STATE OF MICHIGAN

DEPARTMENT OF MANAGEMENT AND BUDGET

This contract authorizes the provision of professional project manager for construction management services as described herein. [Authority: 1984 PA 431, Section 238 (3)]

CONTRACT FOR PROJECT CONSTRUCTION MANAGEMENT SERVICES

THIS AGREEMENT, authorized this of in the year two-thousand and nine (2009), by the State Administrative Board BETWEEN the STATE OF MICHIGAN acting through the FACILITIES ADMINISTRATION, DESIGN AND CONSTRUCTION DIVISION of the DEPARTMENT OF MANAGEMENT AND BUDGET, Second Floor, Stevens T. Mason Building, Lansing, Michigan, hereinafter called the "Owner",

and

hereinafter known as the "Project Management Firm" for provision of professional Project construction management services, in accordance with the attached Appendix 1 - Project/Program Statement scope of work requirements approved by the Owner for:

Hereinafter called the "Project", and,

WHEREAS, the primary purpose and intent of this agreement is to secure professional Project construction management services from the Project Management Firm who shall be responsible for all preconstruction and construction services, disciplines, and management services during the design Preconstruction Phase and the Construction Phase to permit occupancy at the earliest possible date, and to assure that the Project costs will remain within the established Project Budget. The professional Project construction management services required for this Contract shall include effecting design modifications, assembling Contract Bidding Documents, taking competitive Bids, and entering into Contracts for all required design and Construction Phase services, supervision of Trade Construction Contractors in the performance of their Contracts, assuring efficient use of construction materials to provide quality construction at the lowest responsive, responsible cost in accordance with the Owner-furnished Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications requirements with Owner approved Contract Modifications;

NOW THEREFORE, the Owner and the Project Management Firm agree as follows:

CENTURY DATE COMPLIANCE PROTECTION: All fixtures, equipment or operating systems which require firmware or software systems and that are provided with and/or incorporated into the work shall include, at no increase in Contract price or Contract time, design and performance such that they will not experience firmware or software abnormality and/or generate incorrect results or performance deficiencies due to date oriented processing.

A. The firmware and software design to ensure century date compliance capability, shall include, but not be limited to date structures (databases, date files, etc.) that provide four (4) digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system date; calculations and program logic (e.g. sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; and user interfaces (i.e. screen reports, etc.) that accurately treats four (4) digit year 2000 as a leap year within all calculations and calendar logic.

B. When requested by the Owner, the Project Management Firm shall promptly provide written assurances to the Owner from any manufacturer of any fixtures, equipment or operating systems provided with and/or incorporated into the work that its fixtures, equipment, or operating systems have been reasonably tested and will not experience any firmware or software abnormality and/or generate incorrect results or performance deficiencies due to date oriented processing. Whether the Owner chooses to request such assurances, and whether such assurances are provided, will not relieve the Project Management Firm from the Project Management Firm's obligation to provide fixtures, equipment and operating systems in accordance with the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications requirements or will represent acceptance of defective work.

C. If the Project Management Firm knows or has reason to know of any incorrect results and/or performance deficiencies due to date oriented processing, the Project Management Firm shall promptly notify the Prime Professional Services Contractor (Architect/Engineer) and the Owner in writing of any such defective work.

D. The Project Management Firm specifically warrants and represents that all fixtures, equipment or operating systems provided with and/or incorporated into the work will not experience firmware or software abnormality and/or generate incorrect results or performance deficiencies due to date oriented processing. This Project Management Firm warranty shall extend until the applicable warranty otherwise covering the fixture, equipment or operating system at issue expires, whichever is later.

E. The Project Management Firm shall take prompt corrective action upon receiving any written notice of any defective work because any fixtures, equipment or operating systems experience firmware or software abnormality and/or generate incorrect results or performance deficiencies.

ARTICLE 1 DEFINITION OF TERMS: The definition of terms and conditions of this Contract are described and outlined in the following Articles 1 through 16 and attached appendices. The capitalized defined terms utilized in this Professional Services Contract shall have the following definitions:

ADDENDA: Shall mean written or graphic numbered documents issued by the Department of Management and Budget, Facilities Administration, Design and Construction Division and/or the Professional prior to the execution of the Construction Contract which modifies or interprets the Project final design Contract Bidding Documents, including architectural and/or engineering drawings, and specifications, by additions, deletions, clarifications or corrections. The Addenda shall: (1) Be identified specifically with a standardized format; (2) Be sequentially numbered; (3) Include the name of the Project; (4) Specify the Project Index No., Project File No., the Contract Order No. Y, and a description of the proposed Addenda scope of work; and (5) Specify the date of Addenda issuance. As such, the Addenda are intended to become part of the Project Contract Bidding Documents when the Construction Contract is executed by the Project Management Firm's recommended lowest responsive, responsible qualified Construction Contractor. An Addendum issued after the competitive construction Bid opening to those construction Bidders who actually submitted a Bid, for the purpose of rebidding the Project work without readvertising, is referred to as a post-Bid Addendum.

BID: Shall mean a written offer by a competitive construction Bidder for the Department of Management and Budget, Facilities Administration, Design and Construction's Project construction work, as specified, which designates the competitive construction Bidder's base Bid and Bid price for all alternates.

BIDDER: Shall mean the person acting directly, or through an authorized representative, who submits a competitive construction Bid directly to the Department of Management and Budget, Facilities Administration, Design and Construction Division.

BIDDING DOCUMENTS: Shall mean the Prime Professional Services Contractor (Architect/Engineer) firm's Project final design Contract Documents/architectural and/or engineering drawings and specifications requirements as advertised, and all Addenda issued before the competitive construction Bid opening, and after the competitive construction Bid opening, if the Project construction work is rebid without readvertising. Bidding Documents shall consist of: the Prime Professional Services Contractor (Architect/Engineer) final design architectural and/or engineering drawings and specifications, any Addenda issued, special, general and supplemental conditions of the Construction Contract, and

modifications, if any, to standard forms provided by the Owner. Such forms consist of: the Project advertisement, the instructions to construction Bidders, the proposal forms, general, supplemental, and any special conditions of the Construction Contract, and the form of agreement between the Owner and the Project Management Firm for the Project work requirements.

BID SECURITY: Shall mean the monetary security serving as guarantee that the competitive construction Bidder will execute the offered Construction Contract or as liquidated damages in the event of failure or refusal to execute the Construction Contract.

BUDGET: Shall mean the maximum legislatively authorized Budget amount to be provided by the State of Michigan and available for a specific purpose or combination of purposes to accomplish the Project construction management scope of work services for this Contract.

BULLETIN: Shall mean a standard document form (DMB-485, Bulletin Authorization No. and the DMB-489, Instructions to Construction Contractors for Preparation of Bulletin Cost Quotations for Contract Change Orders) used by the Department of Management and Budget, Facilities Administration, Design and Construction Division to describe a sequence numbered change in the Project scope of work under consideration by the Owner, the Project Management Firm and the Prime Professional Services Contractor (Architect/Engineer) and to request the Construction Contractor to submit a proposal for the corresponding adjustment in the Contract price and/or Contract time, if any. These standard document forms are a part of the "DMB-460, Project Procedures" documents package.

CAPITAL OUTLAY MANUAL: Provides a general background description of the State of Michigan's, Capital Outlay process for minor and major architectural and/or engineering Projects. Describes the Capital Outlay programming, planning and construction process. This manual contains the sequence of Project events from programming/planning a Project through construction. Contains the procedures and forms for the Capital Outlay Budget. Defines the meaning and content of the Project/Program Statement scope of work requirements (required for planning Projects) and indicates suggested space standards.

CONSTRUCTION CONTRACT: Shall mean a separate written Contract agreement between the Construction Contractor and the Department for the construction, alteration, demolition, repair, or rebuilding of a State/Client Agency building or other State property.

CONSTRUCTION CONTRACTOR: Shall mean any construction firm under a separate Contract to the Department for construction services.

CONSTRUCTION INSPECTION SERVICES: Shall mean the Project Management Firm with the assistance of the Prime Professional Services Contractor (Architect/Engineer) field Inspections of the Project scope of work during the construction Phase of this Contract which includes but is not limited to: (1) Document the quantity and quality of all Project construction work and verify that the Project construction work is properly completed; (2) Resolve Project problems that are affecting the Project construction work, certify payment requests, process Bulletins, Contract Change Order recommendations, and requests for information (RFI's) in a timely manner as prescribed in the Department of Management and Budget, Facilities Administration, Design and Construction Division, "MICHSPEC 2001 Edition of The Owner and Contractor Standard Construction Contract and General Conditions for Construction (Long Form)" or the current Department of Management and Budget, Facilities Administration, Design and Construction Division," DMB Short Form 401 - Proposal and Contract/Front-End Package for Small Projects for Professional Service Contractors (PSC) with General Conditions for Construction and Instructions to Bidders" as adopted and modified by the State of Michigan and incorporated into the Construction Contract; and the (3) Inspection of Project construction work completed or in progress by the Construction Contractor to determine and verify to the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director that the Project construction work is in compliance with the Prime Professional Services Contractor (Architect/Engineer) design intent and that the Project scope of work has been completed by the Construction Contractor in accordance with the Prime Professional Services Contractor (Architect/Engineer) final design Contract Documents/architectural and/or engineering drawings and specifications requirements.

The Project Management Firm shall provide sufficient Inspections of the Project scope of work during the construction Phase to administer the Construction Phase field services and its related Construction Phase administration office services, as directly related to the degree of Project complexity and scope of work requirements, up to and including full-time field Inspections. The construction field Inspections shall occur as the construction field conditions and the Project scope of work requirements may require and during the regularly scheduled monthly progress and payment meetings. The Project Management Firm shall use for their construction field Inspection services, only personnel having such professional expertise, experience, authority, and compatibility with departmental procedures as the Department may approve. The Project Management Firm agrees that such characteristics are essential for the successful completion of the Project scope of work. Such individuals shall be replaced for cause where the Department determines and notifies the Professional, in writing, of their unacceptable performance.

CONSULTANT: Any individual, firm, or employee thereof, not a part of the Project Management Firm's staff, but employed by the Project Management Firm and whose professional service cost is ultimately paid by the State of Michigan, either as a direct cost or reimbursement. This includes the recipient(s) of Contract Orders for material, support, and/or technical services. Also, included are persons and firms whose management and/or direction of Preconstruction and Construction Phase services are assigned to the Project Management Firm as may be provided elsewhere in this Contract.

CONTRACT CHANGE ORDER: A written order standard document form (DMB-403) issued and signed by the State of Michigan and signed by the Project Management Firm which amends the Contract Documents for changes in the attached Appendix 1 – Project/Program Statement scope of work requirements or an adjustment in Contract price and/or Contract time, or both.

CONTRACT DOCUMENTS: Shall mean the Prime Professional Services Contractor (Architect/Engineer) firm's final design architectural and/or engineering plans/drawings, specifications, construction Contract, instructions to Bidders, proposal, agreement, conditions of the Contract, payment bond, performance/labor and material bond, prevailing wages, all Addendums, and attachments as may be necessary to comprise a construction Contract for the Project scope of work requirements.

CONRACT MODIFICATION: A written amendment standard document form (DMB-410) to the Contract signed by the Owner and the Project Management Firm. The preparation of Bulletins and Contract Change Orders resulting from changes in the attached Appendix 1 – Project/Program Statement scope of work requirements or previously unknown on-site field conditions as approved by the Owner will be compensated to the Project Management Firm by way of a Contract Modification, on a Project construction management fee or Trade Construction Contractor Contract allocation basis in accordance with the Article 5, Compensation text of this Contract. Any Contract Modification of this Professional Services Contract must be in writing, signed by duly authorized representatives of the parties, and shall be in such format and detail as the Department may require.

CONTRACT ORDER: A written order standard document form (DMB-402) issued and signed by the State of Michigan authorizing a Project construction management firm to: (1) Begin to incur Project expenses and proceed with the Project work on-site; and (2) Provide the professional construction management services provided in the fully executed Contract scope of work for the Not-To-Exceed dollar ($) fee amount designated in the Preconstruction and Construction Phases of the Contract Order. Issuance of this document by the State of Michigan certifies that: (1) The Owner will enter into a Professional Services Contract with the Project Management Firm for the professional construction management services described in the Construction Phases of this Contract; and that (2) The proper three (3) sets of Original Certificates of Insurance, Payment Bond, and Performance/Labor and Material Bond documents have been received and accepted by the Owner along with the approval and signing of the Project Management Firm's construction management Professional Services Contract by the Director of the Department of Management and Budget, Facilities Administration.

DEPARTMENT: Shall mean the Department of Management and Budget. The Department will represent the State of Michigan in all matters pertaining to this Project. This Professional Services Contract will be administered through the Department of Management and Budget, Facilities Administration, Design and Construction Division on behalf of the Department.

DIRECTOR: The Director of the Department of Management and Budget or their authorized State of Michigan representative.

DIRECTOR-FA: The Department of Management and Budget, Director of Facilities Administration or their authorized State of Michigan representative.

INSPECTION ON-SITE: Shall mean the Project Management Firm and the Prime Professional Services Contractor's (Architect/Engineer's) on-site examination of the Project Construction Phase work completed or in progress by the Trade Construction Contractors to determine and verify to the Department of Management and Budget, Facilities Administration, Design and Construction Division, Project Director that the quantity and quality of all Project work is in accordance with the design intent of the Prime Professional Services Contractor's (Architect/Engineer's) final design Contract Documents/architectural and/or engineering drawings and specifications requirements.

KEY PRINCIPAL PERSONNEL/EMPLOYEE: Shall mean a Chief Executive Officer of a Project Management Firm who is essential for the successful completion of this construction management Project scope of work.

OWNER: The term "Owner" shall mean the State of Michigan in its governmental capacity, including its departments, agencies, boards, commissions, officers, employees and agents; and for purposes of this Contract, its duly authorized representative shall be the Director of the Department of Management and Budget, or their designee. The Department will represent the State of Michigan in all matters pertaining to this Project. This Contract will be administered through the Department of Management and Budget, Facilities Administration, Design and Construction Division on behalf of the Owner.

PHASE: A discretely distinguishable Preconstruction and Construction Phase step in the course of the Project Management Firm providing construction management services necessary to produce the Project's scope of work requirements.

PRIME PROFESSIONAL SERVICES CONTRACTOR (ARCHITECT/ENGINEER): Shall mean an individual, firm, partnership, corporation, association, or other legal entity under a separate Contract with the Owner who is legally permitted by law to sign and seal final design construction Contract Documents and licensed under the State of Michigan's professional licensing and regulation provisions of the Occupational Code (State Licensing Law), Act 299 of the Public Acts of 1980, Article 20, as amended, to practice architecture, engineering, environmental engineering, land surveying, or landscape architecture services in the State of Michigan.

The Prime Professional Service Contractor/Professional firm is also legally permitted by the State of Michigan's regulation provisions of the State Construction Code, Act 230 of the Public Acts of 1972, as amended, and designated in a Construction Contract by the Department of Management and Budget, Facilities Administration, Design and Construction Division to recommend construction progress payments to the Construction Contractor.

<u>PRIME PROFESSIONAL SERVICES CONTRACTOR (ARCHITECT/ENGINEER)</u>

PRIME PROFESSIONAL FIRM:
City, State

PROJECT: Shall mean any new construction, existing site, environmental site remedial services, new utilities, existing building renovation, additions, alteration, repair, installation, painting, decorating, demolition, conditioning, reconditioning or improvement of public buildings, works, bridges, highways or roads authorized by the Owner.

PROJECT COST: Shall mean the total Project cost including, but not limited to, site purchase, site survey and investigation, hazardous material abatement, construction, site development, new utilities, telecommunications (voice and data), professional fees, testing and balancing services, furnishings, equipment, architectural and/or engineering plan(s)/drawing(s) design code compliance and plan review approval fees and all other costs associated with the Project scope of work requirements.

PROJECT DIRECTOR: Shall mean the professional licensed State of Michigan employee of the Department of Management and Budget, Facilities Administration, Design and Construction Division, Architectural/Engineering discipline who is responsible for directing and supervising the Project Management Firm's attached Appendix 1 – Project/Program Statement scope of work requirements during the life of this Contract. The Project Director is also responsible for monitoring and coordinating the performance of the Construction Phase services and responsible for the overall administration and Inspection of Capital Outlay and miscellaneous operating Projects (MOP) construction activities to ensure quality control, final design Contract Document compliance and Project timely completion within the established Project Budget. The Project Director, or their Field Representative, has the authority to require the Prime Professional Services Contractor (Architect/Engineer) and the Project Management Firm to respond to and resolve design related problems, on-site field problems and to attend Project related meetings. Unless delegated by specific written notice from the Owner, the Field Representative does not have any authority to order any changes in the Project scope of work or authorize any adjustments in Contract price or Contract time.

PROJECT MANAGEMENT FIRM: Shall mean a single construction firm under a separate Contract with the Owner for construction management Phase services. The Project Management Firm is responsible for all construction management services, disciplines, and management services of this Contract during the design Preconstruction Phase and the Construction Phase to permit Owner occupancy at the earliest possible date, and to assure that the Project costs will remain within the established Project Budget. The construction management services shall include effecting design modifications, assembling Contract Bidding Documents, taking competitive Bids, and entering into Contracts for all required Construction Phase services, supervision of Trade Construction Contractors in the performance of their Contracts, assuring efficient use of materials to provide quality construction at the lowest responsive, responsible cost in accordance with the Owner-furnished Prime Professional Services Contractor (Architect/Engineer) Contract Documents/architectural and/or engineering drawings and specifications with Owner approved modifications.

PROJECT/PROGRAM STATEMENT: Shall mean the Owner approved attached Appendix 1 - Project/Program Statement scope of work requirements prepared by the State/Client Agency that defines the scope of the problem and why this Project is desirable, and a preferred construction resolution of the problem.

PUNCH LIST: Shall mean a list of minor construction Project items to be completed or corrected by the Construction Contractor, any one of which do not materially impair the use of the Project work, or the portion of the Project work inspected, for its intended purpose. A Punch List shall be prepared by the Project Management Firm with the assistance of the Prime Professional Services Contractor (Architect/Engineer) upon having made a determination that the Project work, or a portion of the Project construction work inspected, in concert with the Project Management Firm, the Prime Professional Services Contractor (Architect/Engineer), the Construction Contractor, the Department, Project Director, the Field Representative, the State/Client Agency and any construction manager, is substantially complete and shall be attached to the respective DMB-455, Certificate of Substantial Completion form. This standard document form is a part of the "DMB-460, Project Procedures" documents package.

FIELD REPRESENTATIVE: Shall mean an employee of the State of Michigan under the direction of the Project Director who provides the on-site, Inspection of Construction Phase Projects for compliance with the design intent of the Prime Professional Services Contractor (Architect/Engineer) Contract Documents/architectural and/or engineering drawings and specifications. The Field Representative is the liaison between the Project Management Firm, the Prime Professional Services Contractor (Architect/Engineer), and the Project Director. The Project Director, or their Field Representative, has the authority to require the Prime Professional Services Contractor (Architect/Engineer) and the Project Management Firm to respond to and resolve design related problems on-site field problems and to attend Project related meetings. Unless delegated by specific written notice from the Owner, the Field

Representative does not have any authority to order any changes in the Project scope of work or authorize any adjustments in Contract price or Contract time.

SOIL EROSION AND SEDIMENTATION CONTROL: The planning, design and installation of appropriate Best Management Practices (as defined by the most current version of the Department's Soil Erosion and Sedimentation Control Guidebook) designed and engineered specifically to reduce or eliminate the off-site migration of soils via water runoff, wind, vehicle tracking, etc. and comply with the Soil Erosion and Sedimentation Control in the State of Michigan as regulated under the 1994 Public Act 451, as amended – The Natural Resources Environmental Protection Act, Part 91 – Soil Erosion and Sedimentation Control. Soil Erosion and Sedimentation Control associated with this Contract will be monitored and enforced by the Department of Management and Budget, Facilities Administration, Soil Erosion and Sedimentation Control Program.

STATE: Shall mean the State of Michigan in its governmental capacity, including its departments, agencies, boards, commissions, officers, employees and agents. Non-capitalized references to a state refer to a state other than the State of Michigan.

STATE/CLIENT AGENCY: Shall mean a Department or Agency of the State of Michigan, for whose use the Project will ultimately serve, which requires professional architectural, engineering and construction management services. The term State/Client Agency does not include an institution of higher education or a community college.

SUBSTANTIAL COMPLETION: Shall mean the standard document form (DMB-445) for the Project work, or a portion of the Project work designated in the Prime Professional Services Contractor (Architect/Engineer) firm's final design Contract Documents/architectural and/or engineering drawings and specifications as eligible for separate Substantial Completion, has been completed in accordance with the design intent of the Prime Professional Services Contractor (Architect/Engineer) firm's final design Contract Documents/architectural and/or engineering drawings and specifications, to the extent that the Department of Management and Budget, Facilities Administration, Design and Construction Division and the State/Client Agency can use or occupy the entire Project work, or the designated portion of the Project work, for the use intended without any outstanding, concurrent work at the Project work site, except as may be required to complete or correct the Project work Punch List items. Prerequisites for Substantial Completion, over and above the extent of Project work completion required, shall include the following items; (a) Receipt by the Department of all required Contract operating and maintenance documentation; (b) All systems have been successfully tested and demonstrated by the Construction Contractor for their intended use; and (c) Receipt by the Department of Management and Budget, Facilities Administration, Design and Construction Division of all required Contract certifications and/or occupancy approvals from the State of Michigan and those political subdivisions having jurisdiction over the Project work. Receipt of all required Contract certifications and/or occupancy approvals from those political subdivisions with jurisdiction in and of itself does not necessarily imply Substantial Completion.

TRADE CONSTRUCTION CONTRACTOR: The term "Trade Construction Contractor" shall mean any construction firm under a separate Contract to the Project Management Firm for construction management Phase services. Nothing contained in this Contract shall create any contractual relationship between the Owner and any Trade Construction Contractor.

VENDOR: The term Vendor is a person, firm or entity furnishing materials and/or supplies as part of the construction management scope of work services at the Project site.

ARTICLE 2 PROJECT MANAGEMENT FIRM–CONSTRUCTION MANAGEMENT SERVICES

The Project Management Firm accepts the relationship of trust and confidence established between their firm and the Owner by this agreement. In performing the construction management duties hereunder, the Project Management Firm covenants with the Owner to furnish the best standard of care, construction skill, judgment, and the construction industries accepted requisites for construction management services in furthering the interests of the Owner. The Project Management Firm agrees to perform the obligations hereunder using efficient Project construction management business administration and superintendence, and using their best construction management efforts to facilitate the expeditious and economical completion of the Project scope of work requirements consistent with the interest of the Owner. The

Project Management Firm acknowledges that the Owner is the first interpreter of the Project Management Firm's construction management services and performance under this Contract.

The Owner reserves the right to assign to the Project Management Firm, additional duties and responsibilities with respect to the administration of separate Contracts between the Owner and the Prime Professional Services Contractor (Architect/Engineer), other than asbestos or hazardous materials removal and disposal. In the event that the Owner assigns such additional administrative duties and responsibilities to the Project Management Firm, the Project Management Firm shall be entitled to a monetary adjustment by the Owner in compensation fee as stated in the Article 5, Compensation text of this Contract.

In the event the Owner makes an assignment of administrative duties to the Project Management Firm, such assignment shall not relieve either the Owner or the Prime Professional Services Contractor (Architect/Engineer) of any duties or obligations each has to the other under this Contract, nor shall such assignment create in the Project Management Firm any duties and obligations toward the Owner under the separate Contract with the Prime Professional Services Contractor (Architect/Engineer), except those pertaining to the administration of this Contract. Any additional Prime Professional Services Contractor (Architect/Engineer) services necessary to complete this Project shall be employed by the Owner.

No increase in compensation fee to the Project Management Firm will be allowed unless there is a material change made to the Project scope of work requirements as described in the attached Appendix 1 - Project/Program Statement scope of work requirements and the change in scope to the Project/Program Statement scope of work requirements is accepted and approved in writing, by Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director and the Project Management Firm.

SUBSTANTIAL COMPLETION: Shall mean the standard document form (DMB-445) for the Project work, or a portion of the Project work designated in the Prime Professional Services Contractor (Architect/Engineer) firm's final design Contract Documents/architectural and/or engineering drawings and specifications as eligible for separate Substantial Completion, has been completed in accordance with the design intent of the Prime Professional Services Contractor (Architect/Engineer) firm's final design Contract Documents/architectural and/or engineering drawings and specifications, to the extent that the Department of Management and Budget, Facilities Administration, Design and Construction Division and the State/Client Agency can use or occupy the entire Project work, or the designated portion of the Project work, for the use intended without any outstanding, concurrent work at the Project work site, except as may be required to complete or correct the Project work Punch List items. Prerequisites for Substantial Completion, over and above the extent of Project work completion required, shall include the following items; (a) Receipt by the Department of all required Contract operating and maintenance documentation; (b) All systems have been successfully tested and demonstrated by the Construction Contractor for their intended use; and (c) Receipt by the Department of Management and Budget, Facilities Administration, Design and Construction Division of all required Contract certifications and/or occupancy approvals from the State of Michigan and those political subdivisions having jurisdiction over the Project work. Receipt of all required Contract certifications and/or occupancy approvals from those political subdivisions with jurisdiction in and of itself does not necessarily imply Substantial Completion.

During the Preconstruction and Construction Phase activities of this Project, the Project Management Firm shall be required to obtain from the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director, the "DMB-465, Construction Management Contract Procedures" documents package.

In order to comply with the State of Michigan's legislative mandates and the State Administrative Board's approved procedures, the Project Management Firm is required to conform with the Owner's standard Department of Management and Budget, Facilities Administration, Design and Construction Division's contracting procedures and must use the "DMB-465, Construction Management Contract Procedures documents package for this Project. The "DMB-465, Construction Management Contract Procedures" documents package shall be completed by the Project Management Firm and contains the following Department of Management and Budget, Facilities Administration form documents: (1) Agreement Between Owner and Contractor; (2) DMB-415, Project Advertisement; (3) DMB-426, Builders' Risk Claim; (3) DMB-428, Construction Management Bulletin Notification No._; (4) DMB-437, Guarantee and Indebtedness Statement; and (5) The DMB-440, Payment Request.

Also, during the Preconstruction and Construction Phase of this Project, the Project assigned Prime Professional Services Contractor (Architect/Engineer) shall be required to obtain from the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director, the on-site Inspection record form document titled "DMB-452, The Professional's Inspection Record" for all on-site Inspection visits to the Project site. This standard document form is a part of the "DMB-460, Project Procedures" documents package. The Prime Professional Services Contractor's (Architect/Engineer's) Inspection Record document shall be signed by the Prime Professional Services Contractor (Architect/Engineer) and compiled monthly with the original documents sent to the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director and a copy sent to the Project Management Firm. This on-site Inspection record standard document form shall accompany the Prime Professional Services Contractor's (Architect/Engineer's) monthly submitted payment request.

The "DMB-460, Project Procedures" documents package shall be used by the Prime Professional Services Contractor (Architect/Engineer) in the administration of this Contract and it contains the following Department of Management and Budget, Facilities Administration form documents: (1) DMB-413, General Release-Visitors; (2) DMB-426, Builder's Risk Claim; (3) DMB-434, Certification of Off-Site Material Storage; (4) DMB-437, Guarantee and Indebtedness Statement; (5) DMB-440, Payment Request; (6) DMB-441, Meeting Attendance Record; (7) DMB-445, Certificate of Substantial Completion; (8) DMB-452, Professional's Inspection Record; (9) DMB-485, Bulletin Authorization No._ ; (10) Instructions for Schedule of Value; (11) DMB-487, Material Stored on Project/Job Site; and (12) The DMB–489, Instructions to Contractors for Preparation of Bulletin Cost Quotations for Contract Change Orders.

The Project Management Firm shall provide all required Project management services and timely construction management and administrative initiatives as the circumstances of the Preconstruction and Construction Phase work may require in order to allow the requirements of the Contract Documents to be successfully implemented into a completed Project through the Trade Construction Contractors. In addition to the Contract requirements herein, the Project Management Firm services shall include, but are not limited to, those set forth in the Department of Management and Budget, Facilities Administration, Design and Construction Division, "MICHSPEC 2001 Edition of The Owner and Contractor Standard Construction Contract and General Conditions for Construction" or the current Department of Management and Budget, Facilities Administration, Design and Construction Division, "DMB Short Form 401 - Proposal and Contract" as adopted and modified by the State of Michigan and incorporated into the Construction Phase Contract, plus such other general conditions as may be part of the Construction Phase Contract. If the Project Management Firm intends to use any additional general condition requirements for this Project other than the Owner's, they must be accepted and approved by the Owner in writing.

Payment bonds, performance/labor and material bonds, and prevailing wages are required for all Construction Phase Projects and they must be included by the Project Management Firm for all Construction Phase Contracts.

The Project Management Firm acknowledges having a clear understanding of the Project scope of work requirements as defined by the attached Appendix 1- Project/Program Statement scope of work requirements and of the professional construction management Phase services required by the Owner to provide it, and further agrees that the terms of this construction management Contract provide adequate professional Project Management Firm compensation fee(s) to produce the Project's scope of work in accordance with the Project Management Firm's established Project schedule (See attached Appendix 3, Project Preconstruction and Construction Phase Schedule).

The Project Management Firm shall immediately inform the Owner whenever it is indicated that the authorized Project Budget cost may be exceeded. The Project Management Firm shall make recommendations to the Owner for revisions in the attached Appendix 1 - Project/Program Statement scope of work requirements to bring the Project Budget cost back to the Project Management Firm's original Project Budget amount authorized by the Owner. Any revision to the Project scope of work requirements must be accepted and approved by the Owner in writing.

The Project Management Firm may be authorized by the Owner, in writing, to: (1) Perform Trade Construction Contractor work where there is an emergency situation affecting the safety of persons or

property/construction; or (2) Where the Trade Construction Contractor's failure to complete their Project construction work has a detrimental effect on the Project construction management Phase schedule or Project completion date and the Trade Construction Contractor has failed to perform their Contract work in accordance with the design intent of the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications requirements.

The Owner will designate an individual to serve as the Project Director from the Department of Management and Budget's, Facilities Administration, Design and Construction Division's, Architectural/Engineering discipline staff who shall be fully acquainted with the Project Management Firm's attached Appendix 1 – Project/Program Statement scope of work requirements and have the authority to render Project decisions promptly and furnish information expeditiously. Except, in connection with issues under the Article 13- Contract Claims and Disputes text, the Project Director will provide general management and administration of the Project construction management services in so far as they affect the interest of the Owner.

A. Preconstruction Phase

1. Architectural and/or Engineering Plans/Drawings and Specifications Preparation, Review, Design Intent Interpretation, and Acceptance

   The Project Management Firm shall review the Owner-furnished Prime Professional Services Contractor (Architect/Engineer) Contract Documents/architectural and/or engineering drawings and specifications and advise and make recommendations to the Owner concerning acceptance or suggested changes to such drawings and specifications, considering among other things the construction feasibility of the site, foundations, building systems and materials, and building/construction code compliance. The Project Management Firm shall make recommendations on construction feasibility, alternate methods of construction, economics, availability of material and labor, time schedules for construction and costs to achieve the best value on a long-term operating basis. The Project Management Firm does not assume the Prime Professional Services Contractor's (Architect/Engineer's) customary responsibilities for the correct design interpretation intent and therefore does not assume the correct design interpretation of the Owner-furnished Prime Professional Services Contractor (Architect/Engineer) Contract Documents/architectural and/or engineering drawings and specifications.

   In the event that an interpretation of the meaning and design intent of the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications becomes necessary during the Preconstruction and/or Construction Phase, the Prime Professional Services Contractor (Architect/Engineer) shall make the design intent interpretation, in writing, and the Project Management Firm shall transmit same to the appropriate Trade Construction Contractors, and the Owner. Should the design interpretation indicate the need for further design work, it shall be performed by the Prime Professional Services Contractor (Architect/Engineer) under the direction of the Project Management Firm with the authorization of the Owner. Should such design interpretation result in changes which necessitate an increase in the Project construction Budget cost, the Owner will issue an appropriate written Contract Change Order to the Project Management Firm.

2. Value Engineering Services

   The Project Management Firm will review and consider relative construction feasibility, availability of construction materials and labor, new materials and methods, alternate solutions, time requirements for installation and construction, impact of winter construction, and other construction value engineering factors related to Project cost in the Preconstruction and Construction Phase administration of the Project scope of work requirements. The Project Management Firm providing the construction management/value engineering review services for this Contract shall be legally permitted by law and licensed under the State of Michigan's professional licensing and regulation provisions of the Occupational Code, Act 299 of the Public Acts of the 1980, Article 20, as amended, to practice architecture, engineering, environmental engineering, land surveying, or landscape architecture services in the State of Michigan.

3. Labor Relations - Nondiscrimination Compliance

The Project Management Firm will include nondiscrimination compliance requirements for subcontractor and suppliers businesses owned by persons with physical or mental disabilities as may be determined by the Department of Management and Budget's policy and the State of Michigan statutes regarding nondiscrimination compliance in all bidding and Contract Documents. The Project Management Firm shall provide continual monitoring of nondiscrimination for subcontractor and suppliers businesses owned by persons with physical or mental disabilities compliance participation on the Project and provide the Owner with compliance reports at the Project 50 percent (50%) and 90 percent (90%) completion intervals of the Preconstruction and Construction Phases.

4. Material Analysis

The Project Management Firm shall analyze and suggest new construction materials, technology, methods, constraints and sequencing, analyze procurement requirements and responsibilities for materials and services for common use by the Trade Construction Contractors, and ensure that these are included in the Owner-furnished Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications.

5. Project Preconstruction and Construction Phase Schedules

Upon award of the Contract, the Project Management Firm shall review the Owner-furnished Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/ architectural and/or engineering drawings and specifications and prepare an updated and expanded critical path method (CPM) Project construction schedule based on the schedule included as a part of the attached response to the request for proposal (RFP). The Project Management Firm shall advise the Owner and the Prime Professional Services Contractor (Architect/Engineer) when the Project construction schedule has not been met, and update the Project construction schedule when required to correct/revise the sequencing to bring the Project in on schedule and deliver the completed Project within the original agreed upon Project construction schedule time/duration. The critical path method (CPM) Project construction schedule shall incorporate all required Contract Document modifications and pre-Bid activities as well as construction operations of the Project including, but not limited to, a realistic activity/time sequence and Project construction schedule duration, review and approval of shop drawings and color/material samples, delivery of "long-lead" items, etc., where applicable. The updated critical path method (CPM) Project construction schedules must be reviewed and provided monthly and all claims developed by the Trade Construction Contractors must be supported by the critical path method (CPM) Project construction schedule.

6. Preparation of Project Budget Cost

The Project Management Firm shall immediately prepare a cash flow estimate of the Project work construction management services and a Project Budget cost and cash flow estimate for the Preconstruction and Construction Phase services based on the Project scope of work requirements and update the Project Budget cost estimates periodically and submit same for the Owner's approval. Advise the Owner if at any time it appears that the original Project Budget cost will not be met, the Project Management Firm shall advise the Owner and make recommendations for corrective action. At the completion of the Preconstruction Phase activities, the Project Management Firm shall furnish the Owner with a final Project Budget cost and cash flow estimate for all work to be performed during the Construction Phase. These cash flow and Project Budget cost estimates shall be submitted, for the Owner's approval, together with the updated Project construction work schedule.

7. Trade Construction Contractor and Vendor Qualification

The Project Management Firm shall prepare, with the Owner's consent, prequalification criteria for Bidders, develop the construction Bidder interest in the Project scope of work requirements, establish bidding schedules, conduct pre-Bid conferences assisted by the Prime Professional Services Contractor (Architect/Engineer) to familiarize the construction Bidders with the Contract Bidding Documents and construction management techniques, describe any special features, systems, materials or methods required in each Bid package, and outline any special requirements of the Project scope of work requirements such as prevailing wages, insurance, bonding, certifications (including the Department of Civil Rights, Certificate of Awardability that is required for any Project Construction Contract work that is valued at one-hundred thousand dollars ($100,000) or more), residence requirements, nondiscrimination requirements for subcontractors and suppliers, businesses owned by persons with physical or mental disabilities participation and related items (See Appendix 6).

8. Prepare Contract Bidding Packages For Construction Phase Services

The Prime Professional Services Contractor (Architect/Engineer) shall prepare, with the Owner’s consent, the Contract Bidding Documents and assist the Project Management Firm in the assembly of various Contract bidding packages for the Project site and scope of work requirements. The Project Management Firm shall review the scope of the work requirements in the Contract bidding packages to facilitate the bidding process for and awarding of trade construction Contracts allowing for Phased construction, taking into consideration such factors as time of performance, availability of labor and materials, Project scope of work requirements and other pertinent criteria. The Contract bidding packages shall incorporate the "Instructions to Bidders", "General Conditions", "Modifications of the General Conditions", and any additional conditions, provided by the Owner, to comply with the existing State of Michigan and federal statutes, regulations, and policies (See Appendix 6).

9. Purchase of Long-Lead Items

The Project Management Firm shall, with the Owner's approval, purchase long-lead items, in compliance with statutory requirements established by the State of Michigan and the contracting policies of the Department of Management and Budget, Facilities Administration, Design and Construction Division to ensure their delivery by the required Project construction schedule dates. The Project Management Firm may explore with the Prime Professional Services Contractor (Architect/Engineer), the Owner, and other Project Management Firms or the Trade Construction Contractors employed by the State on other Projects, the feasibility for mass purchase of construction items required for this Project as well as other State of Michigan Projects.

10. Competitive Bidding for Construction Phase Services

The Project Management Firm shall, with the Owner’s approval, request and receive competitive Bids for the Project scope of work. The Project Management Firm as assisted by the Prime Professional Services Contractor (Architect/Engineer) shall prepare construction Bid analysis, including a review of the acceptability of the Trade Construction Contractors and material suppliers proposed by construction Bidders, and prepare recommendations for the Owner to accept or reject the submitted competitive Bids.

Prepare and distribute Bidding Documents and instructions as required to accommodate predetermined construction Bid packages and/or Phases (See Appendix 6). Maintain a qualified construction Bidders' list. Conduct prebid meetings. Issue a preconstruction Addenda to all qualified construction Bidders as required. Include in each Addendum complete specifications for the Project scope of work requirements, if such specifications are not part of the final design Bidding Documents. Exert every practical means to obtain several, qualified construction Bidders for every Construction Contract. The Project Management Firm will be compensated by the Owner with a Contract Change Order for providing the professional services necessary to rebid the Project for reason of defaulted or disqualified construction Bidder(s) or unacceptable

price range as required by the design and construction Budget. The Project Management Firm's construction bidding and contracting services are not complete until: (1) The lowest responsive, responsible qualified construction Bidder's Bid has been selected and accepted by the Owner; and (2) The lowest responsive, responsible qualified construction Bidder's Construction Contract has been executed by the construction Bidder and the Project Management Firm.

Collect and Manage Construction Contract Bid Security Deposits: Administer receipt and return of Construction Contract Bid Security deposits. Within fifteen (15) business days of the award of the Construction Contract submit, to the Owner, a full accounting of all associated Bid Security deposits and turn over, to the Owner, all defaulted Bid Security deposits. All Bid Security deposit checks will be payable to the "State of Michigan." Any returned or undistributed Bidding Documents shall be distributed as the Owner may direct.

Construction Bid Evaluation and Recommendation of Construction Contract Awards: Monitor, review, evaluate and provide the Owner with written recommendations for the apparent lowest responsive, responsible qualified construction Bidder for the Project Construction Contract award(s) within five (5) business days of the date of the Owner's construction Bid opening. Exempt from recommendation any firm that the Project Management Firm has business association on this Project, and any firm, or firm having any Consultant, which the Project Management Firm has utilized in preparation of the Prime Professional Services Contractor (Architect/Engineer) firm's final design Contract Documents/architectural and/or engineering drawings and specifications or for any estimating work related to the Project scope of work requirements. The Project Management Firm shall conduct precontract meetings with responsive, responsible qualified construction Bidder(s) to review the following items: (1) The design intent of the Prime Professional Services Contractor (Architect/Engineer) firm's final design Contract Documents/architectural and/or engineering drawings and specifications; and (2) To advise and assist the Construction Contractor(s) in understanding the requirements of the Department of Management and Budget, Facilities Administration, Design and Construction Division's standard form of Construction Contract Documents, Project scope of work, and its Construction Contract award procedures (See attached Appendix 6, The Project Management Firm's MICHSPEC (Long Form) Documents Assistance Procedures for the Construction Contractor During the Project Construction Bidding and the Construction Contract Award).

11. Suspension of Work/Delays

The Owner may, by written order, direct the Project Management Firm to suspend, delay, or interrupt all or any part of the Project Management Firm's scope of work or construction management services during the Preconstruction Phase for such period of time as the Owner may determine to be appropriate. The Project costs related to such suspension of work/delays shall be reimbursable to the Project Management Firm, and a written Contract Modification and/or Contract Change Order if appropriate, shall be provided by the Owner to the Project Management Firm.

B. Construction Phase

1. Construction Supervision

a. The Project Management Firm shall establish Project on-site supervisory organization and lines of authority required to ensure compliance with the overall plans of the Owner in all aspects of the Project scope of work requirements on a totally coordinated basis. The Project Management Firm shall maintain a competent full-time staff at the Project site, as necessary, to supervise and coordinate the work of all Trade Construction Contractors in accordance with the Owner's objectives of Project Budget cost, time and quality. The Project Management Firm shall provide sufficient on-site field Inspections of the Project construction work to administer the Construction Phase field services and its related Construction Phase administration office services, as directly related to the degree of Project complexity and scope of work requirements, up to and including full-time and on-site field Inspections. The construction on-site field Inspections shall occur as the on-site field conditions and the Project scope of work requirements may require and during the regularly scheduled monthly progress and payment meetings. The Project Management

Firm shall use for their construction on-site field Inspection services, only personnel having such professional expertise, experience, authority, and compatibility with departmental procedures as the Owner may approve. The Project Management Firm agrees that such characteristics are essential for the successful completion of the Project scope of work requirements. Such individuals shall be replaced for cause where the Owner determines and notifies the Project Management Firm, in writing, of their unacceptable performance. The Project Management Firm shall remain familiar with the Project construction work in place and that sequentially planned. The Project Management Firm shall layout the structures and monitor the Project construction work to verify that all Project work lines and levels are adhered to by the Trade Construction Contractors.

b. The Project Management Firm shall schedule and conduct Project schedule progress meetings where the Trade Construction Contractors and the Project Management Firm can jointly discuss such matters as design interpretations of the meaning and design intent, procedures, progress, problems and scheduling. The Owner shall be invited to all Project scheduled progress meetings. When necessary, an interpretation of the meaning and design intent of the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/ architectural and/or engineering drawings and specifications shall be obtained from the Prime Professional Services Contractor (Architect/Engineer). In any emergency affecting the safety of persons or property, the Project Management Firm shall act, at their discretion, to prevent threatened damage, injury or loss. The Project Management Firm shall immediately record and report such emergency action to the Owner and certify any accrued costs in writing.

c. The Prime Professional Services Contractor (Architect/Engineer) shall take, transcribe and distribute to all members of the Project team parties, minutes of Construction Phase job/Project progress meetings. The Project Management Firm shall maintain an on-site daily log and periodic photographic record of construction work progress and problems. Such construction work logs and records shall be available to the Owner. The Project Management Firm shall furnish weekly Project written progress reports on the Trade Construction Contractors' work and assist the Owner in performing periodic progress and final Inspections. Upon performing all on-site Inspections preceding the final Inspection, the Project Management Firm shall furnish a detailed written report to the Owner and the Prime Professional Services Contractor (Architect/Engineer) of all Inspection discrepancies found, deficiencies, and omissions in the Project construction work performed by any Trade Construction Contractor. The Project Management Firm shall perform final Inspections of the Project scope of work accompanied with the Owner and the Prime Professional Services Contractor (Architect/Engineer). The Project Management Firm shall compile and issue a Certificate of Substantial Completion of the Project construction management Contract work.

d. The Project Management Firm shall take a minimum of twenty-four (24) progress photographs weekly with 35mm, digital computer compact disk (CD) camera or equivalent equipment and furnish a minimum size of 4-inch by 6-inch (4" x 6") time-dated color photographs, in duplicate, together with the 35 mm negatives or digital computer compact disk (CD) camera files to the Owner. The progress photographs shall be numbered and shall contain the name and position classification title of the person taking the photograph and shall be accompanied with a descriptive narrative depicting the date, time, location, direction, and content of the progress photograph. It is not necessary that the Project Management Firm's Project construction work progress photographs be taken by professional photographers, but the quality of the construction progress photographs shall reflect the Project Management Firm's best construction efforts and best standard of care to construct the Project work in accordance with the design intent of the Prime Professional Services Contractor's (Architect/Engineer) Contract Documents/architectural and/or engineering drawings and specifications.

e. The Project Management Firm shall prepare daily Project management reports that describe the Construction Phase progress work in detail. Daily Project reports shall include the following information: (1) Manpower work force; (2) Progress schedule activities corresponding to the construction work performed; (3) Deliveries to site/warehouse; (4) Construction work description; (5) Visitors to the site; (6) Major construction equipment used; (7) Inspection/testing services performed; (8) Issues raised; and (9) Any problems. This Project management report (See Article 2, (C) (5) Project Management Reporting Services text) shall be submitted weekly to the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director, the Field Representative, and the Prime Professional Services Contractor (Architect/Engineer).

2. Temporary On-Site Facilities

Temporary on-site facilities shall be identified as a reimbursable expense item in this Contract (See Appendix 4) and shall include, but is not limited to, items such as maintenance of access road, hoisting equipment, guardrails, trash containers and debris removal, sanitation facilities, water, fire protection equipment, temporary heat, electrical service and storage. The Project Management Firm shall arrange for the provision of all the temporary on-site facilities necessary to enable the Trade Construction Contractors to perform their Project work. The Project Management Firm shall provide temporary on-site facilities necessary to enable their personnel and the Owner to perform the Project construction management, Inspection, and supervision duties.

3. Competitive Trade Construction Contracts and Purchase Agreements

All Construction Phase work shall be performed under trade construction Contracts awarded by the Project Management Firm, pursuant to competitive construction Bids, reviewed by the Project Management Firm with assistance from the Prime Professional Services Contractor (Architect/Engineer) and recommended for award to the Owner. If the Owner refuses to accept the Trade Construction Contractor firm recommended by the Project Management Firm, the Project Management Firm shall recommend an acceptable substitute firm from the competitive construction Bids submitted and the total cost of the Trade Construction Contractor Contracts allocated to the Project Management Firm shall, if necessary, be increased or decreased by the difference in the cost for this Owner requested Trade Construction Contractor firm substitution and an appropriate written Contract Change Order shall be issued by the Owner to the Project Management Firm. The form and format of the Trade Construction Contractor Contract, including the general and supplementary conditions to the Construction Phase Contract, shall be in compliance with statutory requirements established by the State of Michigan and the standard contracting policies of the Department of Management and Budget, Facilities Administration, Design and Construction Division and be satisfactory to both the Owner and the Project Management Firm.

The trade construction Contracts shall be between the Project Management Firm and the Trade Construction Contractors, subject to the Owner's obligation to pay the Project Management Firm for all their Project Preconstruction and Construction Phase costs incurred under such Trade Construction Contractor Contracts. The Project Management Firm shall be responsible to the Owner for the acts and omissions of their agents and employees or their Trade Construction Contractors. The Project Management Firm shall obtain and provide all appropriate guarantees, warranties, manuals, brochures, operating instructions, or other necessary Project Contract Documents from the Trade Construction Contractors running directly to the Owner, and stating that the Owner is the beneficiary of the Trade Construction Contractor Contracts. Such guarantees, warranties, manuals, brochures, operating instructions, or other necessary Contract Documents shall be bound and indexed into two (2) separate and complete data books and turned over to the Owner at the completion of the Project. The Project Management Firm shall obtain, or cause to have obtained, all required permits and licenses for the Project construction work and the Owner shall pay the Project Management Firm the costs thereof. The Project Management Firm shall review, and process, all monthly submitted payment request applications by their Trade Construction Contractors for progress and final payments. The Owner will compensate the Trade Construction Contractors monthly for the Project construction

work and materials provided by the Trade Construction Contractors in accordance with the Project approved schedule of values.

The Project Management Firm shall review, process, and pay all monthly submitted payment request applications by the Trade Construction Contractors for progress and final payments. The Owner shall compensate the Project Management Firm monthly for the construction work and materials provided by the Trade Construction Contractors in accordance with the Project approved schedule of values.

The Project Management Firm will prepare a schedule of values for the Owner's acceptance that will identify the cost of all Trade Construction Contractors work. The schedule of values shall identify all of the costs for each Trade Construction Contractor on a building-by-building basis with all general condition items itemized and shown separately.

The Project Management Firm may be authorized by the Owner, in writing, to: (1) Perform trade construction Contract work where there is an emergency situation affecting the safety of persons or property/construction; or (2) Where the Trade Construction Contractor's failure to complete their Project construction work has a detrimental effect on the Project construction management Phase schedule or Project completion date and the Trade Construction Contractor has failed to perform their Contract work in accordance with the design intent of the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/ architectural and/or engineering drawings and specifications requirements.

4. <u>On-Site Project Records</u>

The Project Management Firm shall maintain at the Project site, on a current basis, records of all Project construction management Contract Documents including, but not limited to: daily Project reports, shop drawings, color/material samples, purchases, trade construction Contracts, materials, specifications, prevailing wages and the Trade Construction Contractor certified payrolls, guarantees, warranties, manuals, catalogs and operating instructions, if required, and any other related documents and revisions thereto, which arise out of this Contract or the Project construction work. Prior to final payment, these Project records will be delivered to the Owner and shall be considered the property of the Owner.

5. <u>Cost Control of the Project Budget</u>

The Project Management Firm shall revise and refine the construction management Project Budget cost and cash flow estimate as the Trade Construction Contractor Contracts are awarded and as the Project Construction Phase work proceeds. All recommendations and communications by the Project Management Firm to the Owner that will affect the construction cost of the Project, or the time for completion of the Project, shall be made or confirmed, in writing. The Owner may also require other recommendations and communications by the Project Management Firm to be made or confirmed, in writing.

6. <u>Owner Requested Changes in the Project Scope of Work</u>

The Owner, without invalidating this Contract, may order changes in the Project construction management work within the general scope of the Contract consisting of additions, deletions or other revisions, and the Project Management Firm's compensation, based on their hourly billing rate compensation fee rates included in this Contract (See Article 5, Compensation text) and the Contract time schedule shall be adjusted as mutually agreed. All such changes in the Project construction management work shall be authorized, in writing, by appropriate Contract Change Orders issued by the Owner to the Project Management Firm.

The Project Management Firm shall review requests for changes in the Project scope of work with the Owner, and the Prime Professional Services Contractor (Architect/Engineer) and with the Owner's approval, request the Prime Professional Services Contractor (Architect/Engineer) to prepare or cause to have prepared, all architectural and/or engineering drawings and specifications in the form of a Bulletin necessary to obtain itemized Project work quotations from the affected Trade Construction Contractors. The Bulletin shall define the exact scope of

the change in the Project scope of work, and all Project construction work on such change and Bulletins shall be on a time and material basis in accordance with guidelines furnished by the Owner. Where both additions and deductions are involved, each item should be calculated separately. The Project Management Firm shall obtain itemized written quotations and after appropriate review assisted by the Prime Professional Services Contractor (Architect/Engineer) submit recommendations to the Owner for approval and recommend or not recommend, in writing, the issuance of appropriate Contract Change Orders to the Trade Construction Contractors.

In the event that an interpretation of the meaning and design intent of the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications is required during the Preconstruction and/or Construction Phase, the Prime Professional Services Contractor (Architect/Engineer) shall make the design intent interpretation, in writing, and the Project Management Firm shall transmit same to the appropriate Trade Construction Contractors, and the Owner. Should such design intent interpretation indicate the need for further design work, it shall be performed by the Prime Professional Services Contractor (Architect/Engineer) under the direction of the Project Management Firm with the authorization of the Owner. Should such design intent interpretation result in changes which necessitate an increase in the Project construction Budget cost, the Owner will issue, in writing, an appropriate Contract Change Order to the Project Management Firm.

7. Quality Control and Quality Assurance

The Project Management Firm with the assistance of the Prime Professional Services Contractor (Architect/Engineer), shall Inspect the Project construction work of the Trade Construction Contractors throughout their performance on this Project until final completion and acceptance of the Project by the Project Management Firm, the Prime Professional Services Contractor (Architect/Engineer) and the Owner to assure that all the Project construction work performed and the materials furnished is in accordance with the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications, and to ensure that construction work on the Project is progressing on schedule. In the event that the construction quality control testing, performed by an independent quality control and material testing firm, and performed at the direction of the Project Management Firm, should indicate that the Project construction work, as performed, does not meet the Contract Documents requirements of this Project, the Project Management Firm and/or the Prime Professional Services Contractor (Architect/Engineer) shall determine the extent to which the Project construction work does not meet the design intent of the Prime Professional Services Contractor's (Architect/Engineer) Contract Documents/architectural and/or engineering drawings and specifications requirements, and direct the Trade Construction Contractor to take appropriate corrective action, and advise the Owner of the corrective action in writing.

Disputes involving quality of workmanship will be reviewed by the Project Management Firm's quality control and quality assurance personnel for resolution.

The Owner will at all times have access to the Project construction work whether it is in preparation or progress.

8. Labor Relations

The Project Management Firm shall provide an analysis of the types and quantity of construction labor required for the Project scope of work requirements and review the availability of the appropriate categories of construction labor required for critical Construction Phases.

During the course of the Project construction work, the Project Management Firm shall endeavor to maintain harmonious labor relations on the Project.

9. Maintain and Update Project Construction Work Schedule

The Project Management Firm shall monitor the Project construction work schedule as the Construction Phase work progresses and make adjustments to reflect changes in the Project construction work sequence or start and completion dates, provide the Owner with summary reports of each, monitoring and documenting all changes in the Project construction work schedule. Any changes to the Project construction work schedule that impact upon the Project Management Firm's ability to deliver the Project to the Owner within the original agreed upon Project construction time/schedule duration must be immediately reported, in writing, to the Owner.

10. Review and Approval of Shop Drawings/Submittals

The Project Management Firm with the assistance of the Prime Professional Services Contractor (Architect/Engineer) shall develop a Project work schedule for the preparation, submittal, review, and approval of shop drawings, catalogs, and color/material samples. The Project Management Firm shall submit shop drawings, catalogs, and color/material samples, as required, to the Prime Professional Services Contractor (Architect/Engineer) to meet the Project work schedule. If submittals are not being received in a timely manner, the Project Management Firm shall ascertain the reason therefore, and take appropriate action to eliminate further delays. The Project Management Firm may utilize their staff to assist in this review process.

11. Construction Safety Program

The Project Management Firm shall require each of their Trade Construction Contractors to institute and administer a safety officer and a safety program for accident prevention and be in compliance with the safety and health regulation text provisions for the construction industry of the Michigan Occupational Safety and Health Act (MIOSHA), Act 154 of the Public Acts of 1974, as amended.

In observed and suspected cases as defined by the scope of the Project Management Firm's construction management services required under this Contract which may involve danger to human life, immediate safety hazards to personnel, existing or impending damage to the Project, to State/Client Agency property/construction; as may be impacted by the Project, the Project Management Firm shall notify the Trade Construction Contractor(s) to take such safety/accident prevention action as may be necessary to immediately and temporarily relieve the Construction Phase situation. The Project Management Firm shall immediately record and report such emergency action to the Owner and certify any accrued Project work costs in writing.

The Owner will at all times have access to the Project construction work whether it is in preparation or progress.

12. Project Record Documents and Site Close-Out Documents

The Project Management Firm shall maintain, at the Project site, a current marked-up set of the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/ architectural and/or engineering working drawings, prints, and specifications. Upon completion of each Project construction management Phase, the Project Management Firm will transmit marked-up architectural and/or engineering drawings and specifications received from each Trade Construction Contractor, to the Prime Professional Services Contractor (Architect/Engineer) for their incorporation into the following two (2) types of Contract deliverable as-built original documents for Project close-out: (1) One (1) set of legible/reproducible mylars completely updated, as-built original tracings of the Contract Documents/architectural and/or engineering drawings; and (2) Two (2) sets of completely updated as-built, close-out documents of the Project Contract Documents/architectural and/or engineering drawings on computer compact disks (CD's) in an Auto CAD format that is "Auto CAD readable" and conforms to the American Institute of Architects (AIA) National CAD Standard format. These revised Project work documents shall provide the Owner with a

complete set of updated, as-built and record architectural and/or engineering drawings, and specifications as per the Article 15, As-Built Drawings text.

Within sixty (60) consecutive calendar days after the completion of each Project construction management Phase, the Project Management Firm shall deliver the following documents to the Owner, two (2) complete sets of record documents bound and/or filed and indexed, including, but not limited to, as-built architectural and/or engineering drawings and specifications, guarantees, warranties, operating and maintenance manuals, shop drawings, brochures, and samples. All such Project documents shall become the property of the Owner.

In addition, the Project Management Firm shall provide written certification to the Owner that all of the Project work has been completed in accordance with the design intent of the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/ architectural and/or engineering drawings and specifications requirements. The Project Management Firm shall also submit the following documents to the Owner: (1) A sworn statement stating that the amounts previously billed and invoiced for their hourly billing rate charges for Project construction management services and authorized reimbursements for Trade Construction Contractor services, and paid for by the State of Michigan, have been paid to such employees and Trade Construction Contractors; and (2) A final payment request and when necessary, a Contract Modification to balance the related Project Contract Order.

13. Warranty

The Project Management Firm warrants to the Owner that all Project construction work will conform to the design intent of the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications requirements and will not be defective. Reasonably prompt notice of defective Project construction work of which the Owner or the Prime Professional Services Contractor (Architect/Engineer) has actual knowledge shall be given to the Project Management Firm, but failure to do so will not void the Project Management Firm's warranty unless actual prejudice results from such untimely notice. The Project Management Firm's warranty excludes defect or damage caused by; (1) abuse, modification by others, insufficient or improper operation or maintenance, or; (2) normal wear and tear under normal usage.

Manufacturer warranties for materials and equipment received by the Project Management Firm shall be assigned and promptly delivered to the Owner. Manufacturer warranties shall be in full force and effect for the entire duration of the one (1) year Correction Period.

The Contract Documents provide for one (1) Correction Period for the entire Project construction work, whether partial use of any portion of the Project construction work is designated as eligible by the Contract Documents or not. The Correction Period shall start on the date of Substantial Completion of the Project construction work, or on a later date, if so provided in the Contract Documents. The Correction Period shall last one (1) year, or longer, if so specified in the Prime Professional Services Contractor's (Architect/Engineer's) Contract Documents/architectural and/or engineering drawings and specifications requirements.

C. General

1. Key Principal Personnel/Employee

No substitution of any "Key Principal Personnel/Employee" who is essential for the successful completion of this Project scope of work and identified in the Project Management Firm's attached Appendix 2 – Project Organization Chart will be allowed by the Project Management Firm for this Contract without the prior written consent from the Owner. Before any such Key Principal Personnel/Employee substitution, the Project Management Firm shall submit to the Owner, on the Owner's Contract Modification forms, a detailed written justification for such Key Principal Personnel/Employee substitution, supported by the Project Management Firm's qualifications of any proposed personnel replacement, assuring the Owner that the Project scope of work will not be adversely affected by this Key Principal Personnel/Employee change. This

request to modify the Project Management Firm's Contract must be accepted and approved by the Owner in writing.

2. Monetary Adjustment for Owner Requested Changes in Project Construction Management Services

The Owner may, at any time, by written order, make Contract Modification changes within the Project scope of work of this Contract for the construction management Phase services to be performed. If such Owner requested changes cause an increase or decrease in the Project Management Firm's cost of performance of any construction management Phase services under this Contract, an equitable adjustment of the fee and/or Project construction schedule duration shall be made and a written Contract Modification and/or Contract Change Order, if appropriate, shall be provided by the Owner to the Project Management Firm.

3. Claims or Disputes

All claims or disputes and other matters in question arising out of or relating to the design and/or construction of this Project, between the Owner and any Trade Construction Contractors shall be resolved through negotiation between the Project Management Firm, the Prime Professional Services Contractor (Architect/Engineer), the Owner, and the Trade Construction Contractor. In the event of their failure to agree to a resolution, the Project Management Firm shall submit the claim dispute for an administrative decision by the Department of Management and Budget, Director of Facilities Administration within thirty (30) consecutive calendar days of the end of the disputed negotiations, and any decision of the Director may be appealed to the Michigan Court of Claims within one (1) year of the issuance of the Director's decision. The Project Management Firm agrees that the appeal to the Director of Facilities Administration is a prerequisite to filing a suit in the Michigan Court of Claims. Such claims or disputes services shall be rendered by the Project Management Firm without additional fee or other compensation, except for the costs of personnel who are assigned to the Project.

4. Prohibition Against Bidding

Neither the Project Management Firm nor any firm of which any officer, director, supervisory employee or principal stockholder of the Project Management Firm is an officer, director, supervisory employee or principal stockholder or owner, or of which the Project Management Firm is a principal stockholder or owner, shall during the term of this Contract, and until final payment for the Project construction management services provided for herein is made by the Owner, make or cause to be made any construction Bid on the Project work referred to in this Contract unless otherwise authorized by the Owner, in writing. For purposes of this provision, the term "principal stockholder or owner" shall mean any stockholder holding ten percent (10%) or more of the capital stock of such corporation in their own name or which is held directly or indirectly for their account.

5. Project Management Reporting Services

The Project Management Firm shall deliver to the Owner and the Prime Professional Services Contractor (Architect/Engineer), on a thirty (30) calendar day monthly basis, for the duration of this construction management Contract (Preconstruction and Construction Phase), daily Project reports and a written summary Project construction management progress report containing the following items:

a. A narrative report outlining the status of the Project construction management services including Project schedule, cost, problem areas, and corrective measures.

b. A cash flow forecasting chart showing proposed spending and actual spending as compared to the Project Budget. This report shall include the costs for construction management Phase services and other authorized Prime Professional Services Contractor (Architect/Engineer) services.

c. An abbreviated critical path method (CPM) network Construction Phase Project schedule with month-to-month progress of the Project scope of work indicated including a forecast of the next month's expected construction progress.

d. A Construction Phase Project schedule output report showing early and late starts, early and late finishes, and total float time.

e. A listing of all expected construction Bid packages or resulting trade construction Contracts (including the name of the Trade Construction Contractor), Contract changes to date, total Contract amount ($), payments to date, contingency within the total authorized Contract ($) amount, construction management services, design services, and authorized reimbursements as specified in the attached Appendix 4 – Authorized Direct Reimbursable Expense Items text.

f. Current Construction Phase Project schedule photographs as specified in Article 2, (B)(1) Construction Phase (d) showing the Project construction work progress for the month.

These monthly Project construction management progress reports may be provided electronically to the Owner by the Project Management Firm at the discretion of the Owner.

6. Independent Audit and Inspection

The Project Management Firm will be required to have an audit and Inspection performed by an independent Certified Public Accountant (CPA), at least annually, on all records for each assigned Project for the life of this Contract. However, the Owner reserves the right to waive this requirement of a yearly independent audit and Inspection. The Owner further reserves the right to perform its own audit and Inspection of the Project Management Firm's records in accordance with the Article 6 - Accounting requirements of this Contract. The audit shall evaluate and assess, at a minimum, the following items:

a. The Project Management Firm's compliance with the requirements of the Contract Documents with regards to Project Budgeting and scheduling, Project monitoring, reviewing and processing reimbursement requests from Consultants or Trade Construction Contractors, submitting Contract Change Orders, etc.

b. How effectively the Project Management Firm is maintaining all required logs, Inspection sheets and other documentation required by the Project construction management Contract.

c. The accuracy of time sheets, daily Inspections and other documentation with Project construction management billings.

d. The accuracy of Consultant and/or Trade Construction Contractors payment requests, Contract Change Orders, etc. with supporting documentation in order to determine that no overpayments have been issued by the Project Management Firm.

Prior to the audit, the independent Certified Public Accountant will be required to meet with the Department of Management and Budget's, Facilities Administration, Design and Construction Division to review the scope and objectives of the audit and Inspection as well as the format of the report to be submitted to the Owner. The Owner reserves the right to limit or expand the scope of each audit and Inspection to Project-related elements other than those identified above.

A copy of all audit and Inspection reports and follow-up correspondences must be submitted to the Owner.

ARTICLE 3 OWNER RESPONSIBILITIES

A. Owner-Furnished Documents

The Owner shall provide to the Project Management Firm all information regarding requirements for the construction management Project scope of work including the Prime Professional Services Contractor's (Architect/Engineer's) furnished Contract Documents/ architectural and/or engineering drawings and specifications requirements for the buildings and a topographic survey of the Project site. The Owner shall designate a Project Director from the Department of Management and Budget's, Facilities Administration, Design and Construction Division who shall be fully acquainted with the attached Appendix 1 – Project/Program Statement scope of the work requirements approved by the Owner and have the authority to render decisions promptly and furnish information expeditiously.

B. Construction Quality Control and Material Testing Services

The Owner will employ the professional services of an independent construction quality control testing company that may be assigned to the Project Management Firm to provide quality control testing of soils and building materials during the course of the Construction Phases. The scope of the construction testing services for this Contract will be jointly determined by the Owner, the Prime Professional Services Contractor (Architect/Engineer), the independent testing firm, and the Project Management Firm.

C. Insurance

1. Property

Unless otherwise provided, the Owner or their designee shall purchase and maintain property insurance for l00 percent (100%) of the actual cash value of the insurable work while in the course of construction, including foundations, unless specifically excluded, additions, attachments, and all fixtures, machinery, and equipment belonging to and constituting a permanent part of the building structure. The property insurance shall also cover temporary structures, materials, and supplies of all kinds to be used in completing the work only while on the building site premises or within 500 feet thereof. The property insurance shall insure the interests of the Owner, the Project Management Firm, and each participating Trade Construction Contractor, subcontractor, and sub-subcontractor. The property insurance shall insure against "all risks" of physical loss or damage to the extent usually provided in policy forms of insurers authorized to transact this insurance in the State of Michigan and subject to a deductible of $5,000 for each loss occurrence. The deductible cost shall be the responsibility of the party who files the claim. A copy of the master insurance policy will be kept on file by the Owner for review by the Bidders and the Trade Construction Contractors.

2. Boiler and Machinery

The Owner shall purchase and maintain boiler and machinery insurance with respect to the boiler objects, equipment and machinery required to be registered and Inspected by law. This boiler and machinery insurance shall include the interests of the Project Management Firm and each Trade Construction Contractor, subcontractor and sub-subcontractor participating in the Project scope of work.

3. Loss Adjustment

Any insured loss is to be adjusted with the Owner and made payable to the Owner as trustee for the insureds, as their interests may appear, subject to the requirements of subparagraph C (5) below. The Project Management Firm shall cooperate with the Owner in a determination of the actual cash value of any insured loss. Any deductible amount shall be assumed or shared by the Owner and each Trade Construction Contractor,

subcontractor, and sub-subcontractor participating in the Project scope of work in direct proportion to their respective interests in the amount of the whole loss.

4. Insurance Compensation Distribution

The Owner, upon the occurrence of an insured loss, shall deposit in the Project account any money so received and shall distribute it in accordance with such agreement as the parties in interest may reach. If, after such loss, no other special agreement is made, replacement of damaged work shall be covered by the Owner with an appropriate written Contract Modification and/or Contract Change Order to the Project Management Firm.

5. Arbitration

The Owner, as trustee, shall have power to adjust and settle any loss with the insurers. If distribution of the insurance proceeds by arbitration is required, the arbitrators will direct such distribution. The Owner shall not be made responsible for reimbursements to Trade Construction Contractors that exceed the amount of insurance proceeds money received in settlement of any loss.

D. Owner Communications

The Owner will only communicate with the Trade Construction Contractors through the Project Management Firm.

ARTICLE 4 REIMBURSEMENT

The Owner will only reimburse the Project Management Firm for the professional construction management Phase services authorized by the Owner, temporary facilities (See Article 2, (B) (2) Temporary On-Site Facilities), payment bonds (See Article 7), builders' risk insurance as described in Article 3, (C) Insurance text above, if requested by the Owner, completed work by Trade Construction Contractors that is Inspected and approved by the Project Management Firm, and costs for reproduction of the Contract Bidding Documents/architectural and/or engineering drawings and specifications, related postage/delivery and handling for bidding purposes or construction, as defined in the attached Appendix 4 - Authorized Direct Reimbursable Expense Items summary text.

The Owner agrees to pay the Project Management Firm for all authorized costs incurred in the performance of the construction management Phase Contract, including all Project costs associated with the authorized trade construction Contracts and any Prime Professional Services Contractor (Architect/Engineer) Contracts authorized by the Owner for administration by the Project Management Firm or assigned to the Project Management Firm.

The compensation not-to-exceed cost of $_____ dollars ($_____) represents the Owner's allocation for trade construction Contracts, including contingencies and any building adaptation design work, based upon the anticipated Project needs within the appropriation provided by the legislature for this Project. The compensation not-to-exceed cost does not constitute a guaranteed maximum price (GMP) for such trade construction Contracts; provided, however, that the Project Management Firm shall endeavor to accomplish the Project within the Owner's Project Budget, and further provided that the Project Management Firm is specifically not authorized to incur any expenses beyond the not-to-exceed cost. The Project Management Firm shall monitor the Project expenses and report to the Owner monthly throughout the construction schedule duration of the Project, the status of the Project Budget, including the costs of the trade construction Contracts, authorized reimbursements, percentage (%) of work under Contract and the balance percentage (%) of Project construction management work to be completed.

The Owner, may, at its option, order changes in the Project scope of the work. Prior to the Owner ordering changes in the Project scope of the work, the Project Management Firm as assisted by the Prime Professional Services Contractor (Architect/Engineer) shall provide professional recommendations, including cost estimates, identifying Project modifications that will satisfy the construction programmatic requirements, and achieve the Project scope of work within the available and authorized Project Budget funds.

In recognition that the Owner has established the construction Project Budget, it is understood and agreed that the Project Management Firm does not guarantee that the Project can be accomplished within the Owner's Project Budget and is not authorized to incur any Project expenses beyond the compensation not-to-exceed Project Budget amount, as they may subsequently be modified by the Owner.

Payment requests shall be submitted monthly to the Owner as the Project progresses on the Owner's payment request form (DMB-440). Payment to the Project Management Firm by the Owner for each monthly submitted payment request invoice shall be made to the Project Management Firm within thirty (30) consecutive calendar days following the Owner's receipt and approval of an approved payment request invoice from the Project Management Firm. Payment for authorized reimbursable expenses shall be made monthly by the Owner to the Project Management Firm in the amount incurred prior to the date of the payment request application. Each payment request expense item must be properly documented in spreadsheet form detailing the information about the payment request. The Project Management Firm will provide a certification of the payment request in writing that the payment request submittal is true and accurate as of the date of the payment request submittal to the Owner.

The Project Management Firm shall submit, with their monthly payment request application for payment, a sworn statement stating that the amounts previously billed and invoiced for their hourly billing rate charges for Project construction management services and authorized reimbursements for Trade Construction Contractor services, and paid for by the Owner, have been paid to such employees and Trade Construction Contractors.

No request for payment shall include the amounts for any Trade Construction Contractor, Prime Professional Services Contractor (Architect/Engineer), Consultant, subcontractor or supplier if the Project Management Firm does not intend to use the payments requested, when received, to reduce the Project Management Firm's outstanding monetary Contract obligations on the Project work.

ARTICLE 5 COMPENSATION

Compensation fee to the Project Management Firm, for their Project scope of work services shall be on an hourly billing rate basis for Project Management Firm services rendered by salaried and non-salaried employees, except for any authorized reimbursable expenses provided for in this Contract. Total compensation for any Phase shall not exceed the compensation amount authorized for that Phase, unless so authorized in writing by the Owner's approved Contract Change Order signed by the Owner and the Project Management Firm. Compensation for Project Management Firm services and authorized reimbursables shall not exceed the amount authorized, in writing, in the Contract Order or Contract Change Order issued by the Owner to the Project Management Firm.

No increase in compensation fee to the Project Management Firm will be allowed unless there is a material change made to the Project scope of work requirements as described in the attached Appendix 1 - Project/Program Statement scope of work requirements and the change to the Project/Program Statement scope of work requirements is accepted and approved in writing, by the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director and the Project Management Firm. Project Management services shall not be performed and no Project expenses shall be incurred by the Project Management Firm prior to the issuance of a written and signed Professional Services Contract and a DMB Form 402 - Contract Order by the Owner to the Project Management Firm, authorizing the Project Management Firm to start the Project work on-site. Compensation for Owner directed changes to the Project or modifications to the Project scope of work requirements will be provided to the Project Management Firm by a Contract Modification and/or Contract Change Order signed by the Owner and the Project Management Firm. The preparation of Bulletins and Contract Change Orders resulting from increases in the Project scope of work or previously unknown on-site field conditions will be compensated to the Project Management Firm, as approved by the Project Director, on an hourly billing rate basis in accordance with this article. This monetary compensation shall not exceed seven and one-half percent (7.5%) of the Construction Contractor's quotation for the Bulletin or Contract Change Order or an amount mutually agreed upon by the Project Management Firm and the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director.

Project Management Firm services shall not be performed and no Project expenses shall be incurred prior to the issuance of a written Contract Order signed by the Owner. Compensation for Owner directed changes to the Project or modifications to the Project scope of work requirements will be provided by the Owner to the Project Management Firm with a written and signed Contract Modification and/or Contract Change Order. The preparation of Bulletins and Contract Change Orders resulting from increases in the Project scope of work requirements or previously unknown on-site field conditions will be compensated to the Project Management Firm, as approved by the Owner's Project Director, on an hourly billing rate basis in accordance with this article.

No substitution of any "Key Principal Personnel/Employee" who is essential for the successful completion of the Project scope of work requirements and identified in the Project Management Firm's attached Appendix 2 – Project Organizational Chart will be allowed by the Project Management Firm for this Contract without the prior written consent from the Department of Management and Budget, Facilities Administration, Design and Construction Division's Project Director. Before any "Key Principal Personnel/Employee" substitution takes place, the Project Management Firm shall submit a written request to the Project Director for personnel substitution and this substitution request shall include the following information: (1) A request in writing for a No Cost Contract Modification for this "Key Principal Personnel/Employee" substitution; (2) Detailed written justification for this "Key Principal Personnel/Employee" substitution; (3) The Project Management Firm's qualifications of any proposed "Key Principal Personnel/Employee" replacement; and (4) A written statement from the Project Management assuring the Owner that the Project scope of work will not be adversely affected by this "Key Principal Personnel/Employee" substitution change. This request by the Project Management Firm to modify their Professional Service Contract must be accepted and approved in writing by the Project Director and the Director of the Department of Management and Budget, Facilities Administration, on the Department's, Professional Services Contract Modification form (DMB-410).

In consideration of the performance of this Contract, the Owner agrees to pay the Project Management Firm, as compensation fee for construction management Phase services, their hourly billing rate charge for each employee providing a direct service to this Project, on an estimated cost not-to-exceed basis as specified herein, subject to subsequent Contract Modification mutually agreeable to the parties hereto; provided, however, that the Project Management Firm may not incur costs, or bill the Owner, for construction management services in excess of the estimates set forth herein without the prior written agreement of the Owner.

The Project Management Firm's hourly billing rate charge includes all direct and indirect costs associated with the employment of personnel, computer services, equipment, home office, field office, Project related travel, related operating expenses, indirect labor, overhead, and profit. Sick leave, vacation, and holiday pay shall be included in the overhead costs and shall not be billable to the Project. A separate hourly billing rate charge shall be established for overtime that reflects the reduced cost for fringe benefits and support services. Overtime rates will be applied in excess of forty (40) hours within a normal work week, when an employee receives overtime pay. Hourly billing rates will remain fixed for the Project construction schedule time/duration of this Contract. In the event the Project Management Firm is required to provide the Owner with future professional services beyond the schedule duration of this Contract, the hourly billing rate charge will be subject to negotiation. The hourly billing rate charges of any employee may be changed by the Project Management Firm with a written and Department approved Contract Modification during the life of this Contract to account for normal personnel pay increases.

5.1 EMPLOYEE HOURLING BILLING RATES: Hourly billing rates will include all costs to the Owner for the Project Management Firm's services under this Contract other than the authorized and approved reimbursements. Billing rates shall be based on the Project Management Firm's documented historical operating expenses and adjusted for Project specific costs. In no case shall this documentation period include more than eighteen (18) months prior to the date of award of this Contract. The Project Management Firm's use of different hourly billing rates for different Construction Phases of this Project is not allowed.

Hourly billing rates include, but are not limited to: Overhead items such as employee fringe benefits, vacations, sick leave, insurance, taxes, pension funds, retirement plans, meals, lodging, and all Project related travel. The cost of all telephone-related services and all reproduction services (except Contract Bidding Documents/drawings and specifications) and where specifically authorized elsewhere in this Contract. All postage, mail or other shipping or delivery services, acquisition, bad debts, previous business losses, employment fees, depreciation and operating costs for equipment, including computer design and/or computer drafting systems, and any specialized testing equipment are to be included. The hourly billing rate shall include, without exception, secretarial, typing/word processing, editing, and clerical services utilized in any way for the construction management Project scope of work as well as other non-Project related costs. All other direct or indirect costs, including that of processing the costs of the Consultant's, and authorized reimbursable expense items shall be included. Such costs and the Project Management Firm's calculated hourly billing rates shall not change during the life of this Contract without written approval by the Owner. The hourly billing rate also includes all profit without regard to its form or distribution.

Items not allowable as part of the Project Management Firm's hourly billing rates, include, but are not limited to: Any costs associated with litigation and settlements for the Project Management Firm, or other liability suits, out-of-state offices and associated travel, bonuses, profit sharing, premium/overtime costs, public relations, entertainment, business promotion, contributions, and various speculative allowances.

The hourly billing rate for the Project Management Firm may not be applied to the work of Project Management Firm's Consultant's. Each Consultant must submit a separate hourly billing rate with proper documentation for the Consultant services they will provide. The hourly billing rate of the respective Consultant's shall be used for the Consultant firm's personnel only. No mark-up may be applied by the Project Management Firm to their Consultant's hourly billing rate(s). The Consultant services of all the Project Management Firm's Consultants shall be billed as an authorized reimbursable expense.

5.2 RANGE OF EMPLOYEE HOURLY BILLING RATES: The Project Management Firm shall identify the construction management/architectural and/or engineering discipline service being provided and include the Project Management Firm/Consultant's technical employee(s) full payroll signature names and position classifications for the Project and their current hourly billing rates <u>at the beginning of the Project</u>. Also, provide the technical employee(s) anticipated hourly billing rates <u>at the end of the Project</u> based on the Project Management Firm's estimated schedule duration. This range of current and anticipated hourly billing rates shall reflect the actual costs currently being paid to all of the Project Management Firm/Consultant's technical employees for the professional services within their specified position classification, and shall include any anticipated pay increases over the life of the Project Management Firm/Consultant's estimated Contract schedule. The range of the hourly billing rate charge for any employee position or classification may not be changed without a written Contract Modification and/or Contract Change Order approved by the Owner in writing. No mark-up of the Project Management Firm's Consultant's hourly billing rates will be allowed.

5.3 DIRECT COST REIMBURSEMENT ITEMS: The professional services of all the Project Management Firm's and their Consultants, shall be treated as an authorized reimbursable expenses at a direct cost times a 1.0 multiplier. Reimbursement of authorized direct reimbursable expense items at a direct cost times a 1.0 multiplier is intended only as a means to compensate the Project Management Firm for their direct costs (See attached Appendix 4). The Project Management Firm shall be responsible for: (1) The selection of the supplier of such services or materials; (2) The coordination, adequacy, and application of such professional services, whether provided by the Project Management Firm's staff or provided by their Consultant; and (3) Any Project costs that exceed the Contract per Phase reimbursement Budget.

Project Management Firm:

Construction Management Services

Position/ Classification	Individual	Hourly $ Range Billing Rate** From - To	Total Hours	Total $ Cost

*Key Principal Personnel/Employee

Prime Professional Services Contractor/Consultant Firm:
City, State

Architectural and Engineering Design Services

Position/ Classification	Individual	Hourly $ Range Billing Rate** From - To	Total Hours	Total $ Cost

*Key Principal Personnel/Employee

Consultant Firm: As Selected ~ Printing and Reproduction of Contract Bidding Documents Drawings and Specifications

Multiplier: 1.0

** See attached Appendix 8 guideline form for computation instructions regarding the overhead items allowed by the Owner for the Project Management Firm's hourly billing rate calculation.

Total Construction Management Contract Compensation Not-To-Exceed Costs

Compensation to the Project Management Firm for the total Project construction management services described herein shall not exceed the following amounts per Project Phase unless authorized by a written Contract Change Order signed by the Owner and the Project Management Firm.

PROJECT PHASE	COMPENSATION NOT-TO-EXCEED
Preconstruction Phase Billing Rate Payroll/Management Services	$_____
Construction Phase Billing Rate Payroll/Management Services	$_____
Authorized Reimbursements**	$_____
Document Reproduction	$_____
Subtotal	$_____
Trade Construction Contractor Allocation	$_____
TOTAL CONTRACT AMOUNT*	$_____

*Compensation and reimbursables for the total Project construction management services is based on the attached Appendix 5 - Project Management Firm Total Contract Cost/Services Itemized Summary. Adjustments in the scope of the Project construction management services, if required, may only be made by a written Contract Modification and/or Contract Change Order signed by the Owner and the Project Management Firm.

**See attached Appendix 4 - Authorized Direct Reimbursable Expense Items Summary. Reimbursable costs authorized by the Owner in the attached Appendix 4 – Authorized Direct Reimbursable Expense Items summary text shall be paid to the Project Management Firm at the Project Management Firm's cost. All other costs, such as Project related travel, indirect labor, telephones, miscellaneous reproduction, etc., shall be included in the Project Management Firm's total Contract not-to-exceed compensation fee.

Should litigation occur as a result of this Project, the Project Management Firm shall be compensated by the Owner on an actual hourly billing rate basis at the rate set forth in this Contract, if required to assist the Department of Attorney General, State Affairs Division in providing the professional Project construction management services necessary during the course of litigation.

Payment to the Project Management Firm by the Owner for each monthly submitted payment request invoice shall be made to the Project Management Firm within thirty (30) consecutive calendar days following the Owner's receipt and approval of an approved payment request invoice from the Project Management Firm.

A separate monthly payment request application for payment shall be made by the Project Management Firm to the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director for the Project construction management services and authorized reimbursement(s) items and shall be submitted on the payment request forms (DMB-440) provided by the Owner and must be supported by an itemized breakdown identifying the employee by name, position classification, date and time the professional service was provided, the number of hours, the hourly billing rate charge plus an itemized listing of authorized reimbursable expenses. In no case shall the Project Management Firm incur expenses or bill the Owner for Project construction management Phase services and reimbursable expenses exceeding the amounts indicated in the Contract Order or Contract Change Order. Payment request applications shall be submitted monthly as the Project construction work progresses.

The Project Management Firm shall provide a written construction work progress report with each monthly payment request application for payment. The construction work progress report must identify the status of the agreed upon and Owner approved work plan, schedule, Project Budget, and cash flow projections. The construction work progress report shall highlight current and anticipated deviations from the approved work plan and provide recommendations for corrective action. The Owner will process payments for construction management Phase services after review and approval of the monthly payment request application and the attached written Project construction management progress report.

Payment request applications shall include signed certifications by the Project Management Firm for the actual percentage of Project scope of work completed as of the date of invoicing for each Phase of this Contract. Payment requests shall summarize amounts authorized, earned, previously paid, and currently due within each Phase of this Contract. The Project Management Firm's payment request applications to the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director shall be supported by itemized Project work documentation for each assigned Project site in such form and detail as the Owner may require. The service of each of the Project Management Firm's Consultants and/or Trade Construction Contractors shall include similar information. This includes, but is not limited to:

(1) Preconstruction Phase or Construction Phase and calendar day/time duration periods for the construction management services provided for the Project work.
(2) Name of the individual providing Project construction management services and position/classification title defined above.
(3) Hours worked: Reimbursable expense items provided.
(4) The hourly billing rate charge.
(5) Copy of certified on-site visitation logs or on-site visit report showing time on-site.
(6) Receipts for authorized reimbursable expense items.
(7) Itemized invoices from each of the Project Management Firm's Consultants and/or Trade Construction Contractors documenting that firm's professional services charge and the Project work related services provided.

The Project Management Firm is required to provide the Owner with a written Project construction management progress report with each monthly submitted application for payment. This Project construction management progress report must identify the current status of the original agreed upon and Owner approved Project work plan, schedule, Project Budget, and cash flow projections. The Project construction management progress report shall highlight current and anticipated deviations from the original approved Project work plan and provide recommendations for corrective action. The Owner will process the Project Management Firm's monthly payment request and the attached written Project construction management progress report.

Monthly submitted payment requests to the Department of Management and Budget, Facilities Administration, Design and Construction Division's, Project Director must include a summary of all on-site Inspection hours for the month, and where possible, these reports must be attached to back-up the Project Management Firm's billing rate hours claimed for all on-site field Inspection/supervision services.

ARTICLE 6 ACCOUNTING

Authorization for the Project Management Firm to begin to incur compensation costs for the Project construction management services shall be made by the Owner with an Owner signed Professional Services Contract and an Owner approved and signed DMB Form 402 – Contract Order, authorizing the Project Management Firm to start the Project construction management work on-site. This Contract Order may authorize funds for all approved Project service Phases or authorizations may be made for sequential Phases according to the Project Budget cash flow requirements. It shall be the Project Management Firm's responsibility to carefully monitor the Project Management Firm's construction management service costs, activities, and progress, and to give timely notification of any need to increase the authorized Project Budget funds. Increases or decreases to authorized Project Budget funds shall be made by a revised and Owner approved Contract Change Order signed by the Owner and the Project Management Firm. No unauthorized work shall be performed by the Project Management Firm.

The Project Management Firm shall maintain all records relating to the Project construction management scope of work and all Project work documents necessary to support the Project Management Firm's monthly application for payment. Project work records shall be maintained on a generally accepted accounting basis. Such Project work records shall be maintained for a period of three (3) years after the Owner's final payment to the Project Management Firm. The Owner reserves the right to conduct, or have conducted, an audit of these Project work records at any time during the Project work or following its completion.

ARTICLE 7 BONDS AND INSURANCE

Prior to starting the Project scope of work, the Project Management Firm shall provide the Owner with performance/labor and material bonds for all Preconstruction and Construction Phase Contracts and a payment bond equal to the amount of the largest anticipated two (2) monthly payment's, but not less than 10 percent (10%) of the total not-to-exceed cost as defined in the Article 5, Compensation text and the Article 7, Bonds and Insurance text. The cost of the payment bond for this Contract will be added to the Project Management Firm's Project construction management services authorized reimbursements and will be reimbursed by the Owner to the Project Management Firm by a written Contract Change Order (See attached Appendix 4).

The Project Management Firm shall purchase, maintain and require such Project insurance as will provide protection from claims set forth below which may arise out of or result from the Project Management Firm's Project construction management services under this Contract, whether such service is performed by the Project Management Firm or their assigned Prime Professional Services Contractor (Architect/Engineer) or performed by any Trade Construction Contractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable. The following insurance policy limits described below are intended to be the minimum coverage acceptable by the Owner:

A. Workers' Compensation/Employers Liability

Workers' Compensation Insurance for claims under Michigan's Workers' Compensation Act or other similar employee benefit act of any other state applicable to an employee.

Employers' Liability Insurance, in conjunction with Workers' Compensation Insurance, for claims for damages because of bodily injury, occupational sickness or disease or death of an employee when workers' compensation may not be an exclusive remedy, subject to a limit of liability of not less than $100,000 each accident.

B. Automobile

Automobile Insurance required by law for claims arising from ownership, maintenance or use of a motor vehicle.

C. Public Liability and Property Damage

General Liability Insurance for claims for damages because of bodily injury or death of any person, other than the Project Management Firm's employees, or damage to tangible property of others, including loss of use resulting therefrom, to the extent that such kinds of liability are not insured by other specific liability insurance and are ordinarily insurable under general liability insurance, subject to bodily injury limits of not less than $100,000 each occurrence and $300,000 annual aggregate and property damage limits of not less than $100,000 each occurrence and $300,000 annual aggregate, or combined bodily injury/property damage single limit of not less than $300,000 each occurrence and $500,000 annual aggregate.

D. Errors and Omissions

Project Management Firm Liability Insurance for claims for damages arising out of an error, omission or negligent act in the performance of Project Management Firm services, subject to limits of liability of not less than $100,000 each claim and an annual policy period aggregate of not less than $100,000.

E. Contractual Liability

Contractual Liability Insurance for claims for damages that may arise from the Project Management Firm's assumption of liability on behalf of the Owner under the Article 8 text concerning indemnification for errors, omissions, or negligent acts in the course of the Project Management Firm service or other provision within this Contract to the extent that such kinds of contractual liability are insurable in connection with and subject to limits of liability not less than for general liability

insurance and the Project Management Firm liability insurance set forth in sections (C.) and (D.) above.

F. Pollution Liability

Pollution Liability in the amounts of not less than $1,000,000 per occurrence is required.

The Project Management Firm and each Trade Construction Contractor shall provide and maintain for this Contract, performance and payment bonds as designated in the Department of Management and Budget, Facilities Administration, Design and Construction Division, "MICHSPEC 2001 Edition of The Owner and Contractor Standard Construction Contract and General Conditions for Construction" or the current Department of Management and Budget, Facilities Administration, Design and Construction Division, "DMB Short Form 401 - Proposal and Contract" general conditions.

Original signed Certificate of Insurance documents, acceptable to the State, shall be provided and filed with the State prior to commencement of the Project Management Firm's Project scope of work services unless otherwise approved, in writing, by the Owner. Faxes or Portable Document Format (PDF) copies of the required original Certificate of Insurance documents will not be accepted, only the original documents are acceptable. Signatures on the original Certificate of Insurance documents must be blue pen and ink and cannot be laser facsimile. The insurance company shall attach evidence that it is authorized by the Department of Labor and Economic Growth, Office of Financial and Insurance Services to do business, as an insurer in the State of Michigan, and must have an insurance rating of "A-" or better, as listed by the A.M. Best Company unless, otherwise authorized in writing, by the State of Michigan. The original Certificate of Insurance documents must specify on the certificate in the oblong rectangle space labeled "Description of Operations/Locations/Vehicles/ Exclusions Added By Endorsement/Special Provisions/Special Items" the following items: (1) The Project Index No.; (2) The Project File No.; (3) The Project Title; (4) Description of the Project Scope of Work; and (5) The State of Michigan must be named as an "Additional Insured on the General Liability Insurance Policy." The original Certificate of Insurance documents shall contain a provision that the Project insurance coverage afforded under the insurance policies for this Contract will not be modified or canceled without at least thirty (30) consecutive calendar days prior written notice to the State of Michigan, Department of Management and Budget, Facilities Administration, Capital Renewal Division. To view the latest A.M. Best's Key Ratings Guide and the A.M. Best's Company Reports (which include the A.M. Best's Ratings) visit the A.M. Best Company internet web site at http://www.ambest.com.

The attached Appendix 9, Original Certificates of Insurance and Surety Bonds documents required for this Project shall be in force for this Project until the final payment by the State to the Project Management Firm is made and shall be written for not less than any limits of liability specified above. The Project Management Firm has the responsibility for having their Consultant's comply with these insurance requirements.

Also, be advised that original surety bonds required for a Construction Contract will not be accepted by the State of Michigan unless, the surety bonding company is listed in the current United States Government, Department of Treasury's, Listing of Approved Sureties (bonding/insurance companies), Department Circular 570. This Circular 570 Listing is published annually every July 1, in the Federal Register solely for the information of providing a listing of companies holding certificates of authority as acceptable sureties on Federal bonds and as acceptable reinsuring companies required to provide surety bonds to the United States Government. Copies of the current Circular 570 Listing of approved surety bonding/insurance companies and interim changes may be obtained through the internet web site at http://www.fms.treas.gov/c570/c570.html.

ARTICLE 8 INDEMNIFICATION

(a) To the extent permitted by law, the Project Management Firm shall indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Project Management Firm in the performance of this Contract and that are

attributable to the negligence or tortious acts of the Project Management Firm or any of its Subcontractors/Consultants, or by anyone else for whose acts any of them may be liable.

(b) Employee Indemnification

In any and all claims against the State of Michigan, its departments, divisions, agencies, boards, sections, commissions, officers, employees and agents, by any employee of the Project Management Firm or any of its Subcontractors/Consultants, the indemnification obligation under this Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Project Management Firm or any of its Subcontractors/Consultants under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

(c) Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Project Management Firm shall indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Project Management Firm or its Subcontractors/Consultants, or the operation of such equipment, software, commodity or service, or the use of reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or services, or its operation, become or in the State's or Project Management Firm's opinion be likely to become the subject of a claim of infringement, the Project Management Firm shall at the Project Management Firm's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Project Management Firm, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Project Management Firm, (iii) accept its return by the State with appropriate credits to the State against the Project Management Firm's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Project Management Firm shall have no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; or (ii) use of the equipment in a configuration other than implemented or approved in writing by the Project Management Firm, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Project Management Firm under this Contract.

ARTICLE 9 OWNERSHIP OF DOCUMENTS

All Contract Documents/architectural and/or engineering drawings and specifications prepared and furnished by the Owner, the Prime Professional Services Contractor's (Architect/Engineer's), and/or the Project Management Firm, shall become the property of the Owner upon their request, in writing, by the Owner, or upon the prior termination of the Project Management Firm's services, hereunder, and the Project Management Firm shall have no claim for further employment or additional compensation as a result of this action taken by the Owner to request full rights of ownership of these Contract Documents and materials. The Project Management Firm shall not use or copy these Contract Documents/architectural and/or engineering drawings and specifications, and any Project related

documents for any purpose other than this Project. However, the Project Management Firm may retain a copy of all Contract scope of work documents for the Project Management Firm's record keeping files.

ARTICLE 10 SUCCESSORS AND ASSIGNS

This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that neither of the parties hereto shall assign this Contract without the prior written consent of the other.

ARTICLE 11 GOVERNING LAW

This Contract shall be construed in accordance with the laws of the State of Michigan.

ARTICLE 12 NONDISCRIMINATION

In connection with the performance of the Project scope of work under this Contract and in accordance with the attached Appendix 7 - Certificate of Awardability, the Project Management Firm agrees as follows:

A. General

The Project Management Firm will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, age, sex, height, weight or marital status, or a physical or mental disability that is unrelated to the individual's ability to perform the duties of the particular job or position. The Project Management Firm will provide equal employment opportunities to ensure that applicants are employed and that employees are treated equal during employment, without regard to their race, color, religion, national origin, age, sex, height, weight or marital status, or a physical or mental disability that is unrelated to the individual's ability to perform the duties of the particular job or position. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

B. Solicitation/Advertisements

The Project Management Firm will, in all solicitations or advertisements for employees placed by or on behalf of the Project Management Firm, state that all qualified applicants will receive equal opportunity consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight or marital status, or a physical or mental disability that is unrelated to the individual's ability to perform the duties of the particular job or position.

C. Collective Bargaining

The Project Management Firm or their collective bargaining representative will send to each labor union or representative of workers with which is held a collective bargaining agreement or other Contract or understanding, a notice advising the said labor union or workers' representative of the Project Management Firm's nondiscrimination commitments under this article.

D. Rules/Laws

The Project Management Firm will comply with the Elliot-Larsen Civil Rights Act, 1976 PA 453, as amended, MCL 37.2201 et seq; the Michigan Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101 et seq; and all published rules, regulations, directives and orders of the Michigan Civil Rights Commission which may be in effect on or before the date of award of this Contract.

E. Reports

The Project Management Firm will furnish and file nondiscrimination compliance reports within such time and upon such forms as provided by the Michigan Civil Rights Commission; said forms may also elicit information as to the practices, policies, program, and employment statistics of the Project Management Firm and each of their Consultant's, the Trade Construction Contractor and of each subcontractor. The Project Management Firm will permit access to all books, records, and accounts by the Michigan investigation, and/or its agent, for purposes of investigation to ascertain compliance with this Contract and with rules, regulations, and orders of the Michigan Civil Rights Commission relevant to the Article 6, 1976 PA 453, as amended.

F. Noncompliance

In the event that the Michigan Civil Rights Commission finds, after a hearing held pursuant to its rules, that a Project Management Firm has not complied with the contractual nondiscrimination obligations under this Contract, the Michigan Civil Rights Commission may, as part of its order based upon such findings, certify said findings to the State Administrative Board of the State of Michigan, which the State Administrative Board may order the cancellation of the Contract found to have been violated, and/or declare the Project Management Firm ineligible for future Contracts with the Owner and its political subdivisions, departments, and officers, and including the governing boards of institutions of higher education, until the Project Management Firm complies with said order of the Michigan Civil Rights Commission. Notice of said declaration of future ineligibility may be given to any or all of the persons with whom the Project Management Firm is declared ineligible to Contract as a contracting party in future Contracts. In any case before the Michigan Civil Rights Commission in which cancellation of an existing Contract is a possibility, the Owner shall be notified of such possible remedy and shall be given the option by the Michigan Civil Rights Commission to participate in such proceedings.

G. Persons With Disabilities

The Project Management Firm will comply with the nondiscrimination provisions of the 1976 PA 220, as amended, concerning the civil rights of persons with physical or mental disabilities.

H. Contract Provisions

The Project Management Firm will include, or incorporate by reference, the nondiscrimination provisions of the foregoing paragraphs (A.) through (G.) in every Trade Construction Contract, subcontract or Contract Order unless exempted by the rules, regulations or orders of the Michigan Civil Rights Commission, and will provide in every subcontract or Contract Order that said nondiscrimination provisions will be binding upon each subcontractor or seller.

ARTICLE 13 CONTRACT CLAIMS AND DISPUTES

In any claim or dispute between the Project Management Firm, the Prime Professional Service's Contractor (Architect/Engineer), the Owner, and any Trade Construction Contractor which cannot be resolved by negotiation, the Project Management Firm shall submit the claim or dispute for an administrative decision by the Department of Management and Budget, Director of Facilities Administration within thirty (30) consecutive calendar days of the end of the disputed negotiations, and any decision of the Director of Facilities Administration may be appealed to the Michigan Court of Claims within one (1) year of the issuance of the Director's decision. The Project Management Firm agrees that appeal to the Director of Facilities Administration is a prerequisite to filing suit in the Michigan Court of Claims.

ARTICLE 14 TERMINATION

The Owner, with or without cause, may terminate all or any portion of the services by the Project Management Firm under this agreement, upon giving the Project Management Firm thirty (30) calendar days written notice of such termination. In the event of termination, the Project Management Firm shall

deliver to the Owner all reports, estimates, schedules, Trade Construction Contractor Contract assignments, and other documents and data prepared by it or for it pursuant to this agreement.

The Project Management Firm shall be entitled to receive the payments provided for in Article 4, Reimbursement to the date of termination (including payment for the period of the thirty (30) calendar day notice), plus reimbursement for approved reimbursable costs and expenses incurred by the Project Management Firm to the date of termination. Prior to payment, the Project Management Firm shall furnish the Owner with a release of all claims against the Owner, other than claims in stated amounts as may be specifically excepted by the Project Management Firm from the operation of the release.

ARTICLE 15 AS-BUILT DRAWINGS

Within sixty (60) consecutive calendar days of the completion of each Project construction management Phase, the Project Management Firm shall obtain marked-up architectural and/or engineering drawings and specifications from each Trade Construction Contractor as appropriate depicting all construction Contract Modifications, additions, and deletions in connection with the Project scope of work. These marked-up architectural and/or engineering drawings shall be transformed by the Project Management Firm with the assistance of the Prime Professional Services Contractor (Architect/Engineer) into legible/reproducible mylars, original tracings, and drawings on computer compact disks (CD's) in an Auto CAD format that is "Auto CAD readable" and conforms to the American Institute of Architects (AIA) National CAD Standard format.

These revised Project documents shall be provided by the Project Management Firm to the Owner, with the following two (2) types of Contract deliverable as-built documents for Project close-out: (1) One (1) set of legible/reproducible mylars completely updated, as-built originals of the Project Contract Documents/architectural and/or engineering drawings and specifications; and (2) Two (2) sets of completely updated as-built, close-out documents of the Project Contract Documents/architectural and/or engineering drawings on computer compact disks (CD's) in an Auto CAD format that is "Auto CAD readable" and conforms to the American Institute of Architects (AIA) National CAD Standard format. The as-built and record architectural and/or engineering drawings shall be provided to the Owner, as per Article 2, (B) (12) Project Record Documents and Site Close-Out Documents text.

ARTICLE 16 COMPLETE AGREEMENT

This Contract constitutes the entire agreement as to the Project between the parties. Any Contract Modification of this Contract must be in writing and signed by duly authorized representatives of the parties.

IN WITNESS, WHEREOF, each of the parties has caused this Contract to be executed in blue pen and ink by its duly authorized representatives on the dates shown beside their respective signatures, with the Contract to be effective upon the date on which the Project Management Firm receives a copy executed by the authorized State of Michigan representative(s) by regular, registered or certified mail or by delivery in person.

FOR THE PROJECT MANAGEMENT FIRM:

_____ _____
Signature Date

_____
Title

_____
Federal Identification (I.D.) No. or Social Security No.

FOR THE STATE OF MICHIGAN:

_____ _____
Director, Department of Management and Budget Date

APPENDIX 1

PROJECT/PROGRAM STATEMENT

APPENDIX 2

PROJECT ORGANIZATIONAL CHART

APPENDIX 3

PROJECT PRECONSTRUCTION PHASE AND CONSTRUCTION PHASE SCHEDULE

APPENDIX 4

AUTHORIZED DIRECT REIMBURSABLE $ EXPENSE ITEMS

AUTHORIZED DIRECT REIMBURSABLE $ EXPENSE ITEMS

- Printing and Reproduction of Contract Bidding Documents Drawings and Specifications for Professional Architectural/Engineering and Construction Management Firm(s) Assigned and Identified in this Contract

- Postage/Delivery for Contract Bidding Documents Drawings and Specifications

- Construction Quality Control and Material Testing and Soil Boring Services

- Surveying Services

- Watch Service/Security/Theft Loss

- Temporary On-Site Facilities

- Permits and Fees:

  a.) Building Permits
  b.) Capitol Assessments

- Independent Auditor Fees

- Owner's Insurances:

  a.) Builder's Risk Insurance
  b.) Boiler and Machinery Insurance

  c.) Surety Bonds: Prior to starting the Project work, the Project Management Firm shall provide the Owner with the following Contract surety bond documents: (1) Performance/Labor and Material Bonds for all Preconstruction and Construction Phase Contracts; and (2) A Payment Bond equal to the amount of the largest anticipated two (2) monthly payments, but not less than 10 percent (10%) of the total not-to-exceed cost as defined in the Article 5, Compensation text of this Contract. The cost of the Payment Bond required for this Contract will be added to the Project Management Firm's Project Construction Management services authorized reimbursements and will be reimbursed by the Owner to the Project Management Firm by a written Contract Change Order (See Article 7, Bonds and Insurance text).

APPENDIX 5

PROJECT MANAGEMENT FIRM'S TOTAL CONTRACT COST/SERVICES ITEMIZED SUMMARY

APPENDIX 6

THE PROJECT MANAGEMENT FIRM'S MICHSPEC (LONG FORM) DOCUMENTS ASSISTANCE PROCEDURES FOR THE CONSTRUCTION CONTRACTOR DURING THE PROJECT CONSTRUCTION BIDDING AND THE CONSTRUCTION CONTRACT AWARD

THE PROJECT MANAGEMENT FIRM MICHSPEC (LONG FORM) DOCUMENTS ASSISTANCE PROCEDURES FOR THE CONSTRUCTION CONTRACTOR DURING THE PROJECT CONSTRUCTION BIDDING AND THE CONSTRUCTION CONTRACT AWARD

A. Whenever the Project Management Firm is required to use the Department of Management and Budget, Facilities Administration, Design and Construction Division's, "MICHSPEC 2001 Edition of the Owner and Contractor Standard Construction Contract and General Conditions for Construction (Long Form)" standard form documents as adopted and modified by the State of Michigan and incorporated into the Construction Contract, plus such other Department general conditions as may be part of the Construction Contract. The following Project Management Firm's assistance procedures for the Construction Contractor during the Project construction bidding and the Construction Contract award shall be followed:

If MICHSPEC (Long Form) Contract Documents are used for this Project, all applicable Section 00500, Contract Agreement and related attachment documents shall be filled-out in triplicate (date field left blank) and executed in blue pen and ink by the Project Management Firm's recommended Construction Contractor.

CONSTRUCTION BIDDING AND CONTRACTING PROCEDURES: Prepare and distribute Bidding Documents and instructions as required to accommodate predetermined construction Bid packages and/or Phases. Maintain a qualified construction Bidders' list. Conduct prebid meetings. Issue a preconstruction Addenda to all qualified Bidders as required. Include in each Addendum complete specifications for the Project scope of work requirements, if such specifications are not part of the final design Bidding Documents. Exert every practical means to obtain several, qualified construction Bidders for every Construction Contract. The Project Management Firm will be compensated by the Owner with a Contract Change Order for providing the professional services necessary to rebid the Project for reason of defaulted or disqualified construction Bidder(s) or unacceptable price range as required by the design/construction Budget. The Project Management Firm's construction bidding and contracting services are not complete until: (1) The lowest responsive, responsible qualified construction Bidder's Bid has been selected and accepted by the Owner; and (2) The lowest responsive, responsible qualified construction Bidder's Construction Contract has been executed by the construction Bidder and the Project Management Firm.

Collect and Manage Construction Contract Bid Security Deposits: Administer receipt and return of Construction Contract Bid Security deposits. Within fifteen (15) business days of the award of the Construction Contract submit, to the Owner, a full accounting of all associated Bid Security deposits and turn over, to the Owner, all defaulted Bid Security deposits. All Bid Security deposit checks will be payable to the "State of Michigan." Any returned or undistributed Bidding Documents shall be distributed as the Owner may direct.

Construction Bid Evaluation and Recommendation of Construction Contract Awards: Review and evaluate the Owner's submitted competitive construction Bids for the Project. Based on the Professional's review of the competitive construction Bids and the qualified construction Bidders, provide the Owner with a written recommendation for the apparent lowest responsive, responsible qualified construction Bidder for the Project Construction Contract award(s) within five (5) business days of the date of the Owner's construction Bid opening. Exempt from recommendation any firm that in the Project Management Firm's opinion is unqualified for the Project (documentation required) or that the Project Management Firm has a business association with on this Project, and any firm, which the Project Management Firm has used in preparation of the Prime Professional Services Contractor (Architect/Engineer) final design Contract Documents/architectural and/or engineering drawings and specifications or for any estimating work related to the Project scope of work requirements. The Project Management Firm shall conduct precontract meetings with responsive, responsible qualified construction Bidder(s) to review the following items: (1) The design intent of the Project Management Firm's final design Contract Documents/architectural and/or engineering drawings and specifications; and (2) To advise and assist the Construction Contractor(s) in understanding the requirements of the Department of Management and Budget, Facilities Administration, Design and Construction Division's standard form of Construction Contract Documents, Project scope of work, and its Construction Contract award procedures.

The Owner will send the Notice of Intent to Award letter to the recommended Construction Contractor awarded the Construction Contract. The Notice of Intent to Award will designate the Contract price and itemize the alternates that the Owner, at its sole discretion has accepted. Unless otherwise designated in the Owner's Notice of Intent to Award letter to the recommended Construction Contractor, within fifteen (15) calendar days from the date the Notice of Intent to Award letter was mailed to the Construction Contractor, the Construction Contractor recommended for the award of the Construction Contract shall (a) Fill out and execute in blue pen and ink, the Department of Management and Budget, Facilities Administration, Design and Construction Division's, MICHSPEC 2001 Edition of the Owner and Contractor Standard Construction Contract and General Conditions for Construction (Long Form)" standard document forms Section 00500, Contract Agreement and the Section 00800, Supplementary Conditions, in triplicate; (b) Execute Section 00610, Performance Bond, and the Section 00620, Payment Bond (and attach to each bond a separate, certified copy of Power of Attorney); and (c) Return to the Owner, the Construction Contractor's executed Section 00500, Contract Agreement, Section 00610, Performance Bond, and Section 00620, Payment Bond forms, evidence of original Certificate of Insurance and any other legal documents required for submittal by the Owner's Notice of Award letter.

Immediately upon the notice of intent of the Department of Management and Budget, Facilities Administration, Design and Construction Division's Notice of Intent to Award letter to the Construction Contractor recommended in writing by the Project Management Firm to be the lowest responsive, responsible qualified Construction Contractor Bidder of the Construction Contract. The Project Management Firm shall fill-out where applicable for the Project scope of work and submit to the Project Management Firm's recommended apparent lowest responsive, responsible qualified Construction Contractor Bidder, three (3) sets of original, unsigned, MICHSPEC 2001 Edition, Section 00500, Contract Agreement (Long Form) documents for their review and signature in blue pen and ink for the Project Construction Contract.

The Project Management Firm's recommended apparent lowest responsive, responsible qualified Construction Contractor Contract Documents to be submitted for the Construction Phase scope of work of this Project shall contain the following Department of Management and Budget, Facilities Administration, Design and Construction Division's, MICHSPEC 2001 Edition, Construction Contract Agreement (Long Form) standard form documents and outline the Project scope of work procedures to be followed by the Project Management Firm's recommended Construction Contractor for their review and signature execution in blue pen and ink of the following Department of Management and Budget, Facilities Administration, Design and Construction Division's, MICHSPEC 2001 Edition, Section 00500, Contract Agreement documents:

1.) Section 00300, Bid Summary and Bid Form and Section 00310 and Section 00320, Bid Form Attachments;

2.) Section 00400, Qualified Submittals;

3.) Section 00500, Contract Agreement. (Note: The Project Management Firm shall fill-out the following Project scope of work articles of this MICHSPEC (Long Form) document and the Project Management Firm firm's recommended apparent lowest responsive, responsible qualified Construction Contractor Bidder shall fill-out and execute in blue pen and ink the remaining portions of this Contract Document:

    a. Preface to Article 1 text
    b. Article 1, The Contract; The Project; and The Work
    c. Article 2, Contract Documents
    d. Article 3, Contract Price
    e. Article 4, Contract Time; Liquidated Damages
    f. Article 6, The Professional Services Contractor

4.) Section 00520, Attachment "A" to Contract Agreement;

5.) Section 00610, Performance Bond;

6.) Section 00620, Payment Bond;

7.) Section 01301, Progress Schedule;

8.) Section 00800, Supplementary Conditions. (Note: The Project Management Firm shall fill-out this form where applicable for the Project scope of work);

9.) Original Certificates of Insurance;

10.) Certificate of Awardability, a legal form that is required for the Construction Contractor by the State of Michigan's, Department of Civil Rights for any Project Contract work that is valued at one-hundred thousand dollars ($100,000) or more.

Each Construction Contractor's base Bid over one-hundred thousand dollars ($100,000) shall enclose a copy of the Bidder's valid Certificate of Awardability issued by the State of Michigan's, Department of Civil Rights (concerning compliance with the State of Michigan's nondiscrimination requirements). FAILURE BY A CONSTRUCTION BIDDER TO ENCLOSE, WITH THE CONSTRUCTION BIDDER'S BID, A COPY OF THE CONSTRUCTION BIDDER'S VALID CERTIFICATE OF AWARDABILITY SHALL JUSTIFY DISQUALIFICATION OF THAT CONSTRUCTION BIDDER, UNLESS A VALID CERTIFICATE OF AWARDABILITY EXISTED ON OR BEFORE THE CLOSING TIME FOR RECEIPT OF CONSTRUCTION BIDS, THE FAILURE TO ENCLOSE SUCH VALID CERTIFICATE OF AWARDABILITY WAS INADVERTENT AND THE CONSTRUCTION BIDDER SUBMITS A COPY OF ITS BIDDER'S CERTIFICATE OF AWARDABILITY WITHIN TWENTY-FOUR (24) HOURS AFTER NOTIFICATION BY THE DEPARTMENT THAT A COPY OF THE VALID CERTIFICATE OF AWARDABILITY WAS NOT SUBMITTED. The time required by the Department of Civil Rights to process Certificate of Awardability applications varies, with their workload, which changes from time to time. The construction Bidder is responsible for securing all pertinent information from the Department of Civil Rights prior to submitting their construction Bid and for keeping their Certificate of Awardability up-to-date. Firms <u>will not</u> be notified when their certificates are going to expire. All correspondence communications for the Certificate of Awardability shall be directed to:

State of Michigan
Department of Civil Rights
Contract Compliance Team
Cadillac Place Building (former General Motors Building)
3054 West Grand Boulevard
Suite 3-600
Detroit, Michigan 48202
Telephone Number: (313) 456-3822 or 456-3823
Fax Number: (313) 456-3826

B. ALSO, BE ADVISED: Before the Department of Management and Budget, Facilities Administration, Capital Renewal Division can formally execute the Construction Contractor's Contract, the Construction Contractor must also provide, within fifteen (15) calendar days from the date the Owner's Notice of Intent to Award letter was mailed to the Construction Contractor for the subject Project work, the following documents:

1.) A certified copy of a resolution of corporate authority adopted by the Construction Contractor's Board of Directors or a certified copy of the articles of the Construction Contractor's By-Laws authorizing signature authority of the Construction Contract on behalf of the corporation. If a partnership, it is necessary to submit a copy of the Power-of-Attorney which authorizes signature authority on behalf of the partnership. A Power-of-Attorney is not required if each of the partners sign the Construction Contract individually.

2.) Original Certificate of Insurance documents covering Public Liability, Property Damage, and Worker's Compensation. NOTE: ALL ORIGINAL CERTIFICATE OF INSURANCE DOCUMENTS MUST SPECIFY THE SUBJECT PROJECT IDENTIFICATION AND LIST THE STATE OF MICHIGAN AS AN ADDITIONAL INSURED. THE INSURANCE COMPANY MUST HAVE AN INSURANCE RATING OF A- OR BETTER AS LISTED BY THE A.M. BEST COMPANY. To view the latest A.M. Best's Key Ratings Guide visit the A.M. Best Company internet web site at http://www.ambest.com.

3.) Original Performance, Labor, and Material Bonds must be made in favor of the State of Michigan and bear the Department's award date of the Construction Contract. NOTE: SURETY BONDS WILL NOT BE ACCEPTED BY THE STATE OF MICHIGAN UNLESS THE BONDING COMPANY IS LISTED IN THE CURRENT UNITED STATES GOVERNMENT, DEPARTMENT OF TREASURY'S, LIST OF APPROVED SURETIES (BONDING/INSURANCE COMPANIES), DEPARTMENT CIRCULAR NO. 570. Copies of the current Circular No. 570 Listing of approved surety bonding/insurance companies and interim changes may be obtained through the internet web site at http://www.fms.treas.gov/c570/c570.html.

FAXES OF THE REQUIRED CONSTRUCTION CONTRACT DOCUMENTS LISTED IN THE ABOVE SECTION (B) NO. 2 AND 3 WILL NOT BE ACCEPTED, ONLY THE ORIGINAL DOCUMENTS ARE ACCEPTABLE. IF YOU HAVE ANY QUESTIONS, PLEASE CALL MS. LINDA FELDPAUSCH AT THE DEPARTMENT OF MANAGEMENT AND BUDGET, FACILITIES ADMINISTRATION, CAPITAL RENEWAL DIVISION AT (517) 241-0122 FOR ASSISTANCE.

NOTE, BE ADVISED: THAT THE CONSTRUCTION CONTRACTOR IS NOT TO PROCEED WITH ANY CONSTRUCTION WORK OR ANY ON-SITE ACTIVITIES UNTIL THE PROJECT CONSTRUCTION CONTRACT HAS BEEN EXECUTED BY BOTH PARTIES. AT THAT TIME, A PRECONSTRUCTION MEETING WILL BE ARRANGED.

The Construction Contractor shall mail and/or return all of the above Construction Contract Documents for the Construction Contract to the following address:

U.S. MAIL ADDRESS
Department of Management and Budget
Facilities Administration
Design and Construction Division
P.O. Box 30026
Lansing, Michigan 48909
Attention: Ms. Linda Feldpausch
Telephone No. (517) 241-1022

EXPRESS MAIL ADDRESS
Department of Management and Budget
Facilities Administration
Design and Construction Division
Second Floor, Stevens T. Mason Building
530 West Allegan Street
Lansing, Michigan 48933
Attention: Ms. Linda Feldpausch
Telephone No. (517) 241-0122

NOTE: NEW CONSTRUCTION PROJECT PARTIALLY CLOSES STREETS AND AFFECTS PARKING SPACES: Capitol Loop – Downtown Lansing. Due to the new construction work, parking is at a premium in the area of the Stevens T. Mason Building. Also, security measures and the new construction work may affect the delivery time of mail and packages sent via United Parcel Service (UPS), Federal Express (Fed. Ex.), and Airborne Express. If hand-delivering your Construction Contract Documents, please allow ample time to locate parking and be prepared to sign-in and present requested pictured identification to the security officer on-duty in the lobby of the Stevens T. Mason Building in order for your Construction Contract Documents to arrive at the Department of Management and Budget, Facilities Administration, Capital Renewal Division. It remains the responsibility of the Construction Contractor firm to submit their Construction Contract Documents as specified on time.

APPENDIX 7

CERTIFICATE OF AWARDABILITY

APPENDIX 8

OVERHEAD ITEMS ALLOWED FOR THE PROJECT MANAGEMENT FIRM'S BILLING RATE CALCULATION

The following instructions are to be used by Project Management Firm's to determine the allowable billing rate to use on State of Michigan Projects.

All of the Consultants providing Project services must submit a separate billing rate for the Consultant services they will provide. No mark-up of the Consultants or billing rates will be allowed.

The Department of Management and Budget, Facilities Administration, Design and Construction Division will reimburse the Project Management Firm for the actual cost of printing and reproduction of Contract bidding documents, soil borings, surveys and any required laboratory testing. No mark-up of these Project costs will be allowed.

2008 BILLING RATE

OVERHEAD ITEMS ALLOWED FOR PROJECT MANAGEMENT FIRM'S' BILLING RATE CALCULATION

SALARIES:
Principals (Not Project Related)
Clerical/Secretarial
Technical (Not Project Related)
Temporary Help
Technical Training
Recruiting Expenses

OFFICE FACILITIES:
Rents and Related Expenses
Utilities
Cleaning and Repair

SUPPLIES:
Postage
Drafting Room Supplies
General Office Supplies
Library
Maps and Charts
Magazine Subscriptions

SERVICES (PROFESSIONAL):
Accounting
Legal
Employment Fees
Computer Services
Research

FINANCIAL:
Depreciation

EQUIPMENT RENTALS:
Computers
Typewriter
Bookkeeping
Dictating
Printing
Furniture and Fixtures
Instruments

TRAVEL:
All Project-Related Travel*

MISCELLANEOUS:
Professional Organization Dues
for Principals and Employees
Licensing Fees

SERVICES (NONPROFESSIONAL):
Telephone and Telegram
Messenger Services

TAXES:
Franchise Taxes
Occupancy Tax
Unincorporated Business Tax
Property Tax
Single Business Tax
Income Tax

INSURANCE:
Professional Liability Insurance
Flight and Commercial Vehicle
Valuable Papers
Office Liability
Office Theft
Premises Insurance
Key-Personnel Insurance

EMPLOYEE BENEFITS:
Hospitalization
Employer's F.I.C.A. Tax
Unemployment Insurance
Federal Unemployment Tax
Disability
Worker's Compensation
Vacation
Holidays
Sick Pay
Medical Payments
Pension Funds
Insurance - Life
Retirement Plans

PRINTING AND DUPLICATION:
Specifications (other than Contract bidding documents)
Drawings (other than Contract bidding documents)
Xerox/Reproduction
Photographs

LOSSES:
Bad Debts (net)
Uncollectible Fee
Thefts (not covered by Project/Contract bond)
Forgeries (not covered by Project/Contract bond)

BILLING RATE DOES NOT INCLUDE AND THE DEPARTMENT OF MANAGEMENT AND BUDGET, FACILITIES ADMINISTRATION, DESIGN AND CONSTRUCTION DIVISION (OWNER) WILL PAY FOR (UNDER REIMBURSABLE COSTS):

1. Printing and reproduction of Survey and/or Study Final Reports.
2. Printing and reproduction of Final Design Bidding Documents/Drawings, and Specifications.

3.* Travel mileage costs for Projects in excess of 100 miles in each direction from the Project Management Firm's office if the Project Management Firm can demonstrate a cost savings to the Owner, if reimbursed for travel mileage in accordance with the current travel rates provided in the State of Michigan's "Schedule of Travel and Meal Reimbursement Rates" versus an adjustment to the Project Manager's billing rate.

APPENDIX 9

ORIGINAL CERTIFICATES OF INSURANCE AND SURETY BONDS