

## **EXHIBIT A: TRANSPARENT PROJECT DELIVERY AGREEMENT TERM SHEET**

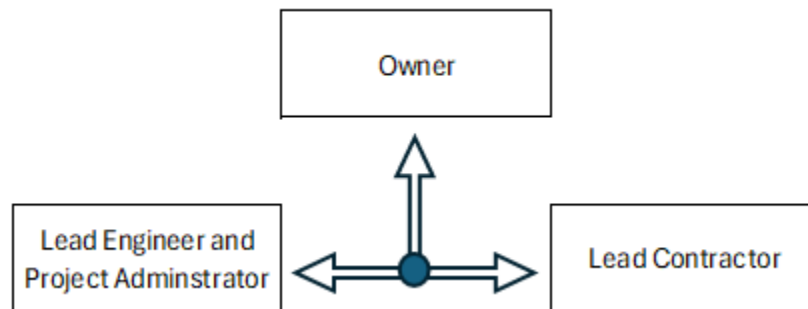
THIS TRANSPARENT PROJECT DELIVERY AGREEMENT TERM SHEET SUMMARIZES COMPLEX DOCUMENTS AND PROVISIONS THEREIN, AND THE FOLLOWING DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE UNDERLYING RELATIONSHIPS AMONG THE PARTIES. THIS SUMMARY IS SUBJECT TO, AND QUALIFIED IN ITS ENTIRETY BY, THE UNDERLYING AGREEMENTS DESCRIBED BELOW. IN THE EVENT OF A CONFLICT BETWEEN THIS SUMMARY AND THE TEXT OF THOSE AGREEMENTS, THE TEXT CONTROLS.

### **I. TRANSPARENT PROJECT DELIVERY SUMMARY**

The purpose of the Transparent Project Delivery agreement is for Grady Memorial Hospital Corporation d/b/a Grady Health System, a Georgia nonprofit corporation (the “Owner” or “Grady Health System”) to develop and execute efficient infrastructure improvements through a turnkey, open-book arrangement that reduces the Owner’s risk and incentivizes the implementation team to deliver the best project at the lowest possible cost.

### **II. TRANSPARENT PROJECT DELIVERY STRUCTURE**

The organizational structure for the Transparent Project Delivery agreement is below:



Three parties engage in the Transparent Project Delivery agreement. Grady Health System as the **Owner**, Oakwell Operating Company LLC as the **Lead Engineer and Project Administrator**, and a mutually selected construction firm as the **Lead Contractor** (together “the Parties”).

The Lead Engineer and Project Administrator and Lead Contractor (together “Service Providers”) will employ consultants and subcontractors with a commitment to focus on local businesses and persons that meet or exceed the Owner’s critical criteria including, but not limited to, consultants’ and subcontractors’ availability, diversity, experience, pricing, and sustainability.

Larger consultants and subcontractors that could have a material impact on the delivery timing and costs of the project may be invited to join the risk-sharing economics of the Transparent Project Delivery agreement. Smaller consultants and subcontractors will be engaged on a lump-sum basis by the Service Providers.

### III. **TRANSPARENT PROJECT DELIVERY ECONOMICS AND RISK-SHARING**

The **Base Target Cost** is the estimate of all Service Providers' costs, overhead, and profits related to the project. Base Target Cost is broken into three distinct types of costs in the Transparent Project Delivery agreement: Chargeable Costs, Stipulated Overhead, and Stipulated Profit. Below are the definitions of each of those items are below and are auditable by the Owner throughout the project:

- **Chargeable Costs:** The costs, excluding overhead and profit, to be incurred by Service Providers.
- **Stipulated Overhead:** A multiplier of Chargeable Costs that represents compensation for overhead of Service Providers. Stipulated Overhead is meant to cover Service Providers' operating costs, which are separate and distinct from the direct costs captured in the Chargeable Costs category. The Stipulated Overhead multiplier is added to most Chargeable Costs but is excluded from Chargeable Costs like permits and fees that a Service Provider may pay for during the project. (For example: a 140% Stipulated Overhead multiplier would represent a Stipulated Overhead of 40% above the Chargeable Cost such that \$100,000 of Chargeable Costs would have \$40,000 of Stipulated Overhead)
- **Stipulated Profit:** A multiplier of the sum of (x) Chargeable Costs and (y) Stipulated Overhead that represents the expected profitability of Service Providers. (For example: a 130% Stipulated Profit multiplier would represent a Stipulated Profit of 30% above the sum of Chargeable Costs and Stipulated Overhead. \$100,000 of Chargeable Costs and \$40,000 of Stipulated Overhead would have \$42,000 of Stipulated Profit, which is  $[\$100,000 + \$40,000] \times 30\%$ .)

The Base Target Cost is agreed upon by the Parties in the initial phase of the project (see Transparent Project Delivery Phases in Section IV below) and is the basis for the risk-sharing program of the Transparent Project Delivery agreement.

If the Final Project Cost is less than the Base Target Cost the excess savings are put into a pool and split 50/50 between the Owner, as one group, and the Service Providers, as the other group. Conversely, if the Final Project Cost is greater than the Base Target Cost the cost overages reduce the Stipulated Profit dollar for dollar. Only if the Stipulated Profit diminishes to zero because of significant cost overages will the Owner be responsible for paying more than the Base Target Cost. See Table 1.0 below for the most frequently asked questioned about the risk-sharing mechanism of the Transparent Project Delivery agreement.

Throughout the project and for a defined period after the completion of the project the Owner has full audit rights to the financials, policies, and procedures of the Service Providers so that Chargeable Costs, Stipulated Overhead, and Stipulated Profit can be verified.

Table 1.0: Transparent Project Delivery Frequent Asked Questions

	If Final Project Cost is <b>less than</b> Base Target Cost	If Final Project Cost is <b>greater than</b> Base Target Cost
What happens to excess savings or cost overages?	<u>Excess savings</u> are split 50/50 between the Owner and the Service Providers. Half of the excess savings that are available to Service Providers are paid out at later project milestones or at end of the project.	<u>Cost overages</u> erode the Stipulated Profits that were set aside for Service Providers. Only if the Stipulated Profits fall to zero will the Owner experience additional capital needs for the project above the Base Target Cost.
When are Chargeable Costs and Stipulated Overhead paid?	Throughout the project the actual Chargeable Costs along with the Stipulated Overhead are paid on a regular basis (i.e., monthly) to the Service Providers. If the Base Target Cost overestimated the Chargeable Costs and Stipulated Overhead the excess is not paid to Service Providers. Service Providers are paid for Chargeable Costs and Stipulated Overhead incurred, and <u>excess savings are split between Owner and Service Providers if the overall project concludes below Base Target Cost.</u>	Throughout the project the actual Chargeable Costs along with the Stipulated Overhead are paid on a regular basis (i.e., monthly) to the Service Providers. If the Base Target Cost underestimated the Chargeable Costs and Stipulated Overhead the overage is paid to Service Providers. Service Providers are paid for Chargeable Costs and Stipulated Overhead incurred, and the <u>cost overages reduce the Stipulated Profits due to Service Providers if the overall project concludes above Base Target Cost.</u>
When are Stipulated Profits paid to Service Providers?	<u>Stipulated Profits are paid out as milestones are reached</u> only if the project remains on or pace to be at or below the Base Target Cost.	<u>The Owner can retract Stipulated Profits that were paid out</u> for previous milestones if project costs begin to pace above the Base Target Cost.

The Base Target Cost changes only for select scenarios that are agreed upon in advance by the Owner and the Service Providers. The prototypical scenarios for Base Target Price changes include:

- Owner-elected changes or directives;
- Owner's suspension of the project;

- Post Permit Changes or other changes in laws, regulations or site conditions that increase the cost or schedule of the project;
- Permitted Delays; and
- Acts or omissions of contractors that are not a party to nor a subcontractor of a party to the Transparent Project Delivery agreement that increase cost or schedule of the Work.
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#### IV. TRANSPARENT PROJECT DELIVERY PHASES

The Transparent Project Delivery agreement has five distinct phases:

1. **Validation Phase:** The Parties align on the scope, schedule, cost, and quality and document that alignment in the Validation Report. The Base Target Cost is negotiated and finalized with the support of third-party estimator and included in the Validation Report. If the Validation Report cannot be agreed upon by the Parties, the Project will be terminated.
2. **Design/Preconstruction Phase:** The Parties choose the members of the Project Management Team (PMT) that will manage the project on a daily basis. The consultants, subcontractors, vendors, and suppliers are contracted including the early release and fabrication of long lead-time materials. Finally, all designs are collaboratively and optimally completed and permits are secured.
3. **Implementation Phase:** Construction work is performed in accordance with the approved and permitted plan. The PMT executes the safety, quality assurance, and quality control plans and prepares the project for commissioning.
4. **Commissioning Phase:** Notice of Substantial Completion is delivered to Owner by Service Providers. Final punch list is created and resolved satisfactorily such that equipment, materials, and systems operate within the performance parameters. Notice of Final Completion is delivered to Owner by Service Providers, all required training is provided, and any inspection reports, certifications, or other documents and assurances required by the Transparent Project Delivery agreement are verified by Owner.
5. **Post-Commissioning Phase:** During the post-commissioning period (i.e., warranty period) the Service Providers manage the investigation and correction of defective equipment, materials, or systems. Sixty days prior to the expiration of the warranty period, the Service Parties inspect, repair, and adjust all systems to operate within the performance parameters used when initially commissioning the Project.

Throughout each of the Project Phases, Oakwell in its role as Lead Engineer and Project Administrator will continuously update the project cost model to reflect incurred and projected costs and report those to the Project Management Team. Additionally, Oakwell

will continuously update the project schedule, responsibility matrix, and other key documents that support the collaborative success of the project.