



## Exhibit "E"

TO: Subcontractors of all tiers on Costco Projects  
FROM: W. L. Butler Construction, Inc.  
RE: Costco Fair Wage Policy

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You ("Subcontractor") have been retained by W. L. Butler Construction, Inc. ("General Contractor"), to perform certain services (the "Work") related to a project for Costco Wholesale Corporation ("Costco") pursuant to either a written or oral agreement. Pursuant to the Contract Documents for the project, all Subcontractors of every tier are required to comply with the Costco Fair Wage Policy set forth below. This description of the Costco Fair Wage Policy supersedes conflicting language in the project specification book.

### FAIR WAGE POLICY:

The General Contractor, each Subcontractor and subcontractors of every tier (hereinafter referred to as "Contractor and all Subcontractors") shall comply with the Costco Fair Wage Policy, including by paying Fair Wages (defined herein) to each of its employees performing work on this project. Contractor and all Subcontractors shall ensure that each such employee receives Fair Wages and shall incorporate this Fair Wage Policy and its requirements into each project contract of the Contractor and all Subcontractors.

"Fair Wages" shall mean not less than 100% of the general prevailing hourly wage rate for the Work in the region the project is being built, *excluding* (i) health and welfare, (ii) pension, (iii) the holiday and vacation pay, and (v) training and other. The amount so calculated will be referred to as the "Costco Wholesale Hourly Wage Rate." In calculating the Costco Wholesale Hourly Wage Rate, the Contractor and all Subcontractors shall rely on the most current ***State of California Department of Industrial Relations general prevailing wage determinations*** for each craft, classifications or type of workman needed.

The Contractor and all Subcontractors shall also pay hourly "Fringe Benefits" (defined herein) to all employees in addition to the Costco Wholesale Hourly Wage Rate. Fringe Benefits must include a health and medical care family plan, holiday and vacation pay, profit sharing and pension. The adequacy of the Fringe Benefits paid shall be determined in the sole discretion of Costco.

The Contractor and all Subcontractors shall, upon written request of the General Contractor or Costco, provide a certified payroll for the work performed, showing the wages and Fringe Benefits paid for the work done by the Contractor and all Subcontractors.

The Contractor and all Subcontractors shall, upon written request of the General Contractor or Costco provide a certified description of all Fringe Benefits provided and/or available to its employees.

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Subcontractor acknowledges and agrees that the purpose of wage and fringe benefits information and records is to allow Costco, or its designee, to audit and verify Subcontractor's compliance with the Costco Fair Wage Policy. In the event that Costco determines that any party subject to the Costco Fair Wage Policy is not in compliance, such party shall be in default of its contract obligations on the Project, and Costco and/or General Contractor shall have the right to terminate such party from the Project if, after notice, such party does not immediately and fully comply, to the full satisfaction of Costco.

Certification:

To the best of Subcontractor's knowledge, the Subcontractor and all sub-tier contractors performing the Work on behalf of Subcontractor comply with Costco's Fair Wage Policy.

It shall be a default under the agreement between Subcontractor and General Contractor and of the Contract Documents for the Project, and grounds for immediate termination, if Subcontractor and / or any of its sub-tier contractors violate Costco's Fair Wage Policy; and

Subcontractor shall indemnify, defend and hold both Costco and General Contractor harmless from any and all claims, actions, liabilities, damages, losses, fines penalties, costs and expenses, including attorneys' fees, arising out of any violation of Costco's Fair Wage Policy.

Subcontractor Initials: \_\_\_\_\_