

responsible for, and shall pay directly, all Cost of the Work and other costs and expenses incurred in connection with the Project. Owner agrees to reimburse Construction Manager for the Cost of the Work as defined in this Article, subject to the Guaranteed Maximum Price and the Guaranteed Maximum Construction Manager Personnel Cost. Such reimbursement shall be in addition to the Construction Manager's Fee. Except as otherwise provided in Paragraph 10.2, all Cost of the Work shall be billed to Owner at Construction Manager's actual direct cost without the application of any load or multiplier and without any markup for any profit or indirect costs not expressly allowed in Paragraph 10.2.

10.2 Items Included in Cost of the Work. The Cost of the Work shall include only the following, to the extent that same are necessarily incurred for construction of the Project and are not excluded under Paragraph 10.3:

10.2.1 Subject to the Guaranteed Maximum Construction Manager Personnel Cost, those wages, salaries and employee benefits paid by Construction Manager to or for the benefit of its field organization stationed at the Project site, for such part of their time as such persons are engaged in performing the Work. Construction Manager's field organization shall not include any executives above the level of on-site project superintendent. The Cost of the Work shall not include any costs which exceed the prevailing local scale for similarly skilled employees and workmen. Salaries for specialized employees of Construction Manager or persons who are ordinarily stationed in Construction Manager's principal or branch offices but are temporarily stationed at the Project site shall be subject to Owner's prior Approval.

10.2.2 Payments required under Subcontracts and purchase orders entered into by Construction Manager pursuant to the terms and provisions of the Contract Documents; subject, however, to Owner's rights with respect to retainage provided for in each such Subcontract and purchase order. Any payments made to any Subcontractor for items that are included in Paragraph 10.2.1 shall be subject to the Guaranteed Maximum Construction Manager Personnel Cost.

10.2.3 The cost to Construction Manager for rental, handling and transportation, maintenance, normal upkeep and repair of tools, machinery, trucks and equipment (including shores, panel forms and scaffolding) rented by Construction Manager from others. Equipment rented by Construction Manager shall be at rates that shall not exceed the average prevailing local equipment rental rates. No additional charge for wear and tear, depreciation, general overhauling or replacing of defective rental equipment or components shall be included in the Cost of the Work. Rental or purchase of such equipment on long-term contracts must be Approved by Owner. The total rental charges shall not exceed the replacement cost of any item so rented, such replacement cost to be determined by the depreciated value of the equipment at the time it is placed in use at the Project. All rented power tools, equipment and other rented devices shall be removed from the Project Site and the rental terminated as soon as possible by Construction Manager so as to reduce the rental cost to the minimum amount consistent with the best interests of Owner in the timely and proper completion of the Work. The costs of equipment rented for use in connection with more than one project site during one rental term shall be apportioned among the various projects. This apportionment requirement shall also apply with respect to all equipment of any kind owned by Construction Manager or purchased by Construction Manager for use in connection with more than one project site simultaneously. Construction Manager may, with Owner's prior Approval, enter into lease-purchase arrangements with respect to equipment procured for the Work, and Construction Manager shall, upon completion of the Work, credit to the account of Owner the depreciated value of such equipment.

10.2.4 The cost for all special tools, machinery, trucks and equipment purchased specifically for use in performing Construction Manager Work, subject in each case to Owner's prior Approval. All such special tools, machinery, trucks and equipment purchased by Construction Manager specifically for use in connection with the Project shall become the property of Owner following completion of the Work.

10.2.5 The lesser of fifty percent (50%) of the fair market value or the depreciated cost to Construction Manager for pre-owned special tools, machinery, trucks and equipment necessary for the Construction Manager Work and which have not been specifically purchased for use on the Project, subject in each case to Owner's prior Approval.