

## SECOND AMENDMENT

This Second Amendment (“**Amendment**” or “**Second Amendment**”), made and entered into this 22nd day of December, 2015, by and between the City of New York (the “**City**”) acting by and through the Commissioner of the Department of Design and Construction (the “**Commissioner**”) and LiRo Program and Construction Management, PE P.C. (the “**Contractor**”), located at 3 Aerial Way, Syosset, NY 11791. The City and the Contractor may collectively be referred to as the “**Parties**.”

### WITNESSETH:

**WHEREAS**, the City and the Contractor entered into an Agreement bearing Comptroller’s Registration Number 20151424707 for design, construction, and construction management services for Hurricane Sandy Residential Community Recovery (the “**Agreement**” or “**Contract**”); and

**WHEREAS**, the Agreement was amended by a First Amendment, dated August 3, 2015; and

**WHEREAS**, the Agreement sets forth an “Allowance for Construction” and a payment schedule for construction Work; and

**WHEREAS**, the Parties desire to amend the Agreement to provide for increased construction capacity by establishing an expedited payment processing program (“Expedited Payment Program”) for certain construction Work payable from the “Allowance for Construction”, as set forth in this Second Amendment; and

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

§ 1. Except as modified herein or modified previously, all of the covenants, terms and conditions of the Agreement and all prior amendments thereto shall remain unchanged, and are hereby ratified and confirmed as in full force and effect.

§ 2. Article 42-618 of the Agreement is amended in its entirety as follows:

42-618 Subcontractor Payment Funds.

18.1 Subcontractor Payment Account.

(a) Within ten (10) Days of the execution hereof, the Contractor shall cause a non-interest bearing account to be established at a financial institution acceptable to the Commissioner exclusively for the payment of authorized Construction Subcontractor invoices (“Subcontractor Payment Account”), as set forth more fully herein. For the



purposes of this Article ~~42-618~~, "Construction Subcontractor" shall mean the subset of Subcontractors, as defined in Article 1.33 of the Agreement, that furnishes, or causes to be furnished, services, labor, equipment, or materials pursuant to a subcontract awarded by the Contractor, or a subcontract thereof, through the Pre-qualified Lists ("PQLs") established by the Commissioner for the Build It Back Program.

- (b) All funds transferred into the Subcontractor Payment Account shall be held in a single account, exclusive of any other funds from any other source and the Contractor shall maintain separate books and records for the Subcontractor Payment Account. All funds held in the Subcontractor Payment Account shall be referred to herein as the "Subcontractor Payment Funds".
- (c) Contractor shall provide the Commissioner with a list of all signatories to the Subcontractor Payment Account, including each signatory's name, title, home address, primary office address, telephone number, and email address, and a copy of all terms and conditions and any agreement(s) between the Contractor and financial institution with respect to the Subcontractor Payment Account.
- (d) The Contractor acknowledges that the Subcontractor Payment Funds are transferred to the Subcontractor Payment Account at the sole discretion of the Commissioner for the Expedited Payment Program for the benefit of the City. The Contractor shall have no claim on any such funds, whether on its own behalf or on behalf of its Construction Subcontractors.
- (e) Promptly after procuring the Subcontractor Payment Account, Contractor shall deliver a fully executed authorization ("Authorization") to the Commissioner, in a form acceptable to both the Commissioner and the financial institution at which the Subcontractor Payment Account is located, irrevocably authorizing the City to (1) withdraw all or part of the Subcontractor Payment Funds from the Subcontractor Payment Account at any time and (2) retrieve all books and records for the Subcontractor Payment Account maintained by such financial institution. The City may use the authorization provided to the Commissioner pursuant to this Article ~~42-618~~.1(e) only where the Contractor has failed to return all or part of the Subcontractor Payment Funds to the City in accordance with Articles ~~42-618~~.3(e) or ~~42-618~~.6 or to provide a full accounting of the Subcontractor Payment Funds promptly upon demand by the Commissioner.

## 18.2 Advance.

- (a) The Contractor shall use its best available current information to create a schedule of Contractor's expected monthly construction costs from January 1, 2016, through December 31, 2016, and for such periods thereafter as directed by the Commissioner ("Construction Cost Schedule"). The Construction Cost Schedule shall be adjusted from time to time as directed by the Commissioner.
- (b) From time to time the City shall deliver funds to the Contractor in an amount to be determined by the Commissioner ("Advance") for Contractor's use in managing construction Work for the Program, as set forth more fully herein. The amount of the Advance may be adjusted from time to time, in the sole discretion of the Commissioner, to meet Program needs.



- (c) The Advance shall be replenished at such intervals as the Commissioner may from time to time specify or as needed, as determined in the sole discretion of the Commissioner, in accordance with Article ~~42.6~~18.4, below.
- (d) The total amount of funds transferred to the Subcontractor Payment Account, inclusive of the Advance and all replenishments, shall not exceed the "Allowance for Construction" set forth in Exhibit "A" of the Agreement, inclusive of change orders and any duly executed written amendments registered pursuant to section 328 of the New York City Charter.

### 18.3 Use of Subcontractor Payment Funds.

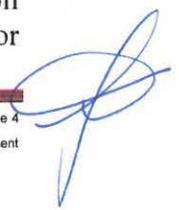
- (a) The Subcontractor Payment Funds shall be held, pursuant to the terms hereof, and such funds shall be used exclusively for the payment of obligations to Construction Subcontractors incurred by the Contractor for completed construction Work milestones in accordance the milestone payment schedule set forth in Articles 42.2.3 and 42.4.4 and properly incurred pursuant to the Agreement, this Second Amendment, and subcontracts between the Contractor and its Construction Subcontractor.
  - (i) Upon reaching a milestone for completed Work for any Home, except the "100% and Final Acceptance" milestone, which shall not be eligible for payment from Subcontractor Payment Funds, the Contractor shall certify to the Commissioner that such milestone is complete and that the Construction Subcontractor's invoice is eligible for payment from the Subcontractor Payment Account and shall provide with such certification copies of all documents requested by the Commissioner as proof of completing such milestone.
  - (ii) Upon receiving a copy of the Commissioner's written confirmation of completion of a milestone, which shall be deemed the same Day if such confirmation is delivered electronically, Contractor shall use the Subcontractor Payment Funds to pay the Construction Subcontractor within seven (7) Days.
- (b) The Contractor shall credit amounts paid from the Subcontractor Payment Account against amounts that would otherwise be due from the City to the Contractor.
- (c) The Commissioner may from time to time, in his sole discretion, place additional restrictions on the use of Subcontractor Payment Funds, including but not limited to restrictions on payments for completion of certain milestones, materials, or to certain Construction Subcontractors, or may authorize the Contractor to make partial payment from the Subcontractor Payment Account for stored material, upon application by the Contractor, in accordance with Exhibit C of the Agreement. The Commissioner shall issue such restrictions and authorizations in writing.
- (d) Where a Construction Subcontractor's invoice to the Contractor is not eligible for payment, in part or in whole, under the Expedited Payment Program, for any reason, requisitions for such ineligible payments shall be submitted by the Contractor in accordance with the Agreement, exclusive of this Amendment.
- (e) Contractor shall not receive compensation of any kind from the Subcontractor Payment Account.
- (f) The Commissioner may demand return of all or part of the balance of the Subcontractor Payment Funds at any time upon ten (10) Days' written notice.



- (g) Contractor shall be liable for all withdrawals made from the Subcontractor Payment Account without the Commissioner's written confirmation, as set forth in Article this ~~42-618.3~~ and the amount of such withdrawals may be withheld or deducted from amounts that would otherwise be payable by the City to the Contractor as part of the Allowance for Construction.
- (h) The provisions of this Article ~~42-618~~ shall not be deemed to create any new right of action in favor of third parties against the Contractor, the City, or the Homeowners.

18.4 Requisition, Replenishment, and Reconciliation.

- (a) The Contractor shall submit a requisition for the Advance and shall include a copy of this Second Amendment and a copy of the Commissioner's written determination of the amount of the Advance with such requisition.
- (b) At such intervals as the Commissioner may direct, the Contractor shall submit a requisition for replenishment of the Advance in the amount paid by the Contractor to Construction Subcontractors from the Subcontractor Payment Account in the prior month. This process shall be referred to herein as "Replenishment".
  - (i) The Contractor may request Replenishment of the Subcontractor Payment Account more than once per month, subject to the Commissioner's approval, where the Contractor reasonably believes that additional Replenishment is necessary to meet the Contractor's obligations to its Construction Subcontractors.
  - (ii) For each requisition for Replenishment, the Contractor shall submit an account statement showing the following: (1) all credits to and withdrawals from the Subcontractor Payment Account since Contractor's last requisition for funds to be transferred to the Subcontractor Payment Account, (2) copies of all receipts for all amounts withdrawn from the Subcontractor Payment Account with such supporting documentation as the Commissioner may request, including but not limited to each Construction Subcontractor's invoices and certified payrolls.
- (c) Requisitions for the Advance and Replenishment(s) shall be separate and distinct from Contractor's requisitions to the City for other Work, fees, and services and shall not count towards the limit on invoicing the City no more than once per month set forth in Article 42.7.1.
- (d) The Contractor shall provide for all transfers of funds to the Subcontractor Payment Account, other than the Advance, which may be paid by other means acceptable to the Commissioner, to be made by Electronic Funds Transfer ("EFT") directly into the Subcontractor Payment Account.
- (e) The Subcontractor Payment Account and shall be reconciled each month as part of the Contractor's Article 42.7.1 requisition package, at which time the Contractor shall account for the Subcontractor Payment Funds, as follows:
  - (i) In addition to current practices and policies, and the requirements set forth in the Agreement, the Contractor shall, without limitation, include the following with each such requisition: (1) an account statement for the Subcontractor Payment Account showing all credits and deductions for the payment period of the requisition, (2) for the period for which Contractor seeks reimbursement, a copy of each paid Construction Subcontractor requisition with all supporting documentation and payroll reports, (3) the Commissioner's written confirmation of completion of a milestone or



authorization to make payment from the Subcontractor Payment Account for stored materials, (4) proof of payment for each paid Construction Subcontractor invoices, and (5) all Construction Subcontractor payment requisition data in electronic Microsoft Excel Spreadsheet format.

- (ii) Contractor's failure to provide complete documentation for all withdrawals and deductions from the Subcontractor Payment Account, including, but not limited to, the above identified items, payroll reports, and all other documents required by the Agreement to be part of Contractor's requisition, may result in amounts being withheld or deducted from payments that would otherwise be due to the Contractor as part of the Allowance for Construction.

#### 18.5 Construction Subcontractor Eligibility.

- (a) As a prerequisite for receiving payment from the Subcontractor Payment Account, the Contractor shall require each Construction Subcontractor to agree in writing to the following terms and conditions as an addendum or rider to the Contractor's subcontract with each Construction Subcontractor:
  - (i) The City of New York has created an Expedited Payment Program to allow the Contractor to pay certain Construction Subcontractors faster for construction Work completed pursuant to the Agreement between the City and the Contractor. Under the Expedited Payment Program, the City has funded an Subcontractor Payment Account for the Contractor to make payments to its Construction Subcontractors under certain conditions while the Contractor's requisition for payment from the City is still under review. This Expedited Payment Program has been created strictly at the convenience, and for the benefit, of the City and may be terminated at any time without recourse to the Construction Subcontractor; and
  - (ii) Without affecting any of the rights or agreements between the Construction Subcontractor and the Contractor, the Construction Subcontractor expressly waives, and shall have no right to make, any claim against the Subcontractor Payment Account for any reason whatsoever, including, without limitation, non-payment by the Contractor for work or services performed or materials or equipment provided by the Construction Subcontractor.
- (b) The Contractor may impose additional terms and conditions upon its Construction Subcontractors as a condition of receiving payment under the Expedited Payment Program, so long as such terms and conditions do not conflict with the above terms and conditions or the Agreement, inclusive of all Amendments thereto, and do not interfere with the Work or purpose of the Expedited Payment Program, as determined in the sole discretion of the Commissioner.
- (c) The Contractor shall submit to the Commissioner a copy of the Construction Subcontractor's signed agreement to the terms and conditions set forth above, including any additional terms and conditions required by the Contractor as a prerequisite for participation in the Expedited Payment Program prior to making any payments to a Construction Subcontractor from the Subcontractor Payment Funds in accordance with Article ~~42-6~~18.3.



#### 18.6 Termination or Expiration.

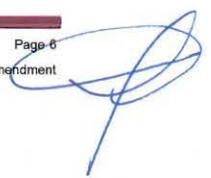
- (a) The Expedited Payment Program shall expire upon expiration or termination of the Agreement or seven (7) Days after the Work on all Homes has reached Substantial Completion, whichever is sooner.
- (b) The Commissioner may terminate the Expedited Payment Program at any time for any reason (or no reason at all) upon written notice to the Contractor, which shall be deemed received the same Day if notice is sent electronically.
- (c) Upon expiration or termination of the Expedited Payment Program, the Contractor will cease all withdrawals from the Subcontractor Payment Account and shall return all Subcontractor Payment Funds to the City within ten (10) Days. The Contractor shall promptly provide a full accounting of the Subcontractor Payment Funds, including all credits and deductions thereto since the date of the last reconciliation pursuant to Article ~~42-618.4~~, above.

#### 18.7 Crime Insurance.

- (a) Contractor shall maintain Crime Insurance or Blanket Position Fidelity Bond during the term of the Contract in a minimum amount acceptable to the Commissioner, which such minimum amount may be adjusted from time to time by the Commissioner. Such insurance shall include coverage, without limitation, for any and all acts of employee theft including employee theft of client property, forgery or alteration, inside the premises (theft of money and securities), inside the premises (robbery or safe burglary of other property), outside the premises, computer fraud, funds transfer fraud, and money orders and counterfeit money. The policy shall name the Contractor as named insured and shall list the City as an additional insured and as loss payee as its interests may appear.
  - (i) Such insurance must be issued for an unexpired term of not less than one year.
  - (ii) The premium for such insurance must be fully prepaid by the Contractor for a period of not less than three months.

#### (b) Proof of Insurance.

- (i) For the insurance required by Article ~~42-618.7~~, the Contractor shall file proof of insurance in accordance with this Article ~~42-618.7~~ prior to the advancement of any funds to the Subcontractor Payment Account.
- (ii) For the insurance required by Article ~~42-618.7~~, the Contractor shall submit a Certificate of Insurance on a form acceptable to the Commissioner. The Certificate of Insurance shall certify (a) the issuance and effectiveness of the policy of insurance, with the specified minimum limits, (c) the company code issued to the insurance company by the National Association of Insurance Commissioners (the NAIC number); and (d) that the City is a loss payee. The Certificate of Insurance shall be accompanied by either a duly executed "Certification by Insurance Broker or Agent" in the form acceptable to the Commissioner or a copy of the policy referenced in the Certificate of Insurance as certified by an authorized representative of the issuing insurance carrier. If the policy is not available at the time of submission, certified binders may be submitted until such time as the policy is available, at which time a certified copy of the policy shall be submitted.



(iii) Documentation confirming renewals of insurance shall be submitted to the Commissioner prior to the expiration date of coverage of the policy required under this Agreement. Such proof of insurance shall comply with the requirements of Article ~~42-618.97~~.

(c) Term. From the effective date of this Second Amendment, or the Contractor's first requisition for advancement of funds, whichever is sooner, until the date the Subcontractor Payment Account closed and all Subcontractor Payment Funds have been returned to the City with an accounting, in accordance with the terms of this Second Amendment, the Contractor shall maintain insurance as provided in Article ~~42-618.7~~.

(d) General Requirements.

(i) The insurance provided pursuant to this Article ~~42-618.7~~ shall be primary and non-contributing to any insurance or self-insurance maintained by the City.

(ii) The Contractor shall be obligated to provide the City with a copy of any policy of insurance provided pursuant to this Article ~~42-618.7~~ upon the demand for such policy by the Commissioner or the City Corporation Counsel.

(iii) The Contractor shall be responsible for providing continuous insurance coverage in the manner, form, and limits required by this Agreement and the City shall not be obligated to advance funds to the Subcontractor Payment Account if the Contractor fails to comply with this provision.

(iv) In the event that the required insurance policy lapses, is revoked, suspended or otherwise terminated, for whatever cause, the Contractor shall immediately cease all deductions from the Subcontractor Payment Account, shall notify the Commissioner, and shall, within five (5) Business Days, refund all Subcontractor Payment Funds then held by the Contractor with a full accounting of all credits and deductions since the date of the last reconciliation pursuant to Article ~~42-618.4~~.

(v) In the event the Contractor receives notice, from an insurance company or other person, that the insurance policy required under this Article ~~42-618.7~~ shall be cancelled or terminated (or has been cancelled or terminated) for any reason, the Contractor shall immediately forward a copy of such notice to both the Commissioner and the New York City Comptroller, attn: Office of Contract Administration, Municipal Building, One Centre Street, room 1005, New York, New York 10007. Notwithstanding the foregoing, the Contractor shall use its best efforts to ensure that there is no interruption in the insurance coverage required under this Article ~~42-618.7~~.

(vi) Where notice of loss, damage, occurrence, accident, claim or suit is required under the insurance policy maintained in accordance with this Article ~~42-618.7~~, the Contractor shall notify in writing its crime insurance carrier as soon as is practicable. For any such policy where the City is a loss payee such notice shall expressly specify that "this notice is being given on behalf of the City of New York as a loss payee, as its interests may appear, as well as the Named Insured." Such notice shall also contain the following information: the number of the insurance policy, the name of the first named insured, the date and location of the loss (if known), and a description of the loss. The Contractor shall simultaneously send a copy of such notice to the City of New York c/o Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department, 100 Church Street, New York, New York 10007 and to



the Homeowner.

(vii) In the event of any loss, accident, claim, action, or other event that does or can give rise to a claim under the insurance policy required under this Article [42-618.7](#), the Contractor shall at all times fully cooperate with the City with regard to such potential or actual claim.

(viii) Wherever reference is made in this Article [42-618.7](#) to documents to be sent to the Commissioner (e.g., notices, filings, or submissions), such documents shall be sent to 30-30 Thomson Avenue, Long Island City, NY 11101.

(e) Waiver of Right of Subrogation: The Contractor waives all rights against the City, including its officials and employees, for any damages or losses that are covered under any insurance required under this Article [42-618.7](#) (whether or not such insurance is actually procured or claims are paid thereunder) or any other insurance applicable to the operations of the Contractor and/or its employees, agents, or Subcontractors.

(f) Non-Waiver: The Contractor's failure to secure a policy in complete conformity with this Article [42-618.7](#), or to give an insurance company timely notice of any sort required in this Agreement or to do anything else required by this Article [42-618.7](#) shall constitute a breach of this Agreement and may result in termination or suspension of the Expedited Payment Program. Such breach shall not be waived or otherwise excused by any action or inaction by the City at any time.

(g) Other Remedies: Insurance coverage provided pursuant to this Article [42-618.7](#) or otherwise shall not relieve the Contractor of any liability under this Contract, nor shall it preclude the City from exercising any rights or taking such other actions available to it under any other provisions of this Agreement or Law.

#### 18.8 Cost of Crime Insurance.

(a) The City shall reimburse the Contractor for the actual and reasonable cost of all premiums and deductibles incurred to maintain the insurance set forth in Article [42-618.7](#), above. The City's duty to pay for the aforementioned items shall survive the termination or expiration of this Agreement.

(b) The Contractor shall requisition payment to reimburse for these costs pursuant to the terms set forth in the Agreement and, in such requisition, the Contractor shall clearly indicate the insurance-related costs in the detail required by the Commissioner and include proof of payment in a form acceptable to the Commissioner. Refunds provided to the Contractor relating to the insurance maintained pursuant to Article [42-618.7](#), if any, shall be promptly paid to the City upon receipt.

**§ 3. Effective Date.** Upon registration pursuant to Charter section 328, this Amendment shall be retroactive to the effective date of the Agreement.

[NO FURTHER TEXT.]



IN WITNESS WHEREOF, the Parties hereto have executed this Amendment in triplicate, the day and year first above written, one copy to remain with the Commissioner, one copy to be filed with the Comptroller of the City of New York and one copy to be delivered to the Contractors.

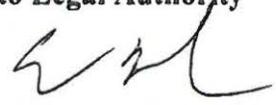
THE CITY OF NEW YORK

By:   
Commissioner  
The City of New York  
Department of Design and Construction

LIRO PROGRAM AND CONSTRUCTION  
MANAGEMENT, PE P.C.

By:   
Print Name: LUIS M. TORMENTA  
Title: CEO  
EIN: 11-3205660

Approved as to Form and  
Certified as to Legal Authority

  
Acting Corporation Counsel

Date: 12/22/15 

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment in triplicate, the day and year first above written, one copy to remain with the Commissioner, one copy to be filed with the Comptroller of the City of New York and one copy to be delivered to the Contractors.

**THE CITY OF NEW YORK**

By: \_\_\_\_\_  
Commissioner  
The City of New York  
Department of Design and Construction

**LIRO PROGRAM AND CONSTRUCTION  
MANAGEMENT, PE P.C.**

By: \_\_\_\_\_  
Print Name: Luis M. Tormenta, P.E.  
Title: Vice Chairman & CEO  
EIN: 11-3205660

**Approved as to Form and  
Certified as to Legal Authority**

\_\_\_\_\_  
**Acting Corporation Counsel**

Date: \_\_\_\_\_

ACKNOWLEDGMENT OF PRINCIPAL IF A CORPORATION

State of New York County of New York ss:

On this 22nd day of December, 2015 before me personally came Luis M. Tormenta, P.E., who being by me duly sworn, did depose and say that he/she resides in the City of Mamaroneck, that he/she is the Vice Chairman & CEO of LiRo Program and Construction Management, PE P.C., the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name to the foregoing instrument by order of the directors of said corporation as the duly authorized and binding act thereof.



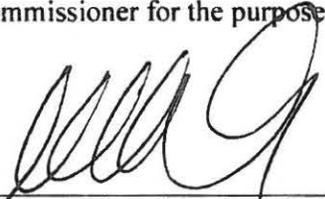
Notary Public or Commissioner of Deeds

FLORENCE LIM  
Notary Public, State of New York  
No. 01LI6156882  
Qualified in Richmond County  
Term Expires 12/04/20 18

ACKNOWLEDGMENT BY COMMISSIONER

State of New York County of Queens ss:

On this 28<sup>th</sup> day of December 2015 before me personally came Kevin Donnelly, to me known and known to me to be the Commissioner of the Department of Design and Construction of The City of New York, the person described as such in and who as such executed the foregoing instrument and he acknowledged to me that he executed the same as Deputy Commissioner for the purposes therein mentioned.



Notary Public or Commissioner of Deeds

VICTORIA AYO-VAUGHAN  
Notary Public, State of New York  
Registration #01AY5014042  
Qualified in Queens County  
Commission Expires July 15, 2019

January 13, 2016

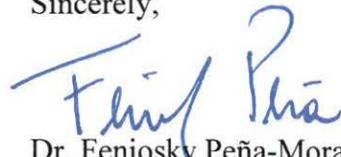
Luis M. Tormenta, P.E.  
Vice Chairman & Chief Executive Officer  
LiRo Program and Construction Management, PE P.C.  
111 Broadway, Suite 501  
New York, NY 10006

**Re: DDC BIB II – Second Amendment Correction  
Contract Registration Number: 20151424707**

Mr. Tormenta,

The undersigned executed a Second Amendment on or about December 22, 2015. Certain paragraphs therein contained numbering errors and incorrectly referred to Article 42.6. This letter shall confirm that all references in the Second Amendment to Article 42.6 are corrected to refer to Article 18, including references to subparts thereof, such that references to Article 42.6.1 are corrected to refer to Article 18.1, references to Article 42.6.2 are corrected to refer to Article 18.2, etc. In addition, the reference to Article "42.6.3(e)" in subpart (e) of Article 42.6.1 (corrected as 18.1) is corrected to reference Article "18.1(f)". The reference to Article "42.6.9" in Article 42.6.7(b)(iii) (corrected as 18.7(b)(iii)) is corrected to refer to Article "18.7". These corrections are superficial and do not change the meaning of the document or the agreements between the parties hereto. This letter shall be annexed to the Second Amendment.

Sincerely,



Dr. Feniosky Peña-Mora,  
Commissioner

Countersigned:



Print Name: LUIS M. TORMENTA  
Firm: LIRO PROGRAM AND CONSTRUCTION MGMT, PE P.C.  
Title: CHIEF EXECUTIVE OFFICER