In no event shall Landlord be liable for any interruption or failure of utility service to the Premises.

Section 8.3 Maintenance and Repairs of Premises. Subject to the provisions of Article 20 relating to destruction of or damage to the Premises, Tenant agrees that at its own expense it will keep and maintain the Premises, including, without limitation, all New Improvements including the roof, exterior, foundation, structural, and operational parts, equipment, paving, parking lots, if any, landscaping (including mowing of grass and care of shrubs), in good, clean condition and repair commensurate with the operation of investment grade commercial developments of similar composition and age located in the City of Birmingham. LANDLORD SHALL HAVE NO OBLIGATIONS OR LIABILITIES OF ANY NATURE OR EXTENT FOR ANY REPAIR, MAINTENANCE OR REPLACEMENT OF ANY PART OF THE IMPROVEMENTS. Repair and maintenance work shall be done by Tenant at its expense in accordance with existing federal, state, and local laws, regulations, and ordinances pertaining thereto, in a good and workman-like manner on a lien-free basis other than those liens being protested by Tenant in accordance with the terms of this Lease. Upon any termination of this Lease, Tenant shall, subject to the provisions of this Lease including Section 4.4 and Articles 20 and 21, surrender the Premises (excluding the Personal Property) in good condition and repair, reasonable wear, tear and casualty and condemnation excepted, and shall surrender all keys and security access devices for the Premises to Landlord at Landlord’s address specified in Section
26.1. Upon the expiration or termination of this Lease, Tenant may remove from the Premises all of the Personal Property and all furniture, fixtures and equipment which are leased by Tenant.

Section 8.4 No Services to be Furnished by Landlord. Landlord is not responsible for providing any services to Tenant and/or the Premises or Improvements, including, without limitation, utilities, janitorial services, landscaping, trash removal or the like (it being hereby acknowledged and agreed that the same are the sole responsibility of Tenant).

ARTICLE 9
HAZARDOUS SUBSTANCES

Section 9.1 Hazardous Substances. “Hazardous Substance” means any substance, matter, material, waste, or pollutant, the generation, storage, disposal, handling, release (or threatened release), treatment, discharge, or emission of which is regulated, prohibited, or limited under: (i) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984, as now or hereafter amended (“RCRA”) (42 U.S.C. Sections 6901 et seq.), (ii) the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, as now or hereafter amended (“CERCLA”) (42 U.S.C. Sections 9601 et seq.), (iii) the Clean Water Act, as now or hereafter amended (“CWA”) (33 U.S.C. Sections 1251 et seq.), (iv) the Toxic Substances and Control Act, as now or hereafter amended (“TSCA”) (15 U.S.C. Sections 2601 et seq.), (v) the Clean Air Act, as now or hereafter amended (“CAA”) (42 U.S.C. Sections 7401 et seq.), (vi) any local, state or foreign law, statute, regulation, or ordinance analogous to any of the Federal Environmental Laws, and (vii) any other federal, state, local, or foreign law (including any common law), statute, regulation, or ordinance regulating, prohibiting, or otherwise restricting the placement, discharge, release, threatened release, generation, treatment, or disposal upon or into any environmental media of any substance, pollutant, or waste which is now or hereafter classified or considered to be hazardous or toxic, including, without limitation, oil, radon, urea-formaldehyde, mold, lead in drinking water, lead paint or asbestos on the Premises. All of the laws, statutes, regulations and ordinances referred to in Subsections (vi) and (vii) above, together with the Federal Environmental Laws are collectively referred to herein as “Environmental Laws”.

Section 9.2 Hazardous Substances on Premises Prohibited. Tenant shall not conduct, permit, or authorize the unlawful manufacturing, emission, generation, transportation, storage, treatment, existence or disposal at, in, on, under, above, or from the Premises of any Hazardous Substance without prior written authorization by Landlord, except for the storage and use in the ordinary course of business of materials as are customary for the uses of the Premises permitted under Section 6.1 above, all of which shall be in such quantities and concentrations and shall be stored, used, handled, and disposed of in full compliance with all Environmental Laws and, if applicable, the manufacturer’s recommendations, and none of which require any special licenses or permits for their storage or use. Landlord shall have the right to withhold its authorization under this Article 9 for any reason, or without cause, in its sole and absolute discretion.
Section 9.3 **Compliance with Environmental Laws.**

(a) **Compliance.** Tenant shall, at its sole cost and expense, comply with all applicable Environmental Laws.

(b) **Communications.** Tenant shall promptly provide Landlord with copies of all material written communications, notices, demands, claims, permits, reports, sampling results, or agreements with and/or from any governmental authority or agency (federal, state, local, or foreign) relating in any way to the presence, release, threatened release, placement in, on under or about the Premises, or the manufacturing, emission, generation, transportation, storage, treatment, handling or disposal at or from the Premises, of any Hazardous Substance, including without limitation, the improper or unpermitted discharge of any substance into the local publicly owned water treatment facility, if any.

(c) **Environmental Tests.** If Landlord reasonably believes that Tenant has not materially complied with or is not currently materially complying with any applicable Environmental Laws, rules or permits relating in any way to the presence of Hazardous Substances on the Premises, Landlord may conduct appropriate tests of air, water, soil, surface, groundwater and/or building materials in connection with such circumstances. If the results of such tests demonstrate that Tenant is not in compliance with the applicable provisions of this Lease, Tenant shall reimburse Landlord for the reasonable third-party cost of such tests within thirty (30) days after delivery to Tenant of invoices therefor up to an amount not to exceed Five Thousand and 00/100 ($5,000.00) Dollars for each such test.

(d) **Right of Entry.** In connection with Landlord’s exercise of its rights under Section 9.3(c), subject to the rights of Subtenants under the Subleases, Landlord and its agents and employees shall have the right to enter the Premises and conduct appropriate tests, audits or evaluations (including, without limitation, soil and surface or groundwater sampling) for the purpose of ascertaining that Tenant complies with this Article 9. Any such entry and tests, audits or evaluations shall be done in a manner reasonably intended to minimize interference with Tenant’s normal business operations. Landlord shall promptly repair and restore the Premises to substantially their pre-entry condition to the extent such tests, audits or evaluations cause damage thereto. Notwithstanding anything in this Section to the contrary, neither the Landlord Indemnified Parties or Tenant shall, without the written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed), settle or compromise any Third Party Claim or permit a default or consent to entry of any judgment. Notwithstanding the foregoing, consent of the Landlord Indemnified Parties shall not be required for any such settlement if (i) the sole relief provided is monetary damages that are paid in full by the Tenant, (ii) such settlement does not permit any order, injunction or other equitable relief to be entered, directly or indirectly, against the Landlord Indemnified Parties, and (iii) such settlement includes an unconditional release of the Landlord Indemnified Parties from all liability on claims that are the subject matter of such Third Party Claim and does not include any statement as to or any admission of fault, culpability or failure to act by or on behalf of any Landlord Indemnified Party. If the Tenant makes any payment on any Third Party Claim or in respect of any environmental matter, then the Tenant shall be subrogated, to the extent of such payment, to all rights and remedies of the Landlord Indemnified Parties to any insurance benefits or other claims of the Indemnified Party with respect to such Third Party Claim or environmental matter, as applicable.
Section 9.4 **Clean Up and Mitigation.** If the presence, release, threat of release, placement in, on under or about the Premises, or the generation, transportation, storage, treatment, or disposal at or from the Premises, of any Hazardous Substance placed on, in or under the Premises due to Tenant’s acts and/or omissions gives rise to liability (including, but not limited to, a response action, remedial action, removal action, or enforcement action) under the Environmental Laws, Tenant shall promptly take any and all remedial, removal, or other action necessary to clean up or remediate the Premises in accordance with the residential clean up standards of Environmental Laws, mitigate exposure to liability arising from such Hazardous Substance, as required by law, or cease taking or cause requisite corrective actions to be taken to preclude any or further, as the case may be, adverse environmental effects, regulatory enforcement actions or civil or criminal actions or proceedings. If a violation of the Environmental Laws occurs during the Term of this Lease, Tenant shall promptly take any and all remedial, removal, or other actions necessary to correct such violation.

Section 9.5 **Indemnity.**

(a) **Indemnity by Tenant.** Notwithstanding anything contained herein to the contrary, Tenant shall indemnify, protect, defend and hold harmless the Landlord Indemnified Parties from any and all liability, costs, expenses, reasonable attorneys’ fees, remedial or response costs, reasonable investigatory costs, and similar reasonable expenses arising out of or otherwise attributable to (i) any presence, release, threat of release, placement of any Hazardous Substance at, in, on, under, above, from or about the Premises in violation of this Lease, or (ii) generation, transportation, storage, treatment, or disposal of any Hazardous Substance at or from the Premises in violation of this Lease, or (iii) any offsite disposal by, on behalf of, or otherwise arranged by or for Tenant of any materials, including, without limitation, wastes, liquids, semi-solids, and refuse (whether or not deemed or determined to constitute a Hazardous Substance); provided, however, Tenant’s indemnification obligations shall not apply to any Hazardous Substance located on or about the Premises (1) the presence or existence of which pre-dates the Effective Date and has not been disclosed to Tenant prior to the end of Inspection Period through any means, (2) that migrated, through no fault of Tenant, onto the Land from an Adjacent property owned by Landlord, or (3) is proven to have been caused by Landlord. The obligations of Tenant under this Article 9 shall survive any expiration or termination of this Lease for a period of two (2) years. Notwithstanding anything to the contrary in this Lease, this Article 9, and all rights and obligations hereunder, will terminate with respect to any claims by any Landlord Indemnified Party first brought on or after the termination or expiration of this Lease if both of the following conditions have been satisfied: (i) Tenant shall have delivered to Landlord an Phase I environmental report, benefitting Landlord dated not earlier than six (6) months prior to the termination or expiration of this Lease, which report shall not disclose any recognized environmental conditions under any Environmental Laws; and (ii) there shall be no pending violation of Environmental Law or investigation or action related to same with respect to the Premises or related to this Lease.

(b) **Responsibility of Landlord.** Notwithstanding anything contained herein to the contrary, Landlord shall be responsible for the presence, release, threat of release, placement of any Hazardous Substance at, in, on, under, above, from or about the Premises (i) the existence of which is not known to Tenant by any means prior to the expiration of the Inspection Period and such undisclosed condition pre-dates the Effective Date, (ii) in violation of Environmental Law that migrated onto the Land from an Adjacent property owned by Landlord, or (iii) in violation of
Environmental Law that was caused by Landlord. The obligations of Landlord under this Article 9 shall survive any expiration or termination of this Lease for a period of one (1) year.

ARTICLE 10
INSURANCE

Section 10.1 Tenant’s Insurance. [NTD: UNDER REVIEW]

(a) Property Insurance. Tenant shall, at its sole cost and expense, obtain and maintain or cause to be obtained and maintained (i) insurance upon and relating to the Premises and the Improvements by “broad peril” form of insurance policies in amounts equal to one hundred (100%) percent of the full insurable replacement value of the Improvements and Personal Property, such insurance policies to contain a “Replacement Cost Endorsement”, and (ii) if not included in the broad peril policy described above, insurance covering the Personal Property in an amount equal to one hundred (100%) percent of the original replacement value, in such form as may be reasonably required by Landlord. If available, all such policies of insurance shall insure Tenant, Landlord, and Landlord’s mortgagee, as their interests may appear, and shall, as applicable, have a deductible that is no greater than [One Hundred Thousand and 00/100 ($100,000.00) Dollars] (unless otherwise expressly approved in writing by Landlord).

(b) Liability Insurance. Tenant shall, at its sole cost and expense, obtain and maintain (i) commercial general liability insurance, insuring Tenant, Landlord and Landlord’s mortgagee against all claims, demands, or actions arising out of or in connection with injury to or death of a person or persons and for damage to or destruction of property occasioned by or arising out of or in connection with the use or occupancy of the Land and Improvements, or by the condition of the Land and Improvements, (including any contractual liability of Tenant to indemnify Landlord contained in this Lease), the limits of such policy or policies to be in an amount not less than [Five Million and 00/100 ($5,000,000.00) Dollars] combined single limit for both bodily injury and property damage and with not less than Three Million and 00/100 ($3,000,000.00) Dollars of coverage per occurrence; (ii) a business automobile policy or policies extending to all owned, non-owned, hired, and borrowed automobiles, the limits of such policy or policies to be in an amount not less than One Million and 00/100 ($1,000,000.00) Dollars, or with such other greater limits as may be commercially reasonable, and (iii) workers’ compensation insurance, the limits of such policy or policies to be in an amount not less than the limits as required by statute for all coverages. Such policies shall include Landlord and Landlord’s mortgagee named as an additional insureds (as to the commercial general liability and business automobile policies).

(c) Business Interruption Insurance. Tenant shall carry business interruption insurance covering rental for not less than twelve (12) months of the aggregate of Monthly Rent.

(d) Policy and Insurer Requirements. All policies of insurance required by the terms of this Lease shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Landlord which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against Landlord. All policies of insurance shall be issued by an insurance company or companies having a General policyholder’s rating of not less than “A-” and a financial rating of Class VIII as stated in the most
current available Best’s insurance reports (or comparable rating service if Best’s reports are not currently being published), licensed to do business in the State of Michigan. All policies of insurance under Section 10.1(b) shall be primary and non-contributing with any insurance that may be carried by Landlord. Upon prior written request, Tenant shall deliver to Landlord originals or true and correct copies of all policies of required insurance. Fifteen (15) days prior to the expiration of each of the policies required hereunder, Tenant shall furnish Landlord with certificate of insurance in force or replacement coverage and meeting the standards hereinabove provided, all as required by this Lease. All such policies shall contain a provision that such policies will not be cancelled or materially amended, including any reduction in the scope or limits of coverage, without ten (10) days’ prior written notice to Landlord. In the event Tenant fails to maintain or cause to be maintained, or deliver and furnish to Landlord certified copies of the policies of insurance required by this Lease following written request therefor, Landlord, after ten (10) days written notice to Tenant of such failure and an opportunity to cure, may procure such insurance for the benefit only of Landlord for such risks covering Landlord’s interests, and Tenant will pay all premiums thereon within thirty (30) days after demand by Landlord. In the event Tenant fails to pay such premiums (or reimburse Landlord) upon demand, the unreimbursed amount of all such premiums so paid by Landlord shall bear interest at the lesser of (i) the Default Rate, or (ii) at the maximum rate of interest permitted by law from time to time.

Section 10.2 Builders Risk Insurance. While any part of Improvements is being developed or altered or any material construction is occurring on the Premises, Tenant shall maintain builder’s risk or all-risk property insurance equal to the full replacement value of the Improvements.

Section 10.3 Adjustment. Each and all of the coverage limits for Tenant’s insurance required under Section 10.1(a) are subject to adjustment every twenty (20) years pursuant to this Section 10.3. Effective on each Insurance Adjustment Date (as hereinafter defined), the coverage limits for Tenant’s insurance required under this Article 10 shall be adjusted to be equal to the coverage limits customarily maintained for similarly situated properties located in Birmingham, Michigan. As used herein the term “Insurance Adjustment Date” means the first (1st) calendar day of the twenty-first (21st), forty-first (41st), sixty-first (61st) and eighty-first (81st) Lease Years following the Rent Commencement Date.

Section 10.4 Waiver of Subrogation. Notwithstanding anything contained in this Lease to the contrary, each party hereto hereby waives any and every claim which arises or may arise in its favor and against the other party hereto, or anyone claiming through or under them, by way of subrogation or otherwise, during the term for any and all loss of, or damage to, any of its property, real (including, without limitation, the Premises) or personal, whether or not such loss or damage is caused by the fault or negligence of the other party or anyone for whom such other party may be responsible, which loss or damage is covered, or is required by this Lease to be covered, by valid and collectible fire and extended coverage insurance policies. Such waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss or damage to property of the parties hereto.

Section 10.5 Leasehold Mortgagee. Notwithstanding anything to the contrary in this Section 10, with respect to all insurance required under Section 10.1(a) and (c), the rights of Landlord and any Fee Mortgagees shall be subject to the rights of any Leasehold Mortgagee to
determine the adjustment of insurance claims, disposition of insurance proceeds and restoration of the Improvements in the event of a casualty and similar matters.

ARTICLE 11
ALTERATIONS

Section 11.1 Alterations. Subject to compliance with the requirements of this Lease, Tenant may, without the consent of Landlord and at Tenant’s sole cost and expense, make additions and alterations to any part of the Premises, and make substitutions and replacements therefor.

Section 11.2 Guidelines for Alterations. Any alterations, additions, substitutions or replacements performed pursuant to Section 11.1 shall (i) be performed in a good and workmanlike manner and on a mechanics’ and materialmen’s lien-free basis other than those mechanics liens being protested by Tenant in accordance with the terms of this Lease, (ii) be performed in material compliance with all laws, ordinances, rules, regulations, requirements and Private Covenants applicable thereto, and (iii) conform to the Construction Standards. Tenant shall promptly pay all costs and expenses of each such addition, alteration, substitution or replacement, discharge all liens arising therefrom and procure and pay for all permits and licenses required in connection therewith. Any such alteration, improvement, modification, or fixture which is installed by Tenant on the Premises and which is in any manner attached or affixed to the floors, walls or ceilings shall remain upon the Land when the Premises are surrendered by Tenant.

ARTICLE 12
MECHANICS’ AND MATERIALMEN’S LIENS

Section 12.1 Mechanics’ and Materialmen’s Liens. Notwithstanding anything in this Lease to the contrary but subject to the provisions of Article 18 of this Lease, Tenant shall (i) not create or permit to remain beyond the period herein provided any liens of mechanics, laborers, artisans, or materialmen for work or materials alleged to be done or furnished in connection with the Premises or Personal Property upon the Premises as more specifically provided in Section 4.6(f) and (ii) discharge and satisfy such matters as more specifically provided in Section 4.6(f). NOTICE IS HEREBY GIVEN THAT LANDLORD IS NOT AND SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT, OR TO ANYONE HOLDING THE PREMISES OR ANY PART THEREOF THROUGH OR UNDER TENANT, AND THAT NO MECHANICS’ OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN AND TO THE PREMISES. IN NO EVENT SHALL TENANT HAVE ANY POWER OR AUTHORITY TO PLACE, ATTACH OR CAUSE TO BE PLACED OR ATTACHED ANY LIEN ON OR AGAINST THE INTERESTS OF LANDLORD IN AND TO THE PREMISES.
ARTICLE 13
ASSIGNMENT AND SUBLETTING

Section 13.1 Pre-Completion Assignment

(a) **Transfer by Tenant.** At all times prior to Completion of Construction, Tenant shall not, either voluntarily or by operation of law, assign, sell, convey, encumber, hypothecate, pledge, sublease all of Tenant’s rights under this Lease, which assigns or transfers the Tenant’s obligation to construct the New Improvements as provided herein, or otherwise transfer (a “Transfer”) this Lease or all or any part of Tenant’s leasehold estate hereunder, without Landlord’s prior written consent, which consent may be withheld in Landlord’s discretion; provided however, the transactions described in (i)-(iv) below shall not constitute a Transfer for which Landlord’s consent is required under this Section 13.1(a): (i) subleasing the space within the Improvements to be constructed by Tenant to Restoration Hardware, Inc. (the “Initial Subtenant”) or other subleases of the Improvements to be constructed by Tenant on the Premises; (ii) the execution, delivery and recording of a Leasehold Mortgage as provided in Section 13.3 in connection with the financing of the construction of the New Improvements; (iii) a foreclosure by Tenant’s Leasehold Mortgagee or a conveyance in lieu of such a foreclosure to Tenant’s Leasehold Mortgagee as provided in Article 18; (iv) a Transfer by a Leasehold Mortgagee so long as the conditions set forth in clauses (i) through (vi) of Section 13.2(a)(i)-(iv) are satisfied; and (v) transfers of ownership interest in the Tenant as long as a Key Person is in Control of Tenant. In no event shall such Transfer release the Guarantor from its obligation under the Guaranty.

(b) **Transfer by Landlord.** Landlord may transfer this Lease or any part of the Landlord’s reserved leasehold estate at any time without Tenant consent.

Section 13.2 Post-Completion Assignment

(a) **Transfer by Tenant.** After Completion of Construction, Tenant may transfer Tenant’s interest in this Lease without the consent of Landlord so long as Tenant and such Transferee satisfies the following conditions, and upon any such assignment, Tenant shall be released of all further liability under this Lease (provided, however, this Section 13.2(a) shall not apply to any Leasehold Mortgage in accordance with Article 18, the enforcement of the Leasehold Mortgagees’ lien rights under such Leasehold Mortgages, or to the acceptance of a voluntary conveyance in lieu of foreclosure, all in accordance with Article 18:

(i) At least thirty (30) days prior to the proposed assignment, Tenant delivers to Landlord a notice that is sufficiently detailed to enable Landlord to determine that the proposed assignment complies with the terms of this Section 13.2(a), which notice must include (A) the identity of the party (and its controlling constituent owners) to whom Tenant intends to Transfer such interest, and (B) a copy of the written agreement of the Transferee in form and substance attached hereto as Exhibit F (an “Assignment and Assumption Agreement”) whereby the Transferee assumes and agrees to be bound by all of the obligations and covenants of Tenant hereunder, and (C) a certificate certified to the Landlord signed by the Tenant and such assignee certifying that after any such Transfer the representations and warranties in Sections 22.2(a)-(i) will be true and correct as to such Transferee and the Transferee complies with such representations and warranties (the “Tenant Transfer Notice”).
(ii) The Transferee is free from bankruptcy, the Transferee is not in violation of Anti-Terrorism Laws, and Tenant provides Landlord with a certification to that effect executed by the Transferee;

(iii) Tenant shall not then be in default in the payment of Monthly Rent or the Impositions under the provisions of this Lease, unless such default is cured or otherwise resolved by such Transfer;

(iv) The Transferee shall deliver to Landlord a copy of the executed Assignment and Assumption Agreement; and

(v) Such Transfer shall not result in a violation of Law.

Except as provided in this Article 13 or as otherwise permitted under this Lease, Tenant may not assign its rights under this Lease without the prior written consent of Landlord which consent shall not be unreasonably withheld, conditioned or delayed. Any such assignment of Tenant’s interest in this Lease must be an assignment of all of Tenant’s rights under this Lease, and not partial assignment thereof. Notwithstanding any provision of this Lease to the contrary, contemporaneously with the Transfer of all of Tenant’s interest in this Lease that is either expressly permitted under this Lease or is otherwise approved by Landlord in writing, Tenant shall be released from all further obligations under this Lease accruing from and after the effective date of such Transfer (which release shall be self-operative), but Tenant shall not be released for any obligations or liabilities accruing prior to the effective date of such Transfer unless the Transferee assumes in writing all of such obligations of Tenant.

In connection with any Transfer under Section 13.1(a) or 13.2, Tenant shall reimburse Landlord for all reasonable third party costs and expenses incurred by Landlord, including reasonable legal fees up to an amount not to exceed $_______, in connection with any Transfer and review of any related agreements within thirty (30) days after written request therefor, to the extent Landlord has provided Tenant prior written notice of the amount of such costs and expenses; provided, however, if Landlord has not provided such written notice to Tenant prior to the consummation of the Transfer, then Tenant shall reimburse Landlord within thirty (30) days after written demand by Landlord.

Section 13.3 Subleases.

(a) Tenant may from time to time enter into subleases or license agreements for all or a portion of the Premises, (a “Sublease”) without Landlord’s consent. The making of any such Sublease shall not release Tenant from, or otherwise affect in any manner, any of Tenant’s obligations hereunder. Except as otherwise set forth in Article 15 below, Tenant shall not enter into any Sublease with a term that extends beyond the end of the Term of this Lease without Landlord’s prior written consent.

(b) Upon the request of Tenant, Landlord agrees to execute and cause to be delivered to each Subtenant under such Sublease(s) a non-disturbance agreement within thirty (30) days after written request by Tenant therefor in the form of Exhibit G attached hereto and made a part hereof if the following conditions are satisfied:
(i) Tenant has provided a true, correct and complete copy of such sublease to Landlord or Landlord’s counsel and which shall be maintained by Landlord or Landlord’s counsel as confidential.

(ii) The rents and other economic terms of such Sublease are market (as certified to Landlord by Tenant and accompanied by an opinion provided by Tenant from an independent licensed commercial real estate broker with a minimum of ten (10) years of current experience in leasing transactions in the Detroit metropolitan area) and do not provide for a term which would extend beyond the stated Term of this Lease, as same may have been extended.

(iii) Landlord shall not be obligated to assume any obligations for free rent, future contributions to free rent, refurbishing allowances, or any Subtenant improvements or otherwise.

(iv) Landlord shall not be liable for any pre-existing default of Tenant in its capacity as the sublessor under such Sublease.

(v) Tenant pays to Landlord a processing fee equal to $1.00 for each lease reviewed by Landlord regardless whether Landlord grants its consent thereto.

(vi) Such Sublease does not have a term (assuming all renewal options therein, if any, are exercised) that would extend the term of the Sublease beyond the stated term of this Lease as of the date of Tenant’s submission to Landlord.

(c) If Landlord has executed a non-disturbance agreement in accordance with Section (b) above, Landlord agrees that in the event of the termination of this Lease prior to the expiration of the stated Term due to Tenant’s default hereunder, Landlord will agree with such Sublease not to terminate any Sublease entered into by Tenant or disturb the possession or leasehold rights of any Subtenant and such Sublease(s) shall continue for the duration of their respective terms as a direct lease between the Landlord and the Subtenant thereunder.

Section 13.4  **Release of Tenant For Prior Obligations; Subordinate Right to Collect Subrent.** Notwithstanding any assignment or subletting, Tenant shall at all times remain fully responsible and liable for the timely and complete payment of the Rent and all other amounts payable hereunder and for compliance with all of Tenant’s other obligations under this Lease to the extent accruing prior to the effective date of such Transfer unless the conditions set forth in Section 13.2(a) have been satisfied or waived. If an Event of Default should occur while the Premises or any part thereof are sublet and subject to the rights of Tenant’s Leasehold Mortgagee pursuant to its Leasehold Mortgage, Landlord, in addition to any other remedies provided for herein or available at law or in equity, may at its option collect directly from such Subtenant all rents becoming due to Tenant under such sublease and apply such rent against any sums due to Landlord by Tenant hereunder. Effective during the continuance or existence of such Event of Default and subject to the rights of Tenant’s Leasehold Mortgagee pursuant to its Leasehold Mortgage, Tenant hereby authorizes and directs any such Subtenant to make such payments of rent directly to Landlord upon receipt of notice from Landlord. No direct collection by Landlord from any such Subtenant shall be construed to constitute a novation or a release of Tenant from the further performance of its obligations hereunder. Receipt by Landlord of rent from any Subtenant
of the Premises shall not be deemed a waiver of the covenant in this Lease contained against subletting or a release of Tenant under this Lease. The receipt by Landlord of rent from any such Subtenant obligated to make payments of rent shall be a full and complete release, discharge, and acquittance to such Subtenant to the extent of any such amount of rent so paid to Landlord (to the extent not disbursed to Tenant’s Leasehold Mortgagee or otherwise).

Section 13.5 Limited Right of First Offer to Purchase in Favor of Landlord.

(a) Subject to the rights of any Leasehold Mortgagee, Tenant hereby grants to Landlord a right of first offer (the “Landlord ROFO Rights”) with respect to any sale or other Transfer of the Premises or this Lease (or, in each case, Tenant’s direct or indirect interest therein) to an unaffiliated third party, but only if there are no above-ground improvements then located at the Premises and the Tenant has not submitted plans or requests for approval to the City in order to develop or construct any improvements at the Premises (each, a “Tenant ROFO Transfer”) and such Landlord ROFO Rights shall extend to: (i) a lease of all or substantially all of any Premises to an unaffiliated third party, or (ii) a so-called “sale-leaseback” transaction pursuant to which Tenant would sell its interest in the Premises to an unaffiliated third party and concurrently lease back said Premises from such unaffiliated third party buyer and such Landlord ROFO Rights shall not apply to the sale or other Transfer of the Premises or this Lease identified on Section 13.5(b) below. For the avoidance of doubt, it is intended that the Landlord ROFO Rights shall only apply at a time following construction of the New Improvements and only if the portion of the New Improvements above grade have been removed from the Premises and no Improvements have then been constructed thereon and there are no applications validly pending with the City for approval of the construction of Improvements at the Premises. If, at any time or from time to time, Tenant is prepared or elects to enter into a Tenant ROFO Transfer, Tenant shall be required to comply with the provisions of this Section 13.5.

(i) Upon Tenant’s determination to bring the Premises to market with respect to a Tenant ROFO Transfer but prior to doing so, Tenant shall provide written notice to Landlord that Tenant has determined to bring such Premises to market. Such notice shall include a detailed description of all of the economic, business, and monetary terms upon which Tenant is prepared to consummate such Tenant ROFO Transfer (the “Tenant ROFO Notice”). Within thirty (30) days after Landlord’s receipt of the Tenant ROFO Notice, Landlord shall notify Tenant in writing (the “Landlord Election Notice”) whether Landlord is electing to exercise its rights under this Section 13.5 with respect to such Tenant ROFO Transfer on the terms stated in the Tenant ROFO Notice. If Landlord elects to exercise its rights under this Section 13.5, the Landlord Election Notice must confirm Landlord has agreed to all of the terms stated in the Tenant ROFO Notice. Landlord’s failure to deliver written notice of its election within said 30-day period shall be deemed to be an election by Landlord not to exercise its rights under this Section 13.5 with respect to such Tenant ROFO Transfer. If Landlord elects to exercise its rights under this Section 13.5 with respect to such Tenant ROFO Transfer, Tenant and Landlord shall have a period of sixty (60) (the “Tenant ROFO Transfer Period”) from Tenant’s receipt of the notice that Landlord has elected to exercise its rights under this Section 13.5 to negotiate in good faith the terms and conditions on which Landlord will acquire the Premises on the terms stated in the Tenant ROFO Notice and such other terms as the Parties may agree (the “Tenant Acquisition Terms”) and negotiate a purchase and sale agreement for the acquisition of the Premises with the Tenant Acquisition Terms incorporated therein (the “Tenant ROFO Purchase Agreement”).
(ii) If Landlord does not elect (or is deemed to have elected not to) acquire the Premises pursuant to Section 13.5, or if Tenant does not accept the terms set forth in the Landlord Election Notice (if the Tenant ROFO Notice requested that Landlord propose the terms of the Tenant ROFO Transfer) or if Landlord and Tenant have been unable to agree on the terms and conditions on which Landlord will acquire the Premises during the Tenant ROFO Transfer Period, then Tenant shall be free to sell or dispose of the Premises on such terms as Tenant may elect to sell or dispose of the Premises (collectively, the “Proposed Tenant ROFO Terms”), for a period of three hundred sixty-five (365) days from the later of (a) the date of the Tenant ROFO Notice and (b) the expiration date of the Tenant ROFO Transfer Period; provided, however, if Tenant elects to sell or dispose of the Premises at a purchase price that would result in a net economic benefit to Tenant of less than ninety (90%) percent of the net economic benefit called for in such Proposed Tenant ROFO Terms, then Tenant shall be required to provide an additional Tenant ROFO Notice and Landlord shall have twenty (20) Business Days upon receipt thereof to agree to acquire the Premises on the terms in such Tenant ROFO Notice. If the Premises has not been sold or disposed of within the three hundred sixty-five (365) day period described above and Tenant thereafter intends to enter into a Tenant ROFO Transfer, then Tenant shall provide a further Tenant ROFO Notice to Landlord if Tenant desires, in its sole and absolute discretion, to accept an offer to purchase the Premises at a purchase price that would result in a net economic benefit to Tenant of less than ninety (90%) percent of the net economic benefit called for in the proposed Tenant ROFO Terms, in which event the procedures set forth in Section 13.5 hereof shall apply.

(iii) If (a) Landlord does not elect to (or is deemed to have elected not to) exercise its rights under Section 13.5 with respect to a Tenant ROFO Transfer, or Tenant does not accept the terms set forth in the Landlord Election Notice (if the Tenant ROFO Notice requested that Landlord propose the terms of the Tenant ROFO Transfer), (b) Landlord and Tenant are unable to agree upon the Tenant Acquisition Terms within the Tenant ROFO Transfer Period for any reason other than a default by Tenant of its obligations under this Lease or (c) Landlord fails to consummate the acquisition of the Premises pursuant to the Tenant ROFO Purchase Agreement for any reason other than a default by Tenant in its obligations under the Tenant ROFO Purchase Agreement, then, subject to the limitations set forth in this Section 13.5, Tenant shall have the right to bring the Premises to the market and to consummate a sale or transfer of the Premises or the Lease subject to the provision of this Section 13.5.

(iv) If Tenant breaches its obligations under this Section 13.5, then Landlord shall have all rights and remedies available to it at law or in equity, including, without limitation, at its option, either or both of (a) injunctive relief and (b) specific performance of Tenant’s obligations under this Section 13.5.

(v) For the avoidance of doubt, Tenant shall have no right to solicit any offers or to entertain any unsolicited offers to sell the Premises prior to the expiration of the Tenant ROFO Transfer Period. If Tenant receives any unsolicited offer for the Premises prior to the expiration of the Tenant ROFO Transfer Period, Tenant shall disclose the same to Landlord (including a copy of such offer, if the same is in writing, or a detailed description of such offer, if not in writing). Tenant, if it desires to accept such unsolicited offer, shall resubmit such offer to Landlord by giving a Tenant ROFO Notice to Landlord, and Landlord shall have the right to acquire the Premises on such Third Party Terms pursuant to the procedures set forth in Section 13.5(a)(i) above.
(b) **Exclusions.** Landlord’s first offer rights under this Section 13.5 shall not apply to (i) Tenant subleasing space within the Premises, (ii) the execution, delivery and recording of a Leasehold Mortgage, (iii) a foreclosure by Tenant’s Leasehold Mortgagee, conveyance in lieu of such a foreclosure, or the exercise of any other remedies of Tenant’s Leasehold Mortgagee, (iv) any Transfer by a Leasehold Mortgagee, (v) Transfers directly or indirectly to any Affiliate of Tenant and Transfers directly or indirectly of the ownership interests of Tenant, or a conversion of Tenant from one form of Entity to an another form of entity, or (vi) any conveyance of any portion of the Premises to anybody having the power of eminent domain on account of such body’s exercise of its power of eminent domain or as a conveyance in lieu thereof.

(c) **Successors and Assigns.** Subject to Section 13.5(b) above the Landlord ROFO Rights shall be binding upon and shall inure to the benefit of the permitted successors and assigns of Landlord and Tenant. The Landlord ROFO Rights shall constitute a real property interest in the Premises and, as such, the Landlord ROFO Rights do and shall run with, and burden, the Premises and all parts thereof and interests therein or in the ownership of the Premises. The failure of Landlord to exercise the Landlord ROFO Rights with respect to any Tenant ROFO Transfer, whether consummated or not, shall not in any way affect the validity and continuing enforceability of the Landlord ROFO Rights with respect to any subsequent Tenant ROFO Transfer, nor shall it impair or in any way diminish or terminate any of the other rights and interests in the Premises reserved by Landlord herein or any of the covenants and agreements undertaken by Tenant with respect to the Premises or interests therein or interests in the ownership thereof. Except as set forth in this Lease, including, without limitation, this Article 13, there shall be no limitation on the ability of the Tenant to sell, mortgage or otherwise dispose of the interest of the Tenant under this Lease any time.

**ARTICLE 14**

**QUIET ENJOYMENT**

Section 14.1 **Quiet Enjoyment.** Upon payment by Tenant of the rent herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant’s part to be observed and performed, Tenant shall at all times during the term from and after delivery of the Premises by Landlord to Tenant peaceably and quietly hold, occupy, and enjoy the Premises from all persons claiming by, through or under Landlord, subject to the terms of this Lease.

**ARTICLE 15**

**OBLIGATIONS UPON TERMINATION**

Section 15.1 **Obligations Upon Termination.** Upon the expiration of the Term (including upon any early termination thereof in accordance with the terms of this Lease):

(a) **Surrender of Premises.** Tenant’s interest in the Premises and all Improvements shall terminate, possession of the Premises and any fixtures, including heating and air conditioning equipment, backup power supplies, wiring, cabling, etc., installed by or on behalf of Tenant thereon shall be surrendered, and the Premises, Improvements and fixtures shall be delivered to Landlord, in reasonably good condition and repair, reasonable wear and tear, casualty and condemnation excepted, subject to Section 4.4 above.
(b) **Lien-Free Status.** All Improvements and fixtures shall be free and clear of all liens and claims thereto created, caused or suffered by Tenant, other than any non-monetary encumbrances, including the Permitted Exceptions and such other easements entered into in connection with the development, construction and operation of the Premises which Landlord has consented to in writing.

(c) **Removal of Personal Property.** Unless approved in writing by Landlord, Tenant shall remove from the Premises all furniture and personal property that is owned or leased by Tenant, and shall repair and restore any damages caused by such removal.

(d) **Termination of Record.** Tenant shall, at no cost or expense to Tenant, execute and acknowledge a quit claim deed, bill of sale, or other instrument reasonably requested by Landlord and in a form reasonably acceptable to Tenant to confirm the termination of this Lease and the relinquishment of Tenant’s rights in the Premises, Improvements and fixtures.

(e) **Assignment of Contracts.** Unless Landlord directs Tenant to terminate same (in which event Tenant shall at its sole cost and expense terminate all contracts), Tenant shall assign to Landlord, at no cost or expense (with Tenant being responsible for all transfer penalties, fees or premiums) to Tenant, all of Tenant’s right, title and interest in and to any assignable service contracts pertaining to the maintenance or operation of the Premises or Improvements that Landlord, in writing, elects to be assigned by Tenant (“Assigned Service Contracts”). Landlord shall assume, and shall indemnify, defend and hold Tenant harmless (including reasonable attorneys’ fees and costs) from and against, all of the obligations of Tenant under the Assigned Service Contracts that first arise or accrue after the expiration of the Term. Tenant shall indemnify, defend and hold Landlord harmless (including reasonable attorneys’ fees and costs) from and against, all obligations of Tenant under the Assigned Service Contracts that arose or accrued prior to the expiration of the Term. Notwithstanding the foregoing, Landlord shall not be obligated to accept an assignment of, and shall have the option to require that Tenant terminate, without obligation to any Person, any service contracts that are not expressly assumed in writing by Landlord.

(f) **Assignment of Subleases.** Except as expressly provided herein or as otherwise set forth in a non-disturbance agreement executed by Landlord, unless Landlord directs Tenant to terminate same (in which event Tenant shall at its sole cost and expense terminate all subleases and cause all parties in possession of the Premises claiming by or through Tenant to vacate the Premises.) Tenant shall assign to Landlord, on terms and conditions mutually satisfactory to Landlord and Tenant, all of Tenant’s right, title and interest in and to all Subleases, and all security deposits held by Tenant pursuant to such Subleases shall be transferred by Tenant to Landlord in connection with such assignment. Landlord shall assume, and shall indemnify, defend and hold Tenant harmless (including reasonable attorneys’ fees and costs) from and against, all of the obligations of Tenant under the Subleases that first arise or accrue after the expiration of the Term. Tenant shall indemnify, defend and hold Landlord harmless (including reasonable attorneys’ fees and costs) from and against, all obligations of Tenant under Subleases that arose or accrued prior to the expiration of the Term.

(g) **Delivery of Books and Records.** Tenant shall deliver to Landlord, to the extent in Tenant’s possession or under its control:
(i) Copies of all books, records, operating manuals and warranties pertaining to the construction and repair of the Improvements or to any fixtures installed by or on behalf of Tenant on the Premises;

(ii) All plans and specifications of the then-existing Improvements;

(iii) Originals (or legible copies) of all Assigned Service Contracts, (and all amendments, modifications and addenda thereto) together with copies of all material correspondence, reports, materials and other data pertaining to the same; and

(iv) Originals (or legible copies) of all Subleases, (and all amendments, modifications and addenda thereto), together with copies of all material correspondence, reports, materials and other data pertaining to the same, including, without limitation, a current rent roll; and

(v) Any other data and material relating to the Leased Premises, Improvements or fixtures reasonably requested by Landlord to the extent in Tenant’s possession, custody or control.

(h) **Prorations.** All Impositions and utilities, and all items of income or expense related to the Premises, to the extent they are not the obligation of other Persons, such as any Subtenants of the Premises, shall be prorated between Landlord and Tenant as of the effective date of any termination of this Lease. Such proration shall initially be completed within thirty (30) days following the termination of this Lease, based on the best information available at such time, and the parties shall make payments to one another as required to reflect the items thus prorated. To the extent the initial prorations are based on estimated, as opposed to actual amounts, the parties shall re-prorate the applicable amounts (and shall make payments to one another based on such re-prorations) when actual amounts are finally determined; provided that no re-proration shall occur more than one year following the termination of this Lease. Landlord shall be provided reasonable access to Tenant’s books for purposes of confirming any amounts that are subject to proration with no post-termination true-ups or re-prorations.

(i) **Refundable Deposits.** Landlord shall use commercially reasonable efforts to either cause the release or assignment to Tenant of any deposits with any contractor under the Assigned Service Contracts or utilities or other service provider to the Premises, and if any such deposits are not released or assigned, Landlord shall replace or repay such deposits to Tenant. If any deposits made by Tenant are received by Landlord following the termination of this Lease, Landlord shall promptly remit the amount so received to Tenant; provided that Landlord may retain such amounts as an offset against any deposits replaced or repaid by Landlord pursuant to this section, or any other obligation owed by Tenant to Landlord pursuant to this Lease.

Section 15.2 **Transition Planning.** During the last twelve (12) months of the Term and provided Tenant has not exercised a renewal option, Landlord and Tenant shall meet at regular intervals as may then be agreed upon by Landlord and Tenant (or if no such interval is agreed upon, then such meetings shall occur monthly) for purposes of planning for the expiration of this Lease and the transition of the ownership and operation of the Improvements from Tenant to Landlord. In connection therewith, if Landlord and Tenant agree at the time that it is in both
parties’ best interest for the Premises to remain occupied by Tenant and/or Subtenants until the last day of the Term, Landlord and Tenant shall cooperate in good faith to allow Tenant to continue to operate the Premises in accordance with its normal practices so as to avoid a prolonged period of vacancy of the Premises during the last twelve (12) months of the Term.

ARTICLE 16

HOLDING OVER

Section 16.1  Holding Over.  Upon the expiration or earlier termination of this Lease (whether by the expiration of the Term of this Lease or otherwise) Tenant must, and hereby agrees to, immediately vacate the Premises and, except as otherwise approved by Landlord or as otherwise set forth in a non-disturbance agreement executed by Landlord, cause all parties claiming a right of possession by or through Tenant to vacate Premises in accordance with the terms of this Lease. If Tenant and all parties claiming by or through Tenant fail to timely vacate, at the option of Landlord and without the execution of a new lease by Landlord and Tenant, Tenant shall immediately become a month-to-month tenant at one hundred twenty-five (125%) percent for the first thirty (30) days of such holding over, and thereafter shall be a tenant at sufferance of the Premises, or any part thereof, and after such thirty (30) days, at one hundred fifty percent (150%) of the Monthly Rent effective in the month immediately preceding termination of this Lease plus all Additional Rent payable hereunder, and under all other terms, conditions, provisions, and obligations of this Lease insofar as the same are applicable to a tenancy from month-to-month; except in no event shall Landlord be obligated to give thirty (30) days or one months’ notice of any termination in any holdover period.

ARTICLE 17

DEFAULTS AND LANDLORD’S REMEDIES

Section 17.1  Events of Default. The occurrence of one or more of the following events shall constitute an “Event of Default” pursuant to the terms of this Lease:

(a)  The failure of Tenant to pay the Annual Rent as and when due and such default shall continue for more than fourteen (14) days after written notice thereof from Landlord to Tenant and, if applicable, Leasehold Mortgagee; provided if Tenant shall default in the payment of Annual Rent twice in any twelve (12) month period Tenant shall, at Landlord’s option, thereafter pay Annual Rent quarterly in advance.

(b)  The failure of Tenant to comply with or to observe any terms, provisions, or conditions of this Lease performable by and obligatory upon Tenant within thirty (30) days after written notice by Landlord to Tenant and Leasehold Mortgagee, if applicable, of such failure, plus such additional time if cure cannot be completed within said 30-day period as is needed to cure the same so long as Tenant has promptly commenced such cure as soon as reasonably possible and is continuously and diligently undertaken to completion by Tenant.

(c)  The failure of Tenant to pay when due any portion of any monetary payment due from Tenant hereunder (other than Monthly Rent), including any monetary judgment obtained by Landlord against Tenant, and such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant and Leasehold Mortgagee, if applicable. Notwithstanding the
foregoing, in the event of a dispute as to whether a default exists under this Section 17.1, Landlord shall have no right to exercise any of its remedies under this Lease, and Tenant shall not be in default under this Section 17.1, so long as Tenant pays to Landlord the undisputed portion of such obligation within thirty (30) days after written notice thereof from Landlord to Tenant, and, within thirty (30) days after the entry of a final, non-appealable judgment establishing Tenant’s liability for any additional amounts, Tenant pays such additional amount to Landlord.

(d) (i) The filing by Tenant of a petition under the Bankruptcy Code or the commencement of a bankruptcy or similar proceeding by Tenant; (ii) the failure by Tenant within one hundred eighty (180) days to dismiss an involuntary bankruptcy petition or other commencement of a bankruptcy, reorganization or similar proceeding against Tenant, or to lift or stay any execution, garnishment or attachment of such consequence as will materially and adversely affect Tenant’s ability to carry on its operation at the Premises and perform its obligations under this Lease; (iii) the entry of an order for relief under the Bankruptcy Code in respect of Tenant; (iv) any assignment by Tenant for the benefit of its creditors; (v) the entry by Tenant into an agreement of composition with its creditors; (vi) the approval by a court of competent jurisdiction of a petition applicable to Tenant in any proceeding for its reorganization instituted under the provisions of any state or federal bankruptcy, insolvency, or similar laws; (vii) the appointment by final order, judgment, or decree of a court of competent jurisdiction of a receiver of a whole or any substantial part of the properties of Tenant (provided such receiver shall not have been removed or discharged within one hundred eighty (180) of the date of his qualification).

(e) Any receiver, administrator, custodian or other Person takes possession or control of any of the Premises and continues in possession for one hundred eighty (180) days.

(f) Any material representation or warranty made by Tenant in this Lease or any other document executed in connection with this Lease, or any report, certificate, application, financial statement or other instrument furnished by Tenant pursuant hereto or thereto shall prove to be false, misleading or incorrect in any material respect as of the date made and which is not cured within thirty (30) days after written notice by Landlord to Tenant and Leasehold Mortgagee, if applicable, stating such breach of a representation or warranty plus such additional time if a cure cannot be completed within said thirty (30) day period as is needed to cure the same as long as Tenant has promptly commenced such cure as soon as reasonably possible and is continuously and diligently undertaken to completion by Tenant.

(g) A Transfer by Tenant in violation of the terms of this Lease, without the prior written consent of Landlord.

(h) The failure of Tenant to maintain the insurance coverages required pursuant to Section 10.1(a) and (b) (but specifically excluding the insurance required pursuant to Section 10.1(b)(iv) for purposes of an Event of Default under this Section 17.1(j)) for a period of thirty (30) days after written notice from Landlord to Tenant and Leasehold Mortgagee, if applicable.
Section 17.2 Remedies.

(a) Upon the occurrence of any Event of Default after giving effect to all stated notice and cure periods, then Landlord, in addition to its other remedies, shall have the immediate right of re-entry; provided, however, that the exercise by Landlord of its remedies under this Section 17.2 shall be subject to the rights of all third parties having non-disturbance agreements with Landlord. Should Landlord elect to re-enter or take possession pursuant to legal proceedings or any notice provided for by law, Landlord may (in addition to any other rights and remedies provided by law) either terminate Tenant’s right of possession under this Lease without affecting Tenant’s duty to pay Base Rent, or other charges hereunder or from time to time, without terminating this Lease, or Landlord may relet the Premises or any part thereof on such terms and conditions as Landlord shall in its sole discretion deem advisable. The avails of such reletting shall be applied: first, to the payment of any indebtedness of Tenant to Landlord other than rent due hereunder; second, to the payment of any reasonable costs incurred by Landlord in obtaining possession of and reletting the Premises, including, but not limited to, legal fees, brokerage commissions and the cost of any reasonable restoration of the Premises and any necessary repairs to the Premises unless insurance proceeds or condemnation proceeds are available to Landlord with respect to any such restoration; third, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should the avails of such reletting during any month be less than the monthly installment of Base Rent (and any additional rent) reserved hereunder, then Tenant shall during each month pay such deficiency to Landlord. Landlord shall in all events be obligated to use commercially reasonable efforts to mitigate its damages hereunder.

(i) All rights and remedies of Landlord hereunder shall be cumulative and none shall be exclusive of any other rights and remedies allowed by law or in equity.

(ii) Landlord and Tenant hereby expressly waives trial by jury.

(iii) Except as otherwise expressly provided herein, Tenant hereby expressly waives the right to abated rent and to join any other proceeding whether in law or equity, as permitted by law, the service of any notice of intention to re-enter provided for in any statute, and except as is herein otherwise provided, Tenant, also waives any and all right of re-entry or re-possession in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or re-possession by Landlord or in case of any expiration or termination of this Lease. The terms “enter”, “re-enter”, “entry” or “re-entry” as used in this Lease are not restricted to their technical legal meanings. In the event Landlord commences any proceedings for nonpayment of rent, minimum rent, or any other amounts payable hereunder, Tenant shall not interpose any counterclaim of whatever nature or description in any such proceeding, unless the failure to raise the same would constitute a waiver thereof. This shall not, however, be construed as a waiver of Tenant’s right to assert such claims in any separate action brought by Tenant.

(b) Upon the occurrence of any Event of Default under Section 17.1 above and during the existence or continuance thereof, except as otherwise set forth in Section 17.2(a) above, Landlord’s remedies against Tenant shall include the right: (i) to specifically enforce the obligations of Tenant under this Lease and recover all costs, expenses and reasonable attorneys’ fees incurred by Landlord in connection with enforcing this Lease, (ii) recover Landlord’s actual
out-of-pocket damages for such Event of Default and recover all costs, expenses and attorneys’ fees incurred by Landlord in connection with such recovery, and (iii) collect rents from Subtenants in accordance with the terms of this Lease, subject and subordinate in all events to the rights of Tenant’s Leasehold Mortgagee.

Section 17.3 **Attorney’s Fees.** In any case where Landlord or Tenant employs attorneys to protect or enforce its rights hereunder and prevails, then the non-prevailing party agrees to pay the other party reasonable attorney’s fees incurred by the prevailing party.

Section 17.4 **No Waiver.** Failure on the part of either Landlord or Tenant to complain of any action or non-action on the part of the other, no matter how long the same may continue, shall never be deemed to be a waiver by such party of any of its rights hereunder. Further, no waiver at any time of any of the provisions hereof by Landlord shall be construed as a waiver of any of the other provisions hereof and a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions. The consent or approval by Landlord to or of any action by Tenant requiring Landlord’s consent or approval shall not be deemed to waive or render unnecessary Landlord’s consent or approval to or of any subsequent similar act by Tenant.

**ARTICLE 18**
**FINANCING; MORTGAGEE PROTECTION**

Section 18.1 **Right to Finance.** Following the waiver by Tenant of its right to terminate this Lease during the Inspection Period, Tenant shall, from time to time, and at any time have the right to encumber by one or more mortgages, deeds of trust, security agreements, or other instruments in the nature thereof (a “Leasehold Mortgage”), as security for one or more loans, indebtedness or obligations owing to one or more lenders (each, a “Leasehold Mortgagee”), Tenant’s right to use and occupy the Premises, the leasehold estate created by this Lease, all of Tenant’s right, title and interest in and to any improvements at any time located on or partially on the Premises, and any other property so affixed to said land, buildings or improvements as to be a part thereof. Any such indebtedness or obligation and any such Leasehold Mortgage securing same shall be for such amount and on such other terms and conditions as Tenant may agree to in its sole discretion; provided that any such Leasehold Mortgage shall at all times be subject to the terms and provisions of this Lease and the rights, titles and interests of Landlord arising by virtue of this Lease. **IN NO EVENT WILL LANDLORD BE REQUIRED TO ENCUMBER LANDLORD’S RESERVED FEE SIMPLE ESTATE IN THE PREMISES FOR FINANCING OBTAINED BY TENANT, AND LANDLORD WILL NOT BE OBLIGATED TO EXECUTE ANY DEED OF TRUST OR ANY OTHER SECURITY INSTRUMENT SECURING ANY INDEBTEDNESS OF TENANT, OR OTHERWISE ENCUMBER ITS RESERVED FEE INTEREST IN THE PREMISES, WITH ANY LIEN OR OTHER ENCUMBRANCE WHATSOEVER.** Any limitations on Tenant’s right to assign this Lease as set forth in Article 13 hereof shall not apply to the granting of a Leasehold Mortgage by Tenant to such Leasehold Mortgagee or the foreclosure (or transfer in lieu of foreclosure) of same by such Leasehold Mortgagee. Any Leasehold Mortgagee may, but shall not be obligated to, become the legal owner and holder of Tenant’s leasehold estate by foreclosure or other enforcement proceedings, by obtaining an assignment of this Lease or Tenant’s leasehold estate in lieu of foreclosure or through settlement of or arising out of any pending or threatened foreclosure proceeding (herein...
collectively referred to as “Foreclosure”) without Landlord’s consent and without any obligation to assume this Lease, subject in all events, to the applicable terms and provisions of this Lease including Landlord’s right to cure any subsequent defaults, and such Leasehold Mortgagee may assign this Lease without Landlord’s consent to any assignee at any time thereafter. Upon a Foreclosure or granting of an assignment in lieu of foreclosure, the purchaser at the Foreclosure sale or the assignee under such assignment in lieu of foreclosure shall become Tenant, and shall be substituted as the owner and holder of Tenant’s interest in this Lease, the leasehold and Tenant’s interests under this Lease for all purposes, and Landlord shall thereafter look solely to such purchaser or assignee with respect to performance of the terms of this Lease, provided such purchaser or assignee shall not be liable for any unperformed non-monetary obligations that accrued prior to the date of fully vesting of title in the purchaser or assignee. For purposes of this Section, the terms of a loan secured by a Leasehold Mortgage shall provide that the Leasehold Mortgagee shall agree to provide Landlord with copies of any notice sent to Tenant stating there is an event of default under the loan.

Section 18.2 Termination. From and after the date Landlord receives written notice from Tenant and the Leasehold Mortgagee that a Leasehold Mortgage has been executed, there shall be no voluntary termination, cancellation, surrender or modification of this Lease by joint action of Landlord and Tenant without the prior consent in writing of the Leasehold Mortgagee.

Section 18.3 Notices to Mortgagee. If at any time after execution and recordation in the real property records of Oakland County, Michigan, of any such Leasehold Mortgage, Tenant or the Leasehold Mortgagee, shall notify Landlord in writing that any such Leasehold Mortgage has been given and executed by Tenant, and shall furnish Landlord with the address to which such Leasehold Mortgagee, desires copies of notices to be delivered, Landlord hereby agrees that Landlord will thereafter deliver to such Leasehold Mortgagee, as applicable, at the address so given (by certified mail, postage prepaid and return receipt requested) and contemporaneously with the delivery thereof to Tenant, duplicate copies of any and all written notices of default or termination which Landlord may from time to time give or serve upon Tenant under and pursuant to the terms and provisions of this Lease (provided that Landlord’s failure to so provide notice to any such Leasehold Mortgagee of such default or termination shall not be a default by Landlord under this Lease).

Section 18.4 Right to Cure. Landlord shall, upon serving Tenant with any notice of default, simultaneously serve a copy of such notice upon such Leasehold Mortgagee. Any such Leasehold Mortgagee at its option and without the obligation to do so, may pay any of the rents or other amounts due hereunder or may obtain any insurance, or may pay any taxes and assessments, or may make any repairs and improvements, or may make any deposits, or may do any other act or thing or make any other payment required of Tenant by the terms of this Lease, or may do any lawful act or thing which may be necessary and proper to be done in the observance of the covenants and conditions of this Lease, or to prevent the forfeiture of this Lease (all subject to and in accordance with the requirements of this Lease); and all payments so made and all things so done and performed by such Leasehold Mortgagee shall be effective to prevent a forfeiture of the rights of Tenant hereunder as the same would have been if timely done and performed by Tenant instead of by any such Leasehold Mortgagee. In the event it becomes necessary for any Leasehold Mortgagee to take possession of the Premises, obtain an appointment of a receiver or foreclose its Leasehold Mortgage or take control of Tenant, as applicable, in order to complete any such cure
(which cannot be cured by the payment of money) and if (i) the Leasehold Mortgagee is unable to take possession, obtain an appointment of a receiver or foreclose or take control of Tenant due to the filing of any bankruptcy proceeding involving Tenant, (ii) the Leasehold Mortgagee commences and diligently proceeds to obtain bankruptcy court approval to take possession, obtain an appointment of a receiver, or foreclose or take control of Tenant and (iii) the Leasehold Mortgagee shall pay or cause to be paid all rents, taxes, assessments, insurance premiums and other Additional Rent and impositions required of Tenant hereunder as and when they become due under the terms of this Lease, then the cure period afforded to the Leasehold Mortgagee shall be extended for a reasonable period of time (but in no event less than sixty (60) days) as is necessary to complete such cure.

Section 18.5  **Lease Financing Agreement.** Landlord shall, within twenty (20) days after written request by Tenant, duly execute in recordable form and delivered to Tenant or any Leasehold Mortgagee, the Leasehold Financing Agreement in the form attached hereto as Exhibit H or such other commercially reasonable form as may be reasonably requested in writing by a Leasehold Mortgagee (the “Leasehold Financing Agreement”)

Section 18.6  **Option for New Lease.** Should this Lease terminate for any reason, and subject to all rights of a Leasehold Mortgagee stated herein to receive notice of, and to cure within the time provided, any lease defaults prior to its stated expiration date for default or otherwise, and regardless of whether such Leasehold Mortgagee has previously elected or not to cure such default, Landlord will upon such termination notify each Leasehold Mortgagee, and certify in writing to each Leasehold Mortgagee which has made itself known to Landlord pursuant to Section 18.2, all amounts then due to Landlord under this Lease and any other obligations not performed by Tenant. Such Leasehold Mortgagee shall thereupon have the option to obtain a new lease in accordance with and upon the following terms and conditions. Upon Landlord’s receipt of a written irrevocable election to exercise its option for a new lease by the Leasehold Mortgagee, given within sixty (60) days after service of such notice of termination, Landlord shall enter into a new lease of the Premises with such Leasehold Mortgagee, or its designee. Such new lease shall be effective as at the date of termination of this Lease, and shall be for the remainder of the term of this Lease and at the rent and upon all the agreements, terms covenants and conditions hereof, including, without limitation, any applicable rights of extension or renewal. Said new lease, and this covenant, shall be superior to all rights, liens and interests, other than those to which this Lease shall have been subject immediately prior to termination and those matters to which this Lease may, by its terms, become subject, it being agreed that the provision of the immediately preceding sentence shall be self-executing, and Landlord shall have no obligation to do anything, other than to execute said new lease as herein provided, to assure to said Leasehold Mortgagee or to the lessee under the new lease good title to the leasehold estate granted thereby. Upon the execution of such new lease, the tenant named therein shall be entitled to any rent payable under any sublease after the date of such new lease in effect on the date of termination of this Lease. Effective upon the commencement of the term of any new lease, all subleases shall be assigned and transferred to the lessee under the new lease without recourse by Landlord. If more than one Leasehold Mortgagee makes written request upon Landlord in accordance with the provision of this subparagraph, the new lease shall be executed with the Leasehold Mortgagee prior in lien, and the written request of any other leasehold mortgage lender shall be void and of no force or effect. As a condition of Landlord’s entry into such new lease, the tenant thereunder:
(a) shall agree to cure all monetary events of default of Tenant within one (1) business day of when such party enters into a new lease from Landlord;

(b) shall remedy all non-monetary events of default of Tenant which are susceptible to cure as soon as possible after such party enters into a new lease from Landlord, but in no event later than seventy-five (75) days after such termination; provided, however, if such non-monetary Event of Default is of a type that is not susceptible of being cured within such period, such party shall commence the cure within such period and prosecute it with diligence to completion; and

(c) shall thereafter, following the date such party enters into a new lease, assume, observe and perform all covenants and conditions in such Lease contained on the part of Tenant to be observed and performed (including, without limitation, the payment of rents hereunder).

Section 18.7  **No Liability/Limitation of Liability.** No such Leasehold Mortgagee shall be or become liable to Landlord as an assignee of this Lease or otherwise, unless such Leasehold Mortgagee succeeds to the rights or interests of Tenant through foreclosure, transfer in lieu of foreclosure, execution of a new Lease pursuant to Section 18.7, or otherwise expressly assumes by written instrument such liability, in which event such Leasehold Mortgagee shall be liable to Landlord to the extent set forth in this Lease for the obligations of Tenant to the extent accruing during the period of such mortgagee’s or designees ownership of the leasehold estate created hereby. Any liability of the Leasehold Mortgagee and its assigns to Landlord is limited to the value of their respective interests in the leasehold interest of the Tenant under the Lease.

Section 18.8  **Loss Payee.** Landlord agrees that the name of the Leasehold Mortgagee may be added to the “loss payable endorsement” of any and all property insurance policies carried by Tenant pursuant to Section 10.1(a) and (c) hereunder without condition.

Section 18.9  **Rights Cumulative.** All rights of a Leasehold Mortgagee, as applicable, under this Lease shall be cumulative.

Section 18.10  **Landlord’s Right to Finance and Assign.** Landlord may at any time, without the prior written consent of Tenant, encumber by mortgage, deed of trust, security agreement or other instrument in the nature thereof (a “**Fee Mortgage**”), any of Landlord’s right, title or interest in the Premises or this Lease; provided that any such Fee Mortgage shall at all times be, subject and expressly subordinate to this Lease and all rights, titles and interests of Tenant, any Leasehold Mortgagee or any Leasehold Mortgagee arising by virtue of and pursuant to this Lease and the holder of such mortgage, deed of trust, or other instrument (each, a “**Fee Mortgagee**”). Fee Mortgagee shall into a non-disturbance and attornment agreement reasonably acceptable to Tenant, and any Leasehold Mortgagee, recognizing Tenant’s tenancy under this Lease and confirming that in the event of any foreclosure of Landlord’s interest in the Land, that this Lease will not be terminated and will continue in full force and effect, and Tenant’s possession of the Premises will not be disturbed. If any Fee Mortgagee fails to enter into such recognition agreement, notwithstanding such failure, the Fee Mortgagee shall be bound by this **Section 18.13** and in the event of any foreclosure of Landlord’s interest in the Land, shall recognize Tenant’s tenancy under this Lease or any Leasehold Mortgagee, which will not be terminated and will
continue in full force and effect, and Tenant’s possession of the Premises will not be disturbed. For purposes of this Section 18.13 the terms of a loan secured by a mortgage, deed of trust, security agreement or other instrument in the nature thereof, any of Landlord’s right, title or interest in the Premises, such loan shall comply with the following:

(a) The Fee Mortgagee shall agree to provide Tenant and any Leasehold Mortgagee with prompt notice of any event of default under the loan secured by the Fee Mortgage.

(b) The loan secured by the Fee Mortgage shall not be cross-defaulted or cross-collateralized with any other obligation, or secured by any asset of Landlord other than Landlord’s interest in the Premises and in this Lease.

Section 18.11 **Leasehold Mortgage Does Not Attach to Fee Estate.** A Leasehold Mortgage shall not encumber or attach to the fee estate of Landlord nor affect, limit, or restrict Landlord’s rights and remedies under this Lease except as expressly provided in this Lease. Any Leasehold Mortgage shall attach solely to the Tenant’s leasehold estate and not the fee estate. If this Lease terminates and a new lease is not entered into in accordance with Section 18.7, then the obligations formerly secured by the Leasehold Mortgage shall be unsecured. Upon a foreclosure or conveyance in lieu of foreclosure under a Leasehold Mortgage, the Leasehold Mortgagee shall succeed only to Tenant’s leasehold estate. Any foreclosure or conveyance in lieu of foreclosure under a Leasehold Mortgage shall not extinguish, terminate, or otherwise adversely affect the fee estate (subject to this Lease) or the rights of any Fee Mortgagee as against Landlord or the fee estate (which shall in all events remain subject to this Lease).

Section 18.12 **Landlord Cooperation with Leasehold Mortgagee.** Landlord agrees to cooperate in a commercially reasonable manner with Tenant’s Leasehold Mortgagee in connection with the review and approval by Tenant’s Leasehold Mortgagee of this Lease and the Premises.

Section 18.13 **Additional Leasehold Mortgagee Rights.** Notwithstanding anything contained herein to the contrary, if Landlord shall elect to terminate this Lease by reason of Tenant being in default of any term and condition hereunder, which default is not reasonably susceptible of being cured by the Leasehold Mortgagee including, without limitation, bankruptcy and insolvency, then the holder of the Leasehold Mortgage shall have the right to postpone and extend the specified date for the termination of the Lease, specified by Landlord in a notice given pursuant hereto for a period of no more than six (6) months, provided such holder of the Leasehold Mortgage shall promptly cure or be engaged in curing any than existing defaults of Tenant (other than those defaults which are not susceptible to cure) and shall pay all sums as and when due hereunder during the pendency of such 6-month period and shall forthwith take steps to acquire Tenant’s interest in the Lease by foreclosure of the mortgage otherwise. If at any time before the date specified for the termination of the Lease, as extended by the holder of such Leasehold Mortgagee, the holder of the Leasehold Mortgagee or its designee shall deliver to Landlord its agreement and obligation to perform and observe the covenants and conditions to be performed by Tenant in this Lease, contained in a recordable instrument and such Leasehold Mortgagee thereafter cures such obligation, then, and in such event, any such non-curable default on the part of Tenant shall be deemed waived, provided further that if at the end of a six (6) month period, said holder of the Leasehold Mortgage shall be actively engaged in steps to acquire Tenant’s interest hereunder, and the time of said holder to comply with the provisions of this Section 18.13 shall be extended for
such period and shall be necessary to complete such steps with diligence and continuity, provided that nothing herein shall preclude Landlord from exercising any available rights and remedies under the Lease with respect to any other default hereunder during such extension period (subject, in the case of such other defaults, to all of the provisions of the Lease).

ARTICLE 19
ESTOPPEL CERTIFICATES

Section 19.1 Estoppel Certificates. Landlord and Tenant will each, at any time and from time to time, upon not less than twenty (20) days’ prior written request by the other party (or any Subtenants, Leasehold Mortgagee or Fee Mortgagee), execute, acknowledge and deliver to each other or to any person whom the requesting party may designate, a certificate, certifying as follows: (i) that this Lease is unmodified and in full force and effect (or setting forth any modifications and that this Lease is in full effect as modified); (ii) the Annual Rent payable and the dates to which the Annual Rent has been paid and whether other sums payable hereunder have been paid; (iii) any default hereunder of which such party may have knowledge; (iv) the commencement and expiration dates of this Lease; and (v) subject to knowledge and materiality qualifiers, such other factual matters as may reasonably be requested by either of the parties hereto that is not an amendment to this Lease. Any such certificate may be relied upon by any mortgagee, assignee, Subtenant, or prospective purchaser, prospective mortgagee, prospective assignee or prospective Subtenant. If any party shall request more than one such estoppel per calendar year, the other party may charge an estoppel fee of Five Hundred ($500.00) Dollars.

ARTICLE 20
DESTRUCTION

Section 20.1 Tenant’s Obligations. In the event the Premises shall be wholly or partially damaged or destroyed by fire or other casualty, subject and subordinate to the terms of any loan documents between Tenant and any Leasehold Mortgagee, Tenant shall, at its own expense (subject to Tenant’s rights under Section 20.2), cause such damage to be repaired or restored to substantially the same condition of the Premises which existed immediately prior to such casualty. Alternatively, Tenant may, at its election, remove any damaged or destroyed portion of the Improvements and replace said portion with new improvements equivalent to the Improvements so damaged or destroyed, provided that Tenant complies with the Construction Standards. Any election to restore or to remove and restore shall be made in all events within one hundred eighty (180) days of such casualty. During the period of repair or restoration, Monthly Rent shall not be reduced, and Tenant shall use proceeds of business interruption or other insurance to pay Rent and other obligations related to the operation of the Premises. Notwithstanding the foregoing, if such rights exist under the applicable terms of the Leasehold Mortgage, Tenant’s Leasehold Mortgagee shall be entitled to (a) receive insurance proceeds and disburse them to Tenant for the repair or restoration of the Premises in accordance with the terms thereof, or (b) apply the insurance proceeds to pay down such financing, in which case Tenant shall not be required to repair or restore the Improvements in such event, so long as Tenant puts the Premises in good order, as follows: (i) Tenant shall, at Tenant’s expense, promptly raze the Improvements (and clean and otherwise put the Premises in good order), and (ii) subject to Tenant’s rights under Section 20.2, Tenant shall promptly re-affirm in writing to Landlord its ongoing obligations under
this Lease (including, without limitation, the obligation to continue to pay all Rent under this Lease).

Section 20.2 Option to Terminate for Certain Late-Term Casualties. If the Improvements shall be damaged by fire or other casualty at any time on or after the date that is three (3) years prior to the last day of the Term, then Tenant may, at its option, terminate this Lease within one hundred eighty (180) days after such damage or destruction by delivering a written notice of termination to Landlord at least thirty (30) days in advance of the effective date of such termination, so long as the following conditions precedent are satisfied: (i) if Landlord so requests, Tenant shall, at Tenant’s expense, promptly raze the Improvements (and clean and otherwise put the Premises in good order), (ii) Tenant shall pay to Landlord the excess insurance proceeds, if any, net of the amount required to pay-down Tenant’s Leasehold Mortgage financing and Tenant’s cost to comply with the foregoing Subsection (i), and (iii) Tenant shall pay to Landlord any and all amounts accrued or payable under this Lease (including, without limitation, all Rent) through the effective date of such termination. Upon the expiration of such 30-day period after delivery of such notice, this Lease shall cease and terminate. If Tenant fails to timely deliver such written notice of termination or if Tenant does not comply with the foregoing conditions to such termination, then Tenant’s right to terminate this Lease under this Section 20.2 shall lapse and be of no further force or effect with respect to such casualty, but shall continue to apply in the event of a future casualty.

Section 20.3 Disposition of Proceeds. Notwithstanding anything to the contrary contained in this Lease, but subject to the provisions of Section 20.1 and 20.2, all insurance proceeds shall be paid entirely to Tenant.

ARTICLE 21
CONDEMNATION

Section 21.1 Definitions. As used in this Lease, the following terms shall have the respective meanings set forth below:

(a) “Award” means the amount of any award made, consideration paid, or damages ordered as a result of a Taking, less any reasonable third party costs in obtaining such award, such as reasonable legal fees and costs, consultant fees, appraisal costs.

(b) “Date of Taking” means the date upon which title to the Premises, or a portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor.

(c) “Partial Taking” means any Taking that does not constitute a Total Taking or a Significant Taking.

(d) “Significant Taking” means a permanent Taking that, in the good faith mutual determination of Landlord and Tenant, effectively prevents Tenant from using the Premises for Tenant’s intended purpose, but is not a Total Taking.

(e) “Taking” means a taking of the Premises or any damage related to the exercise of the power of eminent domain and including a voluntary conveyance to any agency,
authority, public utility, person, or corporate entity empowered to condemn property in lieu of court proceedings relating to such a taking.

(f) “Total Taking” means the permanent Taking of the entire Premises.

Section 21.2 Permanent Partial Taking. In the event of a Partial Taking of the Premises during the Term of this Lease, the following shall occur: (i) the rights of Tenant under this Lease and the leasehold estate of Tenant in and to the portion of the Premises taken shall cease and terminate as of the Date of Taking; and (ii) this Lease shall otherwise continue in full force and effect, except that Annual Rent shall be reduced as set forth below (provided, however, that Additional Rent or other sums payable by Tenant hereunder shall continue without reduction or abatement notwithstanding any such Taking). Tenant shall, promptly after any such Taking, at its expense, repair any damage caused thereby so that the Premises shall thereafter be, as nearly as reasonably possible, in a condition as good as the condition thereof immediately prior to such Taking. In the event of any such Partial Taking, Landlord shall, subject to the provisions of Article 22, make an amount equal to the value of (a) the Award actually received by Landlord, minus (b) the greater of (1) the fair market value of the portion of the fee estate in the land so taken, taking into consideration the existence of this Lease, or (2) the amount by which the Annual Rent is reduced, as provided herein, for the remainder of the Term of this Lease, discounted to net present value using the Discount Rate (the portion of the Award described in this clause (b) in all events being the property of Landlord and retained by Landlord), available to Tenant to make such repairs and restoration pursuant to the procedures described in Article 20. Any Award remaining after giving effect to the preceding sentence and after such repairs have been made shall be the property of Tenant, and shall, to the extent previously received by Landlord, be paid to Tenant. After such repairs have been completed, Monthly Rent shall be reduced by the product of the Monthly Rent multiplied by a fraction (the “Rent Reduction Percentage”), the denominator of which is the total land area of the Premises prior to the Taking and the numerator of which is the total land area of the Premises subject to the Taking.

Section 21.3 Temporary Partial Taking. In the event of any temporary Partial Taking, Tenant shall be entitled to the entire Award and there shall be no reduction in Monthly Rent or Additional Rent.

Section 21.4 Total Taking. In the event of a Total Taking or a Significant Taking, Tenant’s leasehold estate shall terminate as of the Date of Taking and all rights and obligations of Landlord and Tenant hereunder shall terminate except for the rights and obligations under this Section 21.4 and that otherwise survive termination of this Lease. Landlord and Tenant shall be entitled to separately pursue any and all proceeds of any condemnation Award to which they may legally be entitled in accordance with their respective interests.

Section 21.5 Leasehold Mortgagee. Notwithstanding the provisions of this Section 2.1, the terms of any loan documents with an existing Leasehold Mortgagee shall govern (and be superior to the terms of this Lease) with respect to the distribution of any Awards payable to Tenant.
ARTICLE 22
REPRESENTATIONS AND WARRANTIES

Section 22.1 Landlord’s Representations. Landlord represents and warrants to, and covenants with, Tenant as follows:

(a) Formation, Power and Authority; Binding Agreement. Landlord is a Michigan municipal corporation validly existing under the laws of the State of Michigan and has the power and authority to enter into and perform this Lease without the consent of any other Person. All necessary municipal action has been taken to authorize the execution and delivery of this Lease and the performance by Landlord of the covenants and obligations to be performed by it pursuant hereto. Each Person signing this Lease on behalf of Landlord has full power and authority to do so. This Lease and all other instruments or documents executed by Landlord in connection herewith shall constitute legal, valid and binding obligations of Landlord, enforceable in accordance with their respective terms, subject to bankruptcy and insolvency laws.

(b) No Consents of Governmental Authorities Required. No consent, approval, authorization, registration, qualification, designation, declaration or filing with any governmental authority or agency is required in connection with the execution and delivery of this Lease by Landlord.

(c) No Conflicts or Defaults. The execution, delivery and performance by Landlord of this Lease do not, and will not, result in any violation of, or conflict with, or constitute a default under, any agreement to which Landlord is a party or any agreement, judgment, writ, decree, order or injunction to which Landlord is subject. The execution, delivery and performance of this Lease by Landlord is not prohibited under, and will not constitute a violation of, any Law, rule, regulation, instrument, agreement, order or judgment to which Landlord is subject which in any way would challenge or affect the ability of Tenant to develop or redevelop the Premises as contemplated by this Agreement.

(d) Attachments, Bankruptcy, Etc. There are no attachments, levies, executions, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief laws contemplated by or pending against Landlord, as debtor.

(e) Litigation. Except with respect to that certain case filed against the Landlord in the United States District Court for the Eastern District of Michigan on January 28, 2019, as Case No. 2:19-CV-10277-PDP-EAS, there is no pending or, to Landlord’s knowledge, threatened, judicial, municipal or administrative proceedings with respect to, or in any manner affecting the Premises or in which Landlord is or will be a party, which in any way challenges, affects or would challenge or affect the ability of Tenant to develop or redevelop the Premises as contemplated by this Agreement.

(f) Information Not Misleading. To Landlord’s knowledge Landlord has not omitted any information required to be included pursuant to the terms of this Agreement in order to make the information concerning Landlord and the Premises furnished by Landlord not misleading.
(g) **Notices.** To Landlord’s knowledge Landlord has not received any written notices from any insurance companies, governmental agencies or authorities or from any other parties (1) of any conditions, defects or inadequacies with respect to the Premises (including health hazards or dangers, nuisance or waste), which, if not corrected, would result in termination of insurance coverage or increase its costs therefor, (2) with respect to any violation of any applicable zoning, building, health, environmental, traffic, flood control, fire safety, handicap or other law, code, ordinance, rule or regulation, (3) of any pending or threatened condemnation proceeding with respect to the Premises, or (4) of any proceedings which could cause the change, redefinition or other modification of the zoning classification of the Premises or access thereto from any public right-of-way. Landlord shall promptly notify Tenant of any violations or conditions of which Landlord receives notice (whether written or oral).

(h) **Environmental.** Landlord has delivered to Tenant true and complete copies of all reports in Landlord’s actual possession or control related to the presence of Hazardous Substances on the Premises. Except for de minimis immaterial amounts of Hazardous Substances used, stored and disposed of in accordance with Environmental Laws and used in connection with the ordinary maintenance and operation of the Premises, to Landlord’s knowledge none of Landlord or any of its Affiliates has manufactured, generated, stored, treated, released, discharged or transported (or has arranged or caused the manufacture, generation, storage, treatment, release or discharge) from or onto the Premises any Hazardous Substances. Except as set forth in the reports delivered to Tenant prior to the Effective Date, to Landlord’s knowledge (x) Landlord has not received written notice of any claim, violation or investigation under any Environmental Laws from any governmental authority or any third party with respect to the Premises, and (y) no civil, criminal or administrative action, suit, claim, hearing, investigation or proceeding has been brought, nor has Landlord received any written notice of any civil, criminal or administrative action, suit, claim, hearing, investigation or proceeding, against the Premises, no settlements have been reached by or with any parties and no limitations under liens have been recorded against the Premises pertaining to Hazardous Substances or Environmental Laws which have not been cured.

As used herein, the phrase “to Landlord’s knowledge” or “the best of Landlord’s knowledge” or similar phrases, such knowledge shall mean the current actual knowledge of Joseph Valentine without a duty inquiry.

Section 22.2 **Tenant’s Representations.** Tenant represents and warrants to, and covenants with, Landlord as follows:

(a) **Formation, Power and Authority; Binding Agreement.** Tenant is a limited liability company validly existing under the laws of the state of its formation, is duly qualified to transact business in the State of Michigan, and has the power and authority to enter into and perform this Lease without the consent of any other Person. All necessary limited liability company actions have been taken to authorize the execution and delivery of this Lease and the performance by Tenant of the covenants and obligations to be performed by it pursuant hereto. Each Person signing this Lease on behalf of Tenant has full power and authority to do so. This Lease and all other instruments or documents executed by Tenant in connection herewith shall constitute legal, valid and binding obligations of Tenant, enforceable in accordance with their respective terms, subject to bankruptcy and insolvency laws.
(b) **No Consents of Governmental Authorities Required.** No consent, approval, authorization, registration, qualification, designation, declaration or filing with any governmental authority or agency is required in connection with the execution and delivery of this Lease by Tenant.

(c) **No Conflicts or Defaults.** The execution, delivery and performance by Tenant of this Lease do not, and will not, result in any violation of, or conflict with, or constitute a default under, any agreement to which Tenant is a party or any agreement, judgment, writ, decree, order or injunction to which Tenant is subject. The execution, delivery and performance of this Lease by Tenant is not prohibited under, and will not constitute a violation of, any Law, rule, regulation, instrument, agreement, order or judgment to which Tenant is subject.

(d) **Attachments, Bankruptcy, Etc.** There are no attachments, levies, executions, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief laws contemplated by or pending against Tenant, as debtor.

(e) **Anti-Terrorism Laws.** Tenant is not, nor shall be at any time during the term of this Lease, in violation of any Anti-Terrorism Laws, including without limitation Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and regulations of OFAC related to SDNs, and/or the USA Patriot Act. Tenant has taken appropriate steps to understand its legal obligations under the Anti-Terrorism Laws and has implemented appropriate procedures to assure its continued compliance with such laws.

(f) **No Prohibited Persons Under OFAC Regulations or USA Patriot Act.** Tenant is not a Prohibited Person, which is defined as follows: (i) a Person owned or controlled by, Affiliated with, or acting for or on behalf of, any person or entity that is identified as an SDN on the most current list published by OFAC at its official website, http://www.treas.gov/offices/eotffic/ofac/sdn/t11sdn.pdf; or (ii) a person or entity who is identified as or Affiliated with a person or entity designated as a terrorist, or associated with terrorism or money laundering pursuant to regulations promulgated in connection with the USA Patriot Act.

(g) **Litigation.** Except with respect to that certain case filed against the Landlord in the United States District Court for the Eastern District of Michigan on January 28, 2019, as Case No. 2:19-CV-10277-PDP-EAS, there is no pending or, to Tenant’s knowledge, threatened, judicial, municipal or administrative proceedings with respect to, or in which Tenant is or will be a party, which in any way materially and adversely affects the ability of Tenant to redevelop the Premises as contemplated by this Agreement.

(h) **ERISA.** Tenant either (i) is not a Plan subject to ERISA, or Section 4975 of the Code, and Tenant’s assets do not constitute “plan assets” within the meaning of the “plan asset regulations” (29 C.F.R. Section 2510.3-101), as modified by Section 3(42) of ERISA, or (ii) Tenant’s lease of the Premises from Landlord will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.
(i) **Certification of Entity Documents and Ownership.** As of the Effective Date, Tenant represents that it has provided to Landlord and/or Landlord’s counsel, true, correct and complete copies of the following described documents:

(i) An Organizational Chart showing the relationships among the Tenant and its members.

(ii) An Owner’s Certificate for the Tenant containing and certifying as true, correct and complete a complete set of entity information with respect to itself and its members involved in the Project, Resolutions authorizing the execution of this Lease, a statement of incumbency for the current officers of the entity and a certified copy of the entity operating agreement or bylaws or an opinion of counsel certifying the due authorization and execution by and binding effect on Tenant of this Lease.

(iii) A Certificate of Good Standing from the State of Michigan, Department of License and Regulatory Affairs for the Tenant.

Until the Completion of Construction shall have occurred, Tenant shall not make any material modifications to its entity documents or transfer of more than forty nine (49%) percent of the equity interest in the entity which is the Tenant hereunder.

**ARTICLE 23**

**FINANCIAL INFORMATION**

Section 23.1 **Financial Information.** Until Completion of Construction and at any time thereafter following an Event of Default, Tenant shall provide to Landlord or Landlord’s counsel, within thirty (30) days following written request therefor, the most recently available financial statement of Tenant certified as true and correct in all material respects by Tenant and which shall be maintained confidential by the Landlord or its counsel, as the case may be.

**ARTICLE 24**

**LIMITED GUARANTY**

Section 24.1 **Completion Guaranty.** Not later than the later of (i) the Effective Date and (ii) the date of Commencement of Construction, Tenant shall cause Guarantor to execute and deliver to Landlord a guaranty (the “Guaranty”) of the Guaranteed Obligations. Upon the Completion of Construction and provided that all Guaranteed Obligations under this Lease accruing prior to such date have been satisfied at such time, the Guaranty shall expire and become null and void ab initio (the “Guaranty Satisfaction Date”). The form and substance of such Guaranty shall be materially in the form attached hereto as Exhibit I or as otherwise approved in writing by Guarantor and Landlord in their respective reasonable discretion. In no event shall Guarantor be liable in any manner for any obligations accruing on or after the Guaranty Satisfaction Date or for any other obligations accruing under this Lease other than the Guaranteed Obligations.
ARTICLE 25
WAIVER OF LANDLORD’S LIEN

Section 25.1 Waiver of Landlord’s Lien. Except for Landlord’s rights to recover rents from Subtenants as provided in this Lease, which shall be subject and subordinate in all events to the rights of Tenant’s Leasehold Mortgagee, Landlord hereby waives any and all rights it may have to assert a lien against, or security interest in, any of Tenant’s personal property, whether situated on the Premises or not.

ARTICLE 26
GENERAL PROVISIONS

Section 26.1 Notice.

(a) All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth in Section 26.1(b). Any such notices shall, unless otherwise provided herein, be given or served (i) by depositing the same in the United States mail, postage paid, certified and addressed to the party to be notified, with return receipt requested, (ii) by overnight delivery using a nationally or regionally recognized overnight courier, (iii) by personal delivery, or (iv) by electronic mail addressed to the electronic mail address set forth in Section 26.1(b) for the party to be notified with a confirmation copy delivered by another method permitted under this Section 26.1(a)(i), (ii), or (iii). If no electronic mail address is provided below, then delivery by item (iv) shall not be available for such recipient. Notice given in accordance herewith for all permitted forms of notice other than by electronic mail, shall be effective upon the earlier to occur of actual delivery to the address of the addressee or refusal of receipt by the addressee (even if such addressee refuses delivery thereof). Notice given by electronic mail in accordance herewith shall be effective upon the entrance of such electronic mail into the information processing system designated by the recipient’s electronic mail address. Except for electronic mail notices as described above, no notice hereunder shall be effective if sent or delivered by electronic means. In no event shall this Lease be deemed altered, amended or modified by the content electronic communications.

(b) For purposes of notice, the addresses of the parties shall, until changed as herein provided, be as follows:

Landlord: City of Birmingham
151 Main Street
Birmingham, MI 48009
Attention: City Manager

with a copy to: Beier Howlett, P.C.
3001 W. Big Beaver Rd., Suite 200
Troy, MI 48084
Attn: Timothy J. Currier, Esq.
Phone No.: (248) 282-1066
Email: tcurrier@bhlaw.us.com
(c) The parties hereto and their respective heirs, successors, legal representatives, and assigns shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least ten (10) days’ written notice to the other party.

Section 26.2 **Captions.** The title captions appearing in this Lease are inserted and included solely for convenience and shall never be considered or given any effect in construing this Lease, or any provisions hereof, or in connection with the duties, obligations, or liabilities of the respective parties hereto, or in ascertaining intent, if any question of intent exists.

Section 26.3 ** Entire Contract; Amendment.** This Lease, together with the Exhibits attached hereto, is the entire agreement of the parties with respect to the subject matter hereof and supersedes and replaces in their entirety all written and unwritten agreements, discussions, negotiations, understandings, proposals, and other communications between Landlord and Tenant with respect to the subject matter hereof, and there are and have been no verbal representations, understandings, stipulations, agreements, or promises pertaining to this Lease. This Lease may not be altered, amended, or extended except by an instrument in writing signed by both Landlord and Tenant.

Section 26.4 ** No Personal Liability of Landlord; No Indirect Damages; Costs.**

(a) Tenant agrees to look solely to Landlord’s interest in the Premises for recovery of any judgment from Landlord, Tenant further agreeing that in no event shall Landlord (or its elected officers or appointed officials, partners, officers or directors) ever be personally liable for such judgment.
(b) EXCEPT AS EXPRESSLY PROVIDED FOR IN THIS LEASE, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY UNDER ANY PROVISION OF THIS LEASE FOR ANY SPECULATIVE, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES IN CONTRACT, TORT OR OTHERWISE, WHETHER OR NOT CAUSED BY OR RESULTING FROM SUCH PARTY’S OWN, SOLE OR CONCURRENT NEGLIGENCE OR THE NEGLIGENCE OF ANY OF ITS AFFILIATES OR RELATED PARTIES; PROVIDED, HOWEVER, THAT (I) THE FOREGOING LIMITATION SHALL NOT APPLY TO ANY RENT OR OTHER AMOUNTS OWING BY TENANT UNDER THIS LEASE, and (II) WITHOUT LIMITING THE FOREGOING, THIS LIMITATION OF LIABILITY SHALL NOT APPLY TO CLAIMS OF EACH PARTY ARISING OUT OF THIRD PARTY CLAIMS FOR ANY OF THE FOREGOING.

(c) Except as expressly set forth in this Lease, Landlord and Tenant shall each be responsible for its own costs and expenses incurred in connection with this Lease.

Section 26.5 Severability. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforce to the fullest extent permitted by law.

Section 26.6 Successor and Assigns. All covenants and obligations as contained within this Lease shall bind and extend and inure to the benefit of the successors and permitted assigns of each of Landlord and Tenant. Neither Landlord nor Tenant shall have the right to Transfer or assign their respective rights and obligations under this Lease, or in the Premises, except as expressly set forth in this Lease.

Section 26.7 Personal Pronouns. All personal pronouns used in this Lease shall include the other gender, whether used in the masculine, feminine, or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

Section 26.8 No Merger. There shall be no merger of this Lease or of the leasehold estate created by this Lease with the fee or any other estate or interest in the Premises by reason of the fact that the same person owns or holds, directly or indirectly, all such estates and interests or any combination thereof.

Section 26.9 No Recording. Tenant agrees to not record this Lease. Within three (3) Business Days after the Effective Date, Tenant and Landlord shall execute and record in the Real Property Records of Oakland County, Michigan, a memorandum of lease in the form attached hereto as Exhibit D (the “Memorandum of Lease”). Upon the expiration or termination of this Lease, Tenant, at no cost or expense to Tenant, shall cooperate with Landlord to execute and record a termination of such Memorandum of Lease.

Section 26.10 GOVERNING LAW. THIS LEASE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED, INTERPRETED,
Section 26.11 **No Mortgage or Joint Venture.** Tenant and Landlord acknowledge and agree that this Lease is, in fact, a lease arrangement, and does not constitute a loan or a joint venture, and that Tenant has been represented by experienced legal counsel, who has advised Tenant of the rights and duties of Tenant. Tenant will not assert that the transaction evidenced hereby is a loan or a joint venture if Landlord or Landlord’s mortgagee subsequently seeks to enforce its legal rights as a landlord.

Section 26.12 **Brokers.** Landlord and Tenant each warrant to the other that they have had no dealings with any broker or agent in connection with the negotiation or execution of this Lease, and agree that all real estate commissions to any broker utilized by such party shall be the sole responsibility of such party, its successors and assigns and shall be paid by such party in accordance with whatever agreement may have been entered by and between such party and such broker.

Section 26.13 **Omitted**

Section 26.14 **Force Majeure.** Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant (except as to payment of rent or other sums due by either party hereunder), neither Landlord nor Tenant, as applicable, shall be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays beyond the control of that party due to strikes, lockouts, terrorism, riots, acts of God, fire or other casualty, civilian or military authority, acts of public enemy, war, accidents, explosions, floods, failure of transportation, machinery or supplies, vandalism, unusually adverse weather conditions, reasonably unexpected inability to obtain labor or materials or governmental restriction or other similar events that cannot be remedied by the payment of money (whether or not such amounts constitute Rent) and are beyond the reasonable control of Tenant and, if applicable, Tenant’s Contractor (collectively, “**Force Majeure**”). As a condition to the application of any excusable days of delay due to Force Majeure as permitted under this Lease, Tenant shall have delivered to Landlord, within thirty (30) days after the commencement of any Force Majeure event, written notice of (i) the occurrence of such Force Majeure event, (ii) the cause of such Force Majeure event, and (iii) the date on which such Force Majeure event commenced. No Force Majeure shall extend the date on which payments are due from Tenant.

Section 26.15 **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the rent and other payments herein stipulated shall be deemed to be other than on account of the earliest due stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and any acceptance by Landlord of such check or payment shall be without prejudice to Landlord’s right to recover the balance of such rent or pursue any other remedy in this Lease provided.

Section 26.16 **Survival of Indemnities.** The obligations and waivers of the indemnifying party under each and every indemnification, hold harmless, and waiver provision contained in this Lease shall survive the expiration or earlier termination of this Lease to and until the last to occur
of (a) the last date permitted by law for the bringing of any claim or action for which
indemnification may be claimed by the indemnified party under such provision, or (b) the date on
which any claim or action for which indemnification may be claimed under such provision is fully
and finally resolved and, if applicable, any compromise thereof or judgment or award thereon is
paid in full by the indemnifying party and the indemnified party in compromise thereof or upon a
judgment or award thereon and in defense of such action or claim, including reasonable attorneys’
fees.

Section 26.17 Parties Constituting Tenant; Tenant Representative. In the event that
the “Tenant” hereunder consists of more than one (1) party, such parties shall, at the written
request of Landlord, designate, in writing, one (1) person or entity (the “Tenant Representative”)
to act on behalf of all such parties and Landlord shall be entitled to rely on the consent, approval
or agreement of the Tenant Representative for any and all purposes under the Lease; the approval,
consent or agreement of the Tenant Representative shall be deemed to be the approval, consent
and/or agreement of all parties constituting Tenant hereunder; provided, however, that any
amendment or other modification or supplement to this Lease shall require the signature of all
parties constituting Tenant and all notices required under this Lease are sent to all parties
constituting the Tenant. The authority of any person or entity designated as the Tenant
Representative may be revoked at any time upon written notice to Landlord, such written notice
(i) to be executed by all parties constituting Landlord and (ii) to designate another person or entity
to serve as the successor Tenant Representative. In addition, the default, failure or omission of
any one (1) party constituting Tenant shall be deemed a default, failure or omission of all parties
constituting Landlord.

Section 26.18 Confidentiality. Landlord and Tenant hereby agree that the terms of this
Lease are not confidential. Accordingly, each party, may disclose to any Person or Business Entity
the terms hereof or any document provided to the Landlord or the City.

Section 26.19 Cooperation. Landlord, at the request and expense of Tenant, agrees to
reasonably cooperate with Tenant in connection with Tenant’s request for easements and rights-of-way in, on, under and over the Premises for public and other utilities and any other rights-of-way to applicable governmental agencies including, without limitation, gas, telephone, water, sewer, power, drainage and electricity and for the maintenance and repair thereof. Furthermore, Landlord shall reasonably cooperate in connection with Tenant’s request to obtain any and all approvals and permits for all applicable governmental agencies which are or may be necessary or required in order for Tenant to develop and construct the Improvements and to operate at the Premises at any time and for from time to time.

Section 26.20 WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT
PERMITTED BY LAW, LANDLORD AND TENANT EACH HEREBY IRREVOCABLY AND
EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION,
PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR
OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE
TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE OTHER IN THE
NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF.
EXECUTED IN MULTIPLE ORIGINAL COUNTERPARTS, which constitute but one and the same instrument, as of the Effective Date.

LANDLORD:

CITY OF BIRMINGHAM,
a Michigan Municipal Corporation

By:______________________________

Its:______________________________

and

By:______________________________

Its:______________________________
TENANT:

**WBP PROJECT 2, LLC,**

a Delaware limited liability company

By: ____________________________
Name: __________________________
Title: __________________________
EXHIBIT A

ATTACHED TO AND MADE A PART OF
GROUND LEASE AGREEMENT

DESCRIPTION OF THE PREMISES

[to be attached]
EXHIBIT B
ATTACHED TO AND MADE A PART OF
GROUND LEASE AGREEMENT

SITE PLAN
[to be attached]
EXHIBIT C

ATTACHED TO AND MADE A PART OF
GROUND LEASE AGREEMENT

PERMISSIBLE USES
EXHIBIT D

ATTACHED TO AND MADE A PART OF
GROUND LEASE AGREEMENT

FORM OF MEMORANDUM OF LEASE

[to be attached]
EXHIBIT E
ATTACHED TO AND MADE A PART OF
GROUND LEASE AGREEMENT

ESTIMATED DEVELOPMENT TIMELINE
[to be attached]
EXHIBIT F
ATTACHED TO AND MADE A PART OF GROUND LEASE AGREEMENT
FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT
[to be attached]
EXHIBIT G

ATTACHED TO AND MADE A PART OF
GROUND LEASE AGREEMENT

FORM OF NON-DISTURBANCE AGREEMENT (SUBLEASE)

[to be attached]
EXHIBIT H

ATTACHED TO AND MADE A PART OF
GROUND LEASE AGREEMENT

FORM OF LEASEHOLD FINANCING AGREEMENT (LEASEHOLD MORTGAGEE)

[to be attached]
EXHIBIT I

ATTACHED TO AND MADE A PART OF
GROUND LEASE AGREEMENT

COMPLETION GUARANTY

1. Guaranty. To induce THE CITY OF BIRMINGHAM, a Michigan municipal company (“Landlord”), to enter into the Ground Lease Agreement (the “Lease”) dated as of ______________, with WBP PROJECT 2, LLC, a Delaware limited liability company (“Tenant”), the undersigned “Guarantor”, jointly and severally, each executes and delivers this Completion Guaranty (the “Guaranty”) pursuant to which Guarantor absolutely, unconditionally and irrevocably guarantees to Landlord the Guaranteed Obligations (defined below) until the Guaranty Satisfaction Date (defined below). All capitalized terms used herein which are not defined shall have the meaning given them in the Lease. “Guaranteed Obligations” means Tenant’s obligation to cause the Completion of Construction of the New Improvements to occur in accordance with the Lease and as such terms are defined in the Lease. The reimbursement to Landlord of the reasonable, actual out-of-pocket cost incurred by Landlord in connection with the enforcement of the Guaranty shall be included as a part of the Guaranteed Obligations hereunder to the extent Landlord prevails in any action brought to enforce this Guaranty. Upon the completion of Construction, and provided that all Guaranteed Obligations under the Lease accruing prior to such date have been satisfied at such time, the Guaranty shall expire and become null and void ab initio (the “Guaranty Satisfaction Date”). This is a continuing guaranty of payment and not of collection and Guarantor’s liability is primary and not secondary. Landlord may, at its option, proceed against Guarantor without first commencing an action or obtaining a judgment against Tenant or any other party. Unless otherwise expressly provided in this Guaranty, all capitalized terms shall have the same meanings as in the Lease.

2. Waivers and Releases.

Guarantor waives marshaling of assets and liabilities, sale in inverse order of alienation, presentment, demand for payment, protest, notice of acceptance of this Guaranty, notice of nonpayment, notice of dishonor, notice of acceleration, notice of intent to accelerate and all other notices, demands, suits or other actions otherwise required as a condition to Landlord’s exercise of its rights under the Lease or this Guaranty. Guarantor’s liability hereunder shall not be released by Landlord’s receipt, application or release of security given for performance of any such obligations, nor shall Guarantor be released by reason of any lien held or executed upon Tenant and/or its assets by any Landlord Party.

This Guaranty shall in no way be affected by (i) any extension of time for payment or performance of any Guaranteed Obligations; (ii) supplementation or amendment (material or otherwise) of the Lease, or renewal or extension thereof, or increase in the size of the Premises (whether within the Building or the Premises); (iii) any failure, omission, delay or lack of diligence by Landlord or any other person or entity, to enforce, assert or exercise any right or remedy of Landlord under the Lease or this Guaranty; (iv) settlement or compromise of any Guaranteed Obligation; (v) release or discharge of Tenant in any creditor’s receivership, bankruptcy or other proceedings; (vi) impairment, limitation or modification of the liability of Tenant (or its estate in
bankruptcy), or of any remedy for the enforcement of Tenant’s liability under the Lease, resulting from the operation of any present or future provision of the United States Bankruptcy Code or other statute or from the decision of any court; (vii) rejection or disaffirmance of the Lease in any such proceedings; (viii) assignment, sublease or other transfer of the Lease or the Premises, or any interest therein, by Landlord or Tenant; (ix) any disability or other defense of Tenant; or (x) cessation of Tenant’s liability for any cause whatsoever.

Until all Guaranteed Obligations are fully performed, Guarantor (i) has no right of subrogation against Tenant due to any payment or performance by Guarantor; (ii) waives any right to enforce any remedy Guarantor may now or hereafter have against Tenant due to any such payment or performance; and (iii) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the Guaranteed Obligations in favor of Landlord.

3. **Representations and Warranties.** Guarantor represents and warrants, as a material inducement to Landlord to enter into the Lease, that (a) this Guaranty and each instrument securing this Guaranty have been duly executed and delivered and constitute legally enforceable obligations of Guarantor; (b) there is no action, suit or proceeding pending or, to Guarantor’s knowledge, threatened against or affecting Guarantor, at law or in equity, or before or by any governmental authority, which might result in any materially adverse change in Guarantor’s business or financial condition; (c) as of the date hereof, Guarantor’s financial condition is adequate to secure Guarantor’s obligations under this Guaranty; (d) execution of this Guaranty shall not render Guarantor insolvent; (e) from and after the date hereof, Guarantor shall not take any action, such as assuming additional liabilities, divesting assets or otherwise, which would impair Guarantor’s ability to perform its obligations under this Guaranty; and (f) Guarantor has a bona fide interest in Tenant’s financial success.

4. **Notice.** Any notice or communication hereunder shall be given in writing by, and deemed received upon, posting in a U.S. Postal Service receptacle, postage prepaid, registered or certified mail, return receipt requested, or by expedited courier, where proof of delivery can be shown, to Landlord as specified in the Lease, and to Guarantor at:

__________________________
__________________________
__________________________
Attention: _______________

5. **Interpretation.** This Guaranty shall be governed by and construed in accordance with Law. The proper place of venue to enforce payment or performance under this Guaranty shall be the county or other jurisdiction in which the Premises are located. The representations, covenants and agreements set forth herein shall continue and survive the termination of the Lease and/or this Guaranty. The masculine and neuter genders each include the masculine, feminine and neuter genders. This instrument may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Landlord. If Guarantor consists of more than one person or entity, the word “Guarantor” shall apply to each such party, each of whom shall be jointly and severally liable hereunder. The words “Guaranty” and “guarantees” shall not be interpreted to limit Guarantor’s primary obligations and liability hereunder.
6. **Consent to Jurisdiction.** In any legal proceeding regarding this Guaranty, including enforcement of any judgments, Guarantor irrevocably and unconditionally (a) submits to the jurisdiction of the courts of law in the county or district in which the Premises is located; (b) accepts the venue of such courts and waives and agrees not to plead any objection thereto; and (c) agrees that (i) service of process may be effected at the address specified in Paragraph 4 above, or at such other address of which Landlord has been properly notified, and (ii) nothing herein shall affect Landlord’s right to effect service of process in any other manner permitted by Law.

7. **Successors and Assigns.** This Guaranty shall inure to the benefit of Landlord and its successors and assigns, and shall be binding upon Guarantor and its executors, administrators, heirs, successors and assigns. Guarantor shall not assign any obligation hereunder without Landlord’s prior written consent. If any Guarantor who is a living person dies while this Guaranty is in force, then such deceased Guarantor’s heirs, executors, administrators and representatives shall not make any distribution or disposition of assets from the estate without first making provisions acceptable to Landlord for the satisfaction of such deceased Guarantor’s obligations (and contingent obligations) hereunder.

IN WITNESS WHEREOF, Guarantor executes this Guaranty as of _________________, 20__.

**GUARANTOR:**


EXHIBIT J
ATTACHED TO AND MADE A PART OF GROUND LEASE AGREEMENT

DESCRIPTION OF SOILS TESTS, SURVEY AND ENVIRONMENTAL TESTS
EXHIBIT K

ATTACHED TO AND MADE A PART OF GROUND LEASE AGREEMENT

FORM OF OWNER’S AFFIDAVIT
EXHIBIT L

ATTACHED TO AND MADE A PART OF GROUND LEASE AGREEMENT

PAD REQUIREMENTS