

Require Tenant to Seek Bids from Your Contractors

The following clause was drafted by New York City attorney Neil E. Botwinoff. Use it when the tenant plans to contact contractors to construct improvements at its space and you haven't set a fixed dollar tenant improvement allowance.

Paragraph a requires the tenant to send you notice that it intends to start construction of the improvements.

Paragraph b says from whom the tenant must procure bids. Paragraph c requires the tenant to send you a written statement of the bid results. Paragraph d says that you're required to pay only the cost of the lowest bid.

Show this clause to your attorney before putting it into your lease.

CLLI0011

CONSTRUCTION BIDS

- a. Notice of Tenant's Work.** As and when Tenant desires to perform Tenant's Work, Tenant shall give Landlord notice thereof no less than [*insert #, e.g., 60*] days before the anticipated start of the Tenant's Work, together with a description by way of standard and customary bid specifications for the proposed work in question or those elements of such work that Tenant desires to perform at the time in question. Landlord shall deliver a copy of the foregoing to the contractors it designates ("Landlord's Designated Contractors").
- b. Procuring Bids.** Tenant shall procure bids from Landlord's Designated Contractors and no less than [*insert #, e.g., 3*] competitive bids (from reputable, capable, and price competitive contractors).
- c. Written Statement.** Tenant shall submit to Landlord a written statement indicating the bids submitted by Landlord's Designated Contractors and the three other bidders, as well as the cost of Tenant's Work based on the lowest bid.
- d. Lowest Bid.** Tenant may elect to engage the services of the bidder that does not produce the lowest bid but Landlord's obligation to Tenant is to reimburse Tenant for the costs evidenced in the lowest bid.