

Page Number	JAG Allegation	CCI Response
13	CCI is contractually bound to work "consistent with the Owner's interests" and "act in the best interest of the Owner". The Construction Manager (Mr. Greg Hughes) "shall exercise reasonable care in preparing schedules and estimates." CCI must also comply with all laws, including immigration and other programs. CCI had a fiduciary duty which arose out of agency but allegedly failed to protect the District.	This could not be further from the truth. CCI acted in the best interest of the District with regards to budget, schedule, and quality control. We delivered the project on time and under the Guaranteed Maximum Price that was approved by the District. With regards to the quality of service, we stand behind the fact that we provided a school that is regarded as a magnificent facility by parents, students, and faculty. Everyone that was involved in the project during the course of construction and afterwards has given raving reviews of the quality of the finished product.
13	CCI began the unusual practice of changing the Schedule of Values on Applications and Certifications for Payment from month to month.	This practice is by no means unusual. If they were to have read Article 7.1.5, they would have seen that "Each Application for Payment shall be based on the most recent schedule of values submitted by the Construction Manager...." The reason the SOV is adjusted each month is so that all line items will tie to the supporting invoices, i.e., the contract amounts on each subcontractor's payment application will match the SOV line item on our pay application. Each pay application included a "SOV Update and Job Cost Breakdown" spreadsheet that clearly showed where the adjustments were being made.
13	There was an undisclosed amount of contractor's contingency included in the GMP	This is completely false. The contingency was included in the GMP estimate as a separate line item and appears as a line item on every pay application. The word "contingency" was used for other line items in the SOV simply because there were known scope gaps during the bidding process that were specifically addressed to protect the district.

13	There were "invented allowances" which appeared and disappeared monthly from the Schedules of Value. Third, the Owner was supposed to receive 100% of any savings not spent.	<p>We take complete exception to this slanderous language. While we agree that the term "allowance" was used within the body of our GMP estimate, many of those were simply estimated amounts for items for which we did not receive bids or were not shown on the construction documents but were noted as desired during pre-construction services. We included estimates for these items in the best interest of the owner based on our understanding of their needs and requests that may not have been recognized by the Design team. The only contractual allowances that would be relevant to section 3.8.1 for AIA Document A201-2007 would be the three listed in exhibit C of Amendment #2. These are Allowance #1 – OSF Comment Allowance, Allowance #2 Soil Plasticity Remediations Allowance, and Allowance #3 Window Shades. Allowance #1 was returned in full to the Owner via the contingency on pay app 7, Allowance #2 was returned in full to the Owner via the contingency on pay app 26, and \$28,475.12 of Allowance #3 was returned to the Owner via the contingency on pay app 16, following finalizing a contract with Integrity Blinds for \$21,524.88. Furthermore, the Owner did receive 100% of the savings on this project and we did act in the best interest of the Owner as shown by the fact that we returned \$369,467.25 of the project contingencies via deductive change order. This is after we charged \$449,420 to the contingency for the following items that were either to be "Owner Furnished" or were project enhancements towards the end of the project:</p> <p>Playground Equipment \$349,836.08 Kiln \$4,294.08 Graphics \$11,270.84 Added Acoustical Treatments \$84,019</p> <p>Therefore, we technically only used \$547,119.75 of the \$1,366,007 total project contingency for construction-related items. This represents a return of 60% back to the Owner either in the form of a deductive CO or adding scope to the project to enhance the building. With regards to contingency usage and contingency management referenced by JAG here and throughout the report, one should read Article 2.2.4 of our contract that states, "In preparing the Construction Manager's Guaranteed Maximum Price proposals, the Construction Manager shall include its contingency for the Construction Manager's exclusive use to cover those costs considered reimbursable as the Cost of the Work but not included in a Change Order."</p>
13	The invented allowances were removed and converted to CCI's project labor cost as the project progressed.	<p>This too is completely false. Each time an allowance was adjusted or zeroed out other line items on the SOV were adjusted to reflect the adjustment in the allowances. This happens when a scope of work that was previously undefined is finalized. If one were to look at pay application 5 as an example, they would see the hardware allowance zeroed out as a result of negotiating a total purchase order amount of \$316,200 for doors, frames and hardware (\$154,700 removed from code 1805, \$89,500 removed from code 8207, and \$244,200 added to code 8208). These adjustments were reviewed with the architect and owner representative every single month. We also disagree with JAG's assertion that the stage curtain allowance was converted to CCI's labor. If they had looked at pay app 10 they would have seen that the stage curtain allowance was reduced by \$12,965, as was the overhead coiling door allowance (code 1808) reduced by \$11,000 and there was an offsetting add of \$23,965 to code 8307, not CCI's labor. These adjustments are a result of the overhead doors being more expensive than estimated and utilizing a portion of the stage curtain allowance to cover the cost of the OH doors. Then they should have looked at pay app 17 and seen a reduction to the stage curtain allowance in the amount of \$14,035 and an ADD back to the contingency of \$14,035 (see contingency accounting attached to pay app 17).</p>

13	Pay apps were approved within 5 days or the same day as submitted	Also false. We submitted a DRAFT pay application each month that was fully vetted by architect, engineers, and owner representatives for a period of 2 weeks or more. Then when all questions are answered, we submit a final pay app that is immediately processed for payment.
14	CCI's overhead and profit for the allowances shall be included in the GMP, but not in the allowances. Each GMP must be adjusted by Change Order to reflect the actual costs, when they are greater than or less than the allowances.	Our overhead and profit was in fact included in the GMP, and not the allowances. Our fee was a line item on the SOV and did not change throughout the life of the project. You will note that all allowance adjustments were done at the raw cost of the subcontracted work. We did not add additional OH/profit on allowance work.
15	Adjustment of allowances	All allowances were adjusted via moving the funds to a subcontractor or supplier line item (see item 4 above) and / or any remaining balances were shown as add backs to the contingency on the contingency accounting. We are happy to walk parties through each adjustment, but it is relatively easy to follow on each SOV update and contingency accounting.
16	We were not able to obtain the audit trail to determine if the Construction Manager bid out the subcontracts on the PWES project.	We publicly advertised and received competitive bids for each division of work, and as previously stated, all bids received were reviewed and approved by Barb Haller, Dan Neal and Clay Cannon prior to finalizing the GMP.
16	Subcontractor bonding	We do not bond all subcontractors. We make bonding decisions based on assessed risk of the scope of work and/or the individual subcontractors. We chose to bond 6 subcontractors on this project, and they are listed in the bond log attached hereto as Exhibit 1. It should also be noted that JAG's dollar amount is incorrect. The sum of the values of the 6 subcontractor bonds was \$120,419. You will also see that we chose not to bond Coogler Construction and therefore the \$23,605 schedule for code 1701 was credited back to the project. By not bonding all subs we are saving the Owner money.
17	Rabon Enterprises sued the District and subsequently was masonry subcontractor for CCI for PWES. Whether or not there was a legally defined conflict or just an appearance of a conflict or no conflict was for the Board to decide. The Construction Manager was to run any possible conflict and all subcontract through the Board for approval but did not.	JAG is referencing a dispute between Rabon Enterprises and China Construction over non-payment on Irmo High School, which had nothing to do with our decision to use Rabon Enterprises on PWES. See Exhibit 2, letter from Rabon's attorney explaining the situation. In addition, it is apparent that the District had no ill-will towards Rabon because in August of 2017 the District solicited an estimate directly from Rabon Enterprises to perform corrective work direct for the District, ironically, at Irmo High School.
17	Related Party Subcontractor - Owens Cleaning	Susana Owens is in fact Will Owens' wife and she owns and operates Owens Cleaning Services. Not sure why Will's brothers have any bearing on this project, but the information provided by JAG regarding relations is correct. We do not see how or why this is a conflict of interest, as Will was not the Superintendent on PWES and had no decision-making responsibility as to the subcontractors used on this project. Furthermore, Owens Cleaning works for numerous other general contractors in the same capacity, and is a viable minority woman-owned business.
18	Owens Cleaning LLC SC business registration was filed 9/16/2018. CCI contract with District was dated 12/16/2018.	The timing of Owens Cleaning LLC business registration (9/16/18) is in no way related to the construction of PWES. In fact, their services were not employed on the project until May 6, 2020 (1 year, 7 months, and 29 days after Owens was registered).
18	The invoices are not from a billing system.	I do not know why JAG questions what software Owens uses to generate invoices. See Exhibit 3, attached invoices from other temporary labor companies that reflect similar billing practices for the smaller temporary staffing firms.
18	Per our research, the business address is 178 Cheryse Dr, Lexington, SC 29073. This is a home address, not a business.	Yes, Susana operates her business out of their home. That is not an uncommon practice.

18	The hours and billings do not make sense for the type of business (cleaning service)	The name Owens Cleaning is somewhat misleading. Susana started out doing only cleaning but evolved into employing skilled labor that could perform a large variety of tasks. I will digress one moment to clarify that this is not uncommon. We work with a "Landscaping" company in another area that is named Hardwick's Landscaping. While they started out as a landscaping company, they evolved into a full-service site development company that performs all earth moving, water, sewer, storm drainage, in addition to landscaping. With that said, the tasks that Owens performed at PWES in addition to progress and final cleaning include, but are not necessarily limited to, the following: wood nailers for roof, bondo of door frames, punchlist, installation of flag pole, maintained erosion control, maintained perimeter fencing, installed wood backing for grab bars and casework, organized material daily, pressure washed exterior concrete, miscellaneous patchwork in drywall and concrete when those responsible for damage was impossible to determine, installed expansion joint systems, miscellaneous joint sealants not included in the scope of others, installation of bollards, monitoring of dumpster pick up and return, sweeping of roadways, traffic control on Amicks Ferry Rd when necessary, operated water truck on site when conditions dictated it and Coogler Construction (site contractor) was not on site, site cleanup of scrap that could not be connected with a subcontractors trade, monitor and repair of all safety measures such as rebar caps, handrails and temporary stairs, installation of all visual display boards, installation of District-supplied toilet paper holders, installation of all toilet accessories, patching of core holes in curb following destructive testing, installation of projection screens, installation of roof hatch, and cleaning of footings and dewatering after rain events.
18	The invoices are numerically consecutive without gaps for work performed for other projects.	We do not dictate how a subcontractor numbers their invoices, but I suspect they number them sequentially for each project they work on. Again, the sophistication of the software they use should not be in question.
18	Time is not shown by day, by employee	Time is shown by week and actually has more description of the work performed than any other temporary staffing company. Weekly totals were verified by our site superintendents and project manager prior to payments being made.
18	Work descriptions do not coincide with project stages	We disagree that the work description does not coincide with project stages. After going back through every invoice, the descriptions do in fact coincide with project stages.
18	Logo on the invoices appears to be pasted into Word	Not sure why JAG is questioning the sophistication of Owens' logo. Susana Owens single-handily runs a woman-owned minority enterprise and works in the field and manages the billings. Contract Construction has always supported small, women-owned, and minority business enterprises. We have a long history of mentoring small companies to help them grow.
18	There is no website or other indications of valid business (other than business registration to Susana Owens)	We do not feel that the existence of a website is a pre-requisite to having a legitimate business.
18	Why didn't the subcontractors clean up after themselves? Normally, there is some cleaning and punch work at the end of construction, but not to this extent (\$315,855).	As stated previously, the subcontractors did clean up after themselves but to maintain a safe, professional site you must employ individuals to perform general cleaning tasks daily. In addition, it is misleading for JAG to state that \$315,855 was spent on cleaning. See item "d" above for listing of other tasks performed by Owens.
18	Why weren't there Deductive Change Orders on the subcontractor's pay apps since they were paid AND the general paid Owens? Anything the subcontractors could not perform on should have been deducted so the District did not pay twice.	The District did not pay twice for any work.
18	In the Pay App data, the temporary labor line was increased but not the cleaning subcontractor line item.	Owens Cleaning invoices were coded to 1160 temporary labor due to the tasks they performed, while they included cleaning, encompassed a much broader scope of skilled labor.
18	It is standard in the industry that temporary labor invoices are always accompanied by timesheets to back them up. None of the Owens invoices had timesheets. All documents should be signed and approved.	Not sure about JAG's assessment of industry standards but when the invoices are received, the time for the week being billed is reviewed and approved by our Project Manager, who verifies any questions with our Superintendents.

19	According to Owen's Cleaning invoices, they provided labor for items covered under a subcontractor's scope of work. This can occasionally be the case when additional work on a subcontractor's scope needs to be completed or repaired and they are unable to come back due to scheduling. In that case, a deductive change order would be issued to the subcontractor to reduce their contract by the amount of the labor provided by temp labor service. There is no indication that this was done. Instead, the subcontractor line items remained the same and the labor line item increased. Additionally, Owen's Cleaning appears to have provided both temporary labor and cleaning services, but the invoices provided do not indicate the split or which employees did what tasks. Temporary labor companies provide an invoice that indicates the role of each employee as well as weekly timesheets for each employee signed by the contractor's onsite representative (usually the Superintendent). None of this was provided. Owen's Cleaning routinely billed overtime.	In no case did Owens perform work that was covered under another subcontractor's scope of work. Our superintendents, Ryan Drafts and Charlie Broxton, are always very diligent to enforce the work under a subcontract on that subcontractor with no exceptions. There are always gaps between scopes, material-only suppliers, or exclusions on a subcontractor's bid that have to be taken care of to complete the project. It is this vast array of miscellaneous work that was handled by Owens. Also, I am not sure why JAG states that "Work hours per the contract were 40 per week with no provision for overtime." Our contract is based on calendar days, not 40-hour work weeks. In addition, if you take every invoice and calculate the rate per hour over the life of the project, Owens' average cost per hour is \$20.64. (see Exhibit 4, Owens Labor Spreadsheet), which includes overtime, payroll taxes, insurance, etc. I would challenge anyone to find a better rate per hour for skilled labor. I am also attaching invoices from other staffing companies to show what their rates per hour are and examples of their billing methods. See Ex. 3. Please note that there is absolutely no description of work and the bills are received long after the work is performed so it is difficult to reconcile their billings to tasks performed.
19	Work hours per the contract were 40 per week with no provision per overtime. Any amount over should not have been billed to the owner without Change Order approval. It appears any amount over 40 hours billed should be returned.	JAG again states that CCI is only contracted for normal business hours. One should realize that the construction industry does not have "normal business hours" and we make our own decisions as to what hours are needed. Also, nine people are required at times to maintain production on a 106,000 square-foot school on a 20+ acre site.
19	Another example is Invoice #53 for the 7 days 4.16.2021-4.22.2021 charges \$6,888 with a total of 328 hours for 8 employees. This invoice is also for general cleaning [same?] pre-punch list, and installing toilet accessories.	Same comments as above for JAG's example on invoice #53.
19	We also noted potential mismanagement of Owens billings. On Pay App #22, there is a note which describes that, "a credit for \$21,756 was issued on pay app 20 due to the SOV [Statement of Values] being overbilled and not yet updated with the cost billed prior on pay app 19. The partial rebilling of \$5,552 on invoice 44 from pay app 19 and credited on pay app 20 in addition to the other invoices above bring the total billed to date current and accurate." The total listed for pay app 22 alone is \$36,533.	There is no mismanagement, just internal auditing and corrections when discrepancies become known. As one can see, each of these pay applications are sometimes hundreds of pages and run from the 20th of the previous month to the 20th of the following month so we are very careful with auditing previous billings to prevent including invoices twice, but we are not perfect by any means and must make adjustments at times to reconcile the total costs.
19	Contractually, the labor costs include "wages of construction workers directly employed" by CCI. (Emphasis added). The total paid to Owens for temporary labor and cleaning was \$315,855 over the term of this open-ended contract arrangement. 'construction Management at Risk contracts may not be based open-ended cost plus a fee agreement under Contract Article 2.3.2.3	Owens did not have an open-ended cost-plus contract. We had no contractual obligation to them. No subcontract was awarded to Owens for cost plus a fee. They are a temporary staffing company that is used for skilled labor that were directly employed by Contract Construction and under our direct supervision. The various definitions of the word "employ" are as follows: 1. To make use of someone, 2. To use something such as time advantageously, 3. To use or engage the services of, and 4. To provide with a job that pays wages or a salary. Due to labor shortages in our industry this is a common practice with all General Contractors.

<p>20</p>	<p>A change order meant a written amendment authorizing a change in the scope of work, an adjustment in the contract sum and/or an adjustment in the contract time. These shall not be binding unless in writing and all construction change orders shall be funded by contingencies approved by the School Board.</p> <p>Per District Policy:</p> <p>A.The Superintendent is required to recommend to the Board any major or minor change order greater than \$50,000, or that increases the cumulative total of all construction change orders of a construction project approved by the Superintendent or designee to greater than \$150,000, or by more than 2% of the original construction contract amount, whichever is less.</p> <p>B.The Superintendent is also required to do this for any change order that alters or eliminates the School Board’s right to pursue liquidated damages. This policy was not followed by CCI, Quackenbush, and the District. We also note that CCI’s contract states the GMP is subject to additions and deductions by Change Order (other than minor changes to the work). Reportedly, by CCI and the District there were no change orders. However, we did note in our testing a Deductive Change Order applied on Pay App #26 which was not approved by the Board.</p> <p>The contract also refers to Article 7 (below) of the General Conditions of the Contract for Construction. This explicitly states that Changes Orders are required. In particular, if time is to change. Even though the times of the construction did change, there were no change orders submitted as required. Contractually, CCI was working “normal working hours”. However, our testing shows significant overtime and temporary labor was charged to the project. Additionally, CCI’s time kept increasing as they changed the SOV. Budgeted lines items for Allowances for example, were moved into labor costs, which did not agree to the contractual budgeted items in the GMP amendments and exhibits. CCI also stated there were no change orders on the project during a Board meeting on September 14, 2020. The following is Article 7, showing details on changes in work:</p> <p>C.All change orders approved by the Superintendent or designee must be reported to the School Board at the next regular meeting and were not.</p>	<p>We disagree with JAG’s interpretation of the requirement for change orders and yet again with their continued reference to us being bound to “normal working hours”. We Guaranteed that our scope for the construction of PWES would be accomplished for an amount not to exceed \$26,569,355 and we did so with no additive change orders that would have required approval of the board. We also included another \$449,420 in added scope (see item 3 above) without requiring an additive change order, and still returned \$369,467.25 via deductive CO attached to pay application 26. Regarding change orders for time, we do not understand why time is being questioned. Our contractual substantial completion date was 5/31/21 and we received our certificate of occupancy on 5/18/21 (see attached Exhibit 5) and the principal and staff moved into the facility on 5/24/21. This early completion was achieved despite historic rainfall quantities and a world-wide pandemic.</p>
<p>21</p>	<p>Cost Controls</p> <p>In our testing, we noted the cost controls reports, mainly the monthly Statement of Values, were moving targets instead of the contractual intended system. The actual and estimated costs could not be properly determined, as CCI moved budget and allowance fund around to various line items. Tracking the cost savings to the District was no longer feasible as the line items changed monthly. This contractual safeguard for the District was not properly monitored by Quackenbush and the District.</p> <p>A report detailing the construction change orders, activities and finances shall be provided to the School Board comparing the initial budget approved by the School Board for the construction project and the actual cost to construct the project so that the School Board is informed, in a summary format, of construction change orders affecting the project costs and schedules. The information shall be entered into the official minutes of the School Board.</p>	<p>CCI, Quackenbush, and the District monitored cost controls every single month and noted realized savings via the contingency accounting and SOV updates. As previously explained, the SOV changes so that individual line items align with the subcontract or PO amounts on the back up documentation from the subs and suppliers. Contrary to JAG’s implications, this methodology was consistent from the start date and specifically satisfies the requirement of “...regular monitoring of actual costs for activities in progress and estimates for uncompleted tasks...”. It should also be noted that the Guaranteed Maximum Price is a guarantee on the total, not each individual line item. In addition, board updates were provided, in a summary format, during the course of construction and stated that the project was maintaining budget and would open well-prior to the school year (despite record rainfall amounts).</p>

22	Another cost area which could be examined is the costs of the PWES project, which was estimated at \$20MM in the RFP and ended up to be approximately \$30MM per the District's accounting records. With inflation at that time roughly 5%, the significant increase during the project and even comparing to other District projects (CMS and its addition) does not make sense. The CM@R's portion with GMP 1 & 2 was \$26,569,355 with a later deductive change order in 2022 of \$369,467.25, for a final contract sum of \$26,199,887.75.	Contract Construction made a number of presentations to the Board showing cost comparisons to other recently constructed facilities at that time, as well as cost of school facilities across the nation, both of which showed that the PWES construction cost was comparable with facilities being constructed at that time. As far as the original budget is concerned, we had no input in that whatsoever and it was not referenced in our contract. We did however present a budget status report at each of the three levels of design completion (Schematic Design (SD), Design Development (DD), and Construction Documents (SD)). Our SD estimate was \$26,996,613, our DD estimate was \$28,549,691, and our CD estimate / ultimate GMP amount was \$26,569,355, so anyone can see we did protect the owner all during the design of the project and ultimately mitigated a \$1,553,078 uptick in pricing from SD to DD. so anyone can readily see we did protect the owner's interests by monitoring the design of the project which led to mitigating a \$1,553,078 uptick in pricing from SD to DD as proven in the final GMP. Lastly, as the minutes of the Board's 12/10/18 meeting reflect, the Board anticipated a maximum cost of \$30 million. See Exhibit 6, in which Board voted in favor of hiring Contract Construction for an amount "not exceeding 30 million dollars of general obligation bonds of the school district." However, Contract Construction neither charged nor was paid \$30 million.
22	Conflict of Interest Subcontractor – Collins & Wright (C&W) To our knowledge, the conflict of interest was not reported by CCI to the District.	Collins and Wright (C&W) – C&W is the premier drywall and ceiling subcontractor in the area and is used by both CCI and many more contractors for these trades. We saw no conflict of interest in using them and thus reported none, due to the fact that they were to the legitimate low bidder on the project. See Exhibit 7, summary of bids: a.C&W = \$697,500 b.KJW = \$737,232 c.KJW drywall only, plus Acoustic ceiling only = \$739,101 d.Precision wall - \$897,825
22	C&W received a large sum of additional project money (\$94,138) greater than their original listed subcontract sum (\$697,500) late in the project (total of \$791,638). CCI subcontracted with C&W on the Chapin Middle School Addition project and on PWES project.' Our testing showed C&W is line item 9308 on the CCI Pay Applications. There were increases in the amount in Pay Apps #16 and #17 of \$6,492 and \$6,648, respectively.	Regarding C&W's "large sum of additional project money", JAG neglected to review the Contingency Accounting that clearly showed the \$6492 (see contingency log on pay app 16) was the cost to fur out the soffit in the cafeteria and the \$6,648 (see contingency log on pay app 17) was added sheetrock in the main lobby per Owner request. Regarding the additional \$84,019, one could easily see on pay application 20 that this was for adding Owner-requested acoustical treatments in the gym (\$24,072) and fabric wrapped wall panels (\$59,947). All of these additional costs were taken out of the contingency.
22	A significant increase was charged on Pay App #20, \$84,019, but they didn't bill it out fully until App #22. CCI claims they pulled it all out of the Amendment #2. Contingency, but in examining the differences between pay apps, they actually pulled from other line items, not just the Amendment #2 Contingency. The C&W pay apps show 4 change orders: \$225, \$3,246, \$6,648, and \$84,019. Another item that appears unusual to us is that C&W's Pay App #9 is dated 2.15.21 and includes the first three change orders, but they did not bill again until 7.13.21. This July bill includes the \$84,019 change order. Subs usually are not okay with floating \$84k on a project for 5 months. The change orders do not appear to be in compliance with the contract requirements for subcontractors, which also follows Article 7 shown above. The \$84,019 was part of CCI's "charge" to "contingencies" for added acoustical treatments, which may not have been bid and within C&W's scope.	This is completely incorrect. The \$84,019 was for acoustical wall panels that are the last items to install on a school project. Not to mention, Owner-Architect decisions related to color and quantities took some time, along with lead time on materials. All of this explains the gap between February and July. Just because a change order shows up on a subcontractor's pay application does not mean it is billed for right away. They were paid when the wall panels were installed.

23	<p>Conflict of Interest – District Employee on Selection Committee</p> <p>CCI included a letter of recommendation from the District’s employee, Scott Carlin, in their bid. Mr. Carlin also served on the selection committee.</p> <p>Per the Construction Manager, “Regarding your request as to who specifically (from all parties) approved any situations where there may be a conflict of interest, neither the Owner’s Representative, Architect, or Contract Construction encountered any situation where there may have been a conflict of interest.”</p>	<p>We did not and still do not consider a reference letter from anyone at the District commending exemplary past performance a conflict of interest.</p>
23	<p>Construction Manager’s Fee, OH&P</p> <p>Since the Construction Manager’s Fee (Overhead & Profit) was set at 3.85% (\$963,020) of the Cost of the Work, it contractually should have been decreased in any circumstance of savings, including labor and the Deductive Change Order issued in Pay App #26.55 The final contract amount decreased by \$369,467.25 but CCI’s OH&P of 3.85% never changed. If the amount from which the 3.85% OH&P is calculated decreases, then the contractor should also decrease the OH&P amount, in this case by \$14,224.</p>	<p>Upon review, we do agree that the fee should have been reduced by the \$14,224 noted by JAG. We are including payment of \$14,828.62 with this response, plus interest at a rate of 7.25% from February 25, 2022 (date of payment) through September 27, 2022.</p>
24	<p>It is industry standard that SOVs do not change from the contract documents and certainly not without approved change orders. The SOV is comparable to a budget to actual schedule and is utilized to track the District’s cost savings or need for GMP change. We have an extended schedule showing the differences between Pay Apps but have not included it here. It shows considerable changes from one Pay App to the next.</p>	<p>JAG’s reference to industry standards regarding SOV’s adjustments is completely incorrect. Such may be the case in a Design-Bid-Build scenario, it is certainly not the case in a Construction Management at Risk scenario. As stated previously, Article 7.1.5 states that “Each Application for Payment shall be based on the most recent schedule of values submitted by the Construction Manager...”. The reason the SOV is adjusted each month is so that all line items will tie to the supporting invoices, i.e., the contract amounts on each subcontractor’s payment application will match the SOV line item on our pay application. Each pay application included a “SOV Update and Job Cost Breakdown” spreadsheet that clearly showed where the adjustments were being made.</p>
24	<p>The SOV schedule below indicates reductions in the amounts of 32 line items. These represent cost savings that should have been returned to the District totaling \$815,411.09. Instead, CCI moved these savings into other line items to account for a deficit in contingencies and allowances. This should be done through the submission and approval of change orders, but no change orders were submitted by CCI.</p> <p>Per CCI, in a PowerPoint presentation to the Board of Trustees on December 9, 2019, stated “Owner receives 100% benefit of savings.” Per the Construction Manager to the Former CFO, CCI “returned” \$369,467.25 via deductive change order and “charged” \$449,420” to the “contingencies” for playground equipment (\$349,836.08), a kiln (\$4,294.08), graphics (\$11,270.84), and acoustical treatments (\$84,019).</p>	<p>We will again state that the Guaranteed Maximum Price is a guarantee on the total, not each individual line item. Savings on one line item can be applied to overages on another. JAG is suggesting a scenario where the Owner benefits from any and all line items that are under budget but the CMR has to absorb any and all line items that are over budget.</p>
24	<p>Per CCI, in a PowerPoint presentation to the Board of Trustees on December 9, 2019, stated “Owner receives 100% benefit of savings.” Per the Construction Manager to the Former CFO, CCI “returned” \$369,467.25 via deductive change order and “charged” \$449,420” to the “contingencies” for playground equipment (\$349,836.08), a kiln (\$4,294.08), graphics (\$11,270.84), and acoustical treatments (\$84,019).</p>	<p>JAG has misinterpreted the statement made to the former CFO. I did not state that we did not use any of the contingency other than the \$449,420. The contingency accounting shows a “net” usage of the contingency, to include both add backs and deducts to the contingency. See Exhibit 8. This document also ties each contingency expenditure to the applicable pay application.</p>
25	<p>See chart on page 25 that depicts any and all line items that were less pay app 26 than they were on Pay app 3 (the first pay app that incorporated Amendment 2). This chart is intended to portray savings on individual line items.</p>	<p>We completely disagree with the information presented in the “chart” on page 25. JAG is trying to portray that every line item on the original SOV is a guaranteed maximum price. This is certainly not the case. The Guaranteed Maximum Price was one number, and that number was \$26,569,355. They are claiming that we have to absorb all line items that are not a negative from original pay app to final pay app and the Owner get to selectively choose the line items to receive benefit from.</p>

25	<p>Business License Fees We have requested, but not received, the validity of the following business license fees CCI charged in the Pay Apps: #1 \$15.00, #4 \$16,954.61, and #25 \$11,266.39. Town of Irmo business license fees were paid from PWES. There are no business license fees in Lexington County for facilities located outside of a political subdivision such as a town or city. Therefore, there are no direct license fees charged to this project. CCI's office is located in Richland County which does assess business license fees. These would be part of the company's normal overhead fees included within their 3.85% percentage charged to the project. According to the Construction Manager, they are "it is a project cost that is paid based on the project's contract amount."</p>	<p>Business License Fees – In response to JAG's cost references we offer the following: a.The \$15 fee on pay application number one is for our Notice of Commencement with Lexington County. SC State Law requires we file this on every project to protect against double paying suppliers that do not file a Notice of Furnishing. All of the backup for this expenditure was attached to pay app 1. Also, on pay app 4, this \$15 was moved from 1606 to its own line item 1601 for clarity. b.Whenever a business license is not required by the jurisdictional authority where a project is located, the Town of Irmo (location of CCI office) assesses a business license for the project. This is a project cost and would not have been incurred had we not constructed the project. All back up for this expenditure was attached to pay app 4. JAG's claim that this is not a cost to the project is akin to them saying that sales tax on materials should not be a cost to the project because they are not a tax required by Lexington County. c.We have discovered that the third posting to code 1606, business license, in the amount of \$11,266.39 was for another project and should not have been included in the cost of the work for PWES. Therefore, we are including payment of \$11,926.55 with this response, plus interest at a rate of 7.25% from December 6, 2021 (date of payment) through September 27, 2022.</p>
26-27	<p>Other Questioned Costs Ryan Drafts and Charles Broxten were given 2 extra weeks "per company memo." Those 2 weeks were billed to the District on Pay App #19. If the extra weeks were not for time worked on the project, then \$13,600 should be returned to the District. (Ryan Drafts 80 * \$85 = \$6,800. Charles Broxton 80 hours * \$85 = \$6,800).</p>	<p>Ryan Drafts and Charles Broxton along with all employees that were employed with Contract Construction during the Covid-19 Pandemic, received two additional weeks pay or the equivalent of 80 additional hours as incentive compensation. During the pandemic our employees were not forced to remain on jobsites risking their or their family's health by being exposed to the virus, however all our employees showed an exemplary work ethic and dedication to this company and pride in their work and so they pushed forward never missing a day they did not have to so that this and other projects could be completed as per schedule or delivered early. Such incentive compensation is allowed per article 6.2.5 of our contract and was approved by the District's representative.</p>
26-27	<p>We noted unusual fuel charges, but per the Construction Manager, "Regarding your request as to why are there gas and cleaning charges which is overhead and sometimes sub responsibilities, fuel charges are for the equipment rented by Contract Construction. Equipment used by subcontractors was fueled at their expense."</p>	<p>The only fuel charged to PWE were fuel charges made to fill equipment rented by Contract Construction. Equipment used by subcontractors was fueled at their expense.</p>
26-27	<p>The Assistant Project Manager disappeared on Pay App #8 then reappeared called "Safety Manager" on Pay App #13.</p>	<p>Assistant Project Manager did not "disappear" on pay app 8. From pay app 7 to pay app 8 it was determined that we would not have an Assistant Project Manager working with our regular Project Manager so those funds of \$46,410 on the SOV on pay app 7 for Asst. PM were moved to the appropriate SOV item for Project Manager. Regarding Safety Manager showing up on Pay App 13, that is due to us not charging time for our safety manager to PWE prior to the month of October 2020. Our safety manager makes regular "unofficial" rotations and visits to our job sites but does not charge hours to our job sites until he has made an "official" visit. This allows him to show up unannounced to make sure all parties on the jobsites are following all safety regulations and not just doing so because they are aware, he will be on site that day. His first official visit was in October of 2020 and that is where you see the first charge made to the pay application 13.</p>
26-27	<p>Line 1160 Temporary Labor was originally budgeted for \$88,545 and ballooned to \$282,463.</p>	<p>Regarding the "ballooning" of temporary labor cost, JAG does not acknowledge that in addition to the \$88,545 budgeted for temporary labor, \$237,951 was budgeted for "hourly labor". Due to labor shortages, we utilized a temporary staffing company for the labor on this project and subsequently moved the funds from the hourly labor line item to the temporary labor line item.</p>

26-27	Line 14 Project Management was \$300,895 originally and increased to \$484,213.77 (then decreased with an unapproved deductive change order to \$434,859.67 in 2022).	Line 14-All payroll original budgets are just that, "original budgets". These numbers are projections based off many factors. It is impossible to determine precisely how many hours are going to be charged to any individual line item for payroll and so there can be ups and downs in those original budgets depending on different circumstances during the progression of the project. During the course of this project, various requests from a multitude of different parties required extensively more management time than any other elementary school, which explains why more hours were invested in the project than budgeted. As noted above, in the prior response on the Assistant PM "disappearing", 35% of this \$133,964.67 "increase" came directly from funds moved from the Assistant PM line up to the PM line. Regarding the decrease to code 14 at the end of the project, the \$484,213.77 was a projection made in October of 2022. When we were able to close the project out in January of 2022 the SOV was reduced to \$434,859.67 which was the actual total billed to date at the time the project was completed. The balance of those funds, \$49,354.30 were credited back to the contingency line 1811 and included in the final credit of \$369,467.25 given to the Owner.
26-27	Line 15 Superintendent was \$256,023 originally and significantly increased to \$349,477.50.	Line 15-Superintendent original budget was \$256,023, but as is the case with all labor costs, these are projections because there is no way for us to know with 100% certainty how many billable hours we will have. During the course of this project, various requests from a multitude of different parties required extensively more superintendent oversight than any other elementary school. JAG also failed to note that no monies were taken from contingency to cover this overage.
26-27	Line 18 Assistant Superintendent was originally approved at \$137,250 and swelled over time to \$352,155.	Line 18- Assistant Superintendent original budget was \$137,250, but as is the case with all labor costs, these are projections because there is no surefire way for us to know with 100% certainty how many billable hours we will have. During the course of this project, various requests from a multitude of different parties required extensively more superintendent oversight than any other elementary school. JAG also failed to note that no monies were taken from contingency to cover this overage.
26-27	Weekly hours per the contract were 40 with no provision for overtime. CCI routinely billed overtime to the project. Typically, overtime must be owner approved in order to be paid and is done through a change order. As there were no change orders submitted or approved, all amounts billed over 40 hours per employee per week should be returned.	We again do not understand JAG's repeated assertion that we were contractually bound to only work 40 hours per week. To successfully run a jobsite with multiple trades being coordinated, we require at least one of our superintendents to be on site while the tradesmen are working at all times. This is to ensure site security, safety, quality control, and to properly act in the best interest of the District. In addition, to ensure that no time extension change order is required, we must invest additional hours to overcome delays that are encountered during the course of the project.
26-27	The following chart shows CCI hours by employee monthly and the overtime charges:	The referenced JAG chart presented includes false and mis-leading information. See Exhibit 9, spreadsheet of actual hours for the months selected for each employee noted. One will see that JAG has inflated the number of hours by 2507.5 hours.
26-27	The President of the company paid himself a salary and charged a portion of it to the Piney Woods Elementary (PWE) project. His salary is also within the 3.85% fee mark-up on costs as a cost-plus a percentage relationship of Construction Manager at Risk. According to the Construction Manager, "Regarding your request as to why wasn't the company President charged within the Overhead rate approved, but also separately, Greg Hughes served as Senior Project Manager for this project and his time is considered cost of the work not overhead."	In addition to presidential duties, I provided direct project management assistance for PWES. I bring my 30-year experience in K-12 construction to our projects and assist with critical decisions regarding budget, schedule, and quality control so our clients enjoy a process that exceeds expectations. The minimal number of hours charged for project management were direct costs to the project and not overhead costs within our 3.85% fee.
28	We noted an unusual code charging the project, "Amicks-Ferry 242C-Loveless", charged 32.03 hours, or \$5,925.55, from March through September 2020 by Mr. Greg Hughes. We believe this was for Board Trustee Loveless' inquiries.	The Owner representative at the time asked Greg Hughes to quantify the number of hours expended responding to inquiries posed by Ken Loveless, so we did so.

28	It appears the company charged the District high rates and unrealistic hours, including charging quality control and other staff who were not in the original bid.s9 Further information from the Job Cost Journals is needed.	The supervisory and management rates being questioned were included in our executed contract and were never questioned, until now. I am also unsure on what basis JAG is claiming "unrealistic hours". Have they tracked hours worked on a 106,000 square foot school that was constructed during historical rainfall quantities and a pandemic? Also, regarding quality control personnel and other staff being charged, we do at times bring in reinforcements to ensure the facility meets the highest standards, which in the end saves money on the special inspectors employed by the Owner. Just because they were not listing on the original estimate does not mean they are not a cost of the work. I state again, we guaranteed one number and one number only. That number was \$26,569,355, which we did not exceed.
29-30	We also noted the following example detailed exceptions while testing the pay apps and timesheets: Large balances unbilled	Large Balances unbilled: These were projected numbers and any funds unused were returned to the district.
29-30	Cheryl working OT somehow under 10 hours worked	Cheryl's overtime hours were properly charged. If she worked 40 hours by Thursday afternoon and began working her 41st hour Friday morning on PWES then we charged those as overtime hours. Her timesheets that were provided showed detailed breakdowns by day.
29-30	Christopher working well outside of 8-5 hours	Our Superintendents work the hours they feel necessary to get the job complete accurately and efficiently. If they are able to work 40-hour weeks they do but often, and more times than not due to the nature of our industry, they are required to put in more than 40 hours per week. This is not an unusual practice in this industry, and our employees take pride in their work and do not fall short even if that means they work additional hours per week.
29-30	Pay App 12 Cheryl Reg hours 1.5 OT 2 hours	Pay App 12-Cheryl worked on PWE on week ending 08/30/20, 1.25 regular hours, the following week she worked .25 regular hours and 2 overtime hours on PWE for a total of 1.5 regular hours and 2 overtime hours charged to PWE for that month. These hours are accurate, and her timesheets reflect such. All her other hours for those two weeks leading up to her earning overtime were charged to the other specific projects she performed tasks on.
29-30	Pay App 12 Charles Entire pay outstanding	Pay App 12-Charles Broxton had hours that were billed to the project but during this time period but they were not billed until the SOV was updated on pay app 13.
29-30	Top of Pay Apps list Christopher Quinones, Timesheets show Juan Quinones	Mr. Quinones full name is Christopher Juan Quinones. He asked to go by Juan and not Christopher and we obliged. It shows as Christopher on the pay app payroll backup because that is his name listed in our payroll system but regarding the timesheets he was listed as Juan as that is what he requested. Same for Mr. Drafts who's first name is also Christopher, but he chooses to go by his middle name as well which is Ryan.
29-30	Pay app 13 Christopher should be \$7,800 pay	Pay App 13-we believe our billings for Christopher to be accurate. He worked 200 regular hours at a rate of \$30/hour and 20 overtime hours at a rate of \$45/hours which comes to be \$6,900 due. In addition, there were \$520 not previously billed off pay apps 4 and 6 that were included in this pay app for a total billed amount of \$7,420.
29-30	Pay app 17 Christopher overpaid	Pay App 17-Christopher was not overpaid. He worked 53 hours on week ending 01/31/2021. He was mistakenly paid all regular hours when in fact he should have received 40 hours regular pay and 13 hours overtime pay. This was a payroll error that was corrected the following week.
29-30	No pay app for Feb 21 - Split between 17 & 18	I am unsure what this comment is referring to. Pay app 17 was for period ending 2/28/2021 and pay app 18 was for period ending 03/31/2021
29-30	Pay app 18 Cheryl underpaid	Cheryl was not underpaid. She was paid according to the hours she submitted, and she billed 4.25 hours to PWES at her rate per hour of \$22.50 resulting in a billing of \$95.63.
29-30	Pay app 18 Kenny & Travis paid above salary	Kenny and Travis received accurate pay according to their personal salary rates. Their hours are prorated by how many hours they work on individual projects. For example, if they receive a salary of \$1000 per week and charge 30 hours to "project X" and 10 hours "project Q", our system will calculate and charge \$750 to project X and \$250 project Q.

29-30	Pay app 19 Jenny paid above salary	Pay app 19-See response above. Jenny's pay also prorated.
29-30	Pay app 19 Charles not paid at all	Charles Broxton's billable time was left off pay app 19. This was a simple inhouse error. As you can see, we corrected the mistake on pay app 20 by billing previous hours in addition to current.
29-30	Pay app 21 Cherly overpaid	Cheryl was not overpaid. Please see prior explanations of Cheryl's timesheet breakdowns.
29-30	No Pay app for June 2021, in Pay app 22	I am unsure what this comment is referring to. Pay app 21 was for period ending 6/30/2021 and pay app 22 was for period ending 07/31/2021.
29-30	Pay app 23 Leericka finally being paid. Underpaid and not annotated	Leericka Miller was not the original Project Manager for PWES. In August of 2020, the original Project Manager Jim Ott turned in his notice as he took a position with another contractor. Leericka begin the transition of taking of the project in August of 2020 and her first billings to the project were in September of that year on pay app 12. She had billable hours on each application thereafter.
29-30	Pay app 23 Greg underpaid and not annotated	Greg was not underpaid but we did underbill his time to the project. We only billed \$2383.50 of his cost to pay app 23 and failed to capture the balance of \$2,128.65 on pay app 24. We noticed the underbilling at the time of closing the project in January of 2022 but did not feel it was fair to charge the monies to the district 6 months after the fact thus we absorbed those cost due to it being a inhouse error.
29-30	Pay app 23 Cherly overpaid	Chery was not overpaid. Please see prior explanations of Cheryl's timesheet breakdowns.
29-30	Pay app 24 no additional pages or information on payroll	No payroll was billed on this application, thus no backup provided.
29-30	Pay app 24 could be Aug?	JAG is incorrect. Pay app 23 was for month ending 8/31/21 and pay app 24 shows a period ending of 09/30/21. We do not generate more than one application per month.
29-30	The following page shows a list JAG also compiled, tracking the billings of time from one pay app to the next. There was a net unbilled amount. This demonstrates CCI's lack of controls over timing and billing properly in accordance with the contract:	This statement could not be further from the truth and the JAG breakdown is a false representation of what took place. What this tracking shows on page 30 is that CCI did not, without receiving prior approval via SOV and contingency log updates, adjust our schedule of values. The months where some payroll items went unbilled were primarily due to the schedule of values needing to be updated , which was done so in the following month. The only exception I see is on pay application 19 where Charley Broxton's billable hours were mistakenly left off but as previously stated this error was corrected right away on the following application. Other items listed on this page 30 breakdown are not taking into account many factors such as prorated employee rates. CCI billed our payroll and all other items according to terms of our agreement with the Owner.

<p>31</p>	<p>LEED/Green Globes Certification Requirements Eliminated</p> <p>These key requirements were eliminated by CCI from the contract when it submitted its GMPs. This significant contract provision from the RFQ60 and Bids was removed, giving CCI an apparent competitive advantage. Their fee could be much less due to the amount of time, risk, and effort would be much less without complying with these requirements. This criteria were a major part of the selection process, on which gave CCI, with their Green experience, higher scores. When we asked the Construction Manager about this, he only replied, "LEED accreditation was never included in the contract, thus it was never removed."</p> <p>CCI's Selection Package was rated in two criteria categories with respect to LEED/Green Globes. They were Management Plan (30 points out of 100 points) and Qualifications and Experience of the Proposed Project Team another (25 points out of 100 points). LEED/Green Globes Certifications were significant contributory factors rated by each of the committee members in each of these criteria categories. CCI showed no less than 12 projects in the very limited number of pages in their proposal submittal package.</p> <p>LEED/Green Globes Certifications were prominently displayed in the submittal package. The inclusion was undoubtedly intended to impress the selection committee, yet LEED/Green Globes Certification was quietly dropped when the GMP was submitted a year after the contract was signed. But as the budget for the project increased from \$24,000,000 to \$26,539,355 over that same timeframe, no credit for deletion of LEED/Green Globes Certification was given. In the way of credit, the district should have paid reduced costs because LEED/Green Globes Certification can be expensive especially in terms of expected management contribution to overall general and administrative overhead.</p> <p>The Procurement Code requires unconditional acceptance of bids without alteration or correction and with the evaluation factors in the invitation/solicitation for proposals. When it is determined that the requirements have not been met, the bid shall be cancelled. Ordinarily a bid should be rejected when the bidder attempts to impose conditions which would modify requirements of the invitation for bids or limit his liability to the District since to allow the bidder to impose such conditions would be prejudicial to other bidders. (cont in next cell)</p>	<p>See below entry for response to LEED/Green Globe Certification:</p>
<p>32</p>	<p>For example, bids should be rejected in which the bidder attempts to protect himself from future costs or limits the rights of the District under any contract clause.</p> <p>When an awards has been issued but before performance and the District's requirements for the goods or services have changed or have not been met, it may be cancelled and either re-awarded or a new solicitation issued, including when specifications have been revised, the supplies or services being procured are no longer required, or when the bids were not independently arrived at or collusive.</p> <p>The District may only approve and pay for amendments and change orders relating to architectural/engineering and construction contracts which do not alter the original scope or intent of the project, and which do not exceed the previously approved budget.</p>	<p>JAG is claiming that CCI knew that LEED / Green Globes was not going to be required prior to being selected and maliciously states that we under-bid our fee with this knowledge. This could not be further from the truth. LEED / Green Globes are design initiatives so if the District had wanted to pursue one of the two, then it would have been in the designer's contract and the final specifications would have outlined the path for certification. I do recall the Owner representatives deciding against the pursuit of certifications, but still maintain a focus to design in a sustainable manner, which is exactly what Quackenbush Architects did. JAG also states that a savings should have been realized. This would be the case if it was ever in the design documents, which is what we priced all along the way. Finally, if these certifications were so important to the district, why wasn't this communicated to their attorney who vetting the contract?</p>

32	<p>Overtime & Liquidated Damages Provisions Eliminated</p> <p>CCI shifted risk onto the District by deleting overtime and liquidated damages requirements at the time the GMP was established. The fundamental changes to delete overtime and liquidated damages effectively shifted risk to the District away from the Construction Manager @ Risk which this type of procurement is meant to prevent. A year after the District signed the contract, it received nothing in exchange for late CCI changes. If the project time had gone beyond that prepared by CCI in its schedule in item 3 of the CD Estimate Clarifications and Assumptions exhibit, the District would receive nothing. When we asked the Construction Manager about this, he stated, "liquidated damages were never included in the contract, thus they were never removed." This is not industry standard. Worse yet, the District could not have demanded that CCI work overtime to remediate the schedule. Only contracts that promote the best interests of the District may be used.</p> <p>It appears the deletions were disclosed very late in the process, significantly altering the CCI contract, which effectively by-passed the selection committee process and the competitive bid process. The procurement should have been re-bid without these requirements in order to ensure the District received the best value.</p>	<p>I will again state that overtime and liquidated damages were not eliminated, they were never a part of the contract that was issued and vetted by the District's attorney. JAG again references "industry standard" and we again question their familiarity with our industry. Not specifying Liquidated Damages gives the Owner the ability to pursue actual damages in the event of late delivery. We are attaching our Certificate of Occupancy, which proves that we fulfilled our obligations with regards to time and delivered the facility on May 18, 2021, months before the start of the 2021-2022 school year. Allegations of changes in construction time are false; our contract stated a completion date of by May 31, 2021, which we achieved. I cannot understand why the absence of Liquidated Damages is even being included in the audit. It should be noted that we did not request any contractually allowed rain days as time extensions, yet we still finished ahead of schedule.</p>
32	<p>Cost to Remove and Replace Unsuitable Soils</p> <p>CCI shifted risk onto the District by adding an Allowance to the GMP 2, which was the building (not the early site work that soils related to). According to CM@R, this allowance was returned to the District in the deductive change order in the last Pay App. JAG verified this \$170,000 was part of the \$369,467.05 deductive change order credited to the District with Pay App #26. There was also \$145,864.09 returned from Amendment 2 Contingency (originally \$1,023,438) and \$3,191.21 from Expansion Control as part of the \$369,467.05 "returned".</p>	<p>JAG's paragraph totally contradicts itself. It starts by stating "CCI shifted risk onto the District by adding an allowance in GMP 2...." The Allowance was added to Amendment Two because the initial Soils Reports did not perform tests for potential plasticity issues all though soils in this area often demonstrate such. Additional testing was done after receipt of bids for Amendment One. JAG then acknowledges that we 100% mitigated such risk by returning all of the allowance to the District. If this is not "minimizing risk and maximizing value to the client", I do not know what is. In addition, had we "shifted risk" to Coogler Construction in Amendment One and had them include all estimated costs associated with soil plasticity mitigation, then Coogler Construction would have reaped 100% of the savings and the District would have gotten zero. We feel this is a very good example of Contract Construction protecting the best interest of the District.</p>
32-33	<p>Timing of Payments to CCI</p> <p>Contractually, "Payments are due and payable upon presentation of CM invoice. Amounts unpaid thirty (30) days after invoice date shall bear interest..." On average the check dates were within 17 days of the invoice date. The variety appears reasonable at first glance. However, there are three Pay Apps over 30 days which indicates poor payment deadline controls at the District. There are four which are within 5 days which indicates poor review and quality control, including one Pay App paid on the same day it was invoiced. The Architect and District should be thoroughly reviewing all supporting documents, asking questions, and going through the proper diligence and approval processes.</p>	<p>As stated in item 6 above, regarding JAG's comment that the pay apps were approved within 5 days or the same day as submitted is also false. We submitted a DRAFT pay application each month that was fully vetted by architect, engineers, and owner representatives for a period of 2 weeks or more. Then when all questions are answered, we submit a final pay app that was immediately processed for payment.</p>

33	<p>Allowances & Contingencies</p> <p>CCI was required to include in the Contract Sum all allowances stated in the Contract Documents.70 Whenever costs are more than or less than allowances, the Contract Sum shall be adjusted accordingly by Change Order. The amount of the Change Order shall reflect (1) the difference between actual costs and the allowances under Section 3.8.2.1 and (2) changes in Contractor's costs under Section 3.8.2.2.71 This did not occur. GMP 1 Amendment Early Site Package Estimate does not include any allowances and only Contractor's Contingency of \$152,642 is included. GMP 2 Amendment includes only OSF, Soil Plasticity, and Window Shades allowances. None of which were used. The contract does not mention an owner's contingency, only a contractor's contingency.</p>	<p>Regarding JAG's first sentence, there were not allowances stated in the Contract Documents, which would be the specifications in this case. It was decided by the project team to establish three allowances on the project. They are referenced and accounted for in item 4 above but will reiterate for convenience: The only contractual allowances that would be relevant to section 3.8.1 for AIA Document A201-2007 would be the three listed in exhibit C of Amendment #2. These are Allowance #1 – OSF Comment Allowance, Allowance #2 Soil Plasticity Remediations Allowance (note typographical error in the amount of this allowance in exhibit C. The allowance in our GMP was \$170,000, not \$175,000), and Allowance #3 Window Shades. Allowance #1 was returned in full to the Owner via the contingency on pay app 7, Allowance #2 was returned in full to the Owner via the contingency on pay app 26, and \$28,475.12 of Allowance #3 was returned to the Owner via the contingency on pay app 16, following finalizing a contract with Integrity Blinds for \$21,524.88. Regarding JAG's comment of "The contract does not mention an owner's contingency, only a contractor's contingency", we have no idea why this is stated. We do not have privy to contingencies the Owner may hold but do want to remind JAG of the contractual wording related to the contractor's contingency. "In preparing the Construction Manager's Guaranteed Maximum Price proposals, the Construction Manager shall include its contingency for the Construction Manager's exclusive use to cover those costs considered reimbursable as the Cost of the Work but not included in a Change Order."</p>
33-34	<p>Accounting Records</p> <p>The Construction Manager is required to keep full and detailed records related to the cost of the Work and exercise such controls as may be necessary for proper financial management under this Contract and to substantiate all costs incurred. However, CCI has not provided certain documents the District requested, such as the Daily Job Cost Labor Journal Reports. CCI must preserve records for three years after final payment, or for such longer period as may be required by law. The District is entitled to audit the books and records of a contractor or any subcontractor. Contractually, all records shall be maintained in accordance with Generally Accepted Accounting Principles (GAAP), consistently applied. CCI did not follow the principles of Permanence of Methods and Consistency, which require that consistent procedures and standards are used in the preparation of all financial reports and throughout the financial reporting process. The Pay Apps were not consistently prepared and violated the Time Period principle, as costs were also charged later in incorrect periods.</p> <p>The Procurement Code states the CPO may require (which the District does through the contract) the contractor's accounting system to permit timely development of all necessary cost data in the form required by the specific contract type contemplated and be adequate to allocate costs in accordance with GAAP.</p>	<p>JAG's comment that CCI has not provided certain documents the District requested is false. We may not have called the documents "Daily job cost labor journal reports", as others may call them but we provided all daily time sheets for professional service positions, payroll records for hourly employees and a check register for every other code on the schedule of values. Regarding JAG's opinionated statement that "CCI did not follow the principles of Permanence of Methods and Consistency" we presented 26 pay apps in the same manner and thoroughly reviewed all of them with multiple Owner Representatives, Quackenbush Architects and Planners, and the Engineers of Record. Every dollar was reviewed and approved. However, we do acknowledge that we are not perfect and do at times need to make adjustments for human error, which we do as soon as it is discovered.</p>

<p>34-35</p>	<p>CCI Campaign Contributions</p> <p>We noted the following contributions from CCI to sitting Board Trustees and candidates:</p> <p>It appears certain contributions listed above may be illegal, as the law prohibits a contractor from making a campaign contribution to an "official [who] was in a position to act on the contract's award" after their contract has been awarded. Although there is an exception for competitive bidding contracts, we have found non-competitive bidding practices in relation to the PWES contract, as listed above. Gantt and Haltiwanger were on the selection committee on the PWES CM@R contract CCI was then awarded after the contributions.</p> <p>Additionally, RFP #2019-007 for the PWES CM@R contract, CCI agreed to the Ethics Certificate and Restrictions. Applicable to Offerors and Gifts, which prohibits the offeror from giving anything to the Owner, any affiliated organizations, or the employees, agents, or officials of either, prior to award. CCI or its agents made the gifts above to District officials between the RFP date (8.9.2018) and the contract award (12.22.2018). CCI Principals Hughes and Farley made contributions to four of the seven Board Members during this time. Trustees Haltiwanger and White then voted to award CCI's contract/GMP. Since CCI violated these restrictions, they are subject to an ethics violation and debarment. The RFP states, "SD5 [the District] may rescind any contract and recover all amounts expended as a result of any action taken in violation of this provision."</p>	<p>We strongly disagree to JAG's assertion that "certain contributions listed above may be illegal". The solicitation, selection process, and award were absolutely a competitive process that included a two-step submission via RFQ (Request for Qualifications) and RFP (Request for Proposals), along with a final interview to determine the best value to the district. While we do not have the information on other offerors, we suspect there were a large number of responses to the RFQ. Following review of those submissions, the District narrowed down to a shortlist of the most qualified firms to respond to their RFP, which included a submission of proposed fees. Following submission of the RFP, interviews were conducted, and the most competitive team was selected. In addition, it should be noted that in all cases, the contributions made were solicited by the candidates.</p>
<p>35</p>	<p>In relation to CCI's subcontractorthis also violates the ethics certificate: "If contractor participates, directly or indirectly, in the evaluation of award of public contracts, including without limitation, change orders...." CCI and Quackenbush did not submit change orders to the Board for approval as required. By submitting the RFP, CCI also agreed to the Conflicts of Interest and Related Party provisions.</p>	<p>We cannot comment due to the redaction making it impossible to do so specifically.</p>