
CONSTRUCTION CONTRACTS

PRESENTER: EMILY MUGAAS, CONSTRUCTION ATTORNEY
WELLE LAW, P.C.



CONSTRUCTION CONTRACTS

PART ONE:

Nuts and Bolts of the Construction Contract

CONTRACT FORMATION

MUST HAVE:

- Offer
- Acceptance
- Consideration
- Meeting of the Minds

SHOULD HAVE, BUT DON'T NEED:

- In writing
- Signed by parties

TYPES OF CONTRACTS

Public vs. Private

Lump Sum/ Fixed Price

Time and Materials

Unit Price

Guaranteed Maximum Price

Cost-Plus



WHAT'S IN A CONSTRUCTION CONTRACT?

- Contract Documents
- Key Terms

THE CONTRACT DOCUMENTS

- The Primary Agreement
- General Conditions
- Special and Supplementary Conditions
- Prime Contract
- Specifications
- Drawings/ Plans
- Quote
- Approved Change Orders
- Addenda

CONSTRUCTION CONTRACTS

**KEY TERMS THAT EVERY CONTRACTOR
SHOULD UNDERSTAND**

KEY PARTS OF A CONTRACT

- SCOPE OF WORK
- PAYMENT TERMS
- CONTRACT TIME
- CHANGES IN THE WORK
- WARRANTY
- CLAIMS AND DISPUTE RESOLUTION
- INDEMNITY
- MEANS AND METHODS

PART TWO

- HOW TO IMPROVE OUTCOMES BY MANAGING:
 - DOCUMENTATION
 - DISPUTES
 - DEADLINES

CONSTRUCTION CONTRACTS

- *UNDERSTANDING AND MANAGING RISK*
 - *STRIVE FOR REASONABLE, WORKABLE CONTRACT DOCUMENTS*
 - *UNDERSTAND POTENTIAL OUTCOMES OF SIGNING A BAD CONTRACT*

TERMS TO LOOK OUT FOR BEFORE YOU SIGN!

- Broad Indemnity Clauses
- No Damage for Delay
- Onerous and Unworkable Deadlines
- Pay if Paid Clause
- Liquidated Damages
- Contradictory Terms



**YOU'VE
SIGNED THE
CONTRACT,
NOW WHAT?**

- DOCUMENTATION
- DEADLINES
- DISPUTES



DOCUMENTATION

- INTERNAL DOCUMENTATION
 - DAILY DIARIES
 - HAVE A SYSTEM FOR TRACKING EXTRA COSTS AND DELAYS
- EXTERNAL DOCUMENTATION
 - PROVIDE PROMPT NOTICE OF UNFORESEEN CIRCUMSTANCES, DELAYS, DIFFERING SITE CONDITIONS, PLAN ERRORS, MISTAKES



DEADLINES

“I love deadlines.

I love the whooshing noise they make as they go by.”

— Douglas Adams,

The Salmon of Doubt

DEADLINES

- CONTRACT DEADLINES
- MECHANIC'S LIEN
- PAYMENT BONDS
- STATUTE OF LIMITATIONS

COMMON CONTRACT DEADLINES

- NOTICE
- CHANGE REQUEST
- TIME EXTENSION
- CLAIM
- DISPUTE RESOLUTION

MECHANIC'S LIEN

- MINNESOTA STATUTES SECTION 514.011
- PRELIEN NOTICE
- LAST DATE OF WORK
- 120 DAYS TO RECORD LIEN
- ONE YEAR TO ENFORCE LIEN

PAYMENT BONDS



PUBLIC WORK



MINNESOTA STATUTES SECTION
574.31



120 DAYS TO GIVE NOTICE TO
SURETY AND PRINCIPAL



ONE YEAR TO ENFORCE IN COURT

DISPUTES

TAKEAWAY:

- TIMELY DOCUMENTATION AND NOTICE ARE KEY TO IMPROVING LIKELIHOOD THAT DISPUTES CAN BE FAVORABLY RESOLVED

