

JOHNSON CONSTRUCTION ASSISTANCE TEAM, LLC
SUBCONTRACTOR TERMS

This term sheet is made by and between Johnson Construction Assistance Team, LLC d/b/a JCAT (hereinafter "Contractor") and SUBCONTRACTOR / subsidiary / agent assigned with signature rights of agreement (hereinafter "Subcontractor"). Subcontractor is an independent contractor and not an employee of Contractor. This term sheet supersedes all other understandings, verbal or written, expressed or implied.

1. Insurance

The Subcontractor, at its own expense, shall obtain and maintain in full force and effect, without interruption during the term of the Agreement, the following minimum levels of insurance:

A. Workers' Compensation insurance covering the legal liability of the Contractor and its Subcontractors under the applicable workers' compensation or occupational disease laws for claims for personal injuries and death resulting there from to the Contractor and its Subcontractor's employees. The Subcontractor shall also obtain a minimum of \$500,000 of Employers' Liability insurance. Certificates of insurance must include a waiver of subrogation in favor of Contractor.

B. Commercial General Liability insurance covering the legal liability (including liability assumed contractually, whether incidental or not) of the Subcontractor who may be engaged in the services, for claims for personal injuries (including death) and property damage resulting there from arising out of the services to be performed by the Subcontractor, in an amount not less than \$500,000 for any one occurrence, \$1,000,000 general aggregate (subject to a per project general aggregate provision), \$1,000,000 Products/Completed Operations aggregate limit. Commercial General Liability insurance shall be obtained and shall include broad form contractual liability coverage, products/completed operations, cross liability, severability of interest and broad form property damage (if required), and Contractor as well as its directors, officers and employees shall be named as an additional insured on such Commercial General Liability policy regarding liability arising out of operations performed under this Agreement. Form CG 20 10 07 04 and CG 20 37 07 04 must be shown on the certificate of insurance or its equivalent.

C. Automobile Liability insurance covering the legal liability (including liability assumed contractually, whether incidental or not) of the Subcontractor who may be engaged in the services, for claims for personal injuries and death resulting there from and for property belonging to other than the Subcontractor caused by highway licensed vehicles of or used by the Subcontractor in an amount not less than: (i) \$500,000 for any one person; (ii) \$500,000 for bodily injury for any one occurrence; and (iii) \$500,000 for property damage for any one occurrence. Automobile Liability insurance shall provide coverage for owned, hired or non-

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owned automobile or other automotive equipment and Contractor shall be named as an additional insured on such policy.

The Subcontractor's insurance coverage shall be primary insurance as respects work on this project for Contractor, its directors, officers, and employees. Any insurance or self-insurance maintained by Contractor shall be excess of the Subcontractor's insurance. The Subcontractor, in its agreements with subcontractors, shall require subcontractors to obtain insurance meeting the minimum limits and incorporating the contractual requirements that are prescribed by this Section. The Subcontractor hereby waives and relinquishes any right of subrogation against Contractor and its agents, representatives, employees, and affiliates they might possess for any policy of insurance provided under this Section or under any State or Federal Workers' Compensation or Employer's Liability Act. Subcontractor shall require its insurer to notify Contractor thirty (30) days prior to the effective date of any cancellation or material change in any of the required policies. To the extent that the Subcontractor utilizes deductibles in conjunction with the insurance required by this Agreement, all deductible expenses will be assumed by the Subcontractor. Insurance shall be placed with insurers with a Best rating of not less than A-.

2. Cost of Insurance Noncompliance

If sub-contractor fails to maintain insurance during work for JCAT, a cost deduction of 30% will be applied to all outstanding payables until a current certificate of insurance is provided.

3. Time and Schedule of Work

Subcontractor shall not deliver any materials to the job site or commence work until notified to do so by Contractor. If Subcontractor has not commenced onsite work within fifteen (15) days after written notice from Contractor, agreement is subject to renegotiating and possible termination without penalty. Subcontractor agreement is nullified if Subcontractor is not called upon to commence work within ninety (90) days from the date of the agreement. Should this situation arise, Subcontractor is relieved of any responsibility to perform under this agreement and shall be held harmless by contractor of any liability.

4. Payment Terms for Earned Value

Equipment, tools, materials and labor provided by Subcontractor are solely the responsibility of Subcontractor. Applications for payment shall be in accordance with Agreement. Subcontractor invoices shall be paid on or about thirty (30) days after earned value payment benchmark has

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been reached. Earned value payment benchmarks must be signed and dated by Contractor or agent before being submitted for payment. All payment terms from Contractor to Subcontractor are based on "Paid When Paid" clause meaning that payments to Subcontractors shall be dispersed according to collected receivables by Contractor. Any payment from Contractor to Subcontractor made outside "Paid When Paid" clause shall be considered a good faith payment and does not obligate Contractor to future payments.

5. Warranty

Subcontractor warrants its work for a period of one (1) year against all defects in materials or workmanship.

6. Indemnification

The work performed by the Subcontractor shall be at the risk of the Subcontractor exclusively. Subcontractor hereby indemnifies and holds Contractor, its parent and affiliates and their respective officers, directors, employees and agents, harmless from and against any and all claims, actions, losses, judgments, or expenses, including reasonable attorney's fees, arising from or in any way connected with the work performed, materials furnished, or services provided to Contractor during the term of this Agreement.

7. Arbitration

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by binding arbitration and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The prevailing party in any arbitration concerning this Agreement shall be entitled to reasonable attorneys' fees.

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