

Critical Contract Terms for CM and Architect



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Introductions

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What Constitutes a Contract

- Purchase Orders
- Bid Documents and Specifications
- Professional Service Contracts

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Architect Contract Highlights

- AIA
- Basic Design Services
 - SD, DD, CD
- Construction Administration
 - CA
- Insurance-Basic
- Insurance-Errors and Omissions



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Architect Contract Highlights

- Cost Estimating
- Consultants
- Site Visits
- Ownership of Documents



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Correlation and Intent of the Drawings

It is the intent that the contract documents include all items necessary for the proper execution and completion of the work.



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Substantial Completion

Substantial Completion is the point where Occupancy is Granted with the space and systems being in the intended functional condition for education.



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Alternates to the Work

Additive
versus
Deductive



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Owner's right to carry out and perform work

- Contractor Default
- During Construction (AKA disrupt and delay the work)



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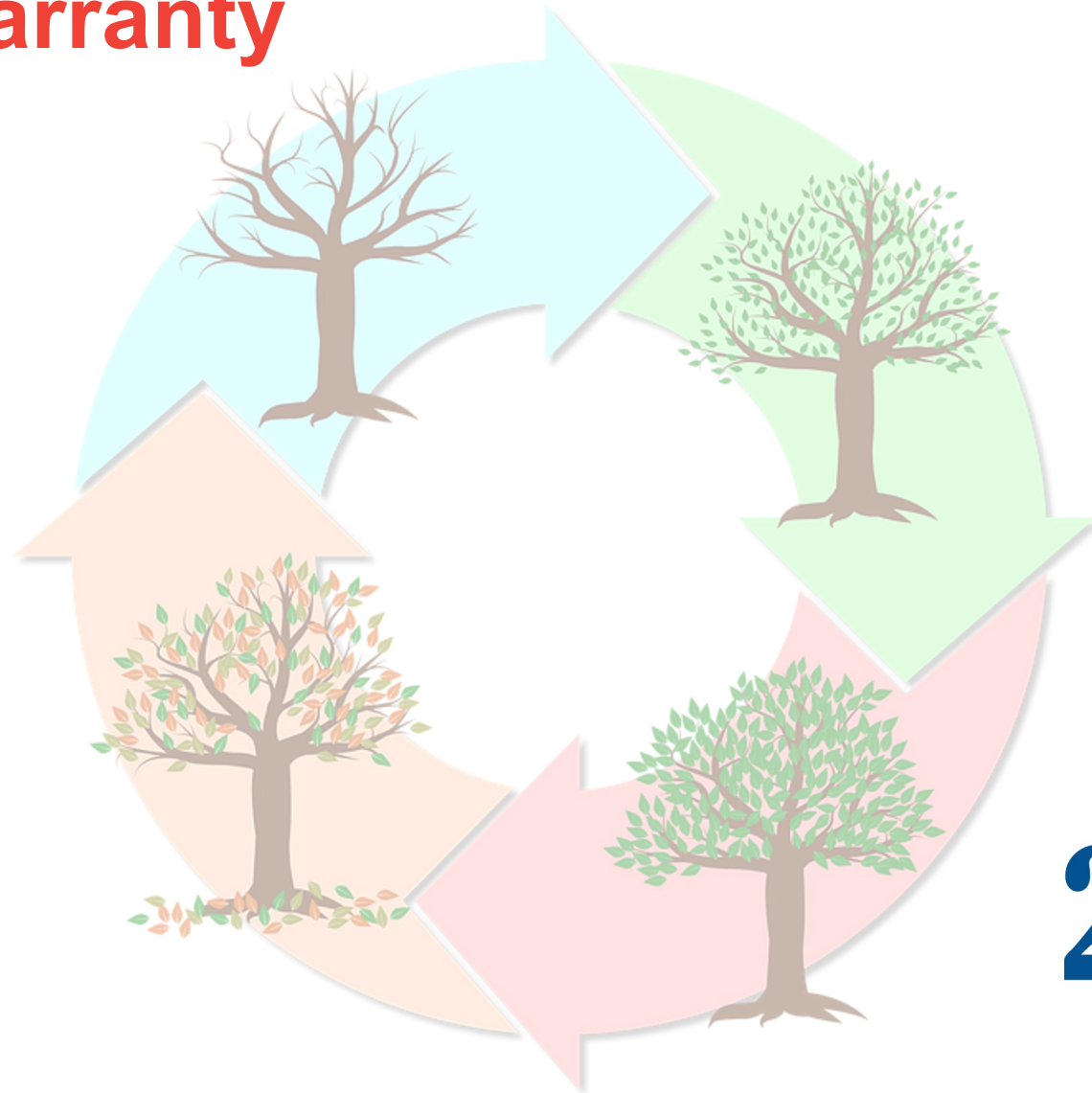
Warranty

Warranty

Disclaimers

Labor included?

Service Agreements?



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Does the District Own the Design?



Ownership and use of drawings



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Termination

- Cause
 - Notice
 - Opportunity to cure
 - Damages
- Convenience
 - Color of shoes



“I wont’ be back”

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Major Disruption Or Motivation



Liquidated Damages
Definition?
Appropriate Amount

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Major Disruption Or Motivation



Liquidated Damages
When/Are they appropriate to use?
Enforceable or Panacea?

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Prevailing Wage Act Compliance

Applies to contracts for “public works” or

Paid for wholly or in part out of public funds.

Maintenance, repair, assembly, or disassembly

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Payment and Performance Bonds (30 ILCS 550/1)

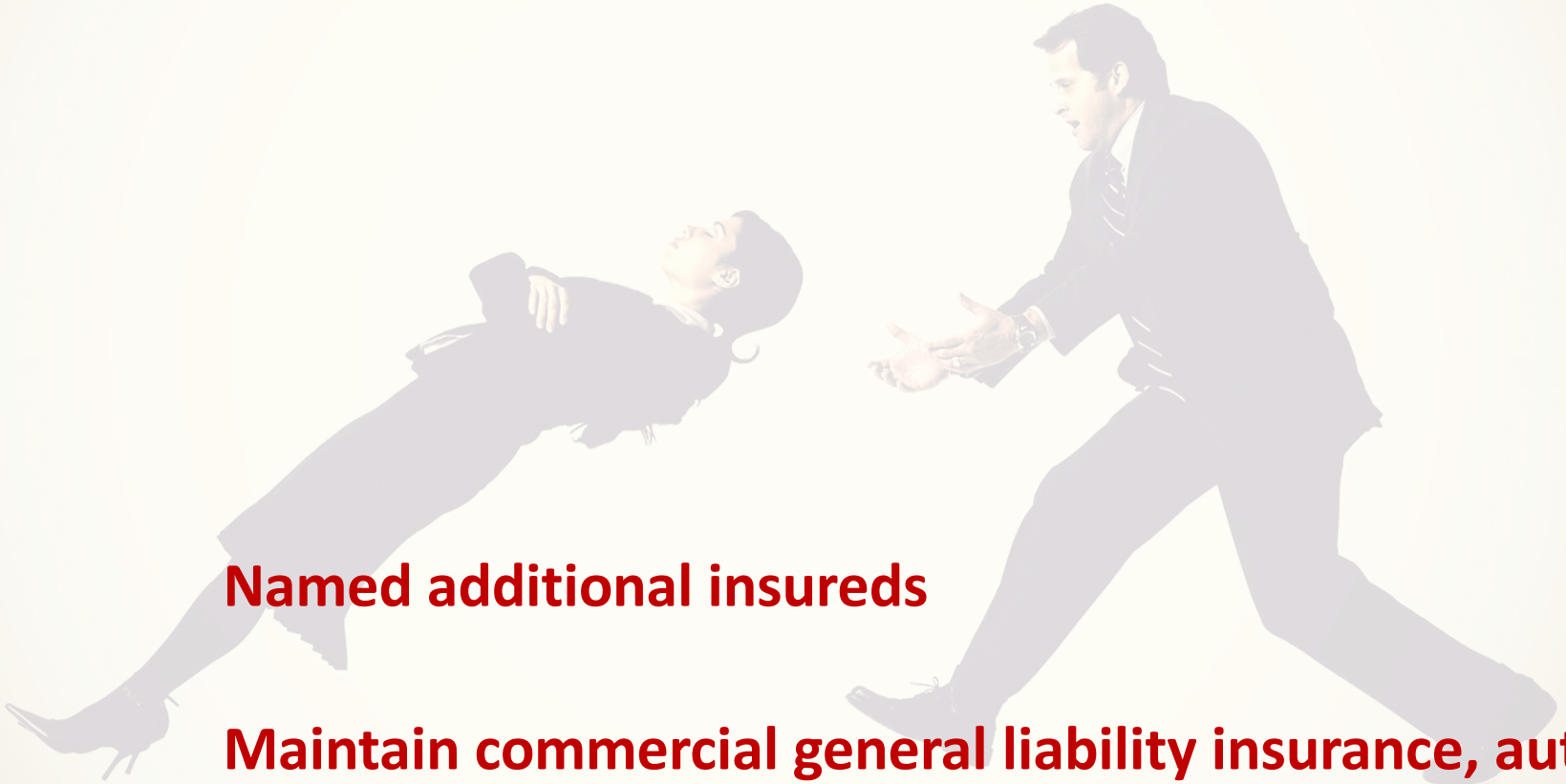
Each contract for public work in Illinois exceeding \$50,000 requires the contractor to furnish performance and payment bonds in the full amount of the contract.



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Insurance



Named additional insureds

Maintain commercial general liability insurance, automobile liability insurance, worker's compensation insurance, and an umbrella policy

Professional liability coverage.



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Practical Negotiation Considerations



What am I able to negotiate?

- Professional Service
- Bid or RFP

Who has signatory authority?

- Board Policy
- Administrative Procedures
- Employee Handbook

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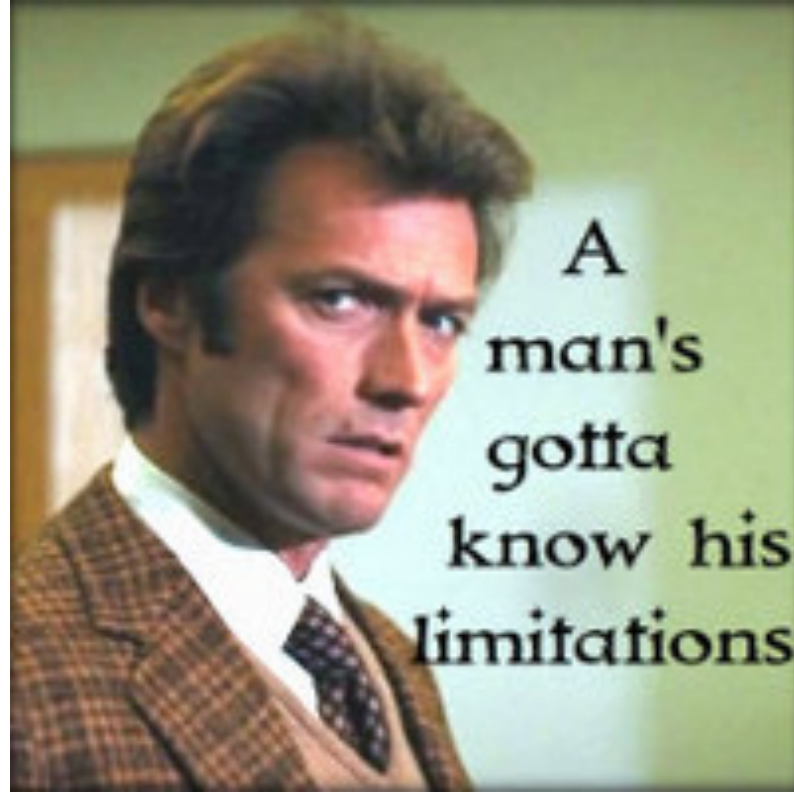
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Statute Of Limitations

Form contracts often contain a provision requiring that a lawsuit for breach that is often shorter than under Illinois law



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Automatic Contract Renewals

Service contracts may contain an automatic renewal unless cancelled in writing



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Questions and Answers

We thank you for your time!



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