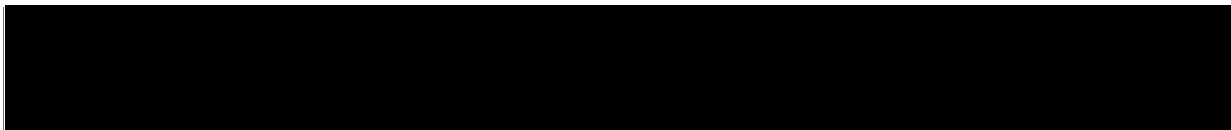


**INDEFINITE DELIVERY INDEFINITE QUANTITY****SERVICE ORDER**

This Professional Services Agreement is governed by all terms and conditions contained in the underlying Indefinite Delivery Indefinite Quantity (IDIQ) Agreement, which was entered into by the University of North Texas System and by **R. L. Townsend & Associates, LLC** effective as of **April 14, 2017** pursuant to **RFQ 769-17-891ER**. This IDIQ Service Order shall be effective as of the last date of signature below.

The attached proposal for **Construction Auditing for the Discovery Park MEP Renovation project**, dated **August 20, 2019** in the amount of **\$20,075** and incorporated herein by reference for all purposes, includes a description of the Statement of Work to be performed under this Service Order ("Work") and the negotiated fixed-price lump sum to be paid for all Work performed under this Service Order. Professional will correct, at its own cost, any of its services provided under this Service Order, and the services of its consultants, that do not meet the industry standard of care. The completion date for the Work will be **September 30, 2022**. All Work will be completed in accordance with the Historically Underutilized Businesses Subcontracting Plan dated **August 27, 2019**.

UNIVERSITY OF NORTH TEXAS SYSTEM

**R. L. Townsend & Associates, LLC**

\_\_\_\_\_  
Name  
Senior Director for Procurement  
\_\_\_\_\_  
Title  
9/17/2019  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Name  
President  
\_\_\_\_\_  
Title  
9/17/2019  
\_\_\_\_\_  
Date

## R. L. TOWNSEND & ASSOCIATES, LLC

Construction Cost Control Consultants

5056 Tennyson Pkwy, Suite 100  
Plano, TX 75024  
(972) 403-1829

August 20, 2019



Facilities, Planning, Design, and Construction  
University of North Texas  
Denton, TX 76205

### RE: Discovery Park MEP Renovation

This memo will serve to document our proposal to provide the requested construction audit consulting services for your organization.

#### Scope of Engagement:

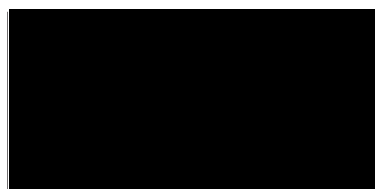
The attached Exhibit "A" documents the agreed upon construction audit related engagement to be performed by R. L. Townsend & Associates, LLC. (Consultant).

#### Confidentiality:

All information reviewed during the performance of our audit services will be treated as strictly confidential by all of Consultant's representatives and not disclosed to anyone other than Client representatives on a need to know basis and/or others as directed by authorized representatives of Client.

We appreciate this opportunity to be of service to your organization and look forward to working with you.

Submitted by:  
R. L. Townsend & Associates, LLC



President

**Exhibit A: R. L. Townsend & Associates, LLC  
Construction Audit Services to be Provided**

**Project Budget & Schedule**

- Project: **Discovery Park MEP Renovation**
- Original Contract GMP: **\$16.6M**
- Contractor: **Spaw Glass, CMR**
- Estimated Start Date: **September 2020**
- Substantial Completion: **September 2022**

**Basic Services Audit Fees:**

A breakdown of the NTE fee is shown in the following chart:

<i>Professional</i>	<i>Hourly Rate</i>	<i>Hours</i>	<i>Fee</i>
Project Executive	\$ 195	10	\$ 1,950
Senior Construction Auditor	\$ 150	75	\$ 11,250
Construction Auditor	\$ 125	25	\$ 3,125
Construction Audit Assistant	\$ 75	50	\$ 3,750
Total		160	\$ 20,075

Invoices will be submitted periodically (typically after the end of each month that audit work is completed). The invoices will be billed based on the hours worked during the invoice period.

Note: The above fees are "all inclusive." No separate charges for travel or other expenses apply.

This agreed upon fee anticipates meetings with the Client and Contractor representatives, necessary audit inspections, etc. It is anticipated that the contractor and /or the Client will be able to electronically provide copies of most of the documents that will need to be examined in connection with this audit and that most of the audit analysis work will be able to be performed in our office versus at the contractor's office.

**Changes in Fee and/or Scope:**

Increases in the agreed upon Fee Schedule may be approved by Client, at their discretion, where it is determined by Client that the scope of the audit should be increased or if Client believes that the circumstances related to the audit warrant it.



**Exhibit A: R. L. Townsend & Associates, LLC  
Construction Audit Services to be Provided**

**Work Plan for Audit Work and Issuance of Related Audit Report:**

**Timing of Project:** The audit will start as directed by UNT.

**Audit Objective:**

- To work in conjunction with UNT to complete the Basic Services Scope of Work included below.
- Determine that UNT is being billed in accordance with the terms of the contract.

**Kick off Meeting:**

- Set up a meeting with the contractor & UNT representatives to discuss the audit and the process. Items to be discussed include:
  - Documentation requested for review
  - Methods of obtaining the documentation requested i.e. FTP site
  - Communications throughout the audit
  - Documented log of questions and status
  - Draft report process
  - Final report process
  - Expectations

**Basic Services Scope of Work to Be Covered During the Audit:**

1. Read the construction contract agreement to obtain an understanding of the provisions therein
2. Meet with the Contractor to gain a general understanding of how transactions related to the Project are processed
3. Review the Contractor's method for computation of any construction cost to be reimbursed requiring prior approval by Client, if provided by the contract agreement

**General Conditions:**

4. Determine whether the contractor's charges for labor and labor burden, materials and equipment are in accordance with the terms of the contract agreement
5. Review to ensure that all specified bonds and insurance are actually purchased by the Contractor for the specified amount as stated in the contract agreement

**Subcontracts:**

6. Review bid process for subcontracts, review leveling of bids and reconcile to subcontract amount
7. Obtain from the Contractor copies of subcontractor agreements between the Contractor and its respective subcontractors
8. Review of Subcontractor status reports to determine change order activity by subcontractor
9. For subcontractors, obtain from Contractor copies of the labor rate (and related labor rate breakdowns) provided to the Contractor by the subcontractors and review the labor rates and burden calculation to determine whether they are in accordance with the contract agreement and whether the rates are reasonable in terms of the job scope and comparable market rates
10. For subcontractors with a significant amount of equipment in their change orders, obtain from the Contractor and its subcontractors' copies of their equipment rental rates to determine whether they are in accordance with the provisions of the contract agreement

**Exhibit A: R. L. Townsend & Associates, LLC  
Construction Audit Services to be Provided**

11. For subcontractors, review commodity material prices to determine whether they are in accordance with the provisions of the contract agreement and whether the material prices are reasonable in terms of the job scope and comparable market rates
12. Review the subcontractor's current Schedule of Values and compare to what is billed on the owner payment application
13. Review of subcontracts for allowances and back charges

Payment Applications:

14. Review all applications for payment, and review the underlying documentation to determine whether amounts are reimbursable and reasonable in accordance with the terms of the contract
15. Review for any job-owned equipment to ensure that appropriate credit is received for all equipment purchased and charged to the job

Use of Contingency Funds and Owner Changes:

16. Review a sample of significant change order requests submitted by the Contractor and determine whether amounts are reimbursable in accordance with the terms of the contract
17. Analyze the Contractor's accounting for "Allowance" and "Contingency" items and verify that they have been incurred in accordance with the terms of the contract

Credits:

18. Select a sample of costs incurred by Contractor and determine if there are any credits due from the Contractor related to discounts, rebates, sales of surplus material, dividends, and refunds for any nature and determine whether the credits have been properly applied for the benefit of Client
19. Review to ensure that credit is received for any applicable sales of scrap or recyclable material

Final cost reconciliation:

20. As applicable, review the calculations of any incentive fee payments and/or savings to be shared.
21. Reconcile total project expenditures to ensure discrepancies do not exist between contract billings and the actual payments. Review to ensure that duplicate billings, duplicate payments and/or duplicate scope items are detected in a timely manner
22. Reconcile the final Contractor's Application and Certificate for Payment for selected line items to the contractor's cost reports and Schedule of Construction Costs Incurred to Date as submitted by the Contractor

Methodology:

- All documentation received from the contractor is maintained on our FTP site.
- An audit question log will be maintained on an Excel spreadsheet which is used to document questions and responses from the contractor.
- Documentation such as analysis work sheets, document exhibits, etc. to support conclusions are provided as necessary.
- At the end of the project, the open items on the audit question log will be included in the audit report.
- A draft report is normally reviewed by both the contractor and the owner.
- We will normally assist in the resolution of any audit issues.
- As items are resolved in the report, the report is updated and finalized when the final pay app is processed.
- The final report is issued.



**Exhibit A: R. L. Townsend & Associates, LLC  
Construction Audit Services to be Provided**

**Other Areas included in this proposal:**

- Examples of contract language will be provided if applicable.
- Process improvements identified during the audit will be provided if applicable.

**Miscellaneous**

This agreement may be changed at any time based on mutual written agreement between Client and R. L. Townsend & Associates, LLC.