

 **AIA[®] Document B104[™] – 2007**

Standard Form of Agreement Between Owner and Architect for a Project of Limited Scope

AGREEMENT made as of the Tenth day of August in the year Two Thousand Twelve
(In words, indicate day, month and year.)

BETWEEN the Architect's client identified as the Owner:
(Name, legal status, address and other information)

Chatham County, North Carolina
PO BOX 1809
Pittsboro, NC 27312

and the Architect:
(Name, legal status, address and other information)

Hobbs Architects, PA
480 Hillsboro Street
Suite 400
Pittsboro, NC 27312
Telephone Number: 919-545-2004

for the following Project:
(Name, location and detailed description)

Chatham County Annex Renovation Project

Courthouse Annex
12 East Street
Pittsboro, NC 27312

The Work in this project includes the interior renovation to approximately 10,700 SF of the Chatham County Courthouse Annex Building. The design will incorporate the installation of a central air handler system for the entire East half of the building, replacing the existing HVAC system being utilized by the building.

The Owner and Architect agree as follows.

ADDITIONS AND DELETIONS:

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

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ARTICLE 1 INITIAL INFORMATION

§ 1.1 This Agreement is based on the Initial Information set forth below:

(State below details of the Project's site and program, Owner's contractors and consultants, Architect's consultants, Owner's budget for the Cost of the Work, and other information relevant to the Project.)

| N/A

§ 1.2 The Owner and Architect may rely on the Initial Information. Both parties, however, recognize that such information may materially change and, in that event, the Owner and the Architect shall appropriately adjust the schedule, the Architect's services and the Architect's compensation.

ARTICLE 2 ARCHITECT'S RESPONSIBILITIES

The Architect shall provide the professional services set forth in this Agreement consistent with the professional skill and care ordinarily provided by architects practicing in the same or similar locality under the same or similar circumstances. The Architect shall perform its services as expeditiously as is consistent with such professional skill and care and the orderly progress of the Project.

ARTICLE 3 SCOPE OF ARCHITECT'S BASIC SERVICES

§ 3.1 The Architect's Basic Services consist of those described in Article 3 and include usual and customary structural, mechanical, and electrical engineering services.

§ 3.1.1 The Architect shall be entitled to rely on (1) the accuracy and completeness of the information furnished by the Owner and (2) the Owner's approvals. The Architect shall provide prompt written notice to the Owner if the Architect becomes aware of any error, omission or inconsistency in such services or information.

§ 3.1.2 As soon as practicable after the date of this Agreement, the Architect shall submit for the Owner's approval a schedule for the performance of the Architect's services. Once approved by the Owner, time limits established by the

schedule shall not, except for reasonable cause, be exceeded by the Architect or Owner. With the Owner's approval, the Architect shall adjust the schedule, if necessary, as the Project proceeds until the commencement of construction.

§ 3.1.3 The Architect shall assist the Owner in connection with the Owner's responsibility for filing documents required for the approval of governmental authorities having jurisdiction over the Project.

§ 3.2 DESIGN PHASE SERVICES

§ 3.2.1 The Architect shall review the program and other information furnished by the Owner, and shall review laws, codes, and regulations applicable to the Architect's services.

§ 3.2.2 The Architect shall discuss with the Owner the Owner's program, schedule, budget for the Cost of the Work, Project site, and alternative approaches to design and construction of the Project, including the feasibility of incorporating environmentally responsible design approaches. The Architect shall reach an understanding with the Owner regarding the Project requirements.

§ 3.2.3 The Architect shall consider the relative value of alternative materials, building systems and equipment, together with other considerations based on program and aesthetics in developing a design for the Project that is consistent with the Owner's schedule and budget for the Cost of the Work.

§ 3.2.4 Based on the Project requirements, the Architect shall prepare Design Documents for the Owner's approval consisting of drawings and other documents appropriate for the Project and the Architect shall prepare and submit to the Owner a preliminary estimate of the Cost of the Work.

§ 3.2.5 The Architect shall submit to the Owner an estimate of the Cost of the Work prepared in accordance with Section 6.3.

§ 3.2.6 The Architect shall submit the Design Documents to the Owner, and request the Owner's approval.

§ 3.3 CONSTRUCTION DOCUMENTS PHASE SERVICES

§ 3.3.1 Based on the Owner's approval of the Design Documents, the Architect shall prepare for the Owner's approval Construction Documents consisting of Drawings and Specifications setting forth in detail the requirements for the construction of the Work. The Owner and Architect acknowledge that in order to construct the Work the Contractor will provide additional information, including Shop Drawings, Product Data, Samples and other similar submittals, which the Architect shall review in accordance with Section 3.4.4.

§ 3.3.2 The Architect shall incorporate into the Construction Documents the design requirements of governmental authorities having jurisdiction over the Project.

§ 3.3.3 The Architect shall update the estimate for the Cost of the Work.

§ 3.3.4 The Architect shall submit the Construction Documents to the Owner, advise the Owner of any adjustments to the estimate of the Cost of the Work, take any action required under Section 6.5, and request the Owner's approval.

§ 3.3.5 The Architect, following the Owner's approval of the Construction Documents and of the latest preliminary estimate of Construction Cost, shall assist the Owner in awarding and preparing contracts for construction.

§ 3.4 CONSTRUCTION PHASE SERVICES

§ 3.4.1 GENERAL

§ 3.4.1.1 The Architect shall provide administration of the Contract between the Owner and the Contractor as set forth below and in AIA Document A107™-2007, Standard Form of Agreement Between Owner and Contractor for a Project of Limited Scope. If the Owner and Contractor modify AIA Document A107-2007, those modifications shall not affect the Architect's services under this Agreement unless the Owner and the Architect amend this Agreement.

§ 3.4.1.2 The Architect shall advise and consult with the Owner during the Construction Phase Services. The Architect shall have authority to act on behalf of the Owner only to the extent provided in this Agreement. The Architect shall not have control over, charge of, or responsibility for the construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, nor shall the Architect be responsible

for the Contractor's failure to perform the Work in accordance with the requirements of the Contract Documents. The Architect shall be responsible for the Architect's negligent acts or omissions, but shall not have control over or charge of and shall not be responsible for, acts or omissions of the Contractor or of any other persons or entities performing portions of the Work.

§ 3.4.1.3 Subject to Section 4.2, the Architect's responsibility to provide Construction Phase Services commences with the award of the Contract for Construction and terminates on the date the Architect issues the final Certificate for Payment.

§ 3.4.2 EVALUATIONS OF THE WORK

§ 3.4.2.1 The Architect shall visit the site at intervals appropriate to the stage of construction, or as otherwise required in Section 4.2.1, to become generally familiar with the progress and quality of the portion of the Work completed, and to determine, in general, if the Work observed is being performed in a manner indicating that the Work, when fully completed, will be in accordance with the Contract Documents. However, the Architect shall not be required to make exhaustive or continuous on-site observations to check the quality or quantity of the Work. On the basis of the site visits, the Architect shall keep the Owner reasonably informed about the progress and quality of the portion of the Work completed, and report to the Owner (1) known deviations from the Contract Documents and from the most recent construction schedule submitted by the Contractor, and (2) defects and deficiencies observed in the Work.

§ 3.4.2.2 The Architect has the authority to reject Work that does not conform to the Contract Documents and has the authority to require inspection or testing of the Work.

§ 3.4.2.3 The Architect shall interpret and decide matters concerning performance under, and requirements of, the Contract Documents on written request of either the Owner or Contractor. The Architect's response to such requests shall be made in writing within any time limits agreed upon or otherwise with reasonable promptness.

§ 3.4.2.4 When making such interpretations and decisions, the Architect shall endeavor to secure faithful performance by both Owner and Contractor, shall not show partiality to either, and shall not be liable for results of interpretations or decisions rendered in good faith.

§ 3.4.2.5 The Architect shall render initial decisions on Claims between the Owner and Contractor as provided in the Contract Documents.

§ 3.4.3 CERTIFICATES FOR PAYMENT TO CONTRACTOR

§ 3.4.3.1 The Architect shall review and certify the amounts due the Contractor and shall issue certificates in such amounts. The Architect's certification for payment shall constitute a representation to the Owner, based on the Architect's evaluation of the Work as provided in Section 3.4.2 and on the data comprising the Contractor's Application for Payment, that, to the best of the Architect's knowledge, information and belief, the Work has progressed to the point indicated and that the quality of the Work is in accordance with the Contract Documents.

§ 3.4.3.2 The issuance of a Certificate for Payment shall not be a representation that the Architect has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work, (2) reviewed construction means, methods, techniques, sequences or procedures, (3) reviewed copies of requisitions received from Subcontractors and material suppliers and other data requested by the Owner to substantiate the Contractor's right to payment, or (4) ascertained how or for what purpose the Contractor has used money previously paid on account of the Contract Sum.

§ 3.4.4 SUBMITTALS

§ 3.4.4.1 The Architect shall review and approve or take other appropriate action upon the Contractor's submittals such as Shop Drawings, Product Data and Samples, but only for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. Review of such submittals is not for the purpose of determining the accuracy and completeness of other information such as dimensions, quantities, and installation or performance of equipment or systems, which are the Contractor's responsibility. The Architect's review shall not constitute approval of safety precautions or, unless otherwise specifically stated by the Architect, of any construction means, methods, techniques, sequences or procedures.

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§ 3.4.4.2 If the Contract Documents specifically require the Contractor to provide professional design services or certifications by a design professional related to systems, materials or equipment, the Architect shall specify the appropriate performance and design criteria that such services must satisfy. The Architect shall review shop Drawings and other submittals related to the Work designed or certified by the design professional retained by the Contractor that bear such professional's seal and signature when submitted to the Architect. The Architect shall be entitled to rely upon the adequacy, accuracy and completeness of the services, certifications and approvals performed or provided by such design professionals.

§ 3.4.4.3 The Architect shall review and respond to written requests for information about the Contract Documents. The Architect's response to such requests shall be made in writing within any time limits agreed upon, or otherwise with reasonable promptness.

§ 3.4.5 CHANGES IN THE WORK

The Architect may authorize minor changes in the Work that are consistent with the intent of the Contract Documents and do not involve an adjustment in the Contract Sum or an extension of the Contract Time. Subject to the provisions of Section 4.2.2, the Architect shall prepare Change Orders and Construction Change Directives for the Owner's approval and execution in accordance with the Contract Documents.

§ 3.4.6 PROJECT COMPLETION

The Architect shall conduct inspections to determine the date or dates of Substantial Completion and the date of final completion; issue Certificates of Substantial Completion; receive from the Contractor and forward to the Owner, for the Owner's review and records, written warranties and related documents required by the Contract Documents and assembled by the Contractor; and issue a final Certificate for Payment based upon a final inspection indicating the Work complies with the requirements of the Contract Documents.

ARTICLE 4 ADDITIONAL SERVICES

§ 4.1 Additional Services are not included in Basic Services but may be required for the Project. Such Additional Services may include programming, budget analysis, financial feasibility studies, site analysis and selection, environmental studies, civil engineering, landscape design, telecommunications/data, security, measured drawings of existing conditions, coordination of separate contractors or independent consultants, coordination of construction or project managers, detailed cost estimates, on-site project representation beyond requirements of Section 4.2.1, value analysis, quantity surveys, interior architectural design, planning of tenant or rental spaces, inventories of materials or equipment, preparation of record drawings, commissioning, environmentally responsible design beyond Basic Services, LEED® Certification, fast-track design services, and any other services not otherwise included in this Agreement.

(Insert a description of each Additional Service the Architect shall provide, if not further described in an exhibit attached to this document.)

§ 4.2 Additional Services may be provided after execution of this Agreement, without invalidating the Agreement. Except for services required due to the fault of the Architect, any Additional Services provided in accordance with this Section 4.2 shall entitle the Architect to compensation pursuant to Section 11.3.

§ 4.2.1 The Architect has included in Basic Services Ten (10) site visits over the duration of the Project during construction. The Architect shall conduct site visits in excess of that amount as an Additional Service.

§ 4.2.2 The Architect shall review and evaluate Contractor's proposals, and if necessary, prepare Drawings, Specifications and other documentation and data, and provide any other services made necessary by Change Orders and Construction Change Directives prepared by the Architect as an Additional Service.

§ 4.2.3 If the services covered by this Agreement have not been completed within Twelve (12) months of the date of this Agreement, through no fault of the Architect, extension of the Architect's services beyond that time shall be compensated as Additional Services.

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ARTICLE 5 OWNER'S RESPONSIBILITIES

§ 5.1 Unless otherwise provided for under this Agreement, the Owner shall provide information in a timely manner regarding requirements for and limitations on the Project, including a written program which shall set forth the Owner's objectives, schedule, constraints and criteria, including space requirements and relationships, flexibility, expandability, special equipment, systems and site requirements. Within 15 days after receipt of a written request from the Architect, the Owner shall furnish the requested information as necessary and relevant for the Architect to evaluate, give notice of or enforce lien rights.

§ 5.2 The Owner shall establish and periodically update the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Section 6.1; (2) the Owner's other costs; and, (3) reasonable contingencies related to all of these costs. If the Owner significantly increases or decreases the Owner's budget for the Cost of the Work, the Owner shall notify the Architect. The Owner and the Architect shall thereafter agree to a corresponding change in the Project's scope and quality.

§ 5.3 The Owner shall furnish surveys to describe physical characteristics, legal limitations and utility locations for the site of the Project, a written legal description of the site, and services of geotechnical engineers or other consultants when the Architect requests such services and demonstrates that they are reasonably required by the scope of the Project.

§ 5.4 The Owner shall coordinate the services of its own consultants with those services provided by the Architect. Upon the Architect's request, the Owner shall furnish copies of the scope of services in the contracts between the Owner and the Owner's consultants. The Owner shall require that its consultants maintain professional liability insurance as appropriate to the services provided.

§ 5.5 The Owner shall furnish tests, inspections and reports required by law or the Contract Documents, such as structural, mechanical, and chemical tests, tests for air and water pollution, and tests for hazardous materials.

§ 5.6 The Owner shall furnish all legal, insurance and accounting services, including auditing services that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests.

§ 5.7 The Owner shall provide prompt written notice to the Architect if the Owner becomes aware of any fault or defect in the Project, including errors, omissions or inconsistencies in the Architect's Instruments of Service.

§ 5.8 The Owner shall endeavor to communicate with the Contractor through the Architect about matters arising out of or relating to the Contract Documents.

§ 5.9 The Owner shall provide the Architect access to the Project site prior to commencement of the Work and shall obligate the Contractor to provide the Architect access to the Work wherever it is in preparation or progress.

ARTICLE 6 COST OF THE WORK

§ 6.1 For purposes of this Agreement, the Cost of the Work shall be the total cost to the Owner to construct all elements of the Project designed or specified by the Architect and shall include contractors' general conditions costs, overhead and profit. The Cost of the Work does not include the compensation of the Architect, the costs of the land, rights-of-way, financing, contingencies for changes in the Work or other costs that are the responsibility of the Owner.

§ 6.2 The Owner's budget for the Cost of the Work is provided in Initial Information, and may be adjusted throughout the Project as required under Sections 5.2, 6.4 and 6.5. Evaluations of the Owner's budget for the Cost of the Work, the preliminary estimate of the Cost of the Work and updated estimates of the Cost of the Work prepared by the Architect, represent the Architect's judgment as a design professional. It is recognized, however, that neither the Architect nor the Owner has control over the cost of labor, materials or equipment; the Contractor's methods of determining bid prices; or competitive bidding, market or negotiating conditions. Accordingly, the Architect cannot and does not warrant or represent that bids or negotiated prices will not vary from the Owner's budget for the Cost of the Work or from any estimate of the Cost of the Work or evaluation prepared or agreed to by the Architect.

§ 6.3 In preparing estimates of the Cost of Work, the Architect shall be permitted to include contingencies for design, bidding and price escalation; to determine what materials, equipment, component systems and types of construction are to be included in the Contract Documents, to make reasonable adjustments in the program and scope of the Project

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and to include in the Contract Documents alternate bids as may be necessary to adjust the estimated Cost of the Work to meet the Owner's budget for the Cost of the Work. The Architect's estimate of the Cost of the Work shall be based on current area, volume or similar conceptual estimating techniques. If the Owner requests detailed cost estimating services, the Architect shall provide such services as an Additional Service under Article 4.

§ 6.4 If the bidding has not commenced within 90 days after the Architect submits the Construction Documents to the Owner, through no fault of the Architect, the Owner's budget for the Cost of the Work shall be adjusted to reflect changes in the general level of prices in the applicable construction market.

§ 6.5 If at any time the Architect's estimate of the Cost of the Work exceeds the Owner's budget for the Cost of the Work, the Architect shall make appropriate recommendations to the Owner to adjust the Project's size, quality or budget for the Cost of the Work, and the Owner shall cooperate with the Architect in making such adjustments.

§ 6.6 If the Owner's current budget for the Cost of the Work at the conclusion of the Construction Documents Phase Services is exceeded by the lowest bona fide bid or negotiated proposal, the Owner shall

- .1 give written approval of an increase in the budget for the Cost of the Work;
- .2 authorize rebidding or renegotiating of the Project within a reasonable time;
- .3 terminate in accordance with Section 9.5;
- .4 in consultation with the Architect, revise the Project program, scope, or quality as required to reduce the Cost of the Work; or
- .5 implement any other mutually acceptable alternative.

§ 6.7 If the Owner chooses to proceed under Section 6.6.4, the Architect, without additional compensation, shall modify the Construction Documents as necessary to comply with the Owner's budget for the Cost of the Work at the conclusion of the Construction Documents Phase Services, or the budget as adjusted under Section 6.6.1. The Architect's modification of the Construction Documents shall be the limit of the Architect's responsibility under this Article 6.

ARTICLE 7 COPYRIGHTS AND LICENSES

§ 7.1 The Architect and the Owner warrant that in transmitting Instruments of Service, or any other information, the transmitting party is the copyright owner of such information or has permission from the copyright owner to transmit such information for its use on the Project. If the Owner and Architect intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions.

§ 7.2 The Architect and the Architect's consultants shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and shall retain all common law, statutory and other reserved rights, including copyrights. Submission or distribution of Instruments of Service to meet official regulatory requirements or for similar purposes in connection with the Project is not to be construed as publication in derogation of the reserved rights of the Architect and the Architect's consultants.

§ 7.3 Upon execution of this Agreement, the Architect grants to the Owner a nonexclusive license to use the Architect's Instruments of Service solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project, provided that the Owner substantially performs its obligations, including prompt payment of all sums when due, under this Agreement. The Architect shall obtain similar nonexclusive licenses from the Architect's consultants consistent with this Agreement. The license granted under this section permits the Owner to authorize the Contractor, Subcontractors, Sub-subcontractors, and material or equipment suppliers, as well as the Owner's consultants and separate contractors, to reproduce applicable portions of the Instruments of Service solely and exclusively for use in performing services or construction for the Project. If the Architect rightfully terminates this Agreement for cause as provided in Section 9.4, the license granted in this Section 7.3 shall terminate.

§ 7.3.1 In the event the Owner uses the Instruments of Service without retaining author of the Instruments of Service, the Owner releases the Architect and Architect's consultant(s) from all claims and causes of action arising from such uses. The Owner, to the extent permitted by law, further agrees to indemnify and hold harmless the Architect and its consultants from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner's use of the Instruments of

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Service under this Section 7.3.1. The terms of this Section 7.3.1 shall not apply if the Owner rightfully terminates this Agreement for cause under Section 9.4.

§ 7.4 Except for the licenses granted in this Article 7, no other license or right shall be deemed granted or implied under this Agreement. The Owner shall not assign, delegate, sublicense, pledge or otherwise transfer any license granted herein to another party without the prior written agreement of the Architect. Any unauthorized use of the Instruments of Service shall be at the Owner's sole risk and without liability to the Architect and the Architect's consultants.

ARTICLE 8 CLAIMS AND DISPUTES

§ 8.1 GENERAL

§ 8.1.1 The Owner and Architect shall commence all claims and causes of action, whether in contract, tort, or otherwise, against the other arising out of or related to this Agreement in accordance with the requirements of the method of binding dispute resolution selected in this Agreement within the period specified by applicable law, but in any case not more than 10 years after the date of Substantial Completion of the Work. The Owner and Architect waive all claims and causes of action not commenced in accordance with this Section 8.1.1.

§ 8.1.2 To the extent damages are covered by property insurance, the Owner and Architect waive all rights against each other and against the contractors, consultants, agents and employees of the other for damages, except such rights as they may have to the proceeds of such insurance as set forth in AIA Document A107™-2007, Standard Form of Agreement Between Owner and Contractor for a Project of Limited Scope. The Owner or the Architect, as appropriate, shall require of the contractors, consultants, agents and employees of any of them similar waivers in favor of the other parties enumerated herein.

§ 8.1.3 The Architect and Owner waive consequential damages for claims, disputes or other matters in question arising out of or relating to this Agreement. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination of this Agreement, except as specifically provided in Section 9.6.

§ 8.2 MEDIATION

§ 8.2.1 Any claim, dispute or other matter in question arising out of or related to this Agreement shall be subject to mediation as a condition precedent to binding dispute resolution. If such matter relates to or is the subject of a lien arising out of the Architect's services, the Architect may proceed in accordance with applicable law to comply with the lien notice or filing deadlines prior to resolution of the matter by mediation or by binding dispute resolution.

§ 8.2.2 Mediation, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its Construction Industry Mediation Procedures in effect on the date of the Agreement. The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the Project is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

§ 8.2.3 If the parties do not resolve a dispute through mediation pursuant to this Section 8.2, the method of binding dispute resolution shall be the following:
(Check the appropriate box. If the Owner and Architect do not select a method of binding dispute resolution below, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, the dispute will be resolved in a court of competent jurisdiction.)

Arbitration pursuant to Section 8.3 of this Agreement

Litigation in a court of competent jurisdiction

Other *(Specify)*

§ 8.3 ARBITRATION

§ 8.3.1 If the parties have selected arbitration as the method for binding dispute resolution in this Agreement any claim, dispute or other matter in question arising out of or related to this Agreement subject to, but not resolved by,

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mediation shall be subject to arbitration which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its Construction Industry Arbitration Rules in effect on the date of the Agreement.

§ 8.3.1.1 A demand for arbitration shall be made no earlier than concurrently with the filing of a request for mediation, but in no event shall it be made after the date when the institution of legal or equitable proceedings based on the claim, dispute or other matter in question would be barred by the applicable statute of limitations. For statute of limitations purposes, receipt of a written demand for arbitration by the person or entity administering the arbitration shall constitute the institution of legal or equitable proceedings based on the claim, dispute or other matter in question.

§ 8.3.2 The foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by parties to this Agreement shall be specifically enforceable in accordance with applicable law in any court having jurisdiction thereof.

§ 8.3.3 The award rendered by the arbitrator(s) shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

§ 8.3.4 CONSOLIDATION OR JOINDER

§ 8.3.4.1 Either party, at its sole discretion, may consolidate an arbitration conducted under this Agreement with any other arbitration to which it is a party provided that (1) the arbitration agreement governing the other arbitration permits consolidation; (2) the arbitrations to be consolidated substantially involve common questions of law or fact; and (3) the arbitrations employ materially similar procedural rules and methods for selecting arbitrator(s).

§ 8.3.4.2 Either party, at its sole discretion, may include by joinder persons or entities substantially involved in a common question of law or fact whose presence is required if complete relief is to be accorded in arbitration, provided that the party sought to be joined consents in writing to such joinder. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent.

§ 8.3.4.3 The Owner and Architect grant to any person or entity made a party to an arbitration conducted under this Section 8.3, whether by joinder or consolidation, the same rights of joinder and consolidation as the Owner and Architect under this Agreement.

ARTICLE 9 TERMINATION OR SUSPENSION

§ 9.1 If the Owner fails to make payments to the Architect in accordance with this Agreement, such failure shall be considered substantial nonperformance and cause for termination or, at the Architect's option, cause for suspension of performance of services under this Agreement. If the Architect elects to suspend services, the Architect shall give seven days' written notice to the Owner before suspending services. In the event of a suspension of services, the Architect shall have no liability to the Owner for delay or damage caused the Owner because of such suspension of services. Before resuming services, the Architect shall be paid all sums due prior to suspension and any expenses incurred in the interruption and resumption of the Architect's services. The Architect's fees for the remaining services and the time schedules shall be equitably adjusted.

§ 9.2 If the Owner suspends the Project, the Architect shall be compensated for services performed prior to notice of such suspension. When the Project is resumed, the Architect shall be compensated for expenses incurred in the interruption and resumption of the Architect's services. The Architect's fees for the remaining services and the time schedules shall be equitably adjusted.

§ 9.3 If the Owner suspends the Project for more than 90 cumulative days for reasons other than the fault of the Architect, the Architect may terminate this Agreement by giving not less than seven days' written notice.

§ 9.4 Either party may terminate this Agreement upon not less than seven days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

§ 9.5 The Owner may terminate this Agreement upon not less than seven days' written notice to the Architect for the Owner's convenience and without cause.

§ 9.6 In the event of termination not the fault of the Architect, the Architect shall be compensated for services performed prior to termination, together with Reimbursable Expenses then due and all Termination Expenses as defined in Section 9.7.

§ 9.7 Termination Expenses are in addition to compensation for the Architect's services and include expenses directly attributable to termination for which the Architect is not otherwise compensated, plus an amount for the Architect's anticipated profit on the value of the services not performed by the Architect.

ARTICLE 10 MISCELLANEOUS PROVISIONS

§ 10.1 This Agreement shall be governed by the law of the place where the Project is located, except that if the parties have selected arbitration as the method of binding dispute resolution, the Federal Arbitration Act shall govern Section 8.3.

§ 10.2 Terms in this Agreement shall have the same meaning as those in AIA Document A107-2007, Standard Form of Agreement Between Owner and Contractor for a Project of Limited Scope.

§ 10.3 The Owner and Architect, respectively, bind themselves, their agents, successors, assigns and legal representatives to this Agreement. Neither the Owner nor the Architect shall assign this Agreement without the written consent of the other, except that the Owner may assign this Agreement to a lender providing financing for the Project if the lender agrees to assume the Owner's rights and obligations under this Agreement.

§ 10.4 If the Owner requests the Architect to execute certificates or consents, the proposed language of such certificates or consents shall be submitted to the Architect for review at least 14 days prior to the requested dates of execution. The Architect shall not be required to execute certificates or consents that would require knowledge, services or responsibilities beyond the scope of this Agreement.

§ 10.5 Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Owner or Architect.

§ 10.6 The Architect shall have no responsibility for the discovery, presence, handling, removal or disposal of or exposure of persons to hazardous materials or toxic substances in any form at the Project site.

§ 10.7 The Architect shall have the right to include photographic or artistic representations of the design of the Project among the Architect's promotional and professional materials. However, the Architect's materials shall not include information the Owner has identified in writing as confidential or proprietary.

ARTICLE 11 COMPENSATION

§ 11.1 For the Architect's Basic Services as described under Article 3, the Owner shall compensate the Architect as follows:

(Insert amount of, or basis for, compensation.)

Lump Sum Fee of One hundred twenty-six thousand , four hundred dollars (\$126,400.00) for scope of work outlined in Attachment 'A.'

§ 11.2 For Additional Services designated in Section 4.1, the Owner shall compensate the Architect as follows:
(Insert amount of, or basis for, compensation. If necessary, list specific services to which particular methods of compensation apply.)

Hourly rates as listed in §11.7.

§ 11.3 For Additional Services that may arise during the course of the Project, including those under Section 4.2, the Owner shall compensate the Architect as follows:

(Insert amount of, or basis for, compensation.)

Hourly rates as listed in §11.7.

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§ 11.4 Compensation for Additional Services of the Architect's consultants when not included in Section 11.2 or 11.3, shall be the amount invoiced to the Architect plus Two percent (2.00 %), or as otherwise stated below:

§ 11.5 Where compensation for Basic Services is based on a stipulated sum or percentage of the Cost of the Work, the compensation for each phase of services shall be as follows:

Schematic Design Phase	Fifteen	percent (15	%)
Design Development Phase	Twenty	percent (20	%)
Construction Documents Phase	Thirty	percent (30	%)
Bidding Phase	Five	percent (5	%)
Construction Administration	Thirty	percent (30	%)
<hr/>				
Total Basic Compensation	one hundred	percent (100	%)

§ 11.6 When compensation is based on a percentage of the Cost of the Work and any portions of the Project are deleted or otherwise not constructed, compensation for those portions of the Project shall be payable to the extent services are performed on those portions, in accordance with the schedule set forth in Section 11.5 based on (1) the lowest bona fide bid or negotiated proposal, or (2) if no such bid or proposal is received, the most recent estimate of the Cost of the Work for such portions of the Project. The Architect shall be entitled to compensation in accordance with this Agreement for all services performed whether or not the Construction Phase is commenced.

§ 11.7 The hourly billing rates for services of the Architect and the Architect's consultants, if any, are set forth below. The rates shall be adjusted in accordance with the Architect's and Architect's consultants' normal review practices. *(If applicable, attach an exhibit of hourly billing rates or insert them below.)*

Employee or Category	Rate
Architect	\$ 125.00 per hour
Drafter	\$ 65.00 per hour
Clerical	\$ 35.00 per hour

§ 11.8 COMPENSATION FOR REIMBURSABLE EXPENSES

§ 11.8.1 Reimbursable Expenses are in addition to compensation for Basic and Additional Services and include expenses incurred by the Architect and the Architect's consultants directly related to the Project, as follows:

- .1 Transportation and authorized out-of-town travel and subsistence;
- .2 Long distance services, dedicated data and communication services, teleconferences, Project Web sites, and extranets;
- .3 Fees paid for securing approval of authorities having jurisdiction over the Project;
- .4 Printing, reproductions, plots, standard form documents;
- .5 Postage, handling and delivery;
- .6 Expense of overtime work requiring higher than regular rates if authorized in advance by the Owner;
- .7 Renderings, models, mock-ups, professional photography, and presentation materials requested by the Owner;
- .8 Expense of professional liability insurance dedicated exclusively to this Project or the expense of additional insurance coverage or limits requested by the Owner in excess of that normally carried by the Architect and the Architect's consultants;
- .9 All taxes levied on professional services and on reimbursable expenses;
- .10 Site office expenses; and
- .11 Other similar Project-related expenditures.

§ 11.8.2 For Reimbursable Expenses the compensation shall be the expenses incurred by the Architect and the Architect's consultants plus Two percent (2.00 %) of the expenses incurred.

Init.

§ 11.9 COMPENSATION FOR USE OF ARCHITECT'S INSTRUMENTS OF SERVICE

If the Owner terminates the Architect for its convenience under Section 9.5, or the Architect terminates this Agreement under Section 9.3, the Owner shall pay a licensing fee as compensation for the Owner's continued use of the Architect's Instruments of Service solely for purposes of completing, using and maintaining the Project as follows:

| N/A

§ 11.10 PAYMENTS TO THE ARCHITECT

| **§ 11.10.1** An initial payment of Zero Dollars and Zero Cents (\$ 0.00) shall be made upon execution of this Agreement and is the minimum payment under this Agreement. It shall be credited to the Owner's account in the final invoice.

| **§ 11.10.2** Unless otherwise agreed, payments for services shall be made monthly in proportion to services performed. Payments are due and payable upon presentation of the Architect's invoice. Amounts unpaid Thirty (30) days after the invoice date shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the principal place of business of the Architect.
(Insert rate of monthly or annual interest agreed upon.)

| 8.00 % per annum

§ 11.10.3 The Owner shall not withhold amounts from the Architect's compensation to impose a penalty or liquidated damages on the Architect, or to off set sums requested by or paid to contractors for the cost of changes in the Work unless the Architect agrees or has been found liable for the amounts in a binding dispute resolution proceeding.

§ 11.10.4 Records of Reimbursable Expenses, expenses pertaining to Additional Services, and services performed on the basis of hourly rates shall be available to the Owner at mutually convenient times.

ARTICLE 12 SPECIAL TERMS AND CONDITIONS

Special terms and conditions that modify this Agreement are as follows:

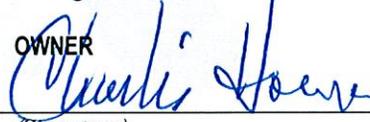
| See Attachment 'A' as part of this Agreement.

ARTICLE 13 SCOPE OF THE AGREEMENT

§ 13.1 This Agreement represents the entire and integrated agreement between the Owner and the Architect and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Architect.

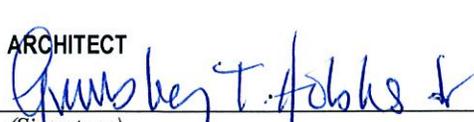
§ 13.2 This Agreement incorporates the following documents listed below:
(List other documents, if any, including additional scopes of service and AIA Document E201™-2007, Digital Data Protocol Exhibit, if completed, forming part of the Agreement.)

| Attachment 'A', Proposal for Architectural and Engineering Design Services, dated August 10, 2012.
Rider to the Agreement (Aia Document B-104, 2007 Edition) Between Chatham County ("Owner"), and Hobbs Architects, PA ("Architect") for Chatham County Annex Renovation Project.
This Agreement entered into as of the day and year first written above.

OWNER


(Signature)
Mr. Charlie Horne, County Manager

(Printed name and title)

ARCHITECT


(Signature)
Mr. Grimsley T. Hobbs, Owner/Architect

(Printed name and title)



Hobbs Architects, P.A.

480 Hillsboro Street, Suite 400 – Chatham Mills P.O. Box 1457
Pittsboro, North Carolina 27312

919.545.2004 voice
919.545.9002 fax

RENOVATION PROJECT FOR THE CHATHAM COUNTY COURTHOUSE ANNEX PROJECT

'ATTACHMENT A' TO AIA DOCUMENT B104 - 2007:

STANDARD FORM OF AGREEMENT BETWEEN OWNER AND ARCHITECT)

August 8, 2012

SCOPE OF WORK:

1. The Work in this proposal includes the interior renovation to approximately 10,700 SF of the Chatham County Courthouse Annex Building. The design will incorporate the installation of a central air handler system for the entire East half of the building, replacing the existing HVAC system being utilized by the building.
2. The work will be bid as a conventional single prime construction project:
 - Proposed Scope of Work includes all design, bidding, and contract administration services required to complete Architectural, Structural Engineering, and Plumbing-Mechanical-Electrical, and Data Engineering.
 - Hobbs Architects, P.A. will meet and coordinate the work with the local building inspections and public utilities departments having jurisdiction for this project.
 - Hobbs Architects, P.A. will attend public meetings as necessary and at the direction of the County.
3. The Scope of work not included in this proposal and/or work to be provided by Owner:
 - Measured survey – if required - of site showing property limits, existing structures and improvements, building setbacks, easements, grades including contours and spot elevations, significant trees and shrubs, utilities, etc. (the need for a survey is not anticipated)
 - Testing services during construction
 - Fees required for submission, review, and/or permitting of project
 - Cost of printing bid documents and distribution to bidders
 - The investigation and abatement of any hazardous material that affects the work
 - Civil engineering design services. None are anticipated at this time
 - Acoustic engineering services. None are anticipated at this time
 - Utilities engineering services. None are anticipated at this time
 - LEED Certification
 - Site and/or landscape design (none currently anticipated)
 - Commissioning of the HVAC system
 - Specialty design services for conference areas – AV Technology (can be added if needed)

PROFESSIONAL SERVICES PER PHASE:

1. Schematic Design – Design Development Phases Combined:

- Finalize data obtained in Programming Phase for Schematic Phase as base information
- Finalize the HVAC approach based on information obtained in Pre Design Phase
- Further develop floor plans as directed from Pre-Design phase
- Finalize a phasing plan that keeps portions of the building in operation during construction
- Determine building requirements of Building Code
- Review plumbing, electrical, and heating & air conditioning concepts with Owner
- Revise floor plan designs as needed per direction of the Owner
- Monitor the project scope and budget estimates with the Owner
- Identify any bid alternates that may be considered
- Finalize floor plans to indicate door and room finish information
- Provide initial layout of interior furniture by Indoff Interiors
- Prepare typical wall sections indicating proposed construction materials
- Provide general plumbing, mechanical and electrical information. Indicate types, sizes and locations of major equipment or devices
- Begin assembling the project specification requirements
- Review information with Owner to finalize Design Development Phase
- Provide construction estimate
- Receive approval from Owner on the Design Development Phase

2. Construction Document Phase:

- Based on Chatham County's approval of the Schematic/Design Development Phases, proceed with the drawings and specifications (Construction Documents) as required for bidding the projects and receiving approval for a building permit.
- Drawings will include at a minimum:
 - Title/Code Sheet: Indicating building code information required by the local inspections department
 - Drawing with floor plans and reflected ceiling plans indicating ceiling layout plans coordinated with lights and HVAC equipment
 - Develop exterior elevations of any changes or improvements to exterior of building
 - Drawings with Finish and Door Schedules
 - Drawings with miscellaneous architectural details and notes
 - Interior signage schedule and details
 - Plumbing Engineering Drawings indicating plumbing fixture design layout, plumbing fixture schedules, details, notes, and associated information
 - Heating, ventilation & air conditioning (Mechanical) engineering drawings indicating equipment & duct layout, duct sizes, equipment schedules, details, notes and associated information
 - Electrical engineering drawings indicating electrical equipment, layout, equipment & fixture schedules, details, notes, and associated information.
 - Design of a security system similar to that recently designed for the Chatham County Courthouse Reconstruction.
- Finalize layout of interior furniture by Indoff Interiors
- Finalize the assemblage of Specifications for inclusion into the Project Manual
- Assist the Owner in printing bid documents, project advertising, public bidding of the project

3. Bidding Phase:

- Assist the Owner in printing Bid Documents and in the public bidding of the project
- The far-East quarter of the building will incorporate the base bid and the mid-East quarter of the building will be bid as an add alternate for budgetary flexibility.
- Furniture package to be specified and assembled under the Hobbs Architects, PA contract by Indoff Interiors, Inc. The bid package will be delivered to Chatham County for distribution and bid. Indoff Interiors will answer any questions during the bidding phase, evaluate the bids for compliance with the specifications, and provide a recommendation to Chatham County for bid acceptance.
- Advertise the project, including MBE bidders
- Bid as a Single Prime Contract
- Pre-qualify contractors at Owner's option
- Distribute Bid Document packages to general contractors
- Conduct Pre-Bid Conference at site with bidders to review Scope of Work
- Respond via Addenda to questions from bidders during Bidding Phase
- Receive, analyze, and make recommendations on bids to the Owner
- Execute construction contract between Owner and Contractor

4. Construction Administration Phase / Close Out of Project:

- Review of HVAC system by Mechanical Designer to verify installation per design parameters
- Prior to construction beginning, assist the contractor with coordination of mechanical, electrical, plumbing, and data components. During construction, monitor compliance.
- Conduct pre-construction meeting
- Review submittals from contractor for compliance with the contract documents
- Monitor the construction schedule to maintain the key project completion dates
- Review of shop drawings and submittals
- Respond to questions by the General Contractor and Owner
- On-Site Observation and Field Reports – 1 site visit per week (average) by the Architect and biweekly inspections by structural and PME engineers.
- Provide written reports of site visits and other significant correspondence related to the work. Distribute copies to Owner and General Contractor.
- Review and forward approved Contractor's pay requests to Owner for payment
- Provide the services of an interior designer to assist Owner in selection of colors and finishes
- Conduct Pre-Final and Final Inspections

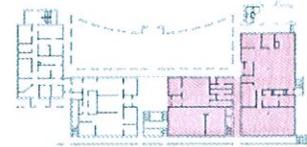
- Assist Owner with commissioning services at Owner's option. Review and verify test and balance reports and proper operation of HVAC systems.
- Contract Close Out at completion of construction including final reports and record drawing scans (as-builts) for the County's records

PAYMENT SCHEDULE FOR ARCHITECTURAL & ENGINEERING SERVICES:

Fees are to be billed on a percentage basis in accordance with the progress of the work but are not to exceed the total for each phase of the project.

A. East Half of Building (estimated construction budget \$1,149,750.00*)

• Schematic Design Phase	(15%)	
• Design Development Phase	(20%)	
• Construction Document Phase	(30%)	
• Bidding Phase	(5%)	
• Contract Administration	(30%)	
Total	(100%)	<u>\$126,400.00</u> lump sum fee



*Construction estimate includes \$100,000.00 estimate for replacing exterior soffits, replacing exterior windows, the installation of a security system, and other exterior improvements. Contingency funds are recommended but not included in this preliminary construction estimate.

Proposed Schedule: Out for bid +/-3 months after Notice to Proceed from Owner. A 5-6 month construction period anticipated. This assumes all programming and space allocation is finalized.

Rider to Owner-Architect Agreement

THE TERMS OF THIS RIDER SUPPLEMENTS, MODIFY, CHANGE, DELETE FROM, AND ADD TO, THE AGREEMENT (AIA DOCUMENT B-104, 2007 EDITION) BETWEEN CHATHAM COUNTY ("OWNER"), AND HOBBS ARCHITECTS, PA ("ARCHITECT") DATED JULY 17, 2012 FOR CHATHAM COUNTY ANNEX RENOVATION PROJECT

1. **Conflicting Terms.**

Should any conflict or ambiguity exist between the terms of the standard AIA B-104 Agreement (2007 Edition) and this Rider, the terms of this Rider shall prevail. The Agreement between the parties consists of the standard form agreement AIA- B-104 (2007 Edition), including any modification thereto and this Rider.

2. **Standard of Care and Quality.**

Architect's services under this Agreement shall be performed in conformance with the standards of care and quality practiced by design professionals experienced with projects similar to the Project. Provided however, this statement of the Architect's Standard of Care and Quality shall not alter the Architect's contractual obligations owed to the Owner except with respect to its design of the Project which shall be governed by to the Standard of Care and Quality as stated herein. Any designs, drawings or specifications prepared or furnished by Architect that need modification will be promptly corrected by Architect at no additional cost to Owner. Owner's approval, acceptance, use of or payment for all or any part of Architect's services shall in no way alter Architect's obligations or Owner's rights hereunder.

Architect shall promptly advise Owner of any problems which come to its attention that may cause a delay in the completion of the Project, or any portion thereof, or in the performance of Architect's services. The parties acknowledge that time is of the essence in this Agreement

3. **Coordination of Services.**

Architect shall be fully responsible for coordinating all Architect's Basic and Additional Services required under this Agreement regardless of whether performed by its own employees or by consultants hired by Architect to perform a portion of its services ("Subconsultants"). The purpose of such coordination is to ensure that the services required are performed in a reasonably efficient, timely and economical manner. Architect shall be responsible to Owner for the services furnished to Architect by any Subconsultant to the same extent as if Architect had furnished the service itself.

4. **Compliance With Laws.**

Architect shall put forth reasonable professional efforts to comply with applicable laws, codes, ordinances, regulations, zoning, restrictions or requirements of record, building, occupancy, environmental, disabled persons accessibility and occupancy of the Project (collectively "Governmental Requirements") existing on the date of this Agreement and which may be enacted prior to Owner's approval of completed Construction Documents. Architect shall use its best efforts to avoid incorporating into the Project design, elements that would give rise to code interpretation questions and to discuss in advance all such situations with Owner.

5. **Subordination & Compliance With Lender or Insurer's Requests.**

To the extent applicable, Owner may have to comply with a Lender or Insurer's requirements, and the parties acknowledge that Owner's approvals and other actions regarding Architect's services may be affected by such requirements. Architect agrees to subordinate any lien claim to the lien of any Lender and shall comply with all reasonable requests by Owner or the Insurer and Lender for reports, certificates, statements and further services which are not inconsistent with the terms and conditions of this Agreement. However, in the event any such request requires Architect to provide services not already part of the scope of services hereunder, Architect shall be entitled to compensation as an Additional Service.

6. **Exclusion of Hazardous Materials.**

Architect shall not design, specify or incorporate in the Drawings or Specifications for the Project, and shall not approve any shop drawings specifying any Hazardous Materials, in such manner as would violate the requirements of all existing laws, ordinances, codes, rules and regulations, orders and decisions of all government authorities having jurisdiction over the Site.

7. **Owner's Review of Applications for Payment.**

The Architect shall issue monthly invoices on or about the same day each month. The Owner shall pay amounts properly due not more than thirty (30) days after the date of the Owner's receipt of a valid invoice for those amounts. Amounts properly due yet unpaid forty-five (45) days after the Owner's receipt of that invoice shall bear simple interest at an annual rate of four percent (4%) per annum. The Architect shall submit with each invoice a current, itemized statement of amounts invoiced, amounts received, reimbursable expenses invoiced and received, and all other funds sought from the Owner and received by the Architect. All invoices shall be sequentially numbered.

If Owner disputes in good faith all or any portion of any statement, Owner shall notify Architect within fifteen (15) days of receipt of the disputed statement. Such notification shall clearly indicate that portion of the statement which Owner disputes or for which Owner claims a setoff and shall include a reasonably detailed explanation of the reasons for disputing such portion or for the setoff respectively. Any statement or portion of a statement not disputed by Owner in the manner and within the time period set forth above shall be paid by Owner within thirty (30) days of receipt; provided, that such payment shall not act as Owner's waiver of any claims for the performance of defective or deficient services. Owner shall not be required to make payment to Architect on account of any amount disputed in good faith by Owner in the manner and within

the time period set forth above until the matter in dispute has been resolved by the parties. Any amount so disputed shall not be deemed to be an amount due Architect under this Agreement until the matter is so resolved by the parties. If the resolution of the matter indicates that Architect is entitled to be paid all or any portion of such disputed amount, then such amount to be paid to Architect shall be due and payable within ten (10) days after resolution of the matter. Upon request of the Owner, the Architect agrees to execute lien waivers as a condition precedent to receipt of payment. In no event shall the Owner pay for any services that are required to be modified or corrected by Architect.

8. **Written Consent for Additional Services.**

Architect shall not perform or be reimbursed for any Additional Service unless Owner expressly authorizes same in writing prior to Architect commencing such Additional Service. Owner agrees to put any such authorization in writing in a timely manner.

9. **Indemnity From Lien Claims of Subconsultants.**

Architect shall protect, indemnify, and hold harmless Owner from and against any claims, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) in the event that a claim or mechanic's lien is asserted by one of Architect's Subconsultants for non-payment by Architect to that Subconsultant after Owner has made payment to Architect on account of that Subconsultant's work.

10. **Owner's Reviews and Approvals.**

Notwithstanding anything to the contrary contained in this Agreement, Owner's review and approval of any and all documents or other matters required herein shall be for the purpose of providing Architect with information as to Owner's objectives and goals with respect to the Project and not for the purpose of determining the accuracy and completeness of such documents, and in no way should any such review and approval alter Architect's responsibilities hereunder and with respect to such documents. Any and all construction contract documents furnished by Architect shall be subject to amendment by Owner and in the event such modifications materially increase or decrease the Architect's services, such fees shall be equitably adjusted.

11. **Use of Drawings.**

Owner is granted an irrevocable license without payment of any fee, to use the Drawings, Specifications and other documents prepared or furnished by Architect for this Project and for future work at the property which is the site of the Project, but not at any other location. Architect shall not use or allow to be used the Drawings, Specifications and reports or any unique design aspects of this Project for any other project, without the prior written approval of Owner. Architect may re-use standard specification texts and details. If the Architect has not completed the Drawings and Specifications, prior to any use by the Owner it shall remove the name and seals from the documents.

12. **Insurance Coverages.**

Architect shall procure and maintain in effect during the term of this Agreement the insurance coverages described below, which insurance shall be placed with insurance companies authorized to do business in the State of North Carolina and rated A minus VII or better by the current edition of Best's Key Rating Guide or otherwise approved by Owner:

- a. Professional Liability Errors and Omissions Insurance including contractual liability coverage with limits of not less than \$1,000,000 per claim and \$2,000,000 aggregate. Architect shall maintain this coverage in effect during the term of this Agreement and for two (2) years after the Date of Substantial Completion. Upon Owner's request, Architect shall give prompt written notice to Owner of any and all claims made against this policy during the period in which this policy is required to be maintained pursuant to this Agreement;
- b. Worker's Compensation Insurance with statutory benefits and limits which shall fully comply with all State and Federal requirements and have limits not less than \$1,000,000 per accident, \$1,000,000 per disease and \$500,000 policy limit on disease;
- c. Comprehensive Automobile Liability Insurance with limits not less than \$500,000 combined single limit per occurrence for bodily injury and property damage; and
- d. Commercial General Liability Insurance. The Commercial General Liability Insurance Policy must be written with a combined single limit of liability of not less than \$1,000,000 for each occurrence of bodily injury and/or property damage and an annual aggregate of liability of not less than \$1,000,000 for bodily injury and/or property damage, and shall be maintained for a period of not less than two (2) years following the date of final payment for all services provided under this Agreement
- e. Umbrella Insurance. Umbrella insurance shall be written for \$1,000,000 each occurrence with an aggregate of \$2,000,000.
- f. If the Owner requests additional insurance coverages and/or amounts, the Architect agrees to procure such insurance if reasonably available. In such event the Owner agrees to pay its prorata portion of the additional insurance premium based on its percentage of billings as compared to the total billings on all of the Architect's other projects during the relevant policy periods. In the event the professional liability coverage is increased, the limitation amount in paragraph 20, shall be increased by the same amount.
- g. The Owner shall be named as an additional insured on all liability insurance policies except the professional liability policy.

13. **Insurance Requirements of Subconsultants.**

Architect agrees to require Subconsultants to comply with the insurance provisions that are satisfactory to the Architect for the protection of Architect's interests.

14. **Additional Insurance Requirements.**

Architect shall not make changes in or allow the required insurance coverages to lapse without Owner's prior written approval thereto. All policies for insurance must be endorsed to contain a provision giving Owner a thirty (30) day prior written notice by certified mail of any cancellation of that policy or material change in coverage. Should a notice of cancellation be issued for non-payment of premiums or any part thereof, or should Architect fail to provide and maintain certificates as set forth herein, Owner shall have the right, but shall not the obligation, to pay such premium to the insurance company or to obtain such coverage and to deduct such payment from any sums that may be due or become due to Architect, or to seek reimbursement for said payments from Architect. Any sums paid by Owner shall be due and payable immediately by Architect upon notice from Owner. Receipt and review by Owner of any copies of insurance policies or insurance certificates shall not relieve Architect of his obligation to comply with the insurance provisions of this Agreement. The insurance provisions of this Agreement shall not be construed as a limitation on Architect's responsibilities and liabilities pursuant to the terms and conditions of this Agreement.

15. **Owner's Suspension of Architect's Services.**

Upon seven (7) days advance written notice to Architect, Owner may order that Architect suspend all or any part of the services provided under this Agreement. Owner shall pay Architect all monies otherwise due hereunder to the date of the suspension plus all out-of-pocket expenses directly related to such suspension. Owner shall not have any obligation to pay or reimburse Architect for lost profits and/or unabsorbed overhead or any other consequential or incidental damages. If the Project is suspended in whole or in part for more than three (3) months, and then resumed, Architect shall be compensated for reasonable costs of re-familiarizing itself with the Project.

16. **Owner's Termination of Agreement for Convenience.**

In the event the funding for the Project is not approved or later withdrawn or reduced by the Owner's governing board, the Owner may terminate this Agreement for the convenience of Owner, upon seven (7) days advance written notice to Architect, in which case Owner shall pay Architect for all monies otherwise due hereunder to the date of termination plus all out-of-pocket expenses directly related to the termination, but Owner shall have no obligation to pay or reimburse Architect for lost profits and/or unabsorbed overhead, or any other consequential or incidental damages. If the Owner otherwise terminates this Agreement for Convenience, in addition to work performed and out of pocket expenses the Owner agrees to pay for demonstrated lost profits on the remaining services to be performed under this Agreement but not any other amount.

17. **Delivery by Architect of Completed and In-Progress Documents.**

In the event of suspension or termination for convenience, upon request of Owner and payment of all fees pursuant to the prior two paragraphs, Architect shall promptly provide Owner with reproducible drawings and disks of all documents completed or in progress on the date of termination. Architect shall not be reimbursed for reproduction costs associated with maintaining or storing Drawings, Specifications, or disks for his own use. The Owner may use such information at the site of the Project at its own risk and shall remove any seals or identification of Architect therefrom as provided in paragraph 11 herein..

18. **Termination for Cause.**

In the event that Architect fails to perform in accordance with the material terms and conditions of this Agreement, Owner may terminate this Agreement by sending a Notice of Termination which shall be effective seven (7) days after its date of transmittal if Architect does not cure such default within the seven (7) days. In the event of termination for cause by Owner, Architect shall be entitled to be compensated for all services performed prior to receipt of written notice from Owner of such termination, together with Reimbursable Expenses incurred, up to the effective date of the termination. However, Owner shall be entitled to offset any amounts due and owing Architect pursuant to this provision by the amounts of any damages incurred by Owner as a result of Architect's breach, which offset shall not prejudice the right of Owner to recover additional damages or to exercise any other remedy at law or in equity. In no event shall Architect be entitled to receive termination expenses, unabsorbed overhead or lost profit or any other incidental or consequential damages if terminated for cause. If Owner terminated this Agreement for cause, and the termination is later found or agreed to have been improper then the termination will be construed as a termination for convenience pursuant to paragraph 16 hereof.

19. **Indemnification Against Third Party Claims.**

To the fullest extent permitted by law, Architect shall hold harmless and indemnify Owner from and against all claims, actions, liabilities, damages, losses, costs and expenses up to a maximum amount of One Million Dollars (\$1,000,000.00) per claim and Two Million Dollars (\$2,000,000) in the annual aggregate. Such claims, actions, liabilities, damages, losses, costs and expenses include injury to or death of any persons and damage to property, economic and consequential damages, and attorneys' fees asserted by third parties against Owner arising out of negligent acts, errors or omissions or breach of the obligations set forth in this Agreement by Architect, any Subconsultant, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. However, Architect shall not be required to indemnify Owner from the consequences of Owner's own negligence which is a proximate cause of bodily injury or damage to property.

20. **Limitation of Liability.**

Notwithstanding the contrary provisions of Paragraph 8.1.3 of the B104, the Architect shall be responsible to Owner for consequential damages up to a maximum amount of One Million Dollars (\$1,000,000.00) per claim and Two Million Dollars (\$2,000,000) in the annual aggregate. This provision shall not apply with respect to the indemnification obligations of

paragraph 19 herein nor liability for personal injury, death, illness or property damages to third parties caused by the negligence or misconduct of the Architect or any person or entity for whom the Architect is responsible or with whom it contracts to provide part of the services to be provided by or through the Architect. However, Architect shall not be required to indemnify Owner from the consequences of Owner's own negligence which is a proximate cause of bodily injury or property damage.

21. **Dispute Resolution.**

All claims, disputes and other matters in question (hereinafter referred to as a "Controversy") between the parties to this Agreement arising out of or relating to this Agreement or the breach thereof shall be initially submitted to mediation in accordance with the Construction Mediation Rules of the American Arbitration Association or any other mutually agreeable mediation firm. If the mediation process has not resolved the Controversy within sixty (60) days of the submission of the matter to mediation, the Controversy may be submitted to arbitration; provided, however, that no such claim shall be barred by the applicable statutes of limitation and repose if it was timely at the date of its submission to mediation.

Claims, disputes and other matters in question between the parties that are not resolved by mediation shall be decided by arbitration which, unless the parties mutually agree otherwise, shall be in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association currently in effect. Demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. A demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Any arbitration between or among the Owner and Architect or any of its Subconsultants, upon request of the Owner shall be consolidated with any arbitration between the Owner and Contractor involving common issues of fact or law.

22. **Continuing Obligations During Disputes.**

In the event of any Controversy between Owner and Architect under this Agreement, including but not limited to, whether or not any services Owner expects Architect to perform are within the scope of Basic Services or any dispute as to whether or not Architect is entitled to additional compensation for any Work requested, unless the Owner otherwise requests, Architect shall continue to proceed diligently with the performance of its services under this Agreement pending resolution of the dispute, and Owner agrees to pay Architect in accordance with this Agreement for all services rendered by Architect which are not the subject of the Controversy.

23. **Waiver.**

No consent or waiver by Owner or Architect shall be effective unless it is in writing and then only to the extent specifically stated. Failure on the part of any party to this Agreement to

enforce any act or failure to act of the other party or to declare the other party in default hereunder, irrespective of how long such failure continues, shall not constitute a waiver of the rights of such party hereunder.

24. **Choice of Law.**

The laws of the State of North Carolina shall govern this Agreement and all Controversies arising hereunder.

25. **Choice of Forum.**

All mediation or arbitration regarding this Agreement and any proceedings over Controversies arising hereunder shall take place in Pittsboro, Chatham County, North Carolina.

Architect:: **HOBBS ARCHITECTS, PA**

Owner: **CHATHAM COUNTY**

By: *Grimsley T. Holden Jr*

By: *Charlie Lane*

Its: *8.10.2012*

Its: _____