Date

CLIENT

COMPANY

ADDRESS.

Re: New Retail Development

Address

Dear \_\_\_most awesome Client\_\_\_\_\_\_\_:

As we discussed, the Design/Build process is predicated on the mutual trust of the development team. No individual player can properly execute his work without the input and guidance of the other team members. In this approach the Client must establish the overall requirements of the project – size, use, needs, requirements and pro-forma budgets. The Design-Builder can then establish realistic aesthetic design, functionality and budget expectations for the Client as part of the design phase. In the construction phase the Design-Builder will ensure cost controls, methods and means, scheduling, quality assurance and if desired, a guarantee maximum price.

As requested, this letter shall set forth the general parameters of a design-build relationship wherein we would help you plan, design and construct a new retail development located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. In the event you select us as your Design-Builder for this project, we propose to enter into the Design-Build contract agreement described in the Program Services section of this letter.

**Project Description**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter “Client”) is developing a new retail center containing between \_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_ square feet on approximately \_\_\_\_\_\_acres located in \_\_\_\_\_\_\_\_\_ County, \_\_STATE\_\_ at the corner of \_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_. The project site is zoned \_\_\_\_\_\_. Client desires to build the maximum number of square feet possible on the site.

**Program Services**

\_\_\_BUILDER\_\_\_ proposes to deliver this project under a Design-Build construction program. This will include the preparation of project construction drawings based upon Client input and direction and general construction services provided on a “cost-plus” basis which will permit the Client to accrue total project savings that may be generated by value engineering in the design phase and competitive subcontractor bidding.

\_\_\_BUILDER\_\_\_ will provide a team consisting of licensed design professionals, specified consultants, project manager, project coordinator, superintendent and cost accounting staff to manage the project. These services will be performed under standard industry documents created by The Associated General Contractors of America (A.G.C.), specifically, AGC Document No. 410, Standard Form of Design-Build Agreement and General Conditions between Client and Design-Builder (Where the Basis of Payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price). The project can be broken down into two separate phases: the Design Phase and the Construction Phase, which are defined in detail in Article 3 of Document No. 410, Design-Builder’s Responsibilities. The following is a summary of the services to be performed in each phase.

**Design Phase**

1. Preliminary Evaluation: \_\_\_BUILDER\_\_\_ project manager and architect will conduct a meeting with Client’s representative to review the Client’s Program, existing project plans (if any), and related project documents.
2. Site and Soil Surveys: \_\_\_BUILDER\_\_\_ shall obtain, on the Client’s behalf, from the appropriate design professionals or consultants a boundary survey with topographical information and utility locations, soil engineer report, environmental reports, Alta survey (if required) and such other related site data as Client may direct \_\_\_BUILDER\_\_\_ to obtain.
3. Schematic Design Documents: \_\_\_BUILDER\_\_\_ shall direct the licensed design professional in the preparation of schematic design documents based on the preliminary evaluation meeting. Schematic design documents shall include drawings, outline specifications and other conceptual documents illustrating the project’s basic elements, and scale. Upon completion of schematic design documents, \_\_\_BUILDER\_\_\_’s project manager and the architect will conduct a meeting with Client to review said documents. Any revisions shall be identified in the review meeting. Upon completion of revisions, if any, architect shall issue schematic design documents for the Client’s approval.
4. Civil Engineering: \_\_\_BUILDER\_\_\_ shall direct the licensed design professional in the preparation of site engineering construction documents based upon the survey and approved schematic site plan.
5. Code Review: Architect will review the approved schematic design documents for general conformance with current International Building Code 2000 with Georgia Amendments and will make necessary modifications to plans and specifications for conformance with state codes.
6. Preliminary Estimate/Schedule: When sufficient project information has been identified, \_\_\_BUILDER\_\_\_ shall prepare a preliminary estimate for the Client’s acceptance utilizing area, volume or similar conceptual estimating techniques. Likewise, a preliminary schedule shall be prepared providing milestone dates. Both the preliminary estimate and schedule shall be updated periodically throughout the project with the level of detail for each update reflecting the information then available.
7. Structural Engineering: \_\_\_BUILDER\_\_\_’s qualified designate, shall complete the structural design of the building, foundations and related components. Foundation design shall be based on column/wall member reactions and shall conform with the Soil Engineer’s Report.
8. Electrical and Mechanical Engineering: \_\_\_BUILDER\_\_\_ shall direct the mechanical and electrical engineers to provide Client with interior finish plans and scope specifications based on the approved schematic design documents that enumerate electrical and mechanical systems to be provided. \_\_\_BUILDER\_\_\_ shall consult with Client, electrical and mechanical engineers to value engineer electrical and mechanical systems to meet project needs and budget constraints.
9. Design Development Documents: \_\_\_BUILDER\_\_\_ shall direct the appropriate licensed design professionals in the preparation of design development documents based on the approved schematic design documents. Design development documents shall further define the project including drawings and specifications fixing and describing the project size and character, and other appropriate elements incorporating the structural, architectural, mechanical and electrical systems. Upon completion of design development documents, \_\_\_BUILDER\_\_\_’s project manager and the architect will conduct a meeting with Client to review said documents. Any necessary revisions shall be identified in the review meeting. Upon completion of revisions, if any, architect along with other appropriate design professionals shall issue design development documents for the Client’s approval.
10. Construction Documents: \_\_\_BUILDER\_\_\_ shall direct the appropriate licensed design professionals in the preparation of construction documents based on the approved design development documents and sufficiently detailed for submission to permitting authorities. The construction documents shall set forth in detail the requirements for construction of the work, and shall consist of drawings and specifications based on codes, laws and regulations enacted at the time of their preparation. Upon completion of construction documents, \_\_\_BUILDER\_\_\_’s project manager and the architect will conduct a meeting with Client to review said documents. Any necessary revisions shall be identified in the review meeting. Upon completion of revisions, if any, architect along with other appropriate design professionals shall issue construction documents for the Client’s approval.
11. State and Local Permitting: \_\_\_BUILDER\_\_\_ will prepare permit application forms and submit completed construction documents to applicable state and local authorities for their review and approval. All permit fees shall be charged as a reimbursable expense.
12. Subcontractor Bid Scope Preparation: \_\_\_BUILDER\_\_\_ will prepare bid packages to define the scope of work for construction subcontractors competitively bidding on the project. Some portions of the building, such as structural steel, mechanical and electrical systems may be bid prior to preparation of the final construction documents. The bid packages will be subdivided into logical trade groupings to encourage optimal package pricing and comparison.
13. Competitive Subcontractor Bidding: \_\_\_BUILDER\_\_\_ will distribute and coordinate bidding with subcontractors. Where feasible, \_\_\_BUILDER\_\_\_ shall solicit a minimum of three (3) sub-trade bids for each major division. Smaller sections or commodity items may be limited to two (2).
14. Guaranteed Maximum Price Proposal: Upon Client’s request, \_\_\_BUILDER\_\_\_ shall prepare a Guaranteed Maximum Price Proposal in accordance with paragraph 3.2 of AGC Document No. 410.

**Construction Phase**

Upon completion of the Design Phase, \_\_\_BUILDER\_\_\_ will issue subcontracts and purchase orders, provide on-site supervision, general construction services, prepare the Client to occupy its new building and manage warranty follow-up. The scope of services in this phase is as follows:

1. General Construction: Upon Client’s approval of the Construction Documents, \_\_\_BUILDER\_\_\_ will mobilize the jobsite, provide temporary office and storage containers, initiate on-site construction, manage start-up coordination meetings and commence construction administration.
2. Shop Drawing Review: \_\_\_BUILDER\_\_\_ shall coordinate all construction shop drawing, fabrication drawing and product submittal reviews.
3. Periodic Inspection: \_\_\_BUILDER\_\_\_ shall schedule and coordinate periodic inspections of the project site by the architect.
4. Progress Payment Applications: Progress payments shall be based on a Schedule of Values breakdown provided to the Client’s representative on a monthly basis showing the percentage of completion for each of the major trade divisions and indicating the overall percentage of project completion. Monthly invoices for work completed or stored at the jobsite shall be submitted to the Client on or before the 1st of each month. Payment shall be due within 10 days of Client’s receipt of invoice. \_\_\_BUILDER\_\_\_ will provide a waiver of lien with each application for payment.
5. Occupancy and Project Closeout: Upon completion of construction, \_\_\_BUILDER\_\_\_ will prepare and complete inspection punch lists and coordinate the training of Client’s and Tenant’s personnel in the operation of the building’s mechanical and electrical systems. \_\_\_BUILDER\_\_\_ will prepare and submit accurate “as-built” record drawings, warranty and maintenance manuals for the major building components.
6. Warranty Follow-Up: For a period of one (1) year from the date of substantial completion and occupancy, \_\_\_BUILDER\_\_\_ will warrant the building against all defects in labor or materials and will follow-up with respective manufacturers or trade vendors to resolve warranty issues.

The cost of the work includes all design fees, general conditions, materials, subcontractors and other direct project expenses further described in Articles 7 and 8 of AGC Document No. 410 plus \_\_\_BUILDER\_\_\_’s design-builder’s fee which will be applied at twelve percent (12%).

A vanilla box (storefront, walls, floor, electrical and HVAC service) similar to the one in the photograph you shared with us during our meeting today can range in cost from $60 - $70 per square foot, assuming a balanced site. \_\_\_BUILDER\_\_\_ does not seek to construct projects that require a payment and performance bond therefore the cost of a bond has been excluded. Provided you are operating under a design-build arrangement, the square foot cost is inclusive of architectural, mechanical and electrical engineering fees of $1.25 to $1.50 per square foot and civil engineering fees of about the same. Design fees, particularly architectural tend to be somewhat higher in a traditional design, bid, build arrangement. \_\_BUILDER\_\_ can also assist you with services such as obtaining soil engineering report ($2,500 - $3,500), topographical survey ($2,000 - $2,500), Phase I Environmental report ($1,800 - $2,200) and possibly an Alta survey ($2,500 - $3,500). Additionally, as you secure tenant leases we can provide design, cost estimates and construction services for each tenant build out.

It is my pleasure to provide this information for your review. I have tried to provide the appropriate level of detail; however, if you find anything to be unclear or in need of further explanation, please do not hesitate to contact me at your earliest convenience.

Thank you again for coming in to visit with us. On behalf of the entire \_\_\_BUILDER\_\_\_ team, I hope that you will give us serious consideration for the design-build delivery of your upcoming project.

Respectfully,