

Contractual Structures *Development Agreement*

The Development Agreement defines the scope of the project and the responsibilities of Peregrine during the construction and start-up phases. These responsibilities usually include engineering, procurement, construction, start-up, and training for the new facilities. This Agreement also includes a description of how the client and Peregrine will work together to ensure safe execution of project work, as well as Peregrine's jobsite requirements. Other basic terms and conditions of this Agreement include: indemnities, insurance requirements and remedies for construction period defaults.

A design/build technical proposal is also included as an attachment to the Development Agreement.

The design/build proposal provides a description of:

- Scope of facilities
- Execution plan
- Project scope of services
- Project schedule
- Safety plan

The project's performance is tracked and measured to assure that it meets the acceptance criteria. An example of areas that are measured includes chilled water temperature, compressed air pressure, steam quality, etc. Interconnection points defining the facilities boundary and utility commodity metering points are also identified.

There is also a project organization section, which describes the project team and proposed project organizational structure. Once the project is commercially operational and the client has accepted the performance, the Development Agreement terminates and the lease commences

