

Selecting the right contractor for your tenant construction project...

You've found the right tenant – you've secured a great lease – you've established a budget for renovations – now you need to build out the space to fit your tenant's needs. The selection of experienced, competent contractors and other professionals is critical to the success of your tenant improvement project. Here are some guidelines to aid you in choosing a contractor:

- Ask for multiple current references that you can contact about work the contractor performed. Don't select a contractor solely on price. Remember: You usually get what you pay for.
- Company websites can be a valuable source of information because they outline specialties and often list current and completed projects.
- Ask the contractor to provide a cost-estimate in writing for any work they will do.
- The contractor should certify that their work will conform to state and local regulations and codes. An AIA contract is helpful for that.
- It's a plus if the contractor has experience in using energy-efficient equipment wherever possible.
- Make sure they are a licensed, bonded and insured contractor; make sure they provide you with a current Certificate of Insurance and that the Certificate includes the ownership/management entity as additional insureds. Recommended coverages include:

INSURANCE	LEVEL 1
General Liability (Per project Aggregate <u>required</u> for all levels)	\$1MM/\$2MM
Auto Liability	\$1MM
Workers Comp. Employers Liability	Statutory \$1MM/\$1MM/\$1MM
Professional Liability Errors & Omissions	\$1MM
Pollution Liability	\$5MM
Professional Liability	\$5MM
Umbrella Coverage	\$4MM



Once you have selected your contractor, it's imperative that you remain hands-on and keep your tenant involved. Have weekly meetings with the contractor and tenant. **Walk the project to actually see what's being done** (a lot of tenants cannot "see" how things will lay out based on a drawing). Have the contractor provide weekly progress reports with pictures identifying the status of the schedule, items completed that week and identifying potential cost or timing issues. Have the contractor also identify any potential Tenant requested changes and create Change Orders for you and the Tenant to approve. Take notes and summarize any verbal decisions or agreements with the Tenant.

Finally, as requests for payments are made, make sure to obtain a Sworn Owner's Statement, Waivers of Lien from all sub-contractors and suppliers, Certificate of Occupancy from the contractor and Final Waivers at the conclusion of the job. Relationship is a key word...Constant communication will insure that both the Contractor and the tenant feels satisfied with the delivery of the space, it will help reduce potential future issues, and enhance your investment!

PMWOW

"The ability to lead a happy life is made, not found."

~ Rev. Martin Luther King, Jr.