

PROCEDURES / PROCESSES

Construction Management Services:

INITIAL MEETING:

President, Project Manager and estimating assistants to attend initial meeting with the owner and design team.

Obtain an understanding of the following items / requirements:

- Develop status of projects -
- Review of Design Development drawings
- Status of additional consultants possibly required.
- Discuss Owner / Subcontractor / Supplier bid solicitation & award requirements.
- Provide suggestions for pre-qualification of selected subcontractors
- IE: HVAC Contractors
 - Plumbing Contractors
 - Electrical Contractors
- Discuss possibility of negotiated subcontractors required.
- Status of materials / building systems which require cost analysis.
- General Value Engineering Concepts.
- Budgetary concerns.
- Fast Tracking considerations / Options.
- Review CM/GC preliminary pricing / estimating methods & procedures.
- Review CM/GC GMP pricing / estimating methods & procedures
- Scheduling Requirements -
 - Design schedules -
 - Preliminary Pricing Schedules -
 - GMP Pricing Schedules -
 - Value Engineering / Analysis schedules -
 - Fast Track Construction Schedules -
 - Establish Target / Critical Path and Milestone Dates -
- Establish additional services / tasks which the CM/GC can perform to assist / expedite the design team.
- Establish Regional Building Department / City of Colorado Springs / Health Department / Fire Prevention plan review and approval required coordination and responsibilities.

PROGRESS MEETINGS:

Project Manager and Estimating Assistants to attend weekly meetings with the Owner and the Design team.

- Review of progress drawings and specifications
- Provide ongoing design suggestions
- Submit ongoing Value Engineering cost analysis.
- Submit preliminary / budget estimates at specified intervals
- Provide updated - Fast Track Options and Requirements
- Provide updated design / construction schedules
- Provide subcontractor pre-qualification status at scheduled intervals
- Establish bid alternates or unit pricing required for GMP.

INITIAL GUARANTEED MAXIMUM PRICE PROPOSAL:

- Submit detailed Initial Guaranteed Maximum Price Proposal based on progress (approx 60 % complete) documents if required.
- Provide detailed cost estimate including subcontractor / supplier Input if necessary.
- Provide detailed budgetary analysis to preliminary estimates
- Provide cost analysis of established alternates and unit pricing.
- Establish additional / final targeted budgets

EXECUTE CONTRACTUAL AGREEMENT:

- Execute Standard Form of Contract Between Owner and Construction Manager / General Contractor
- Establish and submit Final Construction Schedule

FINAL GUARANTEED MAXIMUM PRICE PROPOSAL:

- Submit detailed final Guaranteed Maximum Price Proposal based on completed plans and specifications.
- Submit Subcontractor / Supplier Lists and Contract Amounts
- Provide detailed cost estimate including subcontractor / supplier proposals.
- Provide detailed budgetary analysis to preliminary estimates
- Execute Change Order to Guaranteed Maximum Price Contractual Agreement if required.

2. CONSTRUCTION PHASE

INITIAL CM/GC GENERAL REQUIREMENT DOCUMENTS:

Submit all general requirement initial documents & schedules.

WEEKLY OWNER, ARCHITECT & CONTRACTOR MEETINGS:

Submit updated schedules

Submit Submittal Logs

Submit Change Order Logs

Provide agenda for Problems, Clarifications and Conflicts to be discussed.

MONTHLY PAY APPLICATIONS:

Submit monthly pay applications in GMP format.

PROJECT CLOSE OUT:

Provide Owner Training of systems

Provide Owner with stocked materials and keys

Provide As-Built Drawings

Provide Operation and Maintenance manuals

Provide Warranties

SUPPLEMENTAL QUALIFICATIONS:

The majority of the construction projects completed by Art C. Klein Construction, Inc. have utilized and Design-Build CM/GC negotiated approach or a "straight" CM/ GC negotiated approach. Based on the fact that our work load is based on these arrangements, we have gained a substantial amount of experience and strength associated with this arrangement / process.

Most of our projects have been based on a Project Team Basis. Based on this, our typical project approach includes:

Establishing a strong management approach to the Project Team

Establishing schedules, time-lines, milestones and deadlines for the Project Team

Establishing budgetary control outlines based on conceptual estimates.

Establish Value Engineering alternatives and options.

Establish cost effective construction assemblies and methods.

Provide periodic preliminary estimates to ensure budget compliance.

Provide fast track options / schedules to expedite construction.

Establish interim bid packages to expedite construction

Provide final Guaranteed Maximum Price proposals and contractual agreements

With this above being our standard approach and our standard experience with the majority of our project, this uniquely qualifies Art C. Klein Construction, Inc for CM/GC negotiated projects.

PRECONSTRUCTION SERVICES

1. Initial Meeting:

a. President, Project Manager and estimating assistants to attend initial meeting with the Owner and Design Team.

b. Obtain an understanding of the following items / requirements:

1) Status of project

2) Review of Design Development drawings

3) Status of additional consultants possibly required

4) Discuss Owner,s subcontractor / supplier bid solicitation and award requirements and policies

5) Provide suggestions for pre-qualification of selected subcontractors, (i.e., HVAC Contractors, Plumbing Contractors, Electrical Contractors, etc.)

6) Discuss possibility of negotiated subcontractors required

7) Status of materials / building systems which require cost analysis

8) General Value Engineering concepts

9) Budgetary concerns

10) Fast tracking considerations / options

11) Review CM/GC preliminary pricing / estimating methods and procedures.

12) Review CM/GC GMP pricing / estimating methods & procedures

13) Scheduling Requirements:

* Design schedules

* Preliminary pricing schedules

* GMP pricing schedules

* Value Engineering / analysis schedules

* Fast track construction schedules

* Establish target / critical path and milestone dates

- 14) Establish additional services / tasks which the CM/GC can perform to assist the design team
- 15) Establish Regional Building Department, City of Colorado Springs Health Department, Fire Prevention plan review and approval required coordination and responsibilities.

2. Progress Meetings

- a. Project Manager and estimating assistants to attend weekly meetings with the Owner and the design team.
 - 1) Review of progress drawings and specifications
 - 2) Provide ongoing design suggestions
 - 3) Submit ongoing Value Engineering cost analysis
 - 4) Submit preliminary / budget estimates at specified intervals
 - 5) Provide updated - Fast Track options and requirements
 - 6) Provide updated design / construction schedules
 - 7) Provide subcontractor pre-qualification status at scheduled intervals
 - 8) Establish bid alternates or unit pricing required for GMP

3. Execute Contractual Agreement

- a. Execute Standard Form of Contract Between Owner and Construction Manager/ General Contractor
- b. Establish and submit final construction schedule

With the majority of construction projects completed by Art C. Klein Construction, Inc. utilizing a negotiated CM / GC approach, we have gained a tremendous amount of experience with establishing Guaranteed Maximum Prices based on "progress" drawings.

In General, we have been successful, establishing Guaranteed Maximum pricing based on the following format:

- 60 percent complete progress drawings with a 3 percent General Contractor contingency
- 80 percent complete progress drawings with a 1.5 percent General Contractor contingency
- 100 percent complete plans and specifications with no General Contractor contingency

Quality Control Program.

Project Management Plan & System and procedures used to provide continuity and overall control of quality, cost and schedule:

Project Staff:

Project Superintendent - Full time on site supervision.

Duties: Detailed scheduling of project, field coordination meeting of subcontractors and suppliers, documentation, quality control, filed cost control, job site safety management, final project close out.

Project Manager - Management of projects from main office.

Duties: Contractual agreements, Subcontract agreements, purchase orders, overall scheduling of project, process shop drawings and submittals, change orders & cost modifications, monthly pay applications, project documentation and correspondence, final project close out.

Self Performed Work:

Supervision, daily clean up, final clean up temporary facilities, fine grading, cast in place concrete, rough carpentry, finish carpentry & casework, foundation insulation, doors and hardware, painting, specialties, equipment and furnishings.

Safety Program.

Safety Program:

Art C. Klein Construction employees a full time company safety officer, safety trained / competent superintendents, weekly safety meetings, job site safety manual and Haz-Com program.

Art C. Klein Construction has held a *Cost Containment Certification* since 1992. This certification is awarded to contractors that surpass the normal requirements and expectations of safety. Over the past 5 years we have maintained a *Experience Modification Rate* of less than .95.

Subcontractors will be managed through weekly on site coordination meetings to ensure coordination and performance. Art C. Klein Construction will provide all subcontractors with a *Subcontractor Responsibilities and Guidelines for Jobsite Safety* Manual to provide a clear understanding of the minimum standards, basic responsibilities, guidelines, rules and regulations for all persons involved in the project.