

For Tax Exempt Projects Only

Agreement for Professional Construction Management Services

SCHEDULE OF PROJECT DETAILS

for the

[PROJECT NAME]

U-M Project No. P0000_____

This SCHEDULE OF PROJECT DETAILS supplements and is incorporated into the Agreement for Professional Construction Management Services dated_____ between THE REGENTS OF THE UNIVERSITY OF MICHIGAN, and _____. Where any such item is amended, voided or superseded; only that portion of such item not specifically amended, voided or superseded shall remain in effect.

1. Description of Project (Recital A of Agreement)

The project is for a non-profit hospital, granted such status by authorizing taxing units of the State of Michigan, and is exempt from Michigan General Sales Tax (Re: Michigan Public Act 167 of 1933, Section 4 as amended). Exhibit "C", attached hereto for the Construction Manager's use, includes a completed Michigan Sales and Use Tax Contractor Eligibility Statement (Michigan Dept. of Treasury Form 3520), a Michigan Sales and Use Tax Certificate of Exemption (Michigan Department of Treasury Form 3372) and a letter of authorization from the IRS (as required by Form 3372).

2. Schedules (Section 3.7 of Agreement)

The Design Professional design release dates of documents to CM are:

<u>Document description</u>	<u>Design Release Date</u>
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These dates are incorporated in the Construction Manager's Project Schedule in accordance with Section 3.7.1 of the Agreement.

The Project Schedule Substantial Completion and occupancy date for all areas of the Project is _____.

Additional established contract milestone dates are:

Description	Date
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3. Construction Cost (Section 2.10 and Part 7 of Agreement)

A Fixed Limit of Construction Cost (**FLCC**) is hereby established in accordance with Agreement Section 2.10.7 for \$_____.

DESCRIPTION	AMOUNT
Construction Base (Trades & Supply Contracts)	\$
General Conditions Costs	\$
CONSTRUCTION SUBTOTAL	\$
Construction Manager's Fee (based on Construction Subtotal) Also includes: General Liability Insurance, Builder's Risk Insurance and Construction Manager personnel Vehicle Allowances, Parking and Transportation to/from Project Site	\$
Construction Manager's Pre-Construction Personnel	\$
Construction Manager's Construction Personnel	\$
Construction Manager's Contingency	\$
FIXED LIMIT OF CONSTRUCTION COST	\$

The components of this Fixed Limit of Construction Cost will be tracked by the Construction Manager via the U-M *Construction Cost Control Summary (CCCS)*, in the form provided by Owner in accordance with Section 1.3.3 of the Standard General Conditions, beginning with the first Schematic Design estimate, and the Construction Manager shall issue monthly reports as to compliance. In addition, Bid Release Recommendations and Award Recommendations shall include an updated CCCS report as of the date of Recommendation submittals.

The Guaranteed Maximum Price (GMP) will be submitted in accordance with Part 7 of the Agreement.

4. Pre-Construction Phase Services (Section 3.8 of Agreement)

The Construction Manager shall prepare and update detailed cost estimates in accordance with Section 3.8 as the Design Professional progresses with the preparation of the Schematic, Design Development and Construction Documents for each document package as detailed in the Agreement.

In addition, these detailed costs estimates although prepared in the format of CSI division and subdivision, shall also be presented to the Owner in the above listed document packages and also subdivided in the Construction Manager bid package format prior to going out for bid with the first bid package, and shall comply with the Fixed Limit of Construction Cost included herein and with each separate component of the Fixed Limit of Construction Cost.

In accordance with Section 3.8.4, the Construction Manager shall promptly advise the Owner and the Design Professional if there are indications that the Fixed Limit of Construction Cost will not be met and make recommendations in accordance with Value Engineering procedures to reduce excess costs as detailed in Section 3.5.

5. Payment to the Construction Manager (Part 8 of Agreement)

a) Construction Manager's Fee

Construction Services - The Construction Manager's Fee for up to the Fixed Limit of Construction Cost as well as 10% of the Construction Subtotal in changes is a lump sum fee of \$_____. The lump sum fee shall be billed monthly at the same percentage of the invoiced Construction Subtotal percent complete.

In accordance with Section 8.2, the Construction Manager's Fee for allowable changes in the Work beyond 10% of the Construction Subtotal shall be calculated as ____% of Construction Subtotal of the total net amount of the allowable changes. This fee includes the cost of any additional General Liability Insurance, Builder's Risk Insurance and Construction Manager personnel Vehicle Allowances, Parking and Transportation to/from Project Site.

In accordance with Section 8.2, the Construction Manager's Fee for allowable change in the Work will be calculated as ____% of the total net amount of the following components of allowable changes:

- (i) Amounts paid to Trade Contractors including all overtime, and
- (ii) Construction Manager's General Conditions Costs

Notwithstanding anything in the Contract Documents to the contrary, the Construction Manager shall recover no fee on allowable changes funded from the Construction Manager's Contingency.

Any additional fee for allowable changes shall be calculated at Substantial Completion, not with each individual change, and shall be billed when the final invoice is submitted.

Samples of the *Invoice* and *Acknowledgment of Payment* forms are provided by Owner in accordance with Section 1.3.3 of the Standard General Conditions.

b) Construction Manager's Personnel Costs (Section 4.6 of the Agreement)

Pre-Construction Personnel (Lump Sum) \$_____
As identified in the Staffing Plan, attached as "Exhibit A".

Construction Personnel (Lump Sum) \$_____
As identified in the Staffing Plan, attached as "Exhibit A".

All personnel with an individual name (vs only a position title) listed in the Staffing Plan as indicated in "Exhibit A" are defined as Key People in accordance with Sections 4.6.1.1 and 4.6.1.2 of the Agreement.

The Lump Sum Pre-Construction and Construction Personnel amount shall be billed according to the following schedule:

	2019	2020	2021	2022	2023
January	\$	\$	\$	\$	\$
February	\$	\$	\$	\$	\$
March	\$	\$	\$	\$	\$
April	\$	\$	\$	\$	\$
May	\$	\$	\$	\$	\$
June	\$	\$	\$	\$	\$
July	\$	\$	\$	\$	\$
August	\$	\$	\$	\$	\$
September	\$	\$	\$	\$	\$
October	\$	\$	\$	\$	\$
November	\$	\$	\$	\$	\$
December	\$	\$	\$	\$	\$

The *Staffing Plan* attached as “Exhibit A” (in the form provided by Owner in accordance with Section 1.3.3 of the Standard General Conditions) is the basis of the Lump Sum Pre-Construction and Construction Personnel costs set forth above. In accordance with Section 4.6 of the Agreement, this exhibit does not excuse the Construction Manager from providing the necessary personnel required for the Construction Manager to perform its services detailed in the Agreement and meeting the FLCC or the GMP and schedule requirements. Therefore, if the Construction Manager requires additional personnel to perform these services, such personnel shall be added without an increase to the FLCC or the GMP, unless such increase in personnel is required due to circumstances detailed in Section 2.10.3.1.

In addition to any other audit rights which it might enjoy under Section 16.6 of the Standard General Conditions, the Owner shall also have the right to audit the Construction Manager’s books and records pertaining to the lump sum or fixed price staffing for the project.

For any additional Construction Personnel required due to Owner’s changes, in accordance with Section 2.10.3 of the Agreement, the method of compensation shall be a calculation method as described in Section 2.10.3.2(a).

c) General Conditions Costs

“Exhibit B”, attached hereto, itemizes General Conditions Costs that shall be allowed for the Project.

Note: Travel and subsistence expenses incurred by the Construction Manager’s personnel while traveling away from the Project Site in discharge of duties connected with the Work are reimbursable to the extent that they are previously authorized in writing by the Owner and executed in accordance with the Owner’s “[AEC Reimbursement Expense Guidelines](http://www.umaec.umich.edu/for.archs/guidelines/Professional-Services-Reimbursement-Expense-Guidelines.pdf)” (available at <http://www.umaec.umich.edu/for.archs/guidelines/Professional-Services-Reimbursement-Expense-Guidelines.pdf>), and in no case shall any reimbursement include markup or exceed the limits set forth therein.

6. Liquidated Damages (Section 9.1 of Agreement)

The parties (i) agree that the damages which the Owner will sustain as a result of a failure to meet the date of Substantial Completion set forth in the Construction Schedule are difficult or impossible to determine with certainty and (ii) in good faith estimate and set forth as fair compensation (and not as a penalty) "Liquidated Damages" to be based upon the actual date Substantial Completion is achieved, as follows:

Maximum = 25% of Construction Manager's Fee

Daily Reduction = $\frac{\text{Maximum}}{100}$

The amount of reduction per day shall be _____ (\$_____). The total liquidated damages shall in no event exceed a maximum of _____ (\$_____).

The total liquidated damages included in the Trade Contractors' contracts may not exceed the total amount included above.

7. Notice Address for Construction Manager (Section 9.3 of Agreement)

Company Name
Street or PO Box
City, State, Zip
Attention: Name of Individual

8. Additional Items:

REVISIONS TO THE AGREEMENT

REMOVE the first sentence of Section 2.10.3.2(a) and **REPLACE** with the following:

"(a) The "Base Hourly Rate" is the individual employee's base annual compensation (without annual vehicle allowance, if any, which shall be included in the Construction Manager's Fee) divided by 2,080 (hours/year)."

REMOVE the following requirement (last sentence) from Section 2.10.4:

"The Construction Manager's insurance premiums shall be separately detailed in the Schedule of Project Details."

ADD the following items to Section 2.10.4.1 that are included in the Construction Manager's Fee:

- (o) Construction Manager personnel Vehicle Allowances.
- (p) Cost of Construction Manager personnel parking and transportation to/from the Project Site.

REMOVE Section 3.3.4 "Site Security and Access, Traffic Routing and Contractor Parking Plan" and **REPLACE** with the following:

3.3.4 Site Security/Access and Traffic Routing Plan. The Construction Manager shall include in its Administrative Management Plans a site security, access and traffic routing plan for the Project. This plan shall be finalized in consultation with

the Owner, identifying authorized site security and access, including the routing of the vehicles of the members of the Construction Team during construction, and the Construction Manager shall organize the Work in relation to these plans. Access to the Project Site shall be restricted to such locations as are directed by the Owner. **This plan shall also identify any proposed on-site parking for loading and unloading only. No other parking will be provided by the Owner.**

REVISIONS TO THE STANDARD GENERAL CONDITIONS

REMOVE Section 1.6 "PARKING" and **REPLACE** with the following:

1.6 CONSTRUCTION MANAGER AND TRADE CONTRACTOR PARKING

1.6.1 The Owner will provide no parking. All on-site parking space is to be utilized for loading and unloading only.

1.6.1.1 Construction Manager personnel may not park on any Owner property, including parking structures and visitor lots. Failure to do so will result in a fine of Twenty Thousand Dollars (\$20,000) per occurrence, to be deducted from the Construction Manager's Fee.

1.6.1.2 Trade Contractors and their subcontractors may not park on any Owner property, including parking structures and visitor lots. Failure to do so will result in a fine of Five Thousand Dollars (\$5,000) per occurrence, to be deducted from the Construction Manager's Fee.

1.6.1.3 Trade Contractors may not rent or bag meters in the immediate vicinity of the Project, including meters on _____. Trade Contractors found not adhering to this policy will be assessed One Thousand Dollars (\$1,000) per non-compliant meter per day, to be deducted from the Construction Manager's Fee.

1.6.2 The Construction Base shall include any costs associated with parking and travel to/from the Project Site for the Trade Contractors and their subcontractors.

1.6.3 The Construction Manager's Fee shall include any costs associated with vehicle allowances, parking and travel to/from the Project Site for the Construction Manager's personnel.

9. Signatures:

(FIRM NAME)

THE REGENTS OF THE UNIVERSITY OF MICHIGAN

Construction Manager

Owner

By _____
(Signature)

By _____
Kevin P. Hegarty
Executive Vice President and Chief Financial Officer

(Printed Name)

(Title)

EXHIBIT B

PROVIDE A COMPLETE ITEMIZED LISTING OF ALL GENERAL CONDITIONS COSTS IN ACCORDANCE WITH SECTION 2.10.2 OF THE AGREEMENT, TO BE SUBMITTED ON THE FORM PROVIDED BY THE OWNER, AVAILABLE AT:

<http://www.umaec.umich.edu/for.archs/Contractorlinks/SOPD-Exhibit-B-Template-General-Conditions-Costs.xlsx>

SCHEDULE OF PROJECT DETAILS					
Exhibit B					
Allowable General Conditions Costs					
DESCRIPTION	QTY	UNIT	RATE	BUDGET	COMMENTS
TEMPORARY FACILITIES					
Temporary Field Office Trailers	30	Month	\$ 500.00	\$ 27,000.00	(1) trailer @ 18 months and (1) trailer @ 12 months
Temporary Field Office Trailers - Utility Hook Ups	2	Each	\$ 500.00	1,000.00	
Temporary Stairs/Ramps	30	Month	\$ 50.00	1,500.00	(1) set @ 18 months and (1) set @ 12 months
Temporary Storage Trailer/Conex				-	
Temporary Heating and Cooling ⁽¹⁾				-	
Temporary Power Equipment ⁽¹⁾				-	
Temporary Fence Relocation and Maintenance ⁽²⁾				-	
Temporary Toilets				-	
Dumpsters/Trash Removal				-	
Snow Removal				-	
Haul Road Maintenance ⁽²⁾				-	
Job Truck/Fuel				-	
CM Professional Staff - Parking Fees				-	
HOISTING AND CONVEYING					
Tower Crane (Operated by Rental Co.)				-	
Landing Platforms				-	
Buck Hoist (Operated by Rental Co.)				-	
Temporary Elevator Protection				-	
Sky Trak/Bob Cat Rental				-	
SAFETY AND PROTECTION					
Safety Programs				-	
Safety Lunch/Awards				-	
Safety Equipment				-	

EXHIBIT C
TAX EXEMPTION

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Michigan Department of Treasury
3620 (Rev. 05-15)

Michigan Sales and Use Tax Contractor Eligibility Statement

A real property contractor may use this form to obtain a statement from the property owner that materials to be affixed to and made a structural part of certain real property qualify for exemption based on facts within the control of the property owner. The property owner should complete the form and return it to the contractor who will submit this form to the supplier along with Michigan's Sales and Use Tax Certificate of Exemption, form 3372 at the time of purchase. Nothing in this statement should be construed to relieve a contractor from tax liability if it is found that the subject property does not qualify for the exemption.

PROPERTY OWNER STATES that materials will be affixed to and made a structural part of its real property and that the property owner is one of the following entities (Check the box that applies):

☐ **Agricultural Land Tile**
Check this box only if the property owner is an owner of "agricultural land tile" and the property owner meets the requirements contained in MCL 205.54a(1)(e) and 205.94(1)(f).

☐ **Church Sanctuary**
Check this box only if the property owner is a religious organization qualified under section 501(c)(3) of the Internal Revenue Code and the material will be affixed to the designated exempt portion of the building defined by law as a sanctuary that is or will upon completion be used predominantly and regularly for religious worship. (Attach verification of 501(c)(3) status from the Internal Revenue Service).

Optional: For a church sanctuary, a percentage can be used to determine the exempt portion of a piece of equipment or an order of materials to be used in taxable and nontaxable areas. The percentage is a fraction, the numerator of which is the square footage of the sanctuary and the denominator is the square footage of the entire building.

Square footage of sanctuary	Square footage of entire building
Percentage of the building that constitutes a sanctuary (rounded to the nearest one-hundredth)	

☐ **Extractive Operations**
Check this box only if the property owner is an extractive operator and the property will only be used in extractive operations as that term is defined in MCL 205.54u and 205.94p.

☐ **Foundations for Machinery or Equipment**
Check this box only if the property owner is an industrial processor engaged in the activity of industrial processing as those terms are defined in MCL 205.54(4)(b) and MCL 205.94o(4)(b).

☒ **Nonprofit Hospital**
Check this box only if the property owner meets the definition of hospitals contained in the Sales and Use Tax Acts MCL 205.54w and 205.94s, respectively.

☐ **Qualified Air Pollution Control Facility**
(Attach a copy of the exemption certificate granted by the Michigan State Tax Commission.)


☐ **Qualified Business Activity**
Check this box only if the property will be used in a "qualified business activity" as that term is defined in MCL 205.54j, 205.94h, and 125.2103(i).

☐ **Qualified Convention Facility**
Check this box only if the property owner is qualified under the regional convention facility authority act pursuant to the Michigan Sales and Use Tax Acts MCL 205.54d(m) and MCL 205.94 (z), respectively. This exemption is limited to tangible personal property acquired before January 1, 2014.

☐ **Qualified Nonprofit Housing**
Check this box only if the property owner is qualified under section 15a of the state housing development authority act of 1965. (Attach a copy of the Michigan Housing Development Authority ruling.)

☐ **Qualified Water Pollution Control Facility**
(Attach a copy of the exemption certificate granted by the Michigan State Tax Commission.)

The undersigned property owner states that the attached documentation (if applicable) and the representations on this form are true and acknowledges that the contractor, the seller, and the State of Michigan may rely upon this form to determine qualifications for tax exemption.

Property Owner Name REGENTS OF THE UNIVERSITY OF MICHIGAN	Telephone Number (734) 763-3282
Property Street Address 1500 EAST MEDICAL CENTER DRIVE	
City, State, ZIP Code ANN ARBOR, MI 48109	
Signature 	Date 11-3-15

Project Number: P00010023

Project Name: Med Ctr P2 & P3 Lighting & Emergency Power

EXHIBIT C
TAX EXEMPTION

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Michigan Department of Treasury
3372 (Rev. 05-15)

Michigan Sales and Use Tax Certificate of Exemption

DO NOT send to the Department of Treasury. Certificate must be retained in the seller's records. This certificate is invalid unless all four sections are completed by the purchaser.

SECTION 1: TYPE OF PURCHASE

- ☐ A. One-Time Purchase
Order or Invoice Number: _____
- ☒ C. Blanket Certificate
Expiration Date (maximum of four years): _____
- ☐ B. Blanket Certificate, Recurring Business Relationship

The purchaser hereby claims exemption on the purchase of tangible personal property and selected services made from the vendor listed below. This certifies that this claim is based upon the purchaser's proposed use of the items or services, OR the status of the purchaser.

Vendor's Name and Address

SECTION 2: ITEMS COVERED BY THIS CERTIFICATE

Check one of the following:

1. ☒ All items purchased.
2. ☐ Limited to the following items: _____

SECTION 3: BASIS FOR EXEMPTION CLAIM

Check one of the following:

1. ☐ For Lease. Enter Use Tax Registration Number: _____
2. ☐ For Resale at Retail. Enter Sales Tax License Number: _____

The following exemptions **DO NOT** require the purchaser to provide a number:

3. ☐ Agricultural Production. Enter percentage: _____ %
4. ☒ Church, Government Entity, Nonprofit School, or Nonprofit Hospital (Circle type of organization).
5. ☐ Contractor (must provide Michigan Sales and Use Tax Contractor Eligibility Statement (Form 3520)).
6. ☐ For Resale at Wholesale.
7. ☐ Industrial Processing. Enter percentage: _____ %
8. ☒ Nonprofit Internal Revenue Code Section 501(c)(3) or 501(c)(4) Exempt Organization (must provide IRS authorized letter with this form).
9. ☐ Nonprofit Organization with an authorized letter issued by the Michigan Department of Treasury prior to June 1994 (must provide copy of letter with this form).
10. ☐ Rolling Stock purchased by an Interstate Motor Carrier.
11. ☐ Other (explain): FEIN 38-6006309

SECTION 4: CERTIFICATION

I declare, under penalty of perjury, that the information on this certificate is true, that I have consulted the statutes, administrative rules and other sources of law applicable to my exemption, and that I have exercised reasonable care in assuring that my claim of exemption is valid under Michigan law. In the event this claim is disallowed, I accept full responsibility for the payment of tax, penalty and any accrued interest, including, if necessary, reimbursement to the vendor for tax and accrued interest.

Business Name Regents of the University of Michigan		Type of Business (see codes on page 2) 05, 13, 14, 15
Business Address 5082 Wolverine Tower, 3003 S. State Street		City, State, ZIP Code Ann Arbor, MI 48109-1287
Business Telephone Number (include area code) (734) 764-9219		Name (Print or Type) Susan E. Ryerson
Signature and Title <i>Susan E. Ryerson</i> Sr. Tax Advisor		Date Signed _____

EXHIBIT C
TAX EXEMPTION

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U. S. TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
WASHINGTON 25, D. C.

OCT 4 1961

IN REPLY REFER TO
T:R:EO:3-JN

The Regents of the University of Michigan
500 South State Street
Ann Arbor, Michigan

Gentlemen:

Consideration has been given to your application for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

Our records show that you were held to be exempt under section 101(6) of the Revenue Act of 1938 and the corresponding provisions of prior revenue acts, by a ruling dated December 1, 1939. A ruling of August 12, 1943, modified the ruling of December 1, 1939, and held you to be exempt from Federal income tax as a wholly-owned instrumentality of the State of Michigan.

You indicate that the reason you are applying for exemption under section 501(c)(3) of the Code is that your employees desire to avail themselves of the tax treatment provided under section 403(b) of the Code.

You were constituted a body corporate by specific provision of Article II, Section 4, of the Constitution of the State of Michigan of 1908, to operate the University of Michigan. Your authority is derived from that portion of Section 5 of the said Article II which states that the Board of Regents shall have the general supervision of the university and the direction and control of all expenditures from the university funds.

After careful consideration of all the evidence presented, including the provisions of the law under which you operate, it is concluded that you are an instrumentality of the State of Michigan, and that you are also exempt under section 501(c)(3) of the Code. Since you are exempt under section 501(c)(3), section 403(b) of the Code is applicable to annuity contracts purchased by you for your employees, provided the contracts meet the conditions of the latter section. This ruling modifies our ruling of August 12, 1943.

EXHIBIT C
TAX EXEMPTION

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The Regents of the University of Michigan

Contributions made to you are deductible by donors as provided in section 170 of the Code. Bequests, legacies, devises, transfers or gifts to or for your use are deductible for Federal estate and gift tax purposes under the provisions of sections 2055, 2106 and 2522 of the Code.

Your District Director is being advised of this action.

Very truly yours,

John W. L. Littleton
Director, Tax Rulings Division