

CONSTRUCTION CONTRACT AGREEMENT

CONTRACT NUMBER: CC-2025-0423

EFFECTIVE DATE: May 1, 2025

PARTIES

OWNER:

Skyline Development Corporation
123 Enterprise Avenue
Metropolitan City, NY 10001
Represented by: Jane Williams, Chief Executive Officer

CONTRACTOR:

Reliable Construction Services, LLC
456 Builder's Way
Metropolitan City, NY 10002
Represented by: Robert Martinez, Managing Director

ARTICLE 1: SCOPE OF WORK

1.1 The Contractor agrees to furnish all labor, materials, equipment, and services necessary to complete the construction of the Metropolitan Heights Office Complex located at 789 Skyview Boulevard, Metropolitan City, NY 10003 (the "Project").

1.2 The work shall be performed in accordance with the Contract Documents, which include:

- a) This Construction Contract Agreement
- b) Construction Drawings and Specifications dated April 15, 2025
- c) Project Schedule dated April 20, 2025
- d) General and Special Conditions

1.3 Any modifications to the Scope of Work must be authorized in writing through a Change Order signed by both parties.

ARTICLE 2: CONTRACT SUM

2.1 The Owner agrees to pay the Contractor the sum of \$12,500,000 (Twelve Million Five Hundred Thousand Dollars) for the performance of the Work, subject to additions and deductions as provided in the Contract Documents.

2.2 The Contract Sum is based on the following schedule of values:

- a) Site Preparation: \$850,000
- b) Foundation Work: \$1,750,000
- c) Structural Framework: \$3,200,000
- d) Exterior Envelope: \$2,100,000
- e) Mechanical, Electrical, and Plumbing: \$2,600,000
- f) Interior Finishes: \$1,500,000
- g) Landscaping and Site Improvements: \$500,000

ARTICLE 3: PAYMENT TERMS

3.1 Progress payments shall be made monthly based on the percentage of work completed and materials stored on-site.

3.2 The Contractor shall submit payment applications by the 25th of each month, and the Owner shall make payment within 30 days of receipt of a properly documented payment application.

3.3 The Owner shall withhold 10% retainage from each progress payment until 50% of the Work is completed, after which retainage shall be reduced to 5%.

3.4 Final payment, including all retained amounts, shall be made within 45 days after Substantial Completion, provided that the Contractor has submitted all required documentation, including warranties, as-built drawings, and lien waivers.

3.5 If the Owner fails to make payment when due, the Contractor may, upon seven additional days' written notice to the Owner, suspend the Work until payment of the amount owing has been received. The Contract Time shall be extended appropriately, and the Contract Sum shall be increased by the amount of the Contractor's reasonable costs of shutdown, delay, and start-up.

ARTICLE 4: TIME OF COMPLETION

4.1 The Contractor shall commence work on May 15, 2025, and achieve Substantial Completion of the entire Work not later than November 30, 2026, subject to adjustments as provided in the Contract Documents.

4.2 Time is of the essence in this Contract. The Contractor acknowledges that the Owner will suffer financial loss if the Work is not completed within the time specified.

4.3 If the Contractor is delayed at any time in the progress of the Work by changes ordered in the Work, labor disputes, fire, unusual delay in deliveries, abnormal adverse weather conditions, unavoidable casualties, or any causes beyond the Contractor's control, the Contract Time shall be extended by Change Order for such reasonable time as determined by the Architect.

4.4 The Contractor must notify the Owner in writing within 7 days of the occurrence of any event causing delay, or the claim for extension shall be waived.

ARTICLE 5: LIQUIDATED DAMAGES

5.1 If the Contractor fails to achieve Substantial Completion within the Contract Time, the Contractor shall pay the Owner liquidated damages in the amount of \$5,000 per calendar day until Substantial Completion is achieved.

5.2 The parties agree that the amount of liquidated damages is a reasonable pre-estimate of the damages the Owner will incur in case of delay and not a penalty.

5.3 The Owner may deduct liquidated damages from any payments due to the Contractor. If the liquidated damages exceed the unpaid balance of the Contract Sum, the Contractor shall promptly pay the difference to the Owner.

ARTICLE 6: CHANGES IN THE WORK

6.1 The Owner, without invalidating the Contract, may order changes in the Work consisting of additions, deletions, or modifications, with the Contract Sum and Contract Time being adjusted accordingly.

6.2 All such changes shall be authorized by a written Change Order signed by the Owner, Contractor, and Architect.

6.3 The cost or credit to the Owner from a change in the Work shall be determined by mutual agreement or, in the absence of such agreement, by unit prices stated in the Contract Documents or by a reasonable estimate of cost plus a Contractor's fee of 15% for overhead and profit.

6.4 The Contractor shall not proceed with any change in the Work without a written Change Order or Construction Change Directive. Any work performed without such authorization shall be at the Contractor's own risk and expense.

ARTICLE 7: CONTRACTOR'S RESPONSIBILITIES

7.1 The Contractor shall supervise and direct the Work, using its best skill and attention.

7.2 The Contractor shall be solely responsible for all construction means, methods, techniques, sequences, and procedures and for coordinating all portions of the Work.

7.3 The Contractor shall maintain at the Project site one copy of all Contract Documents, approved shop drawings, product data, samples, and similar required submittals in good order.

7.4 The Contractor shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for proper

execution and completion of the Work.

7.5 The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the Work and shall comply with all applicable laws, ordinances, rules, regulations, and orders of public authorities bearing on the safety of persons or property.

ARTICLE 8: INSURANCE AND BONDS

8.1 The Contractor shall purchase and maintain insurance of the following types and limits:

- a) Commercial General Liability: \$2,000,000 per occurrence
- b) Automobile Liability: \$1,000,000 combined single limit
- c) Workers' Compensation: as required by law
- d) Employer's Liability: \$1,000,000 per accident
- e) Builder's Risk: full replacement value of the Project

8.2 The Contractor shall provide performance and payment bonds, each in the amount of 100% of the Contract Sum.

8.3 The Owner shall be named as an additional insured on the Commercial General Liability and Automobile Liability policies.

8.4 The Contractor shall provide certificates of insurance to the Owner prior to commencement of the Work.

ARTICLE 9: WARRANTY AND CORRECTION OF WORK

9.1 The Contractor warrants that materials and equipment furnished under the Contract will be of good quality and new, that the Work will be free from defects, and that the Work will conform to the requirements of the Contract Documents.

9.2 The Contractor shall promptly correct Work rejected by the Architect or failing to conform to the requirements of the Contract Documents, whether discovered before or after Substantial Completion.

9.3 The Contractor shall correct any defective Work within a period of one year from the date of Substantial Completion or such longer period as may be specified in the Contract Documents.

9.4 If the Contractor fails to correct defective Work within a reasonable time, the Owner may correct it in accordance with the Contract Documents and deduct the cost from the Contract Sum.

ARTICLE 10: TERMINATION

10.1 The Owner may terminate the Contract if the Contractor:

- a) Persistently or repeatedly refuses or fails to supply enough properly skilled workers or proper materials;

- b) Fails to make payment to Subcontractors for materials or labor in accordance with respective agreements;
- c) Persistently disregards laws, ordinances, or rules, regulations, or orders of a public authority having jurisdiction; or
- d) Otherwise is guilty of substantial breach of a provision of the Contract Documents.

10.2 When any of the above reasons exist, the Owner may, without prejudice to any other rights or remedies, terminate the Contract and take possession of the site and of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Contractor.

10.3 The Contractor may terminate the Contract if:

- a) The Work is stopped for a period of 60 consecutive days through no act or fault of the Contractor due to an order of a court or other public authority, or due to an act of government declaring a national emergency;
- b) The Owner fails to make payment when due for a period of 45 days; or
- c) The Owner fails to fulfill its obligations under the Contract Documents in a material way.

10.4 If one of the reasons described in Section 10.3 exists, the Contractor may, upon seven days' written notice to the Owner, terminate the Contract and recover from the Owner payment for Work executed and for proven loss with respect to materials, equipment, tools, and construction equipment and machinery, including reasonable overhead and profit.

ARTICLE 11: DISPUTE RESOLUTION

11.1 Claims, disputes, or other matters in question between the parties shall be subject to mediation as a condition precedent to binding dispute resolution.

11.2 The parties shall endeavor to resolve their disputes through mediation, which, 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.

11.3 If mediation is unsuccessful, the parties shall resolve their disputes by binding arbitration administered by the American Arbitration Association in accordance with its Construction Industry Arbitration Rules in effect on the date of the Agreement.

11.4 The venue for mediation and arbitration shall be Metropolitan City, New York.

ARTICLE 12: MISCELLANEOUS PROVISIONS

12.1 This Contract shall be governed by the laws of the State of New York.

12.2 The Contractor shall not assign the Contract without written consent of the Owner.

12.3 The Contract Documents represent the entire and integrated agreement between the parties and supersede prior negotiations, representations, or agreements, either written or oral.

12.4 Nothing contained in the Contract Documents shall create a contractual relationship between the Owner and any Subcontractor or Sub-subcontractor.

12.5 In the event of a force majeure event, including but not limited to acts of God, war, riots, civil insurrection, pandemics, or other events beyond the control of either party, the Contract Time shall be extended for a reasonable period, and neither party shall be liable for any failure or delay in performance.

ARTICLE 13: SPECIAL PROVISIONS

13.1 The Project must achieve LEED Gold certification. The Contractor shall be responsible for implementing and documenting all required sustainable design and construction practices.

13.2 The Contractor shall coordinate with the Owner's separate contractors who may be working on the site during the Project.

13.3 The Contractor shall provide a full-time Project Manager dedicated to this Project, who shall not be replaced without the Owner's written consent.

13.4 The Project site is located in a high-traffic urban area, and the Contractor shall comply with all local noise ordinances and traffic restrictions.

13.5 The Contractor shall provide a quality control plan within 30 days of the Effective Date, which shall be subject to the Owner's approval.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first written above.

OWNER: Skyline Development Corporation

By: _____

Jane Williams, Chief Executive Officer

Date: April 23, 2025

CONTRACTOR: Reliable Construction Services, LLC

By: _____

Robert Martinez, Managing Director

Date: April 23, 2025