Contractor Representative Name

Contractor Company Name

Contractor Street Address

Contractor City, State Zip Code

Effective CONTRACT DATE, 20\_\_\_

Re: Standard Form of Agreement Between Owner and Construction Manager (AIA Documents A133-2009 and A201-2007, as modified) dated \*\*\*insert date of Contract\*\*\* (the “**Agreement**”) between Regents of the University of Minnesota (“**University**”) and \*\*\*insert contractor company name\*\*\* (“**Construction Manager**”) for PROJECT NAME, Project No. PROJECT NUMBER (the “**Project**”) and related supplemental agreements and documents (the “**Contract Documents**”)

Dear (MR., MS.)CONTRACTOR REPRESENTATIVE LAST NAME:

By this letter, the University sets out certain requirements with respect to the Guaranteed Maximum Price proposal (**“GMP Proposal”**) to be submitted by Construction Manager pursuant to Section 2.2 of the Agreement. Capitalized terms not defined in this letter will have the meaning set forth in the Contract Documents.

**A.** Pursuant to Article 6 of AIA Document A201-2007, as modified and incorporated in the Contract Documents (the “**General Conditions**”), in which the University reserved the right to award separate contracts for portions of the Project, the University has elected to purchase certain materials, supplies and equipment for the Project on a sales tax-exempt basis (collectively, “**Tax Exempt** **Materials**”).

**B.** In order to ensure orderlyprogress of the Work,the University intends to appoint the Construction Manager as a materials purchasing agent under a separate agreement (the “**Materials** **Purchasing Agent Agreement**”), pursuant to Minnesota Rules, Part 8130.1200, Subpart 3, Item D. The form of Materials Purchasing Agent Agreement is attached as Exhibit A to this letter. Construction Manager will provide the University a bid tabulation and an opportunity to select from the bids or proposals separately solicited by Construction Manager for Tax Exempt Materials.

**C**. Pursuant to the Agreement, as part of its Preconstruction Phase Services, Construction Manager will provide a single GMP Proposal for the labor and demolition and construction phases of the Project. Construction Manager will include in the GMP Proposal all Work to be performed by the Construction Manager pursuant to the plans and specifications. If the Construction Manager and University agree to divide the Work into two or more Bid Packages, the GMP Proposal will identify all Work Construction Manager reasonably expects will be required to complete the Work for each Bid Package. The Work to be performed by the Construction Manager will include labor and any materials, supplies and equipment the Construction Manager proposes to provide on a taxable basis. The GMP Proposal and the Work will specifically exclude Tax Exempt Materials, which the University will purchase under separate contracts. The Work and the GMP Proposal will include, however, any applicable costs for estimating, scheduling, coordinating, and installing the Tax Exempt Materials.

**D.** As part of its Preconstruction Phase Services,in addition to the GMP Proposal, the Construction Manager will assist the University in identifying and obtaining estimates or bids for Tax Exempt Materials and Construction Manager will prepare a schedule of Tax Exempt Materials (the “**Materials Schedule**”). The Materials Schedule will contain separate line items for each item of Tax Exempt Material, with the bid amount for any Tax Exempt Materials for which the Construction Manager has obtained bids, Construction Manager’s good faith estimate of the probable cost of each other line item, and a contingency. The total of items on the Materials Schedule, including the contingency, shall be the University’s budget for Tax Exempt Materials and a “Materials Control Estimate,” which the University and Construction Manager shall use to monitor and manage compliance with the University’s budget. The Materials Schedule will not be part of Construction Manager’s GMP Proposal or the GMP Amendment to the Agreement. Concurrently with the execution of the GMP Amendment to the Agreement, the University and Construction Manager shall execute the Materials Purchasing Agent Agreement and attach the Materials Schedule as an exhibit to the same. The Construction Manager, as the University’s agent, will assist the University in soliciting bids, selecting suppliers, and issuing purchase orders for Tax Exempt Materials. As purchase orders are issued, line items in the Materials Schedule will be adjusted to reflect the actual amount of the line item and the contingency will be adjusted up or down accordingly. The Materials Schedule will be broken down into any Bid Packages if the University and Construction Manager agree to proceed with the Work in separate Bid Packages. The University will pay Construction Manager, as its agent, a fee equal to CONTRACTED FEE PERCENTAGE% of the actual cost of Tax Exempt Materials, and reimburse Construction Manager for its administrative services under the Materials Purchasing Agent Agreement on an hourly basis, up to $ MPAA AMOUNT.

**E.** Construction Manager acknowledges and agrees that the University has a total budget for the Project of $ PROJECT BUDGET, which budget includes all Work to be provided by Construction Manager and all Tax Exempt Materials to be furnished by the University under separate contracts. Construction Manager, as the University’s agent, shall assist the University in monitoring the actual cost of Tax Exempt Materials, and in reconciling the Materials Control Estimate and the actual cost of Tax Exempt Materials if necessary.

Please acknowledge your receipt of and agreement to the terms of this letter by signing below.

Sincerely,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Acknowledged and agreed:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CONTRACTOR REP NAME, TITLE

CONTRACTOR NAME

**Exhibit A**

**Purchasing Agent Agreement**

See attached.