



May 14, 2014

**Jeffrey Epstein**  
**Little St. James Residence**  
**6100 Red Hook Quarter, Suite B3**  
**St. Thomas, U. S. Virgin Islands 00802**

**Via E-mail:** [REDACTED]

**RE: FEE PROPOSAL FOR ARCHITECTURAL-ENGINEERING SERVICES FOR THE LIBRARY AND STUDY EXPANSION, LITTLE ST. JAMES RESIDENCE, ST. THOMAS, U. S. VIRGIN ISLANDS**

Dear Jeffrey,

As per your request, the Jaredian Design Group is pleased to provide a lump-sum proposal for the services briefly outlined in our correspondence earlier today regarding the expansion and renovation of the Library/Study portion of your primary residence on Little St. James Cay, St. Thomas, U. S. Virgin Islands. As you know, the Jaredian Design Group initially provided a fee proposal on January 29, 2014 for **TWELVE THOUSAND DOLLARS (\$12,000.00)** to extend the existing Library/Study by some fifteen feet. At the time, that design did not anticipate revisions to the existing restroom structure, but it did anticipate providing a new walkway path to the existing restroom. Our confirmation of existing conditions was primarily limited to the immediate around the existing Library/Study, not the rest of the main residence. The first set of Design Documents submitted was able to point out to you areas of concern, particularly how the restroom structure related to the rest of the house. This resulted in much more extensive design studies than originally anticipated by either party. We brought this to your attention in our correspondence of March 12, 2014. Our correspondence today anticipated proceeding along that path recommended in the March 12 correspondence, but we have been informed that you desire a lump-sum fee to proceed with our design work. As such, we propose the following fee structure:

<b>Measured Drawings .....</b>	<b>\$12,000.00</b>
<b>Preliminary Design Studies and Plans .....</b>	<b>\$10,500.00</b>
<b>Final Design/Construction Documents .....</b>	<b>\$ 8,500.00</b>
<b>CZM and Building Permit Processing .....</b>	<b>\$ 2,500.00</b>
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<b>GRAND TOTAL .....</b>	<b>\$33,500.00</b>

The fee for the design services outlined shall be based upon a lump-sum fee of **THIRTY-THREE THOUSAND AND FIVE HUNDRED DOLLARS (\$33,500.00)**.

We can provide a lump-sum fee for the Construction Phase, if desired, but we recommend that that portion of the project be done on an "as-needed" basis as directed by you or the contractor for inspections.

Your consideration of our firm is sincerely appreciated. Please contact me at your soonest by E-mail or telephone 777-1600.

Very truly yours,

JAREDIAN DESIGN GROUP



John P. Woods, AIA, NCARB  
Principal

Encl.: JDG's Standard Terms and Conditions

Cc: Cecile deJongh, Southern Trust Company, Inc.  
Daphne Wallace, Southern Trust Company, Inc.

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**ACCEPTANCE OF FEE PROPOSAL:**

\_\_\_\_\_  
**Name – (Please Print)**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

The CLIENT and JAREDIAN DESIGN GROUP, LLC, (JDG) hereby agree as follows:

1. **CONTRACT** – The Contract is the Proposal, Agreement or Contract document that is signed and dated by JDG and the CLIENT and to which these Standard Terms and Conditions are appended by reference. This contract takes precedence over any standard conditions the client may have in place.
2. **COMPENSATION FOR SERVICES AND PAYMENT TERMS** – The CLIENT agrees to pay JDG in accordance with the payment terms in the Contract.
  - a. **FEE** – The total fee, except stated lump sum, shall be understood to be an estimate, based upon Scope Of Services, and shall not be exceeded by more than ten (10) percent, without written approval of the CLIENT. Where the fee arrangement is to be on an hourly basis, the rates shall be those that prevail at the time services are rendered.
  - b. **BILLING/PAYMENTS** - Invoices will be submitted monthly or upon completion of a specified scope, whichever is shorter, for services and reimbursable expenses and are due when received. Invoices shall be considered PAST DUE if not paid within 30 days after the invoice date and JDG may, without waiving any claim right against CLIENT, and without liability whatsoever to the CLIENT, terminate the performance of the service. Retainers shall be required for certain projects or under certain conditions and shall be credited on the final invoice. A late payment fee will be charged at 1.5% (or the legal rate) per month on the unpaid balance. In the event any portion of an account remains unpaid for 90 days after billing, the CLIENT shall pay cost of collection, including reasonable attorneys' fees and court costs.
  - c. **REIMBURSABLE EXPENSES** – Reimbursable expenses are expensed incurred directly or indirectly in connection with the project such as, but not limited to, transportation, meals, lodging for travel, long-distance telephone calls and facsimile transmissions, overnight deliveries, courier services, equipment rental, photographs and video supplies, testing laboratory services, permit and other license fees professional services, sales taxes, and the cost of reproductions beyond those normally required for coordination and information purposes. These expenses will be billed at cost plus a service charge of fifteen (15) percent.
3. **RIGHT-OF-ENTRY** – The CLIENT agrees to furnish JDG with the right-of-entry on the project site or represents and warrants, if the site is not owned by the CLIENT, that permission has been granted to make site reconnaissance, surveys, borings, and other exploration pursuant to the Scope Of Services in the Contract.

JDG will take reasonable precautions to minimize damage to the land from use of equipment, but has not included in the fee the cost for restoration of damage that may result from JDG's operations, unless specifically stated in the Contract.

4. **UNDERGROUND STRUCTURES** – Unless otherwise agreed, the CLIENT shall provide JDG with locations of buried utilities and other underground structures in areas of subsurface exploration. JDG will take reasonable precautions to avoid damage to the buried utilities and other underground structures noted. If locations are not known, are inaccurate, or cannot be confirmed by the CLIENT, then there will be a degree of risk to the CLIENT associated with conducting exploration. In the absence of confirmed underground structure locations, the CLIENT agrees to accept the risk of any damages and losses resulting from the exploration work.
5. **DOCUMENTS** – All reports, design drawings and specifications, field data and notes, laboratory test data, calculations, computer files, estimates, and other documents that JDG prepares as instruments of service shall remain JDG's property. The CLIENT agrees that JDG's services are on behalf of and for the exclusive use of the client and that all reports and other documents furnished to the CLIENT or its agents shall be utilized solely for this project.
6. **HAZARDOUS MATERIALS** – The Scope Of Services for this Contract does not include services relating to hazardous materials, as defined by federal, state and/or local laws or regulations. JDG is not insured for services related to the identification, containment or removal of asbestos or hazardous waste including pollutants, nor will we assume any liability for damages or costs related to these materials. If such materials are discovered during JDG's services, the CLIENT agrees to negotiate appropriate revisions to the Scope Of Service, the budget estimate, and the terms and conditions of the Contract. When such hazardous materials are suspected, JDG will have the option to stop services until a new agreement is reached. If a mutually satisfactory agreement cannot be reached between both parties, the Contract shall be terminated. The CLIENT agrees to pay JDG for all services rendered, including any costs associated with termination. The ownership of and responsibility for all contaminated materials, hazardous materials, and hazardous substances generated, released, uncovered, transported, and/or collected during JDG's services for the Contractor work tasks referred to herein will not be with JDG.
7. **CONSTRUCTION SERVICES** – The CLIENT recognizes that retaining JDG to perform construction phase engineering services such as the review of shop drawings and product submittals, and full-time construction observation services, is a normal and integral part of engineering services for the project, and that retaining JDG for these services can provide for the CLIENT a greater degree of confidence that the completed work of the Contractor will conform generally to the Contract Documents, that the integrity of the design concept as reflected in the Contract Documents has been implemented and preserved by the Contractor, and to minimize problems during construction. The CLIENT also recognizes that no entity is as familiar with the Contract Documents and their intent as JDG. Therefore, the CLIENT is urged to retain JDG to provide construction phase engineering services.

If JDG's construction observation services are included as part of the Scope Of Services in the Contract, JDG will provide personnel to observe construction to ascertain that it is being performed, in general, in accordance with the plans and specifications.

It is understood that, in accordance with generally accepted construction practices, the contractor and any

subcontractors will be solely and completely responsible for all construction activities, working conditions on the job site, including safety of all persons and property during the performance of the work, compliance with OSHA regulations, and quality of the work. Any monitoring of the contractor's performance conducted by JDG personnel is not intended to include review of the adequacy of the contractor's safety measures, in on, or near the construction site.

It is further understood that field services provided by JDG personnel will not relieve the contractor and any subcontractors of responsibilities for performing the work in accordance with applicable laws and regulations and in accordance with the Contract Documents.

Should the CLIENT not execute an agreement with JDG to provide construction phase engineering services, then the CLIENT agrees to indemnify and hold JDG harmless against any claims, liability and responsibility for construction problems or problems arising after construction is complete attributed to construction and the Contractor's performance, and failure of the contractor to follow the design intent and construct the project in accordance with the Contract Documents.

- 8. STANDARD OF CARE** – JDG's services will be performed in accordance with generally accepted practices of professional engineers providing similar services at the same time, in the same locale, and under like circumstances. The CLIENT agrees that services provided will be rendered without any other warranty, expressed or implied.
- 9. INSURANCES** – JDG maintains Worker's Compensation Insurance. JDG will furnish certification upon written request. The CLIENT agrees that JDG will not be liable or responsible to the CLIENT for any loss, damage, or liability beyond the amounts, limits, exclusions, and conditions of such insurance.
- 10. PROFESSIONAL LIABILITY** – The CLIENT agree to limit liability and require a like limitation from any construction contractor or subcontractor who performs work for which JDG has provided reports, plans, and specification, in an amount of \$50,000 or JDG's fee, whichever is smaller.
- 11. SUSPENSION OF SERVICES** – This agreement may be terminated upon ten (10) days written notice by either party should the other fail to perform his obligations hereunder. The CLIENT shall remain fully liable for and shall promptly pay JDG the full amount for all services rendered by JDG up to the date of suspension of services plus suspension charges. Suspension charges shall include the cost of putting documents and analyses in order, personnel and equipment rescheduling or reassignment adjustments, and all other related and charges directly attributable to suspension.

If payment of invoices by the CLIENT is not maintained on a thirty (30) day current basis, JDG may, by providing a ten (10) day written notice to the CLIENT, suspend further services until payments are restored to a current basis. In the event JDG engages counsel to enforce overdue payments, the CLIENT shall reimburse JDG for all reasonable attorney's fees and court costs related to enforcement of overdue payments. The CLIENT shall indemnify and save harmless JDG from any claim or liability resulting from suspension of services due to client's non-current payments.

- 12. INDEMNIFICATION** – The CLIENT shall defend, indemnify, and hold harmless JDG and all of its personnel from and against any and all claims, damages, losses and expenses (including reasonable attorneys fees) and consequential damages arising out of or resulting from the performance of the services, provided that any such claims, damages, losses or expenses are caused in whole or in part by the negligent act or omission and/or strict liability of the CLIENT, anyone directly or indirectly employed by the CLIENT (except JDG) or anyone for whose acts any of them may be liable.
- 13. OUTSIDE CONSULTANTS** – On occasion, JDG engages the specialized services of individual consultants or other companies to participate in a project. When considered necessary, these firms or other consultants will be used. The cost of other consultants will be billed at cost plus a 15% administration charge.
- 14. LITIGATION** – It is understood that unless expressly implied, the services outlined in this Agreement do not include the cost of professional services provided for any legal action or suit. Fees for court preparation, depositions, pretrial conference and in court non-testimony time will be billed at two (2) times the normal billing rate. Fees for in-court testimony will be billed at three (3) times the normal billing rate.
- 15. APPLICABLE LAW** – Unless otherwise specified, this Agreement shall be governed by the laws of the principal place of business of JDG.
- 16. OPINION OF PROBABLE CONSTRUCTION COSTS** – JDG's opinion of probable construction costs, if rendered as a service under this Agreement, is based on assumed labor costs and approximate quantities of material and equipment, and therefore is of a conditional character. JDG cannot guarantee the cost of work to be performed by others since market or bidding conditions can change at any time and changes in the scope or quality of the Project may affect estimates.
- 17. VALIDITY** – Should any one or more of the terms and conditions stated herein be deemed unenforceable or invalid, either in whole or in part, by judgment or court order, that shall not affect the remaining terms and conditions or parts thereof and they shall remain full force and effect.
- 18. SCHEDULE** – If in this Agreement, specific periods of time for rendering services are set forth or specific dates by which services are to be completed are provided, and if such periods of time or dates are changed through no fault of JDG, the rates and amounts of compensation provided for herein shall be subject to equitable adjustment. If CLIENT has requested changes in the scope, extent, or character of the Project, the time of performance of JDG's services shall be adjusted equitably.

Jaredian Design Group, LLC, cannot be held responsible for delays in rendering services caused by issues beyond Jaredian Design Group's control.