



February 23, 2012

Mr. Hani Shafai  
Principal, PE  
President's Plaza, L.L.C.  
c/o Dream Design International, Inc.  
528 Kansas City Street  
Rapid City, South Dakota 57701

Reference: Construction Manager at Risk option for The President's Plaza project's delivery method

Dear Hani,

Standing apart from the traditional design/bid/build and design/build methods, the Construction Manager at Risk (CMAR) process provides for a more efficient project delivery system that better balances quality, and cost management. Given the President's Plaza project's focus on a high quality end product, coupled with its sensitive budget (including the garage portion, for which TIF funding is allocated) and its rapid development pace, CMAR is the one method that best suits the project's needs.

A "Construction Manager at Risk," or "Construction Manager as Advisor" as its called by the American Institute of Architects, is a project delivery model in which the CMAR provides advice and construction leadership during the planning and design phases of the project and construction leadership, contract management, direction, supervision, coordination, and control of the work during the construction phase. During construction, the CMAR will contract directly with the trade contractors; and similar to the traditional contractor, the CMAR has control over the means and methods of construction, the management of the safety of the workers and the delivery of the completed project according to the time, cost and quality requirements of the owner. Utilizing the CMAR's knowledge during design yields a large advantage over the traditional design/bid/build approach, specifically because it allows the

CMAR, who is the most familiar with the labor and materials markets, to weigh in on cost and constructability issues while the design team formalizes their concept and completing their documentation. However, where the CMAR approach is also more advantageous over a design build method, and why it's ultimately best suited for the President's Plaza project, is that it also allows for the owner and designers to retain a higher level of control over the project's finished quality. Under the standard design build model, the design professional is contracted to the builder who is then, in turn, contracted directly to the owner. As the design professional is answerable to the builder, this can lead to limits of project quality put in place by the builder, rather than the owner, if the builder is looking to increase their profit. This can be particularly problematic if a builder is resistant to trying new building materials and/or systems. By contrast, when structuring a CMAR relationship, the owner contracts directly with the design professional and separately with the CMAR. In this arrangement the owner is provided by a balanced feedback from both the design professional and the CMAR and is allowed to weigh the cost versus quality decisions on a more open and even level.

Given the high expectations that you have for project Hani, and given the same expectations that community has for this landmark building within Rapid City, as well as, the equally important demands of construction efficiency and cost control, it is our recommendation that the Construction Manager at Risk delivery model is the most appropriate method for President's Plaza

Sincerely,

Tony J. Thornton, AIA, LEED AP BD+C  
Project Manager