

FACILITIES LEASE

For all or a portion of the following Site:

Robinson Project
1835 Robinson Street, Oroville, CA 95965
APN: 012-095-015-000

By and between

Butte County Office of Education
1859 Bird Street
Oroville, CA 95965

And

[Developer]
[Address]

Dated as of _____, 20__

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FACILITIES LEASE

This facilities lease ("Facilities Lease"), dated as of _____, 20__ ("Effective Date"), is made and entered into by and between [Name of Developer] ("Developer"), a [California corporation] duly organized and existing under the laws of the State of California, as sublessor, and Butte County Office of Education, duly organized and validly existing under the laws of the State of California, as sublessee ("BCOE") (together, the "Parties").

RECITALS

WHEREAS, the BCOE is authorized under Section 17406 of the Education Code of the State of California to lease a site to a developer and to have that developer develop and construct the project on the site and to lease back to the BCOE the completed project and site; and

WHEREAS, on the date hereof, the BCOE has leased to Developer, a parcel of land located at 1835 Robinson Street, Oroville, CA 95965 known as the Robinson building particularly described in **Exhibit A** and shown on **Exhibit B** attached hereto and incorporated herein by reference ("Site"); and

WHEREAS, BCOE and Developer have executed a site lease at the same time as this Facilities Lease whereby the BCOE is leasing the Site to Developer ("Site Lease"); and

WHEREAS, the BCOE desires to provide for the development and construction of certain work to be performed on portions of the Site, which will include construction of improvements to be known as the Robinson Project ("Project"); and

WHEREAS, BCOE has retained R.G.A. Architects ("Architect") to prepare plans and specifications for the Project ("Plans and Specifications") and to act as the Design Professional in General Responsible Charge for the Project; and

WHEREAS, the Governing Board of the BCOE ("Board") has determined that it is in the best interests of the BCOE and for the common benefit of the citizens residing in the BCOE to construct the Project by leasing the Site to Developer and by simultaneously entering into this Facilities Lease under which the BCOE will lease back the completed Project and site from Developer and if necessary, make Lease Payments; and

WHEREAS, the BCOE further acknowledges and agrees that it has entered into the Site Lease and the Facilities Lease pursuant to Education Code Section 17406 as the best available and most expeditious means for the BCOE to satisfy its substantial need for the facilities to be provided by the Project and to accommodate and educate BCOE students and to utilize its facilities proceeds expeditiously; and

WHEREAS, this Site Lease and Facilities Lease are awarded based a competitive solicitation process pursuant to Education Code section 17406 and in compliance with the required procedures and guidelines for evaluating the qualifications of proposers adopted and published by the Board to the proposer providing the best value to the BCOE, taking into consideration the proposer's demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required; and

WHEREAS, the selection of Developer was conducted in a fair and impartial manner; and

WHEREAS, Developer has reviewed the Lease Documents; and

WHEREAS, Developer represents that it has the expertise and experience to perform the services set forth in this Facilities Lease; and

WHEREAS, the Parties have performed all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Facilities Lease and all those conditions precedent do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Parties hereto are now duly authorized to execute and enter into this Facilities Lease; and

WHEREAS, Developer is authorized to lease the Site as lessee and to develop the Project by constructing the Project on the Site and to lease the completed Project and Site back to the BCOE, and has duly authorized the execution and delivery of this Facilities Lease.

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained, the Parties hereto do hereby agree as follows:

TERMS

1. Definitions

In addition to the terms and entities defined above or in subsequent provisions, and unless the context otherwise requires, the terms defined in this section shall, for all purposes of this Facilities Lease, have the meanings herein specified.

1.1 "Developer" or "Lessor" means _____, a [California corporation], organized and existing under the laws of the State of California, Contractor's license number _____ issued by the State of California, Contractors' State License Board, in accordance with division 3, chapter 9, of the Business and Professions Code, and its successors and assigns.

1.2 "Developer's Representative" means the Managing Member of Developer, or any person authorized to act on behalf of Developer under or with respect to this Facilities Lease.

1.3 "Contract Documents" are defined in **Exhibit D** to this Facilities Lease.

1.4 "BCOE" or "Lessee" means the Butte County Office of Education, an organization duly organized and existing under the laws of the State of California.

1.5 "BCOE Representative" means the Superintendent of the BCOE, or any other person authorized by the Governing Board of the BCOE to act on behalf of the BCOE under or with respect to this Facilities Lease.

1.6 "Permitted Encumbrances" means, as of any particular time:

1.6.1 Liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the BCOE may permit to remain unpaid;

1.6.2 The Site Lease.

1.6.3 This Facilities Lease.

1.6.4 Easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of this Facilities Lease.

1.6.5 Easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of this Facilities Lease and to which Developer and the BCOE consent in writing which will not impair or impede the operation of the Site.

2. Exhibits

The following Exhibits are attached to and by reference incorporated and made a part of this Facilities Lease:

2.1 Exhibit A - Legal Description of the Site: The description of the real property constituting the Site.

2.2 Exhibit B - Description of the Project: The map or diagram depiction of the Project.

2.3 Exhibit C - Guaranteed Maximum Price and Other Project Cost, Funding, and Payment Provisions: A detailed description of the Guaranteed Maximum Price and the provisions related to the payment of that amount to Developer, including Attachment 3, the Schedule of Lease Payments and Payoff Dates and Amounts.

2.4 Exhibit D - General Construction Provisions: The provisions generally describing the Project's construction.

2.5 Exhibit D-1 – Special Conditions Provisions: The provisions describing conditions specific to the Project's construction.

2.6 Exhibit E - Memorandum of Commencement Date: The Memorandum which will memorialize the commencement and expiration dates of the Lease Term.

2.7 Exhibit F - Construction Schedule

2.8 Exhibit G – Schedule of Values

3. Lease of Project and Site

3.1 Developer hereby leases the completed Project to the BCOE, and the BCOE hereby leases said completed Project and Site from Developer upon the terms and conditions set forth in this Facilities Lease.

3.2 The leasing by Developer to the BCOE of the completed Project and Site shall not affect or result in a merger of the BCOE's leasehold estate pursuant to this Facilities Lease and its fee estate as lessor under the Site Lease. Developer shall continue to have and hold a leasehold estate in the Site pursuant to the Site Lease throughout the Term thereof and the Term of this Facilities Lease.

3.3 As to the Site, this Facilities Lease shall be deemed and constitute a sublease.

4. Term

4.1 Facilities Lease is Legally Binding

This Facilities Lease is legally binding on the Parties upon execution by the Parties and the BCOE Board's approval of this Facilities Lease. The "Term" of this Facilities Lease for the purposes of BCOE's obligation to make Lease Payments shall commence on the date when Developer delivers possession of the Project to BCOE and when all improvements to be provided by Developer are determined by the BCOE to be completed as set forth in **Exhibit D** to this Facilities Lease.

Unless earlier terminated pursuant to the provisions of the Contract Documents, the Term of this Facilities Lease for the purposes of BCOE's obligations to make Lease Payments shall terminate 9 months thereafter or upon payment of the final lease payment.

4.2 After Developer has completed construction of the Project and the BCOE has accepted the Project, the Parties shall execute the Memorandum of Commencement Date attached hereto as **Exhibit E** to memorialize the commencement date of the Lease Payments and expiration date of the Term. Notwithstanding this Term, the Parties hereby acknowledge that each has obligations, duties, and rights under this Facilities Lease that exist upon execution of this Facilities Lease and prior to the beginning of the Lease Payment obligations.

4.3 The Term may be extended or shortened upon the occurrence of the earliest of any of the following events, which shall constitute the end of the Term:

4.3.1 An Event of Default by BCOE as defined herein and Developer's election to terminate this Facilities Lease as permitted herein; or

4.3.2 An Event of Default by Developer as defined herein and BCOE's election to terminate this Facilities Lease as permitted herein; or

4.3.3 Consummation of the BCOE's purchase option pursuant to the Guaranteed Maximum Price and Other Project Cost, Funding, and Payment Provisions indicated in **Exhibit C** ("Guaranteed Maximum Price Provisions"); or

4.3.4 A third-party taking of the Project under Eminent Domain, only if the Term is ended as indicated more specifically herein; or

4.3.5 Damage or destruction of the Project, only if the Term is ended as indicated more specifically herein.

5. Payment

In consideration for the lease of the completed Project and Site by Developer back to the BCOE and for other good and valuable consideration, the BCOE shall make all necessary payments pursuant to the Guaranteed Maximum Price Provisions indicated in **Exhibit C**.

6. Title

6.1 During the Term of this Facilities Lease, the BCOE shall hold fee title to the Site, including the Project, and nothing in this Facilities Lease or the Site Lease shall change, in any way, the BCOE's ownership interest.

6.2 During the Term of this Facilities Lease, Developer shall have a leasehold interest in the Site pursuant to the Site Lease.

6.3 During the Term of this Facilities Lease, Developer shall hold title to the Project improvements provided by Developer which comprise fixtures, repairs, replacements or modifications thereto.

6.4 If the BCOE exercises its Purchase Option pursuant to the Guaranteed Maximum Price Provisions indicated in **Exhibit C** or if BCOE makes all necessary payments under the Guaranteed Maximum Price Provisions indicated in **Exhibit C**, all right, title and interest of Developer, its assigns and successors in interest in and to the Project and the Site shall be transferred to and vested in the BCOE at the end of the Term. Title shall be transferred to and vested in the BCOE hereunder without the necessity for any further instrument of transfer; provided, however, that Developer agrees to execute any instrument requested by BCOE to memorialize the termination of this Facilities Lease and transfer of title to the Project.

7. Quiet Enjoyment

Upon BCOE's possession of the Project, Developer shall thereafter provide the BCOE with quiet use and enjoyment of the Project, and the BCOE shall during the Term peaceably and quietly have and hold and enjoy the Project, without suit, trouble or hindrance from Developer, except as otherwise may be set forth in this Facilities Lease. Developer will, at the request of the BCOE and at Developer's cost, join in any legal action in which the BCOE asserts its right to such possession and enjoyment to the extent Developer may lawfully do so. Notwithstanding the foregoing, Developer shall have the right to inspect the Project and the Site as provided herein.

8. Representations of the BCOE

The BCOE represents, covenants and warrants to Developer as follows:

8.1 Due Organization and Existence

The BCOE is an Office of Education, duly organized and existing under the Constitution and laws of the State of California.

8.2 Authorization

The BCOE has the full power and authority to enter into, to execute and to deliver this Facilities Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Facilities Lease.

8.3 No Violations

Neither the execution and delivery of this Facilities Lease nor the Site Lease, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the

consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the BCOE is now a party or by which the BCOE is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the BCOE, or upon the Site, except Permitted Encumbrances.

8.4 Condemnation Proceedings

8.4.1 BCOE covenants and agrees, but only to the extent that it may lawfully do so, that so long as this Facilities Lease remains in effect, the BCOE will not seek to exercise the power of eminent domain with respect to the Project so as to cause a full or partial termination of this Facilities Lease.

8.4.2 If for any reason the foregoing covenant is determined to be unenforceable or in some way invalid, or if BCOE should fail or refuse to abide by such covenant, then, to the extent it may lawfully do so, BCOE agrees that the financial interest of Developer shall be as indicated in this Facilities Lease.

9. Representations of Developer

Developer represents, covenants and warrants to the BCOE as follows:

9.1 Due Organization and Existence

Developer is a [California company] duly organized and existing under the laws of the State of California, has the power to enter into this Facilities Lease and the Site Lease; is possessed of full power to lease, lease back, and hold real and personal property and has duly authorized the execution and delivery of all of the aforesaid agreements.

9.2 Authorization

Developer has the full power and authority to enter into, to execute and to deliver this Facilities Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Facilities Lease.

9.3 No Violations

Neither the execution and delivery of this Facilities Lease and the Site Lease, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which Developer is now a party or by which Developer is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Developer, or upon the Site, except Permitted Encumbrances.

9.4 No Bankruptcy

Developer is not now nor has it ever been in bankruptcy or receivership.

9.5 No Encumbrances

Developer shall not pledge any BCOE payments of any kind, related to the Site Lease, this Facilities Lease, or in any way derived from the Site, and shall not mortgage or encumber the Site, except as may be specifically permitted pursuant to the provisions of this Facilities Lease related to Developer's financing the construction of the project.

9.6 Continued Existence

Developer shall not voluntarily commence any act intended to dissolve or terminate the legal existence of Developer, at or before the latest of the following:

9.6.1 Eighteen (18) months following completion of the Project.

9.6.2 One (1) year following expiration or earlier termination of the Term.

9.6.3 After dismissal and final resolution of any and all disputes between the Parties and/or any third-party claims related, in any way, to the Project.

While the lease documents are in effect, Developer shall give BCOE one hundred twenty (120) days written notice prior to dissolving or terminating the legal existence of Developer.

10. Preconstruction Services

10.1 Scope of the Preconstruction Services

Developer shall perform management and coordination services, plan and specification constructability reviews, provide value-engineering reviews and recommendations and other reviews as necessary to verify that the drawings and specifications are clear and reasonably accurate to minimize the need for changes during the construction phase of the project, including but not limited to the following:

10.1.1 General Services

10.1.1.1 Developer shall attend meetings between the Architect, the BCOE, BCOE site personnel, and any other applicable consultants of the BCOE as required to discuss the Project, including budget, scope and schedule.

10.1.1.2 Developer shall assist the Architect with making formal presentations to the governing board of BCOE. Such assistance is anticipated to include floor plans and elevations necessary for any architectural presentation.

10.1.1.3 Developer shall prepare a rough schedule in a format acceptable to BCOE, and update as necessary.

10.1.1.4 Developer shall prepare and update the components of the Guaranteed Maximum Price and shall be primarily responsible for ensuring that the Project can and is constructed for no more than that amount.

10.1.1.5 While the Architect is anticipated to provide primary assistance, Developer shall assist BCOE with City land use issues.

10.1.1.6 Architect shall act as lead and Developer will assist with review and comment upon geotechnical / soils investigation and report.

10.1.1.7 Architect shall act as lead and Developer will assist with review and comment upon survey of the Site for the Project.

10.1.1.8 When requested, Developer will prepare meeting minutes.

10.1.1.9 Prepare schedule for preconstruction deliverables, subject to BCOE's approval, and provide preconstruction deliverables within time frames of approved preconstruction schedule.

10.1.2 Review of Design Documents.

10.1.2.1 Review Project design and budget with BCOE and Architect based on the 100% Construction Documents submitted to the City of Oroville to:

10.1.2.1.1 Provide recommendations on site use and improvements, selection of materials, building systems and equipment and methods of Project delivery;

10.1.2.1.2 Provide recommendations on relative feasibility of construction methods, availability of materials and labor, time requirements for procurement, installation and construction of the Project and subparts thereof if requested, and factors relating to cost including, but not limited to, construction costs of alternate designs of materials, preliminary budgets and possible economics that could be achieved through alternate methods or substitutions;

10.1.2.1.3 Provide plan review.

10.1.2.1.4 Value-engineering. Prepare a value-engineering report for BCOE review and approval that:

10.1.2.1.4.1 Details areas of cost saving (e.g. construction processes/procedures, specified materials and equipment, and equipment or other aspects of the design documents that can be modified to reduce costs and/or the time for achieving final completion of the Project and/or to extend life-cycle and/or to reduce maintenance/operations costs, without diminution in the quality of materials/equipment/workmanship, scope or intended purposes of the Project);

10.1.2.1.4.2 Provides detailed estimate for proposed value-engineering items;

10.1.2.1.4.3 Defines methodology or approaches that maximize value; and

10.1.2.1.4.4 Identifies design choices that can be more economically delivered.

10.1.2.1.5 Constructability Review. Prepare detailed interdisciplinary constructability review within Fourteen (14) days of receipt of the plans from the BCOE that:

10.1.2.1.5.1 Ensures construction documents are well coordinated and reviewed for errors;

10.1.2.1.5.2 Identifies to the extent known, construction deficiencies and areas of concern;

10.1.2.1.5.3 Back-checks design drawings for inclusion of modifications; and

10.1.2.1.5.4 Provides the BCOE with written confirmation that:

10.1.2.1.5.4.1 Requirements noted in the design documents prepared for the Project are consistent with and conform to the BCOE's Project requirements and design standards.

10.1.2.1.5.4.2 Various components have been coordinated and are consistent with each other so as to minimize conflicts within or between components of the design documents.

10.1.2.2 Confirm Modifications to Design Drawings. If the BCOE accepts Developer's comments, including the value-engineering and/or constructability review comments, review the design documents to confirm that those comments are properly incorporated into the final design documents.

10.1.2.3 In doing so, it is recognized that Developer is not acting in the capacity of a licensed design professional, and that Developer's examination is made in good faith to facilitate construction and does not create an affirmative responsibility of a design professional to detect errors, omissions or inconsistencies in the Contract Documents or to ascertain compliance with applicable laws, building codes or regulations. However, nothing in this provision shall abrogate Developer's responsibilities for discovering and reporting any error, inconsistency, or omission pursuant to the Contract within the Developer's standard of care including, without limitation, any applicable laws, ordinance, rules, or regulations.

10.1.3 Budget of Project Costs.

10.1.3.1 At each stage of plan review indicated above, Developer will update and refine the budget of the Guaranteed Maximum Price based on the most recent set of design documents. Developer shall also advise the BCOE and the Architect if it appears that the total construction costs may exceed the Guaranteed Maximum Price established by the BCOE and shall make recommendations for corrective action. Developer will further provide input to the BCOE and Architect relative to value of construction, means and methods for construction, duration of construction of various building methods and constructability.

10.1.3.2 In each budget of the Guaranteed Maximum Price, Developer shall include values of scopes of work subdivided into component parts in sufficient detail to serve as the basis for progress payments during construction. This budget of the Guaranteed Maximum Price shall include, at a minimum, the following information divided into at least the following categories for each site:

10.1.3.2.1 Overhead and profit;

10.1.3.2.2 Supervision;

10.1.3.2.3 General conditions;

10.1.3.2.4 Layout & Mobilization (not more than 1%);

10.1.3.2.5 Submittals, samples, shop drawings (not more than 3%);

10.1.3.2.6 Bonds and insurance (not more than 2%);

10.1.3.2.7 Close-out documentation (not less than 3%);

10.1.3.2.8 Demolition;

10.1.3.2.9 Installation;

10.1.3.2.10 Rough-in;

10.1.3.2.11 Finishes;

10.1.3.2.12 Testing;

10.1.3.2.13 Owner and Maintenance Manuals; and

10.1.3.2.14 Punchlist and BCOE acceptance.

10.1.4 Construction Schedule and Phasing Plan

Developer shall prepare a preconstruction schedule to guide the design team through to bid dates. That schedule shall show the multiple phases and interrelations of design, constructability review, and estimating. Developer shall also prepare a full construction schedule for the Project detailing the construction activities. Developer shall further investigate, recommend and

prepare a schedule for the purchase of materials and equipment requiring long lead time procurement, and coordinate the schedule with the early preparation of portions of the Contract Documents by the Architect.

10.1.5 Construction Planning and Bidding

10.1.5.1 For all of Developer's activities relating to construction planning and bidding, Developer shall comply with all applicable legal requirements, including but not limited to those set forth in Education Code section 17406.

10.1.5.2 Consult with BCOE staff in relation to the existing site. Selected developer should make site visits, as needed to review the current site conditions. During this evaluation, Respondent may make recommendations relating to soils investigations and utility locations and capacities, in order to minimize unforeseen conditions.

10.1.5.3 Attend meetings at the Site with the Architect and the design team as needed.

10.1.5.4 Provide plan review and constructability services with an emphasis on ensuring that the Project can be completed within the established schedule and within the available budget.

10.1.5.5 Provide a detailed analysis of all major Project systems with an emphasis on possible value engineering possibilities.

10.1.5.6 Prepare and distribute specifications and drawings provided by BCOE to facilitate bidding to Developer's subcontractors.

10.1.5.7 Review the drawings and specifications to eliminate areas of conflict and overlapping in the work to be performed by various subcontractors, and with a view to eliminating change order requests by the Architect or subcontractors.

10.1.5.8 Conduct pre-bid conferences. Coordinate with BCOE and the Architect in responding to subcontractor questions or providing clarification to all subcontractors.

10.1.5.9 Approved plans shall be utilized to receive subcontractor bids and develop the GMP in accordance with the lease-leaseback agreement forms, including the requirement that Developer engage in competitive bidding for subcontractors for all scopes of work on the Project that constitute more than one half of one percent (0.5%) of the GMP. The BCOE representative shall be present during the receipt of bids from subcontractors.

10.1.5.10 Each phase GMP shall be presented to the BCOE in the following manner within a three ring binder as well as electronically on an external memory device such as a USB drive:

10.1.5.10.1 Cover sheet, signed by Developer indicating the GMP dollar amount with a certification, indicating that the GMP

is all inclusive per the plans, specifications and addenda (contract documents). Also include certification stating, "Developer hereby certifies that they have reviewed all subcontractor proposals and whether the subcontractor excluded portions of their scope Developer has included all costs for a complete GMP in accordance with plans, specifications and addenda."

10.1.5.10.2 A bid tabulation sheet indicating the breakdown by subcontractor/trade along with the appropriate general condition amount, other fees (as submitted with the response to the RFQ/P).

10.1.5.10.3 Behind the bid tabulation sheet mentioned in subdivision 10.1.5.5.2 above should be a sheet that indicates what is included in the general conditions, which should match what was submitted in the response to the RFQ/P.

10.1.5.10.4 Copies of all subcontractor bids received divided by trade that corresponds to the final spread sheet with a cover sheet indicating the scope and subcontractors that provided bids as well as those that were asked to bid, but did not submit a proposal. This sheet should have the dollar amounts for each subcontractor that provided a bid with the first column being the proposed subcontractor for that trade.

10.1.5.10.5 Behind subdivision 10.1.5.5.4 above should be the bids for that trade with the proposed subcontractor bid on top and the other subcontractor bids in descending order based on best value score.

10.1.5.10.6 The minimum number of bona fide bids from contractors for a specific trade shall be as follows:

10.1.5.10.6.1 Two (2) bids for subcontracts up to One Hundred Thousand Dollars (\$100,000);

10.1.5.10.6.2 Three (3) bids for subcontracts over One Hundred Thousand Dollars (\$100,000).

10.1.5.10.7 If Developer intends to propose to self-perform portion(s) of the construction of the Project, it must receive the BCOE's prior written approval. If approved, Developer must provide its pricing (its bid) to the BCOE twenty-four (24) hours prior to Developer's receipt of Subcontractor bids for those portion(s) of the Work.

10.1.5.10.7.1 Regardless of the scope of work and not in any way reducing the number of Subcontractor bids based on the other requirements of the Contract Documents, the minimum number of bona fide bids from Subcontractors for scope(s) of Work that Developer is bidding to self-perform shall be Two (2) Bids, not including Developer's pricing/bid.

10.1.5.11 Produce detailed construction CPM schedules to be incorporated into the Project documents including identification of the Project critical path and agency approvals.

10.1.5.12 Plan the phases and staging of construction, staging areas, temporary fencing, office trailer placement, access, etc. as required.

10.1.5.13 Any other services that are reasonable and necessary to control the budget and schedule. List those areas where subconsultants will be required and where the Respondent has in-house expertise. Provide resumes of persons providing each of these services and for key personnel assigned to the Project.

10.2 Schedule

Preconstruction services outlined above will commence on the date the BCOE issues a Notice to Proceed with Preconstruction Services for the Agreement, and conclude upon approval of the Amendment to the Lease Agreements by BCOE's Board, or termination of this Agreement by either party per the Agreement's terms. Any extension shall be subject to reasonable approval in writing by the Parties.

10.3 Ownership of Records

It is mutually agreed that all materials prepared by Developer under this Agreement shall become the property of the BCOE and Developer shall have no property right therein whatsoever. Developer hereby assigns to BCOE any copyrights associated with the materials prepared pursuant to the Agreement.

10.4 Open Book Policy

There will be an open book policy with Developer and its construction team. BCOE shall have access to all subcontractor bids, value engineering back-up, contingency breakdown & tracking, and Developer fees.

10.5 Compensation to Developer for Preconstruction Services

BCOE agrees to reimburse Developer in the total amount not to exceed FORTY-FIVE THOUSAND DOLLARS (\$45,000.00), for the performance of services contemplated by this Agreement. Developer shall be paid monthly for the actual fees and allowed costs and expenses for all time and materials required and expended for work requested and specified by the BCOE as completed. Said amount shall be paid within thirty (30) days upon submittal to and verification by the BCOE of a monthly billing statement showing completion of the tasks for that month on a line item basis. In the event Developer and BCOE continue with the lease/leaseback agreements for the development of the Project, this compensation for services rendered will be included as part of the Guaranteed Maximum Price ("GMP") to be paid to Developer by BCOE.

Developer shall be responsible for any and all costs and expenses incurred by Developer, including but not limited to the costs of hiring sub-consultants, contractors and other professionals, review of the Project's Plans and Specifications, review and preparation of necessary documentation relating to the development of the Project, all travel-related expenses, as well as for meetings with BCOE and its representatives,

long distance telephone charges, copying expenses, salaries of Developer staff and employees working on the Project, overhead, and any other reasonable expenses incurred by Developer in performance of the services contemplated by this Agreement.

10.6 Termination before Construction Phase

10.6.1 Before the notice to proceed with the Construction Phase is issued by the BCOE, this Agreement may be terminated at any time without cause by BCOE upon fourteen (14) days written notice to Developer. In the event of such a termination by BCOE, the BCOE shall pay Developer for all undisputed services performed and expenses incurred per this Agreement, supported by documentary evidence, including, but not limited to, payroll records, invoices from third parties retained by Developer pursuant to this Agreement, and expense reports up until the date of notice of termination plus any sums due Developer for Board-approved extra services. In ascertaining the services actually rendered hereunder up to the date of termination of this Agreement, consideration shall be given to completed work and work in process that would best serve the BCOE if a completed product was presented.

10.6.2 In the event that the Parties do not reach an agreement on the GMP, this Agreement will be terminated at that time. In the event of such a termination, the BCOE shall pay Developer no more than the not to exceed amount in Section 10.5 above.

10.7 Construction Phase

Developer shall not commence work for which a contractor is required to be licensed in accordance with Article 5 (commencing with Section 7065) of Chapter 9 of Division 3 of the Business and Professions Code and for which Division of the State Architect approval is required can be performed before receipt of the required Division of the State Architect approval.

11. Construction of Project

11.1 Construction of Project

11.1.1 Developer agrees to cause the Project to be developed, constructed, and installed in accordance with the terms hereof and the Construction Provisions set forth in **Exhibit D**, including those things reasonably inferred from the Contract Documents as being within the scope of the Project and necessary to produce the stated result even though no mention is made in the Contract Documents.

11.1.2 Contract Time / Construction Schedule

It is hereby understood and agreed that the Contract Time for this Project shall be one hundred sixty (160) business days, commencing with the date upon which the Facilities Lease and the Site Lease are fully executed and delivered to both Parties and ending with completion of the Work which will occur no later than [Date] ("Contract Time"). The Construction Schedule must be approved by the BCOE.

11.1.3 Schedule of Values

Developer will provide a schedule of values, approved by the BCOE, which will be attached hereto as **Exhibit G** ("Schedule of Values"). The Schedule of Values must be approved by the BCOE.

11.1.4 Liquidated Damages

Time is of the essence for all work Developer must perform to complete the Project. It is hereby understood and agreed that it is and will be difficult and/or impossible to ascertain and determine the actual damage that the BCOE will sustain in the event of and by reason of Developer's delay; therefore, Developer agrees that it shall pay to the BCOE the sum of Seven Hundred and Fifty Dollars (\$750.00) per day as liquidated damages for each and every day's delay beyond the Contract Time.

11.1.4.1 It is hereby understood and agreed that this amount is not a penalty.

11.1.4.2 In the event any portion of the liquidated damages is not paid to the BCOE, the BCOE may deduct that amount from any money due or that may become due Developer under this Facilities Lease. The BCOE's right to assess liquidated damages is as indicated herein and in **Exhibit D**.

11.1.4.3 The time during which the construction of the Project is delayed for cause as hereinafter specified may extend the time of completion for a reasonable time as the BCOE may grant.

11.1.5 Guaranteed Maximum Price

Developer will cause the Project to be constructed within the GMP as set forth and defined in the GMP provisions in **Exhibit C**, and Developer will not seek additional compensation from BCOE in excess of that amount.

11.1.6 Modifications

If the City of Oroville requires changes to the Contract Documents submitted by BCOE to Developer, and those changes change the construction costs and/or construction time for the Project, then those changed costs or time will be handled as a modification pursuant to the provisions of **Exhibit D**.

11.1.7 Labor Compliance Monitoring and Enforcement by Department of Industrial Relations

This Project is subject to labor compliance monitoring and enforcement by the Department of Industrial Relations pursuant to Labor Code section 1771.4 and Title 8 of the California Code of Regulations. Developer specifically acknowledges and understands that it shall perform the Work of this Contract

while complying with all the applicable provisions of Division 2, Part 7, Chapter 1, of the Labor Code.

12. Maintenance

Following delivery of possession of the Project by Developer to BCOE, the repair, improvement, replacement and maintenance of the Project and the Site shall be at the sole cost and expense and the sole responsibility of the BCOE, subject only to all punch list items and warranties against defects in materials and workmanship of Developer as provided in **Exhibit D**. The BCOE shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Project resulting from ordinary wear and tear. The BCOE waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the BCOE under the terms of this Facilities Lease.

13. Utilities

Following delivery of possession of the Project by Developer to BCOE, the cost and expenses for all utility services, including, but not limited to, electricity, natural gas, telephone, water, sewer, trash removal, cable television, janitorial service, security, heating, water, internet service, data transmission, and all other utilities of any type shall be paid by BCOE.

14. Taxes and Other Impositions

All ad valorem real property taxes, special taxes, possessory interest taxes, bonds and special lien assessments or other impositions of any kind with respect to the Project, the Site and the improvements thereon, charged to or imposed upon either Developer or the BCOE or their respective interests or estates in the Project, shall at all times be paid by BCOE. In the event any possessory interest tax is levied on Developer, its successors and assigns, by virtue of this Facilities Lease or the Site Lease, BCOE shall pay such possessory interest tax directly, if possible, or shall reimburse Developer, its successors and assigns for the full amount thereof within forty-five (45) days after presentation of proof of payment by Developer.

15. Insurance

15.1 Developer's Insurance

Developer shall comply with the insurance requirements as indicated here and in **Exhibit D-1**, if applicable.

15.1.1 Commercial General Liability and Automobile Liability Insurance

15.1.1.1 Developer shall procure and maintain, during the life of the Project, Commercial General Liability Insurance in a form at least as broad as Insurance Services (ISO) Form CG 00 01 that shall protect Developer, its agents, representative, employees, or subcontractors, BCOE, its Board Members, employees, agents, Construction Manager(s), Project Manager(s), Project Inspector(s), and Architect(s) from all claims for products and completed operations, property damage, bodily injury and personal injury, death, advertising injury and medical payments arising from, or in connection with, the performance of the Work of the Project within the Contract Documents at the required limits, or Developer shall

procure and maintain these coverages separately. Developer shall procure and maintain Automobile Liability in a form at least as broad as ISO Form CA 0001 covering Code 1 (any auto) at the required limits, or Developer shall procure and maintain these coverages separately.

15.1.1.2 Developer's deductible or self-insured retention for its Commercial General Liability Insurance policy shall not exceed five thousand dollars (\$5,000) for deductible or twenty-five thousand dollars (\$25,000) for self-insured retention, respectively, unless approved in writing by BCOE.

15.1.1.3 All such policies shall be written on an occurrence form.

15.1.2 Excess Liability Insurance

15.1.2.1 If Developer's underlying policy limits are less than required, subject to 15.1.2.3 below, Developer may procure and maintain, during the life of the Project, an Excess Liability Insurance Policy to meet the policy limit requirements of the required policies in order to satisfy, in aggregate with its underlying policy, the insurance requirements herein including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Excess Liability Insurance Policy shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until Developer's primary and excess liability policies are exhausted.

15.1.2.2 There shall be no gap between the per occurrence amount of any underlying policy and the start of the coverage under the Excess Liability Insurance Policy. Any Excess Liability Insurance Policy shall protect Developer, BCOE, its Board Members, employees, agents, the State, Construction Manager(s), Program Manager(s), Project Inspector(s), and Architect(s) in amounts and including the provisions as set forth in **Exhibit D-1** and/or the Supplementary Conditions (if any), and that complies with all requirements for Commercial General Liability and Automobile Liability and Employers' Liability Insurance.

15.1.3 Subcontractor

Developer shall require its Subcontractor(s), if any, to procure and maintain Commercial General Liability Insurance, Automobile Liability Insurance, and Excess Liability Insurance (if Subcontractor elects to satisfy, in part, the insurance required herein by procuring and maintaining an Excess Liability Insurance Policy) with minimum limits at least equal to the amount required of Developer except where smaller minimum limits are permitted as set forth below. For Commercial General Liability coverage, subcontractors shall provide coverage with a form at least as broad as CG 20 38 04 13.

15.1.4 Workers' Compensation and Employer's Liability Insurance

15.1.4.1 In accordance with provisions of section 3700 of the California Labor Code, Developer and every Subcontractor shall be required to secure the payment of compensation to its employees.

15.1.4.2 Developer shall procure and maintain, during the life of the Project, Workers' Compensation Insurance and Employer's Liability Insurance for all of its employees engaged in work under the Project, on/or at the Site of the Project. This coverage shall cover, at a minimum, medical and surgical treatment, disability benefits, rehabilitation therapy, and survivors' death benefits. Developer shall require its Subcontractor(s), if any, to procure and maintain Workers' Compensation Insurance and Employer's Liability Insurance for all employees of Subcontractor(s). Any class of employee or employees not covered by a Subcontractor's insurance shall be covered by Developer's insurance. If any class of employee or employees engaged in Work on the Project, on or at the Site of the Project, is not protected under the Workers' Compensation Insurance, Developer shall provide, or shall cause a Subcontractor to provide, adequate insurance coverage for the protection of any employee(s) not otherwise protected before any of those employee(s) commence work.

15.1.4.3 The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of BCOE for all work performed by Developer, its employees, agents and subcontractors.

15.1.5 Builder's Risk Insurance: Builder's Risk "All Risk" Insurance

15.1.5.1 Developer shall procure and maintain, during the life of this Contract, Builder's Risk (Course of Construction) insurance utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the Project and no coinsurance penalty provisions, or similar first party property coverage acceptable to the BCOE. The cost value basis shall be consistent with the total replacement cost of all insurable Work of the Project included within the Contract Documents. Coverage is to insure against all risks of accidental physical loss and shall include without limitation the perils of vandalism and/or malicious mischief (both without any limitation regarding vacancy or occupancy), sprinkler leakage, civil authority, theft, sonic disturbance, earthquake, flood, collapse, wind, rain, dust, fire, war, terrorism, lightning, smoke, and rioting. Coverage shall include debris removal, demolition, increased costs due to enforcement of all applicable ordinances and/or laws in the repair and replacement of damaged and undamaged portions of the property, and reasonable costs for the Architect's and engineering services and expenses required as a result of any insured loss upon the Work and Project, including completed Work and Work in progress, to the full insurable value thereof.

15.1.6 Pollution Liability Insurance

15.1.6.1 Developer shall procure and maintain Pollution Liability Insurance in a form at least as broad as ISO Form CG 2415 that shall protect Developer, BCOE, Construction Manager(s), Project Inspector(s), and Architect(s) from all claims for bodily injury, property damage, including natural resource damage, cleanup costs, removal, storage, disposal, and/or use of the pollutant arising from operations under this Facilities Lease, and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims, or Developer shall procure and maintain these coverages separately. Coverage shall apply to sudden and/or gradual pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, natural gas, waste materials, or other irritants, contaminants, or pollutants, including asbestos.

15.1.6.2 Contractor warrants that any retroactive date applicable to coverage under the policy shall predate the effective date of the Contract and that continuous coverage will be maintained or an extended reporting or discovery period will be exercised for a period of three (3) years, beginning from the time that the Work under the Contract is completed.

15.1.6.3 If the services involve lead-based paint or asbestos identification/remediation, Developer's Pollution Liability policy shall not contain lead-based paint or asbestos exclusions. If the services involve mold identification/remediation, Developer's Pollution Liability policy shall not contain a mold exclusion, and the definition of Pollution shall include microbial matter, including mold.

15.1.6.4 If Developer is responsible for removing any pollutants from a site, then Developer shall ensure that Any Auto, including owned, non-owned, and hired, are included within the above policies and at the required limits, to cover its automobile exposure for transporting the pollutants from the site to an approved disposal site. This coverage shall include the Motor Carrier Act Endorsement, MCS 90.

15.1.7 Proof of Carriage of Insurance and Other Requirements Endorsements and Certificates

15.1.7.1 Developer shall not commence Work nor shall it allow any Subcontractor to commence Work on the Project, until Developer and its Subcontractor(s) have procured all required insurance and Developer has delivered in duplicate to the BCOE complete endorsements (or entire insurance policies) and certificates indicating the required coverages have been obtained, and the BCOE has approved these documents.

15.1.7.2 Endorsements, certificates, and insurance policies shall include the following:

15.1.7.2.1 A clause stating the following, or other language acceptable to the BCOE:

"This policy shall not be canceled and the coverage amounts shall not be reduced until notice has been mailed to BCOE, Architect, and Construction Manager stating date of cancellation by the insurance carrier. Date of cancellation may not be less than thirty (30) days after date of mailing notice."

15.1.7.2.2 Language stating in particular those insured, extent of insurance, location and operation to which insurance applies, expiration date, to whom cancellation notice will be sent, and length of notice period.

15.1.7.2.3 All endorsements, certificates and insurance policies shall state that BCOE, its Board Members, employees and agents, Construction Manager(s), Program Manager(s), Inspector(s) and Architect(s) are named additional insureds under all policies except Workers' Compensation Insurance and Employers' Liability Insurance. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10, CG 11 85 or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).

15.1.7.2.4 All endorsements shall waive any right to subrogation against any of the named additional insureds.

15.1.7.2.5 Developer's and Subcontractors' insurance coverage at least as broad as ISO CG 20 01 04 13 shall be primary and non-contributory to any insurance or self-insurance maintained by BCOE, its Board Members, employees and/or agents, the State of California, Construction Manager(s), Program Manager(s), Inspector(s), and/or Architect(s). This requirement shall also apply to any Excess liability policies.

15.1.7.2.6 Developer's insurance limit shall apply separately to each insured against whom a claim is made or suit is brought.

15.1.7.3 No policy shall be amended, canceled, or modified, and the coverage amounts shall not be reduced, until Developer or Developer's broker has provided written notice to BCOE, Architect, and Construction Manager stating date of the amendment, modification, cancellation or reduction, and a description of the

change. Date of amendment, modification, cancellation or reduction may not be less than thirty (30) days after date of mailing notice.

15.1.7.4 Insurance written on a "claims made" basis shall be retroactive to a date that coincides with or precedes Developer's commencement of Work, including subsequent policies purchased as renewals or replacements. Said policy is to be renewed by Developer and all Subcontractors for a period of five (5) years following completion of the Work or termination of this Facilities Lease. Such insurance must have the same coverage and limits as the policy that was in effect during the term of this Facilities Lease, and will cover Developer and all Subcontractors for all claims made. If coverage is cancelled or non-renewed, and not replaced with another claims-made policy from with a retroactive date prior to the effective date of this Facilities Lease, or the start of Work date, the Developer must purchase extended reporting period coverage for a minimum of five (5) years after completion of contract work. A copy of the claims reporting requirements must be submitted to the BCOE for review.

15.1.7.5 Developer's and Subcontractors' insurance policy(s) shall be primary and non-contributory to any insurance or self-insurance maintained by BCOE, its Board Members, employees and/or agents, the State of California, Construction Manager(s), Program Manager(s), Inspector(s), and/or Architect(s).

15.1.7.6 All of Developer's insurance shall be with insurance companies with an A.M. Best rating of no less than A: XI.

15.1.7.7 The insurance requirements set forth herein shall in no way limit Developer's liability arising out of or relating to the performance of the Work or related activities.

15.1.7.8 Failure of Developer and/or its Subcontractor(s) to comply with the insurance requirements herein shall be deemed a material breach of the Facilities Lease and constitute a Default by Developer pursuant to this Facilities Lease.

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15.1.8 Insurance Policy Limits

The limits of insurance shall not be less than the following amounts:

COMMERCIAL GENERAL LIABILITY	Product Liability and Completed Operations, Fire Damage Liability – Split Limit	\$5,000,000 per occurrence; \$10,000,000 in aggregate
AUTOMOBILE LIABILITY – ANY AUTO	Combined Single Limit	\$1,000,000
WORKERS' COMPENSATION		Statutory limits pursuant to State law
EMPLOYER'S LIABILITY		\$1,000,000 per accident for bodily injury or disease
BUILDER'S RISK (COURSE OF CONSTRUCTION)		Full replacement value for scope of Work.
POLLUTION LIABILITY		\$1,000,000 per claim; \$2,000,000 aggregate

If Developer normally carries insurance in an amount greater than the minimum amounts required by BCOE, that greater amount shall become the minimum required amount of insurance for purposes of the Contract. Therefore, Developer hereby acknowledges and agrees that all insurance carried by it shall be deemed liability coverage for all actions it performs in connection with the Contract.

The limits of insurance for those subcontractors whose subcontract does not exceed One Million Dollars (\$1,000,000) shall not be less than the following amounts:

COMMERCIAL GENERAL LIABILITY	Product Liability and Completed Operations, Fire Damage Liability – Split Limit	\$2,000,000 per occurrence; \$4,000,000 in aggregate
AUTOMOBILE LIABILITY – ANY AUTO	Combined Single Limit	\$1,000,000
WORKERS' COMPENSATION		Statutory limits pursuant to State law
EMPLOYER'S LIABILITY		\$1,000,000 per accident for bodily injury or disease

Notwithstanding anything in this Facilities Lease to the contrary, the above insurance requirements may be modified as appropriate for subcontractors, with BCOE's prior written approval.

15.2 BCOE's Insurance

15.2.1 Rental Interruption Insurance

BCOE shall at all times from and after BCOE's acceptance of the Project, for the benefit of BCOE and Developer, as their interests may appear, maintain rental interruption insurance to cover loss, total or partial, of the use of the Project due to damage or destruction, in an amount at least equal to the maximum estimated Lease Payments payable under this Facilities Lease during the current or any future twenty-four (24) month period. This insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the BCOE, and such insurance may be maintained in whole or in part in the form of participation by the BCOE in a joint powers agency or other program providing pooled insurance. This insurance may not be maintained in the form of self-insurance.

15.2.2 Property Insurance

BCOE shall at all times from and after BCOE's acceptance of the Project, carry and maintain in force a policy of property insurance for 100% of the insurable replacement value with no coinsurance penalty, on the Site and the Project, together with all improvements thereon, under a standard "all risk" contract insuring against loss or damage. Developer shall be named as additional insureds or co-insureds thereon by way of endorsement. BCOE shall have the right to procure the required insurance through a joint powers agency or to self-insure against such losses or portion thereof as is deemed prudent by BCOE.

16. Indemnification and Defense

16.1 To the fullest extent permitted by California law, Developer shall indemnify, keep and hold harmless the BCOE, the Architect(s) and Construction Manager(s), their respective consultants, separate contractors, board members, officers, representatives, agents, and employees, in both individual and official capacities ("Indemnitees"), against all suits, claims, injury, damages, losses, and expenses ("Claims"), including but not limited to attorney's fees and costs, caused by, arising out of, resulting from, or incidental to the performance of the Work under this Contract by Developer or its Subcontractors, vendors and/or suppliers. However, Developer's indemnification and hold harmless obligation shall be reduced by the proportion of the Indemnitees' and/or Architect's liability to the extent the Claim(s) is/are caused by the active negligence or willful misconduct of the Indemnitees, and/or defects in design furnished by the Architect, as found by a court or arbitrator of competent jurisdiction. This indemnification and hold harmless obligation of Developer shall not be construed to negate, abridge, or otherwise reduce any right or obligation of indemnity that would otherwise exist or arise as to any Indemnitee or other person described herein. This indemnification and hold harmless obligation includes, but is not limited to, any failure or alleged failure by Developer to comply with any law and/or provision of the Contract Documents in strict accordance with their terms, and without limitation, any failure or alleged failure of Developers obligations regarding any stop payment notice actions or liens, including Civil Wage and Penalty Assessments and/or Orders by the DIR.

16.2 To the furthest extent permitted by California law, Developer shall also defend Indemnitees, at its own expense, including but not limited to attorneys' fees and costs,

against all Claims caused by, arising out of, resulting from, or incidental to the performance of the Work under this Facilities Lease by Developer, its Subcontractors, vendors, or suppliers. However, without impacting Developer's obligation to provide an immediate and ongoing defense of Indemnitees, Developer's defense obligation shall be reduced by the proportion of the Indemnitees' and/or Architect's liability to the extent caused by the active negligence, or willful misconduct of the Indemnitees, and/or defects in design furnished by the Architect, as found by a court or arbitrator of competent jurisdiction. The BCOE shall have the right to accept or reject any legal representation that Developer proposes to defend the Indemnitees. If conflict of interest bars joint representation of Developer and Indemnitees, BCOE shall have the right to select its own counsel, subject to Developer's reasonable right of rejection. If any Indemnitee provides its own defense due to failure to timely respond to tender of defense, rejection of tender of defense, or conflict of interest of proposed counsel, Developer shall reimburse such Indemnitee for any expenditures. Even if the Developer assumes the defense of the BCOE with acceptable counsel, the BCOE, at its sole option, may participate in the defense, at its own expense, with counsel of its own choice without relieving the Developer of any of its obligations hereunder. Developer's defense obligation shall not be construed to negate, abridge, or otherwise reduce any right or obligation of defense that would otherwise exist as to any Indemnitee or other person described herein. Developer's defense obligation includes, but is not limited to, any failure or alleged failure by Developer to comply with any provision of law, any failure or alleged failure to timely and properly fulfill all of its obligations under the Contract Documents in strict accordance with their terms, and without limitation, any failure or alleged failure of Developer's obligations regarding any stop payment notice actions or liens, including Civil Wage and Penalty Assessments and/or Orders by the DIR. Developer shall give prompt notice to the BCOE in the event of any Claim(s).

16.3 Without limitation of the provisions herein, if Developer's obligation to indemnify and hold harmless the Indemnitees or its obligation to defend Indemnitees as provided herein shall be determined to be void or unenforceable, in whole or in part, it is the intention of the Parties that these circumstances shall not otherwise affect the validity or enforceability of Developer's agreement to indemnify, defend, and hold harmless the rest of the Indemnitees, as provided herein. Further, Developer shall be and remain fully liable on its agreements and obligations herein to the fullest extent permitted by law.

16.4 Pursuant to Public Contract Code section 9201, the BCOE shall provide timely notification to Developer of the receipt of any third-party Claim relating to this Contract. The BCOE shall be entitled to recover its reasonable costs incurred in providing said notification.

16.5 In any and all Claims against any of the Indemnitees by any employee of Developer, any Subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, Developer's indemnification obligation herein shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for Developer or any Subcontractor under workers' compensation acts, disability benefit acts, or other employee benefit acts.

16.6 The BCOE may retain so much of the moneys due to Developer as shall be considered necessary, until disposition of any such Claims or until the BCOE, Architect(s) and Construction Manager(s) have received written agreement from Developer that Developer will unconditionally defend the BCOE, the Architect(s) and

Construction Manager(s), their respective officers, agents and employees, and pay any damages due by reason of settlement or judgment.

16.7 Developer's defense and indemnification obligations hereunder shall survive the completion of Work, including the warranty/guarantee period, and/or the termination of the Contract.

17. Eminent Domain

17.1 Total Taking After Project Delivery

If, following delivery of possession of the Project by Developer to BCOE, all of the Project and the Site is taken permanently under the power of eminent domain, the Term shall cease as of the day possession shall be so taken.

17.1.1 The financial interest of Developer shall be limited to the amount of principal payments pursuant to the GMP provisions indicated in **Exhibit C** that are then due or past due together with all remaining and succeeding principal payments pursuant to the GMP provisions indicated in **Exhibit C** for the remainder of the original Term. For example, if all of the Project and the Site is taken at the end of the third year of the Term, Developer shall be entitled to receive from the eminent domain award the sum of all principal payments pursuant to the GMP provisions indicated in **Exhibit C** that would have been owing for the fourth year through the end of the Term had there been no taking.

17.1.2 The balance of the award, if any, shall be paid to the BCOE.

17.2 Total Taking Prior to Project Delivery

If all of the Project and the Site is taken permanently under the power of eminent domain and Developer is still performing the work of the Project and has not yet delivered possession of the Project to BCOE, the Term shall cease as of the day possession shall be so taken. The financial interest of Developer shall be the amount Developer has expended to date for work performed on the Project, subject to documentation reasonably satisfactory to the BCOE.

17.3 Partial Taking

If, following delivery of possession of the Project by Developer to BCOE, less than all of the Project and the Site is taken permanently, or if all of the Project and the Site or any part thereof is taken temporarily, under the power of eminent domain.

17.3.1 This Facilities Lease shall continue in full force and effect and shall not be terminated by virtue of that partial taking and the Parties waive the benefit of any law to the contrary, and

17.3.2 There shall be a partial abatement of any principal payments pursuant to the GMP provisions indicated in **Exhibit C** as a result of the application of the net proceeds of any eminent domain award to the prepayment of those payments hereunder. The Parties agree to negotiate, in good faith, for an equitable split of the net proceeds of any eminent domain award and a corresponding reduction in the payments required pursuant to the GMP provisions indicated in **Exhibit C**.

18. Damage and Destruction

If, following delivery of possession of all or a portion of the Project by Developer to BCOE, the Project is totally or partially destroyed due to fire, acts of vandalism, flood, storm, earthquake, Acts of God, or other casualty beyond the control of either party hereto, the Term shall end and BCOE shall no longer be required to make any payments required pursuant to the GMP provisions indicated in **Exhibit C** that are then due or past due or any remaining and succeeding principal payments pursuant to the GMP provisions indicated in **Exhibit C** for the remainder of the original Term.

19. Abatement

19.1 If, after the Parties have executed the Memorandum of Commencement Date attached hereto as **Exhibit E**, the Project becomes destroyed or damaged beyond repair, the BCOE may determine its use of the Project abated. Thereafter, the BCOE shall have no obligation to make, nor shall Developer have the right to demand, the Lease Payments as indicated in the GMP provisions indicated in **Exhibit C** to this Facilities Lease. The Term shall cease at that time.

19.2 The Parties hereby agree that the net proceeds of the BCOE's rental interruption insurance that the BCOE must maintain during the Term, as required herein, shall constitute a special fund for the payment of the Lease Payments indicated in the GMP provisions indicated in **Exhibit C**.

19.3 The BCOE shall as soon as practicable after such event, apply the net proceeds of its insurance policy intended to cover that loss ("Net Proceeds"), either to:

19.3.1 Repair the Project to full use.

19.3.2 Replace the Project, at the BCOE's sole cost and expense, with property of equal or greater value to the Project immediately prior to the time of the destruction or damage, and that replacement, once completed, shall be substituted in this Facilities Lease by appropriate endorsement; or

19.3.3 Exercise the BCOE's purchase option as indicated in the GMP provisions in **Exhibit C** to this Facilities Lease.

19.4 The BCOE shall notify Developer of which course of action it desires to take within thirty (30) days after the occurrence of the destruction or damage. The Net Proceeds of all insurance payable with respect to the Project shall be available to the BCOE and shall be used to discharge the BCOE's obligations under this Section.

20. Access

20.1 By Developer

Developer shall have the right at all reasonable times to enter upon the Site to construct the Project pursuant to this Facilities Lease. Following the acceptance of the Project by BCOE, Developer may enter the Project at reasonable times with advance notice and arrangement with BCOE for purposes of making any repairs required to be made by Developer.

20.2 By BCOE

The BCOE shall have the right to enter upon the Site at all times. BCOE shall comply with all safety precautions and procedures required by Developer.

21. Assignment, Subleasing

21.1 Assignment and Subleasing by the BCOE

Any assignment or sublease by BCOE shall be subject to all of the following conditions:

21.1.1 This Facilities Lease and the obligation of the BCOE to make the payments required pursuant to the GMP provisions indicated in **Exhibit C** shall remain obligations of the BCOE; and

21.1.2 The BCOE shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to Developer a true and complete copy of any assignment or sublease.

21.2 Assignment by Developer

Developer may assign its right, title and interest in this Facilities Lease, in whole or in part to one or more assignees, only after the written consent of BCOE, which BCOE will not unreasonably withhold. No assignment shall be effective against the BCOE unless and until the BCOE has consented in writing. Notwithstanding anything to the contrary contained in this Facilities Lease, no consent from the BCOE shall be required in connection with any assignment by Developer to a lender for purposes of financing the Project as long as there are not additional costs to the BCOE.

22. Termination, Default And Suspension

22.1 Termination; Lease Terminable Only As Set Forth Herein

22.1.1 Except as otherwise expressly provided in this Facilities Lease, this Facilities Lease shall not terminate, nor shall BCOE have any right to terminate this Facilities Lease or be entitled to the abatement of any necessary payments pursuant to the GMP provisions in **Exhibit C** or any reduction thereof. The obligations hereunder of BCOE shall not be otherwise affected by reason of any damage to or destruction of all or any part of the Project; the taking of the Project or any portion thereof by condemnation or otherwise; the prohibition, limitation or restriction of BCOE's use of the Project; the interference with such use by any private person or contractor; the BCOE's acquisition of the ownership of the Project (other than pursuant to an express provision of this Facilities Lease); any present or future law to the contrary notwithstanding. It is the intention of the Parties hereto that all necessary payments pursuant to the GMP provisions indicated in **Exhibit C** shall continue to be payable in all events, and the obligations of the BCOE hereunder shall continue unaffected unless the requirement to pay or perform the same shall be terminated or modified pursuant to an express provision of this Facilities Lease.

22.1.2 Nothing contained herein shall be deemed a waiver by the BCOE of any rights that it may have to bring a separate action with respect to any Event of Default by Developer hereunder or under any other agreement to recover

the costs and expenses associated with that action. The BCOE covenants and agrees that it will remain obligated under this Facilities Lease in accordance with its terms.

22.1.3 Following completion of the Project, the BCOE will not take any action to terminate, rescind or avoid this Facilities Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting Developer or any assignee of Developer in any such proceeding, and notwithstanding any action with respect to this Facilities Lease which may be taken by any trustee or receiver of Developer or of any assignee of Developer in any such proceeding or by any court in any such proceeding. Following completion of the Project, except as otherwise expressly provided in this Facilities Lease, BCOE waives all rights now or hereafter conferred by law to quit, terminate or surrender this Facilities Lease or the Project or any part thereof.

22.1.4 BCOE acknowledges that Developer may assign an interest in some or all of the necessary payments pursuant to the GMP provisions indicated in **Exhibit C** to a lender in order to obtain financing for the cost of constructing the Project and that the lender may rely on the foregoing covenants and provisions in connection with such financing.

22.2 BCOE's Request for Assurances

If BCOE at any time reasonably believes Developer is or may be in default under this Contract, BCOE may in its sole discretion notify Developer of this fact and request written assurances from Developer of performance of Work and a written plan from Developer to remedy any potential default under the terms of this Contract that the BCOE may advise Developer of in writing. Developer shall, within ten (10) calendar days of BCOE's request, deliver a written cure plan that meets the BCOE's requirements in its request for assurances. Developer's failure to provide such written assurances of performance and the required written plan, within ten (10) calendar days of request, will constitute a material breach of this Contract sufficient to justify termination for cause.

22.3 BCOE's Right to Terminate Developer for Cause

22.3.1 Grounds for Termination

The BCOE, in its sole discretion, without prejudice to any other right or remedy, may terminate the Site Lease and Facilities Lease and/or terminate Developer's right to perform the work of the Facilities Lease based upon any of the following:

22.3.1.1 Developer refuses or fails to execute the Work or any separable part thereof; or

22.3.1.2 Developer fails to complete said Work within the time specified or any extension thereof; or

22.3.1.3 Developer persistently fails or refuses to perform Work or provide material of sufficient quality as to be in compliance with the Facilities Lease; or

22.3.1.4 Prior to completion of the Project, Developer is adjudged a bankrupt, files a petition for relief as a debtor, or a petition is filed against Developer without its consent, and the petition not dismissed within sixty (60) days; or

22.3.1.5 Prior to the completion of the Project, Developer makes a general assignment for the benefit of its creditors, or a receiver is appointed on account of its insolvency; or

22.3.1.6 Developer persistently or repeatedly refuses and/or fails, except in cases for which extension of time is provided, to supply enough properly skilled workers or proper materials to complete the Work in the time specified; or

22.3.1.7 Developer fails to make prompt payment to Subcontractors, or for material, or for labor; or

22.3.1.8 Developer persistently disregards laws, or ordinances, or instructions of BCOE as indicated in **Exhibit D**, or otherwise in violation of **Exhibit D**; or

22.3.1.9 Developer fails to supply labor, including that of Subcontractors, that is sufficient to prosecute the Work or that can work in harmony with all other elements of labor employed or to be employed on the Work; or

22.3.1.10 Developer or its Subcontractor(s) is/are otherwise in breach, default, or in substantial violation of any provision of this Facilities Lease, including but not limited to a lapse in licensing or registration.

22.3.2 Notification of Termination

22.3.2.1 Upon the occurrence at BCOE's sole determination of any of the above conditions, or upon Developer's failure to perform any material covenant, condition or agreement in this Facilities Lease, BCOE may, without prejudice to any other right or remedy, serve written notice upon Developer and its Surety of BCOE's termination of this Facilities Lease and/or Developer's right to perform the Work of this Facilities Lease. This notice will contain the reasons for termination.

22.3.2.2 Unless, within fifteen (15) days after the service of the notice, any and all condition(s) shall cease, and any and all violation(s) shall cease, or arrangement satisfactory to BCOE for the correction of the condition(s) and/or violation(s) be made, this Facilities Lease and the Site Lease shall cease and terminate; provided, however, if the failure stated in the notice cannot be corrected within fifteen (15) days after the service of notice, BCOE may consent to an extension of time, provided Developer instituted and diligently pursued corrective action within the applicable fifteen (15)-day period and until the violation is corrected. Upon BCOE

determination, Developer shall not be entitled to receive any further payment until the entire Work is finished.

22.3.2.3 Upon Termination, BCOE may immediately serve written notice of tender upon Surety whereby Surety shall have the right to take over and perform this Facilities Lease only if Surety:

22.3.2.3.1 Within three (3) days after service upon it of the notice of tender, gives BCOE written notice of Surety's intention to take over and perform this Facilities Lease; and

22.3.2.3.2 Commences performance of this Facilities Lease within three (3) days from date of serving of its notice to BCOE.

22.3.2.4 Surety shall not utilize Developer in completing the Project if the BCOE notifies Surety of the BCOE's objection to Developer's further participation in the completion of the Project. Surety expressly agrees that any developer which Surety proposes to fulfill Surety's obligations is subject to BCOE's approval.

22.3.2.5 If Surety fails to notify BCOE or begin performance as indicated herein, BCOE may take over the Work and execute the Work to completion by any method it may deem advisable at the expense of Developer and/or its Surety. Developer and its Surety shall be liable to BCOE for any excess cost or other damages the BCOE incurs thereby. Time is of the essence in this Facilities Lease. If the BCOE takes over the Work as herein provided, BCOE may, without liability for so doing, take possession of and utilize in completing the Work all materials, appliances, plan, and other property belonging to Developer as may be on the Site of the Work, in bonded storage, or previously paid for.

22.3.2.6 In the alternative, the BCOE shall have the right (but shall have no obligation) to assume and/or assign to a general contractor or construction manager or other third party who is qualified and has sufficient resources to complete the Work, the rights of the Developer under its subcontracts with any or all Subcontractors. In the event of an assumption or assignment by the BCOE, no Subcontractor shall have any claim against the BCOE or third party for Work performed by Subcontractor or other matters arising prior to termination of the Facilities Lease. The BCOE or any third party, as the case may be, shall be liable only for obligations to the Subcontractor arising after assumption or assignment. Should the BCOE so elect, the Developer shall execute and deliver all documents and take all steps, including the legal assignment of its contractual rights, as the BCOE may require, for the purpose of fully vesting in the BCOE the rights and benefits of its Subcontractor under Subcontracts or other obligations or commitments. All payments due the Developer hereunder shall be subject to a right of offset by the BCOE for expenses and damages suffered by the BCOE as a result of any default, acts, or omissions of the Developer. Developer

must include this assignment provision in all of its contracts with its Subcontractors.

22.3.2.7 In the event of a termination for cause, if the expense to the BCOE to finish the Work exceeds the unpaid Guaranteed Maximum Price, Developer and Surety shall pay difference to BCOE within twenty-one (21) days of BCOE's request. BCOE may apply any amounts otherwise due to Developer to this difference.

22.3.2.8 In the event that a termination for cause is determined to have not been for cause, the termination shall be deemed to have been a termination for convenience effective as of the same date as the purported termination for cause, and Developer may, if warranted, receive payment in accordance with the the termination for convenience provisions.

22.4 Termination of Developer for Convenience

22.4.1 BCOE in its sole discretion may terminate the Facilities Lease in whole or in part upon three (3) days written notice to Developer.

22.4.2 Upon notice, Developer shall:

22.4.2.1 Cease operations as directed by the BCOE in the notice;

22.4.2.2 Take necessary actions for the protection and preservation of the Work as soon as possible; and

22.4.2.3 Terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

22.4.3 Within 30 days of the notice, Developer shall submit to the BCOE a payment application for the actual cost for labor, materials, and services performed, including all Developer's and Subcontractor(s)' mobilization and/or demobilization costs, that is unpaid. Developer shall have no claims against the BCOE except for the actual cost for labor, materials, and services performed that adequately documented through timesheets, invoices, receipts, or otherwise. BCOE shall pay all undisputed invoice(s) for work performed until the notice of termination.

22.4.4 If Developer objects to the termination for convenience, including disagreement on the actual cost, the BCOE retains the right to all the options available to the BCOE under a termination for cause.

22.5 Effect of Termination

22.5.1 If BCOE terminates the Site Lease and the Facilities Lease pursuant to this section, the Site and any improvements built upon the Site shall vest in BCOE upon termination of the Site Lease and Facilities Lease, and BCOE shall thereafter be required to pay only the principal amounts then due and owing pursuant to the GMP provisions indicated in Exhibit C, less any damages incurred by BCOE due to Developer's default, acts, or omissions.

22.5.2 The BCOE shall retain all rights it possesses pursuant to this Facilities Lease including, without limitation.

22.5.2.1 The right to assess liquidated damages due because of any project delay; and

22.5.2.2 All rights the BCOE holds to demand performance pursuant to Developer's required performance bond.

22.5.3 Developer shall, only if ordered to do so by the BCOE, immediately remove from the Site all or any materials and personal property belonging to Developer that have not been incorporated in the construction of the Work, or which are not in place in the Work. The BCOE retains the right, but not the obligation, to keep and use any materials and personal property belonging to Developer that have not been incorporated in the construction of the Work, or which are not in place in the Work. Developer and its Surety shall be liable upon the performance bond for all damages caused the BCOE by reason of Developer's failure to complete the Work under this Facilities Lease.

22.5.4 In the event that the BCOE shall perform any portion of, or the whole of the Work, pursuant to the provisions of the General Conditions, the BCOE shall not be liable nor account to Developer in any way for the time within which, or the manner in which, the Work is performed by the BCOE or for any changes the BCOE may make in the Work or for the money expended by the BCOE in satisfying claims and/or suits and/or other obligations in connection with the Work.

22.5.5 In the event that the Site Lease and Facilities Lease are terminated for any reason, no allowances or compensation will be granted for the loss of any anticipated profit by Developer or any impact or impairment of Developer's bonding capacity.

22.5.6 All payments due Developer hereunder shall be subject to a right of offset by the BCOE for expenses, damages, losses, costs, claims, or reimbursements suffered by, or due to, the BCOE as a result of any default, acts, or omissions of Developer.

22.5.7 The foregoing provisions are in addition to and not in limitation of any other rights or remedies available to BCOE.

22.6 Developer Remedies Upon BCOE Default

22.6.1 Events of Default by BCOE Defined

The following shall be "Events of Default" of the BCOE under this Facilities Lease. The terms "Event of Default" and "Default," whenever they are used as to the BCOE in the Site Lease or this Facilities Lease, shall only mean one or more of the following events:

22.6.1.1 Failure by the BCOE to pay payments required pursuant to the GMP provisions in **Exhibit C**, and the continuation of this failure for a period of forty-five (45) days.

22.6.1.2 Failure by the BCOE to perform any material covenant, condition or agreement in this Facilities Lease and that failure continues for a period of forty-five (45) days after Developer provides BCOE with written notice specifying that failure and requesting that the failure be remedied; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Developer shall not withhold its consent to an extension of time if corrective action is instituted by the BCOE within the applicable period and diligently pursued until the default is corrected.

22.6.2 Remedies on BCOE's Default

If there has been an Event of Default on the BCOE's part, Developer may exercise any and all remedies granted pursuant to this Facilities Lease; provided, however, there shall be no right under any circumstances to accelerate any of the payments required pursuant to the GMP provisions in **Exhibit C** or otherwise declare those payments not then past due to be immediately due and payable.

22.6.2.1 Developer may rescind its leaseback of the Project to the BCOE under this Facilities Lease and re-rent the Project and Site to another lessee for the remaining Term for no less than the fair market value for leasing the Project and Site, which shall be:

22.6.2.1.1 An amount determined by a mutually-agreed upon appraiser; or

22.6.2.1.2 If an appraiser cannot be agreed to, an amount equal to the mean between a BCOE appraisal and a Developer appraisal for the Project and Site, both prepared by MAI-certified appraisers.

22.6.2.2 BCOE's obligation to make the payments required pursuant to the GMP provisions indicated in **Exhibit C** shall be:

22.6.2.2.1 Increased by the amount of costs, expenses, and damages incurred by Developer in re-renting the Project and Site; and

22.6.2.2.2 Decreased by the amount of rent Developer receives in re-letting the Project and Site.

22.6.2.3 BCOE agrees that the terms of this Facilities Lease constitute full and sufficient notice of the right of Developer to re-rent the Project and Site in the Event of Default without effecting a surrender of this Facilities Lease, and further agrees that no acts of Developer in re-renting as permitted herein shall constitute a surrender or termination of this Facilities Lease, but that, on the contrary, in the event of an Event of Default by the BCOE the right to re-rent the Project and Site shall vest in Developer as indicated herein.

22.6.3 BCOE's Continuing Obligation

Unless there has been damage, destruction, a Taking, or Developer has acted, failed to act, or is in default as indicated above providing BCOE with the right to terminate for cause, the BCOE shall continue to remain liable for the payments required pursuant to the GMP provisions in **Exhibit C** and those amounts shall be payable to Developer at the time and in the manner therein provided.

22.6.4 No Remedy Exclusive

No remedy herein conferred upon or reserved to Developer is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Facilities Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Developer to exercise any remedy reserved to it in this article, it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

22.7 Emergency Termination Pursuant to Public Contracts Act of 1949

22.7.1 This Facilities Lease is subject to termination as provided by sections 4410 and 4411 of the Government Code of the State of California, being a portion of the Emergency Termination of Public Contracts Act of 1949.

22.7.1.1 Section 4410 of the Government Code states:

In the event a national emergency occurs, and public work, being performed by contract, is stopped, directly or indirectly, because of the freezing or diversion of materials, equipment or labor, as the result of an order or a proclamation of the President of the United States, or of an order of any federal authority, and the circumstances or conditions are such that it is impracticable within a reasonable time to proceed with a substantial portion of the work, then the public agency and the contractor may, by written agreement, terminate said contract.

22.7.1.2 Section 4411 of the Government Code states:

Such an agreement shall include the terms and conditions of the termination of the contract and provision for the payment of compensation or money, if any, which either party shall pay to the other or any other person, under the facts and circumstances in the case.

22.7.2 Compensation to Developer shall be determined at the sole discretion of BCOE on the basis of the reasonable value of the Work done, including preparatory work. As an exception to the foregoing and at the BCOE's discretion, in the case of any fully completed separate item or portion of the Work for which there is a separate previously submitted unit price or item on the accepted schedule of values, that price may control. The BCOE, at its sole discretion, may adopt the Schedule of Values Price as the value of the work done or any portion thereof.

22.8 Suspension of Work

22.8.1 BCOE in its sole discretion may suspend, delay or interrupt the Work in whole or in part for such period of time as the BCOE may determine upon three (3) days written notice to Developer.

22.8.1.1 An adjustment may be made for changes in the cost of performance of the Work caused by any suspension, delay or interruption. No adjustment shall be made to the extent:

22.8.1.1.1 That performance is, was or would have been so suspended, delayed or interrupted by another cause for which Developer is responsible; or

22.8.1.1.2 That an equitable adjustment is made or denied under another provision of the Site Lease or the Facilities Lease; or

22.8.1.1.3 That the suspension of Work was the direct or indirect result of Developer's failure to perform any of its obligations hereunder.

22.8.1.1.4 The delay could not have been avoided or mitigated by Developer's reasonable diligence.

22.8.1.2 Any adjustments in cost of performance may have a fixed or percentage fee as provided in the section on Format for Proposed Change Order in **Exhibit D**. This amount shall be full compensation for all Developer's and its Subcontractor(s)' changes in the cost of performance of the Facilities Lease caused by any such suspension, delay or interruption.

23. Limitation of BCOE Liability

BCOE's financial obligations under this Contract shall be limited to the payment of the compensation provided in this Contract. Notwithstanding any other provision of this Contract, in no event shall BCOE be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including, but not limited to, lost profits or revenue, lost bonding capacity, arising out of or in connection with this Contract for the services performed in connection with this Contract.

24. Notices

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received five (5) days after deposit in the United States mail in registered or certified form with postage fully prepaid or one (1) business day after deposit with an overnight delivery service with proof of actual delivery:

If to BCOE:

Butte County Office of Education
1859 Bird Street
Oroville, CA 95965
ATTN: [Name, Title]

If to Developer:

[Developer]
[Address]
Attn: [Name, Title]

With a copy to:

Dannis Woliver Kelley
444 W Ocean Blvd.
Long Beach, CA 90802
ATTN: Samuel Santana

Developer and BCOE, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

25. Binding Effect

This Facilities Lease shall inure to the benefit of and shall be binding upon Developer and BCOE and their respective successors, transferees and assigns.

26. No Additional Waiver Implied by One Waiver

In the event any agreement contained in this Facilities Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

27. Severability

In the event any provision of this Facilities Lease shall be held invalid or unenforceable by any court of competent jurisdiction, that holding shall not invalidate or render unenforceable any other provision hereof, unless elimination of the invalid provision materially alters the rights and obligations embodied in this Facilities Lease or the Site Lease.

28. Amendments, Changes and Modifications

Except as to the termination rights of both Parties as indicated herein, this Facilities Lease may not be amended, changed, modified, altered or terminated without the written agreement of both Parties hereto.

29. Net-Net-Net Lease

This Facilities Lease shall be deemed and construed to be a "net-net-net lease" and the BCOE hereby agrees that all payments it makes pursuant to the GMP provisions in **Exhibit C** shall be an absolute net return to Developer, free and clear of any expenses, charges or set-offs.

30. Execution in Counterparts

This Facilities Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

31. Developer and BCOE Representatives

Whenever under the provisions of this Facilities Lease the approval of Developer or the BCOE is required, or Developer or the BCOE is required to take some action at the request of the other, the approval or request shall be given for Developer by Developer's Representative and for the BCOE by the BCOE's Representative, and any party hereto shall be authorized to rely upon any such approval or request.

32. Applicable Law

This Facilities Lease shall be governed by and construed in accordance with the laws of the State of California, and venue in the County within which the Site is located.

33. Attorney's Fees

If either party brings an action or proceeding involving the Property or to enforce the terms of this Facilities Lease or to declare rights hereunder, each party shall bear the cost of its own attorneys' fees.

34. Captions

The captions or headings in this Facilities Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Facilities Lease.

35. Prior Agreements

This Facilities Lease and the corresponding Site Lease collectively contain all of the agreements of the Parties hereto with respect to any matter covered or mentioned in this Facilities Lease and no prior agreements or understanding pertaining to any matter shall be effective for any purpose.

36. Further Assurances

Parties shall promptly execute and deliver all documents and instruments reasonably requested to give effect to the provisions of this Facilities Lease.

37. Recitals and Exhibits Incorporated

The Recitals set forth at the beginning of this Facilities Lease and the attached Exhibits are hereby incorporated into its terms and provisions by this reference.

38. Time of the Essence

Time is of the essence with respect to each of the terms, covenants, and conditions of this Facilities Lease.

39. Interpretation

None of the Parties hereto, nor their respective counsel, shall be deemed the drafters of this Facilities Lease for purposes of construing the provisions thereof. The language in all parts of this Facilities Lease shall in all cases be construed according to its fair meaning, not strictly for or against any of the Parties hereto.

IN WITNESS WHEREOF, the Parties have caused this Facilities Lease to be executed by their respective officers who are duly authorized, as of the Effective Date.

ACCEPTED AND AGREED on the date indicated below:

Dated: _____, 20__

Dated: _____, 20__

Butte County Office of Education

[Developer]

By: _____

By: _____

Name: Mary Sakuma

Name: _____

Title: Superintendent

Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF SITE

Attached is the Legal Description for:

Robinson Project
1835 Robinson Street, Oroville, CA 95965
APN: 012-095-015-000

Property Address: 1835 ROBINSON ST OROVILLE CA 95965 -4659

General Information

Parcel # (APN): 012-095-015-000

Owner: Available

Mailing Address: PO BOX 5357 CHICO CA 95927

Legal Description: 1835 ROBINSON STREET

Use Type: COMMERCIAL

Tax Rate Area: 004-003

Download Assessor Map

Assessment

Total Value: \$820,388

Land: \$97,932

Structures: \$722,456

Other:

% Improved: Available

Exempt Amt:

Exempt Type: N

Year Assd: 2025


Zoning: Available

Use Code: Available

Census Tract: Available

Price/SqFt:

View Assessment Value Notice



Detail Report \$14.95

Learn More

Sale History

	Sale 1	Sale 2	Sale 3	Transfer
Document Date:				Available
Document Number:				Available
Document Type:				
Transfer Amount:				
Seller (Grantor):				

Property Characteristics

Bedrooms:	Fireplace:	Units:
Baths (Full):	A/C: Available	Stories:
Baths (Half):	Heating: Available	Quality: Available
Total Rooms:	Pool:	Building Class: Available
Bldg/Liv Area: 8,492	Park Type:	Condition:
Lot Acres: 0.370	Spaces:	Site Influence:
Lot SqFt: 16,117	Garage SqFt:	Timber Preserve:
Year Built: 1924		Ag Preserve:
Effective Year: Available		

Exhibit A to Facilities Lease
[Name of] Project
DWK 4440957v1

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EXHIBIT B

DESCRIPTION OF PROJECT

Attached is a map or diagram of the Site that is subject to this Facilities Lease and upon which Developer will construct the Project.

ArcGIS Web Map

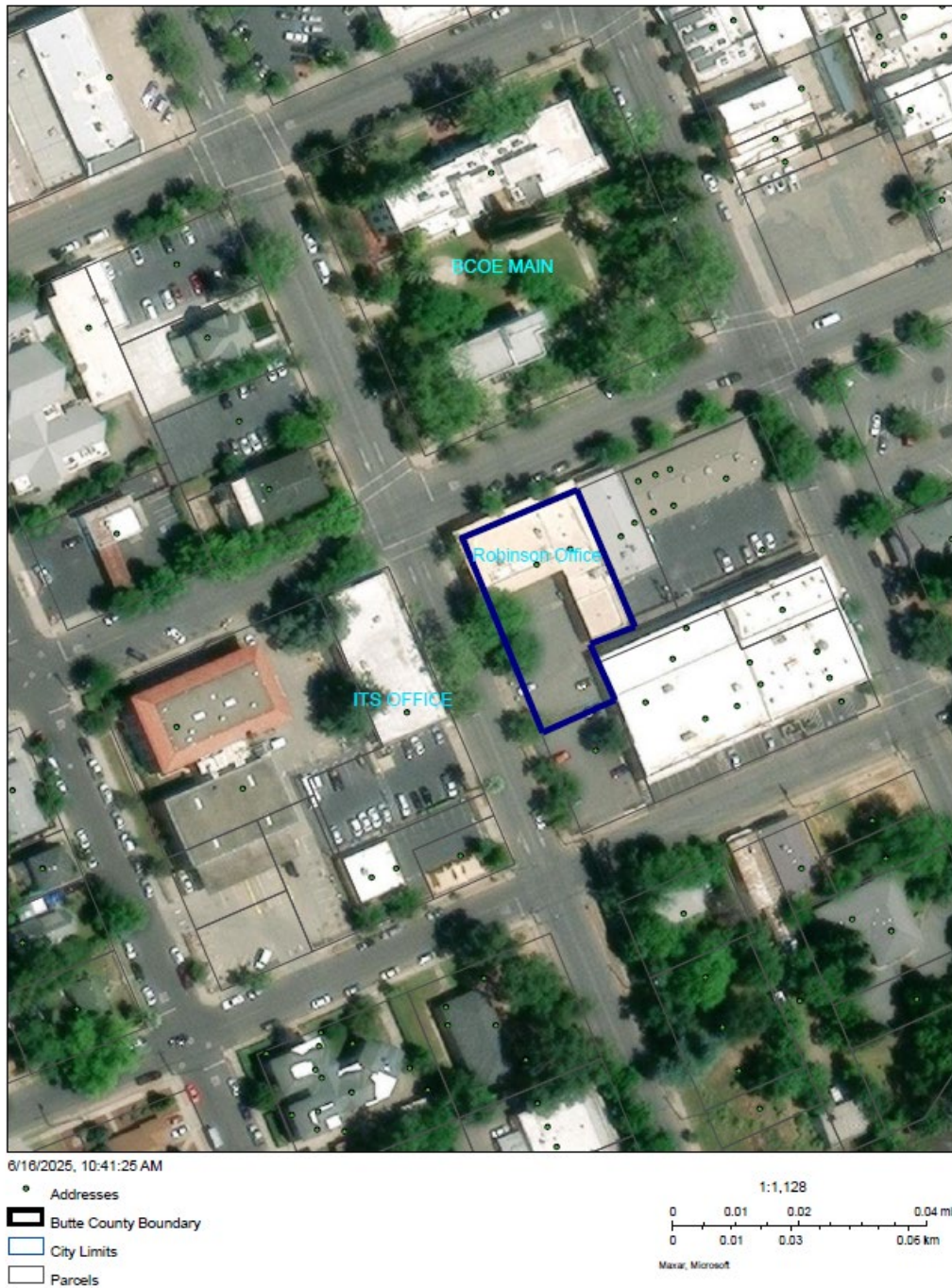


EXHIBIT C

GUARANTEED MAXIMUM PRICE AND OTHER PROJECT COST, FUNDING, AND PAYMENT PROVISIONS

Attached are the terms and provisions related to Site Lease payments, the Facilities Lease, the Guaranteed Maximum Price and other related cost, funding, and payment provisions.

Site Lease Payments

As indicated in the Site Lease, Developer shall pay One Dollar (\$1.00) to the BCOE as consideration for the Site Lease.

Guaranteed Maximum Price

Pursuant to the Facilities Lease, Developer will cause the Project to be constructed for an amount to be determined after preconstruction services are completed ("Guaranteed Maximum Price"). The Guaranteed Maximum Price shall include the preconstruction fees and costs and Allowances and Contingency, if any.

Cost of the Work

The term Cost of the Work shall mean the costs necessarily incurred in the proper performance of the Work contemplated by the Contract Documents. Such costs shall be at rates no higher than the standard paid at the place of the Project except with the prior consent of the BCOE. The Cost of the Work shall include only the items set forth in this Section 2 and approved by the BCOE.

General Conditions

The General Conditions as set forth in **Attachment 1** hereto shall be included in a progress billing as incurred. Said rates shall include all costs for labor, equipment and materials for the items identified therein which are necessary for the proper management of the Project, and shall include all costs paid or incurred by Developer for insurance, permits, taxes, and all contributions, assessments and benefits, holidays, vacations, retirement benefits, incentives to the extent contemplated in **Attachment 1**, whether required by law or collective bargaining agreements or otherwise paid or provided by Developer to its employees. The BCOE reserves the right to request changes to the personnel, equipment, or facilities provided as General Conditions as may be necessary or appropriate for the proper management of the Project, in which case, the BCOE shall be entitled to a reduction in the cost of General Conditions based on the rates set forth in **Attachment 1**.

Subcontract Costs

Payments made by the Developer to Subcontractors (inclusive of the Subcontractor's bonding, if required, and insurance costs, which shall be included in the subcontract amount), which payments shall be made in accordance with the requirements of the Contract Documents.

Developer-Performed Work

Costs incurred by Developer for self-performed work at the direction of BCOE or with the BCOE's prior approval, as follows:

Actual costs to Developer of wages of construction workers, excluding all salaried and/or administrative personnel, directly employed by Developer to perform the construction of the Work at the site.

Wages or salaries and customary benefits, such as sick leave, medical and health benefits, holidays, vacations, incentive programs, and pension plans of Developer's field supervisory, safety and administrative personnel when stationed at the site or stationed at Developer's principal office, only for that portion of their time required for the Work.

Wages and salaries and customary benefits, such as sick leave, medical and health benefits, holidays, vacations, incentive programs and pension plans of Developer's supervisory or administrative personnel engaged at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

Costs paid or incurred by Developer for taxes, insurance, contributions, assessments required by law or collective bargaining agreements and for personnel not covered by such agreements, and for customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Subparagraphs 2.1.3.1 through 2.1.3.3.

Costs, including transportation and storage, of materials and equipment incorporated in the completed construction, including costs of materials in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the BCOE's property at the completion of the Work or, at the BCOE's option, shall be sold by Developer. Any amounts realized from such sales shall be credited to the BCOE as a deduction from the Cost of the Work.

Costs, including transportation and storage, installation, maintenance, dismantling and removal of materials, supplies, machinery and equipment not customarily owned by construction workers, that are provided by Developer at the site and fully consumed in the performance of the Work; and cost (less salvage value) of such items if not fully consumed, whether sold to others or retained by Developer. Cost for items previously used by Developer shall mean fair market value.

Rental charges for temporary facilities, machinery, equipment, vehicles and vehicle expenses, and hand tools not customarily owned by construction workers that are provided by Developer at the site, whether rented from Developer or others, and the costs of transportation, installation, minor repairs and replacements, dismantling and removal thereof and costs of Developer's Project field office, overhead and general expenses including office supplies, parking, office equipment,

and software. Rates and quantities of equipment rented shall be subject to the BCOE's prior approval.

Costs of removal of debris from the site, daily clean-up costs and dumpster charges not otherwise included in the cost of the subcontracts which exceeds the clean-up provided under the General Conditions.

Costs of that portion of the reasonable travel, parking and subsistence expenses of Developer's personnel incurred while traveling and discharging duties connected with the Work.

Costs of materials and equipment suitably stored off the site at a mutually acceptable location, if approved in advance by the BCOE.

Allowances

Because it is impossible at the time of execution of the Facilities Lease to determine the exact cost of performing certain tasks, the Cost of the Work shall include the following Allowances for the Tasks/Work as noted here:

Task/Work	Allowance Amount
Total Allowance Amount	

The Allowance Value for an Allowance Item includes the direct cost of labor, materials, equipment, transportation, taxes and insurance associated with the applicable Allowance Item. All other costs, including design fees, Developer's overall project management and general conditions costs, overhead and fee, are deemed to be included in the original Guaranteed Maximum Price.

The BCOE shall have sole discretion to authorize all expenditures from the Allowances. The BCOE shall process expenditures from the Allowances in the form of an Allowance Expenditure Directive ("AED"). The Allowances are included in the Guaranteed Maximum Price. Any unused Allowance or unused portion thereof shall be deducted from the Cost of the Work pursuant to **Exhibit D** to this Facilities Lease to the benefit of the BCOE.

Except when noted as "not-to-exceed," whenever costs are more than the Allowance, the amount covered by the Allowance will be approved at cost (i.e., only the amount within the Allowance will be approved for payment). Developer shall follow the Change Order procedure to adjust the Guaranteed Maximum Price for amounts in excess of the Allowance.

Miscellaneous Costs

Where not included in the General Conditions, and with the prior approval of BCOE, costs of document reproductions (photocopying and blueprinting expenses), long distance telephone call charges, postage, overnight and parcel delivery charges, telephone costs including cellular telephone charges, facsimile or other communication service at the Project site, job photos and progress schedules, and reasonable petty cash expenses of the site office. Developer shall consult with BCOE to determine whether BCOE has any vendor relationships that could reduce the cost of these items and use such vendors whenever possible.

Sales, use, gross receipts, local business and similar taxes imposed by a governmental authority that are related to the Work.

Fees and assessments for permits, plan checks, licenses and inspections for which Developer is required by the Contract Documents to pay including, but not limited to, permanent utility connection charges, street use permit, street use rental, OSHA permit and sidewalk use permit and fees.

Fees of laboratories for tests required by the Contract Documents.

Deposits lost for causes other than Developer's or its subcontractors' negligence or failure to fulfill a specific responsibility to the BCOE as set forth in the Contract Documents.

Expenses incurred in accordance with Developer's standard personnel policy for relocation and temporary living allowances of personnel required for the Work if approved in advance by BCOE.

Where requested by BCOE, costs or expenses incurred by Developer in performing design services for the design-build systems.

Other costs incurred in the performance of the Work if, and to the extent, approved in advance by BCOE.

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

Provided all other eligible costs have been deducted from the contingency and as part of the calculation of amounts due Developer for Final Payment, costs of repairing and correcting damaged or non-conforming Work executed by Developer, Subcontractors or suppliers, providing that such damage or non-conforming Work was not caused by negligence or failure to fulfill a specific responsibility of Developer and only to the extent that the cost of repair or correction is not recovered by Developer from insurance, sureties, Subcontractors or suppliers.

Excluded Costs

The following items are considered general overhead items and shall not be billed to the BCOE:

Salaries and other compensation of Developer's personnel stationed at Developer's principal office or offices other than the Project Field Office, except as specifically provided in Subparagraphs 2.1.3.2. and 2.1.3.4.

Expenses of Developer's principal office and offices other than the Project Field Office.

Overhead and general expenses, except as may be expressly included in this Section 2.

Developer's capital expenses, including interest on Developer's capital employed for the Work.

Costs that would cause the Guaranteed Maximum Price (as adjusted by Change Order) to be exceeded.

Developer's Fee

Five percent (5%) of the Cost of the Work as described in Sections 2.1.1, 2.1.2, 2.1.3, 2.1.4 and 2.1.5.

Bonds and Insurance

For insurance and bonds required under this Facilities Lease (exclusive of those required by Subcontractors, which costs are included in the subcontract amounts), that portion of insurance and bond premiums which are directly attributable to this Contract, which shall be calculated at a rate of two percent (2%) of the Cost of the Work for insurance and two percent (2%) of the Cost of the Work for payment and performance bonds.

Contingency

The Guaranteed Maximum Price includes a Contingency of ten percent (10%) of the Cost of the Work as described in Section 2.1.1, 2.1.2, and 2.1.3 for potential additional construction costs for unforeseen conditions that occur over the course of construction and/or scope gaps between the subcontract categories of the Work.

The Contingency is not intended for such things as scope changes.

The Contingency shall not be used without the agreement of the BCOE.

The unused portion of the Contingency shall be considered as cost savings and retained by the BCOE at the end of the Project.

The Guaranteed Maximum Price will consist of the amounts to be identified in **Attachment 2** to this **Exhibit C**. Except as indicated herein for modifications to the Project approved by the BCOE, Developer will not seek additional compensation from

BCOE in excess of Guaranteed Maximum Price. BCOE shall pay the Guaranteed Maximum Price to Developer in the form of Tenant Improvement Payments and Lease Payments as indicated herein.

Total Payment

In no event shall the cumulative total of the Tenant Improvement Payments and the Loan Amount for the Lease Payments ever exceed the Guaranteed Maximum Price to be defined, as may be modified pursuant to **Exhibit D** to the Facilities Lease.

Changes to Guaranteed Maximum Price

The Parties acknowledge that the Guaranteed Maximum Price is based on the Construction Documents, including the plans and specifications, as identified in **Exhibit D** to the Facilities Lease.

As indicated in the Facilities Lease, the Parties may add to or remove from the project specific scopes of work. Based on these change(s), the Parties may agree to a reduction or increase in the Guaranteed Maximum Price. If a cost impact of a change is agreed to by the Parties, it shall be paid upon the payment request from Developer for the work that is the subject of the change in accordance with the provisions of **Exhibit D**. The amount of any change to the Guaranteed Maximum Price shall be calculated in accordance with the provisions of **Exhibit D** to this Facilities Lease.

The Parties agree to reduce the Guaranteed Maximum Price for the unused portion of Allowances and/or Contingency, if any.

Cost Savings

Developer shall work cooperatively with Architect, Construction Manager, subcontractors, and BCOE, in good faith, to identify appropriate opportunities to reduce the Project costs and promote cost savings. Any identified cost savings from the Guaranteed Maximum Price shall be identified by Developer and approved in writing by the BCOE. In the event Developer realizes a savings on any aspect of the Project, such savings shall be added to the Contingency and expended consistent with the Contingency. In addition, any portion of Allowance remaining after completion of the Project shall be added to the Contingency. If any cost savings require revisions to the Construction Documents, Developer shall work with the BCOE and Architect with respect to revising the Construction Documents. Developer shall be entitled to an adjustment of Contract Time for delay in completion caused by any cost savings adopted by BCOE pursuant to **Exhibit D**, if requested in writing before the approval of the cost savings.

If the BCOE exercises its Purchase Option pursuant to this **Exhibit C**, any reduction in the Guaranteed Maximum Price resulting from that exercise of the Purchase Option, if any, shall be retained in full by the BCOE and shall not be shared with Developer.

Tenant Improvement Payments

Prior to the BCOE's taking delivery or occupancy of the Project, the BCOE shall pay to Developer an amount equal to the Guaranteed Maximum Price as modified pursuant to the terms of the Facilities Lease, including **Exhibit C** and **Exhibit D**, less the Loan Amount for the Lease Payments ("Tenant Improvement Payments"). The BCOE shall withhold an amount equal to one-third (1/3) of the Loan Amount as indicated in **Attachment 3** to **Exhibit C** from the last three (3) payments to Developer for its Work on the Project. Otherwise, the Tenant Improvement Payments will be processed based on the amount of Work performed according to Developer's Schedule of Values (**Exhibit G** to the Facilities Lease) and pursuant to the provisions in **Exhibit D** to the Facilities Lease, including withholding for or escrow of retention of five percent (5%) of the Guaranteed Maximum Price. The withholding for the Loan Amount shall be separate from and in addition to withholding for or escrow of retention.

Lease Payments

Upon execution of the Memorandum of Commencement Date, the form of which is attached to the Facilities Lease as **Exhibit E**, the BCOE shall commence making lease payments to Developer in accordance with the Schedule attached hereto as **Attachment 3**.

The Lease Payments shall be consideration for the BCOE's rental, use, and occupancy of the Project and the Project Site and shall be made in monthly installments as indicated in the Schedule of Lease Payments attached hereto as **Attachment 3** for the duration of the lease term of one (1) year, with the first Lease Payment due ninety (90) days after execution of the Memorandum of Commencement Date.

The BCOE represents that the annual Lease Payment obligation does not surpass the BCOE's annual budget and will not require the BCOE to increase or impose additional taxes or obligations on the public that did not exist prior to the execution of the Facilities Lease.

Fair Rental Value

BCOE and Developer have agreed and determined that the total Lease Payments constitute adequate consideration for the Facilities Lease and are reasonably equivalent to the fair rental value of the Project. In making such determination, consideration has been given to the obligations of the Parties under the Facilities Lease and Site Lease, the uses and purposes which may be served by the Project and the benefits therefrom which will accrue to the BCOE and the general public.

Each Lease Payment Constitutes a Current Expense of the BCOE

The BCOE and Developer understand and intend that the obligation of the BCOE to pay Lease Payments and other payments hereunder constitutes a current expense of the BCOE and shall not in any way be construed to be a debt of the BCOE in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the BCOE, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the BCOE.

Lease Payments due hereunder shall be payable only from current funds which are budgeted and appropriated or otherwise made legally available for this purpose. This Facilities Lease shall not create an immediate indebtedness for any aggregate payments that may become due hereunder.

The BCOE covenants to take all necessary actions to include the Lease Payments in each of its final approved annual budgets.

The BCOE further covenants to make all necessary appropriations (including any supplemental appropriations) from any source of legally available funds of the BCOE for the actual amount of Lease Payments that come due and payable during the period covered by each such budget. Developer acknowledges that the BCOE has not pledged the full faith and credit of the BCOE, State of California or any state agency or state department to the payment of Lease Payments or any other payments due hereunder. The covenants on the part of BCOE contained in this Facilities Lease constitute duties imposed by law and it shall be the duty of each and every public official of the BCOE to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the BCOE to carry out and perform the covenants and agreements in this Facilities Lease agreed to be carried out and performed by the BCOE.

Developer cannot, under any circumstances, accelerate the BCOE's payments under the Facilities Lease.

BCOE's Purchase Option

If the BCOE is not then in uncured Default hereunder, the BCOE shall have the option to purchase not less than all of the Project in its "as-is, where-is" condition and terminate this Facilities Lease and Site Lease by paying the balance of the "Loan Amount" identified in **Attachment 3**, which is exclusive of interest that would have otherwise been owed, as of the date the option is exercised ("Option Price"). Said payment shall be made on or before the date on which the BCOE's lease payment would otherwise be due for that month ("Option Date").

BCOE shall provide to Developer a written notice no less than ten (10) days prior to the Option Date. The notice will include that BCOE is exercising its option to purchase the Project as set forth above on the Option Date. If the BCOE exercises this option, the BCOE shall pay directly to Developer the Option Price on or prior to the Option Date and Developer shall at that time deliver to BCOE an executed Termination Agreement and Quitclaim Deed in recordable form to terminate this Facilities Lease and the Site Lease. BCOE may record all such documents at BCOE's cost and expense.

Under no circumstances can the first Option Date be on or before ninety (90) days after Developer completes the Project and the BCOE accepts the Project.

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ATTACHMENT 1
GENERAL CONDITIONS COSTS

ATTACHMENT 2
GUARANTEED MAXIMUM PRICE

To be attached.

ATTACHMENT 3
SCHEDULE OF LEASE PAYMENTS

Amortization Schedule*

Loan Amount: \$
Interest: ___% Annual
Term in Months 12.00
Payment Frequency Monthly

	<u>Payment</u>	<u>Monthly Payment</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Balance</u>
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

Totals

*If the amortization schedule is left blank at the time the BCOE awards the Facilities Lease to Developer, then the following amounts shall apply:

Loan Amount: \$1,000,000 or 10% of the Project Estimate listed in the
RFQ/P, whichever is lower
Interest: 5% Annual
Term in Months 12.00
Payment Frequency Monthly

EXHIBIT D

**GENERAL CONSTRUCTION PROVISIONS
FOR THE FOLLOWING PROJECT:**

ROBINSON PROJECT

BY AND BETWEEN

BUTTE COUNTY OFFICE OF EDUCATION

AND

[DEVELOPER]

Dated as of _____, 20__

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Contract Terms and Definitions

Definitions

Wherever used in the Contract Documents, the following terms shall have the meanings indicated, which shall be applicable to both the singular and plural thereof:

Adverse Weather. Shall be only weather that satisfies all of the following conditions: (1) unusually severe precipitation, sleet, snow, hail, or extreme temperature or air conditions in excess of the norm for the location and time of year it occurred based on the closest weather station data averaged over the past five years, (2) that is unanticipated and would cause unsafe work conditions and/or is unsuitable for scheduled work that should not be performed during inclement weather (i.e., exterior finishes), and (3) at the Project.

Allowance(s): The Allowance Item(s) identified in **Exhibit C** and included in the Guaranteed Maximum Price. Any unused portion of the Allowance will revert to the BCOE documented by a deductive Change Order. Developer hereby authorizes the BCOE to execute a unilateral deductive Change Order at or near the end of the Project for all or any portion of the Allowance not allocated.

Allowance Expenditure Directive. Written authorization for expenditure of an Allowance, if any. Developer shall not bill for or be due any portion of an Allowance unless the BCOE has identified specific work, Developer has submitted a price for that work or the BCOE has proposed a price for that work, the BCOE has accepted the cost for that work, and the BCOE has executed an Allowance Expenditure Directive incorporating that work.

Approval, Approved, and/or Accepted. Written authorization, unless stated otherwise.

Architect (or "Design Professional in General Responsible Charge"). The individual, partnership, corporation, joint venture, or any combination thereof, named as Architect, who will have the rights and authority assigned to the Architect in the Contract Documents.

As-Builts. Digitally prepared and reproducible drawings using the web-based ProCore application, or comparable, to be prepared on a monthly basis pursuant to the Contract Documents, that reflect changes made during the performance of the Work, recording differences between the original design of the Work and the Work as constructed since the preceding monthly submittal. See **Record Drawings**.

Burdened. The labor rate for Developer or any Subcontractor inclusive of any and all burden costs including, but not limited to, health and welfare pay, vacation and holiday pay, pension contributions, training rates, benefits of any kind, insurance of any kind, workers' compensation, liability insurance, truck expenses, supply expenses of any kind, payroll taxes, and any other taxes of any kind.

Change Order. A written order to Developer authorizing an addition to, deletion from, or revision in the Work, and/or authorizing an adjustment in the Guaranteed Maximum Price or Contract Time.

Claim. Developer Claim within the meaning of Public Contract Code sections 9204 and/or 20104 et seq.

Construction Change Directive. A written order prepared and issued by the BCOE, the Construction Manager, and/or the Architect and signed by the BCOE and the Architect, directing a change in the Work.

Construction Manager. The individual, partnership, corporation, joint venture, or any combination thereof, or its authorized representative, named as such by the BCOE. If no Construction Manager is used on the Project that is the subject of this Contract, then all references to Construction Manager herein shall be read to refer to BCOE.

Construction Schedule. The progress schedule of construction of the Project as provided by Developer and approved by BCOE.

Contingency. The GMP proposal will contain, as part of the estimated cost of the Work, Project's Contingency, a sum mutually agreed upon, controlled by BCOE, and monitored by BCOE and Developer to cover costs that are properly reimbursable as a cost of the Work, but are not the basis for a Change Order. Project's Contingency will not be used for changes in scope or for any item that would be the basis for an increase in the GMP. Developer will provide BCOE with a monthly accounting of charges against Project's Contingency, if applicable, with each application for payment. Any unused Project Contingency belongs to BCOE.

Contract. The agreement between the BCOE and Developer contained in the Contract Documents.

Contract Documents. The Contract Documents consist exclusively of the documents evidencing the agreement of the BCOE and Developer. The Contract Documents consist of the following documents:

Non-Collusion Declaration

Off-Road Diesel-Fueled Fleet Certification (if applicable)

Site Lease

Facilities Lease, including Exhibits A-H

Performance Bond

Payment Bond (Developer's Labor & Material Bond)

Workers' Compensation Certification

Prevailing Wage Certification

Drug-Free Workplace Certification (if applicable)

Tobacco-Free Environment Certification (if applicable)

Workplace Violence Prevention Plan Certification

Hazardous Materials Procedures and Requirements

Hazardous Materials Certification (if applicable)

Lead-Based Materials Certification (if applicable)

Imported Materials Certification (if applicable)

Skilled and Trained Workforce Certification

Registered Subcontractors List

Escrow Agreement for Security Deposits in Lieu of Retention (if used)

Guarantee Form

Agreement and Release of Any and All Claims

All Plans, Technical Specifications, and Drawings, including the Division of the State Architect approved versions of the foregoing

Any and all addenda to any of the above documents

Any and all change orders or written modifications to the above documents if approved in writing by the BCOE

Contract Time. The time period stated in the Facilities Lease for the completion of the Work.

Daily Job Report(s). Daily Project reports prepared by Developer's employee(s) who are present on Site, which shall include the information required herein.

Day(s). Unless otherwise designated, day(s) means calendar day(s).

Department of Industrial Relations (or "DIR"). DIR is responsible, among other things, for labor compliance monitoring and enforcement of California prevailing wage laws and regulations for public works contracts.

Design Professional in General Responsible Charge. See definition of Architect above.

Developer. The person or persons identified in the Facilities Lease as contracting to perform the Work to be done under this Contract, or the legal representative of such a person or persons.

Dispute. A separate demand by Developer for a time extension, or payment of money or damages arising from Work done by or on behalf of Developer pursuant to the Contract and payment of which is not otherwise expressly provided for or Developer is not otherwise entitled to; or an amount of payment disputed by the BCOE.

BCOE. The public agency for which the Work is performed. The governing board of the BCOE or its designees will act for the BCOE in all matters pertaining to the Contract. The BCOE may, at any time:

Direct Developer to communicate with or provide notice to the Construction Manager or the Architect on matters for which the Contract

Documents indicate Developer will communicate with or provide notice to the BCOE; and/or

Direct the Construction Manager or the Architect to communicate with or direct Developer on matters for which the Contract Documents indicate the BCOE will communicate with or direct Developer.

Drawings (or "Plans"). The graphic and pictorial portions of the Contract Documents showing the design, location, scope and dimensions of the Work, generally including plans, elevations, sections, details, schedules, sequence of operation, and diagrams.

Force Account Directive. A process that may be used when the BCOE and Developer cannot agree on a price for a specific portion of work or before Developer prepares a price for a specific portion of work and whereby Developer performs the work as indicated herein on a time and materials basis.

Guaranteed Maximum Price. The total monies payable to Developer under the terms and conditions of the Contract Documents.

Job Cost Reports. Any and all reports or records detailing the costs associated with work performed on or related to the Project that Developer shall maintain for the Project. Specifically, Job Cost Reports shall contain, but are not limited by or to, the following information: a description of the work performed or to be performed on the Project; quantity, if applicable, of work performed (hours, square feet, cubic yards, pounds, etc.) for the Project; Project budget; costs for the Project to date; estimated costs to complete the Project; and expected costs at completion. The Job Cost Reports shall also reflect all Contract cost codes, change orders, elements of non-conforming work, back charges, and additional services.

Labor Commissioner's Office (or "Labor Commissioner"). Also known as the Division of Labor Standards Enforcement ("DLSE"): Division of the DIR responsible for adjudicating wage claims, investigating discrimination and public works complaints, and enforcing Labor Code statutes and Industrial Welfare Commission orders.

Material Safety Data Sheets (or "MSDS"). A form with data regarding the properties for potentially harmful substances handled in the workplace.

Municipal Separate Storm Sewer System (or "MS4"). A system of conveyances used to collect and/or convey storm water, including, without limitation, catch basins, curbs, gutters, ditches, man-made channels, and storm drains.

Plans. See "Drawings".

Premises. The real property on which the Site is located.

Product(s). New material, machinery, components, equipment, fixtures and systems forming the Work, including existing materials or components required and approved by the BCOE for reuse.

Product Data. Illustrations, standard schedules, performance charts, instructions, brochures, diagrams, and other information furnished by Developer to illustrate a material, product, or system for some portion of the Work.

Program Manager. The individual, partnership, corporation, joint venture, or any combination thereof, or its authorized representative, named as such by the BCOE. If no Program Manager is designated for the Project that is the subject of the Contract Documents, then all references to Program Manager herein shall be read to refer to BCOE.

Project. The planned undertaking as provided for in the Contract Documents.

Project Inspector (or "Inspector"). The individual(s) retained by the BCOE in accordance with title 24 of the California Code of Regulations to monitor and inspect the Project.

Proposed Change Order (or "PCO"). A written request prepared by Developer requesting that the BCOE, the Construction Manager and the Architect issue a Change Order based upon a proposed change to the Work, to the Guaranteed Maximum Price, and/or to the Contract Time.

Provide. Shall include "provide complete in place," that is, "furnish and install," and "provide complete and functioning as intended in place" unless specifically stated otherwise.

Qualified SWPPP Practitioner (or "QSP"). Certified personnel that attended a State Water Resources Control Board sponsored or approved training class and passed the qualifying exam.

Record Drawings. Unless otherwise defined in the Special Conditions, Reproducible drawings (or Plans) prepared pursuant to the requirements of the Contract Documents, that reflect all changes made during the performance of the Work, recording differences between the original design of the Work and the Work as constructed upon completion of the Project. See also "**As-Builts.**"

Request for Information (or "RFI"). A written request prepared by Developer requesting that the Architect provide additional information necessary to clarify or amplify an item in the Contract Documents that Developer believes is not clearly shown or called for in the Drawings or Specifications or other portions of the Contract Documents, or to address problems that have arisen under field conditions.

Request for Substitution for Specified Item. A request by Developer to substitute an equal or superior material, product, thing, or service for a specific material, product, thing, or service that has been designated in the Contract Documents by a specific brand or trade name.

Safety Orders. Written and/or verbal orders for construction issued by the California Division of Occupational Safety and Health ("Cal/OSHA") or by the United States Occupational Safety and Health Administration ("OSHA").

Safety Plan. Developer's safety plan specifically adapted for the Project. Developer's Safety Plan shall comply with all provisions regarding Project safety, including all applicable provisions in these Construction Provisions.

Samples. Physical examples that illustrate materials, products, equipment, finishes, colors, or workmanship and that, when approved in accordance with the Contract Documents, establish standards by which portions of the Work will be judged.

Shop Drawings. All drawings, prints, diagrams, illustrations, brochures, schedules, and other data that are prepared by Developer, a subcontractor, manufacturer, supplier, or distributor, that illustrate how specific portions of the Work shall be fabricated or installed.

Site. The Project site as shown on the Drawings.

Specifications. That portion of the Contract Documents, Division 1 through Division 49, and all technical sections, and addenda to all of these, if any, consisting of written descriptions and requirements of a technical nature of materials, equipment, construction methods and systems, standards, and workmanship.

State. The State of California.

Storm Water Pollution Prevention Plan (or "SWPPP"). A document which identifies sources and activities at a particular facility that may contribute pollutants to storm water and contains specific control measures and time frames to prevent or treat such pollutants.

Subcontractor. A contractor and/or supplier who is under contract with Developer or with any other subcontractor, regardless of tier, to perform a portion of the Work of the Project.

Submittal Schedule. The schedule of submittals as provided by Developer and approved by BCOE.

Surety. The person, firm, or corporation that executes as surety Developer's Performance Bond and Payment Bond and must be a California admitted surety insurer as defined in the Code of Civil Procedure section 995.120.

Work. All labor, materials, equipment, components, appliances, supervision, coordination, and services required by, or reasonably inferred from, the Contract Documents, that are necessary for the construction and completion of the Project.

Laws Concerning the Contract Documents; Venue

The Contract is subject to all provisions of the Constitution and laws of California and the United States governing, controlling, or affecting BCOE, or the property, funds, operations, or powers of BCOE, and such provisions are by this reference made a part hereof. Any provision required by law to be included in this Contract shall be deemed to be inserted.

To the fullest extent permitted by California law, any action or proceeding that may be brought, or arise out of, in connection with or by reason of this Contract shall exclusively be litigated in the State of California and the county in which the BCOE administration office is located shall be the venue for such litigation.

No Oral Agreements

No oral agreement or conversation with any officer, agent, or employee of BCOE, either before or after execution of Contract Documents, shall affect or modify any of the terms or obligations contained in any of the documents comprising the Contract Documents.

No Assignment

Except as specifically permitted in the Facilities Lease, Developer shall not assign the Contract Documents or any part thereof including, without limitation, any services or money to become due hereunder without the prior written consent of the BCOE. Assignment without BCOE's prior written consent shall be null and void. Any assignment of money due or to become due under the Contract Documents shall be subject to a prior lien for services rendered or material supplied for performance of Work called for under the Contract Documents in favor of all persons, firms, or corporations rendering services or supplying material to the extent that claims are filed pursuant to the Civil Code, Code of Civil Procedure, Government Code, Labor Code, and/or Public Contract Code, and shall also be subject to deductions for liquidated damages or withholding of payments as determined by BCOE in accordance with the Contract Documents. Developer shall not assign or transfer in any manner to a Subcontractor or supplier the right to prosecute or maintain an action against the BCOE.

Notice and Service Thereof

Any notice from one party to the other or otherwise under the Contract Documents shall be in writing and shall be dated and signed by the party giving notice or by a duly authorized representative of that party. Notice shall not be effective for any purpose whatsoever unless served in one of the following manners:

If notice is given by personal delivery thereof, it shall be considered delivered on the day of delivery.

If notice is given by overnight delivery service, it shall be considered delivered one (1) day after date deposited, as indicated by the delivery service.

If notice is given by depositing same in United States mail, enclosed in a sealed envelope, it shall be considered delivered five (5) days after date deposited, as indicated by the postmarked date.

If notice is given by registered or certified mail with postage prepaid, return receipt requested, it shall be considered delivered on the day the notice is signed for.

No Waiver

The failure of BCOE in any one or more instances to insist upon strict performance of any of the terms of the Contract Documents or to exercise any option herein conferred shall not be construed as a waiver or relinquishment to any extent of the right to assert or rely upon any such terms or option on any future occasion. No action or failure to act by the BCOE, Architect, or Construction Manager shall constitute a waiver of any right or duty afforded the BCOE under the Contract Documents, nor shall any action or failure to act constitute an approval of or acquiescence on any breach thereunder, except as may be specifically agreed in writing.

Substitutions For Specified Items

Developer shall not substitute different items for any items identified in the Contract Documents without prior written approval of the BCOE, unless otherwise provided in the Contract Documents.

Materials and Work

Except as otherwise specifically stated in the Contract Documents, Developer shall provide and pay for all materials, labor, tools, equipment, transportation, supervision, temporary constructions of every nature, and all other services, management, and facilities of every nature whatsoever necessary to execute and complete the Work, in a good and workmanlike manner, within the Contract Time.

Unless otherwise specified, all materials shall be new and of the best quality of their respective kinds and grades as noted or specified, and workmanship shall be of high quality, and Developer shall use all diligence to inform itself fully as to the required manufacturer's instructions and to comply therewith.

Materials shall be furnished in ample quantities and at such times as to ensure uninterrupted progress of Work and shall be stored properly and protected from the elements, theft, vandalism, or other loss or damage as required.

For all materials and equipment specified or indicated in the Drawings and Specifications, Developer shall provide all labor, materials, equipment, and services necessary for complete assemblies and complete working systems, functioning as intended. Incidental items not indicated on Drawings, nor mentioned in the Specifications, that can legitimately and reasonably be inferred to belong to the Work described or be necessary in good practice to provide a complete assembly or system, shall be furnished as though itemized here in every detail. In all instances, material and equipment shall be installed in strict accordance with each manufacturer's most recent published recommendations and specifications.

Developer shall, after award of the Project by BCOE and after relevant submittals have been reviewed, place orders for materials and/or equipment as specified so that delivery of same may be made without delays to the Work. Developer shall, upon five (5) days' demand from BCOE, present documentary evidence showing that orders have been placed.

In the event of Developer's neglect in complying or failure to comply with the above instructions, BCOE reserves the right, but has no obligation, to place orders for such materials and/or equipment as the BCOE may deem advisable so that the Work may be completed by the date specified in the Facilities Lease, and all expenses incidental to the procuring of said materials and/or equipment shall be paid for by Developer or deducted from payment(s) to Developer.

Developer warrants good title to all material, supplies, and equipment installed or incorporated in Work and agrees upon completion of all Work to deliver the Site to BCOE, together with all improvements and appurtenances constructed or placed thereon by it, and free from any claims, liens, or charges. Developer further agrees that neither it nor any person, firm, or corporation furnishing any materials or labor for any work covered by the Contract Documents shall have

any right to lien any portion of the Premises or any improvement or appurtenance thereon, except that Developer may install metering devices or other equipment of utility companies or of political subdivision, title to which is commonly retained by utility company or political subdivision. In the event of installation of any such metering device or equipment, Developer shall advise BCOE as to owner thereof.

Nothing contained in this Article, however, shall defeat or impair the rights of persons furnishing materials or labor under any bond given by Developer for their protection or any rights under any law permitting such protection or any rights under any law permitting such persons to look to funds due Developer in hands of BCOE (e.g., Stop Payment Notices), and this provision shall be inserted in all subcontracts and material contracts and notice of its provisions shall be given to all persons furnishing material for Work when no formal contract is entered into for such material.

Title to new materials and/or equipment for the Work of the Contract Documents and attendant liability for its protection and safety shall remain with Developer until incorporated in the Work of the Contract Documents and accepted by BCOE. No part of any materials and/or equipment shall be removed from its place of storage except for immediate installation in the Work of the Contract Documents. Should the BCOE, in its discretion, allow Developer to store materials and/or equipment for the Work off-site, Developer will store said materials and/or equipment at a bonded warehouse and with appropriate insurance coverage at no cost to BCOE. Developer shall keep an accurate inventory of all materials and/or equipment in a manner satisfactory to BCOE or its authorized representative and shall, at the BCOE's request, forward it to the BCOE.

[Reserved]

[Reserved]

Architect

The Architect shall represent the BCOE during the Project and will observe the progress and quality of the Work on behalf of the BCOE. Architect shall have the authority to act on behalf of BCOE to the extent expressly provided in the Contract Documents and to the extent determined by BCOE. Architect shall have authority to reject materials, workmanship, and/or the Work whenever rejection may be necessary, in Architect's reasonable opinion, to ensure the proper execution of the Contract Documents.

Architect shall, with the BCOE and on behalf of the BCOE, determine the amount, quality, acceptability, and fitness of all parts of the Work, and interpret the Specifications, Drawings, and shall, with the BCOE, interpret all other Contract Documents.

Architect shall have all authority and responsibility established by law, including title 24 of the California Code of Regulations.

Developer shall provide BCOE and the Construction Manager with a copy of all written communication between Developer and Architect at the same time as that communication is made to Architect, including, without limitation, all RFIs,

correspondence, submittals, claims, change order requests and/or proposed change orders.

Construction Manager

If a Construction Manager is used on this Project ("Construction Manager" or "CM"), the Construction Manager will provide administration of the Contract Documents on the BCOE's behalf. After execution of the Contract Documents, all correspondence and/or instructions from Developer and/or BCOE shall be forwarded through the Construction Manager. The Construction Manager will not be responsible for and will not have control or charge of construction means, methods, techniques, sequences, or procedures or for safety precautions in connection with the Work, which shall all remain Developer's responsibility.

The Construction Manager, however, will have authority to reject materials and/or workmanship not conforming to the Contract Documents, as determined by the BCOE, the Architect, and/or the Project Inspector. The Construction Manager shall also have the authority to require special inspection or testing of any portion of the Work, whether it has been fabricated, installed, or fully completed. Any decision made by the Construction Manager in good faith, shall not give rise to any duty or responsibility of the Construction Manager to: Developer, any Subcontractor, or their agents, employees, or other persons performing any of the Work. The Construction Manager shall have free access to any or all parts of Work at any time.

If the BCOE does not use a Construction Manager on this Project, all references within the Contract Documents to Construction Manager or CM shall be read as BCOE.

Inspector, Inspections, and Tests

Project Inspector

One or more Project Inspector(s), including special Project Inspector(s), as required, will be assigned to the Work by BCOE, in accordance with requirements of title 24, part 1, of the California Code of Regulations, to enforce the building code and monitor compliance with Plans and Specifications for the Project. Duties of Project Inspector(s) are specifically defined in section 4-342 of said part 1 of title 24.

No Work shall be carried on except with the knowledge and under the inspection of the Project Inspector(s). The Project Inspector(s) shall have free access to any or all parts of Work at any time. Developer shall furnish Project Inspector(s) reasonable opportunities for obtaining such information as may be necessary to keep Project Inspector(s) fully informed respecting progress and manner of work and character of materials.

If Developer and/or any Subcontractor requests that the Project Inspector(s) perform any inspection off-Site, this shall only be done if it is allowable pursuant to applicable regulations, if the Project Inspector(s) agree to do so, and at the expense of Developer.

Tests and Inspections

Tests and Inspections shall comply with title 24, part 1, California Code of Regulations, group 1, article 5, section 4-335, and with the provisions of the Specifications.

The BCOE will select an independent testing laboratory to conduct the tests. Selection of the materials required to be tested shall be by the laboratory or the BCOE's representative and not by Developer. Developer shall notify the BCOE's representative a sufficient time in advance of its readiness for required observation or inspection. This notice shall be provided, at a minimum, forty-eight (48) hours prior to the inspection of the material that needs to be tested and, at a minimum, seventy-two (72) hours prior to any special or off-site inspection.

Developer shall notify the BCOE's representative a sufficient time in advance of the manufacture of material to be supplied under the Contract Documents that must by terms of the Contract Documents be tested so that the BCOE may arrange for the testing of same at the source of supply. This notice shall be provided, at a minimum, seventy-two (72) hours prior to the manufacture of the material that needs to be tested.

Any material shipped by Developer from the source of supply prior to having satisfactorily passed such testing and inspection or prior to the receipt of notice from said representative that such testing and inspection will not be required, shall not be incorporated into and/or onto the Project.

The BCOE will select the testing laboratory and pay for the costs for all tests and inspections, except those inspections performed at Developer's request and expense. Developer shall reimburse the BCOE for any and all laboratory costs or other testing costs for any materials found to be not in compliance with the Contract Documents. At the BCOE's discretion, BCOE may elect to deduct laboratory or other testing costs for noncompliant materials from the Guaranteed Maximum Price, and such deduction shall not constitute a withholding.

Costs for After Hours and/or Off-Site Inspections

If Developer performs Work outside the Inspector's regular working hours, costs of any inspections required outside regular working hours shall be borne by Developer and may be invoiced to Developer by the BCOE or the BCOE may deduct those expenses from the next Tenant Improvement Payment.

Developer

Developer shall construct and complete, in a good and workmanlike manner, the Work for the Guaranteed Maximum Price including any adjustment(s) to the Guaranteed Maximum Price pursuant to provisions herein regarding changes to the Guaranteed Maximum Price. Except as otherwise noted, Developer shall provide and pay for all labor, materials, equipment, permits, fees, licenses, facilities, transportation, taxes, bonds and insurance, and services necessary for the proper execution and completion of the Work, except as indicated herein.

Status of Developer

Developer represents and warrants that Developer is an independent do or business entity that is: (i) free from the control and direction of the BCOE in connection with the performance of the Services, (ii) performing Services that are outside the usual course of the BCOE's business, and (iii) customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the Services performed, BCOE being interested only in the results obtained. Developer understands and agrees that it and all of its employees and its Subcontractors shall not be considered officers, employees, agents, partner, or joint venture of the BCOE, and are not entitled to benefits of any kind or nature normally provided employees of the BCOE and/or to which BCOE's employees are normally entitled, including, but not limited to, State Unemployment Compensation or Worker's Compensation. Developer shall assume full responsibility for payment of all federal, state, and local taxes or contributions, including unemployment insurance, social security, and income taxes with respect to Consultant's employees. Developer is and shall at all times be deemed be wholly responsible for the manner in which it, its agents, and its Subcontractors perform the services required of it by the Contract Documents. Nothing herein contained shall be construed as creating the relationship of employer and employee, or principal and agent, between the BCOE, or any of the BCOE's employees or agents, and Developer or any of Developer's Subcontractors, agents or employees. BCOE shall be permitted to monitor Developer's activities to determine compliance with the terms of the Contract Documents.

As required by law, Developer and all Subcontractors shall be properly licensed and regulated by the Contractors State License Board, 9821 Business Park Drive, Sacramento, California 95827 (Post Office Box 26000, Sacramento, California 95826), <http://www.cslb.ca.gov>.

As required by law, Developer and all Subcontractors shall be properly registered as public works contractors by the Department of Industrial Relations at <https://efiling.dir.ca.gov/PWCR/ActionServlet?action=displayPWCRegistrationForm> or current URL.

Developer represents that Developer and all Subcontractors shall not be presently debarred, suspended, proposed for disbarment, declared ineligible or excluded pursuant to either Labor Code section 1777.1 or Labor Code section 1777.7.

[Reserved]

Developer represents that it has no existing interest and will not acquire any interest, direct or indirect, which could conflict in any manner or degree with the performance of Work required under this Contract and that no person having any such interest shall be employed by Developer.

[Reserved]

If Developer intends to make any change in the name or legal nature of the Developer's entity, Developer must first notify the BCOE in writing prior to making any contemplated change. The BCOE shall determine in writing if Developer's intended change is permissible while performing this Contract.

Developer's Supervision

During progress of the Work, Developer shall keep on the Premises, and at all other locations where any Work related to the Contract is being performed, an experienced and competent project manager and construction superintendent who are employees of Developer, to whom the BCOE does not object and whom shall be fluent in English, written and verbal.

The project manager and construction superintendent shall both speak fluent English and the predominant language of Developer's employees.

Developer acknowledges the quality and qualifications of the Key Personnel were important factors in BCOE's selection of Developer for the Project. Developer and BCOE agree that the personal services of the Key Personnel are a material term of the Contract Documents. Developer and BCOE agree further that the substitution or removal or change in role or level of effort of such Key Personnel would result in damages to the BCOE, the measure of which would be impractical or extremely difficult to fix. In lieu such damages, BCOE and Developer have agreed to liquidated damages as described below:

1.1.1.1 Before commencing the Work herein, Developer shall give written notice to BCOE of Developer's Key Personnel.

1.1.1.2 Key Personnel shall be the same as those individuals identified in Developer's response to the BCOE's RFQ/P.

1.1.1.3 For any substitution of any Key Personnel individual before the end of the individual's Project commitment period provided in Developer's Key Personnel staffing schedule, BCOE may assess once, and Developer shall accept, liquidated damages in the amount of six (6) times the gross monthly salary for each substituted Key Personnel.

Developer's Key Personnel shall not be changed except with prior written notice to, and approval by, BCOE.

If any of Developer's Key Personnel prove to be unsatisfactory to Developer, or to BCOE, any of the BCOE's employees, agents, the Construction Manager, or the Architect, the unsatisfactory Key Personnel shall be replaced. However, Developer shall immediately notify BCOE in writing before any change occurs, but no less than two (2) business days prior. Any replacement of Key Personnel shall be made promptly and must be satisfactory to the BCOE. Developer's Key Personnel shall each represent Developer, and all directions given to Key Personnel shall be as binding as if given to Developer.

Developer shall give efficient supervision to Work, using its best skill and attention. Developer shall carefully study and compare all Contract Documents, Drawings, Specifications, and other instructions and shall at once report to BCOE, Construction Manager, and Architect any error, inconsistency, or omission that Developer or its employees and Subcontractors may discover, in writing, with a copy to BCOE's Project Inspector(s). Developer shall have responsibility for discovery of errors, inconsistencies, or omissions.

All contractors doing work on the Project will provide their workers with identification badges. These badges will be worn by all members of the contractor's staff who are working in a BCOE facility.

Badges must be filled out in full and contain the following information:

Name of contractor

Name of employee

Contractor's address and phone number

Badges are to be worn when Developer or his/her employees are on site and must be visible at all times. Contractors must inform their employees that they are required to allow BCOE employees, the Architect, the Construction Manager, the Program Manager, or the Project Inspector to review the information on the badges upon request.

Continued failure to display identification badges as required by this policy may result in the individual being removed from the Project or assessment of fines against the contractor.

Duty to Provide Fit Workers

Developer and Subcontractor(s) shall at all times enforce strict discipline and good order among their employees and shall not employ any unfit person or anyone not skilled in work assigned to that person. It shall be the responsibility of Developer to ensure compliance with this requirement. BCOE may require Developer to permanently remove unfit persons from Project Site.

Any person in the employ of Developer or Subcontractor(s) whom BCOE may deem incompetent or unfit shall be excluded from working on the Project and shall not again be employed on the Project except with the prior written consent of BCOE.

Developer shall furnish labor that can work in harmony with all other elements of labor employed or to be employed in the Work.

Fingerprinting. Developer shall comply with the provisions of Education Code section 45125.2 regarding the submission of employee fingerprints to the California Department of Justice and the completion of criminal background investigations of its employees, Subcontractor(s), and Subcontractors' employees. Developer shall not permit any employee to have any contact with BCOE pupils until such time as Developer has verified in writing to the governing board of the BCOE, (A) that such employee has not been convicted of a violent or serious felony, as defined in Education Code section 45122.1 and/or (B) that the prohibition does not apply to an employee as provided by Education Code section 45125.1(e)(2) or (3). Developer shall fully complete and perform all tasks required pursuant to the Criminal Background Investigation/Fingerprinting Certification.

Field Office

Developer shall provide on the Site a temporary office.

Purchase of Materials and Equipment

Developer is required to order, obtain, and store materials and equipment sufficiently in advance of its Work at no additional cost or advance payment from BCOE to assure that there will be no delays.

Documents on Work

Developer shall at all times keep on the Site, or at another location as the BCOE may authorize in writing, one legible copy of all Contract Documents, including Addenda and Change Orders, and Titles 19 and 24 of the California Code of Regulations, the specified edition(s) of the Uniform Building Code, all approved Drawings, Plans, Schedules, and Specifications, and all codes and documents referred to in the Specifications, and made part thereof. These documents shall be kept in good order and available to BCOE, Construction Manager, Architect, Architect's representatives, the Project Inspector(s), and all authorities having jurisdiction. Developer shall be acquainted with and comply with the provisions of these titles as they relate to this Project. (See particularly the duties of Contractor, Title 24, Part 1, California Code of Regulations, Section 4-343.) Developer shall also be acquainted with and comply with all California Code of Regulations provisions relating to conditions on this Project, particularly Titles 8 and 17. Developer shall coordinate with Architect and Construction Manager and shall submit its verified report(s) according to the requirements of Title 24.

Daily Job Reports

Developer shall maintain, at a minimum, at least one (1) set of Daily Job Reports on the Project. These must be prepared by Developer's employee(s) who are present on Site, and must include, at a minimum, the following information:

A brief description of all Work performed on that day.

A summary of all other pertinent events and/or occurrences on that day.

The weather conditions on that day.

A list of all Subcontractor(s) working on that day, including DIR registration numbers, Subcontractor employees working, and hours of work.

A list of each Developer employee working on that day and the total hours worked for each employee.

A complete list of all equipment on Site that day, whether in use or not.

A complete list of all materials, supplies, and equipment delivered on that day, and verification that all materials, supplies, and equipment comply with the Contract Documents and are properly stored.

A complete list of all inspections and tests performed on that day.

Daily verification the Project is properly secured from the public and unauthorized entry.

Each day Developer shall provide a copy of the previous day's Daily Job Report to the BCOE or the BCOE's Construction Manager.

Preservation of Records

Developer shall maintain, and BCOE shall have the right to inspect, Developer's financial records for the Project, including, without limitation, Job Cost Reports for the Project in compliance with the criteria set forth herein. The BCOE shall have the right to examine and audit all Daily Job Reports or other Project records of Developer's project manager(s), project superintendent(s), and/or project foreperson(s), all certified payroll records and/or related documents including, without limitation, Job Cost Reports, payroll, payment, timekeeping and tracking documents; and as it pertains to change orders, all books, estimates, records, contracts, documents, cost data, subcontract job cost reports, and other data of Developer, any Subcontractor, and/or supplier, including computations and projections related to estimating, negotiating, pricing, or performing the Work or modification, in order to evaluate the accuracy, completeness, and currency of the cost, manpower, coordination, supervision, or pricing data at no additional cost to the BCOE. These documents may be duplicative and/or be in addition to any documents held in escrow by the BCOE. Developer shall make available at its office at all reasonable times the materials described in this paragraph for the examination, audit, or reproduction until three (3) years after final payment under this Facilities Lease. Notwithstanding the provisions above, Developer shall provide any records requested by any governmental agency, if available, after the time set forth above.

Integration of Work

Developer shall do all cutting, fitting, patching, and preparation of Work as required to make its several parts come together properly, to fit it to receive or be received by work of other contractors, and to coordinate tolerances to various pieces of work, showing upon, or reasonably implied by, the Drawings and Specifications for the completed structure, and shall conform them as BCOE and/or Architect may direct.

Developer shall make its own layout of lines and elevations and shall be responsible for the accuracy of both Developer's and Subcontractors' work resulting therefrom.

Developer and all Subcontractors shall take all field dimensions required in performance of the Work and shall verify all dimensions and conditions on the Site. All dimensions affecting proper fabrication and installation of all Work must be verified prior to fabrication by taking field measurements of the true conditions. If there are any discrepancies between dimensions in drawings and existing conditions which will affect the Work, Developer shall bring such discrepancies to the attention of the BCOE and Architect for adjustment before proceeding with the Work. In doing so, it is recognized that Developer is not acting in the capacity of a licensed design professional, and that Developer's examination is made in good faith to facilitate construction and does not create an affirmative responsibility of a design professional to detect errors, omissions or inconsistencies in the Contract Documents or to ascertain compliance with applicable laws, building codes or regulations. However, nothing in this provision shall abrogate Developer's responsibilities for discovering and reporting any error, inconsistency, or omission pursuant to the Contract within Developer's standard of care including, without limitation, any applicable laws, ordinance,

rules, or regulations. Following receipt of written notice from Developer, the BCOE and/or Architect shall inform Developer what action, if any, Developer shall take with regard to such discrepancies.

All costs caused by noncompliant, defective, or delayed Work shall be borne by Developer, inclusive of repair work. Schedule delays resulting from unauthorized work shall be Developer's responsibility.

Developer shall not endanger any work performed by it or anyone else by cutting, excavating, or otherwise altering work and shall not cut or alter work of any other contractor except with consent of BCOE.

Obtaining of Permits, Licenses and Registrations

Developer shall secure and pay for any permits, licenses, registrations, approvals, and certificates necessary for prosecution of Work, including but not limited to those listed in the Special Conditions, **Exhibit D-1**, if any, before the date of the commencement of the Work or before the permits, licenses, registrations, approvals and certificates are legally required to continue the Work without interruption. Developer shall obtain and pay, only when legally required, for all licenses, approvals, registrations, permits, inspections, and inspection certificates required to be obtained from or issued by any authority having jurisdiction over any part of the Work included in the Contract Documents. All final permits, licenses, registrations, approvals and certificates shall be delivered to BCOE before demand is made for final payment. The costs associated with said permits, licenses, registrations, approvals and certificates shall be direct reimbursement items and are not subject to any markup.

General Permit For Storm Water Discharges Associated With Construction and Land Disturbance Activities.

Developer acknowledges that BCOE is obligated to develop and implement the following requirements for the discharge of storm water to surface waters from its construction and land disturbance activities pursuant to the Clean Water Act and Porter Cologne Water Quality Act. BCOE has determined that the construction of this Project requires enrollment in the Construction Storm Water Permit. BCOE has filed certain submittals referred to as Permit Registration Documents ("PRDS") with the Regional Water Control Board ("Storm Water Pollution Prevention Plan" or "SWPPP").

Developer shall comply with any SWPPP that is approved by the BCOE and applicable to the Project, at no additional cost to the BCOE. Developer shall pay any fees and any penalties that may imposed by a regulatory agency for its non-compliance with the SWPPP during the course of Work.

Developer shall provide a Qualified Storm Water Practitioner ("QSP") at no additional cost to the BCOE, who shall perform on-site inspections and implement and monitor any and all SWPPP requirements applicable to the Project, including required visual observations, sampling, analysis, reporting and record keeping, including of Total Maximum Daily Loads ("TMDL") of pollutants and construction dewatering and discharge, and Best Management Practices ("BMPs").

Royalties and Patents

Developer shall obtain and pay, when legally required, all royalties and license fees necessary for prosecution of Work before the earlier of the date of the commencement of the Work or the date the license is legally required to continue the Work without interruption. Developer shall defend suits or claims of infringement of patent, copyright, or other rights and shall hold the BCOE, Construction Manager and the Architect harmless and indemnify them from loss on account thereof except when a particular design, process, or make or model of product is required by the Contract Documents. However, if Developer has reason to believe that the required design, process, or product is an infringement of a patent or copyright, Developer shall indemnify and defend the BCOE, Construction Manager and Architect against any loss or damage.

The review by the BCOE, Construction Manager or Architect of any method of construction, invention, appliance, process, article, device, or material of any kind shall be only as to its adequacy for the Work and shall not constitute approve use by Developer in violation of any patent or other rights of any person or entity.

Work to Comply With Applicable Laws and Regulations

Developer shall give all notices and comply with the following specific laws, ordinances, rules, and regulations and all other applicable laws, ordinances, rules, and regulations bearing on conduct of Work as indicated and specified, including but not limited to the appropriate statutes and administrative code sections. If Developer observes that Drawings and Specifications are at variance with any applicable laws, ordinances, rules and regulations, or should Developer become aware of the development of conditions not covered by Contract Documents that may result in finished Work being at variance therewith, Developer shall promptly notify BCOE in writing and any changes deemed necessary by BCOE shall be made as provided in this **Exhibit D** for changes in Work.

National Electrical Safety Code, U. S. Department of Commerce

National Board of Fire Underwriters' Regulations

International Building Code, latest addition, and the California Code of Regulations, title 24, and other amendments

Manual of Accident Prevention in Construction, latest edition, published by A.G.C. of America

Industrial Accident Commission's Safety Orders, State of California

Regulations of the State Fire Marshall (title 19, California Code of Regulations) and Pertinent Local Fire Safety Codes

Americans with Disabilities Act

Education Code of the State of California

Government Code of the State of California

Labor Code of the State of California, division 2, part 7, Public Works and Public Agencies

Public Contract Code of the State of California

California Art Preservation Act

U. S. Copyright Act

U. S. Visual Artists Rights Act

Developer shall comply with all applicable mitigation measures, if any, adopted by any public agency or local utility with respect to this Project pursuant to the California Environmental Quality Act (Public Resources Code section 21000 et seq.).

If Developer performs any Work that it knew, or through exercise of reasonable care should have known, to be contrary to any applicable laws, ordinance, rules, or regulations, Developer shall bear all costs arising therefrom and arising from the correction of said Work.

[Reserved]

Safety/Protection of Persons and Property

Developer will be solely and completely responsible for conditions of the Site, including safety of all persons and property during performance of the Work. This requirement will apply continuously and not be limited to normal working hours.

Developer to provide safe access for staff and students at any time, and to provide barricades, sound walls, signage, fencing, and other reasonably necessary protective measures, as necessary, to protect staff and students during construction.

The wearing of hard hats will be mandatory at all times for all personnel on Site. Developer shall supply sufficient hard hats to properly equip all employees and visitors.

Any construction review of Developer's performance is not intended to include review of the adequacy of Developer's safety measures in, on, or near the Site.

Implementation and maintenance of safety programs shall be the sole responsibility of Developer.

Developer shall furnish to the BCOE a copy of Developer's safety plan within the time frame indicated in the Contract Documents and specifically adapted for the Project.

Developer shall be responsible for all damages to persons or property that occur as a result of its fault or negligence in connection with the prosecution of the Contract Documents and shall take all necessary measures and be responsible for the proper care and completion and final acceptance by BCOE. All Work shall be solely at Developer's risk.

Developer shall take, and require Subcontractors to take, all necessary precautions for safety of workers on the Project and shall comply with all applicable federal, state, local, and other safety laws, standards, orders, rules, regulations, and building codes to prevent accidents or injury to persons on, about, or adjacent to premises where Work is being performed and to provide a safe and healthful place of employment. Developer shall furnish, erect, and properly maintain at all times, all necessary safety devices, safeguards, construction canopies, signs, nets, barriers, lights, and watchmen for protection of workers and the public and shall post danger signs warning against hazards created by such features in the course of construction.

Hazards Control –Developer shall store volatile wastes in approved covered metal containers and remove them from the Site daily. Developer shall prevent accumulation of wastes that create hazardous conditions. Developer shall provide adequate ventilation during use of volatile or noxious substances.

Developer shall designate a responsible member of its organization on the Project, whose duty shall be to post information regarding protection and obligations of workers and other notices required under occupational safety and health laws, to comply with reporting and other occupational safety requirements, and to protect the life, safety, and health of workers. Name and position of person so designated shall be reported to BCOE by Developer.

Developer shall correct any violations of safety laws, rules, orders, standards, or regulations. Upon the issuance of a citation or notice of violation by the Division of Occupational Safety and Health, Developer shall correct such violation promptly.

Developer shall comply with any BCOE storm water requirements that are approved by the BCOE and applicable to the Project, at no additional cost to the BCOE.

In an emergency affecting safety of life or of work or of adjoining property, Developer, without special instruction or authorization, shall act, at its discretion, to prevent such threatened loss or injury. Any compensation claimed by Developer on account of emergency work shall be determined by agreement.

All salvage materials will become the property of Developer and shall be removed from the Site unless otherwise called for in the Contract Documents. However, the BCOE reserves the right to designate certain items of value that shall be turned over to the BCOE unless otherwise directed by BCOE.

All connections to public utilities and/or existing on-site services, including, without limitation, internet, phone, and data connections, shall be made and maintained in such a manner as to not interfere with the continuing use of same by the BCOE during the entire progress of the Work.

Developer shall provide such heat, covering, and enclosures as are necessary to protect all Work, materials, equipment, appliances, and tools against damage by weather conditions, such as extreme heat, cold, rain, snow, dry winds, flooding, or dampness.

Developer shall protect and preserve the Work from all damage or accident, providing any temporary roofs, window and door coverings, boxings, or other

construction as required by the Architect. Developer shall be responsible for existing structures, walks, roads, trees, landscaping, and/or improvements in working areas; and shall provide adequate protection therefor. If temporary removal is necessary of any of the above items, or damage occurs due to the Work, Developer shall replace same at his expense with same kind, quality, and size of Work or item damaged. This shall include any adjoining property of the BCOE and others.

Developer shall take adequate precautions to protect existing roads, sidewalks, curbs, pavements, utilities, adjoining property, and structures (including, without limitation, protection from settlement or loss of lateral support), and to avoid damage thereto, and repair any damage thereto caused by construction operations.

Developer shall confine apparatus, the storage of materials, and the operations of workers to limits indicated by law, ordinances, permits, or directions of Architect, and shall not interfere with the Work or unreasonably encumber Premises or overload any structure with materials. Developer shall enforce all instructions of BCOE and Architect regarding signs, advertising, fires, and smoking, and require that all workers comply with all regulations while on Project Site.

Developer, Developer's employees, Subcontractors, Subcontractors' employees, or any person associated with the Work shall conduct themselves in a manner appropriate for a job site. No verbal or physical contact with neighbors, students, and faculty, profanity, or inappropriate attire or behavior will be permitted. Developer is also responsible for ensuring workers refrain from wearing inappropriate clothing and/or logos on the Project. BCOE may require Developer to temporarily or permanently remove non-complying persons from Project Site.

Developer shall take care to prevent disturbing or covering any survey markers, monuments, or other devices marking property boundaries or corners. If such markers are disturbed, Developer shall have a civil engineer, registered as a professional engineer in California, replace them at no cost to BCOE.

In the event that Developer enters into any agreement with owners of any adjacent property to enter upon the adjacent property for the purpose of performing the Work, Developer shall fully indemnify, defend, and hold harmless each person, entity, firm, or agency that owns or has any interest in adjacent property. The form and content of the agreement of indemnification shall be approved by the BCOE prior to the commencement of any Work on or about the adjacent property. Developer shall also indemnify the BCOE as provided in the indemnification provision herein. These provisions shall be in addition to any other requirements of the owners of the adjacent property.

Working Evenings and Weekends

Developer may be required to work increased hours, evenings, and/or weekends at no additional cost to the BCOE. Developer shall give the BCOE forty-eight (48) hours' notice prior to performing any evening and/or weekend work. Developer shall perform all evening and/or weekend work in compliance with all applicable rules, regulations, laws, and local ordinances including, without limitation, all noise and light limitations. Developer shall reimburse the BCOE for any increased or additional Inspector charges as a result of Developer's increased hours, or evening and/or weekend work.

Cleaning Up

Developer shall provide all services, labor, materials, and equipment necessary for protecting and securing the Work, furnishings, equipment, and building structure from damage until its completion and final acceptance by BCOE. Dust barriers shall be provided to isolate dust and dirt from construction operations. At completion of the Work and portions thereof, Developer shall clean to the original state any areas beyond the Work area that become dust laden as a result of the Work. Developer must erect the necessary warning signs and barricades to ensure the safety of all occupants. Developer at all times must maintain good housekeeping practices to reduce the risk of fire damage and must make a fire extinguisher, fire blanket, and/or fire watch, as applicable, available at each location where cutting, braising, soldering, and/or welding is being performed or where there is an increased risk of fire.

Developer at all times shall keep Premises, including property immediately adjacent thereto, free from debris such as waste, rubbish (including personal rubbish of workers, e.g., food wrappers, etc.), and excess materials and equipment caused by the Work. Developer shall not leave debris under, in, or about the Premises (or surrounding property or neighborhood), but shall promptly remove same from the Premises on a daily basis. If Developer fails to clean up, BCOE may do so and the cost thereof shall be charged to Developer. If the Contract calls for Work on an existing facility, Developer shall also perform specific clean-up on or about the Premises upon request by the BCOE as it deems necessary for continued operations. Developer shall comply with all related provisions of the Specifications.

If the Construction Manager, Architect, or BCOE observes the accumulation of trash and debris, the BCOE will give Developer a 24-hour written notice to mitigate the condition.

Should Developer fail to perform the required clean-up, or should the clean-up be deemed unsatisfactory by the BCOE, the BCOE may, at its sole discretion, then perform the clean-up. All cost associated with the clean-up work (including all travel, payroll burden, and costs for supervision) will be deducted from the Guaranteed Maximum Price.

No Relief from Obligations Based on Review by Other Persons

1.1.1 Developer shall not be relieved of obligations to perform the Work in accordance with the Contract Documents by act or omission of the BCOE, Architect, Construction Manager, Project Inspector, or other entities having jurisdiction including, but not limited to, administration of the Contract, review of submittals, or by tests, observation, inspection, or permit /interconnection approvals.

Subcontractors

Developer shall provide the BCOE with information for all of Developer's Subcontracts and Subcontractors as indicated in Developer's Submittals and Schedules Section herein.

No contractual relationship exists between the BCOE and any Subcontractor, supplier, or sub-subcontractor by reason of the Contract Documents.

Developer agrees to bind every Subcontractor by terms of the Contract Documents as far as those terms that are applicable to Subcontractor's work including, without limitation, all labor, wage & hour, apprentice and related provisions and requirements. If Developer subcontracts any part of the Work called for by the Contract Documents, Developer shall be as fully responsible to BCOE for acts and omissions of any Subcontractor and of persons either directly or indirectly employed by any Subcontractor, including Subcontractor caused Project delays, as it is for acts and omissions of persons directly employed by Developer. The divisions or sections of the Specifications and/or the arrangements of the drawings are not intended to control Developer in dividing the Work among Subcontractors or limit the work performed by any trade.

BCOE's consent to, or approval of, or failure to object to, any Subcontractor under the Contract Documents shall not in any way relieve Developer of any obligations under the Contract Documents and no such consent shall be deemed to waive any provisions of the Contract Documents.

Developer is directed to familiarize itself with sections 1720 through 1861 of the Labor Code of the State of California, as regards the payment of prevailing wages and related issues, and to comply with all applicable requirements therein including, without limitation, section 1775 and Developer's and Subcontractors' obligations and liability for violations of prevailing wage law and other applicable laws.

Developer shall be responsible for the coordination of the trades, Subcontractors, sub-subcontractors, and material or equipment suppliers working on the Project.

Developer is responsible for ensuring that first-tier Subcontractors holding C-4, C-7, C-10, C-16, C-20, C-34, C-36, C-38, C-42, C-43, and/or C-46 licenses, are prequalified by the BCOE to work on the Project pursuant to Public Contract Code section 20111.6.

Developer is responsible for ensuring that all Subcontractors are properly registered as public works contractors by the Department of Industrial Relations.

Developer is solely responsible for settling any differences between Developer and its Subcontractor(s) or between Subcontractors.

Developer must include in all of its subcontracts the assignment provisions indicated in the Termination section of these Construction Provisions.

Other Contracts/Contractors

BCOE reserves the right to let other contracts, and/or to perform work with its own forces, in connection with the Project. Developer shall afford other contractors reasonable opportunity for introduction and storage of their materials and execution of their work and shall properly coordinate and connect Developer's Work with the work of other contractors.

Developer shall protect the work of any other contractor that Developer encounters while working on the Project.

If any part of Developer's Work depends for proper execution or results upon work of BCOE or any other contractor, Developer shall visually inspect, and with reasonable effort, physically inspect all accessible portions of BCOE's or any other contractor's work and, before proceeding with its Work, promptly report to the BCOE in writing any

defects in BCOE's or any other contractor's work that render Developer's Work unsuitable for proper execution and results. Developer shall be held accountable for damages to BCOE for BCOE's or any other contractor's work that Developer failed to inspect or should have inspected. Developer's failure to inspect and report shall constitute Developer's acceptance of all BCOE's or any other contractor's work as fit and proper for reception of Developer's Work, except as to defects that may develop in BCOE's or any other contractor's work after execution of Developer's Work and not caused by execution of Developer's Work.

To ensure proper execution of its subsequent Work, Developer shall measure and inspect Work already in place and shall at once report to the BCOE in writing any discrepancy between that executed Work and the Contract Documents.

Developer shall ascertain to its own satisfaction the scope of the Project and nature of BCOE's or any other contracts that have been or may be awarded by BCOE in prosecution of the Project to the end that Developer may perform under the Contract in light of the other contracts, if any.

Nothing herein contained shall be interpreted as granting to Developer exclusive occupancy of the Site, the Premises, or of the Project. Developer shall not cause any unnecessary hindrance or delay to the use and/or operation(s) of the Premises and/or to BCOE or any other contractor working on the Project. If simultaneous execution of any contract or Premises operation is likely to cause interference with performance of Developer's obligations under the Contract Documents, Developer shall coordinate with those contractor(s), person(s), and/or entity(s) and shall notify the BCOE of the resolution.

Drawings and Specifications

A complete list of all Drawings that form a part of the Contract Documents are to be found as an index on the Drawings themselves, and/or may be provided to Developer and/or in the Table of Contents.

Materials or Work described in words that so applied have a well-known technical or trade meaning shall be deemed to refer to recognized standards, unless noted otherwise.

Trade Name or Trade Term

It is not the intention of the Contract Documents to go into detailed descriptions of any materials and/or methods commonly known to the trade under "trade name" or "trade term." The mere mention or notation of "trade name" or "trade term" shall be considered a sufficient notice to Developer that it will be required to complete the work so named, complete, finished, and operable, with all its appurtenances, according to the best practices of the trade.

The naming of any material and/or equipment shall mean furnishing and installing of same, including all incidental and accessory items thereto and/or labor therefor, as per best practices of the trade(s) involved, unless specifically noted otherwise.

Contract Documents are complementary, and what is called for by one shall be binding as if called for by all. As such, Drawings and Specifications are intended to be fully cooperative and to agree. However, if Developer observes that Drawings and Specifications are in conflict with the Contract Documents, Developer shall promptly

notify BCOE and Architect in writing, and any necessary changes shall be made as provided in the Contract Documents.

Figured dimensions shall be followed in preference to scaled dimensions, and Developer shall make all additional measurements necessary for the work and shall be responsible for their accuracy. Before ordering any material or doing any work, each Developer shall verify all measurements at the building and shall be responsible for the correctness of same.

Should any question arise concerning the intent or meaning of the Contract Documents, including the Plans and Specifications, the question shall be submitted to the BCOE for interpretation. If a conflict exists in the Contract Documents, these Construction Provisions shall control over the Facilities Lease, which shall control over the Site Lease, which shall control over Division 1 Documents, which shall control over Division 2 through Division 49 documents, which shall control over figured dimensions, which shall control over large-scale drawings, which shall control over small-scale drawings. In no case shall a document calling for lower quality and/or quantity of material or workmanship control. However, in the case of discrepancy or ambiguity solely between and among the Drawings and Specifications, the discrepancy or ambiguity shall be resolved in favor of the interpretation that will provide BCOE with the functionally complete and operable Project described in the Drawings and Specifications.

Drawings and Specifications are intended to comply with all laws, ordinances, rules, and regulations of constituted authorities having jurisdiction, and where referred to in the Contract Documents, the laws, ordinances, rules, and regulations shall be considered as a part of the Contract Documents within the limits specified.

Ownership of Drawings

All copies of Plans, Drawings, Designs, Specifications, and copies of other incidental architectural and engineering work, or copies of other Contract Documents furnished by BCOE, are the property of BCOE. They are not to be used by Developer in other work and, with the exception of signed sets of Contract Documents, are to be returned to BCOE on request at completion of Work or may be used by BCOE as it may require without any additional costs to BCOE. Neither Developer nor any Subcontractor, or material or equipment supplier shall own or claim a copyright in the Drawings, Specifications, and other documents prepared by the Architect. BCOE hereby grants Developer, Subcontractors, sub-subcontractors, and material or equipment suppliers a limited license to use applicable portions of the Drawings prepared for the Project in the execution of their Work under the Contract Documents.

Developer's Submittals and Schedules

Developer's submittals shall comply with the provisions and requirements of the Specifications including, without limitation Submittals.

Schedule of Work, Schedule of Submittals, and Schedule of Values.

Developer shall comply with the construction schedule attached to the Facilities Lease as **Exhibit F** ("Construction Schedule"). [To be attached when available.]

Developer shall be responsible for the development of schedule, cost and resource loading of the schedule, monthly payment requests, and project status reporting requirements of the Contract shall employ computerized Critical Path

Method ("CPM") scheduling ("CPM Schedule"). CPM Schedule shall be cost loaded based on Schedule of Values as approved by BCOE.

Developer must provide all schedules both in hard copy and electronically, in a native format (e.g. Microsoft Project or Primavera) approved in advance by the BCOE.

The BCOE will review the schedules submitted and Developer shall make changes and corrections in the schedules as requested by the BCOE and resubmit the schedules until approved by the BCOE.

The BCOE shall have the right at any time to discuss with Developer revisions to the schedule of values if, in the BCOE's sole opinion, the schedule of values does not accurately reflect the value of the Work performed.

All schedules must be approved by the BCOE before Developer can rely on them as a basis for payment.

Within TEN (10) calendar days after the date of the Notice to Proceed with Construction (unless otherwise specified in the Specifications), Developer shall prepare and submit to the BCOE for review, in a form supported by sufficient data to substantiate its accuracy as the BCOE may require:

Preliminary Schedule

A preliminary schedule of construction indicating the starting and completion dates of the various stages of the Work, including any information and following any form as may be specified in the Specifications. Once approved by BCOE, this shall become the Construction Schedule. This schedule shall include and identify all tasks that are on the Project's critical path with a specific determination of the start and completion of each critical path task as well as all Contract milestones and each milestone's completion date(s) as may be required by the BCOE. The Preliminary Schedule shall be time scaled, cost and resource (labor and major equipment) loaded. Accepted cost and resource loaded schedule will be used as basis for monthly progress payments until acceptance of the approved Construction Schedule.

10.1.7.1.1 The BCOE is not required to approve a preliminary schedule of construction with early completion, i.e., one that shows early completion dates for the Work and/or milestones. Developer shall not be entitled to extra compensation if the BCOE approves a Construction Schedule with an early completion date and Developer completes the Project beyond the date shown in the schedule but within the Contract Time. A Construction Schedule showing the Work completed in less than the Contract Time, the time between the early completion date and the end of the Contract Time shall be Float.

10.1.7.1.2 The Developer shall make corrections to schedule necessary to comply with Contract requirements and shall adjust schedule to incorporate any missing information requested by BCOE. Developer shall resubmit Preliminary Schedule if requested by BCOE.

Preliminary Schedule of Values

A preliminary schedule of values for all of the Work, which must include quantities and prices of items aggregating the Guaranteed Maximum Price and must subdivide the Work into component parts in sufficient detail to serve as the basis for progress payments during construction. Unless the Special Conditions contain different limits, this preliminary schedule of values shall include, at a minimum, the following information and the following structure:

Divided into at least the following categories:

Overhead and profit

Supervision

General conditions

Layout

Mobilization

Submittals

Bonds and insurance

Close-out/Certification documentation

Demolition

Installation

Rough-in

Finishes

Testing

Punch list and BCOE acceptance

And also divided by each of the following areas:

Site work

By each phase and/or building, as applicable

By each floor

The preliminary schedule of values shall not provide for values any greater than the following percentages of the Contract value:

Mobilization and layout combined to equal not more than 1%.

Submittals, samples and shop drawings combined to equal not more than 3%.

Bonds and insurance combined to equal not more than 2%.

Closeout documentation shall have a value in the preliminary schedule of not less than 3%.

Notwithstanding any provision of the Contract Documents to the contrary, payment of Developer's overhead, supervision, general conditions costs, and profit, as reflected in the Cost Breakdown, shall be paid based on percentage complete, with the disbursement of Progress Payments and the Final Payment.

Developer shall certify that the preliminary schedule of values as submitted to the BCOE is accurate and reflects the costs as developed in preparing Developer's bid. For example, without limiting the foregoing, Developer shall not "front-load" the preliminary schedule of values with dollar amounts greater than the value of activities performed early in the Project.

The preliminary schedule of values shall be subject to the BCOE's review and approval of the form and content thereof. In the event that the BCOE objects to any portion of the preliminary schedule of values, the BCOE shall notify Developer, in writing, of the BCOE's objection(s) to the preliminary schedule of values. Within five (5) calendar days of the date of the BCOE's written objection(s), Developer shall submit a revised preliminary schedule of values to the BCOE for review and approval. The foregoing procedure for the preparation, review and approval of the preliminary schedule of values shall continue until the BCOE has approved the entirety of the preliminary schedule of values.

Once the preliminary schedule of values is approved by the BCOE, this shall become the Schedule of Values. The Schedule of Values shall not be thereafter modified or amended by Developer without the prior consent and approval of the BCOE, which may be granted or withheld in the sole discretion of the BCOE.

Schedule of Values

The Developer shall provide for BCOE review and approval prior to commencement of the Work a schedule of values for all of the Work, which includes quantities and prices of items aggregating the Guaranteed Maximum Price and subdivided into component parts as per specifications. The Schedule of Values shall not be modified or amended by the Developer without the prior consent and approval of the BCOE, which may be granted or withheld in the sole discretion of the BCOE. The BCOE shall have the right at any time to revise the schedule of values if, in the BCOE's sole opinion, the schedule of values does not accurately reflect the value of the Work performed.

Preliminary Schedule of Submittals

A preliminary schedule of submittals, including Shop Drawings, Product Data, and Samples submittals. Once approved by BCOE, this shall become the Submittal Schedule. All submittals may be reviewed by BCOE in ProCore or comparable software, and shall be forwarded to the Architect by the date indicated on the approved Submittal Schedule, unless an earlier date is necessary to maintain the Construction Schedule, in which case those submittals shall be forwarded to the BCOE so as not to delay the Construction Schedule. Upon request by the BCOE, Developer shall provide an electronic copy of all submittals to the BCOE. All submittals shall be submitted no later than ninety (90) days after the Notice to Proceed with Construction.

Safety Plan

Developer's Safety Plan specifically adapted for the Project shall comply with the following requirements:

All applicable requirements of California Division of Occupational Safety and Health ("Cal/OSHA") and/or of the United States Occupational Safety and Health Administration ("OSHA").

All provisions regarding Project safety, including all applicable provisions in these Construction Provisions.

Developer's Safety Plan shall be in English and in the language(s) of Developer's and its Subcontractors' employees.

Update Registered Subcontractor List

The name, address, telephone number, facsimile number, California State Contractors License number, classification, DIR registration number, and monetary value of all Subcontracts of any tier for parties furnishing labor, material, or equipment for completion of the Project.

Monthly Progress Schedule(s)

Developer shall provide Monthly Progress Schedule(s) to the BCOE. A Monthly Progress Schedule shall update the approved Construction Schedule or the last Monthly Progress Schedule, showing all work completed and to be completed as well as updating the Registered Subcontractors List. The monthly Progress Schedule shall be sent as noted below and, if also requested by BCOE, within the timeframe requested by the BCOE and shall be in a format acceptable to the BCOE and contain a written narrative of the progress of work that month and any changes, delays, or events that may affect the work. The process for BCOE approval of the Monthly Progress Schedule shall be the same as the process for approval of the Construction Schedule.

Developer shall submit Monthly Progress Schedule(s) with all payment applications.

Developer must provide all schedules both in hard copy and electronically in a native format (e.g., Microsoft Project or Primavera), approved in advance by BCOE.

A meeting will be held on approximately the twenty-fifth (25th) of each month to review the schedule update submittal and progress payment application. These meetings are considered a critical component of overall monthly schedule update submittal and Developer shall have appropriate personnel attend. At a minimum, these meetings shall be attended by Developer's General Superintendent and Scheduler.

BCOE will review the schedules submitted and Developer shall make changes and corrections in the schedules as requested by the BCOE and resubmit the schedules within five (5) working days until approved by the BCOE.

BCOE shall have the right at any time to discuss with Developer revisions to the schedule of values if, in the BCOE's sole opinion, the schedule of values does not accurately reflect the value of the Work performed.

All schedules must be approved by the BCOE before Developer can rely on them as a basis for payment. BCOE shall use best efforts to approve all submittals and schedules on or before fourteen (14) days after presentation of the same from Developer, providing there are no extenuating circumstances, and no such approval shall be unreasonably withheld by BCOE.

Neither updating, changing or revising of any report, curve, schedule, or narrative submitted to BCOE by Developer under this Contract, nor BCOE's review or acceptance of any such report, curve, schedule or narrative shall have the effect of amending or modifying in any way the Completion Date or milestone dates or of modifying or limiting in any way Developer's obligations under this Contract.

Weekly Schedule Report

At the Weekly Progress Meeting, the Developer shall provide and present a time-scaled three (3) week look-ahead schedule that is based and correlated by activity number to the current schedule (i.e., Initial, Original CPM, or Schedule Update).

Daily Construction Reports

On a daily basis, Developer shall submit a daily activity report to BCOE for each workday, including weekends and holidays when worked. Developer shall develop the daily construction reports on a computer-generated database capable of sorting daily Work, manpower, and man-hours by Developer, Subcontractor, area, sub-area, and Change Order Work. Upon request of BCOE, Developer shall furnish a USB flash drive of this database. Developer shall obtain BCOE's written approval of the daily construction report database format prior to implementation. At minimum, Developer shall include in the reports:

Project name and Project number.

Developer's name and address.

Weather, temperature, and any unusual site conditions.

Brief description and location of the day's scheduled activities and any special problems and accidents, including Work of Subcontractors.

Descriptions shall be referenced to CPM scheduled activities.

Worker quantities for its own Work force and for Subcontractors of any tier.

Equipment, other than hand tools, utilized by Developer and Subcontractors.

Material Safety Data Sheets (MSDS)

Developer is required to ensure Material Safety Data Sheets are available in a readily accessible place at the Site for any material requiring a Material Safety Data Sheet per the federal "Hazard Communication" standard, or employees' "right to know" law. Developer is also required to ensure proper labeling on substances brought onto the job site and that any person working with the material or within the general area of the material is informed of the hazards of the substance and follows proper handling and protection procedures. Two additional copies of the Material Safety Data Sheets shall also be submitted directly to the BCOE.

10.4 Submittals

10.4.1 Architect's favorable review shall neither be construed as a complete check nor relieve Developer, Subcontractor, manufacturer, fabricator, or supplier from responsibility for any deficiency that may exist or from any departures or deviations from the requirements of the Contract Documents unless Developer has, in writing, called Architect's attention to the deviations at the time of submission and the Architect has given specific written response. "Favorable review" shall mean merely that Architect has no objection to Developer using, upon Developer's own full responsibility, plan or method of Work proposed, or furnishing materials or equipment proposed.

Site Access, Conditions, And Requirements

Site Investigation

Developer has made a careful investigation of the Site and is familiar with the requirements of the Contract Documents and has accepted the readily observable, existing conditions of the Site.

Soils Investigation Report

When a soils investigation report obtained from test holes at Site or for the Project is available, that report may be made available to Developer but shall not be a part of this Contract but shall not alleviate or excuse Developer's obligation to perform its own investigation. Any information obtained from that report or any information given on Drawings as to subsurface soil condition or to elevations of existing grades or elevations of underlying rock is approximate only, is not guaranteed, does not form a part of this Contract, and Developer may not rely thereon. Developer acknowledges that it has made a visual examination of the Site and has made whatever tests Developer deems appropriate to determine underground condition of soil. Although any such report is not a part of this Contract, recommendations from the report may be included in the Drawings, Specifications, or other Contract Documents. It is Developer's sole responsibility to thoroughly review all Contract Documents, Drawings, and Specifications.

Access to Work

BCOE and its representatives shall at all times have access to Work wherever it is in preparation or progress, including storage and fabrication. Developer shall provide

safe and proper facilities for such access so that BCOE's representatives may perform their functions. BCOE shall provide Developer adequate advance notice for access to active construction zones such that Developer may provide for safety measures to BCOE and representatives.

Layout and Field Engineering

All field engineering required for layout of this Work and establishing grades for earthwork operations shall be furnished by Developer at its expense. This Work shall be done by a qualified, California-registered civil engineer or licensed land surveyor approved in writing by BCOE and Architect. Any required Record and/or As-Built Drawings of Site development shall be prepared by the approved civil engineer or licensed land surveyor.

Developer shall be responsible for having ascertained pertinent local conditions such as location, accessibility, and general character of the Site and for having satisfied itself as to the conditions under which the Work is to be performed. BCOE shall not be liable for any claim for allowances because of Developer's error or negligence in acquainting itself with the conditions at the Site.

Developer shall protect and preserve established benchmarks and monuments and shall make no changes in locations without the prior written approval of BCOE. Developer shall replace any benchmarks or monuments that are lost or destroyed subsequent to proper notification of BCOE and with BCOE's approval.

Utilities

Utilities shall be provided as indicated in the Specifications.

Sanitary Facilities

Sanitary facilities shall be provided as indicated in the Specifications.

Surveys

Developer shall provide surveys done by a California-licensed civil engineer or licensed land surveyor to determine locations of construction, grading, and site work as required to perform the Work.

Regional Notification Center

Developer, except in an emergency, shall contact the appropriate regional notification center at least two (2) days prior to commencing any excavation if the excavation will be conducted in an area or in a private easement that is known, or reasonably should be known, to contain subsurface installations other than the underground facilities owned or operated by the BCOE, and obtain an inquiry identification number from that notification center. No excavation shall be commenced and/or carried out by Developer unless an inquiry identification number has been assigned to Developer or any Subcontractor and Developer has given the BCOE the identification number. Any damages arising from Developer's failure to make appropriate notification shall be at the sole risk and expense of Developer. Any delays caused by failure to make appropriate notification shall be at the sole risk of Developer and shall not be considered for an extension of the Contract Time.

Existing Utility Lines

Pursuant to Government Code section 4215, BCOE assumes the responsibility for removal, relocation, and protection of main or trunk utility lines and facilities located on the construction Site at the time of commencement of construction under the Contract Documents with respect to any such utility facilities that are not identified in the Plans and Specifications. Developer shall not be assessed for liquidated damages for delay in completion of the Project caused by failure of BCOE or the owner of a utility to provide for removal or relocation of such utility facilities.

Locations of existing utilities provided by BCOE shall not be considered exact, but approximate within a reasonable margin and shall not relieve Developer of its responsibilities to exercise reasonable care and to pay all costs of repair due to Developer's failure to do so. BCOE shall compensate Developer for the costs of locating, repairing damage not due to the failure of Developer to exercise reasonable care, and removing or relocating such utility facilities not indicated in the Plans and Specifications with reasonable accuracy, and for equipment necessarily idle during such work.

No provision herein shall be construed to preclude assessment against Developer for any other delays in completion of the Work. Nothing in this Article shall be deemed to require BCOE to indicate the presence of existing service laterals, appurtenances, or other utility lines, within the exception of main or trunk utility lines. Whenever the presence of these utilities on the Site of the construction Project can be inferred from the presence of other visible facilities, such as buildings, meter junction boxes, on or adjacent to the Site of the construction.

If Developer, while performing Work under this Contract, discovers utility facilities not identified by BCOE in Contract Plans and Specifications, Developer shall immediately notify the BCOE and the utility in writing. In the event Developer fails to immediately provide notice and subsequently causes damage to the utility facilities, the cost of repair for damage to above-mentioned discovered facilities shall be borne by Developer.

Notification

Developer understands, acknowledges and agrees that the purpose for prompt notification to the BCOE pursuant to these provisions is to allow the BCOE to investigate the condition(s) so that the BCOE shall have the opportunity to decide how the BCOE desires to proceed as a result of the condition(s). Accordingly, failure of Developer to promptly notify the BCOE in writing, pursuant to these provisions, shall constitute Developer's waiver of any claim for damages or delay incurred as a result of the condition(s).

Hazardous Materials

Developer shall comply with all provisions and requirements of the Contract Documents related to hazardous materials including, without limitation, Hazardous Materials Procedures and Requirements.

No Signs

Neither Developer nor any other person or entity shall display any signs not required by law or the Contract Documents at the Site, fences, trailers, offices, or elsewhere on the Site without specific prior written approval of the BCOE.

Trenches

Trenches Greater Than Five Feet

Pursuant to Labor Code section 6705, if the Guaranteed Maximum Price exceeds \$25,000 and involves the excavation of any trench or trenches five (5) feet or more in depth, Developer shall, in advance of excavation, promptly submit to the BCOE and/or a registered civil or structural engineer employed by the BCOE or Architect, a detailed plan showing the design of shoring for protection from the hazard of caving ground during the excavation of such trench or trenches.

Excavation Safety

If such plan varies from the Shoring System Standards established by the Safety Orders, the plan shall be prepared by a registered civil or structural engineer, but in no case shall such plan be less effective than that required by the Safety Orders. No excavation of such trench or trenches shall be commenced until said plan has been accepted by the BCOE or by the person to whom authority to accept has been delegated by the BCOE.

No Tort Liability of BCOE

Pursuant to Labor Code section 6705, nothing in this Article shall impose tort liability upon the BCOE or any of its employees.

No Excavation without Permits

Developer shall not commence any excavation Work until it has secured all necessary permits including the required CalOSHA excavation/shoring permit. Any permits shall be prominently displayed on the Site prior to the commencement of any excavation.

Discovery of Hazardous Waste and/or Unusual Conditions

Pursuant to Public Contract Code section 7104, if the Work involves digging trenches or other excavations that extend deeper than four feet below the Surface, Developer shall promptly, and before the following conditions are disturbed, notify the BCOE, in writing, of any:

Material that Developer believes may be material that is hazardous waste, as defined in section 25117 of the Health and Safety Code, is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law.

Subsurface or latent physical conditions at the Site differing from those indicated.

Unknown physical conditions at the Project Site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract Documents.

The BCOE shall promptly investigate the conditions, and if it finds that the conditions do materially so differ, or do involve hazardous waste, and cause a decrease or increase in Developer's cost of, or the time required for, performance of any part of the Work, shall issue a Change Order under the procedures described herein.

In the event that a dispute arises between BCOE and Developer whether the conditions materially differ or cause a decrease or increase in Developer's cost of, or time required for, performance of any part of the Work, Developer shall not be excused from any scheduled completion date provided for by the Contract Documents but shall proceed with all work to be performed under the Contract Documents. Developer shall retain any and all rights provided either by the Contract Documents or by law that pertain to the resolution of disputes and protests.

Insurance and Bonds

Developer's Insurance

Developer shall comply with the insurance requirements as indicated in the Facilities Lease.

Contract Security – Bonds

Developer shall furnish two surety bonds issued by a California admitted surety insurer as follows:

Performance Bond

A bond in an amount at least equal to one hundred percent (100%) of Guaranteed Maximum Price as security for faithful performance of the Contract Documents.

Payment Bond

A bond in an amount at least equal to one hundred percent (100%) of the Guaranteed Maximum Price as security for payment of persons performing labor and/or furnishing materials in connection with this Contract.

Cost of bonds shall be included in the Guaranteed Maximum Price.

All bonds related to this Project shall be in the forms set forth in these Contract Documents and shall comply with all requirements of the Contract Documents, including, without limitation, the bond forms.

Warranty/Guarantee/Indemnity

Warranty/Guarantee

Developer shall obtain and preserve for the benefit of the BCOE, manufacturer's warranties on materials, fixtures, and equipment incorporated into the Work.

In addition to guarantees and warranties required elsewhere, Developer shall, and hereby does guarantee and warrant all Work furnished on the job against

all defects for a period of ONE (1) year after the later of the following dates, unless a longer period is provided for in the Contract Documents:

The acceptance by the BCOE's governing board of the Work, subject to these General Conditions, or

The date that commissioning for the Project, if any, was completed.

If any work is not in compliance with the Drawings and Specifications, Developer shall repair or replace any and all of that Work, together with any other Work that may be displaced in so doing, that may prove defective in workmanship and/or materials within a ONE (1) year period from date of completion as defined above, unless a longer period is provided for in the Contract Documents, without expense whatsoever to BCOE.

In the event of failure of Developer and/or Surety to commence and pursue with diligence said replacements or repairs within ten (10) days after being notified in writing, Developer and Surety hereby acknowledge and agree that BCOE is authorized to proceed to have defects repaired and made good at expense of Developer and/or Surety who hereby agree to pay costs and charges therefore immediately on demand.

If any work is not in compliance with the Drawings and Specifications and if in the opinion of BCOE said defective work creates a dangerous condition or requires immediate correction or attention to prevent further loss to BCOE or to prevent interruption of BCOE operations, BCOE will attempt to give the notice required above. If Developer or Surety cannot be contacted or neither complies with BCOE's request for correction within a reasonable time as determined by BCOE, BCOE may, notwithstanding the above provision, proceed to make any and all corrections and/or provide attentions the BCOE believes are necessary. The costs of correction or attention shall be charged against Developer and Surety of the guarantees or warranties provided in this Article or elsewhere in this Contract.

The above provisions do not in any way limit the guarantees or warranties on any items for which a longer guarantee or warranty is specified or on any items for which a manufacturer gives a guarantee or warranty for a longer period. Developer shall furnish to BCOE all appropriate guarantee or warranty certificates as indicated in the Specifications or upon request by BCOE.

Nothing herein shall limit any other rights or remedies available to BCOE.

Indemnity

Developer shall indemnify the BCOE as indicated in the Facilities Lease.

Time

Notice to Proceed with Construction

BCOE may issue a Notice to Proceed with Construction ("NTP 2") within ninety (90) days from the date of the Notice of Award after Guaranteed Maximum Price. Once Developer has received the Notice to Proceed with Construction, Developer

shall complete the Work within the period of time indicated in the Contract Documents.

In the event that the BCOE desires to postpone issuing the Notice to Proceed with Construction beyond ninety (90) days from the date of the Notice of Award after Guaranteed Maximum Price, it is expressly understood that with reasonable notice to Developer, the BCOE may postpone issuing the Notice to Proceed with Construction. It is further expressly understood by Developer that Developer shall not be entitled to any claim of additional compensation as a result of the postponement of the issuance of the Notice to Proceed with Construction.

If Developer believes that a postponement of issuance of the Notice to Proceed with Construction will cause a hardship to Developer, Developer may terminate the Contract. Developer's termination due to a postponement shall be by written notice to BCOE within ten (10) days after receipt by Developer of BCOE's notice of postponement. It is further understood by Developer that in the event that Developer terminates the Contract as a result of postponement by the BCOE, the BCOE shall only be obligated to pay Developer for the Work that Developer had performed at the time of notification of postponement.

Computation of Time / Adverse Weather

Developer will only be allowed a time extension for Adverse Weather conditions if requested by Developer in compliance with the time extension request procedures herein and only if all of the following conditions are met:

The weather conditions constitute Adverse Weather, as defined herein;

Developer can verify that the Adverse Weather caused delays in excess of five (5) hours of the indicated labor required to complete the scheduled tasks of Work on the day affected by the Adverse Weather;

Developer's crew is dismissed as a result of the Adverse Weather;

Said delay adversely affect the critical path in the Construction Schedule; and

Exceeds twelve (12) days of delay per year.

If the aforementioned conditions are met, a non-compensable day-for-day extension will only be allowed for those days in excess of those indicated herein.

Developer shall work seven (7) days per week, if necessary, irrespective of inclement weather, to maintain access and the Construction Schedule, and to protect the Work under construction from the effects of Adverse Weather, all at no further cost to the BCOE.

The Contract Time has been determined with consideration given to the average climate weather conditions prevailing in the County in which the Project is located.

Hours of Work

Sufficient Forces

Developer and Subcontractors shall continuously furnish sufficient and competent work forces with the required levels of familiarity with the Project and skill, training and experience to ensure the prosecution of the Work in accordance with the Construction Schedule.

Performance During Working Hours

Work shall be performed during regular working hours as permitted by the appropriate governmental agency except that in the event of an emergency, or when required to complete the Work in accordance with job progress, Work may be performed outside of regular working hours with the advance written consent of the BCOE and approval of any required governmental agencies.

No Work during State Testing

Developer shall, at no additional cost to the BCOE and at the BCOE's request, coordinate its Work to not disturb BCOE students including, without limitation, not performing any Work when students at the Site are taking State or Federally-required tests. The BCOE or BCOE's Representative will provide Developer with a schedule of test dates concurrent with the BCOE's issuance of the Notice to Proceed with Construction, or as soon as test dates are made available to the BCOE.

Progress and Completion

Time of the Essence

Time limits stated in the Contract Documents are of the essence to the Contract Documents. By executing the Facilities Lease, Developer confirms that the Contract Time is a reasonable period for performing the Work.

No Commencement Without Insurance or Bonds

Developer shall not commence operations on the Project or elsewhere prior to the effective date of insurance and bonds. The date of commencement of the Work shall not be changed by the effective date of such insurance or bonds. If Developer commences Work without insurance and bonds, all Work is performed at Developer's peril and shall not be compensable until and unless Developer secures bonds and insurance pursuant to the terms of the Contract Documents and subject to BCOE claim for damages.

Schedule

Developer shall provide to BCOE, Construction Manager, and Architect a schedule in conformance with the Contract Documents and as required in these Construction Provisions.

Expeditious Completion

Developer shall proceed expeditiously with adequate forces and shall achieve Completion within the Contract Time.

Extensions of Time – Liquidated Damages, Excusable Delays

Liquidated Damages

Developer and BCOE hereby agree that the exact amount of damages for failure to complete the Work within the time specified is extremely difficult or impossible to determine. If the Work is not completed within the time specified in the Contract Documents, it is understood that the BCOE will suffer damage. It being impractical and unfeasible to determine the amount of actual damage, it is agreed Developer shall pay to BCOE as fixed and liquidated damages, and not as a penalty, the amount set forth in the Facilities Lease for each calendar day of delay in Completion. Developer and its Surety shall be liable for the amount thereof pursuant to Government Code section 53069.85.

Excusable Delay

Developer shall not be charged for liquidated damages because of any delays in completion of the Work which are not the fault of Developer or its Subcontractors, including without limitation, adverse weather delays, strikes, acts of God as defined in Public Contract Code section 7105, acts of enemy, epidemics, and quarantine restrictions. Developer shall, within five (5) calendar days of beginning of any delay, including a Force Majeure event, notify BCOE in writing of causes of delay including documentation and facts explaining the delay and the direct correlation between the cause and effect ("Notice of Delay"). If Developer fails to provide its written Notice of Delay within this timeframe, Developer waives, releases, and discharges any right to assert or claim any entitlement to an adjustment to the Guaranteed Maximum Price and/or the Contract Time based on circumstances giving rise to the asserted delay. BCOE shall review the facts and extent of any delay and shall grant extension(s) of time for completing Work when, in its judgment, the findings of fact justify an extension. Extension(s) of time shall apply only to that portion of Work affected by delay and shall not apply to other portions of Work not so affected. An extension of time may only be granted if Developer has timely submitted the Construction Schedule as required herein.

Developer's Notice of Delay and request for a time extension pursuant to subparagraph 16.2 is a condition precedent to Developer's submittal of and/or entitlement to a claim pursuant to Article 25 of these Construction Provisions. Developer shall notify the BCOE pursuant to the Claims Process in these Construction Provisions of any anticipated delay and its cause. Following submission of a claim, the BCOE may determine whether the delay is to be considered avoidable or unavoidable, how long it continues, and to what extent the prosecution and completion of the Work might be delayed thereby.

In the event Developer requests an extension of Contract Time for unavoidable delay as set forth in subparagraph 16.2.1, such request shall be submitted in accordance with the provisions in the Contract Documents governing changes in Work, including without limitation, the time requirements set forth in subsection 17.5, below. When requesting time, requests must be submitted with full justification and documentation, including both a written narrative and a schedule diagram depicting how the changed Work affects other schedule activities. The schedule diagram shall show how the Developer proposes to incorporate the changed Work in the schedule and how it impacts the current schedule-update critical path. If Developer fails to submit justification, it waives its right to a time extension at a later date. Such justification must be based on the official Construction Schedule as updated at the time of occurrence of the delay or execution of Work related to any changes to the Scope of Work. Any

request for a time extension must include the following information as support, without limitation:

The duration of the activity relating to the changes in the Work and the resources (manpower, equipment, material, etc.) required to perform the activities within the stated duration.

Specific logical ties to the Contract Schedule for the proposed changes and/or delay showing the activity/activities in the Construction Schedule that are affected by the change and/or delay. In particular, Developer must show an actual impact to the schedule, after making a good faith effort to mitigate the delay by rescheduling the work, by providing an analysis of the schedule ("Time Impact Analysis"). Such Time Impact Analysis shall describe in detail the cause and effect of the delay and the impact on the critical dates in the Project schedule and main sequence of schedule activities to enable BCOE to evaluate the impact of changed Work to the scheduled critical path. (This information must be provided for any portion of any delay of seven (7) days or more.) The Developer shall be responsible for all costs associated with the preparation of Time Impact Analyses.

A recovery schedule must be submitted within twenty (20) calendar days of written notification to the BCOE of causes of delay to recover the lost time within seven (7) calendar days. As part of this submittal, the Developer shall provide a written narrative for each revision made to recapture the lost time. If the revisions include sequence changes, the Developer shall provide a schedule diagram comparing the original sequence to the revised sequence of work. The revisions shall not be incorporated into any schedule update until the revisions have been reviewed by BCOE. At BCOE's discretion, the Developer can be required to provide Subcontractor certifications for revisions affecting said Subcontractors.

Developer must comply with requirements in subsection 16.2 for a Notice of Delay and supporting justification notwithstanding if Developer contends the specific delay period is unknown and continuing. When submitting a Notice of Delay and supporting justification, Developer must provide an estimated delay duration to critical path activities at the time the Notice of Delay and supporting justification is required to be submitted. Failure of the Developer to perform in accordance with the current schedule update shall not be excused by submittal of a Notice of Delay. If Developer contends the delaying event(s) are continuing, Developer must update monthly the estimated delay period with supporting justification.

Developer's failure to timely submit a written Notice of Delay and/or provide the justification required in subparagraph 16.2 shall constitute Developer's waiver of any right to later submit a Proposed Change Order or pursue a Claim on the circumstances giving rise to the request, or to later pursue any additional money or time extensions in any manner related to that issue, regardless of the merits because the Developer will not have satisfied a condition precedent or exhausted administrative remedies required to show entitlement to a Contract Time adjustment. Developer acknowledges that these written notices and justification requirements are critically important to BCOE's Work, Project management, and evaluating potential options and alternatives to implement mitigation efforts to reduce or eliminate additional Project costs and delays.

No Additional Compensation for Delays within Developer's Control

Developer is aware that governmental agencies and utilities, including, without limitation, the Division of the State Architect, the Department of General Services, gas companies, electrical utility companies, water BCOEs, and other agencies may have to approve Developer-prepared drawings or approve a proposed installation. Accordingly, Developer has included in the Guaranteed Maximum Price, time for possible review of its drawings and for reasonable delays and damages that may be caused by such agencies, including without limitation delays due to California Environmental Quality Act ("CEQA") compliance. Thus, Developer is not entitled to make a claim for damages for delays arising from the review of Developer's drawings.

Developer shall only be entitled to compensation for delay when all of the following conditions are met:

The BCOE is responsible for the delay;

The delay is unreasonable under the circumstances involved;

The delay was not within the contemplation of the BCOE and Developer;

The delay could not have been avoided or mitigated by reasonable diligence; and

Developer timely complies with the claims procedure of the Contract Documents.

Where an event for which BCOE is responsible impacts the projected Completion Date, the Developer shall provide a written mitigation plan, including a schedule diagram, which explains how (e.g., increase crew size, overtime, etc.) the impact can be mitigated. The Developer shall also include a detailed cost breakdown of the labor, equipment, and material the Developer would expend to mitigate BCOE-caused time impact. The Developer shall submit its mitigation plan to BCOE within fourteen (14) calendar days from the date of discovery of the impact. The Developer is responsible for the cost to prepare the mitigation plan.

Where a change in the Work extends the Contract Time, Developer may request and recover additional, actual direct costs, provided that Developer can demonstrate such additional costs are:

Actually incurred performing the Work;

Not compensated by the Markup allowed; and

Directly result from the extended Contract Time.

Developer shall comply with all required procedures, documentation and time requirements in the Contract Documents. Developer may not seek or recover such costs using formulas (e.g. Eichleay, labor factors). No time will be granted under this Contract for cumulative effect of changes.

Force Majeure

"Force Majeure" means any event or circumstance unknown at the time of contracting that is beyond the parties' control and makes performance of the contract impractical or impossible. The Party seeking to have its performance obligation(s) excused must demonstrate that there was such an insuperable interference occurring without the party's intervention as could not have been prevented by the exercise of prudence, diligence, and care, by providing prompt notice to the other Party, including full particulars of such event, of its inability to perform its obligations due to such event, following commencement of the claiming Party's inability to so perform its obligations. To the extent satisfying these conditions, Force Majeure events include the following: acts of God, war, civil unrest, epidemic, fire, smoke, volcanic eruption, earthquake, strike, unusually severe weather, flood, or shortage of transportation facilities, lock out, or commandeering of materials, product, plant, or facilities by the government. Force Majeure shall not be based on a Party's financial inability to perform under this Agreement unless there exists extreme and unreasonable difficulty, expense, injury, or loss involved. Costs imposed by the government on sales or importation of goods or materials including, without limitation, tariffs or taxes, are not Force Majeure. A Force Majeure event does not include an act of negligence or intentional wrongdoing by a Party. Any Party claiming a Force Majeure event shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Force Majeure event. Each Party shall use its best efforts to mitigate the effects of such Force Majeure event, remedy its inability to perform, and resume full performance of its obligations hereunder. No obligation that arose before the Force Majeure event that could and should have been fully performed before such Force Majeure event is excused as a result of such Force Majeure event.

Float or Slack in the Schedule

Float or slack is the amount of time between the early start date and the late start date, or the early finish date and the late finish date, of any of the activities in the schedule. Float or slack is not for the exclusive use of or benefit of either the BCOE or Developer, but its use shall be determined solely by the BCOE.

Changes in the Work

No Changes without Prior Authorization

There shall be no change whatsoever in the Drawings, Specifications, or in the Work without an executed Change Order or a written Construction Change Directive authorized by the BCOE as herein provided. BCOE shall not be liable for the cost of any extra work or any substitutions, changes, additions, omissions, or deviations from the Drawings and Specifications unless the BCOE's governing board has authorized the same and the cost thereof has been approved in writing by Change Order or Construction Change Directive in advance of the changed Work being performed. No extension of time for performance of the Work shall be allowed hereunder unless a request for such extension is made at the time changes in the Work are ordered, and such time duly adjusted and approved in writing in the Change Order or Construction Change Directive. The provisions of the Contract Documents shall apply to all such changes, additions, and omissions with the same effect as if originally embodied in the Drawings and Specifications.

Developer shall perform immediately all work that has been authorized by a fully executed Change Order or Construction Change Directive. Developer shall be

fully responsible for any and all delays and/or expenses caused by Developer's failure to expeditiously perform this Work.

Should any Change Order result in an increase in the Guaranteed Maximum Price or extend the Contract Time, the cost of or length of extension in that Change Order shall be agreed to, in writing, by the BCOE in advance of the work by Developer. In the event that Developer proceeds with any change in Work without a Change Order executed by the BCOE or Construction Change Directive, Developer waives any claim of additional compensation or time for that additional work. Under no circumstances shall Developer be entitled to any claim of additional compensation or time not expressly requested by Developer in a Proposed Change Order or approved by BCOE in an executed Change Order.

1.1.2 A Change Order or Construction Change Directive will become effective when approved by the Board, notwithstanding that Developer has not signed it. A Change Order or Construction Change Directive will become effective without Developer's signature provided BCOE indicates it as a "Unilateral Change Order". Any dispute as to the adjustment in the Guaranteed Maximum Price or Contract Time, if any, of the Unilateral Change Order shall be resolved pursuant to the Payments and Claims Process provisions herein.

Developer understands, acknowledges, and agrees that the reason for BCOE authorization is so that BCOE may have an opportunity to analyze the Work and decide whether the BCOE shall proceed with the Change Order or alter the Project so that a change in Work becomes unnecessary.

Architect Authority

The Architect will have authority to order minor changes in the Work not involving any adjustment in the Guaranteed Maximum Price, or an extension of the Contract Time, or a change that is inconsistent with the intent of the Contract Documents. These changes shall be effected by written Change Order, Construction Change Directive, or by Architect's response(s) to RFI(s), or by Architect's Supplemental Instructions ("ASI").

Price Request

Definition of Price Request

A Price Request is a written request prepared by the Architect requesting the Developer to submit to the BCOE and the Architect an estimate of the effect of a proposed change in the Work on the Contract Price and the Contract Time.

Scope of Price Request

A Price Request shall contain adequate information, including any necessary Drawings and Specifications, to enable Developer to provide the cost breakdowns required herein. The Developer shall not be entitled to any additional compensation for preparing a response to a Price Request, whether ultimately accepted or not.

Change Orders

A Change Order is a written instrument prepared and issued by the BCOE and/or the Architect and signed by the BCOE (as authorized by the BCOE's Board of Education), Developer, the Architect, and approved by the Project Inspector (if necessary), stating their agreement regarding all of the following:

A description of a change in the Work.

The amount of the adjustment in the Guaranteed Maximum Price, if any; and

The extent of the adjustment in the Contract Time, if any.

Proposed Change Order

Definition of Proposed Change Order

A Proposed Change Order ("PCO") is a written request prepared by the Developer requesting that the BCOE and the Architect issue a Change Order based upon a proposed change to the Work, to the Guaranteed Maximum Price, and/or to the Contract Time.

Changes in Guaranteed Maximum Price

A PCO shall include breakdowns and backup documentation pursuant to the provisions herein and sufficient, in the BCOE's judgment, to validate any change in Guaranteed Maximum Price. In no case shall Developer or any of its Subcontractors be permitted to reserve rights for additional compensation for Change Order Work.

Changes in Time

A PCO shall also include any changes in time required to complete the Project. Any additional time requested shall not be the number of days to make the proposed change but must be based upon the impact to the critical path in the Construction Schedule as defined in the Contract Documents. Developer shall justify the proposed change in time by submittal of a schedule analysis that accurately shows the actual impact, if known, or the estimated impact if unknown, of the change on the critical path of the Construction Schedule ("Time Impact Analysis"). If Developer fails to request a time extension in a PCO, including the Time Impact Analysis, and/or fails to comply with these Construction Provisions including, without limitation, Articles 15, 16, or 17, then Developer is thereafter precluded from requesting, and waives any right to request, an adjustment to the Contract Time or Guaranteed Maximum Price relating to the subject matter of the PCO. In no case shall Developer or any of its Subcontractors be permitted to reserve rights for additional time for Change Order Work. A PCO that leaves the amount of time requested blank, or states that such time requested is "to be determined," or otherwise not specifically identified, is not permitted and shall also constitute a waiver of any right to request additional time and/or claim a delay.

Allowances

If there is an Allowance, then Developer shall not bill for or be due any portion of an Allowance unless the BCOE has identified specific work, Developer has submitted a price for that work or the BCOE has proposed a price for that work,

the BCOE has accepted the cost for that work, and the BCOE has executed an Allowance Expenditure Directive incorporating that work. If Allowance was included in Guaranteed Maximum Price before mark-up ("above the line"), Allowance Expenditure Directives shall be based on Developer's costs, without overhead and profit, for products, delivery, installation, labor, insurance, payroll, taxes, bonding and equipment rental. If Allowance is "below the line," overhead and profit may be included in the Allowance Expenditure Directive. Allowance will only be treated as "below the line" if shown in the Bid Documents and the Bid Documents are escrowed.

Any unused portion of the Allowance will revert to the BCOE documented by a deductive Change Order. Developer authorizes the BCOE to execute a unilateral deductive Change Order at or near the end of the Project for all or any portion of the Allowance not allocated.

Whenever actual costs are more than the Allowance, the amount covered by the Allowance will be approved at cost (i.e., only the amount within the Allowance will be approved for payment). Developer must follow the Change Order procedure to adjust the GMP for amounts in excess of the Allowance.

Unknown and / or Unforeseen Conditions

Separate from what is provided in the Allowance, if requests an increase in Guaranteed Maximum Price and/or Contract Time that is based at least partially on Developer's assertion that Developer has encountered unknown and/or unforeseen condition(s) on the Project, then Developer shall base the PCO on provable information that, beyond a reasonable doubt and to the BCOE's satisfaction, demonstrates that the unknown and/or unforeseen condition(s) were actually unknown and/or unforeseen and that the condition(s) were reasonably unknown and/or unforeseen. If not, the BCOE shall deny the PCO as unsubstantiated, and the Developer shall complete the Project without any increase in Guaranteed Maximum Price and/or Contract Time based on that PCO.

Time to Submit Proposed Change Order

Developer shall submit its PCO, using the Proposed Change Order Form, within five (5) working days of the date Developer discovers, or reasonably should have discovered, the circumstances giving rise to the PCO, unless additional time to submit a PCO is granted in writing by the BCOE. Time is of the essence in Developer's submission of PCOs so that the BCOE can promptly investigate the basis for the PCO. Accordingly, if Developer fails to submit its PCO within this timeframe, Developer waives, releases, and discharges any right to assert or claim any entitlement to an adjustment of the Guaranteed Maximum Price and/or Contract Time based on circumstances giving rise to the PCO.

Proposed Change Order Certification

In submitting a PCO, Developer certifies and affirms that the cost and/or time request is submitted in good faith, that the cost and/or time request is accurate and in accordance with the provisions of the Contract Documents, and Developer submits the cost and/or request for extension of time recognizing the significant civil penalties and treble damages which follow from making a

false claim or presenting a false claim under Government Code section 12650 et seq.

It is expressly understood that the value of the extra Work or changes expressly includes any and all of Developer's costs and expenses, direct and indirect, resulting from additional time required on the Project or resulting from delay to the Project including, without limitation, cumulative impacts. Developer is not entitled to separately recover amounts for overhead or other indirect costs. Any costs, expenses, damages, or time extensions not included are deemed waived.

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Format for Proposed Change Order

The following format shall be used as applicable by the BCOE and Developer (e.g. Change Orders, PCOs) to communicate proposed additions and/or deductions to the Contract, supported by attached documentation. Any spaces left blank will be deemed no change to cost or time.

	<u>WORK PERFORMED OTHER THAN BY DEVELOPER</u>	<u>ADD</u>	<u>DEDUCT</u>
(a)	<u>Material</u> (attach suppliers' invoice or itemized quantity and unit cost plus sales tax)		
(b)	<u>Add Labor</u> (attach itemized hours and rates, fully Burdened, and specify the hourly rate for each additional labor burden, for example, payroll taxes, fringe benefits, etc.)		
(c)	<u>Add Equipment</u> (attach suppliers' invoice)		
(d)	<u>Subtotal</u>		
(e)	<u>Add Overhead and Profit for any and all Tiers of Subcontractors</u> , the total not to exceed ten percent (10%) of Item (d)		
(f)	<u>Subtotal</u>		
(g)	<u>Add General Conditions Cost</u> (if Time is Compensable) (attach supporting documentation)		
(h)	<u>Subtotal</u>		
(i)	<u>Add Overhead and Profit for Developer</u> , not to exceed _____ percent (___ %) of Item (h)		
(j)	<u>Subtotal</u>		
(k)	<u>Add Bond and Insurance</u> , not to exceed _____ percent (___ %) of Item (j)		
(l)	<u>TOTAL</u>		
(m)	<u>Time</u> (zero unless indicated; "TBD" not permitted)	_____ Calendar Days	

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	WORK PERFORMED BY DEVELOPER	ADD	DEDUCT
(a)	Material (attach itemized quantity and unit cost plus sales tax)		
(b)	Add Labor (attach itemized hours and rates, fully Burdened, and specify the hourly rate for each additional labor burden, for example, payroll taxes, fringe benefits, etc.)		
(c)	Add Equipment (attach suppliers' invoice)		
(d)	Add General Conditions Cost (if Time is Compensable) (attach supporting documentation)		
(e)	Subtotal		
(f)	Add Overhead and Profit for Developer , not to exceed _____ percent (____ %) of Item (e)		
(g)	Subtotal		
(h)	Add Bond and Insurance , not to exceed _____ percent (____ %) of Item (g)		
(i)	TOTAL		
(j)	Time (zero unless indicated; "TBD" not permitted)		Calendar Days

Mandatory Use of Forms

Developer shall only submit PCOs by completing the Proposed Change Order Form. Developer acknowledges and agrees that use of this specific and consistent format is essential to BCOE's evaluation of PCOs. Accordingly, Developer waives, releases, and discharges any right to assert or claim any entitlement to an adjustment of the Guaranteed Maximum Price and/or Time for any purported PCO that does not comply with the Proposed Change Order Form.

Labor

Developer shall be compensated for the costs of labor actually and directly utilized in the performance of the Work. Such labor costs shall be the actual cost, use of any formulas (e.g. labor factors) is not allowed, not to exceed prevailing wage rates established by the bid advertisement date or when the Contract was awarded, whichever is applicable, in the locality of the Site and shall be in the labor classification(s) necessary for the performance of the Work, fully Burdened. Labor costs shall exclude costs incurred by the Developer in preparing estimate(s) of the costs of the change in the Work, in the maintenance of records relating to the costs of the change in the Work, coordination and assembly of materials and information relating to the change in the Work or performance thereof, or the supervision and other overhead and general conditions costs associated with the change in the Work or performance thereof, including but not limited to the cost for the job superintendent. If applicable, BCOE will pay Developer the reasonable costs for room and board, supported with appropriate backup documentation, without markup for profit or overhead as provided by U.S. General Services Administration per diem rates for California lodging, meals and incidentals, <https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-lookup>.

Materials

Developer shall be compensated for the costs of materials necessarily and actually used or consumed in connection with the performance of the change in the Work. Costs of materials may include reasonable costs of transportation from a source closest to the Site of the Work and delivery to the Site. If discounts by material suppliers are available for materials necessarily used in the performance of the change in the Work, they shall be credited to the BCOE. If materials necessarily used in the performance of the change in the Work are obtained from a supplier or source owned in whole or in part by Developer, compensation therefor shall not exceed the current wholesale price for such materials. If, in the reasonable opinion of the BCOE, the costs asserted by Developer for materials in connection with any change in the Work are excessive, or if Developer fails to provide satisfactory evidence of the actual costs of such materials from its supplier or vendor of the same, the costs of such materials and the BCOE's obligation to pay for the same shall be limited to the then lowest wholesale price at which similar materials are available in the quantities required to perform the change in the Work. The BCOE may elect to furnish materials for the change in the Work, in which event Developer shall not be compensated for the costs of furnishing such materials or any mark-up thereon.

Equipment

As a precondition to the BCOE's duty to pay for Equipment rental or loading and transportation, Developer shall provide satisfactory evidence of the actual costs of Equipment from the supplier, vendor or rental agency of same. Developer shall be compensated for the actual cost of the necessary and direct use of Equipment in the performance of the change in the Work. Use of Equipment in the performance of the change in the Work shall be compensated in increments of fifteen (15) minutes. Rental time for Equipment moved by its own power shall include time required to move the Equipment to the site of the Work from the nearest available rental source of the same. If Equipment is not moved to the Site by its own power, Developer will be compensated for the loading and transportation costs in lieu of rental time. The foregoing notwithstanding, neither moving time or loading and transportation time shall be allowed if the Equipment is used for performance of any portion of the Work other than the change in the Work. Unless prior approval in writing is obtained by Developer from the Architect, the Project Inspector, the Construction Manager and the BCOE, no costs or compensation shall be allowed for time while Construction Equipment is inoperative, idle or on standby, for any reason. Developer shall not be entitled to an allowance or any other compensation for Equipment or tools used in the performance of a change in the Work where the Equipment or tools have a replacement value of \$500.00 or less. Equipment costs claimed by Developer in connection with the performance of any Work shall not exceed rental rates established by distributors or construction equipment rental agencies in the locality of the Site; any costs asserted which exceed such rental rates shall not be allowed or paid. Unless otherwise specifically approved in writing by the Architect, the Project Inspector, Construction Manager and the BCOE, the allowable rate for the use of Equipment in connection with the Work shall constitute full compensation to Developer for the cost of rental, fuel, power, oil, lubrication, supplies, necessary attachments, repairs or maintenance of any kind, depreciation, storage,

insurance, labor (exclusive of labor costs of the Equipment operator), and any and all other costs incurred by Developer incidental to the use of the Equipment.

General Conditions Cost.

The phrase "General Conditions Cost" shall mean, other than expressly limited or excluded herein, the costs of Developer during the construction phase, including but not limited to: payroll costs for project manager for Work conducted at the Site, payroll costs for the superintendent and full-time general foremen, workers not included as direct labor costs engaged in support functions (e.g., loading/unloading, clean-up), costs of offices and temporary facilities including office materials, office supplies, office equipment, minor expenses, utilities, fuel, sanitary facilities and telephone services at the Site, costs of consultants not in the direct employ of Developer or Subcontractors, and fees for permits and licenses.

Overhead and Profit.

The phrase "Overhead and Profit" shall include field and office supervisors and assistants, watchperson, use of small tools, consumable, insurance other than construction bonds and insurance required herein, and general conditions, field and home office expenses.

Change Order Certification

All Change Orders and PCOs must include the following certification by Developer, either in the form specifically or incorporated by this reference:

The undersigned Developer approves the foregoing as to the changes, if any, and to the Guaranteed Maximum Price specified for each item and as to the extension of time allowed, if any, for completion of the entire Work as stated herein, and agrees to furnish all labor, materials, and service, and perform all work necessary to complete any additional work specified for the consideration stated herein. Submission of sums which have no basis in fact or which Developer knows are false are at the sole risk of Developer and may be a violation of the False Claims Act set forth under Government Code section 12650 et seq. and U.S. Criminal Code, 18 U.S.C. § 1001. It is understood that the changes herein to the Contract Documents shall only be effective when approved by the governing board of the BCOE.

It is expressly understood that the value of the extra Work or changes expressly includes any and all of Developer's costs and expenses, both direct and indirect, resulting from additional time required on the Project or resulting from delay to the Project, including, without limitation, cumulative impacts. Developer is not entitled to separately recover amounts for overhead or other indirect costs. Any costs, expenses, damages, or time extensions not included are deemed waived.

Accord and Satisfaction: Developer's execution of any Change Order shall constitute a full accord and satisfaction, and release, of all Developer (and if applicable, Subcontractor) claims for additional time, money or other relief arising from or relating to the subject matter of the change including, without

limitation, impacts of all types, cumulative impacts, inefficiency, overtime, delay and any other type of claim.

Mandatory Use of Forms: Developer shall only submit Change Orders by completing the Change Order Form. Developer acknowledges and agrees that use of this specific and consistent format is essential to BCOE's processing of Change Orders. Accordingly, Developer waives, releases, and discharges any right to assert or claim any entitlement to an adjustment of the Guaranteed Maximum Price and/or Time for any change that does not comply with the Change Order Form.

Determination of Change Order Cost

The amount of the increase or decrease in the Guaranteed Maximum Price from a Change Order, if any, shall be determined in one or more of the following ways as applicable to a specific situation and at the BCOE's discretion:

BCOE acceptance of a COR or PCO.

By amounts contained in Developer's schedule of values, if applicable.

By agreement between BCOE and Developer.

Mark-up for overhead and profit and bonds and insurance shall be based on the net increase or decrease to the Guaranteed Maximum Price; Developer shall not split Change Orders to artificially increase markup and/or decrease credit.

Deductive Change Orders

All deductive Change Order(s) must be prepared pursuant to the provisions herein. Where a portion of the Work is deleted from the Contract, the reasonable value of the deleted work less the value of any new work performed shall be considered the appropriate deduction. The value submitted on the Schedule of Values shall be used to calculate the credit amount unless the bid documentation is being held in escrow as part of the Contract Documents. Unit Prices, if any, may be used in BCOE's discretion in calculating reasonable value. If Developer offers a proposed amount for a deductive Change Order(s) for work performed, Developer shall include a credit for total profit and overhead less proof of expended costs related to the deleted work with the Change Order(s). If Subcontractor work is involved, Subcontractors shall also include a credit for total profit and overhead less proof of expended costs related to the deleted work with the Change Order(s). Any deviation from this provision shall not be allowed.

Addition or Deletion of Alternate Bid Item(s)

If Developer's Proposal includes proposal(s) for Alternate Bid Item(s), during Developer's performance of the Work, the BCOE may elect to add or delete any such Alternate Bid Item(s) if not included in the Contract at the time the Guaranteed Maximum Price is agreed upon. If the BCOE elects to add or delete Alternate Bid Item(s) after Contract award, the cost or credit for such Alternate Bid Item(s) shall be as set forth in the Proposal unless the parties agree to a different price and the Contract Time shall be adjusted by the number of days allocated in the Contract Documents. If days are not allocated in the Contract Documents, the Contract Time shall be equitably adjusted.

Discounts, Rebates, and Refunds

For purposes of determining the cost, if any, of any change, addition, or omission to the Work hereunder, all trade discounts, rebates, refunds, and all returns from the sale of surplus materials and equipment shall accrue and be credited to Developer, Developer shall make provisions so that such discounts, rebates, refunds, and returns may be secured, and the amount thereof shall be allowed as a reduction of Developer's cost in determining the actual cost of construction for purposes of any change, addition, or omission in the Work as provided herein.

Construction Change Directives

A Construction Change Directive is a written order prepared and issued by the BCOE, the Construction Manager, and/or the Architect and signed by the BCOE and the Architect, directing a change in the Work. The BCOE may, as provided by law, by Construction Change Directive and without invalidating the Contract, order changes in the Work consisting of additions, deletions, or other revisions. The adjustment to the Guaranteed Maximum Price or Contract Time, if any, is subject to the provision of this section regarding Changes in the Work. Any dispute as to the adjustment of the Guaranteed Maximum Price, if any, of the Construction Change Directive or timing of payment shall be resolved pursuant to the Payments and Claims Process provisions herein.

The BCOE may issue a Construction Change Directive in the absence of agreement on the terms of a Change Order.

Force Account Directives

When work, for which a definite price has not been agreed upon in advance, is to be paid for on a force account basis, all direct costs necessarily incurred and paid by Developer for labor, material, and equipment used in the performance of that Work, shall be subject to the approval of the BCOE and compensation will be determined as set forth herein.

BCOE will issue a Force Account Directive to proceed with the Work on a force account basis, and a not-to-exceed budget will be established by the BCOE.

All requirements regarding direct cost for labor, labor burden, material, equipment, and markups on direct costs for overhead and profit described in this section shall apply to Force Account Directives. However, the BCOE will only pay for actual costs verified in the field by the BCOE or its authorized representative(s) on a daily basis.

Developer shall be responsible for all costs related to the administration of Force Account Directives. The markup for overhead and profit for Developer modifications shall be full compensation to Developer to administer Force Account Directives, and Developer shall not be entitled to separately recover additional amounts for overhead and/or profit.

Developer shall notify the BCOE or its authorized representative(s) at least twenty-four (24) hours prior to proceeding with any of the force account work. Furthermore, Developer shall notify the BCOE when it has consumed eighty percent (80%) of the budget and shall not exceed the budget unless specifically authorized in writing by the BCOE. Developer will not be compensated for force account work in the event that Developer fails to timely notify the BCOE

regarding the commencement of force account work or exceeding the force account budget.

Developer shall diligently proceed with the work, and on a daily basis, submit a daily force account report using the Daily Force Account Report form no later than 5:00 p.m. each day. The report shall contain a detailed itemization of the daily labor, material, and equipment used on the force account work only. The names of the individuals performing the force account work shall be included on the daily force account reports. The type and model of equipment shall be identified and listed. The IOR or BCOE representative will review the information contained in the reports, and sign the reports no later than the next work day, and return a copy of the report to Developer for its records. The BCOE will not sign, nor will Developer receive compensation for, work the BCOE cannot verify. Developer will provide a weekly force account summary indicating the status of each Force Account Directive in terms of percent complete of the not-to-exceed budget and the estimated percent complete of the work

In the event Developer and the BCOE reach a written agreement on a set cost for the work while the work is proceeding based on a Force Account Directive, Developer's signed daily force account reports shall be discontinued and all previously signed reports shall be invalid.

Accounting Records

With respect to portions of the Work performed by Change Orders and Construction Change Directives, Developer shall keep and maintain cost-accounting records satisfactory to the BCOE, including, without limitation, Job Cost Reports as provided in these General Conditions, which shall be available to the BCOE on the same terms as any other books and records Developer is required to maintain under the Contract Documents. Such records shall include without limitation hourly records for Labor and Equipment and itemized records of materials and Equipment used that day in connection with the performance of any Work. All records maintained hereunder shall be subject to inspection, review and/or reproduction by the BCOE, the Construction Manager and the Architect or the Project Inspector upon request. In the event that Developer fails or refuses, for any reason, to maintain or make available for inspection, review and/or reproduction such records, the BCOE's determination of the extent of adjustment to the Guaranteed Maximum Price shall be final, conclusive, dispositive and binding upon Developer.

Notice Required

If Developer desires to make a claim for an increase in the Guaranteed Maximum Price, or any extension in the Contract Time for completion, it shall notify the BCOE pursuant to the provisions herein, including the Article on Claims Process. No claim shall be considered unless made in accordance with this subparagraph. Developer shall proceed to execute the Work even though the adjustment may not have been agreed upon. Any change in the Guaranteed Maximum Price or extension of the Contract Time resulting from such claim shall be authorized by a Change Order.

Applicability to Subcontractors

Any requirements under this Article shall be equally applicable to Change Orders or Construction Change Directives issued to Subcontractors by Developer to the extent required by the Contract Documents.

Alteration to Change Order Language

Developer shall not alter Change Orders or reserve time in Change Orders. Change Orders altered in violation of this provision, if in conflict with the terms set forth herein, shall be construed in accordance with the terms set forth herein. Developer shall execute finalized Change Orders and proceed under the provisions herein with proper notice.

Failure of Developer to Execute Change Order

Developer shall be in default of the Contract Documents if Developer fails to execute a Change Order when Developer agrees with the addition and/or deletion of the Work in that Change Order.

Requests For Information

Any Request for Information shall reference all applicable Contract Document(s), including Specification section(s), detail(s), page number(s), drawing number(s), and sheet number(s), etc. Developer shall make suggestions and interpretations of the issue raised by each Request for Information. A Request for Information cannot modify the Guaranteed Maximum Price, Contract Time, or the Contract Documents.

Developer may be responsible for any costs incurred for professional services that BCOE may deduct from any amounts owing to Developer, if a Request for Information requests an interpretation or decision of a matter where the information sought is equally available to the party making the request. BCOE may deduct from and/or invoice Developer for professional services arising therefrom.

Payments

Guaranteed Maximum Price

As compensation for Developer's construction of the Project, the BCOE shall pay Developer pursuant to the terms of **Exhibit C** to the Facilities Lease. This is the total amount payable by the BCOE to Developer for performance of the Work under the Contract.

Applications for Tenant Improvement Payments

Procedure for Applications for Tenant Improvement Payments

Not before the fifth (5th) day of each calendar month during the progress of the Work, Developer shall submit to the BCOE and the Architect an itemized Application for Payment for operations completed in accordance with the Schedule of Values. Such application shall be on a form approved by the BCOE and shall be notarized, if required by the

BCOE, and supported by the following or each portion thereof unless waived by the BCOE in writing:

The amount paid to the date of the Application for Payment to Developer, to all its Subcontractors, and all others furnishing labor, material, or equipment under the Contract Documents.

The amount being requested under the Application for Payment by Developer on its own behalf and separately stating the amount requested on behalf of each of the Subcontractors and all others furnishing labor, material, and equipment under the Contract Documents.

The balance that will be due to each of such entities after said payment is made.

A certification that the As-Built Drawings and annotated Specifications are current.

Itemized breakdown of work done for the purpose of requesting partial payment.

An updated and acceptable construction schedule in conformance with the provisions herein.

The additions to and subtractions from the Guaranteed Maximum Price and Contract Time.

A total of the retentions held.

Material invoices, evidence of equipment purchases, rentals, and other support and details of cost as the BCOE may require from time to time.

The percentage of completion of Developer's Work by line item.

Schedule of Values updated from the preceding Application for Payment.

A duly completed and executed conditional waiver and release upon Tenant Improvement Payment compliant with Civil Code section 8132 from Developer and each subcontractor of any tier and supplier to be paid from the current Tenant Improvement Payment.

A duly completed and executed unconditional waiver and release upon Tenant Improvement Payment compliant with Civil Code section 8134 from Developer and each subcontractor of any tier and supplier that was paid from the previous Tenant Improvement Payment submitted 60 days prior; and

A certification by Developer of the following:

Developer warrants title to all Work performed as of the date of this payment application and that all such Work has been

completed in accordance with the Contract Documents for the Project. Developer further warrants that all Work performed as of the date of this payment application is free and clear of liens, claims, security interests, or encumbrances in favor of Developer, Subcontractors, material and equipment suppliers, workers, or other persons or entities making a claim by reason of having provided labor, materials, and equipment relating to the Work, except those of which the BCOE has been informed. Submission of sums which have no basis in fact or which Developer knows are false are at the sole risk of Developer and may be a violation of the False Claims Act set forth under Government Code section 12650 et seq.

Developer shall be subject to the False Claims Act set forth in Government Code section 12650 et seq. for information provided with any Application for Tenant Improvement Payments.

All remaining certified payroll records ("CPR(s)") for each journeyman, apprentice, worker, or other employee employed by Developer and/or each Subcontractor in connection with the Work for the period of the Application for Payment. As indicated herein, the BCOE shall not make any payment to Developer until:

Developer and/or its Subcontractor(s) provide electronic CPRs directly to the DIR on no less than every 30 days while Work is being performed and within 30 days after the final day of Work performed on the Project for any journeyman, apprentice, worker or other employee was employed in connection with the Work, or within ten (10) days of any request by the BCOE or the DIR to the requesting entity; and

Any delay in Developer and/or its Subcontractor(s) providing CPRs in a timely manner may directly delay Developer's payment.

Applications received after June 20th will not be paid until the second week of July and applications received after December 12th will not be paid until the first week of January.

Prerequisites for Tenant Improvement Payments

First Payment Request

The following items, if applicable, must be completed before the BCOE will accept and/or process Developer's first payment request:

Installation of the Project sign.

Installation of field office.

Installation of temporary facilities and fencing.

Schedule of Values.

Developer's Preliminary Construction Schedule for the first ninety (90) days.

Schedule of unit prices, if applicable.

Submittal Schedule.

Receipt by Architect of all submittals due as of the date of the payment application.

List of Subcontractors, with names, license numbers, telephone numbers, and Scope of Work.

All bonds and insurance endorsements; and

Resumes of Developer's project manager, and if applicable, job site secretary, record documents recorder, and job site superintendent.

Subsequent Payment Requests

The BCOE will not process subsequent payment requests until and unless submittals and Shop Drawings necessary to maintain the Project schedule have been submitted to the Architect.

No Waiver of Criteria

Any payments made to Developer where criteria set forth herein have not been met shall not constitute a waiver of said criteria by BCOE. Instead, such payment shall be construed as a good faith effort by BCOE to resolve differences so Developer may pay its Subcontractors and suppliers. Developer agrees that failure to submit such items may constitute a breach of contract by Developer and may subject Developer to termination.

BCOE's Approval of Application for Payment

Upon receipt of an Application for Payment, The BCOE shall act in accordance with both of the following:

Each Application for Payment shall be reviewed by the BCOE as soon as practicable after receipt for the purpose of determining that the Application for Payment is a proper Application for Payment.

Any Application for Payment determined not to be a proper Application for Payment suitable for payment shall be returned to Developer as soon as practicable, but not later than seven (7) days, after receipt. An Application for Payment returned pursuant to this paragraph shall be accompanied by a document setting forth in writing the reasons why the Application for Payment is not proper. The number of days available to the BCOE to make a payment without incurring interest pursuant to this section shall be reduced by the number of days by which the BCOE exceeds this seven-day return requirement.

An Application for Payment shall be considered properly executed if funds are available for payment of the Application for Payment, and payment is not delayed due to an audit inquiry by the financial officer of the BCOE.

BCOE's review of the Developer's Application for Payment will be based on the BCOE's and the Architect's observations at the Site and the data comprising the Application for Payment that the Work has progressed to the point indicated and that, to the best of the BCOE's and the Architect's knowledge, information, and belief, the quality of the Work is in accordance with the Contract Documents. The foregoing representations are subject to:

Observation of the Work for general conformance with the Contract Documents.

Results of subsequent tests and inspections.

Minor deviations from the Contract Documents correctable prior to completion; and

Specific qualifications expressed by the Architect.

BCOE's approval of the certified Application for Payment shall be based on Developer complying with all requirements for a fully complete and valid certified Application for Payment.

Payments to Developer

Within thirty (30) days after approval of the Application for Payment, Developer shall be paid a sum equal to ninety-five percent (95%), of the value of the Tenant Improvement Payment (as verified by Architect and Inspector and certified by Developer) up to the last day of the previous month, less the aggregate of previous payments and amount to be withheld. The value of the Work completed shall be Developer's best estimate. No inaccuracy or error in said estimate shall operate to release Developer, or any Surety upon any bond, from damages arising from such Work, or from the BCOE's right to enforce each and every provision of the Contract Documents, and the BCOE shall have the right subsequently to correct any error made in any estimate for payment.

Developer may not be entitled to have payment requests processed or may be entitled to have only partial payment made for Work performed, so long as any direction given by the BCOE concerning the Work, or any portion thereof, remains incomplete.

No Waiver

No payment by BCOE hereunder shall be interpreted so as to imply that BCOE has inspected, approved, or accepted any part of the Work. Notwithstanding any payment, the BCOE may enforce each and every provision of this Contract. The BCOE may correct or require correction of any error subsequent to any payment.

Warranty of Title

If a lien or a claim based on a stop payment notice of any nature should at any time be filed against the Work or any BCOE property, by any entity that has supplied material or services at the request of Developer, Developer and Developer's Surety shall promptly, on demand by BCOE and at Developer's and Surety's own expense, take any and all action necessary to cause any such lien or a claim based on a stop payment notice to be released or discharged immediately therefrom.

If Developer fails to furnish to the BCOE within ten (10) calendar days after demand by the BCOE satisfactory evidence that a lien or a claim based on a stop payment notice has been released, discharged, or secured, the BCOE may discharge such indebtedness and deduct the amount required therefor, together with any and all losses, costs, damages, and attorney's fees and expenses incurred or suffered by BCOE from any sum payable to Developer under the Contract.

Decisions to Withhold Payment

Reasons to Withhold Payment

The BCOE shall withhold payment in whole, or in part, as required by statute. In addition, the BCOE may withhold payment in whole, or in part, to the extent reasonably necessary to protect the BCOE if, in the BCOE's opinion, the representations to the BCOE required herein cannot be made. Payment, in whole, or in part, will be withheld based on the need to protect the BCOE from loss because of, but not limited to, any of the following:

Defective Work not remedied within FORTY-EIGHT (48) hours of written notice to Developer.

Stop Payment Notices or other liens served upon the BCOE as a result of the Contract.

Failure to comply with the requirements of Public Contract Code section 2600 et seq. ("Skilled and Trained Workforce Requirements").

Liquidated damages assessed against Developer.

Reasonable doubt that the Work can be completed for the unpaid balance of the Guaranteed Maximum Price or by the Contract Time.

Damage to the BCOE or other contractor(s).

Unsatisfactory prosecution of the Work by Developer.

Failure to store and properly secure materials.

Failure of Developer to submit, on a timely basis, proper, sufficient, and acceptable documentation required by the Contract Documents, including, without limitation, a Construction Schedule, Schedule of Submittals, Schedule of Values, Monthly Progress Schedules, Shop Drawings, Product Data and samples, Proposed product lists, executed Change Orders, and/or verified reports.

Failure of Developer to maintain As-Built Drawings.

Erroneous estimates by Developer of the value of the Work performed, or other false statements in an Application for Payment.

Unauthorized deviations from the Contract Documents.

Failure of Developer to prosecute the Work in a timely manner in compliance with the Construction Schedule, established progress schedules, and/or completion dates.

Failure to provide acceptable electronic certified payroll records, as required by the Labor Code, by these Contract Documents or by written request for each journeyman, apprentice, worker, or other employee employed by Developer and/or by each Subcontractor in connection with the Work for the period of the Application for Payment or if payroll records are delinquent or inadequate.

Failure to properly pay prevailing wages as required in Labor Code section 1720 et seq., failure to comply with any other Labor Code requirements, and/or failure to comply with labor compliance monitoring and enforcement by the DIR.

Allowing an unregistered subcontractor, as described in Labor Code section 1725.5, to engage in the performance of any work under this Contract.

Failure to comply with any, if applicable federal requirements regarding minimum wages, withholding, payrolls and basic records, apprentice and trainee employment requirements, equal employment opportunity requirements, Copeland Act requirements, Davis-Bacon Act and related requirements, Contract Work Hours and Safety Standards Act requirements.

Failure to properly maintain or clean up the Site.

Failure to timely indemnify, defend, or hold harmless the BCOE.

Failure to perform any implementation and/or monitoring required by the General Permit, including without limitation any SWPPP for the Project and/or the imposition of any penalties or fines therefore whether imposed on the BCOE or Developer.

Any payments due to the BCOE, including but not limited to payments for failed tests, utilities changes, or permits.

Failure to pay any royalty, license or similar fees.

Failure to pay Subcontractor(s) or supplier(s) as required by law and Developer's subcontract agreement and by the Contract Documents; and

Developer is otherwise in breach, default, or in substantial violation of any provision of the Contract Documents.

Reallocation of Withheld Amounts

After prior written notice to Developer with details regarding the BCOE's proposed application of withheld amounts, BCOE may, in its discretion, apply any withheld amount to pay outstanding claims or obligations as defined herein. In so doing, BCOE shall make such payments on behalf of Developer. If any payment is so made by BCOE, then that amount shall be considered a payment made under the Contract Documents by BCOE to Developer and BCOE shall not be liable to Developer for any payment made in good faith. These payments may be made without prior judicial determination of claim or obligation. BCOE will render Developer an accounting of funds disbursed on behalf of Developer.

If Developer defaults or neglects to carry out the Work in accordance with the Contract Documents or fails to perform any provision thereof, BCOE may, after FORTY-EIGHT (48) hours' written notice to Developer and opportunity to commence and pursue cure of default, and, without prejudice to any other remedy, make good such deficiencies. The BCOE shall adjust the total Guaranteed Maximum Price by reducing the amount thereof by the cost of making good such deficiencies. If BCOE deems it inexpedient to correct Work that is damaged, defective, or not done in accordance with the provisions of the Contract Documents, an equitable reduction in the Guaranteed Maximum Price (up to one hundred fifty percent (150%) of the estimated reasonable value of the nonconforming Work) shall be made therefor.

Payment After Cure

When Developer removes the grounds for declining approval, payment shall be made for amounts withheld because of them. No interest shall be paid on any retainage or amounts withheld due to the failure of Developer to perform in accordance with the terms and conditions of the Contract Documents.

Subcontractor Payments

Payments to Subcontractors

No later than seven (7) days after receipt of any Tenant Improvement Payment, or pursuant to Business and Professions Code section 7108.5 and Public Contract Code section 7107, Developer shall pay to each Subcontractor, out of the amount paid to Developer on account of such Subcontractor's portion of the Work, the amount to which said Subcontractor is entitled. Developer shall, by appropriate agreement with each Subcontractor, require each Subcontractor to make payments to its Sub-subcontractors in a similar manner.

No Obligation of BCOE for Subcontractor Payment

The BCOE shall have no obligation to pay, or to see to the payment of, money to a Subcontractor except as may otherwise be required by law.

Joint Checks

BCOE shall have the right in its sole discretion, if necessary for the protection of the BCOE, to issue joint checks made payable to Developer and Subcontractors and/or material or equipment suppliers. The joint check payees

shall be responsible for the allocation and disbursement of funds included as part of any such joint payment. In no event shall any joint check payment be construed to create any contract between the BCOE and a Subcontractor of any tier, or a material or equipment supplier, or any obligation from the BCOE to such Subcontractor or a material or equipment supplier or rights in such Subcontractor against the BCOE.

Completion of the Work

Completion

BCOE will accept completion of Project and have the Notice of Completion recorded when the entire Work shall have been completed to the satisfaction of BCOE.

The Work may only be accepted as complete by action of the governing board of the BCOE.

BCOE, at its sole option, may accept completion of Project and have the Notice of Completion recorded when the entire Work shall have been completed to the satisfaction of BCOE, except for minor corrective items, as distinguished from incomplete items. If Developer fails to complete all minor corrective items within fifteen (15) days after the date of the BCOE's acceptance of completion, BCOE shall withhold from the final payment one hundred fifty percent (150%) of an estimate of the amount sufficient to complete the corrective items, as reasonably determined by BCOE, until the item(s) are completed.

At the end of the fifteen (15) day period, if there are any items remaining to be corrected, BCOE may elect to proceed as provided herein related to adjustments to Guaranteed Maximum Price, and/or BCOE's right to perform the Work of Developer.

Close-Out/Certification Procedures

Punch List

Developer shall notify the Architect when Developer considers the Work complete. Upon notification, Architect will prepare a list of minor items to be completed or corrected ("Punch List"). Developer and/or its Subcontractors shall proceed promptly to complete and correct items on the Punch List. Failure to include an item on Punch List does not alter the responsibility of Developer to complete all Work in accordance with the Contract Documents.

Close-Out/Certification Requirements

Utility Connections

Buildings shall be connected to water, gas, sewer, electric, phone, and internet services, complete and ready for use. Service connections shall be made and existing services reconnected.

As-Builts/Record Drawings and Record Specifications

Developer shall provide exact "as-built" drawings of the Work upon completion of the Project as indicated in the Contract

Documents, including but not limited to the Specifications ("As-Built Drawings") as a condition precedent to approval of final payment. Developer shall legibly mark each item to record actual construction, including:

Measured depths of foundation in relation to finish floor datum

Measured horizontal and vertical locations of underground utilities and appurtenances, referenced to permit surface improvements

Measured locations of internal utilities and appurtenances concealed in construction, referenced to visible and accessible features of the Work

Field changes of dimension and detail

Details not on original Contract Drawings

Changes made by modification(s)

References to related Shop Drawings and modifications.

Developer is liable and responsible for any and all inaccuracies in the As-Built Drawings, even if inaccuracies become evident at a future date.

Upon completion of the Work and as a condition precedent to approval of final payment, Developer shall obtain the Inspector's approval of the corrected prints and deliver the same to Architect in a form acceptable to the Architect as part of closeout.

Construction Storm Water Permit, if applicable

Developer shall submit to BCOE all electric and hard copy records required by the Construction Storm Water Permit, if applicable, within seven (7) days of Completion of the Project.

Spare Parts and Maintenance Manuals

Developer shall provide products, spare parts, maintenance, and extra materials in quantities specified in the Specifications and in Manufacturer's recommendations.

Developer shall provide BCOE with all required Operation and Maintenance Data at one time. Partial or piecemeal submissions of Operation and Maintenance Data will not be accepted.

Instruction of BCOE Personnel

Before final inspection, at agreed upon times, Developer shall instruct BCOE's designated personnel in operation, adjustment, and maintenance of products, equipment, and systems.

For equipment requiring seasonal operation, Developer shall perform instructions for other seasons within six months or by the change of season.

Developer shall use operation and maintenance manuals as basis for instruction. Developer shall review contents of manual with personnel in detail to explain all aspects of operation and maintenance.

Developer shall prepare and insert additional data in Operation and Maintenance Manual when the need for such data becomes apparent during instruction.

Source Programming

Developer shall provide all source programming for all items in the Project.

Final Inspection

Developer shall comply with Punch List procedures as provided herein and maintain the presence of its BCOE-approved project superintendent and project manager until the Punch List is complete to ensure proper and timely completion of the Punch List. Under no circumstances shall Developer demobilize its forces prior to completion of the Punch List without BCOE's prior written approval. Upon receipt of Developer's written notice that all of the Punch List items have been fully completed and the Work is ready for final inspection and BCOE acceptance, Architect and Project Inspector will inspect the Work and shall submit to Developer and BCOE a final inspection report noting the Work, if any, required in order to complete in accordance with the Contract Documents. Absent unusual circumstances, this report shall consist of the Punch List items not yet satisfactorily completed.

Upon Developer's completion of all items on the Punch List and any other uncompleted portions of the Work, Developer shall notify the BCOE and Architect, who shall again inspect such Work. If the Architect finds the Work complete and acceptable under the Contract Documents, the Architect will notify Developer, who shall then jointly submit to the Architect and the BCOE its final Application for Payment.

Final Inspection Requirements

Before calling for final inspection, Developer shall determine that the following have been performed:

The Work has been completed.

All life safety items are completed and in working order.

Mechanical and electrical Work, including, without limitation, security system, data, fire alarm, are complete and tested, fixtures are in place, connected, and ready for tryout.

Electrical circuits scheduled in panels and disconnect switches labeled.

Replace filters of operating equipment.

Painting and special finishes complete.

Doors complete with hardware, cleaned of protective film, relieved of sticking or binding, and in working order.

Tops and bottoms of doors sealed.

Floors waxed and polished as specified.

Carpeted and soft surfaces vacuumed.

Broken glass replaced and interior and exterior glass and all surfaces exposed to view cleaned.

Equipment and fixtures cleaned to a sanitary condition.

Grounds cleared of Developer's equipment, raked clean of debris, and remove waste and surplus materials, rubbish, and construction facilities from the Site and surrounding areas.

Site cleaned, paved areas swept, and clean landscaped surfaces raked.

Roofs, gutters, down spouts, and drainage systems cleaned of debris.

Work cleaned, free of stains, scratches, and other foreign matter, damaged and broken material replaced.

Temporary labels, tape, stains, and foreign substances removed, transparent and glossy surfaces polished,

Finished and decorative work shall have marks, dirt, and superfluous labels removed.

Final cleanup, as provided herein.

Costs of Multiple Inspections

More than two (2) requests of the BCOE to make a final inspection shall be considered an additional service of BCOE, Architect, Construction Manager, and/or Project Inspector, and all subsequent costs will be invoiced to Developer and if funds are available, withheld from remaining payments.

Partial Occupancy or Use Prior to Completion

BCOE's Rights to Occupancy

The BCOE may occupy or use any completed or partially completed portion of the Work at any stage, and such occupancy shall not constitute the BCOE's Final Acceptance of any part of the Work. Neither the BCOE's Final Acceptance, the making of Final Payment, any provision in Contract Documents, nor the use or occupancy of the Work, in whole or in part, by BCOE shall constitute acceptance of Work not in accordance with the Contract Documents nor relieve Developer or Developer's Performance Bond Surety from liability with respect to any warranties or responsibility for faulty or defective Work or materials,

equipment and workmanship incorporated therein. The BCOE and Developer shall agree in writing to the responsibilities assigned to each of them for payments, security, maintenance, heat, utilities, damage to the Work, insurance, the period for correction of the Work, and the commencement of warranties required by the Contract Documents. Any dispute as to responsibilities shall be resolved pursuant to the Claims Process herein, with the added provision that during the dispute process, the BCOE shall have the right to occupy or use any portion of the Work that it needs or desires to use.

Inspection Prior to Occupancy or Use

Immediately prior to partial occupancy or use, the BCOE, Developer, and the Architect shall jointly inspect the area to be occupied or portion of the Work to be used in order to determine and record the condition of the Work.

No Waiver

Unless otherwise agreed upon, partial or entire occupancy or use of a portion or portions of the Work shall not constitute beneficial occupancy or BCOE's acceptance of the Work not complying with the requirements of the Contract Documents.

Final Payment and Retention

Final Payment

Upon receipt of a final Application for Payment from Developer, the Architect will notify the BCOE whether the Work is complete so that joint inspection of the Work can be scheduled. Thereafter, the BCOE shall jointly inspect the Work and either accept the Work as complete or notify the Architect and Developer in writing of reasons why the Work is not complete. Upon BCOE's acceptance of the Work of Developer as fully complete (that, absent unusual circumstances, will occur when the Punch List items have been satisfactorily completed), the BCOE shall record a Notice of Completion with the County Recorder, and Developer shall, upon receipt of final payment from the BCOE, pay the amount due Subcontractors.

Prerequisites for Final Payment

The following conditions must be fulfilled prior to Final Payment:

A full release of all Stop Payment Notices served in connection with the Work shall be submitted by Developer.

A duly completed and executed conditional waiver and release upon final payment compliant with Civil Code section 8136 from each subcontractor of any tier and supplier to be paid from the final Tenant Improvement Payment.

A duly completed and executed unconditional waiver and release upon Tenant Improvement Payment compliant with Civil Code section 8134 from each subcontractor of any tier and supplier that was paid from the previous Tenant Improvement Payment(s).

A duly completed and executed "AGREEMENT AND RELEASE OF ANY AND ALL CLAIMS" from Developer.

Developer shall have made all corrections to the Work that are required to remedy any defects therein, to obtain compliance with the Contract Documents or any requirements of applicable codes and ordinances, or to fulfill any of the orders or directions of BCOE required under the Contract Documents.

Each Subcontractor shall have delivered to Developer all written guarantees, warranties, applications, and bonds required by the Contract Documents for its portion of the Work.

Developer must have completed all requirements set forth under "Close-Out/Certification Procedures," including, without limitation, submission of an approved set of complete Record Drawings.

Architect shall have issued its written approval that final payment can be made.

Developer shall have delivered to the BCOE all manuals and materials required by the Contract Documents, which must be approved by the BCOE.

Developer shall have completed final clean up as provided herein.

Retention

The retention, less any amounts disputed by the BCOE or that the BCOE has the right to withhold pursuant to provisions herein, shall be paid:

After approval by the BCOE of the Architect of the Application and Certificate of Payment.

After the satisfaction of the conditions set forth herein.

No less than forty-five (45) days after the recording of the Notice of Completion by BCOE; and

After receipt of a duly completed and executed unconditional waiver and release upon Final Payment compliant with Civil Code section 8138 from each subcontractor of any tier and supplier that was paid from the Final Payment.

No interest shall be paid on any retention, or on any amounts withheld due to a failure of Developer to perform, in accordance with the terms and conditions of the Contract Documents, except as provided to the contrary in any Escrow Agreement between the BCOE and Developer pursuant to Public Contract Code section 22300.

Substitution of Securities

The BCOE will permit the substitution of securities in accordance with the provisions of Public Contract Code section 22300.

Uncovering of Work

If a portion of the Work is covered without Inspector or Architect approval or not in compliance with the Contract Documents, it must, if required in writing by the BCOE, the Project Inspector, or the Architect, be uncovered for the Project Inspector's or the Architect's observation and be corrected, replaced and/or recovered at Developer's expense without change in the Guaranteed Maximum Price or Contract Time.

Nonconforming Work and Correction of Work

Nonconforming Work

Developer shall promptly remove from Premises all Work identified by BCOE as failing to conform to the Contract Documents whether incorporated or not. Developer shall promptly replace and re-execute its own Work to comply with the Contract Documents without additional expense to the BCOE and shall bear the expense of making good all work of other contractors destroyed or damaged by any removal or replacement pursuant hereto and/or any delays to the BCOE or other contractors caused thereby.

If Developer does not commence to remove Work that BCOE has identified as failing to conform to the Contract Documents within a reasonable time, not to exceed FORTY-EIGHT (48) hours after written notice and complete removal of work within a reasonable time, BCOE may remove it and may store any material at Developer's expense. If Developer does not pay expense(s) of that removal within ten (10) days' time thereafter, BCOE may, upon ten (10) days' written notice, sell any material at auction or at private sale and shall deduct all costs and expenses incurred by the BCOE and/or BCOE may withhold those amounts from payment(s) to Developer.

Correction of Work

Correction of Rejected Work

Pursuant to the notice provisions herein, Developer shall promptly correct the Work rejected by the BCOE, the Architect, or the Project Inspector as failing to conform to the requirements of the Contract Documents, whether observed before or after Completion and whether or not fabricated, installed, or completed. Developer shall bear costs of correcting the rejected Work, including additional testing, inspections, and compensation for the Inspector's or the Architect's services and expenses made necessary thereby.

One-Year Warranty Corrections

If, within one (1) year after the date of Completion of the Work or a designated portion thereof, or after the date for commencement of warranties established hereunder, or by the terms of an applicable special warranty required by the Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, Developer shall correct it promptly after receipt of written notice from the BCOE to do so. This period of one (1) year shall be extended with respect to portions of the Work first performed after Completion by the period of time between Completion and the actual performance of the Work. This obligation hereunder shall survive BCOE's acceptance of the Work under the Contract Documents and termination of the Contract Documents. The BCOE shall give such notice promptly after discovery of the condition.

BCOE's Right to Perform Work

If Developer should neglect to prosecute the Work properly or fail to perform any provisions of the Contract Documents, the BCOE, after providing FORTY-EIGHT (48) hours' written notice and an opportunity to cure the failure, to Developer, may, without prejudice to any other remedy it may have, make good

such deficiencies and may deduct the cost thereof from the payment then or thereafter due Developer.

If it is found at any time, before or after completion of the Work, that Developer has varied from the Drawings and/or Specifications, including, but not limited to, variation in material, quality, form, or finish, or in the amount or value of the materials and labor used, BCOE may require at its option:

That all such improper Work be removed, remade or replaced, and all work disturbed by these changes be made good by Developer at no additional cost to the BCOE.

That the BCOE deduct from any amount due Developer the sum of money equivalent to the difference in value between the work performed and that called for by the Drawings and Specifications; or

That the BCOE exercise any other remedy it may have at law or under the Contract Documents, including but not limited to the BCOE hiring its own forces or another contractor to replace Developer's nonconforming Work, in which case the BCOE shall either issue a deductive Change Order, a Construction Change Directive, or invoice Developer for the cost of that work. Developer shall pay any invoices within thirty (30) days of receipt of same or BCOE may withhold those amounts from payment(s) to Developer.

Termination And Suspension

The Parties' rights to terminate the Project are as indicated in the Facilities Lease. In the event of a termination of the Facilities Lease and notwithstanding any other provision in the Contract Documents, the Surety shall remain liable to all obligees under the Payment Bond and to the BCOE under the Performance Bond for any claim related to the Project.

Claims Process

Obligation to File Claims for Disputes

Should Developer otherwise seek extra time or compensation for any reason whatsoever, then Developer shall first follow procedures set forth in the Contract Documents including, without limitation, Articles 15, 16 and 17, all of which are conditions precedent to submitting a Claim pursuant to Article 25. A Notice of Delay or Proposed Change Order are less formal procedures that proceed the formal claim and do not constitute a Claim. A Claim also does not include correspondence, RFIs, vouchers, invoices, progress payment applications, or other routine or authorized form of requests for progress payments in compliance with the Contract. If a dispute remains, then Developer shall give written notice to BCOE that expressly invokes this Article 25 within the time limits set forth herein.

Developer's sole and exclusive remedy for a Dispute is to file a written claim setting forth Developer's position as required herein within the time limits set forth herein.

Duty to Perform during Claim Process

Developer and its subcontractors shall continue to perform its Work under the Contract, including the Disputed Work, and shall not cause a delay of the Work during any dispute, claim, negotiation, mediation, or arbitration proceeding, except by written agreement by the BCOE.

Definition of Claim

Pursuant to Public Contract Code section 9204, the term "Claim" means a separate demand by Developer sent by registered mail or certified mail with return receipt requested, for one or more of the following:

A time extension, including without limitation, for relief of damages or penalties for delay assessed by the BCOE under the Contract;

Payment by the BCOE of money or damages arising from work done by, or on behalf of, Developer pursuant to the Contract and payment of which is not otherwise expressly provided for or to which Developer is not otherwise entitled to; or

An amount of payment disputed by the BCOE.

Claims Presentation

Form and Contents of Claim

If Developer intends to submit a Claim for an increase in the Guaranteed Maximum Price and/or Contract Time for any reason including, without limitation, the acts of BCOE or its agents, Developer shall, within thirty (30) days after the event giving rise to the Claim, give notice of the Claim ("Notice of Potential Claim") in writing, specifically identifying Developer is invoking this Article 25 Claims Presentation. The Notice of Potential Claim shall provide Developer's preliminary request for an adjustment to the Guaranteed Maximum Price and/or Contract Time, with a description of the grounds therefore.

Within thirty (30) days after serving the written Notice of Potential Claim, Developer shall provide a Claim including an itemized statement of the details and amounts of its Claim for any increase in the Guaranteed Maximum Price or Contract Time, as provided below, including a Time Impact Analysis and any and all other documentation substantiating Developer's claimed damages:

The issues, events, conditions, circumstances and/or causes giving rise to the dispute;

Citation to provisions in the Contract Documents, statute sections, and/or case law entitling Developer to an increase in the Guaranteed Maximum Price or Contract Time;

The pertinent dates and/or durations and actual and/or anticipated effects on the Guaranteed Maximum Price, Contract Schedule milestones and/or Contract Time adjustments;

The Time Impact Analysis of all time delays that shows actual time impact on the critical path; and

The line-item costs for labor, material, and/or equipment, if applicable, for all cost impacts priced like a change order according to Article 17 and must be updated monthly as to cost and entitlement if a continuing claim.

The Claim shall include the following certification by Developer:

The undersigned Developer certifies under penalty of perjury that the attached dispute is made in good faith; that the supporting data is accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the adjustment for which Developer believes the BCOE is liable; and that I am duly authorized to certify the claim on behalf of Developer.

Furthermore, Developer understands that the value of the attached dispute expressly includes any and all of Developer's costs and expenses, direct and indirect, resulting from the Work performed on the Project, additional time required on the Project and/or resulting from delay to the Project including, without limitation, cumulative impacts. Any costs, expenses, damages, or time extensions not included are deemed waived.

Developer shall bear all costs incurred in the preparation and submission of a Claim.

Failure to timely submit a Claim and the requisite supporting documentation shall constitute a waiver of Developer's claim(s) against the BCOE and Developer's Claim(s) for compensation or an extension of time shall be deemed waived, released, and discharged as to any entitlement for adjustment to Guaranteed Maximum Price and/or Contract Time.

Claim Resolution pursuant to Public Contract Code section 9204

The Parties may mutually agree in writing to waive the claims procedure under Public Contract Code section 9204 and proceed directly to the commencement of a civil action or binding arbitration. Absent prior mutual waiver, Developer shall comply with the following steps:

STEP 1:

Upon receipt of a Claim by registered or certified mail, return receipt requested, including the documents necessary to substantiate it, the BCOE shall conduct a reasonable review of the Claim and, within a period not to exceed forty-five (45) days, shall provide Developer a written statement identifying what portion of the Claim is disputed and what portion is undisputed. Upon receipt of a Claim, the BCOE and Developer may, by mutual agreement, extend the time period to provide a written statement. If the BCOE needs approval from its governing body to provide Developer a written statement identifying the disputed portion and the undisputed portion of the Claim, and the governing body does not meet within the 45 days or within the mutually agreed to extension of time following receipt of Claim sent by registered mail or certified mail, return receipt requested, the BCOE shall have up to three (3) days

following the next duly publicly noticed meeting of the governing body after the 45-day period, or extension, expires to provide Developer a written statement identifying the disputed portion and the undisputed portion.

Any payment due on an undisputed portion of the Claim shall be processed and made within sixty (60) days after the BCOE issues its written statement. Amounts not paid in a timely manner as required by this section, shall bear interest at seven percent (7%) per annum.

Upon receipt of a Claim, the parties may mutually agree to waive, in writing, mediation and proceed directly to the commencement of a civil action or binding arbitration, as applicable. In this instance, BCOE and Developer must comply with the sections below regarding Public Contract Code section 20104 et seq. and Government Code Claim Act Claims.

If the BCOE fails to issue a written statement, or to otherwise meet the time requirements of this section, this shall result in the Claim being deemed rejected in its entirety. A claim that is denied by reason of the BCOE's failure to have responded to a claim, or its failure to otherwise meet the time requirements of this section, shall not constitute an adverse finding with regard to the merits of the claim or the responsibility or qualifications of Developer.

STEP 2:

If Developer disputes the BCOE's written response, or if the BCOE fails to respond to a Claim within the time prescribed, Developer may demand in writing an informal conference to meet and confer for settlement of the issues in dispute. Upon receipt of a demand in writing sent by registered mail or certified mail, return receipt requested, the BCOE shall schedule a meet and confer conference within thirty (30) days for settlement of the dispute. Within ten (10) business days following the conclusion of the meet and confer conference, if the claim or any portion of the claim remains in dispute, the BCOE shall provide Developer a written statement identifying the portion of the claim that remains in dispute and the portion that is undisputed.

Any payment due on an undisputed portion of the claim shall be processed and made within 60 days after the BCOE issues its written statement. Amounts not paid in a timely manner as required by this section, shall bear interest at seven percent (7%) per annum.

STEP 3:

Any disputed portion of the claim, as identified by Developer in writing, shall be submitted to nonbinding mediation, with the BCOE and Developer sharing the associated costs equally. The BCOE and Developer shall mutually agree to a mediator within 10 business days after the disputed portion of the claim has been identified in writing. If the parties cannot agree upon a mediator, each party shall select a mediator and those mediators shall select a qualified neutral third party

to mediate with regard to the disputed portion of the claim. Each party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator. If mediation is unsuccessful, the parts of the claim remaining in dispute shall be subject to applicable procedures outside this section.

For purposes of this section, mediation includes any nonbinding process, including, but not limited to, neutral evaluation or a dispute review board, in which an independent third party or board assists the parties in dispute resolution through negotiation or by issuance of an evaluation. Any mediation utilized shall conform to the timeframes in this section.

Unless otherwise agreed to by the BCOE and Developer in writing, the mediation conducted pursuant to this section shall excuse any further obligation under Public Contract Code section 20104.4 to mediate after litigation has been commenced.

STEP 4:

If mediation under this section does not resolve the parties' dispute, the BCOE may, but does not require arbitration of disputes under private arbitration or the Public Works Contract Arbitration Program.

Subcontractor Pass-Through Claims

If a subcontractor or a lower tier subcontractor lacks legal standing to assert a claim against a BCOE because privity of contract does not exist, the contractor may present to the BCOE a Claim on behalf of a subcontractor or lower tier subcontractor. A subcontractor may request in writing, either on his or her own behalf or on behalf of a lower tier subcontractor, that Developer present a Claim for work which was performed by the subcontractor or by a lower tier subcontractor on behalf of the subcontractor. The subcontractor requesting that the Claim be presented to the BCOE shall furnish reasonable documentation to support the Claim.

Within forty-five (45) days of receipt of this written request from a subcontractor, Developer shall notify the subcontractor in writing as to whether Developer presented the Claim to the BCOE and, if Developer did not present the Claim, provide the subcontractor with a statement of the reasons for not having done so.

Developer shall bind all its Subcontractors to the provisions of this section and will hold the BCOE harmless against Claims by Subcontractors.

Government Code Claim Act Claim

If a Claim, or any portion thereof, remains in dispute upon satisfaction of all applicable Claim Resolution requirements, including those pursuant to Public Contract Code section 9204, Developer shall comply with all claims presentation requirements as provided in Chapter 1 (commencing with section 900) and Chapter 2 (commencing with section 910) of Part 3 of Division 3.6 of Title 1 of Government Code as a condition precedent to Developer's right to bring a civil action against the BCOE.

Developer shall bear all costs incurred in the preparation, submission and administration of a Claim. Any claims presented in accordance with the Government Code must affirmatively indicate Developer's prior compliance with the claims procedure herein of the claims asserted.

For purposes of those provisions, the running of the time within which a claim pursuant to Public Contract Code section 20104.2 only must be presented to the BCOE shall be tolled from the time the Developer submits its written claim until the time that the claim is denied as a result of the meet and confer process, including any period of time utilized by the meet and confer process.

Claim Resolution pursuant to Public Contract Code section 20104 et seq.

In the event of a disagreement between the parties as to performance of the Work, the interpretation of this Contract, or payment or nonpayment for Work performed or not performed, the parties shall attempt to resolve all claims of three hundred seventy-five thousand dollars (\$375,000) or less which arise between Developer and BCOE by those procedures set forth in Public Contract Code section 20104 et seq., to the extent applicable.

Developer shall file with the BCOE any written Claim, including the documents necessary to substantiate it, upon the application for final payment.

For claims of less than fifty thousand dollars (\$50,000), the BCOE shall respond in writing within forty-five (45) days of receipt of the Claim or may request in writing within thirty (30) days of receipt of the Claim any additional documentation supporting the claim or relating to defenses or claims the BCOE may have against Developer.

If additional information is required, it shall be requested and provided by mutual agreement of the parties.

BCOE's written response to the documented Claim shall be submitted to Developer within fifteen (15) days after receipt of the further documentation or within a period of time no greater than that taken by Developer to produce the additional information, whichever is greater.

For claims of over fifty thousand dollars (\$50,000) and less than or equal to three hundred seventy-five thousand dollars (\$375,000), the BCOE shall respond in writing to all written Claims within sixty (60) days of receipt of the claim, or may request, in writing, within thirty (30) days of receipt of the Claim any additional documentation supporting the Claim or relating to defenses or claims the BCOE may have against Developer.

If additional information is required, it shall be requested and provided upon mutual agreement of the BCOE and Developer.

The BCOE's written response to the claim, as further documented, shall be submitted to Developer within thirty (30) days after receipt of the further documentation, or within a period of time no greater than that taken by Developer to

produce the additional information or requested documentation, whichever is greater.

If Developer disputes the BCOE's written response, or the BCOE fails to respond within the time prescribed, Developer may so notify the BCOE, in writing, either within fifteen (15) days of receipt of the BCOE's response or within fifteen (15) days of the BCOE's failure to respond within the time prescribed, respectively, and demand an informal conference to meet and confer for settlement of the issues in dispute. Upon a demand, the BCOE shall schedule a meet and confer conference within thirty (30) days for settlement of the dispute.

Following the meet and confer conference, if the claim or any portion of it remains in dispute, Developer shall file a claim as provided in Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.6 of Title 1 of the Government Code. For purposes of those provisions the running of the time within which a claim must be filed shall be tolled from the time Developer submits its written Claim until the time the Claim is denied, including any period of time utilized by the meet and confer process.

For any civil action filed to resolve claims filed pursuant to this section, within sixty (60) days, but no earlier than thirty (30) days, following the filing of responsive pleadings, the court shall submit the matter to nonbinding mediation unless waived by mutual stipulation of both parties. The mediation process shall provide for the selection within fifteen (15) days by both parties of a disinterested third person as mediator, shall be commenced within thirty (30) days of the submittal, and shall be concluded within fifteen (15) days from the commencement of the mediation unless a time requirement is extended upon a good cause showing to the court or by stipulation of both parties. If the parties fail to select a mediator within the 15-day period, any party may petition the court to appoint the mediator.

If the matter remains in dispute, the case shall be submitted to judicial arbitration pursuant to Chapter 2.5 (commencing with Section 1141.10) of the Title 3 of Part 3 of the Code of Civil Procedure, notwithstanding Section 1141.11 of that code. The Civil Discovery Act, (commencing with Section 2016) of Chapter 1 of Title 4 of part 4 of the Code of Civil Procedure) shall apply to any proceeding brought under this subdivision consistent with the rules pertaining to judicial arbitration.

The BCOE shall not fail to pay money as to any portion of a Claim which is undisputed except as otherwise provided in the Contract Documents. In any suit filed pursuant to this section, the BCOE shall pay interest at the legal rate on any arbitration award or judgment. Interest shall begin to accrue on the date the suit is filed in a court of law.

Developer shall bind its Subcontractors to the provisions of this Article and will hold the BCOE harmless against disputes by Subcontractors.

Claims Procedure Compliance

Failure to submit and administer claims as required in Article 25 shall waive Developer's right to claim on any specific issues not included in a timely submitted claim. Claim(s) not raised in a timely protest and timely claim submitted under this Article 25 may not be asserted in any subsequent litigation, Government Code Claim, or legal action.

BCOE shall not be deemed to waive any provision under this Article 25, if at BCOE's sole discretion, a claim is administered in a manner not in accord with this Article 25. Waivers or modifications of this Article 25 may only be made by a signed change order approved as to form by legal counsel for both BCOE and Developer; oral or implied modifications shall be ineffective.

Claim Resolution Non-Applicability

The procedures for dispute and claim resolution set forth in this Article shall not apply to the following:

Personal injury, wrongful death or property damage claims.

Latent defect or breach of warranty or guarantee to repair.

Stop payment notices.

BCOE's rights set forth in the Article on Suspension and Termination.

Disputes arising out of labor compliance enforcement by the Department of Industrial Relations; or

BCOE rights and obligations as a public entity set forth in applicable statutes; provided, however, that penalties imposed against a public entity by statutes, including, but not limited to, Public Contract Code sections 20104.50 and 7107, shall be subject to the Claim Resolution requirements provided in this Article.

Attorney's Fees

Should litigation be necessary to enforce any terms or provisions of this Contract, then each party shall bear its own litigation and collection expenses, witness fees, court costs and attorney's fees.

State Labor, Wage & Hour, Apprenticeship, And Related Provisions

Labor Compliance and Enforcement

Since this Project is subject to labor compliance and enforcement by the Department of Industrial Relations ("DIR"), Developer specifically acknowledges and understands that it shall perform the Work of this Agreement while complying with all the applicable provisions of Division 2, Part 7, Chapter 1, of the Labor Code and Title 8 of the California Code of Regulations, including, without limitation, the requirement that Developer and all Subcontractors shall timely furnish complete and accurate electronic certified payroll records directly to the DIR. The BCOE may not issue payment if this requirement is not met.

Wage Rates, Travel, and Subsistence

Pursuant to the provisions of Article 2 (commencing at section 1770), Chapter 1, Part 7, Division 2, of the Labor Code of California, the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality in which this public work is to be performed for each craft, classification, or type of worker needed to execute the Contract Documents are on file at the BCOE's principal office and copies will be made available to any interested party on request or available online at <http://www.dir.ca.gov/>. Developer shall obtain and post a copy of these wage rates at the job site.

Holiday and overtime work, when permitted by law, shall be paid for at a rate of at least one and one-half times the above specified rate of per diem wages, unless otherwise specified. The holidays upon which those rates shall be paid need not be specified by the BCOE but shall be all holidays recognized in the applicable collective bargaining agreement. If the prevailing rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the Government Code.

Developer shall pay and shall cause to be paid each worker engaged in Work on the Project not less than the general prevailing rate of per diem wages determined by the Director of the Department of Industrial Relations ("DIR") ("Director"), regardless of any contractual relationship which may be alleged to exist between Developer or any Subcontractor and such workers.

If, prior to execution of the Facilities Lease, the Director determines that there has been a change in any prevailing rate of per diem wages in the locality in which the Work under the Contract Documents is to be performed, such change shall not alter the wage rates in the Contract Documents subsequently awarded.

Pursuant to Labor Code section 1775, Developer shall, as a penalty, forfeit the statutory amount (believed by the BCOE to be currently two hundred dollars (\$200) to BCOE for each calendar day, or portion thereof, for each worker paid less than the prevailing rates, determined by the BCOE and/or the Director, for the work or craft in which that worker is employed for any public work done under Contract by Developer or by any Subcontractor under it. The difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate, shall be paid to each worker by Developer.

Any worker employed to perform Work on the Project, which Work is not covered by any classification listed in the general prevailing wage rate of per diem wages determined by the Director, shall be paid not less than the minimum rate of wages specified therein for the classification which most nearly corresponds to Work to be performed by him, and that minimum wage rate shall be retroactive to time of initial employment of the person in that classification.

Pursuant to Labor Code section 1773.1, per diem wages are deemed to include employer payments for health and welfare, pension, vacation, travel time, subsistence pay, and apprenticeship or other training programs authorized by Labor Code section 3093, and similar purposes.

Developer shall post at appropriate conspicuous points on the Project Site a schedule showing all determined minimum wage rates and all authorized deductions, if any, from unpaid wages actually earned. In addition, Developer shall post a sign-in log for all workers and visitors to the Site, a list of all

Subcontractors of any tier on the Site, and the required Equal Employment Opportunity poster(s).

Hours of Work

As provided in Article 3 (commencing at section 1810), Chapter 1, Part 7, Division 2, of the Labor Code, eight (8) hours of labor shall constitute a legal day of work. The time of service of any worker employed at any time by Developer or by any Subcontractor on any subcontract under the Contract Documents upon the Work or upon any part of the Work contemplated by the Contract Documents shall be limited and restricted by Developer to eight (8) hours per day, and forty (40) hours during any one week, except as hereinafter provided. Notwithstanding the provisions hereinabove set forth, Work performed by employees of Developer in excess of eight (8) hours per day and forty (40) hours during any one week, shall be permitted upon this public work upon compensation for all hours worked in excess of eight (8) hours per day at not less than one and one-half times the basic rate of pay.

Developer shall keep and shall cause each Subcontractor to keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by Developer in connection with the Work or any part of the Work contemplated by the Contract Documents. The record shall be kept open at all reasonable hours to the inspection of BCOE and to the Division of Labor Standards Enforcement of the DIR.

Pursuant to Labor Code section 1813, Developer shall, as a penalty, forfeit the statutory amount (believed by the BCOE to be currently twenty-five dollars (\$25)) to the BCOE for each worker employed in the execution of the Contract Documents by Developer or by any Subcontractor for each calendar day during which a worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of Article 3 (commencing at section 1810), Chapter 1, Part 7, Division 2, of the Labor Code.

Any Work necessary to be performed after regular working hours, or on Sundays or other holidays shall be performed without additional expense to the BCOE.

Payroll Records

Developer shall upload, and shall cause each Subcontractor performing any portion of the Work under this Contract to upload, an accurate and complete certified payroll record ("CPR") electronically using DIR's eCPR System by uploading the CPRs by electronic XML file or entering each record manually using the DIR's iform (or current form) online no less than every thirty (30) days while Work is being performed and within thirty (30) days after the final day of Work performed on the Project and within ten (10) days of any request by the BCOE or Labor Commissioner at <http://www.dir.ca.gov/Public-Works/Certified/Payroll-Reporting.html> or current application and URL, showing the name, address, social security number, work classification, straight time, and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by Developer and/or each Subcontractor in connection with the Work.

The CPRs enumerated hereunder shall be filed directly with the DIR on a weekly basis or to the requesting party, whether the BCOE or DIR, within ten (10) days after receipt of each written request. The CPRs from Developer and each Subcontractor for each week shall be provided on or before ten (10) days after the end of the Sunday to Saturday conventional week covered by the CPRs. BCOE may not make any payment to Developer until:

Developer and/or its Subcontractor(s) provide CPRs acceptable to the BCOE and DIR.

Any delay in Developer and/or its Subcontractor(s) providing CPRs to the BCOE or DIR in a timely manner may directly delay the BCOE's review and/or audit of the CPRs and Developer's payment.

All CPRs shall be available for inspection at all reasonable hours at the principal office of Developer on the following basis:

A certified copy of an employee's CPR shall be made available for inspection or furnished to the employee or his/her authorized representative on request.

CPRs shall be made available for inspection or furnished upon request or as required by regulation to a representative of the BCOE, Division of Labor Standards Enforcement, Division of Apprenticeship Standards, and/or the DIR.

CPRs shall be made available upon request by the public for inspection or copies thereof made; provided, however, that a request by the public shall be made through the BCOE, Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested CPRs have not been provided pursuant to the provisions herein, the requesting party shall, prior to being provided the records, reimburse the costs of preparation by Developer, Subcontractors, and the entity through which the request was made. The public shall not be given access to the records at the principal office of Developer.

Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by BCOE, Division of Apprenticeship Standards, Division of Labor Standards Enforcement, or DIR shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address, and social security number. The name and address of Developer awarded the Project under the Contract Documents or performing under the Contract Documents shall not be marked or obliterated.

Developer shall inform BCOE of the location of the records enumerated hereunder, including the street address, city, and county, and shall, within five (5) working days of a change in location of the records, provide a notice of change of location and address.

In the event of noncompliance with the requirements of this section, Developer shall have ten (10) days in which to comply subsequent to receipt of written notice specifying in what respects Developer must comply with this section.

Should noncompliance still be evident after the ten (10) day period, Developer shall, as a penalty, forfeit up to one hundred dollars (\$100) to BCOE for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Labor Commissioner, these penalties shall be withheld from Tenant Improvement Payments then due.

[Reserved]

[Reserved]

Apprentices

Developer acknowledges and agrees that, if the Contract Documents involve a dollar amount greater than or a number of working days greater than that specified in Labor Code section 1777.5, then this Contract is governed by the provisions of Labor Code Section 1777.5 and 29 CFR part 5. It shall be the responsibility of Developer to ensure compliance with this Article and with Labor Code section 1777.5 for all apprenticeship occupations.

Apprentices of any crafts or trades may be employed and, when required by Labor Code section 1777.5, shall be employed provided they are properly registered in full compliance with the provisions of the Labor Code.

Every apprentice shall be paid the standard wage paid to apprentices under the regulations of the craft or trade at which he/she is employed and shall be employed only at the work of the craft or trade to which she/he is registered.

Only apprentices, as defined in section 3077 of the Labor Code, who are in training under apprenticeship standards and written apprentice agreements under Chapter 4 (commencing at section 3070), Division 3, of the Labor Code, are eligible to be employed. The employment and training of each apprentice shall be in accordance with the provisions of the apprenticeship standards and apprentice agreements under which he/she is training.

Pursuant to Labor Code section 1777.5, if that section applies to this Contract as indicated above, Developer and any Subcontractors employing workers in any apprenticeable craft or trade in performing any Work under this Contract shall apply to the applicable joint apprenticeship committee for a certificate approving Developer or Subcontractor under the applicable apprenticeship standards and fixing the ratio of apprentices to journeymen employed in performing the Work.

Pursuant to Labor Code section 1777.5, if that section applies to this Contract as indicated above, Developer and any Subcontractor may be required to make contributions to the apprenticeship program.

If Developer or Subcontractor willfully fails to comply with Labor Code section 1777.5, then, upon a determination of noncompliance by the Administrator of Apprenticeship, it shall:

Be denied the right to bid on any subsequent project for one (1) year from the date of such determination.

Forfeit, as a penalty, to BCOE the full amount stated in Labor Code section 1777.7. Interpretation and enforcement of these provisions shall be in accordance with the rules and procedures of the California

Apprenticeship Council and under the authority of the Chief of the Division of Apprenticeship Standards.

Developer and all Subcontractors shall comply with Labor Code section 1777.6, which section forbids certain discriminatory practices in the employment of apprentices.

Developer shall become fully acquainted with the law regarding apprentices prior to commencement of the Work. Special attention is directed to sections 1777.5, 1777.6, and 1777.7 of the Labor Code, and Title 8, California Code of Regulations, Section 200 et seq. Questions may be directed to the State Division of Apprenticeship Standards, 455 Golden Gate Avenue, 9th Floor, San Francisco, California 94102.

1.2 Skilled and Trained Workforce

1.2.1 Developer and its subcontractors at every tier hereby provide an enforceable commitment to comply with Public Contract Code section 2600 et seq., which requires use of a skilled and trained workforce to perform all work on the Contract or Project that falls within an apprenticeable occupation in the building and construction trades.

1.2.1.1 "Apprenticeable Occupation" means an occupation for which the Chief of the Division of Apprenticeship Standards of the Department of Industrial Relations ("Chief") had approved an apprenticeship program pursuant to Section 3075 of the Labor Code before January 1, 2014.

1.2.1.2 "Skilled and Trained Workforce" means a workforce that meets all of the following conditions:

1.2.1.2.1 All of the workers are either skilled journeypersons or apprentices registered in an apprenticeship program approved by the Chief.

1.2.1.2.2 That either (A) the number of the skilled journeypersons employed to perform work on the Contract or Project by Developer or its subcontractors at every tier are graduates of an apprenticeship program for the applicable occupation that was either approved by the Chief pursuant to Labor Code section 3075 or located outside California and approved for federal purposes pursuant to the apprenticeship regulations adopted by the federal Secretary of Labor, or (B) the hours of work performed by skilled journeypersons who have graduated from an approved apprenticeship program meet at least the percentages set forth in the following chart:

REQUIREMENT	EXCLUDED OCCUPATIONS
0%	Teamster
At least 30%	Acoustical installer, bricklayer, carpenter, cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, terrazzo worker or finisher, and tile layer, setter, or finisher
At least 60%	All remaining apprenticeable occupations

1.2.1.2.3 For an apprenticeable occupation in which no apprenticeship program has been approved by the Chief before January 1, 1995, up to one-half of the above graduation percentage requirements set forth in the above chart may be satisfied by skilled journeypersons who commenced working in the apprenticeable occupation before the Chief's approval of an apprenticeship program for that occupation in the county in which the Project is located.

1.2.1.2.4 The contractor or subcontractor need not meet the apprenticeship graduation requirements if:

1.2.1.2.4.1 During a calendar month, Developer or subcontractor employs skilled journeypersons to perform fewer than 10 hours of work on the Contract or Project; or

1.2.1.2.4.2 The subcontractor was not a listed subcontractor under Public Contract Code section 4104 or a substitute for a listed subcontractor, and the subcontract does not exceed one-half of one percent (0.5%) of the price of the prime contract.

1.2.1.3 "Skilled Journeyperson" means a worker who either:

1.2.1.3.1 Graduated from an apprenticeship program for the applicable occupation that was approved by the Chief or located outside of California and approved for federal purposes pursuant to the apprenticeship regulations adopted by the federal Secretary of Labor; or

1.2.1.3.2 Has at least as many hours of on-the-job experience in the applicable occupation as would be required to graduate from an apprenticeship program for the applicable occupation that is approved by the Chief.

1.2.2 Developer and its subcontractors will demonstrate its compliance with the Skilled and Trained Workforce requirements by either of the following:

1.2.2.1 Provide monthly reports to the BCOE demonstrating that Developer and its subcontractors are complying with the requirements of Public Contract Code section 2600 et seq. (in particular, per Public

Contract Code section 2602(a)(2), the monthly reports shall "include the full name of, and identify the apprenticeship program name, location, and graduation date of, each worker relied upon to satisfy the apprenticeship graduation percentage requirements of paragraph (2) of subdivision (d) of Section 2601" of the Public Contract Code), which shall be a public record under California Public Records Act, Government Code section 7920.000 et seq.; or

1.2.2.2 Provide evidence that Developer and its subcontractors have agreed to be bound by: (1) a project labor agreement entered into by the BCOE that binds all contractors and all its subcontractors at every tier performing work on the Project to use a skilled and trained workforce; (2) the extension or renewal of a project labor agreement entered into by the BCOE prior to January 1, 2017; or (3) a project labor agreement that binds all contractors and all its subcontractors at every tier performing work on the Project to use a skilled and trained workforce.

[Reserved]

Non-Discrimination

Developer herein agrees to comply with the provisions of the California Fair Employment and Housing Act as set forth in Part 2.8 of Division 3 of Title 2 of the California Government Code, commencing at section 12900; the Federal Civil Rights Act of 1964, as set forth in Public Law 88-352, and all amendments thereto; Executive Order 11246; and all administrative rules and regulations found to be applicable to Developer and Subcontractor.

Labor First Aid

Developer shall maintain emergency first aid treatment for Developer's laborers and mechanics on the Project which complies with the Federal Occupational Safety and Health Act of 1970 (29 U.S.C. § 651 et seq.) and the California Occupational Safety and Health Act of 1973 (Lab. Code, § 6300 et seq.; 8 Cal. Code of Regs., § 330 et seq.).

[Reserved]

Miscellaneous

Assignment of Antitrust Actions

Although this project may not have been formally bid, the following provisions may apply:

Section 7103.5(b) of the Public Contract Code states:

In entering into a public works contract or subcontract to supply goods, services, or materials pursuant to a public works contract, the contractor or subcontractor offers and agrees to assign to the awarding body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials

pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time the awarding body tenders final payment to the contractor, without further acknowledgment by the parties.

Section 4552 of the Government Code states in pertinent part:

In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder.

Section 4553 of the Government Code states in pertinent part:

If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery.

Section 4554 of the Government Code states in pertinent part:

Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action.

Under this Article, "public purchasing body" is BCOE and "bidder" is Developer.

Excise Taxes

If, under Federal Excise Tax Law, any transaction hereunder constitutes a sale on which a Federal Excise Tax is imposed and the sale is exempt from such Federal Excise Tax because it is a sale to a State or Local Government for its exclusive use, BCOE, upon request, will execute documents necessary to show (1) that BCOE is a political subdivision of the State for the purposes of such exemption, and (2) that the sale is for the exclusive use of BCOE. No Federal Excise Tax for such materials shall be included in any Guaranteed Maximum Price.

Taxes

Guaranteed Maximum Price is to include any and all applicable sales taxes or other taxes that may be due in accordance with section 7051 et seq. of the Revenue and Taxation Code, Regulation 1521 of the State Board of Equalization or any other tax code that may be applicable.

Shipments

Developer is responsible for any or all damage or loss to shipments until delivered and accepted on Site, as indicated in the Contract Documents. There must be no charge for containers, packing, unpacking, drayage, or insurance. The total Guaranteed Maximum Price shall be all inclusive (including sales tax) and no additional costs of any type will be considered.

[END OF DOCUMENT]

EXHIBIT D-1

SPECIAL CONDITIONS

1. Preparation of Solicitation of Subsequent Contracts

6.1.9 Developer's duties and services under this Facilities Lease shall not include preparing or assisting the BCOE with any portion of the BCOE's preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with the BCOE. The BCOE shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this Project. Developer's participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. Developer shall cooperate with the BCOE to ensure that all bidders for a subsequent contract on any subsequent phase of this Project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by Developer pursuant to this Facilities Lease.

2. Project Not Subject to DSA Oversight

This Project is not subject to DSA Oversight or Requirements. Where applicable, "Authority Having Jurisdiction" or "AHJ" shall be substituted for DSA.

3. Mitigation Measures

Developer shall comply with all applicable mitigation measures, as follows, adopted by any public agency with respect to this Project pursuant to the California Environmental Quality Act (Public Resources Code section 21000 et seq.).

Mitigation Monitoring and Reporting Program attached hereto as **Appendix A** and incorporated herein.

4. Permits, Certificates, Licenses, Fees, Approvals

5. Payment for Permits, Certificates, Licenses, Fees, Approvals.

As required in the General Construction Provisions, Developer shall secure and pay for all permits, licenses and certificates necessary for the prosecution of the Work with the exception of the following:

[Water Connection Fees, Sewer Connection Fees, Impact Fees, Capacity Charges].

With respect to the above listed items, Developer shall be responsible for securing such items; however, BCOE will be responsible for payment of these charges or fees, but only for the actual and direct costs (without markup or additional fees). Developer shall notify the BCOE of the amount due with respect to these items and to whom the amount is payable. Developer shall provide the BCOE with an invoice and receipt with respect to such charges or fees.

6. General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities.

General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities does not apply to this Project.

7. Occupied Site

8. Access.

Access to the entry to buildings, restrooms, mechanical rooms, electrical rooms, or other rooms, for construction purposes, must be coordinated with BCOE and onsite BCOE personnel before Work is to start.

9. Master Key.

Upon request, the BCOE may, at its own discretion, provide a master key to the site for the convenience of Developer. Developer agrees to pay all expenses to re-key the entire site and all other affected BCOE buildings if the master key is lost or stolen, or if any unauthorized party obtains a copy of the key or access to the site.

10. Maintaining Services.

Developer is advised that Work is to be performed in spaces regularly scheduled for instruction. Interruption and/or periods of shutdown of public access, electrical service, water service, lighting, or other utilities shall be only as arranged in advance with the BCOE. Developer shall provide temporary services to all facilities interrupted by Developer's Work.

11. Maintaining Utilities.

Developer shall maintain in operation during duration of Contract, drainage lines, storm drains, sewers, water, gas, electrical, steam, and other utility service lines within working area.

12. Confidentiality.

Developer shall maintain the confidentiality of all information, documents, programs, procedures and all other items that Developer encounters while performing the Work. This requirement shall be ongoing and shall survive the expiration or termination of this Contract and specifically includes, without limitation, all student, parent, and employee disciplinary information and health information.

13. Badge Policy for Contractors

All Contractors doing work for the BCOE will provide their workers with identification badges. These badges will be worn by all members of the Contractor's staff who are working in a BCOE facility.

14. Badges must be filled out in full and contain the following information:

15. Name of Contractor

16. Name of Employee

17. Contractor's address and phone number

18. Badges are to be worn when the Contractor or his/her employees are on site and must be visible at all times. Contractors must inform their employees that they are required to allow BCOE employees, the Architect, the Construction

Manager, the Program Manager, or the Project Inspector to review the information on the badges upon request.

19. Continued failure to display identification badges as required by this policy may result in the individual being removed from the Project or assessment of fines against the Contractor.

20. Substitution for Specified Items

*The following provisions are added to Section 1.7 to **Exhibit D** to the Facilities Lease:*

1.7.1 Whenever in the Specifications any materials, process, or article is indicated or specified by grade, patent, or proprietary name, or by name of manufacturer, that Specification shall be deemed to be followed by the words "or equal." Developer may, unless otherwise stated, offer any material, process, or article that shall be substantially equal or better in every respect to that so indicated or specified.

1.7.1.1 If the material, process, or article offered by Developer is not, in the opinion of the BCOE, substantially equal or better in every respect to that specified, then Developer shall furnish the material, process, or article specified in the Specifications without any additional compensation or change order.

1.7.1.2 This provision shall not be applicable with respect to any material, product, thing or service for which BCOE made findings and gave notice in accordance with Public Contract Code section 3400(c); therefore, Developer shall not be entitled to request a substitution with respect to those materials, products or services.

1.7.2 A request for a substitution shall be submitted as follows:

1.7.2.1 Developer shall notify the BCOE in writing of any request for a substitution at least ten (10) days prior to proposal opening as indicated in the Request for Qualifications and Proposals.

1.7.2.2 Requests for Substitutions after award of the Contract shall be submitted within thirty-five (35) days of the date of the Notice to Proceed with Construction.

1.7.3 Within 35 days after the date of the Notice to Proceed with Construction, Developer shall provide data substantiating a request for substitution of "an equal" item, including but not limited to the following:

1.7.3.1 All variations of the proposed substitute from the material specified including, but not limited to, principles of operation, materials, or construction finish, thickness or gauge of materials, dimensions, weight, and tolerances;

1.7.3.2 Available maintenance, repair or replacement services;

1.7.3.3 Increases or decreases in operating, maintenance, repair, replacement, and spare parts costs;

1.7.3.4 Whether or not acceptance of the substitute will require other changes in the Work (or in work performed by the BCOE or others under Contract with the BCOE); and

1.7.3.5 The time impact on any part of the Work resulting directly or indirectly from acceptance of the proposed substitute.

1.7.4 No substitutions shall be made until approved, in writing, by the BCOE. The burden of proof as to equality of any material, process, or article shall rest with Developer. Developer warrants that if substitutes are approved:

1.7.4.1 The proposed substitute is equal or superior in all respects to that specified, and that such proposed substitute is suitable and fit for the intended purpose and will perform adequately the function and achieve the results called for by the general design and the Contract Documents;

1.7.4.2 Developer provides the same warranties and guarantees for the substitute that would be provided for that specified;

1.7.4.3 Developer shall be fully responsible for the installation of the substitute and any changes in the Work required, either directly or indirectly, because of the acceptance of such substitute, with no increase in Contract Price or Contract Time. Incidental changes or extra component parts required to accommodate the substitute will be made by Developer without a change in the Contract Price or Contract Time;

1.7.4.4 Developer shall be responsible for any re-design costs occasioned by BCOE's acceptance and/or approval of any substitute; and

1.7.4.5 Developer shall, in the event that a substitute is less costly than that specified, credit the BCOE with one hundred percent (100%) of the net difference between the substitute and the originally specified material. In this event, Developer agrees to execute a deductive Change Order to reflect that credit.

1.7.5 In the event Developer furnishes a material, process, or article more expensive than that specified, the difference in the cost of that material, process, or article so furnished shall be borne by Developer.

1.7.6 In no event shall the BCOE be liable for any increase in Contract Price or Contract Time due to any claimed delay in the evaluation of any proposed substitute or in the acceptance or rejection of any proposed substitute.

21. Weather Days

*Replace Section 15.2.1.5 to **Exhibit D** to the Facilities Lease with the following:*

15.2.1.5 The number of days of Adverse Weather exceeds the following parameters: **30 Business Days during the project timeline.**

22. Insurance Policy Limits

All of Developer's insurance shall be with insurance companies with an A.M. Best rating of no less than A++. The limits of insurance shall not be less than:

Commercial General Liability	Product Liability and Completed Operations, Fire Damage Liability – Split Limit	Option: \$2,000,000 per occurrence; \$4,000,000 aggregate
Automobile Liability – Any Auto	Combined Single Limit	Personal vehicles: \$500,000 Commercial vehicles: \$1,000,000
Workers' Compensation		Statutory limits pursuant to State law
Employers' Liability		[E.G. \$0]
Builder's Risk (Course of Construction)		[E.G. \$0]
Pollution Liability		[E.G. \$0]

23. As-Builts and Record Drawings

- 24.** When called for by Division 1, Developer shall submit As-Built Drawings pursuant to the Contract Documents consisting of one set of computer-aided design and drafting ("CADD") files in the following format, PDF, plus one set of As-Built Drawings in hard copy.
- 25.** Developer shall submit Record Drawings pursuant to the Contract Documents consisting of one set of computer-aided design and drafting ("CADD") files in the following format PDF plus one set of Record Drawings in hard copy.

26. Construction Manager

Thomas Flanagan/Sr. Maintenance & Operations Director is the Construction Manager described in Section 4 to Exhibit D to the Facilities Lease, the General Construction Provisions.

27. Program Manager

Thomas Flanagan is the Program Manager designated for the Project that is the subject of this Contract.

APPENDIX A

BCOE MMRP

[REMAINDER OF PAGE INTENTIONALLY BLANK; EXHIBIT FOLLOWS]

EXHIBIT E

MEMORANDUM OF COMMENCEMENT DATE

This MEMORANDUM OF COMMENCEMENT DATE is dated _____, 20__, and is made by and between _____ ("Developer"), as Lessor, and the Butte County Office of Education ("BCOE"), as Lessee.

1. Developer and BCOE have previously entered into a Facilities Lease dated as of _____, 20__, (the "Lease") for the leasing by Developer to BCOE of the completed Project in [City], California, referenced in the Lease.

2. BCOE hereby confirms the following:

A. That all construction of the Project required to be performed pursuant to the Facilities Lease has been completed by Developer in all respects;

B. That BCOE has accepted and entered into possession of the Project and now occupies same; and

C. That the term for the Lease Payments under the Facilities Lease will commence/commenced on _____, 20__ and will expire at 11:59 P.M. on _____, 20__.

THIS MEMORANDUM OF COMMENCEMENT DATE IS ACCEPTED AND AGREED on the date indicated below:

Dated: _____, 20__

Dated: _____, 20__

Butte County Office of Education

[Developer]

By: _____

By: _____

Name: Mary Sakuma

Name: _____

Title: Superintendent

Title: _____

EXHIBIT F

CONSTRUCTION SCHEDULE

Attached is a detailed Project Construction Schedule with a duration no longer than the Contract Time, and with specific milestones that Developer shall meet.

[To Be Attached.]

EXHIBIT G

SCHEDULE OF VALUES

Attached is a detailed Schedule of Values that complies with the requirements of the Construction Provisions (Exhibit "D") and that has been approved by the BCOE.

[To Be Attached.]

