

TENANT WORK LETTER

FOR

ROTH BUILDING WARM SHELL REHABILITATION

EXHIBIT D

TO

LEASE AGREEMENT

BY AND BETWEEN

CITY OF PALO ALTO

AS LANDLORD

AND

PALO ALTO HISTORY MUSEUM

AS TENANT

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**TENANT WORK LETTER
FOR
ROTH BUILDING WARM SHELL RENOVATIONS**

**EXHIBIT D
TO
LEASE AGREEMENT BETWEEN
CITY OF PALO ALTO AND
PALO ALTO HISTORY MUSEUM**

This Tenant Work Letter ("**Tenant Work Letter**") is made this ____ day of April, 2023 ("**Effective Date**"), and supplements the Lease Agreement dated December 12, 2022 ("**Lease**") between the City of Palo Alto ("**City**") and the Palo Alto History Museum ("**Museum**") (individually, a "**Party**" and, collectively, the "**Parties**"), in reference to the following facts and circumstances:

RECITALS

- A. Pursuant to the terms of the Lease, Museum is leasing the Premises.
- B. The purpose of this Tenant Work Letter is to set forth the terms and conditions for planned Phase 1 "warm shell" rehabilitation of the Building (the "**Project**"), including the terms and conditions for funding Project costs.
- C. The Museum has retained the architectural firm Garavaglia Architecture, Inc. ("**Garavaglia**"), to develop the design documents, dated October 10, 2008, for construction of the Project ("**Design Documents**"), which were submitted for City approval and issuance of a building permit for construction of the Project.
- D. The City issued Building Permit # 16000-03285 on February 26, 2019 for construction of the Project pursuant to the Design Documents ("**Permit**"). The Permit was extended to June 25, 2023.
- E. The Museum has retained Vance Brown, Inc., as the general contractor ("**General Contractor**") pursuant to a construction contract dated August 29, 2022, as amended, to construct the Project pursuant to the Design Documents and as authorized by the Permit (as amended, "**Construction Contract**").
- F. Prior to execution of this Tenant Work Letter, the Museum has estimated the cost to construct the Project based on the Construction Contract's "Guaranteed Maximum Price" ("**GMP**") of \$11,513,075. However, the Museum anticipates that the GMP will increase prior to commencement of construction on the Project, and this Tenant Work Letter will be updated prior to Project commencement to reflect the final GMP for the Construction Contract.
- G. The City has agreed to contribute funds derived from various funding sources, including restricted impact fees and certain grant funding, toward the Museum's cost to

construct the Project, as further specified herein, in reliance on the Museum's commitment to comply with the applicable conditions associated with those funding sources, as set forth in the Lease.

H. The City has agreed to provide the City Contribution to apply to payment for the Construction Cost in reliance on the Museum's representations that the Museum will have sufficient additional funds for the Museum Contribution to complete the Project, based on (i) pledged donations for the Project ("**Museum Donations**"), and (ii) use of federal Community Project Funding ("**CPF**") grant funds pursuant to written notice from the Department of Housing and Urban Development ("**HUD**") confirming that the HUD CPF Form HUD-7015.15, "Request for Release of Funds and Certification" has been received by the HUD Community Planning and Development Western Region Officer.

I. Use of funds from the HUD Grant for the Museum Contribution is subject to compliance with applicable grant conditions, including those set forth in HUD's *FY 2022 Community Funding Grant Guide* ("**CPF Grant Guide**"), which, among other things, provides that the provisions of 2 CFR Part 200 apply to all CPF awards, including the procurement requirements set forth in 2 CFR §200.317-327.

IN CONSIDERATION OF the foregoing and the following covenants, terms and conditions, the Parties agree as follows:

TERMS AND CONDITIONS

1. DEFINITIONS AND PURPOSE.

1.1 Recitals Incorporated. The foregoing Recitals are expressly incorporated into this Tenant Work Letter.

1.2 Definitions. Capitalized terms used in this Tenant Work Letter have the same meaning as provided in the Lease for those terms unless otherwise specified herein. The following terms used in this Tenant Work Letter, including the Recitals, have the meanings set forth in this Section 1.2:

"**Architect**" means the architectural firm retained by the Museum to provide architectural design services for the Project.

"**City**" means the City of Palo Alto, a California chartered municipal corporation, acting by and through its City Council.

"**City Agents**" means individuals or entities acting within their capacity as duly authorized agents of the City for the Project, including, but not limited to, members of the Construction Liaison Team.

"**City Contribution**" is the amount the City has agreed to contribute toward the Construction Cost as further detailed in Section 4.2 and Attachment A (*Project Funding*).

“Commencement Deadline” means the date by which construction of the Project must commence as stated in Section 4.3, including any duly authorized amendments thereto, if any.

“Conditions Deadline” means the date by which the conditions precedent for commencement of construction set forth in Section 5 must be met, as further specified in Section 5.1.

“Construction Contract” means the contract between Museum and the General Contractor for construction of the Project as stated in Recital E.

“Construction Cost” means the amount the Museum must pay to the General Contractor to construct the Project based on the GMP in the fully executed Construction Contract, at the time that Attachment A is revised with updated construction costs, if applicable, pursuant to Section 5.4, including the costs for all subcontracts, and including, unless otherwise indicated by the context, authorized change orders, if any, and the Contingency Funds included in the Construction Contract.

“Construction Liaison Team” has the meaning provided in Section 2.1.

“Contingency Funds” means the amount set forth in line 44 of Exhibit B (Schedule of Values) to the Construction Contract, based on 10 % of the total Construction Pricing, which may be used, if needed, to cover increases in the cost to construct the Project as further specified in Section 4.4.

“County” means the County of Santa Clara.

“County Grant Agreements” has the meaning provided in the Lease.

“CPF Grant Guide” has the meaning provided in Recital I.

“Design Documents” means the design documents described in Recital C, including, unless otherwise indicated by the context, any modifications pursuant to duly authorized change orders.

“Effective Date” has the meaning set forth in the introductory paragraph to this Tenant Work Letter.

“General Contractor” means the general contractor referenced in Recital E, or any replacement contractor, if any, approved by the Parties pursuant to Section 6.3 to construct the Project.

“GMP” has the meaning provided in Recital F, the amount of which is subject to update prior to commencement of construction pursuant to Section 5.4.

“HUD Funds” has the meaning provided in Attachment A (*Project Funding*).

“HUD Grant” means the \$3,000,000 CPF grant (Consolidated Appropriations Act, 2022) approved as Grant number B-22-CP-CA-0071.

“Laws” means all applicable local, state, and federal laws, regulations, rules, codes, ordinances, permits, orders, and the like enacted or imposed by or under the auspices of any governmental entity with jurisdiction over the Project, including labor, health and safety requirements.

“Museum” means the Palo Alto History Museum (aka, the “Palo Alto Museum”), a nonprofit corporation.

“Museum’s Agents” means individuals or entities acting within their capacity as duly authorized agents of the Museum for the Project, which includes the employees and contractors of Museum.

“Museum Contribution” is the amount the Museum has agreed to contribute to pay for the Project as further specified in Section 4.3 and Attachment A (*Project Funding*).

“Museum Donations” has the meaning provided in Recital H and as further specified in Attachment A (*Project Funding*).

“PAMC” means the Palo Alto Municipal Code.

“Permit” has the meaning provided in Recital D above, including any City-authorized amendments or extensions thereto, if any.

“Project” has the meaning provided in Recital B above, and as further specified in the Design Documents and as authorized by the Permit.

“Project Account” means the account jointly maintained by the City and the Museum into which the City Contribution will be deposited in specified increments for the Museum to pay for progress payments for the Construction Contract until the City Contribution is exhausted.

“Project Representative” means the individual(s) designated by City to serve as the primary point of contact for communications with the City regarding Project construction and as further specified in Section 2.1.

“Project Schedule” means the planned time for construction of the Project as set forth in Attachment B (*Project Schedule*), which is subject to update prior to commencement of construction pursuant to Section 5.2.

“Recital” means the recitals set forth at the beginning of this Tenant Work Letter.

“Section” means a section or subsection of this Tenant Work Letter, unless otherwise indicated.

“Site” means the area or areas being used for construction of the Project, including any staging area(s).

“Tenant Work Letter” means this Tenant Work Letter regarding construction of the Project.

“Term” has the meaning provided in Section 3.

1.3 Purpose of Tenant Work Letter. The purpose of this Tenant Work Letter is to provide for the General Contractor’s construction of the Project, including terms and conditions for funding, change orders, Project completion, and acceptance.

2. PARTY REPRESENTATIVES AND RELATIONS.

2.1 City’s Representatives.

A. *Construction Liaison Team.* The City’s representatives for administration of this Tenant Work Letter are the Director of Administrative Services or his or her designee(s), the Director of Public Works or his or her designee(s), the City Manager’s Office representative(s), and the Project Representative (collectively, the **“Construction Liaison Team”**). The Construction Liaison Team will be the City’s representative for all purposes of administering and implementing this Tenant Work Letter, including approval of change orders on behalf of the City, subject to the limits of authority granted by the City Council. The Construction Liaison Team will be responsible for efficient coordination of internal City review and approval procedures, and for direct communications with the Museum’s representative(s) identified in Section 2.2, below.

B. *Project Representative.* The Project Representative will be the Construction Liaison Team’s primary point of contact for routine communications concerning the Project. The Project Representative will not have independent authority to accept, reject, direct, or stop work on the Project; to modify the approved design; or to approve change order requests on behalf of the City. The Project Representative may attend the pre-construction conference and weekly progress meetings, and will be present on the Site during construction.

2.2 Museum’s Representative. The Museum’s authorized representative for administration and implementation of this Tenant Work Letter, including coordination and direct communications with the Construction Liaison Team, is Richard C. Green, Board President, or such other person designated by the Museum from time to time.

2.3 Communications.

A. *Duty to Update.* Beginning one week after the Effective Date, the Museum will keep the Construction Liaison Team updated on progress and significant developments concerning Project construction by informal communication in addition to the scheduled meetings and reports required in this Tenant Work Letter.

B. *Pre-Construction Meetings.* In addition to the weekly construction meetings in Section 6.7, prior to commencement of construction of the Project, the Parties will schedule regular meetings at mutually convenient times, to keep the Construction Liaison Team informed and updated on the progress of funding the

Museum Contribution, meeting other conditions for commencement of construction pursuant to Section 5, and any other pre-construction issues.

C. *Weekly Reports.* The Museum will submit a weekly written report, distributed by email to all members of the Construction Liaison Team, summarizing the progress made during the preceding week, including funding, schedule and cost updates, and identifying any significant issues or concerns relating to the Project.

3. **TERM.**

The Term of this Tenant Work Letter will begin upon the Effective Date and will remain in effect until a notice of completion has been recorded following City acceptance of the Project, as further specified in Section 6.13, unless the Tenant Work Letter is terminated sooner pursuant to Sections 5.1 or 13.

4. **PROJECT FUNDING.**

4.1 **Project Costs.** The anticipated costs for all work and services to be performed to construct the Project, including, but not limited to, the Construction Cost, is set forth in Attachment A (*Project Funding*), subject to updating pursuant to Section 5.4.

4.2 **City Contribution.** The City will contribute funds toward the Construction Cost as further specified in Attachment A (*Project Funding*), including both direct funding and reimbursements, and including funds from the County Grant Agreements (collectively, the “**City Contribution**”). The City Contribution includes reimbursement of permit and processing fees from the City’s general fund, as authorized by the City Council on November 15, 2021. However, Museum is solely responsible for payment of any utility fees that are due and payable to any of the City’s enterprise funds or any other fund separate from the City’s general fund. The City Contribution may not be used for any purpose other than the Construction Cost in accordance with the terms of this Tenant Work Letter.

A. *Limitations.* Except as set forth in Section 4.4 and Section 6.8 below, the City Contribution may not be used for additional costs due to changes or additions to the scope of work set forth in the Construction Contract and Design Documents unless and only to the extent that the City agrees in writing in advance to contribute to the added costs resulting from any such added or changed work. The City has no obligation to provide any funds for the Project in addition to the City Contribution unless and only to the extent agreed pursuant to Section 4.4(B) below in a writing memorialized pursuant to Section 15.1.

B. *Payment of City Contribution.* Within 30 days after the Museum has provided evidence, to the Liaison Team’s reasonable satisfaction, that the Museum has sufficient liquid and reliably pledged funds pursuant to Section 4.3, the City will deposit 20% of the total City Contribution into the Project Account. Thereafter, once Project construction has commenced, within 30 days after receiving a copy of the most recent Museum-approved monthly progress payment application from the General Contractor, the City will deposit the amount approved for the progress payment into the Project Account for the Museum to draw on to pay the General Contractor until the City Contribution is exhausted, at which point the Museum will be solely responsible for paying the General Contractor for its work on the Project.

C. *County Grant Funding.* The portion of the City Contribution derived from the County Grant Agreements will be specifically and solely allocated for the particular uses specified in each of the respective County Grant Agreements. The Museum will ensure that all eligible costs that are funded through the County Grant Agreements are separately invoiced and documented, to ensure compliance with the requirements of the individual County Grant Agreements.

4.3 Museum Contribution. The “**Museum Contribution**” will consist of the amounts set forth in Section 1 of Attachment A, which are intended to be sufficient to complete construction of the Project after the City Contribution has been exhausted. The Museum Contribution will include the cost of those utility and permit costs and fees for the Project that are not expressly waived or reimbursed by the City. The Museum will use reasonable efforts to obtain contributions from the community in the amount of the Museum Donations identified in Section 1 of Attachment A in order to commence construction of the Project (as evidenced by commencement of labor for the Project at the Premises) no later than 270 days following the Effective Date (“**Commencement Deadline**”).

A. *Evidence of Sufficient Funds for the Museum Donations.* Within 90 days following the Effective Date, the Museum will provide evidence satisfactory to the City that (i) the Museum holds sufficient liquid funds in the amount of at least ninety percent (90%) of the Museum Donations and (ii) that funds in the amount of the remaining ten percent (10%) of the Museum Donations have been reliably pledged to pay for construction of the Project pursuant to the terms of the Construction Contract. Within six months following the Effective Date, Museum will provide evidence satisfactory to the City that any such pledged, but unfunded portions of the Museum Donations have been funded to the Museum and will be available to timely pay the General Contractor for construction of the Project.

B. *HUD Grant Funds and Compliance.* The Parties acknowledge that the Museum Donations alone will be insufficient to pay all costs to complete the Project after the City Contribution has been exhausted. The Museum represents that it is authorized to use the HUD Funds to pay for completion of the Project pursuant to the terms of the Construction Contract, and for Project-related costs, including required environmental review. Within 270 days following the Effective Date, the Museum will provide evidence satisfactory to the City that sufficient HUD Funds will be available on a timely basis to complete construction of the Project after funds from the City Contribution have been exhausted. The Museum will use commercially reasonable efforts to satisfy all applicable conditions and requirements of the HUD Grant, including the requirements set forth in the CPF Grant Guide, so as to enable the HUD Funds to be available to pay for construction of the Project as soon as reasonably possible, and, the City will use commercially reasonable efforts to cooperate with the Museum to satisfy those requirements. The Museum is solely responsible for complying with the HUD Grant conditions and for the consequences of any failure to so comply, including additional costs due to delay from failure to timely secure adequate funding or for penalties or repayment obligations for failure to comply with the HUD Grant funding conditions, including the applicable requirements of the CPF Grant Guide and the federal regulations referenced therein. The Museum represents that the Construction Contract is exempt from the competitive procurement requirements included in those federal regulations because the Construction Contract

pre-dates award of the HUD Grant. The Museum will indemnify, hold harmless, and defend City against any claim, damages, or liability incurred due to any actual or alleged failure by Museum to comply with the applicable HUD Grant funding conditions. The Museum's obligations in this paragraph will survive expiration or termination of this Tenant Work Letter.

4.4 Contingency Funds.

A. *General.* The Contingency Funds are solely intended for unforeseeable increases to the Construction Contract cost that arise after construction commences, including costs increases that arise during construction due to changes in the work authorized pursuant to Section 6.8. The Museum will provide an accounting of any use of Contingency Funds to the City when such funds are used.

B. *Insufficient Funds.* If the Contingency Funds will be inadequate to complete the Project following exhaustion of the City Contribution, the Museum will complete the Project using the remaining funds from the HUD Grant. If, following exhaustion of the City Contribution, it becomes evident that the combined Contingency Funds and funds from the HUD Grant will be insufficient to pay for unforeseen costs that arise before the Project is completed, at the request of either Party, the Parties will meet and confer in an endeavor to mutually agree on a plan to address the shortfall and complete the Project in a manner that is consistent with the objectives of this Agreement, which may include change of Project scope, value engineering, or other cost saving measures.

4.5 Project Account. Within 30 days after the Effective Date, the Parties will establish the Project Account at a mutually acceptable financial institution with an office within the City of Palo Alto. If a minimum deposit is required to establish the account, the City will provide the necessary amount from the City Contribution. The City will deposit the City Contribution into the Project Account as further specified in Section 4.2, above, which the Museum may then draw from to pay for the Construction Contract, provided that the Project is timely commenced as specified in Section 5, including any mutually agreed extensions to the Commencement Deadline. Funds in the Project Account may only be used for costs authorized by this Tenant Work Letter. Any unauthorized use by Museum of City Contribution funds constitutes a default subject to the terms of Section 13, below.

A. *General.* The Museum will administer and coordinate the receipt and disbursement of such funds for all costs and expenses related to the Project, consistent with the terms of this Tenant Work Letter, including the most current version of Attachment A (*Project Funding*). Deposits into and withdrawals from the Project Account will be made by the Parties in accordance with this Tenant Work Letter. The cost of the Project Account will be shared equally by the Parties. Any earnings from the investment of funds in the Project Account, if any, will remain or be deposited in the Project Account and be applied toward construction of the Project.

B. *Investment Limitations.* Except to the extent otherwise approved in writing by the Parties, funds in the Project Account may only be invested in (1) immediately available funds (cash and cash equivalents), (2) fully insured FDIC certificates of deposits with daily trading liquidity, or (3) treasury bonds in tranches

with the objective to hold to maturity and have sufficient liquidity to pay construction obligations when due.

C. *Disbursements.* The Museum will promptly provide the Construction Liaison Team with a copy of each Museum-approved payment application from the General Contractor, but disbursements from the Project Account for the Museum's payments to the General Contractor, will not be subject to prior approval by the City.

D. *Closure.* The Parties will take action to close the Project Account once the City Contribution has been exhausted and all proceeds from the City Contribution paid out from the Project Account.

5. CONDITIONS FOR COMMENCEMENT OF PROJECT CONSTRUCTION.

The Parties recognize that while time is of the essence for commencing work on the Project, it would be undesirable to commence Project construction before conditions have been met to ensure successful and timely completion of the Project, including firm contracts, required permits and authorizations, and adequate funding to ensure the Project can be timely completed by the Museum after the City Contribution is exhausted. The terms and conditions set forth in this Section 5 are intended to supplement the general requirements set forth in Section 12 of the Lease.

5.1 Conditions Precedent to Construction Commencement. Project construction may not commence until all of the conditions precedent to construction set forth in this Section 5 have been satisfied. The Museum will ensure that all of the conditions in this Section have been met to the City's reasonable satisfaction within 150 days following the Effective Date ("**Conditions Deadline**"). The Museum will notify the Construction Liaison Team in writing when the Museum believes that all of the conditions set forth in this Section 5 have been met. Within 30 days following receipt of this notice, the Construction Liaison Team will either (i) notify the Museum in writing that the City is satisfied that all of the Section 5 conditions have been met such that construction may commence; or (ii) notify the Museum in writing identifying any Section 5 conditions that have not been met to the City's reasonable satisfaction, such that construction may not yet commence.

A. *Conditions Deadline.* If the Museum is unable to meet the conditions set forth in this Section 5 by the Conditions Deadline, the Museum's Representative will meet with the Construction Liaison Team to develop a plan for timely commencement of the Project consistent with the terms and objectives set forth in Section 3 of the Lease, which may include value engineering, scope reduction, phasing, or other cost saving measures so that the Project or an amended version of the Project can be timely completed with available funds.

B. *Commencement Deadline.* If construction of the Project has not commenced by the Commencement Deadline (within 270 days following the Effective Date), this Tenant Work Letter will terminate unless the Parties mutually agree to extend the Commencement Deadline.

5.2 Construction Contract and Project Schedule. As a condition precedent to commencement of construction, the Museum will provide written proof to the Construction Liaison Team that it has affirmed or entered into a completed and up-to-date Construction

Contract with the General Contractor that meets the requirements specified in this Tenant Work Letter, including, but not limited to, Sections 6.3, 6.4, 6.7, 6.10, and 9. The written proof required for satisfying this condition includes delivery of fully executed copies of the final Construction Contract and subcontract agreements. If needed, the Parties will revise and update the Project Schedule set forth in Attachment B (*Project Schedule*) to ensure that it reflects the most current as-planned schedule available prior to commencement of construction. The revised Project Schedule will be dated, memorialized pursuant to Section 15.1, and will supersede the original Attachment B.

5.3 Permits and Authorizations. As a condition precedent to commencement of construction, the Museum will provide written proof to the Construction Liaison Team that in addition to the Permit, all necessary permits and approvals for the commencement of construction from any and all agencies having jurisdiction over the Project, including the City, have been authorized and will remain in effect during construction, including, as applicable, street opening permits, encroachment permits, utility encroachment permits, and health permits.

5.4 Project Funding Update. As a condition precedent to commencement of construction, Attachment A (*Project Funding*) will be amended to reflect the final GMP for the Construction Contract and to adjust the amount of the Museum Contribution commensurate with any adjustment to the GMP. The revised Attachment A will be dated, memorialized pursuant to Section 15.1, and will supersede the original Attachment A. The Museum has an ongoing obligation during the Term to promptly notify the Construction Liaison Team in writing of any increases in the Construction Cost from the amount stated in Attachment A.

6. PROJECT CONSTRUCTION.

6.1 Project Administration. The Museum will be solely responsible for construction administration services as needed during Project construction and closeout, including administration of the Construction Contract, review and response to requests for information, change order proposals, shop drawings, addressing any claims, if any, and preparation of record documents.

6.2 Architect. The City hereby approves of Garavaglia as the Architect for the Project. If, for any reason, the Museum wishes to substitute a different firm to serve as Architect for the Project, the substitution will be subject to the City's prior written approval of the proposed firm, which approval shall not be unreasonably withheld.

A. *Design Services.* The Museum will continue to engage and pay for the services of its Architect to handle any architectural services needed during construction of the Project, at the Museum's sole expense.

B. *Insurance.* Museum will require the Architect to provide and maintain insurance coverage, including professional liability insurance, that meets the City's standard requirements for design professional insurance as further specified in Section 9, below.

6.3 General Contractor and Construction Contract. The City hereby approves of Vance Brown, Inc. to serve as the General Contractor. If the Museum wishes to substitute

a different contractor to serve as General Contractor for the Project, the substitution will be subject to the City's prior written approval of the proposed contractor, which approval shall not be unreasonably withheld.

A. **Construction Contract.** The Construction Contract between the Museum and its General Contractor will provide for a GMP, including the cost for all subcontracts and the 10% Construction Contingency Funds. The Construction Contract must also include provisions to ensure the following:

1. **No Default.** The Construction Contract will provide that the General Contractor will not take any action or fail to take any action which would cause the Museum to be in default under this Tenant Work Letter or the Lease, including, but not limited to, compliance with requirements pertaining to Site security, and compliance with Laws.

2. **Compliance.** The Construction Contract will require the General Contractor to construct the Project as specified in the approved Design Documents, which must be attached or incorporated therein, and in accordance with all applicable permits and authorizations. The Construction Contract will also require the General Contractor to construct the Project in compliance with applicable Laws, including prevailing wage and Labor Code requirements.

3. **Bond and Insurance Requirements.** The Construction Contract will include all applicable requirements for a payment and a performance bond, each for 100% of the Construction Cost, using bond forms provided or approved by the City and in compliance with Laws, including Civil Code section 9550 and PAMC section 2.30.500. The Construction Contract will also require the City's standard insurance requirements applicable to the General Contractor as further specified in Section 9, below.

4. **As-Built Drawings.** The Construction Contract will require the General Contractor to prepare and maintain as-built drawings showing any changes from or details not shown in the Design Documents, suitable for preparation of record drawings.

5. **Representation as to Form.** The Museum represents that the Construction Contract complies with applicable Laws and the terms of this Tenant Work Letter, and, as applicable, any funding conditions associated with the HUD Grant, and the Museum agrees to indemnify, defend, and hold City harmless against any alleged or actual noncompliance with those requirements, including, but not limited to, noncompliance with prevailing wage laws. The Museum's obligations in this paragraph will survive expiration or termination of this Tenant Work Letter.

6.4 Compliance. The Museum will require its General Contractor to accomplish all associated work required to complete the Project in accordance with the Design Documents and Construction Contract, and to comply with all conditions that are imposed on the Project during the City's approval process. The Museum will require its Architect and General Contractor to ensure that the Project is constructed and completed in accordance with all

applicable Laws, including City ordinances, rules, and regulations, governing construction noise, traffic controls, and dust control, as may be set forth in the PAMC and the City's Department of Public Works' Standard Drawings and Specifications for construction projects and other related construction rules and regulations. The City Contribution will not be increased to cover any added costs resulting from change order work required for code compliance requirements that apply generally in the City, unless and only to the extent the City Council has authorized an increase to the amount of City Contribution for that purpose. The Museum will require the General Contractor to arrange for the placement of portable restrooms at the Project Site to the extent required for work to be performed on the Project.

6.5 Access. The Project Representative and City Agents, including City inspectors, will have reasonable access during normal business hours to the Site during construction of the Project in order to perform their respective duties following 24 hours prior notice to the Museum, except in the event of an emergency or for meetings scheduled pursuant to Sections 2.3.B or 6.7. Any such access shall be subject to the Museum's and the General Contractor's written reasonable security and safety protocols, which will be provided to the Construction Liaison Team within 30 days following the Effective Date. Nothing in this Tenant Work Letter will be construed to limit the City's right to enforce contractual or legal requirements intended to protect workers, the environment, or public or worker health, safety and welfare.

6.6 Project Schedule. The Parties' planned schedule for construction of the Project is set forth in the Project Schedule, attached as Attachment B (*Project Schedule*) hereto, subject to updating pursuant to Section 5.2. Each Party will exercise its reasonable efforts to perform its respective obligations in a manner to ensure timely completion of the Project consistent with the Project Schedule to the extent it is possible to do so. The Museum has an ongoing obligation during the Term to promptly notify the Construction Liaison Team of any changes or impacts to the Project Schedule that may delay substantial completion (as set forth in Section 6.11) by two or more weeks.

6.7 Construction Meetings.

A. *Pre-Construction Conference.* The Parties will schedule a pre-construction conference to take place before any work begins on the Project. The pre-construction conference will be attended by the Project Representative; members of the Construction Liaison Team; other City Agents with responsibilities relating to construction of the Project; the Museum's representative; the General Contractor's representatives, including the General Contractor's designated project representative and superintendent(s); the Architect; the designated inspector(s); and any other individuals whom the Parties mutually agree should be in attendance. The Project Representative and the Museum's representative, in consultation with the General Contractor, will mutually develop an agenda for the pre-construction conference, which must include communication protocols to ensure efficient and effective communications throughout the construction process; safety requirements; environmental considerations; scheduling; submittals; change order procedures; traffic management; noise management; security; parking; and authorized staging area(s).

B. *Weekly Meetings.* In addition, the Parties will schedule weekly meetings for the duration of the Project, which will be attended by the General Contractor and each Party's designated representative(s). The weekly meetings will

focus on Project progress, including updates on construction, schedule, costs, change orders, and other construction-related issues, such as changes in design, changed conditions, inspection, testing, and similar matters. The General Contractor will be responsible for preparing and distributing agendas and minutes for the pre-construction conference (based on the agenda developed pursuant to Section 6.7.A) and the weekly meeting to all meeting participants with copies to the Construction Liaison Team.

6.8 Change Orders. The Museum may authorize change orders to the Construction Contract without City approval, except under any of the following circumstances, each of which requires prior written approval by the Construction Liaison Team:

A. *Violation of Lease Requirements for Funding Conditions.* The proposed change would likely have a material adverse effect on the ability of the Museum to satisfy the required services and uses specified in Section 3 the Lease.

B. *Material Scope Change.* The proposed change would materially alter the approved Project scope, including, but not limited to, size, footprint, appearance, or impact on normal operations and use of Heritage Park.

C. *Building Impacts.* The proposed change would significantly reduce the quality, functionality, or life-expectancy of the improvements or constituent components or the current or future value of the Building.

D. *Maintenance Impacts.* The proposed change would materially increase the City's costs to operate, repair, or maintain the Public Parkside Restroom, or future cost to operate, repair, or maintain the Building.

E. *Conflict.* The proposed change would conflict with or be inconsistent with the provisions or objectives of this Tenant Work Letter, including, but not limited to, the indemnity and insurance requirements set forth herein.

F. *Governmental Approval.* The proposed change would require new or amended governmental approval, including amendments to any required permit(s).

G. *Insufficient Funds.* The cost of the proposed change would likely result in insufficient funds to complete the Project as approved, including exhaustion of the City Contribution, the Contingency Funds, and the HUD Grant funds.

6.9 Contractor's Licenses. The General Contractor, its subcontractors, and any other Museum's Agents who will perform construction work for the Project will obtain and maintain all current licenses required by the State of California before performing any work on the Project.

6.10 Prevailing Wages. Each worker performing Work under this Contract that is covered under Labor Code sections 1720 or 1720.9, including cleanup at the Project site, must be paid at a rate not less than the prevailing wage as defined in sections 1771 and 1774 of the Labor Code. Pursuant to Labor Code section 1773, the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of worker needed to perform the work for the Project may be obtained

at the Purchasing Office of the City of Palo Alto. The Contractor must post a copy of the applicable prevailing rates at the Project site. Before entering into the Construction Contract to perform work on the Project and at all times while performing work on the Project, the General Contractor and its subcontractors must be registered with the California Department of Industrial Relations (“**DIR**”) to perform public work under Labor Code section 1725.5. All contractors and subcontractors for the Project must comply with the provisions of Labor Code sections 1775, 1776, 1777.5, 1810, and 1813. The General Contractor must also comply with the provisions of Labor Code sections 1771.4, 1776 and 1812 and all implementing regulations, which are fully incorporated by this reference, including requirements for electronic submission of payroll records. The Construction Contract will be subject to compliance monitoring and enforcement by the DIR, pursuant to Labor Code section 1771.4.

6.11 Substantial Completion. For purposes of this Tenant Work Letter, the Project will be deemed substantially completed when all of the following have occurred, as confirmed by the Construction Liaison Team:

- A. *Written Notice.* The General Contractor has delivered a written statement to the Construction Liaison Team stating that the Project is substantially completed in accordance with the Design Documents and Construction Contract.
- B. *Approvals and Inspections.* The Museum has obtained all necessary City final inspections of and approvals for the Project.
- C. *Punch List.* All work has been completed in conformance with the Construction Contract with the exception of minor punch list items.
- D. *Site Restoration.* All equipment, materials, and garbage have been removed from the Project Site and any staging area(s).
- E. *City Access.* The City has been provided with the necessary access, including keys or codes, for those portions of the Building to be used for City purposes, including the Public Parkside Restrooms, the City Archives Room, and Community Rooms.

6.12 Record Drawings. Upon completion of the Project, the Architect will prepare the record drawings and provide the City’s Director of Public Works with one PDF of a red-lined set of the Design Documents reflecting the actual construction of the Project based on the Contractor’s as-built drawings. Submission of such complete and accurate record drawings is a condition precedent to City acceptance of the Project.

6.13 Completion and Acceptance. Once the Project has been completed in accordance with the Design Documents and the terms of this Tenant Work Letter, the City will accept the Project as complete in accordance with standard City procedure, and will notify the Museum of acceptance of the Project, subject to the following conditions:

- A. *Punch List Completion.* All punch list items have been completed and the Project site completely restored by the removal of all equipment, fencing, job trailers, and the like.

B. *Record Drawings.* The City must receive the record drawings pursuant to Section 6.12.

7. **CONSTRUCTION SITE MAINTENANCE.** At all times during construction of the Project, the Museum is solely responsible for maintaining the Project Site, including any staging area(s), in a commercially reasonable, clean and safe manner in compliance with all permits, the Lease, and applicable Laws. The Museum or the Museum Agents will provide approved containers for trash generated during construction of the Project and arrange for regular disposal of such trash.

8. **UTILITY SERVICE.** The City's obligation under Section 18 of the Lease to pay for all utilities for the Public Parkside Restrooms will be suspended once construction of the Project commences and will be reinstated upon City's acceptance of the Project. During that time, Museum will be solely responsible for all utility services to the Building, including the Public Parkside Restrooms.

9. **INSURANCE.**

9.1 **Coverage Requirements.** In addition to the insurance requirements set forth in the Lease, the Museum must require its Architect to obtain and maintain during the Term the insurance coverage described in **Attachment C** (*Insurance Requirements (Architect)*). The Museum must require the General Contractor to obtain prior to beginning and to maintain throughout construction of the Project, up to the date of Project acceptance, the insurance coverage described in **Attachment D** (*Insurance Requirements (General Contractor)*).

9.2 **General Requirements.** The insurance must remain in full force and effect during the Term, commencing on the Effective Date, except as otherwise specified for the General Contractor in Section 9.1, above. Each builder's risk insurance policy must be endorsed to name the City of Palo Alto as a loss payee. With the exception of workers' compensation, employer's liability, and professional liability insurance, each insurance policy required by the Tenant Work Letter must contain the following clauses or endorsements:

A. "Coverage will not be suspended, voided, canceled by either party, reduced in coverage or in limits except after 30 days' prior written notice by certified mail, return receipt requested, has been given to the City."

B. "All rights of subrogation are hereby waived against the City of Palo Alto and its elected and appointed officials, officers or employees, when acting within the scope of their employment or appointment."

C. "The City of Palo Alto, its elected and appointed officials, officers, employees, agents and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the insured; products and completed operations of the insured; premises owned, occupied or used by the insured; or automobiles owned, subleased, hired or borrowed by the insured. Except for the waiver of subrogation contained in Section B, the coverage will contain no special limitations on the scope of protection afforded to the City, its elected and appointed officials, officers, employees, agents or volunteers."

D. "For any claims related to the Tenant Work Letter, the insured's insurance coverage will be primary insurance as respects the City of Palo Alto, its elected and appointed officials, officers, employees, agents and volunteers. Any insurance or self-insurance maintained by the City, its elected and appointed officials, officers, employees, agents or volunteers will be in excess of the insured's insurance and will not contribute with it."

E. "Any failure to comply with reporting or other provisions of the policies, including breaches of warranties, will not affect coverage provided to the City of Palo Alto, its elected and appointed officials, officers, employees, agents or volunteers."

F. "The insured's insurance will apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability."

9.3 Sufficiency. All insurance required of the Museum, the General Contractor, or the Architect will be provided by insurance carriers with a current A.M. Best's rating of not less than A-VII. The certificates of insurance required for the Architect must be submitted electronically, on or before the Effective Date. The certificates of insurance required for the General Contractor must be submitted electronically to the Project Representative for review by the City's risk manager, no later than 21 calendar days before commencement of construction. If the Museum does not provide evidence of required coverage at least 30 days prior to the expiration of any existing insurance coverage, the City may purchase such insurance coverage for not more than a six-month period, on behalf of and at the sole cost and expense of the Museum. The City retains the right to review the coverage, form, and amount of the insurance coverage required by this Tenant Work Letter and require the Museum to alter the coverage, or coverage requirements for the Architect or General Contractor as appropriate. The City's requirements to alter the coverage, if any, will be reasonable and will be designed to assure protection from and against the kind and extent of risk which exists at the time a change in insurance is required. A failure by the Museum to provide acceptable insurance policies or certificates to the City, incorporating any such changes, within 30 days of receipt of such notice will constitute a default under this Tenant Work Letter. Such default will constitute a material breach and will be grounds for termination of this Tenant Work Letter by the City. The procurement of such required insurance will not be construed to limit the Museum's liability hereunder or to fulfill the indemnification requirements in the Lease. Notwithstanding the policy or policies of insurance, the Museum will be responsible for the full and total amount of any uninsured damage, injury, or loss occurring during the Term that is caused, directly or indirectly, by the willful or negligent acts and/or omissions of the Museum or the Museum's Agents.

9.4 Subrogation. On behalf of itself and its insurers, all rights of subrogation are hereby waived by the City against the Museum and its managers, members, employees, and the Museum's Agents when any of them is acting on behalf of the Museum in the performance of this Tenant Work Letter.

10. Damage to Project.

10.1 General. In the event any part of the Project is damaged by fire, other peril, or any other cause, before the Project has been accepted by the City, the Museum will promptly direct its General Contractor to take appropriate measures to secure the Building and Project

Site to avoid further damage or unsafe conditions; and prepare and submit a claim to its insurer(s) for funds to repair and rebuild all insured loss pursuant to the applicable insurance coverage required under Section 9. Both Parties will cooperate to expedite recovery of insurance proceeds to cover the insured loss.

10.2 Project Construction. The Museum will make reasonable efforts to complete the Project on schedule, if reasonably possible depending on the scope and nature of the damage. The Museum will promptly apply the insurance proceeds to pay for repair, replacement, or restoration of damaged components of the Project. Construction of the Project will be suspended, in whole or in part, to the extent necessary to ensure worker and public safety or to limit the cost to repair and complete the Project.

10.3 Insufficient Funds. The Museum will notify City in writing if the Museum determines that it is unable to secure sufficient insurance proceeds to pay for the full cost of repair. The Parties will arrange to meet and confer within ten days following such notice to develop a mutually acceptable approach to addressing the uninsured loss, which may include securing additional funds, phased completion, reduction in scope and/or other reasonable efforts to complete the Project in furtherance of the purpose set forth in Section 1.3, above. If the Parties are unable to develop a mutually acceptable solution for completing the Project despite the uninsured loss, either Party, within 180 days of the date of the notice of uninsured loss, may terminate the Tenant Work Letter by giving 60 days written notice to the other Party; provided, however, that the Museum may not exercise the right to terminate if the City agrees to provide the additional funds needed by the Museum to pay for the uninsured loss. If the Tenant Work Letter is terminated because of insufficient funds to complete the Project following damage to or destruction of the Project while it is under construction, once all outstanding payments have been made, including any payments due to the General Contractor, any remaining amount of the City Contribution remaining in the Project Account, if any, will be returned to the City.

11. PROJECT RECORDS.

The Museum will maintain, or cause to be maintained by its General Contractor and subcontractors, if any, books and records relating to the Project for three years following City's acceptance of the Project. The City may inspect, audit, and copy the Museum's books and records pertaining to its obligations imposed by this Tenant Work Letter upon 30 days' prior written notice from the City at any reasonable time during the Term and for three years following City acceptance of the Project or earlier termination of the Tenant Work Letter, whichever occurs first. The Museum will retain such books and records at accessible locations during that three-year period. This provision will survive the expiration or termination of this Tenant Work Letter.

12. DISCLAIMER.

Nothing in this Tenant Work Letter will be construed to establish a partnership, joint venture, group, pool, syndicate or agency between the Parties. No provision contained herein will be construed as authorizing or empowering either Party to assume or create any obligation or responsibility whatsoever, express or implied, on behalf, or in the name of, the other Party in any manner, or to make any representation, warranty or commitment on behalf of the other Party. In no event will the City be liable for any loss caused by the Museum in the

course of its performance hereunder, except as expressly provided herein; or any alleged or actual debts, obligations or liabilities of the Museum, whether due or to become due.

13. DEFAULT.

13.1 Remedies for Museum Default. In addition to any remedies available under the Lease or Laws, if the Museum defaults in the performance of any covenant, term or condition contained in this Tenant Work Letter and such default is not corrected within 30 days of receipt of a written notice of default from the City (or such longer period as may be reasonably required to cure such default so long as the Museum commences to cure such default within such 30-day period and thereafter diligently pursues such cure), the City retains the right, but not the obligation, to elect any of the following rights and remedies. The following rights and remedies are cumulative and the exercise of one right or remedy will not impair the right of the City to exercise any or all other remedies.

A. *Termination.* In the case of a material default, such as wrongful suspension, termination, or abandonment of the Project; uncorrected or repeated violation of Laws; or refusal or failure to construct the Project as required by the Design Documents or this Tenant Work Letter, City may terminate this Tenant Work Letter and all rights of the Museum and its consultants and contractors, if any, as further specified in Section 13.4. Upon termination, City will have no further obligation to deposit any outstanding portion, if any, of the City Contribution into the Project Account.

B. *City Contribution.* Unless otherwise specified in the City's notice of default, (i) the Museum's right to withdraw funds from the Project Account is suspended until or unless that right is reinstated by the City upon timely cure of the default, (ii) the City's obligation to deposit portions of the City Contribution into the Project Account will likewise be suspended pending timely cure of the default and (iii) the City will have the right to withdraw all unexpended portions of the City Contribution from the Project Account, and City will have no further obligation to deposit any outstanding portion, if any, of the City Contribution into the Project Account.

C. *Cure at Museum's Expense.* The City may cure any default of the Museum by any act, including payment of money, and the cost and expense thereof, plus all reasonable administrative costs, will become immediately due and payable by the Museum to the City.

D. *Legal Action.* The City may initiate an action or suit in law or equity to enjoin any acts which may be unlawful or in violation of the City's rights hereunder.

E. *Other.* The City may pursue any other right or remedy available under Laws, the Lease, or this Tenant Work Letter.

13.2 Opportunity to Cure. Notwithstanding the foregoing, in the event of default which cannot reasonably be cured within 30 days, the Museum will have such additional period of time as is reasonably necessary to cure the default, provided the default can be cured.

13.3 Remedies for City Default.

A. *Cost to Complete.* If City wrongfully stops or suspends work on the Project, other than as authorized herein or pursuant to exercise of the City's police powers, City will be responsible for additional costs, if any, reasonably incurred by Museum to complete the Project as a direct result of such wrongful stoppage or suspension. As used in this paragraph, "wrongful" and "wrongfully" refer to actions that constitute a material breach of this Tenant Work Letter, but exclude City's reasonable exercise of its police powers.

B. *Remedies.* Except as otherwise provided in the Lease or this Tenant Work Letter, in the event of any material default by City that is not cured within 30 days of written notice of default from the Museum, or such additional period of time as is reasonably necessary to cure the default, the Museum may pursue any rights or remedies provided by law or equity to enforce the Tenant Work Letter.

13.4 Termination. If this Tenant Work Letter is terminated by the City for uncured default by the Museum because of the Museum's refusal or failure to complete the Project in accordance with the terms of this Tenant Work Letter or pursuant to Section 5.1, in addition to any other available remedies, the City will be immediately entitled, but not obligated, to use any remaining funds in the Project Account to complete the Project, including a modified or reduced version of the Project.

13.5 Restoration. In case any suit, action or proceeding to enforce any right or exercise any remedy is brought or taken and then discontinued or abandoned, the Parties will be restored to their former positions, rights and remedies as if no such suit, action or proceedings had been brought or taken.

14. NOTICES.

In addition to the notice requirements set forth in the Lease, or as otherwise specified herein, a copy of any notice required or given pursuant to the terms of this Tenant Work Letter must be concurrently transmitted to the City's Director of Public Works in the manner specified in the Lease.

15. MISCELLANEOUS PROVISIONS.

15.1 Entire Tenant Work Letter; Amendment. This Tenant Work Letter represents the entire agreement between the Parties with respect to construction of the Project and supersedes all prior negotiations, representations and contracts, whether written or oral, except for the applicable terms and conditions of the Lease. This Tenant Work Letter and the attachments hereto may only be amended as specified in the Lease.

15.2 Attachments. All Attachments referred to in this Tenant Work Letter are by such references incorporated herein and made a part hereof, including the following:

- Attachment A Project Funding
- Attachment B Project Schedule
- Attachment C Insurance Requirements (Architect)
- Attachment D Insurance Requirements (General Contractor)

15.3 Modification for Lack of Funds. The City Contribution is subject to the fiscal provisions of the Charter of the City of Palo Alto and the PAMC, and the Tenant Work Letter will be modified to exclude or reduce the City Contribution under the following circumstances: at the end of any fiscal year, if funds for the City Contribution are not appropriated for the following fiscal year; or at any time within a fiscal year if funds are only appropriated for a portion of the fiscal year and funds for the City Contribution are no longer available, provided that the City will not be excused from using funds previously appropriated for the City Contribution. This provision will take precedence in the event of a conflict with any other covenant, term or condition of this Tenant Work Letter.

15.4 Severability. If a court of competent jurisdiction finds or rules that any provision of this Tenant Work Letter, the Attachments, or any amendment thereto, is void or unenforceable, the unaffected provisions of this Tenant Work Letter, the Attachments, or any amendment thereto, will remain in full force and effect.

15.5 Consent. When either Party is required to give its consent to the other Party, the Party whose consent is required will not unreasonably withhold or delay that consent, unless it is specifically stated that it is within the Party's sole discretion to give or withhold its consent.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties by their duly authorized representatives have executed this Tenant Work Letter.

CITY OF PALO ALTO

City Manager

APPROVED AS TO FORM:

City Attorney

APPROVED:

Director of Administrative Services

Director of Public Works

PALO ALTO HISTORY MUSEUM, a
California nonprofit public benefit
corporation

Board President

Treasurer

ATTACHMENT A PROJECT FUNDING

This Attachment A details the Parties' respective funding commitments for construction of the Project, based on the estimated Construction Cost set forth in Recital F, which is subject to amendment prior to commencement of Project construction. Pursuant to Section 5.4, this Attachment A will be amended based on the final GMP, as a condition precedent to commencement of Project construction.

1. **Museum Contribution.** The Museum is contributing \$1,828,825.00 to pay for certain hard and soft costs for the construction of the Project as further specified in Section 4.3, which is comprised of the following:

A. The Museum will contribute \$335,750.00 to pay for all construction phase soft costs, including, without limitation, all permit and utility fees that are not expressly waived or reimbursed by the City and the premiums for the Builder's Risk insurance for the Project.

B. The Museum will contribute \$1,493,075.00, based on the difference between the City Contribution and the estimated amount of the GMP as of the Effective Date.

The Museum Contribution shall be funded by pledged and received donations in the amount of \$850,000.00 (the "**Museum Donations**") and, to the extent available and subject to Section 4.3 of the Tenant Work Letter, funds from the HUD Grant in the amount of \$978,825.00 (the "**HUD Funds**"). Notwithstanding the foregoing, the amounts set forth herein are subject to amendment pursuant to Section 5.4 to reflect the final GMP and commensurate adjustments to the final amount of the Museum Contribution as a condition precedent to commencement of Project construction.

2. **City Contribution.** The City Contribution is comprised of the following contributions and reimbursements for construction of the Project, for a total City Contribution of \$10,020,000, provided the Museum meets its funding obligations and timely complies with the conditions for Project commencement set forth in this Tenant Work Letter:

A. The City will contribute \$4,900,000.00 from transferable development rights and City general funds.

B. The City will contribute \$2,000,000.00 from Stanford University Medical Center development agreement funds.

C. The City will contribute \$653,000.00 from funds received pursuant to the County Grant Agreements, which is to be allocated solely for the improvements specified in the County Grant Agreements, and conditioned upon the Museum's compliance with the terms and conditions of the County Grant Agreements, as may be further specified in the Lease.

D. The City will contribute \$1,650,000.00 from Community Center Impact Fees, toward construction cost for the community room facilities in the Building, provided those facilities are available for public community center use as further specified in the Lease.

E. The City will contribute \$350,000.00 from Park Impact Fees toward construction costs for the restroom facilities on the northeast side of the Building, provided those facilities are available as the public restrooms serving Heritage Park as further specified in the Lease.

F. The City will contribute \$300,000.00 from Library Impact Fees toward construction costs for the City Archive Room, provided the City Archive Room is available and accessible for City archives as further specified in the Lease.

G. The City will reimburse the Museum in the amount of \$100,000.00 for permit fees previously assessed for the Project.

H. The City will contribute \$67,000.00 to offset the cost for the General Contractor's procurement of a payment bond and a performance bond.

**ATTACHMENT B
PROJECT SCHEDULE**

Pursuant to Section 6.6 of the Tenant Work Letter, the attached schedule, dated
<_____>, constitutes the planned schedule for construction of the Project.

ATTACHMENT C
INSURANCE REQUIREMENTS (ARCHITECT)



ATTACHMENT “C” INSURANCE REQUIREMENTS (ARCHITECT)

CONTRACTORS, AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST’S KEY RATING OF A-:VII, OR HIGHER, AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY		
GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY		BODILY INJURY PROPERTY DAMAGE	\$1,000,000 \$1,000,000	\$2,000,000 \$2,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000	\$2,000,000
		AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY - EACH PERSON - EACH OCCURRENCE	\$1,000,000 \$1,000,000 \$1,000,000
PROPERTY DAMAGE	\$1,000,000		\$2,000,000	
BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000		\$2,000,000	
PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES			\$2,000,000
HE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.				

I. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO “ADDITIONAL INSUREDS”

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.



ATTACHMENT "C"
INSURANCE REQUIREMENTS (ARCHITECT)

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSURED UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSURED, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE CONTRACTOR SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.
2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE CONTRACTOR SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

ATTACHMENT D
INSURANCE REQUIREMENTS (GENERAL CONTRACTOR)



**ATTACHMENT “D”
INSURANCE REQUIREMENTS (GENERAL CONTRACTOR)**

CONTRACTORS, AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST’S KEY RATING OF A-:VII, OR HIGHER, AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

R E Q	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES	WORKER’S COMPENSATION	STATUTORY		
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND	BODILY INJURY	\$5,000,000	\$10,000,000
		PROPERTY DAMAGE	\$5,000,000	\$10,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$5,000,000	\$10,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY	\$2,000,000	\$2,000,000
		- EACH PERSON	\$2,000,000	\$2,000,000
		- EACH OCCURRENCE	\$2,000,000	\$2,000,000
		PROPERTY DAMAGE	\$2,000,000	\$2,000,000
		BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$2,000,000	\$2,000,000
YES	POLLUTION LIABILITY	ALL DAMAGES	\$2,000,000	
YES Value	BUILDERS RISK- Full Insurable Value			
YES	THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS OR SUBCONTRACTORS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS’ COMPENSATION, EMPLOYER’S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSURED CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.			

II. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO
“ADDITIONAL INSURED”

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSURED.

B. CROSS LIABILITY



**ATTACHMENT “D”
INSURANCE REQUIREMENTS (GENERAL CONTRACTOR)**

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSURED UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSURED, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

c. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE CONTRACTOR SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.
2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE CONTRACTOR SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.