

CITY OF POMONA

AGREEMENT BETWEEN OWNER AND DESIGN/BUILDER

*Corporate Yard Facility, Project No. 575-93135
(Temporary Facilities)*

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This **AGREEMENT** is made as of the _____ day of April in the year of 2017, by and between the following parties, for services in connection with the Corporate Yard Facility, Project No. 575-93135 (Temporary Facilities)

OWNER:

City of Pomona
505 South Garey Avenue
Pomona, CA 91766

DESIGN/BUILDER:

PROJECT:

Corporate Yard Facility, Project No. 575-93135 (Temporary Facilities)
Pomona, CA

In consideration of the mutual covenants and obligations contained herein, Owner and Design/Builder agree as set forth herein.

Article 1

Scope of Work

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

Article 2

Contract Documents

2.1 The Contract Documents are comprised of the following:

2.1.1 This Agreement, including all exhibits and attachments, executed by Owner and Design/Builder including:

- This Agreement

Exhibits to this Agreement

- Design/Builder 's Certificate Regarding Workers' Compensation
- Statement of Non-Collusion by Design/Builder
- Agreement for Indemnification by Design/Builder and Acceptance and Acknowledgment of Procurement Practices of the City of Pomona

- Performance Bond
- Payment (Labor and Materials) Bond
- Worker's Compensation/Employers Liability Endorsement
- General Liability Endorsement
- Automobile Liability Endorsement
- Performance Bond
- Payment Bond
- General Conditions
- Request for Proposals
- Addenda numbers _ through _ inclusive
- Basis of Design Documents
- Performance Specifications
- Technical Specifications
- Design/Builder's Proposal
- Design/Builder 's Proposal and the Deviation List, if any

2.1.2 The following, which may be delivered, prepared, or issued after the Agreement and are not attached hereto:

- All Work Change Directives, and Change Orders amending, modifying or supplementing the Contract Documents pursuant to Article 9 of the General Conditions.
- *Construction Documents* as defined in Paragraph 1.2.3 of the General Conditions.

Article 3

Interpretation and Intent

3.1 Design/Builder and Owner, prior to execution of the Agreement, shall carefully review all the Contract Documents, including the various documents comprising the Basis of Design Documents, for any conflicts or ambiguities. Design/Builder and Owner will discuss and resolve any identified conflicts or ambiguities prior to execution of the Agreement.

3.2 The Contract Documents are intended to permit the parties to complete the Work and all obligations required by the Contract Documents within the Contract Time(s) for the Contract Price. The Contract Documents are intended to be complementary and interpreted in harmony so as to avoid conflict, with words and phrases interpreted in a manner consistent with construction and design industry standards. In the event inconsistencies, conflicts, or ambiguities between or among the Contract Documents are discovered after execution of the Agreement, Design/Builder and Owner shall attempt to resolve any ambiguity, conflict or inconsistency informally, recognizing that the Contract Documents shall take precedence in the order in which they are listed in Section 2.1 hereof. Conflicts existing within Section 2.1.2 shall be resolved by giving precedence first to the Deviation List, if any, then the Owner's Project Criteria, and then the Design/Builder's Proposal.

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

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

Article 4

Ownership of Work Product

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

4.2 Owner’s Limited License Upon Project Completion and Payment in Full to Design/Builder.

Upon Owner’s payment in full for all Work performed under the Contract Documents, Design/Builder transfers to Owner all ownership and property interests, including but not limited to any intellectual property rights, copyrights and/or patents, in the Work Product. Such transfer is conditioned on Owner’s express understanding that its alteration of the Work Product without the involvement of Design/Builder is at Owner’s sole risk and without liability or legal exposure to Design/Builder or anyone working by or through Design/Builder, including Design Consultants of any tier (collectively the “Indemnified Parties”), and on the Owner’s obligations to provide the indemnity set forth in Section 4.5 below.

4.3 Owner’s Limited License upon Owner’s Termination for Convenience or Design/Builder’s Election to Terminate. If Owner terminates this Agreement for its convenience as set forth in Article 8 hereof, or if Design/Builder elects to terminate this Agreement in accordance with Section 11.4 of the General Conditions of Contract, Design/Builder shall, upon Owner’s payment in full of undisputed amounts due Design/Builder under the Contract Documents, grant Owner a limited license to use the Work Product to complete the Project and subsequently occupy the Project, and Owner shall thereafter have the same rights as set forth in Section 4.2 above, conditioned on the following:

4.3.1 Use of the Work Product is at Owner’s sole risk without liability or legal exposure to any Indemnified Party and on the Owner’s obligation to provide the indemnity set forth in Section 4.5 below; and

4.4 Owner’s Limited License upon Design/Builder's Default. If this Agreement is terminated due to Design/Builder's default pursuant to Section 11.2 of the General Conditions of Contract, then Design/Builder grants Owner a limited license to use the Work Product to complete the Project and subsequently occupy the Project, and Owner shall thereafter have the same rights and obligations as set forth in Section 4.2 above.

Article 5

Contract Time

5.1 Time is of the Essence. Owner and Design/Builder mutually agree that time is of the essence with respect to the dates and times set forth in the Contract Documents.

5.2 Date of Commencement. The Work shall commence within five (5) days of Design/Builder's receipt of Owner's Notice to Proceed ("Date of Commencement") unless the parties mutually agree otherwise in writing.

5.3 Substantial Completion and Final Completion.

5.3.1 Substantial Completion of the entire Work shall be achieved no later than Two hundred (200) calendar days after the Date of Commencement ("Scheduled Substantial Completion Date").

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

5.2.4 All of the dates set forth in this Article 5 (collectively the "Contract Time(s)") shall be subject to adjustment in accordance with the General Conditions of Contract.

5.4 Liquidated Damages. Design/Builder agrees that if Substantial Completion is not attained by the Scheduled Substantial Completion Date, Designer-Builder shall pay Owner One Thousand, Five Hundred Dollars (\$ 1,500) as liquidated damages for each day that Substantial Completion extends beyond the Substantial Completion Date.

Article 6

Contract Price

6.1 Contract Price. Owner shall pay Design/Builder in accordance with Article 6 of the General Conditions of Contract the sum of _____ Dollars (\$_____) ("Contract Price"), subject to adjustments made in accordance with the General Conditions of Contract. Unless otherwise provided in the Contract Documents, the Contract Price is deemed to include all sales, use, consumer and other taxes mandated by applicable Legal Requirements.

6.2 Markups for Changes. If the Contract Price requires an adjustment due to changes in the Work, and the cost of such changes is determined under Sections 9.4.1.1 through 9.4.1.4 of the General Conditions of Contract, Design/Builder shall submit in writing evidence and purpose for the adjustment to the Owner.

6.3 Allowance Items and Allowance Values.

6.3.1 Any and all Allowance Items, as well as their corresponding Allowance Values, are set forth in an Exhibit hereto.

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

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

6.3.4 The Allowance Value for an Allowance Item includes the direct cost of labor, materials, equipment, transportation, taxes and insurance associated with the applicable Allowance Item. All other costs, including design fees, Design/Builder's overall project management and general conditions costs, overhead and fee, are deemed to be included in the original Contract Price, and are not subject to adjustment, regardless of the actual amount of the Allowance Item.

6.3.5 Whenever the actual costs for an Allowance Item is more than or less than the stated Allowance Value, the Contract Price shall be adjusted accordingly by Change Order, subject to Section 6.3.4. The amount of the Change Order shall reflect the difference between actual costs incurred by Design/Builder for the particular Allowance Item and the Allowance Value.

Article 7

Procedure for Payment

7.1 Progress Payments.

7.1.1 Design/Builder shall submit to Owner on the first (1) day of each month, beginning with the first month after the Date of Commencement, Design/Builder's Application for Payment in accordance with Article 6 of the General Conditions of Contract.

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

7.2 Retainage on Progress Payments. Owner will retain ten percent (10%) of each Application for Payment provided.

7.3 Final Payment. Design/Builder shall submit its Final Application for Payment to Owner in accordance with Section 6.7 of the General Conditions of Contract. Owner shall make payment on Design/Builder's properly submitted and accurate Final Application for Payment within thirty (30) days after Owner's receipt of the Final Application for Payment, provided that Design/Builder has satisfied the requirements for final payment set forth in Section 6.7.2 of the General Conditions of Contract.

7.5 Record Keeping and Finance Controls. With respect to changes in the Work performed on a cost basis by Design/Builder pursuant to the Contract Documents, Design/Builder shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management, using accounting and control systems in accordance with generally accepted accounting principles and as may be provided in the Contract Documents. During the performance of the Work and for a period of three (3) years after Final Payment, Owner and Owner's accountants shall be afforded access to, and the right to audit from time-to-time, upon reasonable notice, Design/Builder's records, books, correspondence, receipts, subcontracts, purchase orders, vouchers, memoranda and other data relating to changes in the Work performed on a cost basis in accordance with the Contract Documents, all of which Design/Builder shall preserve for a period of three (3) years after Final Payment. Such inspection shall take place at Design/Builder's offices during normal business hours unless another location and time is agreed to by the parties. Any multipliers or markups agreed to by the Owner and Design/Builder as part of this Agreement are only subject to audit to confirm that such multiplier or markup has been charged in accordance with this Agreement, with the composition of such multiplier or markup not being subject to audit.

Article 8

Termination for Convenience

8.1 Upon ten (10) days' written notice to Design/Builder, Owner may, for its convenience and without cause, elect to terminate this Agreement. In such event, Owner shall pay Design/Builder for:

8.1.1 All Work executed, less any disputed amounts;

8.1.2 [Intentionally left blank.]

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

Article 9

Representatives of the Parties

9.1 Owner's Representatives.

9.1.1 Owner designates the individual listed below as its Senior Representative ("Owner's Senior Representative"), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract:

City of Pomona
Timotheus Hampton, Senior Water Resource Engineer
148 N. Huntington St.
Pomona, CA 91768
(909) 802-7420

9.1.2 Owner designates the individual listed below as its Owner's Representative, which individual has the authority and responsibility set forth in Section 3.4 of the General Conditions of Contract:

City of Pomona
Darron Poulsen, Water/Wastewater Operation Manager
148 N. Huntington St.
Pomona, CA 91768
(909) 620-2251

9.2 Design/Builder's Representatives.

9.2.1 Design/Builder designates the individual listed below as its Senior Representative ("Design/Builder's Senior Representative"), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract:

9.2.2 Design/Builder designates the individual listed below as its Design/Builder's Representative, which individual has the authority and responsibility set forth in Section 2.1.1 of the General Conditions of Contract:

Article 9

Bonds and Insurance

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

10.2 Bonds and Other Performance Security. Design/Builder shall provide the following performance bond and labor and material payment bond or other performance security:

Performance Bond.

Required Not Required

Payment Bond.

Required

Not Required

Article 11

Design/Builder's Representation

11.1 To induce Owner to enter into this Agreement, Design/Builder makes the following representations:

11.11 Design/Builder has examined and carefully studied the Contract Documents and the other related data identified in the Request for Proposals.

11.12 Design/Builder is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Work.

11.13 Design/Builder has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or contiguous to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site (except Underground Facilities), if any, that have been identified or made available by Owner and (2) reports and drawings of Hazardous Environmental Conditions, if any, at the Site that have been identified or made available by Owner.

11.14 Design/Builder is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.

11.15 Design/Builder has considered the information known to Design/Builder; information commonly known to design/builders doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Site-related reports and drawings identified in the Contract Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Design/Builder including any specific means, methods, techniques, sequences, and procedures of construction expressly required by the Contract Documents; and (3) Design/Builder's safety precautions and programs.

11.16 Based on the information and observations referred to above, Design/Builder does not consider that further examinations, investigations, explorations, tests, studies; or data are necessary for it to enter into this Contract for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.

11.17 Design/Builder has given Owner written notice of all conflicts errors ambiguities or discrepancies that Design/Builder has discovered in the Contract Documents, and the written resolution thereof by Owner is acceptable to Design/Builder.

11.18 The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

Article 12

Other Provisions

12.1 Governing Law. This Agreement shall be governed by and construed in accordance with laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Los Angeles. In the event of litigation in a U.S. District Court, exclusive venue shall lie in the Central District of California.

12.2 Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Design/Builder shall not discriminate against any employee, subcontractor, or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age physical or mental handicap, medical condition, or sexual orientation. Design/Builder will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition, or sexual orientation.

12.3 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

12.4 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

12.5 Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

12.6 Hiring of Undocumented Workers Prohibited. Design/Builder shall not hire or employ any person to perform work within the City of Pomona or allow any person to

perform work required under this Agreement unless such person is properly documented and legally entitled to be employed within the United States.

12.7 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

12.8 Independent Contractor. The Design/Builder is and shall at all times remain as to the City, a wholly independent Contractor. Neither the City, nor any of its officers, employees or agents shall have control over the conduct of the Design/Builder or any of the Contractors' officers, employees or agents, except as herein set forth. The Design/Builder shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the City, nor shall City officers, employees or agents be deemed the officers, employees, or agents of Design/Builder as a result of this Agreement.

12.9 Legal Responsibilities. The Design/Builder shall keep itself informed of City, State, and Federal laws, ordinances and regulations, which may in any manner affect the performance of its services pursuant to this Agreement. The Design/Builder shall at all times observe and comply with all such laws, ordinances and regulations. Neither the City, nor its officers, agents, or employees shall be liable at law or in equity as a result of the Design/Builder's failure to comply with this section.

12.10 Sales And/Or Taxes. Except as may be otherwise specifically provided herein, all sales and/or use taxes assessed by Federal, State or local authorities on materials used or furnished by the Design/Builder in performing the work hereunder shall be paid by the Design/Builder.

12.11 Prevailing Wages. Design/Builder shall be required to pay the prevailing rate of wages in accordance with the Labor Code which such rates shall be made available at the City Engineer's office or may be obtained online at <http://www.dir.ca.gov/dlsr> and which must be posted at the job site.

12.12 Apprentice Program. The Design/Builder's attention is directed to the provisions of Sections 1777.5 and 1777.6 of the Labor Code concerning the employment of apprentices by the Design/Builder or any Subcontractor under him. The Design/Builder and any Subcontractor under him shall comply with the requirements of said sections in the employment of apprentices.

Information relative to apprenticeship standards and administration of the apprenticeship program may be obtained from the Director of Industrial Relations, P.O. Box 603, San Francisco, California 94101 or from the Division of Apprenticeship Standards and its branch office.

12.13 Legal Hours of Work and Overtime. Pursuant to Labor Code Section 1810, et seq., eight hours of work is a legal days work, and hours worked in excess of that amount must be paid as overtime at a rate of not less than one and one-half time the basic rate of pay. The Design/Builder and subcontractors shall keep an accurate record showing the name and actual hours worked for each calendar day and week for each workman. The Design/Builder shall pay a penalty of \$25 per day for each violation of these wage provisions.

12.14 Payroll Records.

(a) The Design/Builder's attention is directed to the following provisions of Labor Code Section 1776. The Design/Builder shall be responsible for compliance with its provisions by Design/Builder and his Subcontractors.

(b) Each Design/Builder and Subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, and 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 him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(c) The payroll records enumerated under subdivision (b) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the Design/Builder on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to such employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (b) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (b) shall be made available upon request to the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the Design/Builder, subcontractors, and the entity through which the request was made. The public shall not be given access to such records at the principal office of the Design/Builder.

(d) The certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

(e) Each Design/Builder shall file a **certified copy** of the records enumerated in subdivision (b) with the entity that requested such records within **10 days** after receipt of a written request.

(f) Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body, the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement 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 the Design/Builder awarded the contract or performing the contract shall not be marked or obliterated.

(g) The Design/Builder shall inform the body awarding the contract of the location of the records enumerated under subdivision (b), including the street address, city and county, and shall, within five (5) working days, provide a notice of a change of location and address.

(h) The Design/Builder shall have **10 days** in which to comply subsequent to receipt of written notice specifying in what respects the Design/Builder must comply with this section. In the event that the Design/Builder fails to comply within the **10 day period**, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit **one hundred dollars (\$100.00)** for each

calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due.

(i) The Design/Builder and Subcontractors shall submit to the City Engineer certified payrolls and copies of all payroll checks and pay stubs showing all itemized deductions for each employee on a weekly basis during the term of this contract.

12.15 Workmen's Compensation Certification.

The Design/Builder's attention is directed to the following provisions of Labor Code Section 3700. The Design/Builder shall be responsible for compliance with its provisions by Design/Builder and his Subcontractors.

Every employer except the State and all political subdivisions of institutions thereof, shall secure the payment or compensation in one or more of the following ways:

- (a) By being insured against liability to pay compensation in one or more insurers duly authorized to write compensation insurance in this State.
- (b) By securing from the Director of Industrial Relations a certificate of consent to self-insure, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his employees.

This Contract is executed by the **CITY** pursuant to the approval by the City Council of the City of Pomona in session on the 1st day of August, 2016, authorizing the same, and **Design/Builder** has caused this Contract to be duly executed.

City of Pomona, California

Design/Builder: _____

By: _____
City Manager

By: _____

Attest:

Printed Name

City Clerk

Title

Approved as to form:

Date: _____

City Attorney

**GENERAL CONDITIONS OF CONTRACT
BETWEEN OWNER AND DESIGN/BUILDER**

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Article 1

General

1.1 Mutual Obligations

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

1.2 Basic Definitions

1.2.1 *Agreement* refers to the executed contract between Owner and Design/Builder under AGREEMENT BETWEEN OWNER AND DESIGN/BUILDER FOR Treatment – Chino Basin VOC Plant, Project No. 422-83020

1.2.2 *Basis of Design Documents* are as follows: *Agreement Between Owner and Design/Builder*, the Basis of Design Documents are the Owner's Project Criteria, Design/Builder's Proposal and the Deviation List, if any.

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

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

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

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

1.2.7 *Final Completion* is the date on which the City records a Notice of Completion with the Los Angeles County Registrar-Recorder for completion of the Project in accordance with the Contract Documents, including but not limited to, any items identified in the punch list prepared under Section 6.6.1 and the submission of all documents set forth in Section 6.7.2.

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

1.2.9 *General Conditions of Contract* refer to this *General Conditions of Contract Between Owner and Design/Builder*.

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

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

1.2.12 *Owner's Project Criteria* are developed by or for Owner to describe Owner's program requirements and objectives for the Project, including use, space, price, time, site and expandability requirements, as well as submittal requirements and other requirements governing Design/Builder's performance of the Work. Owner's Project Criteria may include conceptual documents, design criteria, design performance specifications, design specifications, and LEED® or other sustainable design criteria and other Project-specific technical materials and requirements.

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

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

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

1.2.16 *Substantial Completion or Substantially Complete* means the date on which the Work, or an agreed upon portion of the Work, is sufficiently complete in accordance with the Contract Documents so that Owner can occupy and use the Project or a portion thereof for its intended purposes.

1.2.17 *Work* is comprised of all Design/Builder's design, construction and other services required by the Contract Documents, including procuring and furnishing all materials, equipment, services and labor reasonably inferable from the Contract Documents.

Article 2

Design/Builder's Services and Responsibilities

2.1 General Services.

2.1.1 Design/Builder's Representative shall be reasonably available to Owner and shall have the necessary expertise and experience required to supervise the Work. Design/Builder's Representative shall communicate regularly with Owner and shall be vested with the authority to act on behalf of Design/Builder. Design/Builder's Representative may be replaced only with the mutual agreement of Owner and Design/Builder.

2.1.2 Design/Builder shall provide Owner with a monthly status report detailing the progress of the Work, including (i) whether the Work is proceeding according to schedule, (ii) whether discrepancies, conflicts, or ambiguities exist in the Contract Documents that require resolution, (iii) whether health and safety issues exist in connection with the Work; (iv) status of the contingency account to the extent provided for in the Agreement; and (v) other items that require resolution so as not to jeopardize Design/Builder's ability to complete the Work for the Contract Price and within the Contract Time(s).

2.1.3 Unless a schedule for the execution of the Work has been attached to the Agreement as an exhibit at the time the Agreement is executed, Design/Builder shall prepare and submit, at least three (3) days prior to the meeting contemplated by Section 2.1.4 hereof, a schedule for the execution of the Work for Owner's review and response. The schedule shall indicate the dates for the start and completion of the various stages of Work, including the dates when Owner information and approvals are required to enable Design/Builder to achieve the Contract Time(s).

The schedule shall be revised as required by conditions and progress of the Work, but such revisions shall not relieve Design/Builder of its obligations to complete the Work within the Contract Time(s), as such dates may be adjusted in accordance with the Contract Documents. Owner's review of, and response to, the schedule shall not be construed as relieving Design/Builder of its complete and exclusive control over the means, methods, sequences and techniques for executing the Work.

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

2.2 Design Professional Services.

2.2.1 Design/Builder shall, consistent with California licensing laws, provide through qualified, licensed design professionals employed by Design/Builder, or procured from qualified, independent licensed Design Consultants, the necessary design services, including architectural, engineering and other design professional services, for the preparation of the required drawings, specifications and other design submittals to permit Design/Builder to complete the Work consistent with the Contract Documents. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Design Consultant.

2.3 Standard of Care for Design Professional Services.

2.3.1 The standard of care for all design professional services performed to execute the Work shall be the care and skill ordinarily used by members of the design profession practicing under similar conditions at the same time and locality of the Project.

2.4 Design Development Services.

2.4.1 Design/Builder and Owner shall, consistent with any applicable provision of the Contract Documents, agree upon any interim design submissions that Owner may wish to review, which interim design submissions may include design criteria, drawings, diagrams and specifications setting forth the Project requirements. Interim design submissions shall be consistent with the Basis of Design Documents, as the Basis of Design Documents may have been changed through the design process set forth in this Section 2.4.1. On or about the time of the scheduled submissions, Design/Builder and Owner shall meet and confer about the submissions, with Design/Builder identifying during such meetings, among other things, the evolution of the design and any changes to the Basis of Design Documents, or, if applicable, previously submitted design submissions. Changes to the Basis of Design Documents, including those that are deemed minor changes under Section 9.3.1, shall be processed in accordance with Article 9. Minutes of the meetings, including a full listing of all changes, will be maintained by Design/Builder and provided to all attendees for review. Following the design review meeting, Owner shall review and approve the interim design submissions and meeting minutes in a time that is consistent with the turnaround times set forth in Design/Builder's schedule.

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

2.4.3 Owner's review and approval of interim design submissions, meeting minutes, and the Construction Documents is for the purpose of mutually establishing a conformed set of Contract Documents compatible with the requirements of the Work. Neither Owner's review nor approval of any interim design submissions, meeting minutes, and Construction Documents shall be deemed to transfer any design liability from Design/Builder to Owner.

2.5 Legal Requirements.

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

2.5.2 The Contract Price and/or Contract Time(s) may be adjusted, upon written approval by the Owner, to compensate Design/Builder for the effects of any changes in the Legal Requirements enacted after the date of the Agreement affecting the performance of the Work, or if a Guaranteed Maximum Price is established after the date of the Agreement, the date the parties agree upon the Guaranteed Maximum Price. Such effects may include, without limitation, revisions Design/Builder is required to make to the Construction Documents because of changes in Legal Requirements.

2.6 Government Approvals and Permits.

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

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

2.7 Design/Builder's Construction Phase Services.

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

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

2.7.3 Design/Builder shall employ only Subcontractors who are duly licensed and qualified to perform the Work consistent with the Contract Documents. Owner may reasonably object to Design/Builder's selection of any Subcontractor. Upon written approval by the Owner, the Contract Price and/or Contract Time(s) may be adjusted to the extent that Owner's decision impacts Design/Builder's cost and/or time of performance.

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

2.7.5 Design/Builder shall coordinate the activities of all Subcontractors. If Owner performs other work on the Project or at the Site with separate contractors under Owner's control, Design/Builder agrees to reasonably cooperate and coordinate its activities with those of such

separate contractors so that the Project can be completed in an orderly and coordinated manner without unreasonable disruption.

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

2.8 Design/Builder's Responsibility for Project Safety.

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

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

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

2.9 Design/Builder's Warranty.

2.9.1 Design/Builder warrants to Owner that the construction, including all materials and equipment furnished as part of the construction, shall be new unless otherwise specified in the Contract Documents, of good quality, in conformance with the Contract Documents and free of defects in materials and workmanship. Nothing in this warranty is intended to limit any manufacturer's warranty which provides Owner with greater warranty rights than set forth in this Section 2.9 or the Contract Documents. Design/Builder will provide Owner with all manufacturers' warranties upon Substantial Completion.

2.10 Correction of Defective Work.

2.10.1 Design/Builder agrees to correct any Work that is found to not be in conformance with the Contract Documents, including that part of the Work subject to Section 2.9 hereof, within a period

of one year from the date of Substantial Completion of the Work or any portion of the Work, or within such longer period to the extent required by any specific warranty included in the Contract Documents.

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

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

Article 3

Owner's Services and Responsibilities

3.1 Duty to Cooperate.

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

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

3.1.3 Owner shall give Design/Builder timely notice of any Work that Owner notices to be defective or not in compliance with the Contract Documents. Failure to give timely notice does not, however, constitute a waiver of any breach, nor does it constitute acceptance of defective work or work not compliance with the Contract Documents.

3.2 Furnishing of Services and Information.

3.2.1 Unless expressly stated to the contrary in the Contract Documents, Owner shall provide, at its own cost and expense, for Design/Builder's information and use the following:

3.2.1.1 To the extent available, record drawings of any existing structures at the Site; and

3.2.1.2 To the extent available, environmental studies, reports and impact statements describing the environmental conditions, including Hazardous Conditions, in existence at the Site.

3.3 Owner's Representative.

3.3.1 Owner's Representative shall be responsible for providing Owner-supplied information and approvals in a timely manner to permit Design/Builder to fulfill its obligations under the Contract Documents. Owner's Representative shall communicate regularly with Design/Builder and shall be vested with the authority to act on behalf of Owner.

3.4 Government Approvals and Permits.

3.4.1 Owner shall obtain and pay for all necessary permits, approvals, licenses, government charges and inspection fees.

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

3.5 Owner's Separate Contractors.

3.5.1 Owner is responsible for all work performed on the Project or at the Site by separate contractors under Owner's control.

Article 4

Hazardous Conditions and Differing Site Conditions

4.1 Hazardous Conditions.

4.1.1 Unless otherwise expressly provided in the Contract Documents to be part of the Work, Design/Builder is not responsible for any Hazardous Conditions encountered at the Site. Upon encountering any Hazardous Conditions, Design/Builder will stop Work immediately in the affected area and duly notify Owner and, if required by Legal Requirements, all government or quasi-government entities with jurisdiction over the Project or Site.

4.1.2 Upon receiving notice of the presence of suspected Hazardous Conditions, Owner shall take the necessary measures required to ensure that the Hazardous Conditions are remediated or rendered harmless. Such necessary measures may include Owner retaining qualified independent experts to (i) ascertain whether Hazardous Conditions have actually been encountered, and, if they have been encountered, (ii) prescribe the remedial measures that Owner must take either to remove the Hazardous Conditions or render the Hazardous Conditions harmless.

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

4.1.4 Design/Builder may, in accordance with these General Conditions of Contract, and upon written approval by the Owner, adjust the Contract Price and/or Contract Time(s) to the extent Design/Builder's cost and/or time of performance have been adversely impacted by the presence of Hazardous Conditions.

4.1.5 Owner shall indemnify, defend and hold harmless Design/Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them, and their officers, directors, employees and agents, from and against any and all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from the presence of Hazardous Conditions at the Site.

4.1.6 Notwithstanding the preceding provisions of this Section 4.1, Owner is not responsible for Hazardous Conditions introduced to the Site by, or Hazardous Conditions at the Site that are

exacerbated by, Design/Builder, Subcontractors or anyone for whose acts they may be liable. To the fullest extent permitted by law, Design/Builder shall indemnify, defend and hold harmless Owner and Owner's officers, directors, employees and agents from and against all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from those Hazardous Conditions introduced to the Site by, or Hazardous Conditions at the Site that are exacerbated by, Design/Builder, Subcontractors or anyone for whose acts they may be liable.

4.2 Differing Site Conditions.

4.2.1 Concealed or latent physical conditions or subsurface conditions at the Site that (i) materially differ from the conditions indicated in the Contract Documents or (ii) are of an unusual nature, differing materially from the conditions ordinarily encountered and generally recognized as inherent in the Work are collectively referred to herein as "Differing Site Conditions." If Design/Builder encounters a Differing Site Condition, Design/Builder may request, and upon Owner's written approval may receive, an adjustment in the Contract Price and/or Contract Time(s) to the extent Design/Builder's cost and/or time of performance are adversely impacted by the Differing Site Condition.

4.2.2 Upon encountering a Differing Site Condition, Design/Builder shall provide prompt written notice to Owner of such condition, which notice shall not be later than seven (7) days after such condition has been encountered. Design/Builder shall, to the extent reasonably possible, provide such notice before the Differing Site Condition has been substantially disturbed or altered.

Article 5

Insurance and Bonds

5.1 Design/Builder's Insurance Requirements.

5.1.1 Design/Builder is responsible for procuring and maintaining the insurance for the coverage amounts all as set forth in the Insurance Exhibit to the Agreement. Coverage shall be secured from insurance companies authorized to do business in the State of California with a minimum rating set forth in the Agreement.

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

5.1.3 Prior to commencing any construction services hereunder, Design/Builder shall provide Owner with certificates evidencing that (i) all insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect for the duration required by the Contract Documents and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Owner. If any of the foregoing insurance coverages are required to remain in force after final payment are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the Final Application for Payment.

5.4 Bonds and Other Performance Security.

5.4.1 Design/Builder shall obtain performance and labor and material payment bonds, or other forms of performance security, the amount, form and other conditions of such security shall be as set forth in the Agreement.

5.4.2 All bonds furnished by Design/Builder shall be in a form satisfactory to Owner. The surety shall be a company qualified and registered to conduct business in the State of California.

Article 6

Payment

6.1 Schedule of Values.

6.1.1 Unless required by the Owner upon execution of this Agreement, within ten (10) days of execution of the Agreement, Design/Builder shall submit for Owner's review and approval a schedule of values for all of the Work. The Schedule of Values will (i) subdivide the Work into its respective parts, (ii) include values for all items comprising the Work and (iii) serve as the basis for monthly progress payments made to Design/Builder throughout the Work.

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

6.2 Monthly Progress Payments.

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

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

6.2.3 All discounts offered by Subcontractor, Sub-Subcontractors and suppliers to Design/Builder for early payment shall accrue one hundred percent to Owner.

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

6.3 Withholding of Payments.

6.3.1 On or before the date established in the Agreement, Owner shall pay Design/Builder all amounts properly due. If Owner determines that Design/Builder is not entitled to all or part of an Application for Payment as a result of Design/Builder's failure to meet its obligations hereunder, it will notify Design/Builder in writing prior to the date payment is due. The notice shall indicate the specific amounts Owner intends to withhold, the reasons and contractual basis for the withholding, and the specific measures Design/Builder must take to rectify Owner's concerns.

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

6.4 Right to Stop Work and Interest.

6.4.1 If Owner fails to pay timely Design/Builder any undisputed amount that becomes due, Design/Builder, in addition to all other remedies provided in the Contract Documents, may stop Work pursuant to Section 11.3 hereof.

6.5 Design/Builder's Payment Obligations.

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

6.6 Substantial Completion.

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

6.6.2 Upon Substantial Completion of the entire Work or, if applicable, any portion of the Work, Owner shall release to Design/Builder all retained amounts relating, as applicable, to the entire Work or completed portion of the Work, less disputed amounts, and less an amount equal to the reasonable value of all remaining or incomplete items of Work as noted in the Certificate of Substantial Completion.

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

6.7 Final Payment.

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

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

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

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

6.7.2.3 Consent of Design/Builder's surety, if any, to final payment;

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

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

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

Article 7

Indemnification

7.1 Patent and Copyright Infringement.

7.1.1 Design/Builder hereby agrees to indemnify, including the cost to defend City, and its officers, officials, agents, employees, and volunteers, from any and all losses, claims, liens, demands, liability, and causes of action of every kind and character including, but not limited to, the amounts of judgment, interests, court costs, legal fees, expert costs, expert fees and other all expenses incurred by the City to the maximum extent allowed by law arising in favor of any party, that arise out of, or pertain to, or relate to the negligence, recklessness, or willful misconduct of Contractor, its agents, subcontractor's or subcontractor's agents, in the performance of services under this contract, but this indemnity does not apply to liability for damages for death or bodily injury to persons, injury to property, or other loss, arising from the sole negligence or willful misconduct by City or the agents, servants, or independent contractors who are directly responsible to City, or arising from the active negligence of City.

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

7.2 Tax Claim Indemnification.

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

7.3 Payment Claim Indemnification.

7.3.1 Design/Builder shall indemnify, defend and hold harmless Owner from any claims or mechanic's liens brought against Owner or against the Project as a result of the failure of Design/Builder, or those for whose acts it is responsible, to pay for any services, materials, labor, equipment, taxes or other items or obligations furnished or incurred for or in connection with the Work. Within three (3) days of receiving written notice from Owner that such a claim or mechanic's lien has been filed, Design/Builder shall commence to take the steps necessary to discharge said claim or lien, including, if necessary, the furnishing of a mechanic's lien bond. If Design/Builder fails to do so, Owner will have the right to discharge the claim or lien and hold Design/Builder liable for costs and expenses incurred, including attorneys' fees and experts' fees.

7.4 Design/Builder's General Indemnification.

7.4.1 Design/Builder, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Owner, its officers, directors, and employees from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction (other than to the Work itself) to the extent resulting from the negligent acts or omissions of Design/Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable.

7.4.2 If an employee of Design/Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable has a claim against Owner, its officers, directors, employees, or agents, Design/Builder's indemnity obligation set forth in Section 7.4.1 above shall not be limited by any limitation on the amount of damages, compensation or benefits payable by or for Design/Builder, Design Consultants, Subcontractors, or other entity under any employee benefit acts, including workers' compensation or disability acts.

Article 8

Time

8.1 Obligation to Achieve the Contract Times.

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

8.2 Delays to the Work.

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

8.2.2 In addition to Design/Builder's request for a time extension for those events set forth in Section 8.2.1 above, Design/Builder may receive an appropriate adjustment of the Contract Price upon the Owner's written approval. The Contract Price shall not, however, be adjusted for Force Majeure Events unless otherwise provided in the Agreement.

Article 9

Changes to the Contract Price and Time

9.1 Change Orders.

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

9.1.1.1 The scope of the change in the Work;

9.1.1.2 The amount of the adjustment to the Contract Price; and

9.1.1.3 The extent of the adjustment to the Contract Time(s).

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

9.2 Work Change Directives.

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

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

9.3 Minor Changes in the Work.

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

9.4 Contract Price Adjustments.

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

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

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

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

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

9.5 Emergencies.

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

9.6 Contract Price Adjustment

9.6.1 Under no circumstances shall the Contract Price exceed the amount approved by the City Council, except by execution of an amendment to the Contract Documents, which shall also be approved by the City Council.

Article 10

Contract Adjustments and Disputes

10.1 Requests for Contract Adjustments and Relief.

10.1.1 If either Design/Builder or Owner believes that it is entitled to relief against the other for any event arising out of or related to the Work or Project, such party shall provide written notice to the other party of the basis for its claim for relief. Such notice shall, if possible, be made prior to incurring any cost or expense and in accordance with any specific notice requirements contained in applicable sections of these General Conditions of Contract. In the absence of any specific notice requirement, written notice shall be given within a reasonable time, not to exceed twenty-one (21) days, after the occurrence giving rise to the claim for relief or after the claiming party reasonably should have recognized the event or condition giving rise to the request, whichever is later. Such notice shall include sufficient information to advise the other party of the circumstances giving rise to the claim for relief, the specific contractual adjustment or relief requested and the basis of such request.

10.2 Dispute Avoidance and Resolution.

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

10.2.2 Design/Builder and Owner will first attempt to resolve disputes or disagreements at the field level through discussions between Design/Builder's Representative and Owner's Representative which shall conclude within fourteen (14) days of the written notice provided for in Section 10.1.1 unless the Owner and Design/Builder mutually agree otherwise.

10.2.3 If a dispute or disagreement cannot be resolved through Design/Builder's Representative and Owner's Representative, Design/Builder's Senior Representative and Owner's Senior Representative, upon the request of either party, shall meet as soon as conveniently possible, but in no case later than thirty (30) days after such a request is made, to attempt to resolve such dispute or disagreement. Five (5) days prior to any meetings between the Senior Representatives, the parties will exchange relevant information that will assist the parties in resolving their dispute or disagreement.

10.2.4 If after meeting the Senior Representatives determine that the dispute or disagreement cannot be resolved on terms satisfactory to both parties, the parties shall submit within thirty (30) days of the conclusion of the meeting of Senior Representatives the dispute or disagreement to non-binding mediation. The mediation shall be conducted by a mutually agreeable impartial

mediator. The mediation will be governed by and conducted pursuant to a mediation agreement negotiated by the parties or, if the parties cannot so agree, by procedures established by the mediator. Unless otherwise mutually agreed by the Owner and Design/Builder and consistent with the mediator's schedule, the mediation shall commence within ninety (90) days of the submission of the dispute to mediation.

10.3 Arbitration.

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

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

10.3.4 The prevailing party in any arbitration shall be entitled to recover from the other party reasonable attorneys' fees and expenses incurred by the prevailing party.

10.4 Duty to Continue Performance.

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

10.5 CONSEQUENTIAL DAMAGES.

10.5.1 NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY (EXCEPT AS SET FORTH IN SECTION 10.5.2 BELOW), NEITHER DESIGN/BUILDER NOR OWNER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL LOSSES OR DAMAGES, WHETHER ARISING IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSSES OF USE, PROFITS, BUSINESS, REPUTATION OR FINANCING.

10.5.2 The consequential damages limitation set forth in Section 10.5.1 above is not intended to affect the payment of liquidated damages or lost early completion bonus, if any, set forth in Article 5 of the Agreement, which both parties recognize has been established, in part, to reimburse Owner for some damages that might otherwise be deemed to be consequential.

Article 11

Stop Work and Termination for Cause

11.1 Owner's Right to Stop Work.

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

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

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

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

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

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

11.4 Design/Builder's Right to Terminate for Cause.

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

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

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

11.4.2 Upon the occurrence of an event set forth in Section 11.4.1 above, Design/Builder may provide written notice to Owner that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Owner's receipt of such notice. If Owner fails to cure, or reasonably commence to cure, such problem, then Design/Builder may give a second written notice to Owner of its intent to terminate within an additional seven (7) day period. If Owner, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Design/Builder may declare the Agreement terminated for default by providing written notice to Owner of such declaration.

11.5 Bankruptcy of Owner or Design/Builder.

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

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

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

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

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

Article 12

Electronic Data

12.1 Electronic Data.

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

12.2 Transmission of Electronic Data.

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

12.2.2 Neither party makes any representations or warranties to the other with respect to the functionality of the software or computer program associated with the electronic transmission of

Work Product. Unless specifically set forth in the Agreement, ownership of the Electronic Data does not include ownership of the software or computer program with which it is associated, transmitted, generated or interpreted.

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

12.3 Electronic Data Protocol.

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

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

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

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

Article 13

Miscellaneous

13.1 Confidential Information.

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

13.2 Assignment.

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

13.3 Successorship.

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

13.4 Governing Law.

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

13.5 Severability.

13.5.1 In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in the Contract Documents shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of the Contract Documents which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

13.6 No Waiver.

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

13.7 Headings.

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

13.8 Notice.

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

13.9 Integration; Amendments.

13.9.1 It is understood that there are no oral agreements between the parties hereto affecting the Contract Documents and this Contract Documents supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret the Contract Documents. The Contract Documents may be amended at any time by the mutual consent of the parties by an instrument in writing.

13.10 Interpretation.

13.10.1 The terms of the Contract Documents shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

13.11 Hiring of Undocumented Workers Prohibited

13.11.1 Design/Builder shall not hire or employ any person to perform work within the City of Pomona or allow any person to perform work required under the Contract Documents unless such person is properly documented and legally entitled to be employed within the United States.

13.12 Corporate Authority

13.12.1 The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing the Contract Documents, such party is formally bound to the provisions of the Contract Documents, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

13.13 Independent Contractor.

13.13.1 The Design/Builder is and shall at all times remain as to the City, a wholly independent contractor. Neither the City, nor any of its officers, employees or agents shall have control over the conduct of the Design/Builder or any of the Design/Builders' officers, employees or agents, except as herein set forth. The Design/Builder shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the City, nor shall City officers, employees or agents be deemed the officers, employees, or agents of Design/Builder as a result of this Agreement.

13.14 Legal Responsibilities.

13.14.1 The Design/Builder shall keep itself informed of City, State, and Federal laws, ordinances and regulations, which may in any manner affect the performance of its services pursuant to this Agreement. The Design/Builder shall at all times observe and comply with all such laws, ordinances and regulations. Neither the City, nor their officers, agents, or employees shall be liable at law or in equity as a result of the Design/Builder's failure to comply with this section.

13.15 Sales And/Or Taxes:

13.15.1 Except as may be otherwise specifically provided herein, all sales and/or use taxes assessed by Federal, State or local authorities on materials used or furnished by the Design/Builder in performing the work hereunder shall be paid by the Design/Builder.

13.16 PERS Eligibility Indemnity.

In the event that Design/Builder or any employee, agent, or subcontractor of Design/Builder providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Design/Builder shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Design/Builder or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Design/Builder and any of its employees, agents, and subcontractors providing service

under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

13.17 Economic Interest Statement.

DESIGN/BUILDER hereby acknowledges that pursuant to Government Code Section 87300 and the Conflict of Interest Code adopted by CITY hereunder, DESIGN/BUILDER is designated in said Conflict of Interest Code and is therefore required to file an Economic Interest Statement (Form 700) with the City Clerk, for each employee providing advise under this Agreement, prior to the commencement of work. The extent of CONSULTANTS disclosure requirements is set forth in the written determination of the City Manager of CITY, attached hereto as Exhibit A.

EXHIBIT A

State of California Fair Political Practices Commission

Statement of Economic Interests – Form 700

BONDS

**FAITHFUL PERFORMANCE BOND
PUBLIC WORK (CALIFORNIA)**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, _____ (the Principal) and the City of Pomona (the Obligee) have entered into a written contract, hereinafter called the Contract, a copy of which is or may be attached hereto, dated the 5th day of April, 2017, referred to and made a part hereof for Corporate Yard Facility (Temporary Facilities) and all appurtenant work in accordance with Project No. 575-93135, which agreement requires the Principal to provide Obligee with this bond.

NOW THEREFORE, we, _____ (as Principal) and _____ (as Surety) a corporation organized under the laws of _____, and duly authorized to transact business in the State of California, as Surety, are held firmly bound unto the City of Pomona (as Obligee) in the sum of _____ Dollars (\$_____), lawful money of the United States of America, for the payment whereof well and truly to be made the Principal and Surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

The address at which the Surety may be served with notices, papers and other documents is:

The address at which the Principal may be served with notices, papers and other documents is:

The condition of the foregoing obligation is such that if the Principal, his or its heirs, executors, administrators, successors or assigns, and each of his or its subcontractors shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, then this obligation shall be void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the obligee in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive

notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

This document is signed by the respective parties on the dates next to their names.

PRINCIPAL

Signature: _____ Date: _____

Name and Title (Print): _____

SURETY

Signature: _____ Date: _____

Name and Title (Print): _____

I declare under penalty of perjury under the laws of the State of California that the contents of the above Bid Bond are true and correct, and that I have been duly authorized to sign this Bid Bond on behalf of Surety. This Declaration is signed on _____, in the City of _____, State of California.

SURETY

Signature: _____ Date: _____

Name and Title (Print): _____

--OR--

State of California)
County of Los Angeles)

On _____, before me, _____ (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

-- AND --

(Proof of signature authorization or power of attorney must be attached)

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

**LABOR AND MATERIAL PAYMENT BOND
PUBLIC WORK (CALIFORNIA)**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, _____ (as Principal) has entered into a contract dated _____, 2017, (the "Contract") with the City of Pomona (Obligee) referred to and made a part hereof to perform the following work of public improvement, to wit: Corporate Yard Facility, (Temporary Facilities) and all appurtenant work in accordance with the plans and specifications for Project No. Project No. 575-93135, which requires Principal to file this bond to secure claims made under Civil Code Section 8000, *et seq.*

NOW THEREFORE, we, _____ (as Principal) and _____ (as Surety) a corporation organized under the laws of _____ and duly authorized to transact business in the State of California, are held firmly bound unto the City of Pomona (as Obligee), and all subcontractors, laborers, materialpersons and other persons employed in the performance of the referenced agreement, in the sum of _____ Dollars (\$ _____), lawful money of the United States of America, which is 100% of the amount of the Contract, for the payment whereof well and truly to be made the Principal and Surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

The address at which the Surety may be served with notices, papers and other documents is:

The address at which the Principal may be served with notices, papers and other documents is:

If the above bounden Principal, his or its heirs, executors, administrators, successors, assigns, or any of his or its subcontractors, fails to pay for any materials, provisions, provender, or other supplies, or teams, implements or machinery, used in, upon, for or about the performance of the work contracted to be done, or for any work or labor to persons named in Section 9100 of the Civil Code, or for amounts due under the Unemployment Insurance Code with respect to such work or labor performed under the Contract, or for any amounts required to be deducted, withheld and paid over to the Employment Development Department from the wages of employees of the Design-Builder and subcontractors pursuant to Section 13020 of the Unemployment Insurance Code, then the Surety on this bond will pay the same, in an amount not exceeding the sum specified in this bond, and also, in case suit is brought upon this bond, a reasonable attorney's fee, which shall be awarded by the court to the prevailing party in said suit, said attorney's fee to be taxed as costs in said suit and to be included in the judgment herein rendered.

As part of the obligation secured hereby, the Surety shall not be exonerated or released from the obligation of the bond by any change, alteration, or modification in or of any contract, plans, specifications, or agreement pertaining or relating to any scheme or work of improvement or pertaining or relating to the furnishing of labor, materials, or equipment therefor, nor by any change or modification of any terms of payment or extension of the time for any payment pertaining or relating to any scheme of work of improvement, nor by any rescission or attempted rescission of the contract, agreement or bond, nor by any conditions precedent or subsequent in the bond attempting to limit the right of recovery of claimants otherwise entitled to recover under any such contract or agreement, or under the bond, nor, where the bond is given for the benefit of claimants, by any fraud practiced by any person other than the claimant seeking to recover on the bond.

This bond shall inure to the benefit of any and all persons, companies and corporations named in Civil Code Section 9100 so as to give them a right of action in a suit on this bond.

This bond is executed for the purpose of complying with the laws of the State of California designated as Title 3, Chapter 5, Works of Improvement, commencing with Section 9550 of the Civil Code of the State of California and all amendments thereto, and shall inure to the benefit of any of the persons named in Section 9100 of the Civil Code of the State of California.

This document is signed by the respective parties on the dates next to their names.

PRINCIPAL

Signature: _____ Date: _____

Name and Title (Print): _____

SURETY

Signature: _____ Date: _____

Name and Title (Print): _____

I declare under penalty of perjury under the laws of the State of California that the contents of the above Bid Bond are true and correct, and that I have been duly authorized to sign this Bid Bond on behalf of Surety. This Declaration is signed on _____, in the City of _____, State of California.

SURETY

Signature: _____ Date: _____

Name and Title (Print): _____

--OR--

State of California)
County of Los Angeles)

On _____, before me, _____ (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

-- AND --

(Proof of signature authorization or power of attorney must be attached)

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

DESIGN-BUILDER'S CERTIFICATE
REGARDING WORKMEN'S COMPENSATION

Labor Code Section 3700

"Every employer except the State and all political subdivisions of institutions thereof, shall secure the payment or compensation in one or more of the following ways:"

"(a) By being insured against liability to pay compensation in one or more insurers duly authorized to write compensation insurance in this State."

"(b) By securing from the Director of Industrial Relations a certificate of consent to self-insure, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his employees."

I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

CONTRACTOR:

Name of Design-Builder

By: _____

Date: _____

(printed name of signer)

(In accordance with Article 5 {commencing at Section 1860}, Chapter 1, Part 7, Division 2, of the Labor Code, the above certificate must be signed and filed with the awarding body prior to performing any work under this contract.)

CITY OF POMONA
CONTRACT RETENTION POLICY
(To be completed when escrow account is requested)

Pursuant to Section 22300 of the Public Contract Code of the State of California, the City of Pomona offers the attached Escrow Agreement for Security Deposits in Lieu of Retention with the following specifications:

1. The Escrow Agent shall be the **Citizens Business Bank** located at 1095 N. Garey Avenue, Pomona, CA 91767.
2. The City (Owner) shall receive monthly statements from the Escrow Agent on any retention payments to the Escrow Agent and shall reconcile the balance of the account to the City's general ledger retention liability account each month. A copy of the Escrow statement shall be provided to the Design-Builder upon request.
3. The retention account will be closed by the Owner and the balance therein released to the Design-Builder thirty-five (35) days after the Notice of Completion is recorded by the Los Angeles County Recorder. If, however, the Owner receives claims for any amount held in retention, or the Owner identifies valid unpaid notices, the Owner shall retain amounts necessary to address such claims and notices.

DESIGN-BUILDER

Signature: _____ Date: _____

Name and Title: _____

CITY OF POMONA

Signature: _____ Date: _____

Name and Title: _____

ESCROW AGENT

Signature: _____ Date: _____

Name and Title: _____

ESCROW AGREEMENT FOR SECURITY DEPOSITS IN LIEU OF RETENTION

This Escrow Agreement is made and entered into by and between:

- 1) The **CITY OF POMONA**, whose address is 505 S. Garey Avenue, Pomona, CA 91769, hereinafter called "**Owner**," whose address is 505 S. Garey Avenue, Pomona, CA 91769;
- 2) _____, hereinafter called "**Design-Builder**," whose address is _____; and
- 3) **Citizens Business Bank**, hereinafter called "**Escrow Agent**," whose address is 1095 North Garey Avenue, Pomona, CA 91767.

For the consideration hereinafter set forth, the Owner, Design-Builder and Escrow Agent agree as follows:

1. Pursuant to Section 22300 of the Public Contract Code of the State of California, Design-Builder has the option to deposit securities with Escrow Agent as a substitute for retention earnings required to be withheld by Owner pursuant to the Construction Contract entered into between the Owner and Design-Builder for _____ in the amount of \$_____, dated _____ (hereinafter referred to as the "**Contract**"). Alternatively, on written request of the Design-Builder, the Owner shall make payments of the retention earnings directly to the Escrow Agent. When Design-Builder deposits the securities as a substitute for Design-Builder earnings, the Escrow Agent shall notify the Owner within ten (10) days of the deposit. The market value of the securities at the time of the substitution shall be at least equal to the cash amount required to be withheld as retention under the terms of the Contract between the Owner and Design-Builder. Securities shall be held in the name of City of Pomona, and shall designate the Design-Builder as the beneficial owner. All securities used as a substitute for retention earnings will be in compliance with the California State Government Code Section 16430.
2. The Owner shall make progress payments to the Design-Builder for such funds which otherwise would be withheld from progress payments pursuant to the Contract provisions, provided that the Escrow Agent holds securities in the form and amount specified above.
3. When the Owner makes payment of retention earned directly to the Escrow Agent, the Escrow Agent shall hold them for the benefit of the Design-Builder until the time that the escrow created under this contract is terminated. The Design-Builder may direct the investment of the payments into securities. All terms and conditions of this Agreement and the rights and responsibilities of the parties shall be equally applicable and binding when the Owner pays the Escrow Agent directly.
4. Design-Builder shall be responsible for paying all fees for the expenses incurred by the Escrow Agent in administrating the Escrow Account and all expenses of the Owner. The expenses and payment terms shall be determined by the Owner and Design-Builder.
5. The interest earned on the securities or the money market accounts held in Escrow and all interest earned on the interest shall be for the sole account of Design-Builder and shall be subject to withdrawal by Design-Builder at any time and from time to time without notice to the Owner.
6. Design-Builder shall have the right to withdraw all or any part of the principal in the Escrow Account only by written notice to Escrow Agent accompanied with written authorization from

the Owner to the Escrow Agent that Owner consents to the withdrawal of the amount sought to be withdrawn by Design-Builder.

7. The Owner shall have a right to draw upon the securities in the event of default by the Design-Builder. Upon seven (7) days' written notice to the Escrow Agent from the Owner of the default, the Escrow Agent shall immediately convert the securities to cash and shall distribute the cash as instructed by the Owner.
8. Upon receipt of written notification from the Owner certifying that the Contract is final and complete, and that the Design-Builder has complied with all requirements and procedures applicable to the Contract, the Escrow Agent shall release to Design-Builder all securities and interest on deposit, less escrow fees and charges of the Escrow Account. If the Owner determines that any portion of the securities (and interest) on deposit shall be retained in response to third party claims (and any related notices), the Owner shall provide the Escrow Agent with written notice of said retention. The Escrow Agent shall withhold amounts from release pursuant to said notice. The Escrow Account shall be closed immediately upon disbursement of all monies and securities on deposit and payments of fees and charges.
9. The Escrow Agent shall rely on the written notification from the Owner and Design-Builder pursuant to Sections (5) to (8), inclusive, of this Agreement and the Owner and Design-Builder shall hold Escrow Agent harmless from Escrow Agent's release and disbursement of the securities and interest as set forth above.
10. The names of the persons who are authorized to give written notice or to receive written notice on behalf of the Owner and on behalf of Contractor in connection with the foregoing, and exemplars of their respective signatures are as follows:

[Intentionally left blank – signatures follow on the next page.]

On Behalf of Owner:

Signature: _____

Onyx Jones, Finance Director
City of Pomona
505 S. Garey Avenue
Pomona, CA 91769

On Behalf of Design-Builder:

Signature: _____

Name and Title: _____

Address: _____

On Behalf of Escrow Agent:

Signature: _____

Name and Title: _____

Address: 1095 N. Garey Avenue, Pomona, CA 91767

At the time of escrow account if opened, the Owner and Design-Builder shall deliver to the Escrow Agent a fully executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their proper officers on the dates first set forth above.

OWNER

Signature: _____ Date: _____

Paula Chamberlain, Finance Director

DESIGN-BUILDER

Signature: _____ Date: _____

Name and Title: _____

APPROVED AS TO FORM

Signature: _____ Date: _____

City Attorney

NOTICE

Labor Code, Division 2, Part 7, Chapter 1, Article 2, Section 1773.3 states:

An awarding agency whose public works contract falls within the jurisdiction of Section 1771.3, 1771.5, or 1777.5, or any other statute providing for the payment of fees to the Department of Industrial Relations for enforcing prevailing wage requirements on that project, shall, within five days of the award, send a copy of the award to the department. In lieu of responding to any specific request for contract award information, the department may make such information available for public review by posting on its Internet Web site. Within five days of a finding of any discrepancy regarding the ratio of apprentices to journeymen, pursuant to the certificated fixed number of apprentices to journeymen, the awarding agency shall notify the Division of Labor Standards Enforcement.

(Amended by Stats. 2012, Ch. 46, Sec. 93. Effective June 27, 2012.)

Also note Labor Code Sections 1776(g), 1777.5 and 1777.7.

NOTICE

THE DESIGN-BUILDER WILL BE REQUIRED TO FURNISH THE CITY OF POMONA WITH THE CLASSIFICATIONS OF LABORERS TO BE USED FOR THE COMPLETION OF THIS PROJECT WITHIN THREE (3) WORKING DAYS AFTER NOTIFICATION OF AWARDING OF CONTRACT.

RELEASE

OWNER:

DESIGN-
BUILDER:

PROJECT:

In consideration of final payment of undisputed Contract amounts relating to all labor, services, equipment or material furnished to Owner on the above referenced Project, Design-Builder hereby waives and releases any right to a stop notice, mechanic's lien, or against a labor and materials bond on the Project and hereby releases Owner from any and all claims for payment on the Project except for the disputed work and the disputed amounts both of which are set forth below:

DESCRIPTION OF DISPUTED WORK	DISPUTED AMOUNTS
<p style="text-align: center;">CHECK IF NONE: _____</p>	<p style="text-align: center;">CHECK IF NONE: _____</p>

Design-Builder acknowledges that it has been advised by its attorneys concerning, and is familiar with, the provisions of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Design-Builder, in that connection, acknowledges that it may have sustained damages, loss, cost, or expense that is presently unknown or unsuspected, and that such damages, loss, cost, or expense as may have been sustained, may give rise to additional damages, loss, cost, or expense in the future. Nevertheless, Design-Builder acknowledges that this Release has been negotiated and agreed upon in light of that situation, and hereby expressly waives any and all rights which it may have under California Civil Code Section 1542 or under any other state or federal statutes or common law principle of similar effect.

Date: _____

DESIGN-BUILDER

By: _____
(signature)

Typed Name: _____

Title: _____

NOTICE: This document waives rights unconditionally and states that you have been paid for giving up those rights. This document is enforceable against you if you sign it, even if you have not been paid. If you have not been paid, use a conditional release form.

INSURANCE REQUIREMENTS

The DESIGN/BUILDER shall maintain throughout the duration of the term of the Agreement, liability insurance covering the DESIGN/BUILDER and designating CITY including its elected or appointed officials, directors, officers, agents, employees, volunteers, or consultants, as additional insured against any and all claims resulting in injury or damage to persons or property (both real and personal) caused by any aspect of the DESIGN/BUILDER's work, in amounts no less than the following and with such deductibles as are ordinary and reasonable in keeping with industry standards. It shall be stated, in the Additional Insured Endorsement, that the DESIGN/BUILDER's insurance policies shall be primary as respects any claims related to or as the result of the DESIGN/BUILDER's work. Any insurance, pooled coverage, or self-insurance maintained by the CITY, its elected or appointed officials, directors, officers, agents, employees, volunteers, or consultants shall be non-contributory. The Additional Insured Endorsement shall not apply to the Professional Liability Insurance.

Professional Liability Insurance:

- a. General Aggregate \$2,000,000

General Liability:

- a. General Aggregate \$2,000,000
- b. Products Comp/Op Aggregate \$2,000,000
- c. Personal & Advertising Injury \$1,000,000
- d. Each Occurrence \$1,000,000
- e. Fire Damage (any one fire) \$ 50,000
- f. Medical Expense (any one person) \$ 5,000

Workers' Compensation:

- a. Workers' Compensation Statutory Limits
- b. EL Each Accident \$1,000,000
- c. EL Disease - Policy Limit \$1,000,000
- d. EL Disease - Each Employee \$1,000,000

Automobile Liability

- a. Any vehicle, combined single limit \$1,000,000

The DESIGN/BUILDER shall provide thirty (30) days advance notice to CITY in the event of material changes or cancellation of any coverage. Certificates of insurance and additional insured endorsements shall be furnished to CITY thirty (30) days prior to the effective date of this Agreement. Refusal to submit such certificates shall constitute a material breach of this Agreement entitling CITY to any and all remedies at law or in equity, including termination of this Agreement. If proof of insurance required under this Agreement is not delivered as required or if such insurance is canceled and not adequately replaced, CITY shall have the right but not the duty to obtain replacement insurance and to charge the DESIGN/BUILDER for any premium due for such coverage. CITY has the option to deduct any such premium from the sums due to the DESIGN/BUILDER.

Insurance is to be placed with insurers authorized and admitted to write insurance in California and with a current A.M. Best's rating of A-:VII or better. Acceptance of insurance from a carrier with a rating lower than A-:VII is subject to approval by CITY's Risk Manager. DESIGN/BUILDER shall immediately advise CITY of any litigation that may affect these insurance policies