

Exhibit A-4

Chargeable Costs

1. Allowable Chargeable Costs.

Except as specifically identified below, the term Chargeable Costs means the actual costs reasonably and necessarily incurred by Risk/Reward Team Members, including Design-Builder, in the proper performance of the Work, without Fee. Chargeable Costs include only items reimbursable as set forth in this Exhibit A-5. The following Sections identify the categories of costs to be reimbursed as Chargeable Costs, and the categories of costs that will not be reimbursed.

1.1 Labor Costs.

1.1.1 Wages or salaries of supervisory and administrative personnel directly employed by Risk/Reward Team Members, but only for that portion of time required for the Work and directly involving the Project. Superintendents, project managers, project engineers, and estimators are included under this Section for that portion of their time spent working on the Project. The Owner will not be billed for wages or salaries of supervisory and administrative personnel in excess of eight (8) hours per day or forty (40) hours per week, except as otherwise approved in writing by the PMT.

1.1.2 Wages of construction workers, including working foremen, directly employed by Risk/Reward Team Members to perform Work at the Project site or, with the PMT's written approval, at off-site locations in the performance of the Work. Wages of construction workers will not be less than the prevailing rate of wage required by Chapter 39.12 RCW, "Prevailing Wages on Public Works."

1.1.3 Costs paid or incurred by a Risk/Reward Team Member for taxes, insurance, contributions, assessments and benefits required by Legal Requirements or collective bargaining agreements and, for personnel not covered by such agreements, customary annualized benefits such as sick leave, medical and health benefits, provided such costs are based on wages and salaries included in the Chargeable Costs under Sections 1.1.1 through 1.1.2. Costs paid or incurred by Risk/Reward Team Members for bonuses, stock options, deferred compensation, or discretionary payments to employees are not Chargeable Costs and may not be included in any agreed burden rates or agreed overhead amounts.

1.1.4 Fully burdened wage rates and agreed overhead amounts may be established by Modification. Any agreed wage or burden rates or overhead amounts are subject to audit and may be adjusted to reflect actual charges.

1.2 Non-Risk/Reward Team Member Costs.

1.2.1 Payments made by Risk/Reward Team Members to non-Risk/Reward Team Members will be in accordance with the requirements of their respective contracts. The costs in any cost-plus subcontracts must conform to the requirements of this Exhibit. Risk/Reward Team Members will maintain a procedure for the review, processing, and payment of applications for payment of non-Risk/Reward Team Members. The appropriate Risk/Reward Team Member must verify the completeness of all applications for payment of non-Risk/Reward Team Members and assemble and check all supporting documentation required by the Contract Documents or by the respective contracts, including receipt of all lien waivers and releases.

1.2.2 Payments made to Affiliates of any Risk/Reward Team Member must be approved in writing by the PMT. The Owner expressly reserves the right to require any Risk/Reward Team Member to utilize independent Consultants or Subcontractors rather than the Risk/Reward Team Member's Affiliates.

1.3 Costs of Materials and Equipment Incorporated in the Completed Construction.

1.3.1 Costs, including transportation and storage, of materials and equipment incorporated or to

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be incorporated in the completed construction. Costs of materials stored off-site are reimbursable to the extent approved in advance and in writing by the Owner.

1.3.2 Costs of materials described in Section 1.3.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, will become the Owner's property at the completion of the Work or, at the Owner's option, will be sold or returned to the supplier by the appropriate Risk/Reward Team Member. Any amounts realized from such sales or returns will be credited to the Owner as a deduction from the Chargeable Costs.

1.4 Costs of Other Materials and Equipment, Temporary Facilities and Related Items.

1.4.1 Costs of consumables, including transportation, storage, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, and equipment, that are provided by Risk/Reward Team Members at the Project site and fully consumed in the performance of the Work.

1.4.2 Rental charges (not to exceed the local fair market rental costs) actually paid to unrelated third parties for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by Risk/Reward Team Members at the Project site, and the costs of transportation, installation, minor repairs and replacements, dismantling and removal.

1.4.2.1 Rates and quantities of rented equipment will be itemized as required by the PMT, and identify the actual length of time that equipment necessary and appropriate for the Work is used at the Project site and the applicable rental cost. Rentals from any Risk/Reward Team Member or any entity in which a Risk/Reward Team Member or one or more of its owners has a direct or indirect ownership interest ("RR Equipment") must be pre-approved by the PMT and separately accounted for.

1.4.2.2 The rental cost for RR Equipment will not exceed rates listed in The Rental Rate Blue Book by Equipment Watch, or fair market rental costs, whichever are lower. If more than one rate is applicable, the best available rate will be utilized. If equipment is required for which a rental rate is not established by The Rental Rate Blue Book, an agreed rental rate will be established for the equipment, which rate and use must be approved by the PMT prior to performing the Work.

1.4.2.3 The rates in effect at the time of the performance of the Work are the maximum rates allowable for equipment of modern design and in good working condition and include full compensation for furnishing all fuel, oil, lubrication, repairs, maintenance, and insurance. No gas surcharges will be charged. Equipment not of modern design and/or not in good working condition will have lower rates. Hourly, weekly, and/or monthly rates, as appropriate, will be applied to yield the lowest total cost.

1.4.2.4 The maximum rental cost allowed will not exceed the cost of purchasing the equipment outright. The Owner, at its option, may direct any Risk/Reward Team Member to purchase equipment specifically for the Project, which will become the Owner's property upon completion of the Work.

1.4.3 Costs of street cleaning, if any, and for removal and disposal of debris and trash from the Project site.

1.4.4 Cost of document reproductions, long distance telephone calls, postage and parcel delivery charges, and computer-related costs at the Project site.

1.4.5 The cost of warehousing pre-approved in writing by the PMT for stored materials or equipment subsequently incorporated into the Work when meeting the other requirements for payment of off-site materials and equipment.

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1.5 Design and Consulting Costs.

1.5.1 Compensation, including fees and reimbursable expenses, paid by Risk/Reward Team Members for architectural, consulting, and design services related to the Project, including but not limited to services to produce Implementation Documents. For the Architect and Specialty Consultants in particular, the PMT intends to establish agreed wage rates acceptable to the Owner, which may be based on published wage rates of the Architect and Specialty Consultants, but shall not include indirect cost components such as contingency, or Fee.

1.6 Miscellaneous Costs.

1.6.1 Project-specific fees and assessments for permits, licenses, and inspections, but not for the cost of any re-inspection fees or penalties.

1.6.2 Vehicle expenses for personnel of Risk/Reward Team Members (superintendents and project managers) with vehicles assigned to the Project when authorized by the PMT.

1.6.3 Reasonable travel and per diem expenses incurred per United States General Services Administration ("GSA") guidelines while traveling more than fifty (50) miles in connection with the Work with the PMT's prior written approval.

1.6.4 Project-specific costs incurred for safety, except as set forth in Section 2.10.

1.6.5 Costs incurred by Risk/Reward Team Members in preparing and maintaining schedules, so long as such costs are specific to this Project and were not incurred to prepare for, submit, or prove a Claim.

1.6.6 Fees of laboratories for tests required of a Risk/Reward Team Member and not paid for by the Owner, except those related to defective or non-conforming Work, which may, however, be compensated from any available Project Contingency with written approval of the PMT.

1.6.7 Costs to repair or correct, prior to Final Completion, damaged Work executed by Design-Build Team Members, provided that such damaged Work was not caused by any Design-Build Team Member's negligence or failure to fulfill a specific responsibility of the Contract Documents, and only to the extent that the cost of repair or correction is not recoverable by a Design-Build Team Member from insurance or some other source. The Design-Builder will take reasonable action to recover all costs to repair or correct and, to the extent it has failed to recover, will assign its rights to pursue and collect to the Owner upon request. Such costs may, however, be compensated from any available Project Contingency with written approval of the PMT.

1.6.8 Insurance and bond premiums of Risk/Reward Team Members, approved in writing by the Owner, that are directly attributed to the Project. Costs for self-insurance are not reimbursable without prior written approval of the Owner.

1.6.8.1 The actual cost of a Retainage bond for the Design-Builder will be approved by the Owner.

1.6.9 The first \$5,000 of the Builder's Risk policy deductible directly attributable to a loss on the Project to the extent not caused by the Owner, its agents or anyone directly or indirectly employed by it or anyone for whose acts or omissions it may be liable.

1.6.10 Use, B&O or similar taxes (but not income or other taxes) imposed by a Governmental Authorities for which a Risk/Reward Team Member is responsible and that are directly related to the Work.

1.6.10.1 Washington State Sales Tax (WSST) due on payments by the Owner to the Design-Builder is not a Chargeable Cost, but will be paid by the Owner with each payment.

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1.6.11 Royalties and license fees paid for the use of a particular design, process, or product approved by the PMT in writing.

1.6.12 Reasonable petty cash expenses of the Project site office.

1.6.13 Other costs reasonably incurred in the performance of the Work if and to the extent approved in advance and in writing by the PMT.

2. Costs Not to Be Reimbursed as Chargeable Costs.

The following Sections identify costs that are not Chargeable Costs. To the extent such costs are incurred related to the Project, they are reimbursed, if at all, by the Fee:

- 2.1** Salaries and other compensation of personnel of Risk/Reward Team Members when working from locations other than the Project site, except as provided in Section 1.1.
- 2.2** Costs paid or incurred by Risk/Reward Team Members for bonuses, stock options, deferred compensation, or discretionary payments to employees.
- 2.3** Expenses of a Risk/Reward Team Member's principal office and offices other than the Project site office.
- 2.4** Overhead and general expenses, except as included in Section 1.
- 2.5** A Risk/Reward Team Member's capital expenses, including interest on a Risk/Reward Team Member's capital employed for the Work.
- 2.6** Rental costs of machinery and equipment, except as provided in Section 1.4.
- 2.7** Costs or losses resulting from lost, damaged, or stolen machinery or equipment, or resulting from negligent or improper use of machinery or equipment.
- 2.8** Costs due to the negligence or failure of any Design-Build Team Member or anyone directly or indirectly employed by any of them, or for whose acts any of them may be liable, to fulfill a specific responsibility of the Contract Documents.
- 2.9** Penalties, extensions, fines, and re-inspection fees imposed by Governmental Authorities to the extent caused by any Design-Build Team Member. However, such costs may be compensated from any available Project Contingency with written approval of the PMT.
- 2.10** Safety costs expressed as a percentage or any other calculated expression.
- 2.11** Legal, consultant, or Claims-related expenses.
- 2.12** Accounting at a Risk/Reward Team Member's main or home office.
- 2.13** Warehousing in a Risk/Reward Team Member's facility, except as approved under Section 1.4.5.
- 2.14** Daily commuting to the Project site
- 2.15** Travel within 50 miles of a firm's home office.
- 2.16** Business license(s).
- 2.17** Testing and inspection of rejected Work. However, such costs may be compensated from any available Project Contingency with written approval of the PMT.
- 2.18** Home office data processing or computer-related costs.

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- 2.19** Insurance or bonding costs except as specifically required and reimbursable under the Contract.
- 2.20** Overtime wages unless pre-approved by the PMT.
- 2.21** The Fee of any Risk/Reward Team Member.
- 2.22** Any cost not specifically and expressly described in Section 1.

3. Discounts, Rebates, and Refunds.

- 3.1** Prompt-payment discounts, trade discounts, rebates, refunds, and amounts received from sales of surplus materials and equipment will accrue to the Owner, except as otherwise approved in writing by the PMT. If the Owner satisfies the conditions of such discount, rebate, and/or refunds, the Owner will only be charged the costs as reduced by the discount, rebate, and/or refund. If the Owner declines the opportunity, the Risk/Reward Team Member may keep any such discount, rebate, and/or refund it achieves through its own actions, except as otherwise approved in writing by the PMT. If the Risk/Reward Team Member does not timely notify the PMT and provide the Owner with the opportunity to participate in the discount, rebate, and/or refund, the Risk/Reward Team Member may only charge the net cost that would have been paid following application of the discount, rebate, and/or refund.
- 3.2** Amounts that accrue to the Owner in accordance with the provisions of Section 3 will be credited to the Owner as a reduction in the Chargeable Costs.