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PART 4

General Conditions of Contract Between Department and Design-Builder

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Article 1
General

1.1 Mutual Obligations

1.1.1 Department 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 For the purposes of the Contract Documents, the following words and terms shall have the meanings specified below (other words and abbreviations that have well-known technical or trade meanings are used in the Contract Documents in accordance with such recognized meanings), provided, however, that capitalized terms defined in other Contract Documents, including but not limited to the Agreement, shall have the meanings specified in such document.

.1 *Agreement* refers to the executed Lump Sum Design-Build Agreement Between Department and Design-Builder.

.2 *Agreement Date* is the date that the Agreement is executed by both parties.

.3 *Business Day(s)*, whether capitalized or not, means any day(s) other than a Saturday, Sunday, Commonwealth of Virginia holiday, or a day when the New York Stock Exchange or banks are authorized or required to close in New York, New York or Richmond, Virginia.

.4 *Contract Documents* refer to those documents identified in Article 2 of the Agreement.

.5 *Contractor* shall mean Design-Builder.

.6 *Day* or *Days*, whether capitalized or not, shall mean calendar days unless otherwise specifically noted in the Contract Documents.

.7 *Department's Project Criteria* are developed by or for Department to describe Department'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. Department's Project Criteria are included in the Request for Proposals and may include conceptual documents, design criteria, performance requirements and other Project-specific technical materials and requirements.

.8 *Design Consultant* is a qualified, licensed design professional, eligible to provide professional engineering and/or land surveying services in the Commonwealth of Virginia, who is not an employee of Design-Builder, but is retained by Design-Builder, or

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employed or retained by anyone under contract with Design-Builder or Subcontractor, to furnish design services required under the Contract Documents.

.9 *Engineer* shall mean the Department's Chief Engineer, who acts directly or through his duly authorized representative, the representative acts within the scope of the particular duties assigned to him or the authority given to him.

.10 *General Conditions of Contract (or General Conditions)* refer to this document.

.11 *Governmental Approval* means any authorization, consent, approval, license, lease, ruling, permit, certification, exemption, or registration by or with any Governmental Unit.

.12 *Governmental Unit* means any national, state or local government, any political subdivision thereof, or any governmental, quasi-governmental, judicial, public or statutory instrumentality, administrative agency, authority, body or other entity having jurisdiction over the performance of the Work, the Project or the Parties; provided, however, that the term "Governmental Unit" shall not be construed to include the Department.

.13 *Hazardous Environmental Condition* means the presence at the Site of Hazardous Materials in such quantities or circumstances that may present a substantial danger to persons or property exposed thereto on connection with the Work.

.14 *Hazardous Materials* 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.

.15 *Interim Milestone(s) is* completion and delivery date(s) for parts of the work specified by the Contract Documents.

.16 *Legal Requirements* are all applicable federal, state and local laws, codes, ordinances, rules, regulations, orders and decrees of any Governmental Unit.

.17 *Proposal* means that document submitted by Design-Builder pursuant to the RFP and identified in Article 2 of the Agreement.

.18 *QA Manager ("QAM")* is the Design-Builder's designee responsible for providing Quality Assurance and Quality Control of the Work, and ensuring conformance with the Contract Documents.

.19 *QA/QC Plan* is a plan that details how the Design-Builder will provide quality control ("QC") and quality assurance ("QA") for both the design and construction elements of the project, obtain samples for Design-Builder quality control testing, perform tests for Design-Builder quality control, provide inspection, and exercise

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management control (e.g. quality assurance testing) to ensure the work conforms to the contract requirements.

.20 *Request for Proposals* (*"RFP"*) is the document identified in Article 2 of the Agreement, inclusive of all of its parts, addenda, Department's Project Criteria, and any other document that is attached thereto or incorporated therein by reference.

.21 *Request for Qualifications* (*"RFQ"*) means all documents, whether attached or incorporated by reference, utilized for soliciting interested persons to apply for prequalification. The RFQ is the first phase of a Two-phase selection process for the purpose of inviting interested Offerors to submit qualifications for a project.

.22 *RFP Documents* refer to those documents identified in Part 1, Instructions for Offerors, Section 2.9.1 of the RFP.

.23 *Separate Contractor* means a contractor retained by the Department other than the Design-Builder to perform work or to provide services or materials in connection with the Project.

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

.25 *Standard Drawings* are the applicable drawings in the Virginia Department of Transportation *Road and Bridge Standards*, current as of the date of the Agreement.

.26 *Standard Specifications* are the Virginia Department of Transportation *Road and Bridge Specifications*, 2007.

.27 *State* means the Commonwealth of Virginia.

.28 *State Highway* means any highway designated a State Highway pursuant to Title 33.1, Chapter 1, Sections 25, 48 and 67, Code of Virginia.

.29 *State Indemnitee* means and includes the Department, the Commissioner, the Commonwealth Transportation Board, the State and all elected representatives, appointed officials, commissioners, officers, members, employees, authorized agents and authorized representatives of any of them.

.30 *Subcontract* means any and all agreements between Design-Builder and its Subcontractors and other agreements between Subcontractors and Sub-subcontractors (and/or any other lower tier subcontractors), it being the intent that all this term encompasses all agreements deriving directly or indirectly from Design-Builder, in connection with the performance of the Work.

.31 *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.

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.32 *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.

.33 *Substantial Completion* is the date on which the Work, or an agreed upon portion of the Work, is complete in accordance with the Contract Documents so that Department can occupy and use the Project (or a portion thereof, if the Contract Documents provide for acceptance of portions of the Project upon Substantial Completion of such portions) for its intended purposes. It is intended that, as of Substantial Completion, the Department and the public (traveling and general) will have full and unrestricted use and benefit of the Work (or, if applicable, an agreed upon portion of the Work), from both an operational and safety standpoint, with only minor incidental Work remaining to be performed, corrected or repaired.

.34 *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.

.35 *Work Breakdown Structure ("WBS")* is a hierarchically-structured grouping of project elements that organizes and defines the total scope of the Project. Each descending level is an increasingly detailed definition of a project component. Project components may be products (a product-oriented WBS) or tasks (a task-oriented WBS).

.36 *Work Package* is a deliverable at the lowest level of the WBS. May be divided into activities and used to identify and control work flows in the organization.

Article 2
Design-Builder's Services and Responsibilities

2.1 General

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

2.1.2 The parties will meet within seven (7) days after the Agreement Date, and also will meet within seven (7) days after Date of Commencement, 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.

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2.1.3 Design-Builder shall provide Department with the Baseline Schedule, updates and monthly reports set forth in Section 11.1 of the Agreement.

2.1.4 Design-Builder shall be responsible for securing, executing and paying all costs associated with the procurement of all agreements with adjacent land or property owners that are necessary to enable Design-Builder to perform the Work, and shall provide all right-of-way acquisition services associated with this Project.

2.1.5 Design-Builder shall provide management for the Work in accordance with the organization chart set forth in the Proposal. Design-Builder acknowledges the importance of its Design-Build Project Manager, Design Manager, Quality Assurance Manager, Construction Manager (collectively, "**Key Personnel**"). None of the Key Personnel may be withdrawn from the Project without prior written approval of Department, with it being understood and agreed that Design-Builder will provide Department with at least thirty (30) days written notice of any request to withdraw any Key Personnel. Design-Builder shall remove or replace, or have removed or replaced, any personnel performing the Work if Department has a reasonable objection to such person.

2.1.6 If Design-Builder wishes to deviate from the right-of-way limits shown on the approved Project right-of-way plans for property, such deviations will be subject to Department's prior written approval. It will be the responsibility of Design-Builder to coordinate directly with the affected property owners to acquire such right-of-way. Design-Builder shall be responsible for assuming all risks associated with exceeding such right-of-way limits, including any public hearings that may be required, and no modifications to the Contract Price or Contract Time(s) will be granted or considered.

2.1.7 Design-Builder shall submit its QA/QC Plan to VDOT for review and approval at the meeting held after the Date of Commencement as set forth in Section 2.1.2. Along with the QA/QC Plan submittal, the QA Manger shall provide a presentation of the QA/QC Plan utilizing project related scenarios.

2.1.8 Design-Builder shall participate in monthly progress meetings. During such meetings, progress during the prior month shall be reviewed The Design-Builder shall collect information from any key subcontractors/sub-consultant responsible for work completed during the specified duration and work scheduled during the upcoming reporting duration. These meetings shall be attended by the design-build project manager, construction manager, quality assurance manager and design manager, as well as other key personnel from the design and construction firms defined within the Offeror's proposal and Department representative's designated by the VDOT Project Manager. Meetings will occur monthly beginning the month after the issuance of the Notice to Proceed. Design-Builder shall be responsible for preparing, maintaining and distributing minutes of the meetings to all attendees for review. The meeting minutes shall be provided to the Department within two (2) days of the monthly progress meeting.

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2.2 Scope Validation and Identification of Scope Issues

2.2.1 <u>Scope Validation Period</u>. Except as modified in Section 2.2.2 below, the term "**Scope Validation Period**" shall refer to the sixty (60) day period following the Date of Commencement. During the Scope Validation Period, Design-Builder shall thoroughly review and compare all of the then-existing Contract Documents, including without limitation the RFP Documents and the Proposal, to verify and validate Design-Builder's proposed design concept and identify any errors, omissions, inconsistencies, constructability problems, Site conditions or any other defects or concerns of any kind (collectively referred to as "**Scope Issues**") that may affect Design-Builder's ability to complete its proposed design concept within the Contract Price and Contract Time(s). If Design-Builder finds any Scope Issues, it shall notify Department in writing of such findings within the Scope Validation Period. Upon such notice, the Parties shall promptly meet and confer to discuss the resolution of such issues. If a Scope Issue could not have reasonably been identified by Design-Builder prior to the Agreement Date, and if resolution of the issue materially impacts Design-Builder's price or time to perform the Work, Design-Builder shall be entitled to submit a request for Work Order, and Department shall have the right to act upon such request, in accordance with Article 9 hereof. Notwithstanding anything to the contrary in the Contract Documents or as a matter of law, Design-Builder shall have the burden of proving that the alleged Scope Issue could not have been reasonably identified prior to the Agreement Date and that such Scope Issue materially impacts its price or time to perform the Work.

2.2.2 <u>Scope Validation Period for Non-Accessible Areas of the Site</u> *<u>[if applicable]</u>*. The Parties recognize that the Department will not have acquired and have complete right of entry to all areas of the Project as of the Date of Commencement, and that, as a result, Design-Builder will not have access to such areas to conduct any additional geotechnical evaluations as contemplated by Section 4.3.2 below. The Parties further recognize that there is a possibility that Design-Builder may be restricted, as of the Date of Commencement, from having full access to other areas of the Site for purposes of conducting geotechnical evaluations. For the limited purpose of determining Scope Issues that directly arise from geotechnical evaluations for such areas, the term "**Scope Validation Period**" shall be deemed to be sixty (60) days from the date that Department notifies Design-Builder that it has acquired and obtained complete right of entry to such areas.

2.2.3 <u>Design-Builder's Assumption of Risk of Scope Issues</u>. The Parties acknowledge that the purpose of the Scope Validation Period is to enable Design-Builder to identify those Scope Issues that could not reasonably be identified prior to the Agreement Date. By executing this Agreement, Design-Builder acknowledges that the Scope Validation Period is a reasonable time to enable Design-Builder to identify Scope Issues that will materially impact Design-Builder's price or time to perform the Work. Following completion of the Scope Validation Period, with the sole exception of those Scope Issues identified during the Scope Validation Period and subject to valid requests for Work Orders in accordance with Section 2.2.1 above, the Parties agree as follows:

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.1 Design-Builder shall assume and accept all risks, costs, and responsibilities of any Scope Issue arising from or relating to the Contract Documents, including but not limited to conflicts within or between the RFP Documents and Proposal;

.2 Design-Builder shall be deemed to have expressly warranted that the Contract Documents existing as of the end of the Scope Validation Period are sufficient to enable Design-Builder to complete the design and construction of the Project without any increase in the Contract Price or extension to the Contract Time(s); and

.3 Department expressly disclaims any responsibility for, and Design-Builder expressly waives its right to seek any increase in the Contract Price or extension to the Contract Time(s) for, any Scope Issue associated with any of the Contract Documents, including but not limited to the RFP Documents.

2.3 Design Professional Services

2.3.1 Design-Builder shall, consistent with applicable state licensing laws, provide through qualified, licensed design professionals employed by Design-Builder, or procured from qualified, independent licensed Design Consultants, the necessary design services, including architectural, engineering, surveying, 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. All design professional services shall be performed by professionals properly licensed in the Commonwealth of Virginia.

2.3.2 ~~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. Notwithstanding the preceding sentence, if the Contract Documents establish a specific performance standard for any aspect of the Work, the design professional services shall be performed to achieve such standards.~~ Design-Builder shall perform, or cause to be performed, the work required by the Contract Documents, applying appropriate skill and experience in accordance with the following requirements:

.1 specific standards, methods, and requirements set forth in the Contract Documents;

.2 all Legal Requirements;

.3 all Governmental Approvals;

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.4 the application of professional engineering judgment taking into consideration safety, operational requirements, level of service, life cycle costs and the current version of the specific standards, methods, and requirements set forth in the Contract Documents;

.5 prudent industry practices, methods, techniques and standards and using the degree of care that would be expected to be exercised by a prudent, skilled and experienced Design-Builder engaged in the same kinds of undertakings as the Project under the same or similar conditions at the same time and locality of the Project; and

.6 the requirements of insurance policies required to be maintained in accordance with the Contract Documents

provided neither compliance with a minimum requirement set forth in any specific standard set forth above, nor achievement of a lowest cost solution, shall be deemed to either excuse compliance with any more stringent standard set forth above or to comply with the general standards set forth in subsections .4 and .5 above.

2.3.3 No Design Consultant is intended to be, nor shall any Design Consultant be deemed to be, a third-party beneficiary of this Agreement. Department is intended to be and shall be deemed a third-party beneficiary of all contracts between Design-Builder and any Design Consultant. In the event that this Agreement is terminated, Design-Builder shall, upon the written demand of Department, assign such contracts to Department.

2.3.4 Design-Builder shall incorporate all obligations and understandings of the Contract Documents applicable to design services in its respective contracts with any Design Consultant, and require that such obligations be flowed down to lower-tiered Design Consultants, including the obligations relative to ownership of the Work Product set forth in Article 4 of the Agreement.

2.4 Design Development Services

2.4.1 Design-Builder shall, consistent with any applicable provision of the Contract Documents, provide Department with ten (10) sets of the following interim design submissions, which submissions generally correspond to the Department's concurrent engineering process, including but not limited to: (i) Preliminary Field Inspection ("PFI"); (ii) Field Inspection and Right-of-Way ("FI/RW"); and (iii) additional interim design submissions that Department may require. On or about the time of the scheduled submissions, Design-Builder and Department shall meet and confer about the submissions, with Design-Builder identifying during such meetings, among other things, the evolution of the design and any significant changes or deviations from the Contract Documents, or, if applicable, previous design submissions. Minutes of the meetings will be maintained by Design-Builder and provided to all attendees for review. Following the design review meeting, Department shall review and provide comments on the interim design submissions (except that it will specifically approve or disapprove of the FI/RW

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submissions) within twenty-one (21) days after receipt of the required submissions. Design-Builder shall promptly revise and modify all such submittals so as to fully reflect all comments and shall deliver to Department revised submittals for review and comment (and approval as the case may be).

2.4.2 Design-Builder shall submit to Department Construction Documents setting forth in detail drawings and specifications describing the requirements for construction of the Work, in full compliance with all Legal Requirements and Governmental Approvals. 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, as agreed upon in writing, and shall be submitted after Design-Builder has obtained all requisite Governmental Approvals associated with the Work contained in such documents. The parties shall have a design review meeting to discuss, and Department shall review and approve, the Construction Documents in accordance with the procedures set forth Section 2.4.1 above. Design-Builder shall proceed with construction in accordance with the approved Construction Documents and shall submit ten (10) sets of approved Construction Documents to Department prior to commencement of construction.

2.4.3 Department's review, comment and/or approval of interim design submissions and the Construction Documents are for the purpose of establishing Design-Builder's compliance with the requirements of the Contract Documents and mutually establishing a conformed set of Contract Documents compatible with the requirements of the Work. Department's review, comment and/or approval of any interim or final design submission (including but not limited to the Construction Documents) shall not be deemed to transfer any liability from Design-Builder to Department.

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

2.5 Legal Requirements

2.5.1 Design-Builder shall keep fully informed of and perform the Work in accordance with all Legal Requirements. Design-Builder shall provide all notices, and execute and file the documents, statements and/or affidavits applicable to the Work as required by the Legal Requirements. Design-Builder shall permit Department's examination of any records made subject to such examination by any applicable Legal Requirements.

2.5.2 Design-Builder may request, by submission of a Work Order request, that the Contract Price and/or Contract Time(s) shall be adjusted to compensate Design-Builder for the effects of any changes in the Legal Requirements enacted after the Agreement Date, affecting the performance of the Work. Such effects may include, without limitation, revisions Design-Builder is required to make to the Construction Documents

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because of changes in Legal Requirements. Notwithstanding anything to the contrary, the relief afforded by this Section 2.5 shall not apply to changes in any tax laws, with Design-Builder bearing the risk of such changes.

2.6 Governmental Approvals

2.6.1 Except as identified in the Department's Governmental Approvals List attached as Exhibit 3.5.1, Design-Builder shall obtain and pay for all necessary Governmental Approvals required for the prosecution of the Work by any Governmental Unit. If any such Governmental Approval is required to be formally issued in the name of Department, Design-Builder shall undertake all efforts to obtain such Governmental Approvals subject to Department's reasonable cooperation with Design-Builder, including execution and delivery of appropriate applications and other documentation in forms approved by Department. Design-Builder shall deliver to Department, promptly after Design-Builder's receipt, a copy of each such Governmental Approval, with a listing of the status of all such Governmental Approvals included in the monthly reports required by Section 11.1 of the Agreement.

2.6.2 Design-Builder shall provide reasonable assistance to Department in obtaining those Governmental Approvals that are Department's responsibility, and no construction activity will commence until: (i) all Governmental Approvals required for the relevant construction activity (including any activity that may disturb the Site) have been obtained; (ii) Department has been notified that such Governmental Approvals have been obtained; and (iii) Department has, after reviewing the validity and scope of the Governmental Approval, authorized Design-Builder to proceed.

2.6.3 Design-Builder shall ensure that the Work conforms to the requirements and stipulations of all Governmental Approvals. Any violations of or noncompliance with any Governmental Approval, including but not limited to suspensions caused by Design-Builder violating or not being in compliance with a Governmental Approval, shall be at the sole risk of Design-Builder, and shall not be a basis for adjusting the Contract Price and/or Contract Time(s).

2.7 Design-Builder's Construction Phase Services

2.7.1 Unless otherwise provided in the Contract Documents to be the responsibility of Department 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, and shall maintain or cause to be maintained all licenses required of the Design-Builder or its employees in connection with the Work. Design-Builder shall at all

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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 lawfully in the Commonwealth of Virginia and consistent with the Contract Documents. Design-Builder shall not use any Subcontractor to whom Department has a reasonable objection, and shall obtain Department's written consent before making any substitutions or additions to Subcontractors previously identified to Department as being members of Design-Builder's Project team, including those who may have been identified in the Proposal.

2.7.4 Design-Builder assumes responsibility to Department 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 Department 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 Department performs other work on the Project or at the Site with Separate Contractors under Department'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 Department to occupy the Project or a portion of the Project for its intended use.

2.7.7 Design-Builder shall be responsible for the security of the Site until Substantial Completion of the Work, or a portion of the Work.

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

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stationed at the Site who may have responsibilities on the Project in addition to safety. The Safety Representative shall make routine daily inspections of the Site and shall hold weekly safety meetings with Design-Builder's personnel, Subcontractors and others as applicable. Design-Builder shall provide minutes of each safety meeting to Department within five (5) days of such meeting.

2.8.2 Design-Builder shall provide, for Department's review, comment and acceptance, a Health, Safety and Welfare ("HS&W") plan on or before the earlier of fifteen (15) days of the Date of Commencement, or twenty-one (21) days before Design-Builder intends to commence any construction-related activities at the Site. Design-Builder shall not perform any construction-related activity (including any activity that disturbs the Site) until an acceptable HS&W plan is in place.

2.8.3 Design-Builder and Subcontractors shall comply with: (i) all Legal Requirements relating to safety; (ii) Design-Builder's HS&W plan; and (iii) any Department-specific safety requirements set forth in the Contract Documents, provided that such Department-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 Department's Representative and, to the extent mandated by Legal Requirements, to all Governmental Units having jurisdiction over safety-related matters involving the Project or the Work.

2.8.4 Department shall have the right to immediately suspend any or all Work if Design-Builder fails to comply with its obligations hereunder.

2.8.5 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 injury, losses, damages or accidents resulting from their performance of the Work.

2.9 Design-Builder's Warranty

2.9.1 Design-Builder warrants to Department that the construction, including all materials and equipment furnished as part of the construction, shall be new unless otherwise specified in the Contract Documents, of good quality, in conformance with the Contract Documents and free of defects in materials and workmanship. Design-Builder's warranty obligation excludes defects caused by abuse, damage, alterations, or failure to maintain the Work by persons other than Design-Builder or anyone for whose acts Design-Builder may be liable. Nothing in this warranty is intended to limit any manufacturer's warranty which provides Department with greater warranty rights than set forth in this Section 2.9 or the Contract Documents. Design-Builder will provide Department 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 (1) 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 the Contract Documents or applicable Legal Requirements or Government Approvals.

2.10.2 Design-Builder shall, within seven (7) days of receipt of written notice from Department or the QA Manager 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, Department, in addition to any other remedies provided under the Contract Documents, may provide Design-Builder with written notice that Department will commence correction of such nonconforming Work with its own forces. If Department does perform such corrective Work, Design-Builder shall be responsible for all reasonable costs incurred by Department in performing such correction. If the nonconforming Work creates an emergency requiring an immediate response, the seven (7) day periods identified herein shall be deemed inapplicable.

2.10.3 The one (1) 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 Department may have regarding Design-Builder's other obligations under the Contract Documents.

2.11 Department's Rights to Direct Design-Builder

2.11.1 When any act, omission, or other action of Design-Builder occurs that violates the requirements, conditions, or terms of the Contract Documents; or affects the health, safety, or welfare of the public or natural resources, Department will have the right, but not the obligation, to direct Design-Builder to take prompt action to repair, replace, or restore the damage or injury within a time frame established by Department. If Design-Builder fails to make such repair, replacement, or restoration within the established time frame, Department will have the damage or injury repaired, replaced, or restored and will deduct the cost of such repair, replacement, or restoration from monies due Design-Builder.

Article 3
Department's Services and Responsibilities

3.1 Duty to Cooperate

3.1.1 Department 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

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so as not to delay or interfere with Design-Builder's performance of its obligations under the Contract Documents.

3.1.2 Department shall provide timely reviews and (where required) approvals of submittals, interim design submissions and Construction Documents consistent with the turnaround times set forth in Design-Builder's schedule, provided, however that, unless stated otherwise in the Contract Documents, Department shall have twenty-one (21) days after receipt of such submissions to act upon such submissions.

3.1.3 Department Project Manager shall be responsible for coordinating and participating in a monthly progress meeting day for the duration of the Project. Meetings will occur monthly beginning the month after the issuance of the Notice to Proceed.

3.2 Furnishing of Services and Information

3.2.1 Department has provided RFP Information Documents in Part 2 of the RFP Documents for Design-Builder to consider in developing the Proposal and for executing the Work. Design-Builder shall thoroughly review and compare all such documents during the Scope Validation Period and, to the extent that any Scope Issues arise, Department shall consider such issues in accordance with Section 2.2 above.

3.3 Financial Information

3.3.1 At Design-Builder's request, Department shall promptly furnish reasonable evidence satisfactory to Design-Builder that Department has adequate funds available and committed to fulfill all of Department's contractual obligations under the Contract Documents. If Department fails to furnish such financial information in a timely manner, Design-Builder may stop Work under Section 11.3 hereof or exercise any other right permitted under the Contract Documents.

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

3.4 Department's Representative

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

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3.5 Governmental Approvals

3.5.1 Department shall obtain and pay for all necessary Governmental Approvals set forth in the Department's Governmental Approval List attached as Exhibit 3.5.1.

3.5.2 Department shall provide reasonable assistance to Design-Builder in obtaining those Governmental Approvals that are Design-Builder's responsibility.

3.6 Department's Separate Contractors

3.6.1 The Department may at any time contract or approve concurrent contracts for performance of other work on, near, or within the same geographical area of the work specified in an existing contract. Design-Builder shall not impede or limit access to such work by others.

3.6.2 When separate contracts are awarded within the limits of one project, contractors shall not hinder the work being performed by other contractors. Design-Builder(s) and/or Separate Contractor(s) working on the same project shall cooperate with each other. In case of dispute, the Engineer will be the referee, and his decision will be binding on all parties.

3.6.3 When contracts are awarded to Design-Builder(s) and/or Separate Contractor(s) for known concurrent construction in a common area, the Design-Builder(s) and/or Separate Contractor(s), in conference with the Engineer, shall establish a written joint schedule of operations. The schedule shall be based on the limitations of the individual contracts and the joining of the work of one contract with the others. The schedule shall set forth the approximate dates and sequences for the several items of work to be performed and shall ensure completion within the contract time limit. The schedule shall be submitted to the Engineer for review and approval no later than twenty-one (21) days after the award date of the later contract and prior to the first monthly progress meeting. The schedule shall be agreeable to, signed by, and binding on each Design-Builder(s) and/or Separate Contractor(s). The Engineer may allow modifications of the schedule when benefit to the Design-Builder(s) and/or Separate Contractor(s) and the Department will result.

3.6.4 Any modification of the schedule shall be in writing, mutually agreed to and signed by the Design-Builder(s) and/or Separate Contractor(s), and shall be binding on the Design-Builder(s) and/or Separate Contractor(s) in the same manner as the original agreement.

3.6.5 If the Design-Builder(s) and/or Separate Contractor(s) fail to agree on a joint schedule of operations, they shall submit their individual schedules to the Engineer, who will prepare a schedule that will be binding on each Design-Builder and/or Separate Contractor.

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3.6.6 The joint schedule and any modification thereof shall become a part of each contract involved. The failure of any Design-Builder and/or Separate Contractor to abide by the terms of the joint schedule will be justification for declaring the Design-Builder and/or Separate Contractor in default of his contract.

3.6.7 Each Design-Builder and/or Separate Contractor shall assume all liability, financial or otherwise, in connection with his contract and shall protect and save harmless the Commonwealth from any and all damages and claims that may arise because of any inconvenience, delay, or loss he experiences as a result of the presence and operations of other Design-Builder(s) and/or Separate Contractor(s) working in or near the work covered by his contract. He shall also assume all responsibility for any of his work not completed because of the presence or operation of other Design-Builder(s) and/or Separate Contractor(s).

3.6.8 Except for an extension of the contract time limit, the Department will not be responsible for any inconvenience, delay, or loss experienced by the Design-Builder and/or Separate Contractor as a result of his failure to gain access to the work at the time contemplated. When the failure to gain access is not due to any fault or negligence of the Design-Builder and/or Separate Contractor, an extension of the contract time limit will be allowed on the basis of the amount of time delayed.

3.6.9 The Department will not assume any responsibility for acts, failures, or omissions of one Design-Builder and/or Separate Contractor that delay the work of another except as provided herein.

Article 4
Hazardous Environmental Conditions and Differing Site Conditions

4.1 Hazardous Environmental 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 Environmental Conditions encountered at the Site. Upon encountering any Hazardous Environmental Conditions, Design-Builder will stop Work immediately in the affected area and duly notify Department and, if required by Legal Requirements, all Governmental Units with jurisdiction over the Project or Site.

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

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4.1.3 Design-Builder shall be obligated to resume Work at the affected area of the Project only after Department's expert provides it with written certification that: (i) the Hazardous Environmental Conditions have been removed or rendered harmless; and (ii) all necessary Governmental Approvals have been obtained.

4.1.4 Design-Builder will be entitled to submit a request for a Work Order in accordance with these General Conditions of Contract, to an adjustment in its Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance have been adversely impacted by the presence, removal or remediation of Hazardous Environmental Conditions at the Site.

4.1.5 Notwithstanding the preceding provisions of this Section 4.1, Department is not responsible for Hazardous Materials introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable.

4.1.6 Design-Builder shall indemnify, defend and hold harmless each State Indemnitee from and against all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from:

.1 those Hazardous Materials introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable;

.2 the spreading, migration, release, remediation, storing, transportation or disposal by Design-Builder, Subcontractors or anyone for whose acts they may be liable, of pre-existing Hazardous Materials not discovered during the Scope Validation Period or thereafter; and

.3 exacerbation, due to negligence, recklessness or willful misconduct of Design-Builder, Subcontractors, or anyone for whose acts they may be liable of the release, spreading, migration or toxicity of Hazardous Materials at the Site which are known by Design-Builder to exist.

4.2 Inspection of Site Conditions

4.2.1 Design-Builder represents and warrants that it has, as of the Agreement Date, ascertained the nature and location of the Work, the character and accessibility of the Site, the existence of obstacles to construction, the availability of facilities and utilities, the location and character of existing or adjacent work or structures, the surface and subsurface conditions, and other general and local conditions (including labor) which might affect its performance of the Work or the cost thereof.

4.2.2 Design-Builder will, after the Date of Commencement, undertake such testing, inspections and investigations as may be necessary to perform its obligations under the Contract Documents, including but not limited to additional geotechnical evaluations or Hazardous Materials studies. If Design-Builder intends to conduct additional geotechnical evaluations to supplement or corroborate the information contained in the

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RFP Documents, it shall do so during the Scope Validation Period. Any Scope Issues that arise from such evaluations shall be treated in the manner set forth in Section 2.2.3 above. All reports or analyses generated by Design-Builder's testing, inspections and investigations, including but not limited to additional geotechnical testing, shall be furnished to Department promptly after such reports or analyses are generated.

4.3 Differing Site Conditions

4.3.1 Concealed or latent physical conditions or subsurface conditions at the Site that: (i) materially differ from the conditions indicated in the RFP Documents (as such conditions may be further described through reports or analyses undertaken during the Scope Validation Period); or (ii) are of an unusual nature, differing materially from the conditions ordinarily encountered and generally recognized as inherent in the Work are collectively referred to herein as "Differing Site Conditions." If Design-Builder encounters a Differing Site Condition, Design-Builder will be entitled to submit a request for a Work Order for 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 as allowed for herein.

4.3.2 Upon encountering a Differing Site Condition, Design-Builder shall provide prompt written notice to Department of such condition, which notice shall not be later than fourteen (14) days after such condition has been encountered. Design-Builder shall, to the extent reasonably possible, provide such notice before the Differing Site Condition has been substantially disturbed or altered.

4.3.3 Design-Builder shall not be entitled to any adjustment in the Contract Price and/or Contract Time(s) due to impacts of Differing Site Conditions not identified during the Scope Validation Period.

Article 5
Insurance and Bonds

5.1 Design-Builder's Insurance Requirements

5.1.1 Design-Builder is responsible for procuring and maintaining from insurance companies authorized to do business in the Commonwealth of Virginia the insurance required by the Division I Amendments.

5.1.2 Design-Builder's liability insurance required by Section 5.1.1 above shall be written for the coverage amounts set forth in the Division I Amendments and shall include completed operations insurance for the period of time set forth in such amendments.

5.1.3 Design-Builder's liability insurance set forth in Section 5.1.1 above shall specifically delete any design-build or similar exclusions that could compromise coverages because of the design-build delivery of the Project.

5.1.4 Prior to the Date of Commencement, Design-Builder shall provide Department 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 Department.

5.2 Bonds and Other Performance Security

5.2.1 Design-Builder shall procure performance and payment bonds executed by a surety acceptable to Department, each in the amount of one hundred percent (100%) of the Contract Price, and in accordance with all other requirements of the Contract Documents, including the Division I Amendments.

Article 6
Payment

6.1 Schedule of Payments

6.1.1 Within ~~ninety (90)~~sixty (60) days of the Date of Commencement, Design-Builder shall submit to Department, for its review and approval, and as part of its submission of the Baseline Schedule under Section 11.1.2 of the Agreement, pricing for the value of each work package, consistent with the Work Breakdown Structure submitted in Design-Builder's Proposal ("**Earned Value Schedule**").
The approved Earned Value Schedule will: (i) include values for all items comprising the Work; and (ii) serve as the basis for monthly progress payments made to Design-Builder throughout the Work.

6.1.2 The parties agree that progress payments for Work performed prior to Department's approval of the Earned Value Schedule shall be based on the schedule of values provided in the Proposal.

6.1.3 Neither the Earned Value Schedule nor payments made under Section 6.1.2 above shall exceed the monthly payment schedule submitted with the Proposal, unless Department specifically approves this in writing.

6.2 Monthly Progress Payments

6.2.1 On the tenth (10th) day of each month, Design-Builder shall submit for Department's review and approval its Application for Payment requesting payment for all Work performed as of the first day of such month and coinciding with the progress reflected in the monthly Baseline Schedule update. 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 2.1.2 hereof. Payment shall be made in accordance with the following earned value calculation:

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.1 Design-Builder shall identify each work package, and the value in dollars of such work package, in accordance with Section 6.1.1 above. Applications for Payment shall be made based on the following earned values.

.1 Design-Builder shall earn twenty percent (20%) of the value of a work package upon initiation of the respective work package.

.2 Design-Builder shall earn eighty percent (80%) of the value of a work package upon completion of the respective work package.

.2 QA/QC shall be an integral part of each work package. As part of each Application for Payment that includes completed work packages, Design-Builder's designated quality assurance manager shall certify that each work package has been completed in accordance with the Contract Documents, and that all required QA/QC tests, measurements, permits or other requirements have been completed and all non-conformance reports relative to the respective work package have been resolved. The Design-Builder shall submit evidence of the QA/QC reviews, including any checklists, summary data, high-level/rule-of-thumb comparative analyses or design checks, and evaluations of the work and the qualifications of the responsible personnel that completed the work, etc., that the relevant QA or QC reviewer relied on to make its determination the work is complete and conforms to the requirements of the Contract Documents.

6.2.2 The Application for Payment may request payment for equipment and materials not yet incorporated into the Project, provided that: (i) Department, in its sole discretion, agrees that it is willing to allow payment for such equipment and materials; (ii) Department is satisfied that the equipment and materials are suitably stored at either the Site or another acceptable location; (iii) the equipment and materials are protected by suitable insurance; and (iv) upon payment, Department will receive the equipment and materials free and clear of all liens and encumbrances.

6.2.3 The Application for Payment shall constitute Design-Builder's representation that the Work 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 Department 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, Department shall pay Design-Builder all amounts properly due. If Department determines that Design-Builder is not entitled to all or part of an Application for Payment, it will notify Design-Builder in writing at least seven (7) days prior to the date payment is due. The notice shall indicate the specific amounts Department intends to withhold, the reasons and contractual basis

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for the withholding, and the specific measures Design-Builder must take to rectify Department's concerns. Design-Builder and Department will attempt to resolve Department's concerns prior to the date payment is due. If the parties cannot resolve such concerns, Design-Builder may pursue its rights under the Contract Documents, including those under Article 10 hereof.

6.3.2 Notwithstanding anything to the contrary in the Contract Documents, Department 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 Department wrongfully fails to pay Design-Builder any 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. All payments due and unpaid shall bear interest at the rate set forth in the Agreement.

6.5 Design-Builder's Payment Obligations

6.5.1 Design-Builder will pay Design Consultants and Subcontractors, in accordance with its contractual obligations to such parties, all the amounts Design-Builder has received from Department 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 Department against any claims for payment and mechanic's liens as set forth in Section 7.2.1 hereof.

6.6 Substantial Completion

6.6.1 Design-Builder shall notify Department when it believes the Work, or to the extent permitted in the Contract Documents, a portion of the Work, is substantially complete. Within seven (7) days of Department's receipt of Design-Builder's notice, Department 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, Department 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 Department'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, Department shall pay to Design-Builder all amounts properly due, as applicable, to the entire Work or completed portion of the Work, less an amount equal to two hundred percent (200%) of Department's determination of the reasonable value of all

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remaining or incomplete items of Work as noted in the Certificate of Substantial Completion.

6.6.3 Department, 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; and (ii) Design-Builder and Department have obtained the consent of their sureties and insurers, and to the extent applicable, the appropriate Governmental Units having jurisdiction over the Project.

6.7 Final Acceptance and Final Payment

6.7.1 Design-Builder shall notify Department when it believes the Work, or to the extent permitted in the Contract Documents, a portion of the Work, is finally complete. Within seven (7) days of Department's receipt of Design-Builder's notice, Department and Design-Builder will jointly inspect such Work to verify that it is complete in accordance with the requirements of the Contract Documents. The Department will make the Final Acceptance of the Work in accordance with Section 105.15 of the Division I Amendments, whereupon Design-Builder will provide Department with a Final Application for Payment. Department shall make final payment by the time required in the Agreement, provided that Design-Builder has completed all of the Work in conformance with the Contract Documents.

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

.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 Department's interests;

.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 Department and remaining unsettled at the time of final payment, which claims shall be specifically listed in an attachment to the general release;

.3 consent of Design-Builder's surety to final payment;

.4 all operating manuals, warranties and other deliverables required by the Contract Documents, including the correspondence files required by Section 11.1.9 of the Agreement; and

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

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

Article 7
Indemnification

7.1 Patent and Copyright Infringement

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

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

7.1.3 Sections 7.1.1 and 7.1.2 above shall not be applicable to any suit, claim or proceeding based on infringement or violation of a patent or copyright: (i) relating solely to a particular process or product of a particular manufacturer specified by Department and not offered or recommended by Design-Builder to Department; or (ii) arising from modifications to the Work by Department after acceptance of the Work.

7.2 Payment Claim Indemnification

7.2.1 Providing that Department is not in breach of its contractual obligation to make payments to Design-Builder for the Work, Design-Builder shall indemnify, defend and hold harmless State Indemnitees from any claims or mechanic's liens brought against any State Indemnitee 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

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Work. Within three (3) days of receiving written notice from a State Indemnitee 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, The State Indemnitee will have the right to discharge the claim or lien and hold Design-Builder liable for costs and expenses incurred, including attorneys' fees.

7.3 Design-Builder's General Indemnification

7.3.1 Design-Builder, to the fullest extent permitted by law, shall indemnify, hold harmless and defend State Indemnitees from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for: (i) 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; and (ii) any violation of Sections 2.5, 2.6, or 2.8 hereof by 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.

7.3.2 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 a State Indemnitee, Design-Builder's indemnity obligation set forth in Section 7.3.1 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.

7.4 Defense and Indemnification Procedures

7.4.1 If Department receives notice of or otherwise has actual knowledge of a claim which it believes is within the scope of Design-Builder's indemnification under the Contract Documents, it shall by writing as soon as practicable: (i) inform Design-Builder of such claim; (ii) send to Design-Builder a copy of all written materials Department has received asserting such claim and (iii) notify Design-Builder that either: (i) the defense of such claim is being tendered to Design-Builder; or (ii) Department has elected to conduct its own defense for a reason set forth below.

7.4.2 If the insurer under any applicable insurance policy accepts tender of defense, Design-Builder and Department shall cooperate in the defense as required by the insurance policy. If no defense is provided by insurers under potentially applicable insurance policies, then the following provisions shall apply.

7.4.3 If the defense is tendered to Design-Builder, it shall within forty-five (45) days of said tender deliver to Department a written notice stating that Design-Builder: (i) accepts the tender of defense and confirms that the claim is subject to full indemnification hereunder without any "reservation of rights" to deny or disclaim full indemnification

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thereafter; (ii) accepts the tender of defense but with a "reservation of rights" in whole or in part; or (iii) rejects the tender of defense if it reasonably determines it is not required to indemnify against the claim under the Contract Documents. If such notice is not delivered within such forty-five (45) days, the tender of defense shall be deemed rejected.

7.4.4 If Design-Builder accepts the tender of defense, Design-Builder shall have the right to select legal counsel for the State Indemnitees, subject to reasonable approval of the State Attorney General, and Design-Builder shall otherwise control the defense of such claim, including settlement, and bear the fees and costs of defending and settling such claim. During such defense: (i) Design-Builder shall at Design-Builder's expense, fully and regularly inform Department of the progress of the defense and of any settlement discussions; and (ii) Department shall, at Design-Builder's expense for all of Department's reasonable out-of-pocket third party expenses, fully cooperate in said defense, provide to Design-Builder all materials and access to personnel it requests as necessary for defense, preparation and trial and which or who are under the control of or reasonably available to Department and maintain the confidentiality of all communications between it and Design-Builder concerning such defense to the extent allowed by law.

7.4.5 Department shall be entitled to select its own legal counsel and otherwise control the defense of such claim if: (i) the defense is tendered to Design-Builder and it refuses the tender of defense, or fails to accept such tender within forty-five (45) days, or reserves any right to deny or disclaim such full indemnification thereafter; or (ii) Department, at the time it gives notice of the claim or at any time thereafter, reasonably determines that: (i) a conflict exists between it and the Design-Builder which prevents or potentially prevents Design-Builder from presenting a full and effective defense; or (ii) Design-Builder is otherwise not providing an effective defense in connection with the claim and Design-Builder lacks the financial capability to satisfy potential liability or to provide an effective defense. Department may assume its own defense pursuant to the above by delivering to Design-Builder written notice of such election and the reasons therefor.

7.4.6 If Department is entitled and elects to conduct its own defense pursuant hereto, all reasonable costs and expenses it incurs in investigating and defending and claim for which it is entitled to indemnification hereunder (and any settlements or judgments resulting therefrom) shall be reimbursed by Design-Builder after completion of the proceeding.

7.4.7 If Department is entitled to and elects to conduct its own defense, then it shall have the right to settle or compromise the claim with the Design-Builder's prior written consent, which shall not be unreasonably withheld or delayed, or with approval of the court, and with the full benefit of the Design-Builder's indemnity. Notwithstanding the foregoing, if the Department elects to conduct its own defense and it is later determined that no indemnification obligation existed as to the particular claim, the Department shall pay its own costs and expenses relating thereto. In addition, if the Department elects to conduct its own defense because it perceives a conflict of interest, the Department shall

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pay its own costs and expenses relating thereto.

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, Subcontractors, Design Consultants, or those for whom Design-Builder, Subcontractors, or Design Consultants are responsible, Design-Builder may submit a request for a Work Order that the Contract Time(s) for performance be reasonably extended by Work Order. By way of example, events that Department may consider for an extension of the Contract Time(s) include acts or omissions of Department or anyone under Department's control (including separate contractors), changes in the Work, Differing Site Conditions, Hazardous Materials, wars, floods in excess of the base flood (as defined in the Division 1 Amendment), hurricane force winds, tornados, labor disputes, and earthquakes that cause ground accelerations in excess of AASHTO bridge design standards for the Site. It is specifically understood that other than floods in excess of the base flood, hurricane force winds and tornados, Design-Builder assumes the risk, and will not be entitled a time extension for any delays caused by weather or conditions resulting from weather.

8.2.2 In addition to Design-Builder's right to a time extension for those events set forth in Section 8.2.1 above, Design-Builder shall also be entitled to submit a request of a Work Order for an appropriate adjustment of the Contract Price provided, however, that the Contract Price shall not be adjusted for those events set forth in Section 8.2.1 above that are beyond the control of both Design-Builder and Department, including the events of wars, floods in excess of the base flood (as defined in the Division 1 Amendment), hurricane force wind, tornados, labor disputes, and earthquakes that cause ground accelerations in excess of AASHTO bridge design standards for the Site.

8.2.3 As a condition precedent to Design-Builder receiving an extension of the Contract Time(s), Design-Builder shall demonstrate that: (i) notice has been given by Design-Builder as provided in these General Conditions; (ii) the delay impacts the critical path (as reflected on the most recent monthly Baseline Schedule update) and is outside the reasonable control of Design-Builder; (iii) Design-Builder's performance would not have been concurrently delayed or interrupted by any event other than those identified in Section 8.2.1 above; (iv) Design-Builder, in view of all the circumstances, has exercised reasonable efforts to avoid the delay and did not cause the delay; and (v) Design-Builder

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has complied with the requirements of Section 8.3 below. Delays of Subcontractors shall be deemed to be within the reasonable control of Design-Builder, unless such delays are themselves excusable in accordance with the provisions of Section 8.2.1.

8.2.4 Should Department have a reasonable belief that the Contract Time(s) will not be met for causes that do not constitute an excusable delay under Section 8.2.1 above, Department has the right, but not the obligation, to so notify Design-Builder, and Design-Builder shall then work additional overtime, engage additional personnel and take such other measures as necessary to complete the Work within the Contract Time(s). Design-Builder shall bear all costs related to such overtime, additional personnel and other measures.

8.2.5 Notwithstanding the right of Design-Builder to receive a time extension pursuant to Section 8.2.1, Design-Builder agrees that if it encounters an excusable delay, it will, if directed by Department, develop and implement a recovery schedule and plan to improve progress and take such measures to overcome such delay.

8.3 Time Impact Analysis for Proposed Time Extensions

8.3.1 If Design-Builder claims that any event, including but not limited to a change in the Work, justifies an extension to the Contract Time(s), Design-Builder shall submit to Department a written Time Impact Analysis ("TIA") establishing the influence of the event on the latest approved Baseline Schedule update. Each TIA shall include a Fragmentary Network, and for events that have yet to occur (such as proposed change orders), the Fragmentary Network shall demonstrate how Design-Builder proposes to incorporate such event into the Baseline Schedule. The TIA shall demonstrate: (i) the time impact based on the date the event occurred, or, in the instance of proposed change orders, the date such change order was given to Design-Builder; (ii) the status of the Work at such point in time; and (iii) the time computation of all affected activities. Upon approval by Department, the event shall be included in the next Baseline Schedule update.

8.3.2 Activity delays shall not automatically mean that an extension of the Contract Time(s) is warranted or due Design-Builder. Design-Builder recognizes that certain events will not affect existing critical activities or cause non-critical activities to become critical, and that such events may result in only absorbing a part of the available total float that may exist within an activity chain of the network, thereby not causing any effect on the Contract Time.

8.3.3 Float is not for the exclusive use or benefit of either Department or Design-Builder, but rather shall be used for the benefit of the overall Project. Activity splitting or float suppression techniques will not be permitted. Extension of the Contract Time(s) will be granted only to the extent the equitable time adjustments to the activity or activities affected by the event exceeds the total float of a critical activity or path and extends the Contract Time(s).

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8.3.4 Two (2) copies of each TIA shall be submitted in accordance with the following along with a written proposal for any requested time extension:

.1 Within seven (7) days after receipt of a written change order.

.2 Within ten (10) days from the beginning of any other event claimed to give rise to a delay.

.3 Within the time period required for the filing of a written notice of claim pursuant to Article 10 Contract Adjustments and Disputes.

8.3.5 In cases where Design-Builder does not submit a TIA within the time requirements stated above, it shall be considered a waiver of any request for an extension of the Contract Time(s).

8.3.6 Approval or rejection of each TIA by Department shall be made within ten (10) days after receipt of each TIA, unless subsequent meetings and negotiations are necessary. Upon approval, a copy of the TIA signed by Department shall be returned to Design-Builder, and incorporated into the next Baseline Schedule update.

8.3.7 The TIA related to a change order shall be incorporated into and attached to the applicable change order.

Article 9
Changes to the Contract Price and Time

9.1 Work Orders

9.1.1 A **Work Order** (change order), is a written instrument on VDOT Form C-10, issued after the Agreement Date signed by Department and Design-Builder, stating their agreement upon all of the following:

.1 The scope of the change in the Work;

.2 The amount of the adjustment to the Contract Price; and

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

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

9.1.3 If Department requests a proposal for a change in the Work from Design-Builder and subsequently elects not to proceed with the change, a Work Order shall be issued to reimburse Design-Builder for reasonable costs incurred for estimating services, design

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services and services involved in the preparation of proposed revisions to the Contract Documents.

9.2 Contract Change Directive

9.2.1 A **Contract Change Directive** ("CCD") is a written order prepared and signed by Department, 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 Department and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for the Contract Change Directive. Upon reaching an agreement, the parties shall prepare and execute an appropriate Work Order reflecting the terms of the agreement.

9.2.3 The Department may issue a CCD by unilateral Work Order using VDOT Form C-10, subject further to the terms of Section 9.4.3.

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 Department and the QAM, in writing, of any such changes and record such changes on the documents maintained by Design-Builder.

9.4 Contract Price Adjustments

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

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

.2 A mutually accepted, lump sum, properly itemized and supported by sufficient substantiating data to permit evaluation by Department;

.3 Costs, fees and any other markups set forth in accordance with Section 109.05 of the Division 1 Amendments; and

.4 If an increase or decrease cannot be agreed to as set forth in items .1 through .3 above and Department issues a Contract Change Directive, the cost of the change of the Work shall be determined by the reasonable expense and savings in the performance of the Work resulting from the change, including a reasonable overhead and profit, as may be set forth in the Agreement. If the net result of both additions and deletions to the

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Work is an increase in the Contract Price, overhead and profit shall be calculated on the basis of the net increase to the Contract Price. If the net result of both additions and deletions to the Work is a decrease in the Contract Price, there shall be no overhead or profit adjustment to the Contract Price. Design-Builder shall maintain a documented, itemized accounting evidencing the expenses and savings associated with such changes.

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

9.4.3 If Department and Design-Builder disagree upon whether Design-Builder is entitled to be paid for any services required by Department, or if there are any other disagreements over the scope of Work or proposed changes to the Work, Department and Design-Builder shall resolve the disagreement pursuant to Article 10 hereof. As part of the negotiation process, Design-Builder shall furnish Department with a good faith estimate of the costs to perform the disputed services in accordance with Department's interpretations. If the parties are unable to agree and Department expects Design-Builder to perform the services in accordance with Department's interpretations, Design-Builder shall proceed to perform the disputed services, conditioned upon Department issuing a written order to Design-Builder: (i) directing Design-Builder to proceed; and (ii) specifying Department's interpretation of the services that are to be performed. If this occurs, Design-Builder shall be entitled to submit in its Applications for Payment an amount equal to fifty percent (50%) of its reasonable direct costs incurred to perform the services, and Department agrees to pay such amounts, with the express understanding that: (i) such payment by Department does not prejudice Department's right to argue that it has no responsibility to pay for such services; and (ii) receipt of such payment by Design-Builder does not prejudice Design-Builder's right to seek full payment of the disputed services if Department's order is deemed to be a change to the Work.

9.5 Emergencies

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

Article 10
Contract Adjustments and Disputes

10.1 Requests for Contract Adjustments and Relief

10.1.1 If Design-Builder believes that it is entitled to an adjustment to the Contract Price or Contract Times or other relief for any event arising out of or related to the Work or

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Project, including the acts or omissions of Department, it shall provide written notice to Department of the basis for such Contract Price or Contract Time adjustment or 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 of Design-Builder's intention to seek a Contract Price or Contract Time adjustment or relief shall be given within a reasonable time, not to exceed twenty-one (21) days, after the occurrence giving rise to the request for Contract Price or Contract Time adjustment or relief or after the claiming party reasonably should have recognized the event or condition giving rise to the request for Contract Price or Contract Time adjustment or relief, whichever is later. Such notice shall include sufficient information to advise Department of the circumstances giving rise to the request for Contract Price or Contract Time adjustment or 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 and disagreements. If disputes or disagreements do arise, Design-Builder and Department 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 Department will first attempt to resolve all disputes or disagreements at the field level through best efforts and good faith negotiations between Design-Builder's Representative and Department's Representative. If the dispute or disagreement cannot be resolved through Design-Builder's Representative and Department's Representative, Design-Builder's Senior Representative and Department's Senior Representative, upon the request of either party, shall meet as soon as conveniently possible, but in no case later than forty-five (45) days after such a request is made, to attempt to resolve such dispute or disagreement. Prior to any meetings between the Senior Representatives, the parties will exchange relevant information that will assist the parties in resolving the dispute or disagreement. If the Senior Representatives determine that the dispute or disagreement cannot be resolved to the mutual satisfaction of both parties, despite their best efforts, then such dispute or disagreement shall be submitted administratively as set forth in Sections 10.2.3 and 10.2.4 below.

10.2.3 If the process established in Section 10.2.2 above does not result in the resolution of a dispute or disagreement, Design-Builder shall submit to Department a written claim which shall set forth the facts upon which the claim is based. Design-Builder shall include all pertinent data and correspondence that may substantiate the claim. Within ninety (90) days from the receipt of such claim, Department shall make an investigation and notify Design-Builder in writing by registered mail of its decision. Design-Builder and Department may, however, mutually extend such ninety-day period for another thirty (30) days. If dissatisfied with the decision, Design-Builder shall, within thirty (30) days

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from receipt of such decision, notify the Commissioner, in writing, that Design-Builder desires to appear before him, either in person or through counsel, and present any additional facts and arguments in support of its claim as previously filed.

10.2.4 The Commissioner or his designee will schedule and meet Design-Builder within thirty (30) days of receiving the Design-Builder's written request. Design-Builder and Commissioner may, however, mutually agree to schedule such appearance to be held after thirty (30) days but before sixty (60) days from the receipt of such written request. Within forty-five (45) days from the date of the appearance before him, the Commissioner shall make an investigation of the claim and notify Design-Builder in writing of his decision. Design-Builder and the Commissioner may, however, mutually agree to extend such forty-five day period for another thirty (30) days. If the Commissioner deems that all or any portion of a claim is valid, he shall have the authority to negotiate a settlement with Design-Builder, but any such settlement shall be subject to the provisions of VA. CODE §2.2-514.

10.2.5 Failure of Department or the Commissioner to render a decision within the time period specified in Section 10.2.4 above, or within such other period as has been mutually agreed upon, shall be deemed a denial of the claim. Any mutual agreements for time extension permitted herein shall in no way extend the limitations set out in §33.1-192.1. If the Commissioner determines that a claim has been denied as the result of an administrative oversight, then the Department reserves the right to reconsider the claim.

10.2.6 As to such portion of the claim as is denied by the Commissioner, Design-Builder may institute a civil action for such sum as it claims to be entitled to under the Agreement for itself, and for anyone claiming by or through Design-Builder, by the filing of a petition in the Circuit Court of the City of Richmond, which shall be the exclusive jurisdiction for any civil actions brought by Design-Builder against Department. Any civil action brought by Design-Builder on behalf of a Subcontractor or Design Consultant shall only be brought for costs and expenses caused by the acts or omissions of Department and shall not be brought for costs and expenses caused by Design-Builder. Trial shall be by the court without a jury. The submission of the claim to the Department of Transportation within the times and as set out in Sections 10.2.3 through 10.2.5 above shall be a condition precedent to bringing a civil action. Department shall be allowed to assert any and all defenses in a case brought by Design-Builder on behalf of a Subcontractor or Design Consultant which are available to Design-Builder.

10.2.7 No civil action shall be brought against Department by Design-Builder (on behalf of itself or anyone claiming by or through Design-Builder) arising out of or related to this Agreement unless: (i) Design-Builder shall have exhausted the processes set forth in Sections 10.2.1 through 10.2.5 above; and (ii) such suit or action is initiated within twelve (12) months from Design-Builder's receipt of the decision of the Commissioner. The parties agree that the above-referenced conditions are conditions precedent to the initiation of a civil action, and that failure of Design-Builder to meet such conditions will be grounds for the civil action being dismissed.

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10.2.8 Any moneys that become payable as the result of a settlement after Final Payment will not be subject to payment of interest unless such payment is specified as a condition of the settlement.

10.3 Duty to Continue Performance

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

10.4 CONSEQUENTIAL DAMAGES

10.4.1 NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY (EXCEPT AS SET FORTH IN SECTION 10.4.2 BELOW), NEITHER DESIGN-BUILDER NOR DEPARTMENT 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.

10.4.2 The consequential damages limitation set forth in Section 10.4.1 above will not affect the payment of liquidated damages set forth in Article 5 of the Agreement, which both parties recognize has been established, in part, to reimburse Department for some damages that might otherwise be deemed to be consequential.

Article 11
Stop Work and Termination for Cause

11.1 Department's Right to Stop Work

11.1.1 Department 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 or stoppage of work by Department, by requesting a Work Order.

11.2 Department's Right to Perform and Terminate for Cause

11.2.1 If Design-Builder persistently fails to do any of the following, then Design-Builder may be declared in default and Department, in addition to any other rights and remedies provided in the Contract Documents or by law, shall have the rights set forth in Section 11.2.2 below:

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.1 begin the Work on the Date of Commencement;

.2 provide a sufficient number of skilled workers, equipment, or supply the materials required by the Contract Documents;

.3 comply with applicable Legal Requirements;

.4 timely pay, without cause, Design Consultants or Subcontractors;

.5 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

.6 perform material obligations under the Contract Documents;

11.2.2 If any of the conditions set forth in Section 11.2.1 above exists, Department will give written notice to Design-Builder and its surety of the condition. If, within ten (10) days after such notice, Design-Builder or its surety fails to cure, or reasonably commence to cure, such condition to the satisfaction of Department, then Department may then, or at any time thereafter, send a second written notice to Design-Builder declaring Design-Builder in default. Upon declaring Design-Builder in default, Department shall have the right, among other things, to terminate this Agreement for default.

11.2.3 Upon terminating this Agreement for default, Department will have the right to, in addition to any other right available at law, 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 Department 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. Design-Builder specifically agrees that it will assign all Subcontractors and Design Consultants to Department, upon Department's written demand that it do so. 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. At such time, if the unpaid balance of the Contract Price exceeds the cost and expense incurred by Department in completing the Work, such excess shall be paid by Department to Design-Builder. If Department'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 Department. 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 Department in connection with the reprocurement and defense of claims arising from Design-Builder's default, subject to the waiver of consequential damages set forth in Section 10.4 hereof.

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

11.2.5 Department shall have the right, upon the occurrence of any of the conditions set forth in Section 11.2.1 above, and regardless of whether or not Design-Builder is declared in default and/or terminated, to communicate with Design-Builder's surety and compel such surety to cure such conditions.

11.3 Design-Builder's Right to Stop Work

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

.1 Department's failure to provide financial assurances as required under Section 3.3 hereof; or

.2 Department's failure to pay amounts properly due under Design-Builder's Application for Payment.

11.3.2 Should any of the events set forth in Section 11.3.1 above occur, before exercising its rights under this section, Design-Builder shall provide Department with written notice that Design-Builder will stop work unless said event is cured within ten (10) days from Department's receipt of Design-Builder's notice. If Department does not cure the problem within such ten (10) day period, Design-Builder may stop work. In such case, Design-Builder shall be entitled to make a claim for adjustment to the Contract Price and Contract Time(s) to the extent it has been adversely impacted by such stoppage.

11.4 Design-Builder's Right to Terminate for Cause

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

.1 The Work has been stopped for one hundred twenty (120) consecutive days, or more than one hundred eighty (180) days during the duration of the Project, because of court order, any Governmental Unit having jurisdiction over the Work, or orders by Department 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.

.2 Department's failure to provide Design-Builder with any information, permits or approvals that are Department's responsibility under the Contract Documents which result in the Work being stopped for one hundred twenty (120) consecutive days, or more than one hundred eighty (180) days during the duration of the Project, even though

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Department has not ordered Design-Builder in writing to stop and suspend the Work pursuant to Section 11.1.1 hereof.

.3 Department's failure to cure the problems set forth in Section 11.3.1 above after Design-Builder has stopped the Work.

11.4.2 Upon the occurrence of an event set forth in Section 11.4.1 above, Design-Builder may provide written notice to Department that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within ten (10) days of Department's receipt of such notice. If Department fails to cure, or reasonably commence to cure, such problem, then Design-Builder may give a second written notice to Department of its intent to terminate within an additional ten (10) day period. If Department, within such second ten (10) 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 Department of such declaration. In such case, Design-Builder shall be entitled to recover in the same manner as if Department had terminated the Agreement for its convenience under Article 8 of the Agreement.

11.5 Bankruptcy of Design-Builder

11.5.1 If Design-Builder institutes or has instituted against it a case under the United States Bankruptcy Code, such event may impair or frustrate Department's ability to perform its obligations under the Contract Documents. Accordingly, should such event occur:

.1 Design-Builder, its trustee or other successor, shall furnish, upon request of Department, adequate assurance of the ability of Design-Builder 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

.2 Design-Builder 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 Design-Builder fails to comply with its foregoing obligations, Department shall be entitled to request the bankruptcy court to reject the Agreement, declare the Agreement terminated and pursue any other recourse available to Department 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 Department 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. It shall also not limit the ability of Department to seek recourse against Design-Builder's surety, who shall be obligated to perform notwithstanding the bankruptcy proceedings against Design-Builder.

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Article 12
Miscellaneous

12.1 Assignment

12.1.1 Design-Builder shall not, without the prior written consent of Department (which consent may be withheld or denied for any reason), assign, transfer or sublet any portion or part of the Work or the obligations required by the Contract Documents.

12.2 Successorship

12.2.1 Design-Builder and Department intend that the provisions of the Contract Documents are binding upon the parties, their employees, agents, heirs, successors and assigns.

12.3 Governing Law

12.3.1 The Agreement and all Contract Documents shall be governed by the laws of the Commonwealth of Virginia, without giving effect to its conflict of law principles.

12.4 Severability

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

12.5 No Waiver

12.5.1 The failure of either Design-Builder or Department 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.

12..6 No Third-Party Beneficiary Status

12.6.1 Nothing under the Contract Documents shall afford any third party to this Agreement, including members of the public, third-party beneficiary status hereunder.

12.7 Headings

12.7.1 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.

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12.8 Notice

12.8.1 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, provided, however, that the intended recipient is present to receive the facsimile and the transmittal is immediately followed by a hard copy delivered in accordance with (i) or (ii) above.

12.9 Amendments

12.9.1 The Contract Documents may not be changed, altered, or amended in any way except in writing signed by a duly authorized representative of each party.

12.10 Exhibits

12.10.1 The following exhibits are specifically made part of, and incorporated by reference into, this Agreement (Attachment to Part 4 is included in the RFP Information Package):

EXHIBIT 3.5.1 -- GOVERNMENTAL APPROVALS LIST

END OF PART 4
GENERAL CONDITIONS OF CONTRACT