

Attachment “B”

SC-16.0 Dispute Resolution

Delete Paragraph 16.01 of the General Conditions in its entirety and insert the following in its place:

16.01 *Methods and Procedures*

A. Mediation.

1. Owner and Contractor agree that they shall first submit any and all unsettled claims, counterclaims, disputes and other matters in question between them arising out of or relating to this Agreement or the breach thereof ("disputes"), to mediation by the American Arbitration Association. After a written demand for non-binding mediation, which shall specify the nature of the dispute, and within thirty (30) days from the date of selection of the mediator, the matter shall be submitted to the mediator for consideration. The mediator will provide an informal opinion and advice, none of which shall be binding upon the parties. The mediator's fee shall be shared equally by the parties. If the dispute has not been resolved, the matter shall then be settled by arbitration.
2. The Owner and the Contractor further agree to include a similar mediation provision in all agreements with independent contractors and consultants retained for the project and to require all independent contractors and consultants also to include a similar mediation provision in all agreements with subcontractors, sub consultants, suppliers or fabricators so retained, thereby providing for mediation as the primary method for dispute resolution between the parties to those agreements.

B. Arbitration.

After mediation, all Disputes between Owner and Contractor shall be settled by arbitration in accordance with the American Arbitration Association rules effective at the Effective Date of the Agreement, subject to the conditions stated below. This agreement to arbitrate and any other agreement or consent to arbitrate entered into in accordance with this Paragraph will be specifically enforceable under prevailing law of any court having jurisdiction.

1. Notice of the demand for arbitration must be filed in writing with the other party to the Agreement and with the American Arbitration Association. The demand must be made within a reasonable time after the Dispute has arisen. In no event may the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such Dispute would be barred by the applicable statute of limitations.
2. The award rendered by the arbitrators shall be in writing, and shall include: (i) a precise breakdown of the award; and (ii) a written explanation of the award specifically citing the Agreement provisions deemed applicable and relied on in making the award.
3. The award rendered by the arbitrators will be consistent with the Agreement of the parties and final, and judgment may be entered upon it in any court having jurisdiction thereof, and will not be subject to appeal or modification.
4. If a Dispute in question between Owner and Contractor involves the work of a Contractor, subcontractor, or consultants to the Owner or Contractor (each a “Joinable Party”), either Owner or Contractor may join each Joinable Party as a party to the arbitration between Owner and Contractor hereunder, and Contractor or Owner, as appropriate, shall include in each contract with each such Joinable Party a specific provision whereby such Joinable Party consents to being joined in an arbitration between Owner and Contractor involving

the work of such Joinable Party. Nothing in this Paragraph nor in the provision of such contract consenting to joinder shall create any claim, right, or cause of action in favor of the Joinable Party and against Owner or Contractor that does not otherwise exist.”

16.02 *Third Party Claims Against Contractor*

The Owner and Contractor acknowledge that during a construction project, the Contractor must ensure that construction activities have only very limited impacts on surrounding property and individuals who may be in the vicinity of the construction project. It is essential that claims for injuries, which are related to public construction projects, be resolved as quickly as possible. In order to resolve claims as quickly as possible, the Contractor shall arbitrate all individual claims up to fifteen thousand dollars (\$15,000) in value of property damage or personal injuries, from individuals who are not parties to this contract and who agree to have their claim decided by binding arbitration. This section shall not apply to statutory claims against the Contractor from material men or laborers, for work or materials.

Claims must be in writing and may be submitted to the Contractor and the Owner at any time before the end of the advertising period for final payment to the Contractor.

The Contractor shall review and settle all claims within 30 days of their receipt or participate in arbitration pursuant to the terms of this section in the event the claimant elects to proceed with arbitration following the end of the thirty (30) day period. The Owner shall deduct the amount of all claims from money due under the contract until such time as the claims are settled through the negotiation of the parties or the arbitration process. If the claimant does not initiate arbitration within ten (10) days of receipt of a notice that the Contractor or its agent has denied the claim or within ten (10) days of the end of the thirty (30) day period for settlement, whichever comes first, then the Owner will take no further action on their claim and the provisions of the next paragraph shall not apply.

The Owner shall pay the expenses of the Arbitrator, who shall be selected by the Owner with the agreement of the Contractor and the claimant. The arbitration shall be governed by the rules of the American Arbitration Association in effect as of the effective date of the Contract. The arbitrator's decision shall be binding on the Contractor and the claimant and if the decision includes an award in favor of the claimant, that amount shall be paid to the claimant out of the funds remaining due on the Contract. By entering into a contract with the Owner, the Contractor agrees in advance to the payment of the arbitrator's award out of the retainage established for this contract. The Owner shall have no obligation to pay any amounts in excess of what it possesses as retainage under the contract.