



ORANGE COUNTY MAYOR
TERESA JACOBS

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February 10, 2011

The Honorable Buddy Dyer
Orlando City Hall
P.O. Box 4990
Orlando, FL 32802-4990

Re: Performing Arts Center Issues

Dear Mayor Dyer:

As you know, it was only one month ago I took office as Mayor of Orange County. One of the first items to land on my desk was a \$30 million request for a bridge loan for the Dr. Phillips Center for the Performing Arts (DPAC). I am a strong supporter of the arts and I believe our community deserves a world-class arts venue. At the same time, \$30 million is a substantial sum and it requires appropriate due diligence.

To that end, I asked county staff and trusted advisors, including Deputy Comptroller Jim Moye, to meet with your staff and DPAC representatives to examine the fundamentals of this request and determine if any cost savings could be achieved.

I appreciate your efforts to work together to seek a solution for the financial shortfalls of DPAC. However, their discussions with your staff and DPAC's project team have revealed information that my team and the Comptroller's staff finds very disconcerting. Although our team has offered suggestions that would save the project millions, they also have learned about other serious challenges not shared with us or the public previously. Further, it appears that much of what they have learned has not been shared with all DPAC board members.

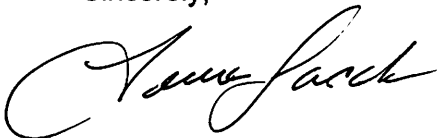
The Comptroller and I received a briefing from our team last week regarding many serious financial and construction-related concerns about DPAC. Their findings, which are attached, raise critical technical and financial concerns about the way DPAC's contracts are structured. If this information is even partially accurate, we have a major problem.

As you know, in 2007 I made a commitment to support a performing arts center for our community. That commitment was based on the City and DPAC fulfilling their obligations under the Interlocal Agreement. It also assumed that the PAC would be built efficiently, on time and on budget, and with sufficient revenues to protect the citizens of Orange County from operating deficits in the future. Unfortunately, that does not appear to be the case as we sit here today. Indeed, based on the briefing we received last week, I do not believe the project, as it is currently structured, contracted, and funded, is feasible. We need, therefore to address these issues promptly.

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At the end of the day, the people who are ultimately accountable to our taxpayers are the two Mayors and the County Comptroller who have been entrusted by our citizens to protect their hard-earned tax dollars. I trust you agree that, before we commit significant resources to such an endeavor, there must be a full and transparent review. Therefore, Comptroller Haynie and I plan to call a meeting with the DPAC board as soon as possible to discuss this issue and chart a course of action to proceed with this project. I hope you will join us.

Sincerely,

A handwritten signature in cursive script, appearing to read "Teresa Jacobs".

Teresa Jacobs



Attachments

c: Board of County Commissioners
Martha O. Haynie, Orange County Comptroller
Ajit Lalchandani, County Administrator
Eric Gassman, Chief Accountability Officer (Acting)
DPAC Board of Directors
Kathy Ramsberger, President, DPAC
Jim Pugh, Committee Chairman, DPAC



February 9, 2011

TO: Mayor Teresa Jacobs

FROM:  Jim Moye, Chief Deputy Comptroller, Comptroller's Office
Eric Gassman, Chief Accountability Officer, Orange County 

RE: Performing Arts Center Funding Concerns

At your request, we have evaluated some of the funding and financial issues associated with the planned Performing Arts Center ("PAC"). While we have not conducted a formal audit of DPAC's and the City of Orlando's expenditures to date, our research thus far raises significant concerns about the funding for Phase I and the viability of Phase II under the existing financial plan and economic conditions. We also have concerns about how financial shortcomings will impact the County, its taxpayers, and other users of TDT revenues. We provide this memorandum in the hope of finding a way to build a financially viable PAC that our community can trust will be free from future financial risk.

Our primary concerns, suggestions, and pending issues are as follows:

- **DPAC Has Yet To Raise Its \$25 Million Operating Endowment** – The Interlocal Agreement requires the City to use its best efforts to ensure that DPAC has \$25 million in written commitments for the PAC's operating endowment before construction commences. Based on information provided to us by DPAC, we understand it has raised less than \$3 million for this endowment. Neither the County nor the City should be saddled with additional operating deficits in the future. Without the operating endowment, additional operating deficits are virtually guaranteed. Ms. Ramsberger, DPAC's President, incorrectly informed the media that DPAC did not have to raise \$25 million for the operating endowment until five years after the completion of construction of Phase II. Her misstatement evinces dubious and overly optimistic financial planning based on a "hoped for" operating endowment that would not be in place until years after operations begin. As we note below, Phase II funding is currently non-existent, and it will probably not be built for years. If Ms. Ramsberger's view was correct, the operating endowment could conceivably not be funded for more than a decade after operation of Phase I begins. This alone creates too many risks for the County, the City, and our citizens.

- **The City's \$31 Million Guarantee Is Not Fully Funded And Involves Using CRA Reserves** – The City has not been able to demonstrate that it has available revenues or cash sources to fund the \$31 million it has committed to guarantee the project. The City's written responses to our questions about the PAC funding and the City's guarantee indicated that the City has 80% of its planned \$31 million bridge loan from remaining community venues infrastructure budget, but the City failed to identify specific sources. In subsequent conversations with the City, we learned that the City intends to use \$15 million of CRA reserves to partially fund its guarantee, which creates many other financial issues for the City and, potentially, the County. The City has not yet revealed how it will obtain the other money for the guarantee. If the money does not materialize, the County could face additional exposure on the project. In addition, by using the CRA reserves the City runs the risk of violating the Interlocal Agreement and jeopardizing its ability to bond the \$120 million necessary for Phase II (see below).
- **Private Funding For The DPAC Has Not Met Expectations** – The supporters of the PAC promised to raise over \$130 million in private donations. Fundraising has fallen approximately \$50 million short at this point, and expected gifts have been lost due to the economy or other reasons.
- **With The Infusion Of \$30 Million From The County, Phase II Still Cannot Be Started And Will Not Be Built For Years Under The Current DPAC Plan** – Based on information received from DPAC and the City, the projected cost of Phase II contemplates starting construction of Phase II within 12 months of starting Phase I. This plan acknowledges that no funding for Phase II now exists and it relies on the optimistic hope that excess TDT revenues and CRA bonding capacity will be available for funding Phase II. DPAC also admits it needs an additional, and as yet unrealized \$25 million in state, local, and federal funding for Phase II. The bottom line: Phase II cannot realistically be started within 12 months of Phase I, and the delay will cost Orange County taxpayers millions – by DPAC's own calculations. As with the rest of Phase II, there is no funding source for the delay costs. We cannot mislead our citizens into believing that the additional \$30 million will allow Phase II to be built within the next three years or that additional funding will not be requested of the County and its taxpayers. To be fully transparent about this process, DPAC and its funding partners must finally acknowledge the unfortunate reality about Phase II's construction delay.
- **More Risk In A Worse Economy Does Not Make Sense** – The County and the City very carefully crafted the venues agreement in a good economy in the summer of 2007. Even then, the parties placed protections in the Interlocal Agreement if there were to be a decline in the economy. Given what has happened since then, prudent financial stewardship dictates we must avoid increased risk when the economy is in much worse shape with no signs of a quick recovery. Orange County has a reputation for prudent and conservative fiscal planning that has placed it in a good financial status at time when many other local governments are in financial trouble. We cannot abandon that approach, especially now.

- **By Providing That The PAC Should Be Built Only When Adequate, Agreed Funding Is Available, The Interlocal Agreement Signed By The County And The City Protects Other Users Of TDT Revenues And The Taxpayers** – The Interlocal Agreement was intended all along to provide revenues when they become available. The County needs to live up to that agreement not only for the protection of its taxpayers and the County’s finances, but also for the benefit of the other parties benefiting from the Tourist Tax revenues, namely the Citrus Bowl and the Visitors Bureau. For example, it is important to take care of the community’s existing obligations first – the primary obligation is our Convention Center. The Center is a \$1.4 billion facility and economic engine for the region that will need to be renovated in a few years. In the meantime, the reserve of 4% of the \$1.4 billion plant and equipment as promised to the rating agencies must be maintained to ensure that the facility is in a presentable fashion for the contracted customers. It is important that the reserve be protected because the County is prohibited from using County general revenues for the Convention Center. Our Convention Center’s national reputation would be at risk if reserves are compromised. In addition, the Convention Center is a significant generator of the tourist development tax. Putting the Center at risk will further jeopardize the tourist development tax, reducing the chance that the PAC and Citrus Bowl venues would ever be built.
- **Starting The PAC In This Difficult Economy Was Not A County Initiative** – DPAC and the City, despite the economy, plummeting TDT revenues, and their own inability to raise significant additional private funding since 2008, decided, without the County’s input, to proceed with the PAC at this time. The County never requested that design begin or that construction bids be issued on the PAC. This early start (before funding is secured) and phasing initiative was solely a product of DPAC and the City. Accelerating the project when the PAC is in an under-funded position is a known contradiction of the Interlocal Agreement because, as discussed above, the venues, per the Interlocal Agreement, are allowed to be built only when there is adequate funding.
- **Similarly, The County Was Not Involved With The Construction Bid Process Moving Forward And It Has Concerns About The Budget And The High Construction Costs** – The County was not involved in starting the construction bid process. DPAC maintains the bids are “within budget,” but it also acknowledges that it has a \$61 million shortfall. The “budget” should be set by the available funding for the project, not the “wants” for the project. Regardless, the County and many private developers have experienced construction cost savings on actual bids ranging from 20-30% of estimated construction costs. DPAC has obtained only a 7% savings (before the County began to evaluate the construction program). These “savings” were offset by DPAC’s and its consultants’ higher-than-anticipated overhead and administrative costs and additional land purchase costs. The County’s due diligence team reviewing the construction costs has offered DPAC millions in project savings – savings that could have, and should have, been proposed by DPAC and its

consultants. That evaluation process, together with value engineering, needs to be allowed to proceed to ensure that public funds are expended efficiently and properly. Finally, on budget issues, it appears that the total DPAC administrative expenditures to date exceed \$9.5 million, including over \$1 million in legal fees. We cannot evaluate these costs. Indeed, both the Pre-Opening Costs and the Program Budget lack sufficient details. Both we and our construction due diligence team need to have fully detailed and supported budgets in order to review and validate the PAC's viability.

- **Follow-Up Requests For Additional Funding Will Create Further Financial Problems For The County** – Giving in to an early or advance funding guarantee based on future, unknown revenue growth, is contrary to the County's traditional method of funding public projects. It also will lay the groundwork for additional, similar requests for Phase II, DPAC operating subsidies, and Citrus Bowl funding. As noted above, Phase II is in dire financial straits as it relies on bonding of Contract TDT revenues, that cannot alone serve as a revenue source for bonds. Those bonds must rely on another, less volatile revenue source such as the CRA. The City acknowledges that the CRA has no bonding capacity. Projected property tax revenues for the CRA remain flat. In addition, DPAC's own operating budget shows that it will require at least \$2 million in philanthropy each year to help offset operating deficits estimated (by DPAC's own optimistic pro formas) at approximately \$4 million annually. Given its admitted inability to timely raise the \$25 million operating endowment, these operating deficits loom large. Future deficits will place tremendous pressure on elected officials and create risks for our community.
- **Bonding For Phase II Requires The City To Fund A \$25 Million TDT Debt Reserve** – The Interlocal Agreement requires the City to fully fund a \$25 million TDT debt reserve. As of today, only \$15 million has been set aside. Unfortunately, the City intends, if necessary, to use the \$15 million to help fund its \$31 million guarantee, thus creating further doubt that the City will be able to fully fund the TDT debt reserve. The City has not demonstrated how this reserve will be funded. Until it is, the City cannot issue contract TDT debt.
- **We Have Little Comfort Level With DPAC's Proposed Operating Budget** – We need a detailed, line item, operating budget for the first five years of the PAC, and an explanation of the major expenses and revenues. The budget should assume Phase II will not be operational during the first five years. The impact of any value engineering items also must be accounted for.

Please let us know if you have any questions about this memorandum.



February 7, 2011

To: Teresa Jacobs, Mayor

Thru: Ajit M. Lalchandani, County Administrator 

From: Mike Hicks, Senior Project Manager 

Re: Performing Arts Center Construction, Design, and Contracting Issues

This memorandum follows a series of meetings among City and County staff, DPAC representatives, DPAC's Development Manager, Hines Interests Limited Partnership, and its Construction Manager, Balfour Beatty Construction (BBC). It also follows discussions between senior City and County staff on important contractual, design, and organizational issues impacting both the financial feasibility of the PAC and the cost of construction.

Overview of Key Parties

Hines, as Development Manager, was supposed to act as DPAC's Owner's representative on this project. BBC is the Construction Manager. Purpose Partners is part of BBC's construction team. One of Hines' duties was to negotiate the terms of BBC's Construction Contract and the Guaranteed Maximum Price (GMP). The City is not a party to the Hines contract, but was involved in DPAC's negotiations with Hines (as were others). The City signed the BBC Contract and will sign a GMP for Phase I of the PAC. For purposes of this memorandum, when we use the term "Owner" it includes both the City and DPAC.

The third interested "partner" in the project is the Architect (actually, a group of three Architects). The Architects' contracts were sole sourced by DPAC and DPAC signed the contracts.

Executive Summary

Our evaluation of the PAC project and the existing contracts raises numerous concerns. In our view, the Design, Project Management, Construction Contract, and proposed GMP contract need to be significantly revised to adequately protect the owner's interests. The Contracts do not reflect reasonable terms, they have significantly high built-in costs and allowances, and they have several irregular terms creating significant cost and exposure for DPAC, the City, and, given that Orange County has been asked to guarantee some of the construction costs, the County.

COUNTY ADMINISTRATOR'S OFFICE

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More important, when you and the Comptroller were provided a summary of the Project and GMP, in December 2010, justifying DPAC's \$30 million request, the GMP was not even close to a hard (or realistic) number. All Subcontractors had not yet been selected, significant value engineering had not yet been performed, and, most importantly, we recently learned that DPAC failed to disclose that it had prepared, and received responses to, several Alternative Bid Packages that actually could lower the cost of construction and the GMP (and thus the amount of the needed County guarantee). Unfortunately, these alternative bids are not based on actual design document changes. Nor do the hoped-for cost savings of the alternative bid packages account for BBC's mark-ups for General Conditions, Fee, Bond, and Insurances, among other extra costs, as well as Design Fees that will be required to complete the alternative design documents if, and/or when, DPAC exercises its option to select the alternatives. Therefore, the estimated cost of implementing these alternates is highly uncertain and unreliable. One thing is clear, it is premature to evaluate the alternative bids, and to even consider signing a GMP contract at this stage.

Significantly, we have learned that the Subcontractors' Bids and the GMP are not based on Final 100% Construction Documents (CD's). We understand that Final CD's are due from the Architects next week. This means that the entire GMP Delivery Process does not comport with the DPAC/BBC Contract. (Note: As recently as February 1, 2011, we pointed out that Hines and BBC had not recognized this fact, and Hines is in the process of developing a significant modification to the Construction Contract at this time to attempt to rectify this as well as other conflicting issues within the Construction Contract.) This issue opens the door for exposure to significant Change Orders after the GMP is signed. Indeed, after receipt of the CD's, BBC will have to send the CD's to most of, if not all, the bidders and ask the **selected** bidders to determine whether there needs to be an adjustment to the bids. This also means that previously rejected bidders will not have an opportunity to bid on the actual final design. Finally, and this is most concerning, the changes in the CD's will allow BBC to seek a Change Order (or GMP increase) and BBC has already indicated it plans to do just that. The net effect of this delay in the delivery of final CD's by the Architects of Record is that the real cost of construction is not yet known and will almost certainly increase.

As set forth more fully below, millions of dollars of cost reductions will be realized if the contract deficiencies are corrected, the excess and duplicative costs eliminated, the job re-bid with Final CD's, value engineering proceeds in an ordinary fashion, and the project's organizational structure is revamped. If this project was controlled by Orange County, we would recommend that it be stopped, re-organized, and re-started with adequate protections in place to protect the County and its citizens. Proceeding ahead at this juncture, without first fixing all these problems, would be irresponsible.

Preliminary Summary of Problems Uncovered To Date

Our preliminary review of the contractual documents and some of the design documents, our review of DPAC's and the City's financial position, and our analysis of the Interlocal Agreement reveals the following:

(1) **The Existing Contracts (and Draft Contracts) Between DPAC and/or the City and Their "Project Partners" are Problematic on Many Levels.** High cost elements built into these contracts are unusual, especially in this economy. For example, BBC's contract requires the Owner to pay for half of a BBC Sr. Vice President's salary, his car allowance of \$1,025/month, plus gas & oil expenses, his lunches with the project team, and his health insurance (at \$1333/mo). For each of BBC's on site supervisory personnel there was a 62.1% mark-up on their salaries (an add-on to the salary cost of these employees). This mark-up, we learned, among other things, provided for a 10% Retirement Fund, 12.0% for Health Insurance, a 19.0% factor for Bonuses, and 5.11% for Employee Development. In addition, the mark-up included 0.8% for Federal Unemployment Insurance (FUI), and 1.4% for State Unemployment Insurance (SUI) on the employees' full salaries even though these payroll taxes are limited to the first \$7,000 per annum salary by law. Furthermore, the mark-up included 3.46% for Workers Comp even though the BBC had this cost covered in its Contractor Controlled Insurance Program ("CCIP" - one of many forms of insurance on the project), and it included 1.33% for Long Term Disability and 0.72% for Benefits despite the fact that these cost are specifically excluded as reimbursable items per the contract. Moreover, the labor burden rate of 62.1% excluded accrual for vacation, holiday, and sick leave time. Thus, these charges are on top of the 62.1%. In short, this means BBC would charge the Owner for when BBC's employees would be off the project. In yet another line item BBC had included a 3% annual increase for all its employees for three (3) years even though there would be only two (2) increases for an employee over the three year duration of the project (again, this cost would be subject to the 62.1% mark-up). For BBC's working field staff the mark-up was 50.86%, which included 18.58% for Worker's Comp which was (again) duplicated in the BBC CCIP costs (\$153,529), and a similar calculation for FUI and SUI; and other Contract excluded costs as noted above. The \$143.9 million GMP presented to the you and Comptroller Haynie in December 2010 essentially included paying for all of BBC's costs, including its home Office IT charges of approximately \$530,000, that (again) should have been excluded by the express terms of the signed Construction Contract, and many other apparent duplicated costs contained within the Subcontractor costs and included in their Bids.

Fortunately, our team was able to suggest how to reduce some of BBC's General Conditions costs, resulting in potential savings of approximately \$3 million. BBC has acquiesced to some of these suggestions. However, there is much work to be done in this category.

Hines' contract contains a "non-termination" provision, something virtually unheard of in publicly-financed projects. In light of the other issues we have reviewed so far, it is not productive to review Hines contract any further at this time.

We have not yet reviewed the Architects' contracts, but we have learned of a major additional cost built into the Architects' contracts that is highly unusual. Each of the Architects is signing and sealing the design documents, thus creating three times the Contract Administration and professional liability insurance costs one would expect on a typical project.

(2) **The Owner's Decision to Pay Higher Davis-Bacon Prevailing Wages (When Not Legally Obligated To Do So) Has Increased Project Costs By Millions.**

In this economy, we find it very unusual for an Owner to insist on paying higher Davis Bacon wages that add significant costs to the job. There is no legal or other requirement to do so on this job. Here is the problem: this higher wage requirement, for the electrical subcontractor alone, meant an additional \$1,000,000 would be spent on the project. BBC admits that, in checking with just 12 (out of approximately 50) Subcontractors, the savings would be in excess of \$1,500,000. Orange County does not require Davis-Bacon wages. Nor should this project.

(3) **The Bid Process Was Flawed and Should Be Restarted.** First, BBC and Hines were simply unable to explain why certain bidders were chosen; why other bidders with lower bids were rejected; and why certain bid numbers changed after bids had been submitted. Second, it appears that some Subcontractors were afforded opportunities to change their bids scopes and/or prices after bids were opened. Third, at least two Subcontractors were involved with BBC in developing, before bids were issued, bid documents and the scope of the work for certain bid packages. Fourth, if certain value engineering (VE) modifications were to be accepted by the Owner to reduce costs (as they should) then that decision would affect the selected Subcontractors and might make a non-selected Subcontractor's bid be less expensive. In other words, because the VE was not done timely, bidders who were not selected might actually offer a lower bid price. As this project has been sequenced, the Owner would never know (or realize) the full potential savings of the VE process. Further exacerbating the issue is the fact that the cost of certain Lighting Fixtures was quoted as an approximate deduct of \$73,000 from a bidder's Proposal; the GMP contained a \$750,000 allowance for the same item. No one from BBC and/or Hines could explain the significant variance(s) of this one item that started with a \$73,000 cost which was later converted to a \$750,000 Allowance within the proposed GMP. It was merely indicated that there was an increase in the number of fixtures, but Hines provided the \$750,000 to BBC to carry as an allowance. Clearly the scope of work is suspect, and the inability to define the scope of work could well affect the award of the Subcontracts as well as certainly affect the ultimate cost of the project.

(4) **Real Value Engineering Has Not Yet Taken Place.** DPAC must seriously consider evaluating existing suggestions by Hines, BBC, and the team that we put together. It is clear that millions of dollars could be saved through the VE Process if we are allowed to proceed in the ordinary (and orderly) fashion. These VE savings could be on the magnitude of \$8-\$10 million (not even including some of the "deferral items" suggested by DPAC after you asked us to evaluate the project in light of DPAC's \$30 million request).

(5) **The Program Budget Provided by DPAC Lacks Many Key Details.** We need to have a fully detailed and supported Program Budget in order to review and validate its viability. Additionally, it appears that certain sections of the budget may be drastically under-estimated.

(6) **The Design Documents are Not Yet Complete.** BBC says when the design documents are ready the Owner can expect a Change Order request. This, in all likelihood, means additional costs, and could be a recipe for disaster.

(7) **DPAC, BBC, and Hines Should have been More Forthcoming in our Due Diligence Process.** Just this week, we learned that Hines is working on a major revision to the existing DPAC/BBC Construction Contract. This not only indicates the contract we have worked on is flawed, it illustrates a lack of cooperation. In addition, we did not receive all the information requested in a timely fashion, and we still have not received answers to some of our questions.

(8) **Fees on Bond and Insurance Costs are Excessive.** Review of the GMP Document resulted in finding that BBC was imposing its Fee on the cost of its Payment & Performance Bond. This practice is highly unusual within the industry and actually creates a looping mathematical formula whereby one would never have a Bond on the full Contract Amount. Hines says this was an error, and will be corrected, but it was shown on the GMP document. Furthermore, the GMP document indicated a payment & performance bond rate of 1.05%, a Sub Guard rate of 1.25%, and a CCIP rate of 2.11%. Additionally, BBC represented that their G&L Insurance rate would be 1.04% of the total project cost, if in fact the owner did not accept the CCIP program which BBC had proposed. All of these rates appear to be in excess of what one would expect in the industry. This issue was evidenced by the fact that BBC's lowered its Bond Rate to 0.84% without even being asked to reduce the rate during our review. This one issue alone equates to savings of approximately \$300,300. Significant savings can, and should be, made in this area, and the project would still be more than adequately insured.

(9) **The Project has not been Fully Scoped with BBC's Subcontractors and this Creates Potentially Significant Risk.** BBC did not interview every low bidder to validate the bidder's scope of work, and to ensure that the bid complied with all contractual requirements. BBC insists that its Scope Sheets contained in the Bidders manual were inclusive and there would not be a risk by not interviewing every low bidder. Yet, on numerous Bid Packages where BBC met with the Bidder(s) the "Come Backs" with modifications to the Bids and scopes of work were significant. The lack of validation of every low bid raises the risk of disputes, and/or claims, at a later date and it is a missed opportunity to save more money.

(10) **Overtime Costs have been Built into the GMP.** BBC has confirmed that overtime costs have been built into certain bid packages as well as BBC's General Conditions. And, these costs can be authorized by BBC (pursuant to BBC's Subcontract Agreement) at any time ***at the Owner's expense***. This practice creates a contradiction between the basis of the project costs and the impact of the Liquidated Damages clause. Simply put, BBC can authorize the use of the Owner's dollars for overtime costs to mitigate the potential of paying Liquidated Damages for delay.

(11) Even with the Millions in Cost Reductions our Team has Already Suggested, and BBC has Tentatively Accepted (in Part), Further Revision is Necessary to Protect DPAC, the City, and the Taxpayers. Significant contractual terms in the Construction Contract need to be revised and coordinated with the Agreement's General and Special Conditions, and with potential Subcontracts. For example, it is not clear that the schedule provided to the Subcontractors comports with the schedule agreed to by BBC and DPAC (or with the new schedule recently proposed by BBC). This could lead to delay claims and coordination issues that will prove costly. **Similarly, there are inconsistencies between the contract documents, and duplicative work and/or costs between the Subcontracts and BBC's General Conditions, that will create potential conflicts and additional expense for the Owner.** These must be fixed.

In just a few short weeks, we have found well over \$10,000,000 in cost reductions. There is much more to be done. In summary, it appears at this time that this is a deeply-flawed project from both a contractual and construction/design cost standpoint. We need more time and cooperation from everyone involved in the project to save more money, and we are very uncomfortable proceeding with the approval of the GMP, the apparent contractual modifications that Hines is developing at present, and any thought of proceeding with construction. If the identified problems are not fixed and/or addressed now, the project cannot be built in all probability with any confidence that taxpayer money will be spent effectively and efficiently.¹

¹ Due to the volume of contract and design documents, and the short time we have had to evaluate this project, we cannot list all the shortcomings or concerns. Thus, the above is not an exhaustive list of problems with the project.