

PROJECT MANAGEMENT AGREEMENT

ARTICLE 1 AGREEMENT

This agreement made this 21st day of June in the year 2010, by and between the OWNER

Three Rivers School District

a subdivision of the state of Oregon

P.O. Box 160

Murphy, Oregon 97533

and the

CONSTRUCTION MANAGER

Ausland Builders, Inc. dba

Ausland Group

3935 Highland Avenue

Grants Pass, Oregon 97526

For services in connection with the following

PROJECT(s)

Seismic renovation of Applegate School located at Applegate, Oregon - in accordance with Oregon Seismic Rehabilitation Grant requirements.

ARTICLE 2 TEAM RELATIONSHIP

2.1 The Construction Manager and Owner agree to proceed with the Project on the basis of mutual trust, good faith and fair dealing and shall cooperate with each other in furthering the Owner's interests. The Construction Manager shall be the Owner's agent to the extent provided in this Agreement, and shall exercise its skill and judgment in furnishing administrative and management services.

2.2 EXTENT OF AGREEMENT This Agreement is solely for the benefit of the parties, represents the entire integrated agreement between the parties, and supersedes all prior negotiations, representations and agreements, either written or oral. This Agreement and each and every provision is for the exclusive benefit of the Owner and the Construction Manager and not for the benefit of any third party.

ARTICLE 3 CONSTRUCTION MANAGER'S RESPONSIBILITIES

3.1 The Construction Manager shall exercise reasonable skill and judgment in the performance of its services. Architectural and engineering services shall be procured from licensed design professionals retained by the Construction Manager or furnished by licensed employees of the Construction Manager. The standard of care for services performed under this Agreement shall be the care and skill ordinarily used by members of the architectural and engineering professions practicing under similar conditions at the same time and locality.

3.2 SERVICES The Construction Manager shall directly procure and manage professional design and construction administration services required. The Construction Manager shall assist the owner in procuring Contractors to execute construction and will administer execution of the work. Details of Construction Manager's general duties are further described in attached document titled "*Construction Manager Functions*".

ARTICLE 4 OWNERSHIP OF DOCUMENTS

4.1 Upon the making of payment as required by this Agreement, the Owner shall receive Ownership of the property rights, except for copyrights, of all documents, drawings, specifications, electronic data and information prepared, provided or procured by the Construction Manager and consultants distributed to the Owner for this Project. The Owner shall not have the right to use, reproduce and make derivative works from the Construction Manager's Documents for other projects without the written authorization of the Construction Manager. The Owner's use of the Documents on other projects or without the Construction Manager's written authorization or involvement is at the Owner's sole risk, and the Owner shall defend, indemnify and hold harmless the Construction Manager and consultants, and the agents, officers, directors and employees of each of them from and against any and all claims, damages, losses, costs and expenses, including but not limited to attorney's fees, costs and expenses incurred in connection with any dispute resolution process, arising out of or resulting from such use of the such Documents.

ARTICLE 5 OWNER'S RESPONSIBILITIES

5.1 The Owner shall provide to the Construction Manager all relevant information for the Project. The Owner shall timely review schedules, estimates and other documents as requested by the Construction Manager.

ARTICLE 6 COMPENSATION

6.1 The Owner shall compensate the Construction Manager monthly for Services and any additional services performed on the following basis:

Fee of 5% of total project costs and reimbursement of all direct cost, including overhead cost of 4%. Compensation will not exceed amount awarded through grants and donations.

ARTICLE 7 INDEMNIFICATION

7.1 CONSTRUCTION MANAGER'S INDEMNITY To the fullest extent permitted by law, the Construction Manager shall defend, indemnify and hold the Owner harmless from all claims for bodily injury and property damage that may arise from the performance of or the failure to perform the Services, but only to the extent caused by the negligent acts or omissions of the Construction Manager or anyone for whose acts or omissions the Construction Manager may be liable.

7.2 OWNER'S INDEMNITY To the fullest extent permitted by law, the Owner shall defend, indemnify and hold the Construction Manager harmless from all claims for bodily injury and property damage other that may arise in connection with the Project, but only to the extent caused by the negligent acts or omissions of the Owner or anyone for whose acts or omissions Owner may be liable.

7.3 LIMITATION OF LIABILITY Owner agrees that the entire liability of Construction Manager to Owner for any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to (a) Construction Manager's Services hereunder, (b) the Project, or (c) this Agreement, from any cause or causes, including but not limited to Construction Manager's negligence, professional negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall in no event exceed the actual proceeds from insurance coverage provided by Owner's insurance, but, if and only if the Owner's insurance fails to provide coverage for such injuries, claims, losses, expenses or damages, then, but only then, Construction Manager's liability shall equal no more than fifty percent (50%) of the Construction Manager's Fee under this Agreement. This Limitation of Liability provision takes precedence over any conflicting provisions of this Agreement.

ARTICLE 8 TERMINATION

8.1 Upon written notice, either party may, without cause, suspend and/or terminate this Agreement. The Construction Manager shall immediately cease providing Services under this Agreement. If the Owner terminates this Agreement pursuant to this Paragraph, the Construction Manager shall be paid for all Services provided together with any reimbursable expenses incurred until the date of termination. In the case of termination by either party the Construction Manager shall be paid for all costs, inclusive of fees, to respond to Owner's requests for information, particularly in relation to rights described in Article 4.

ARTICLE 9 DISPUTE RESOLUTION

9.1 INITIAL DISPUTE RESOLUTION If a dispute arises out of or relates to this Agreement or its breach, the parties shall endeavor to settle the dispute first through direct discussions. If the dispute cannot be settled through direct discussions, the parties shall endeavor to settle the dispute by mediation under the current Construction Industry Mediation Rules of the American Arbitration Association before recourse to any binding dispute resolution procedures.

9.2 COST OF DISPUTE RESOLUTION The prevailing party in any dispute arising out of or relating to this Agreement or its breach that is resolved by a binding dispute resolution process shall be entitled to recover from the other party reasonable attorneys' fees, costs and expenses incurred by the prevailing party in connection with such dispute resolution process.

OWNER _____

CONSTRUCTION MANAGER _____

SIGNATURE _____

SIGNATURE _____

NAME _____

NAME Aaron M. Ausland

TITLE _____

TITLE President