HOUSING AUTHORITY
of the County of Los Angeles
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Gloria Molina
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Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

May 10, 2005

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE THREE CONTRACTS FOR THE INSTALLATION OF 852 WALL FURNACES FOR 803 PUBLIC HOUSING UNITS (4, 5)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the installation of wall furnaces at three housing developments, Carmelitos, Foothill Villa, and Orchard Arms, is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment.

2. Approve a Construction Contract (Contract) between the Housing Authority and Sun Mechanical Company, in the amount of $324,059.73, for the installation of 607 wall furnaces for the Carmelitos housing development, located at 1000 Via Wanda, Long Beach.

3. Approve a Contract between the Housing Authority and V&V Property Development Corporation, in the amount of $52,431, for the installation of 62 wall furnaces for the Foothill Villa housing development, located at 2423 Foothill Boulevard, La Crescenta.

4. Approve a Contract between the Housing Authority and Sun Mechanical Company, in the amount of $132,255.72, for the

installation of 183 wall furnaces at the Orchard Arms housing development, located at 23410-23540 Wiley Canyon Road, Valencia.

5. Authorize the Executive Director of the Housing Authority to execute the above Contracts and all related documents, to be effective upon the issuance of the Notices to Proceed, which will not exceed 30 days following the date of Board approval and to use for this purpose a total of $508,746.45 in Community Development Block Grant (CDBG) Float Loan funds.

6. Authorize the Executive Director to approve Contract change orders of up to 20 percent of each Contract amount, in an aggregate total not to exceed $101,749.29, for unforeseen project costs, using the same source of funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to award three separate contracts to replace outdated heating equipment in every apartment at the Foothill Villa, Orchard Arms, and Carmelitos housing developments.

FISCAL IMPACT/ FINANCING:

There is no impact on the County general fund. The Housing Authority will fund the three Contracts, totaling $508,746.45, with CDBG Float Loan funds included in the Housing Authority's approved Fiscal Year 2004-2005 and 2005-2006 budgets as follows: $324,059.73 for Carmelitos, $52,432 for Foothill Villa, and $132,255.72 for Orchard Arms. A 20 percent contingency for each site, in an aggregate amount of $101,749.29, is also being set aside for unforeseen project costs using the same source of funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 25, 2004, your Board approved a CDBG Float Loan between the County of Los Angeles and the Housing Authority to provide funding for site and building improvements at six public housing developments, including the purchase and installation of wall furnaces at the Carmelitos, Foothill Villa, Harbor Hills, and Orchard Arms housing developments.

On March 8, 2005, your Board approved the purchase of 1,153 wall furnaces from Air Cold Supply-A Ferguson Enterprise to replace the existing wall furnaces at the four housing developments. Delivery of the furnaces will be completed during the months of May and June 2005. The four sites have adequate space to securely store the wall furnaces.

The Contracts will allow for the installation of a total of 852 wall furnace units, which will replace outdated heating equipment in every apartment at three housing developments as follows: 62 units at Foothill Villa, 183 units at Orchard Arms, and 558 units at Carmelitos. An additional 49 wall furnaces will also replace the second wall furnace in each of the four-bedroom units at Carmelitos, for a total of 607 furnaces to be replaced at this site.

The scope of work for these Contracts includes removal and proper disposal of the old furnaces. The existing furnaces are over 10 years old and require frequent repairs. Also, the existing furnaces are discontinued models and parts are difficult to obtain. The dimensions and capabilities of the new furnaces match the existing furnaces, so no retrofitting will be required.

A Request for Bids for installation of the 301 wall furnaces at the Harbor Hills housing development will be initiated in the future, after further investigation is completed regarding the venting requirements for the new furnaces at the site.

Installation of the furnaces at all four housing developments is scheduled for completion by March 31, 2006.

The improvements are being federally funded, and are not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the General Relief Opportunity for Work (GROW) Program implemented by the County of Los Angeles. Instead, the Contractor will comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

The Contracts have been approved as to form by County Counsel and executed by each Contractor. On April 27, 2005, the Housing Commission recommended the award of all three Contracts.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to Title 24 of the Code of Federal Regulations, Section 58.35 (a)(3)(ii), these actions are excluded from the National Environmental Policy Act (NEPA) because it involves activities that will not alter existing environmental conditions. The action is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 because it does not have the potential for causing a significant effect on the environment.

The environmental review record for this project is available for viewing by the public during regular business hours at the Housing Authority's main office, located at 2 Coral Circle, Monterey Park.

CONTRACTING PROCESS:

On February 28, 2005, the Housing Authority initiated an outreach to identify a contractor, or contractors to complete the work at the subject properties. Invitations for Bids were mailed to 65 heating contractors identified from the Housing Authority's vendor list. Advertisements also appeared in nine newspapers and on the County WebVen website. Eight bid packages were requested and distributed. Each bid package contained the specifications that apply to all three Contracts. The outreach was consolidated into one procurement process in order to reduce advertising costs and to meet the installation schedule and expenditure dates for the CDBG Float Loan funds.

On March 31, 2005, bids for each of the three Contracts were received and formally opened. Sun Mechanical Company submitted the lowest and most responsive bids for the Carmelitos and Orchard Arms housing developments and is, therefore, being recommended for the Contract awards.

V&V Property Development Corporation submitted the lowest and most responsive bid for the Foothill Villa housing development and is, therefore, being recommended for the Contract award.

The Summary of Outreach Activities is provided with this letter as Attachment A.

IMPACT ON CURRENT PROJECT:

The installation of the wall furnaces will upgrade and help preserve the housing developments, and provide residents with properly functioning heating units.

Respectfully submitted,

for CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A

Summary of Outreach Activities

INSTALLATION OF WALL FURNACES FOR THE CARMELITOS, FOOTHILL VILLA, AND ORCHARD ARMS HOUSING DEVELOPMENTS

On February 28, 2005, the following outreach was initiated to identify a contractor, or contractors to install 852 wall furnaces for three public housing developments.

A. Newspaper Advertising

Announcements appeared in the following nine local newspapers:

Daily News Los Angeles
Eastern Group Publications
Dodge Construction News
International Daily News
La Opinion
Long Beach Press Telegram
Los Angeles Sentinel
Los Angeles Times
WAVE Community Newspapers

An announcement was also posted on the County WebVen website.

B. Distribution of Bid Packets

The Housing Authority's vendors' list was used to mail out Invitations for Bids to 65 heating contractors, of which 39 identified themselves as businesses owned by minorities or women (private firms which are 51 percent owned by minorities or women, or publicly-owned businesses in which 51 percent of the stock is owned by minorities or women). As a result of the outreach, eight bid packages were requested and distributed.

C. Bid Results

On March 31, 2005, bids were received and publicly opened. The bid results for each housing development were as follows:

Development	Contractor	Bid Amount
Carmelitos	Sun Mechanical Company	$324,059.73
	V&V Property Development Corporation	$418,743.34
	Maravilla Foundation	$439,754.70

Foothill Villa	V&V Property Development Corporation	$52,431.00
	Sun Mechanical Company	$57,151.40
	Norman Liu Service Corporation	$66,204.00
	Maravilla Foundation	$69,428.00
Orchard Arms	Sun Mechanical Company	$132,255.72
	Maravilla Foundation	$254,770.00

D. Minority/Female Participation – Firm Selected for Carmelitos and Orchard Arms

Name	Ownership	Employees
Sun Mechanical Company	Minority	Total: 6
		6 minorities
		1 woman
		100% minorities
		17% women

E. Minority/Female Participation – Firm Selected for Foothill Villa

V&V Property Development Corporation	Minority	Total: 24
		24 minorities
		3 women
		100% minorities
		13% women

F. Minority/Female Participation – Firms Not Selected

Maravilla Foundation	Minority	Total: 122
		121 minority
		31 women
		99% minorities
		25% women
Norman Liu Service Corporation	Minority	Total: 7
		7 minorities
		2 women
		100% minorities
		29% women

The Housing Authority conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing

information to associations representing minorities and women. The above information has been voluntarily provided to the Housing Authority.

The recommended awards of Contract is being made in accordance with the Housing Authority's policies and federal regulations, and without regard to race, creed, color, or gender.

HOUSING AUTHORITY
OF THE COUNTY OF LOS ANGELES

CONSTRUCTION CONTRACT

WALL FURNACE REPLACEMENT PROJECT
AT VARIOUS SITES

CARMELITOS FAMILY HOUSING DEVELOPMENT
1000 Via Wanda, Long Beach, CA 90805

BID NUMBER: CM-05-043

Bid Date: MARCH 31, 2005

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

CONSTRUCTION CONTRACT

This CONSTRUCTION CONTRACT (or "Contract") is made this _____ day of May 2005 by and between the **Housing Authority** of the County of Los Angeles, a body corporate and politic, hereinafter referred to as the **"Authority"** or the **"Owner"**, and **Sun Mechanical Company,** hereinafter referred to as the **"Contractor"**.

WITNESSETH, that the Owner and the Contractor, for the consideration stated herein, mutually agree as follows:

A. The Authority is the Owner of that certain real property, commonly known as the Carmelitos Housing Development, hereinafter referred to as the "Property".

B. The term "Work" includes performance, as set forth in the Contract Documents by the Contractor, for all improvement work on, in and about the Properties.

C. Owner desires the Contractor to perform the Work on the terms and conditions hereinafter set forth, and Contractor agrees to perform said Work on terms and conditions set forth below.

ARTICLE 1
THE CONSTRUCTION CONTRACT

1.1 The Construction Contract means and includes all of the "Contract Documents". The Contract Documents which form the Construction Contract are incorporated herein by this reference and are made a part of this Construction Contract as if fully set forth herein. The Contract Documents consist of the following component parts:

PART A	Instructions to Bidders and General Conditions
PART B	Specifications
PART C	Bidder's Documents, Representations, Certifications, Bid, and Other Statements of Bidder

ALL ADDENDA TO THE ABOVE CONTRACT DOCUMENTS.

ARTICLE 2
STATEMENT OF WORK

2.1 Contractor agrees to perform in a professional manner, to the satisfaction of the Authority's Executive Director, all Work described in the Contract Documents referenced in Article 1.

2.2 The Contractor shall furnish all labor, material, equipment and services and perform and complete all Work required for the project identified as Bid No. CM-05-043 for the Authority.

All such Work shall be in strict accordance with the Specifications and Drawings, identified as Part B, all as prepared by the Authority.

2.3 Data provided in the Specifications and Drawings are believed to actually depict the conditions to be encountered by the Contractor, but Owner does not guarantee such data as being all-inclusive or complete in any respect. Nothing contained herein shall relieve Contractor from making any and all investigations through non-destructive observations of the Properties which are reasonably necessary to apprise him/herself of the condition of the Properties. Contractor hereby accepts the project in an "as is" condition and herein warrants that all such investigations have been performed by him/her, and hereby expressly waives any and all rights under this Construction Contract, or in law, to additional compensation and/or time adjustments for alleged unknown subsurface and/or latent conditions that could be reasonably discovered or inferred based upon standard industry construction practices and techniques.

ARTICLE 3
TIME OF COMMENCEMENT AND COMPLETION

3.1 The Work to be performed under this Construction Contract shall be commenced within ten (10) days after a Notice to Proceed is received by the Contractor, or on the date specified in the Notice, whichever is later, and shall be completed within one hundred eighty (180) calendar days following the required commencement date.

3.2 The Contractor and the Owner agree that, since the determination of actual damages for any delay in completion would be extremely difficult or impracticable to determine in the event of breach of contract, the Contractor and his/her sureties shall be liable for, and shall pay to the Owner the sum of Four Hundred Dollars ($400.00) as liquidated damages for each calendar day of delay, until the Work is accepted by the Owner. The Contractor shall not be charged with liquidated damages because of any delay in the completion of the Work due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor.

The Owner may withhold, or cause to be withheld, from any monies payable on account of Work performed by the Contractor or subcontractor any accrued liquidated damages, amounts necessary to cover stop notices or alleged labor underpayments.

ARTICLE 4
CONTRACT SUM

4.1 The Owner shall pay the Contractor for the performance of the Construction Contract subject to additions and deductions by Change Order(s) as provided in the Contract Documents, in current funds, the sum of THREE HUNDRED TWENTY-FOUR THOUSAND FIFTY-NINE DOLLARS AND SEVENTY-THREE CENTS ($324,059.73). The Contractor represents and warrants that he/she shall pay his/her employees, and all individuals performing Work, not less than the prescribed minimum wages in accordance with the current Prevailing Wage Determination published by the U.S. Department of Labor.

4.2 The Contract Sum set forth herein includes the payment by Contractor of all sales and use taxes required by any local codes, or any law existing or which may hereafter be adopted by federal, state or governmental authority, taxing the materials, services required or labor furnished, and of any other tax levied by reason of the Work to be performed hereunder.

4.2 The Contract Sum is not subject to escalation, the Contractor having satisfied him/herself with said Contract Price, which includes all labor and material increases anticipated throughout the duration of this Construction Contract.

4.3 The Owner's obligation is payable only and solely from funds appropriated from the Department of Housing and Urban Development (HUD) and for the purpose of this Contract. All funds are appropriated every fiscal year beginning July 1.

4.4 In the event this Contract extends into the succeeding fiscal year and funds have not been appropriated, this Contract will automatically terminate as of June 30 of the current fiscal year. The Owner will endeavor to notify the Contractor in writing within ten (10) days of receipt of the non-appropriation notice.

ARTICLE 5
PROGRESS PAYMENTS

5.1 Based upon applications for payment submitted by the Contractor to the Owner, and after approval by the Construction Management Division, the Owner shall make progress payments on account of the Contract Sum to the Contractor, as provided in the Instruction to Bidders of the Construction Contract.

5.2 Approved applications for progress payments will be paid by the thirtieth day of each month, provided that application for payment has been submitted to the Owner on or before the first working day of the month. Payment shall be subject to all provisions of Section 01003, paragraphs 3.03.A. and B. of the Instructions to Bidders incorporated by reference into the Contract.

5.3 The Contractor and each Subcontractor shall submit all required Labor Compliance forms to the Housing Authority before the start of construction. The Contractor shall submit to the Housing Authority all of its payrolls for each pay period within seven (7) days after the pay period has ended. The Contractor shall also collect, review and submit to the Housing Authority all of its subcontractors' payrolls for each pay period within seven (7) days after the pay period has ended. Contractor's failure to submit its payrolls or any subcontractor payrolls within seven (7) days after the pay period has ended, is a violation of this Contract and entitles the Housing Authority to withhold up to ten percent (10%) from any pending progress payment until all such payrolls are received. Repeated, ongoing or flagrant failures by the Contractor to submit the required forms, its payrolls or the payrolls of its subcontractors in a timely manner and in accordance with this provision constitutes a material breach of this Contract which may result in the Housing Authority terminating the Contract for default.

ARTICLE 6
PROJECT CLOSEOUT

6.1 Prior to occupancy of any dwelling unit, building, or other portion of the project, the Owner shall receive a certificate from the Contractor that such portion of the project is ready for occupancy, and shall cause a Notice of Completion to be issued. A Notice of Completion shall be issued only when the Work, including all phases thereof, is finally completed, and all requirements of this Construction Contract have been satisfied. The Owner shall cause the Notice of Completion to be recorded with the County Recorder.

6.2 Upon Issuance of a Notice of Completion, final payment shall be made to the Contractor of the entire unpaid balance of the Contract Sum, including any sums due to the Contractor for changes in the Work approved by the Owner pursuant to Section 01003 paragraph 3.03.E. of the Instruction to Bidders, less any amounts which Owner is entitled to receive from the Contractor under the terms of this Contract or amounts necessary to cover stop notices or alleged labor underpayments, and less the ten percent (10%) retention withheld, pursuant to Section 01003 paragraph 3.03.F. of the Instruction to Bidders.

6.3 In addition to all other requirements, a Notice of Completion shall be issued only when Owner has received the following:

A. A Certificate of Completion, executed by Owner.

B. All guarantees and warranties issued by the manufacturers or installers of equipment or other component parts of the project. Contractor guarantees that the equipment, materials, and workmanship, not otherwise covered by a guarantee or warranty, will be free from defects in materials and workmanship for a period of one (1) year following date of final acceptance of the project.

C. The waiver and release of all liens, claims of liens, or stop notice rights of the Contractor and all subcontractors, and the Contractor's Certificate and Release.

D. Verification from the Architect that Contractor has removed all waste materials, rubbish, tools, construction equipment, machinery, and surplus materials from the project site. If the Contractor has failed to remove any of such items, the Owner may remove such items, and the Contractor shall pay the Owner for all costs incurred in connection with such removal.

6.4 After recordation of the Notice of Completion, and expiration of the thirty-day period for filing of stop notices, the Owner shall use reasonable efforts to settle all claims and disputes, notify the Contractor of final acceptance of the project, and make final payment of the entire unpaid balance of the Contract Sum, including the ten percent (10%) retention, less any amounts which the Owner is entitled to receive from the Contractor under the terms of this Construction Contract, including liquidated damages, and less amounts necessary to cover stop notices or alleged labor underpayments.

ARTICLE 7
BREACH AND TERMINATION

7.1 Waiver by the Owner of any breach of this Construction Contract shall not constitute a waiver of any other breach or of any future breach. No payment made hereunder shall be construed to be an acceptance of defective Work or improper materials.

7.2 In addition to any right of termination reserved to the Owner by Section 01003 paragraph 3.10.A. of the Instruction to Bidders of the Construction Contract, the Owner may terminate this Construction Contract or performance under this Construction Contract, if the Contractor is adjudged bankrupt, a receiver is appointed because of the Contractor's insolvency, or the Contractor makes a general assignment for the benefit of its creditors, fails to make prompt payment to subcontractor(s), or for material or labor, persistently disregards laws, ordinances, rules, regulations or orders of any public authority having jurisdiction, fails to construct the project in accordance with the Drawings and Specifications, or otherwise substantially violates any provision of the Contract Documents.

7.3 The Owner shall give the Contractor and his/her surety written notice prior to terminating this Construction Contract or performance under this Construction Contract, pursuant to Section 01003 paragraph 3.10.A. of the Instruction to Bidders, provided that the Contractor shall, upon receipt of such notice, immediately stop the installation of improvements, or other permanent construction work encompassing part of the project. Upon termination, the Owner may take possession of the project and all materials, equipment, tools, and construction equipment and machinery owned by the Contractor and located at the project site, and may finish the project by whatever method it may deem expedient. In such case, the Contractor shall not be entitled to receive any further payment under this Construction Contract.

7.4 The Owner shall not be deemed to have waived any of its other rights or remedies against the Contractor by exercising its right of termination under this Article.

7.5 Termination for Cause: This Contract may be terminated by the Authority upon written notice to the Contractor for cause (failure to perform satisfactorily any of the Contract terms, conditions, and Work items) with no penalties upon termination or upon the occurrence of any of the following events:

A. Continuing failure of the Contractor to perform any Work required to be performed hereunder in a timely and professional manner, or Contractor is not properly carrying out the provisions of the Contract in their true intent and meaning, then in such case, notice thereof in writing will be served upon the Contractor; and should the Contractor neglect or refuse to provide a means for a satisfactory compliance with this Contract and with the direction of the Authority within the time specified in such notices, the Authority shall have the power to suspend the performance of this Contract by Contractor in whole or in part.

B. Failure on the part of the Contractor to procure or maintain insurance required by this Contract shall constitute a material breach of contract upon which the Authority may immediately terminate this Contract.

C. Should the Contractor fail within five (5) days to perform in a satisfactory manner, in accordance with the provisions of this Contract, or if the Work to be done under said Contract is abandoned for more than three (3) days by the Contractor, then notice of deficiency thereof in writing will be served upon the Contractor. Should the Contractor fail to comply with the terms of said Contract within five (5) days, upon receipt of said written notice of deficiency, the Executive Director of the Authority shall have the power to suspend or terminate the operations of the Contractor in whole or in part.

D. In the event that a petition of bankruptcy shall be filed by or against the Contractor.

E. If, through any cause, the Contractor shall fail to fulfill, in a timely and proper manner, the obligations under this Contract, or if the Contractor shall violate any of the covenants, agreements, or stipulations of this Contract, the Authority shall thereupon have the right to terminate this Contract by giving written notice to the Contractor of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Contractor under this Contract shall, at the option of the Authority become its property and the Contractor shall be entitled to receive just and equitable compensation for any work satisfactorily completed.

7.6 Termination for Improper Consideration: The Authority may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Construction Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any Authority officer, employee or agent with the intent of securing the Contract or securing favorable treatment with respect to the award, amendment or extension of the Contract or the making of any determinations with respect to the Contractor's performance pursuant to the Contract. In the event of such termination, the Authority shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

The Contractor shall immediately report any attempt by the Authority officer or employee to solicit such improper consideration. The Report shall be made to the Authority's Executive Director or designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

7.7 Termination for Convenience: The Authority reserves the right to cancel this Contract for any reason at all upon thirty (30) days prior written notice to Contractor. In the event of such termination, Contractor shall be entitled to a prorated portion paid for all satisfactory work unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in such termination.

7.8 The Authority's Quality Assurance Plan: The Authority will evaluate Contractor's performance under this Contract on not less than a quarterly basis. Such evaluation will include assessing Contractor's compliance with all Contract terms and performance standards. Contractor deficiencies which the Authority determines are severe or continuing and that may place

performance of the Contract in jeopardy if not corrected will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by the Authority and the Contractor. If improvement does not occur consistent with the corrective action measures, the Authority may terminate this Contract or pursue other penalties as specified in this Contract.

7.9 Non-payment after expiration or termination: Contractor shall have no claim against the Authority for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement. Should Contractor receive any such payment, it shall immediately notify the Authority and shall immediately repay all such funds to the Authority. Payment by the Authority for services rendered after expiration/termination of this Agreement shall not constitute a waiver of the Authority's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement.

ARTICLE 8
MISCELLANEOUS PROVISIONS

8.1 Contractor shall give all notices and comply with all laws, rules, regulations, ordinances and orders of any governmental entity relating to the Work. Should Contractor become aware that any provision of the Construction Contract is at variance with any such rule, law, regulation, ordinance or order, he/she shall promptly give notice in writing to the Owner of such variance.

8.2 It is hereby declared to be the intention of the parties that the sections, paragraphs, sentences, clauses and phrases of this Construction Contract are severable, and if any phrase, clause, sentence, paragraph or section of this Construction Contract shall be declared unconstitutional, invalid or unenforceable by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality, invalidity or unenforceability shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Construction Contract.

8.3 Anything mentioned in the Specifications and not shown on the Drawings, or shown on the Drawings and not mentioned in the Specifications, shall be of like effect as if shown or mentioned in both. In case of difference between Drawings and Specifications, the Specifications shall govern. In case of discrepancy within the Drawings, or within the Specifications, the matter shall be promptly submitted to the Contracting Officer, who shall promptly make a determination in writing. Any adjustment by the Contractor without such a determination by the Contracting Officer shall be at its own risk and expense. The Contracting Officer shall furnish from time to time such detailed drawings and other information as considered necessary, unless otherwise provided.

ARTICLE 9
CONTRACTOR APPROVAL

9.1 Contractor's Adherence to the Child Support Compliance Program
Contractor shall: 1) fully comply with all applicable State and Federal reporting requirements relating to employment reporting for its employees; and, 2) comply with all lawfully served Wage and Earnings Assignment Orders and Notice of Assignment and continue to maintain

compliance during the term of any contract that may be awarded pursuant to this solicitation. Failure to comply may be cause for termination of a contract or initiation of debarment proceedings against the non-compliant contractor.

9.2 Contractor's Warranty of Adherence to Authority's Child Support Compliance Program

Contractor acknowledges that the Authority has established a goal of ensuring that all individuals who benefit financially from the Authority through a contract, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles.

As required by the Authority's Child Support Compliance Program and without limiting Contractor's duty under this Contract to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall, during the term of this Contract, maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department (CSSD) Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

9.3 Termination For Breach of Warranty to Comply with Authority's Child Support Compliance Program

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 9.2, "Contractor's Warranty of Adherence to Authority's Child Support Compliance Program" shall constitute default under this Contract. Without limiting the rights and remedies available to the Authority under any other provision of this Contract, failure of Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the Commission may terminate this Contract pursuant to Paragraphs under 7.5- "Termination for Cause" and pursue debarment of Contractor, pursuant to Authority Policy.

9.4 Post L. A.'s Most Wanted Parents List

Contractor acknowledges that the Authority places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Contractor understands that it is the Authority's policy to encourage the Authority contractors to voluntary post the Authority's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. District Attorney will supply Contractor with the poster to be used.

ARTICLE 10
ADDITIONAL PROVISIONS

10.1 This Construction Contract and the obligations of the parties hereunder shall be interpreted, construed and enforced in accordance with the laws of the State of California.

10.2 This Construction Contract contains the entire agreement between the parties. No variations, modifications, or changes hereto shall be binding upon any party hereto unless set forth in a document duly executed by or on behalf of such party. All prior negotiations, representations and/or contracts between the parties relative to the subject matters hereof shall be superseded hereby and have no further force and effect.

10.3 No consent or waiver, expressed or implied, by either party to or of any breach or default by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of such other party hereunder. Failure on the part of either party to complain of any such act of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

10.4 Contractor shall procure and maintain insurance at Contractor's expense for the duration of this Contract from an insurance company that is admitted to write insurance in California or that has a rating of or equivalent to A:VIII by A. M. Best & Company. Any deviation from this rule shall require specific approval by the Authority:

A. GENERAL LIABILITY INSURANCE (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate	$2,000,000
Products/ Completed Operations Aggregate	$1,000,000
Each Occurrence	$1,000,000

B. WORKERS' COMPENSATION and EMPLOYER'S LIABILITY insurance providing workers' compensation benefits, as required by the Labor Code of the State of California. In all cases, the above insurance shall include Employer's Liability coverage with limits of not less than the following:

Each Accident	$1,000,000
Disease-Policy Limit	$1,000,000
Disease-Each Employee	$1,000,000

C. AUTOMOBILE LIABILITY INSURANCE (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than one million dollars ($1,000,000) for each incident. Such insurance shall include coverage of all "owned", "hired", and "non-owned" vehicles, or coverage for "any auto."

The Authority, the Community Development Commission of the County of Los Angeles (Commission), the County of Los Angeles (County), and their officers, employees, agents and representatives shall be named as additional insureds.

Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, or canceled by either party or reduced in coverage or limits, except after thirty (30) days' prior written notice to the Authority, and shall be primary and not contributing to any other insurance or self-insurance maintained by the Authority.

Any self-insurance program or self-insured retention must be separately approved in writing by the Authority.

Contractor shall deliver to the Authority certificates of insurance and original endorsements for approval as to sufficiency and form prior to the start of performance hereunder. The

certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. Such insurance as required herein shall not be deemed to limit Contractor's liability under this Contract.

The Authority reserves the right to require complete certified copies of all said policies at any time. Any modification or waiver of the insurance requirements herein shall only be made with the written approval of the Authority's Risk Manager or designee.

10.5 Compliance With Laws

The Contractor agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Contract. This Contract is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzalez National Affordable Housing Act, 1990, and the 24 CFR Part 85. If the compensation under this Contract is in excess of $100,000 then Contractor shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Contractor must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Contract.

Contractor shall comply with the following laws:

Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Title VI provides that no person shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Section 109 of the Housing and Community Development Act of 1974

No person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

No person in the United States shall be excluded from participating in, be denied the benefits of, or be subjected to discrimination under this Contract on the basis of age or with respect to an otherwise qualified disabled individual.

Executive Order 11246 and 11375, Equal Opportunity in Employment (Nondiscrimination in Employment by Government Contractors, Subcontractors, and Contractors)

During the performance of this Contract, the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees

and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Contractor will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, a notice to be provided by the Authority's contracting officer, advising the labor union or workers' representatives of the Contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulation and relevant orders of the Secretary of Labor.

The Contractor will furnish all information and reports required by the Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, will permit access to his/her books, records, and accounts by the Authority and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations or orders, this Contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Order and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

The Contractor will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such actions with respect to any subcontract or purchase order as the Authority may direct as a means of enforcing such provisions including sanctions for noncompliance; provided however, that in the event the Contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the Authority, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

Federal Davis-Bacon Requirements

This construction project is funded in whole or in part with Federal funds. Federal Labor Standard Provisions, including prevailing wage requirements of the Davis- Bacon and Related Act (DBRA) will be enforced. See Section 01003, paragraphs 2.09, 3.13, and 3.21 in Part A, "Instruction to Bidders and general Conditions for Construction Contract," of this Contract.

The applicable wage determination for this project is General Wage Decision CA20030028, Modification # 10, dated February 11, 2005.

Section 3 of the Housing and Community Development Act of 1968, as Amended requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

A. The work to be performed under this Contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this Contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Contract, the parties to this Contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining Contract or other understanding, if any, a notice advising the labor organization or workers' representative of the Contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The Contractor will certify that any vacant employment positions, including training positions, that are filled (i) after the Contractor is selected but before the Contract is executed, and (ii) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the Contractor's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.

With respect to work performed in connection with Section 3 covered Indian Housing Assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and

employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

10.6 Access and Retention of Records

The Contractor shall provide access to the Authority, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Contractor which are directly pertinent to the specific Contract for the purpose of making audits, examinations, excerpts and transcriptions. The Contractor is required to retain the aforementioned records for a period of five (5) years after the Authority pays final payment and other pending matters are closed.

10.7 Conflict of Interest

The Contractor represents, warrants and agrees that to the best of its knowledge, it does not presently have, nor will it acquire during the term of this Contract, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venturer or shareholder (other than as a shareholder holding a one percent (1%) or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with the Authority. Upon execution of this Contract and during its term, as appropriate, the Contractor shall disclose in writing to the Authority, any other contract or employment during the term of this Contract by any other persons, business or corporation in which employment will or may likely develop a conflict of interest between the Authority's interest and the interests of the third parties.

10.8 Indemnification

The Contractor agrees to indemnify, defend and save harmless the Authority, Commission, County, and their agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever including, but not limited to bodily injury, death, personal injury or property damage arising from or connected with the Contractor's services, including any Workers' Compensation suits, liability, or expenses arising or connected with the Work or service rendered pursuant to this Contract.

10.9 Subcontracting

The Contractor may subcontract only those specific portions of the work allowed in the original specifications covered by this Contract with prior written approval by the Authority.

10.10 Assignment

This Contract or any provision thereof or any right or obligation arising hereunder is not assignable in whole or in part, without the expressed written consent of the Authority. However, the Authority reserves the right to assign this Contract to another public agency without the consent of the Contractor.

10.11 Confidentiality of Reports

The Contractor shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the Authority.

10.12 Severability

In the event that any provision herein contained is held to be invalid, void or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of the Contract and shall in no way affect, impair or invalidate any other provision contained herein. If any such provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

10.13 Safety Standards and Accident Prevention

The Contractor shall comply with all applicable Federal, state and local laws governing safety, health and sanitation. The Contractor shall provide all safeguards, safety devices and protective equipment and take any other needed actions, on his/her own responsibility, reasonably necessary to protect the life and health of employees on the job and the public and to protect property in connection with the performance of this Contract.

10.14 Drug Free Workplace Act of the State of California

The Contractor certifies under penalty of perjury under the laws of the State of California that the Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990.

10.15 Copyright

No report, maps, or other documents produced in whole or in part under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. All documents become the property of the Authority and the Authority holds all the rights to said data.

10.16 Independent Contractor

The Contractor shall perform the services as contained herein as an independent contractor and shall not be considered an employee of the Authority, or under Authority supervision or control. This Contract is by and between the Contractor and the Authority, and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, between the Authority and the Contractor.

10.17 Waiver

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall not be deemed to be a waiver of any breach of the same or any other provision hereof.

10.18 Notices

The Authority shall provide Contractor with notice of any injury or damage arising from or connected with services rendered pursuant to this Contract to the extent that the Authority has actual knowledge of such injury or damage. The Authority shall provide such notice within ten (10) days of receiving actual knowledge of such injury or damage. Notices provided for in this Contract shall be in writing and shall be addressed to the representative of each Party.

Owner:
Housing Authority
Maria Badrakhan, Contracting Officer
2 Coral Circle
Monterey Park, CA 91755

Contractor:
Sun Mechanical Company
Song C. So, Owner
14825 Proctor Avenue
City of Industry, CA 91746

Notices shall be deemed delivered on the third day after posting by U.S. Mail or when delivered in person with written acknowledgement of the receipt thereof. Authority and Contractor may designate a different address or addresses for notices to be sent by giving written notice of such change of address to all other parties entitled to receive notice.

10.19 Interpretation

No provision of this Contract is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Contract is to be construed as if it were drafted by both parties hereto.

10.20 Employees of Contractor

Workers' Compensation: Contractor understands and agrees that all persons furnishing services to the Authority pursuant to this Contract are, for the purposes of workers' compensation liability, employees solely of Contractor. Contractor shall bear sole responsibility and liability for providing Workers' Compensation benefits to any person for injury arising from an accident connected with services provided to the Authority under this Contract.

Professional Conduct: The Authority does not and will not condone any act, gestures, comments or conduct from the Contractor's employees, agents or subcontractors which may be construed as sexual harassment or any other type of activity or behavior that might be construed as harassment. The Authority will properly investigate all charges of harassment by residents, employees, agents or subcontractors and is responsible for taking appropriate action after reports of harassment are received by the Contractor.

10.21 Patent Rights

The Authority will hold all the patent rights with respect to any discovery or invention which arises or is developed in the course of, or under, this Contract.

10.22 Notice to Employees Regarding the Federal Earned Income Credit

The Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

10.23 Use of Recycled-Content Paper Products

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on the project.

10.24 Contractor Responsibility and Debarment

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Authority to conduct business only with responsible contractors.

B. The Contractor is hereby notified that if the Authority acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the Authority may, in addition to other remedies provided in the contract, debar the Contractor from bidding on Authority contracts for a

specified period of time not to exceed three (3) years, and terminate any or all existing contracts the Contractor may have with the Authority.

C. The Authority may debar a contractor if the Board of Commissioners finds, in its discretion, that the Contractor has done any of the following: (i) violated any term of a contract with the Authority, (ii) committed any act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the Authority or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (iii) committed an act or offense which indicates a lack of business integrity or business honesty, or (iv) made or submitted a false claim against the Authority or any other public entity.

D. If there is evidence that the Contractor may be subject to debarment, the Authority will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. If the Contractor fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Contractor may be deemed to have waived all rights of appeal.

F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

G. These terms shall also apply to subcontractors of Authority contractors.

10.25 Compliance With Jury Service Program

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program or that Contractor qualifies for an exception to the Jury Service Program, Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

2. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the Authority or a subcontract with an Authority contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more Authority contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full time"

means forty (40) hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the Authority, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the Authority under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify the Authority if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The Authority may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the Authority's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this Section of the Contract may constitute a material breach of the Contract. In the event of such material breach, the Authority may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future Authority contracts for a period of time consistent with the seriousness of the breach.

10.26 Notice to Employees regarding The Safely Surrendered Baby Law

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the Internet at www.babysafela.org for printing purposes.

10.27 Contractor's Acknowledgment of Authority's Commitment to the Safely Surrendered Baby Law

The Contractor acknowledges that the Authority places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the Authority's policy to encourage all Authority contractors to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

10.28 Entire Contract

This Contract with attachments constitutes the entire understanding and agreement of the parties.

//

IN WITNESS WHEREOF, the parties hereto have executed this Construction Contract on the date and year first written above.

OWNER

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC

By: _____

CARLOS JACKSON

Title: EXECUTIVE DIRECTOR

Date: _____

APPROVED AS TO PROGRAM:

Maria Badrakhan

MARIA BADRAKHAN

Title: CONTRACTING OFFICER

Date: 4/27/05

APPROVED AS TO FORM
Office of County Counsel,
RAYMOND G. FORTNER, JR.

By: Paul T. Hanson
Deputy

CONTRACTOR
SUN MECHANICAL COMPANY

License Number: 563455

By: _____

SONG C. SO

Title: OWNER

Date: 4/25/05

BUSINESS ADDRESS

14825 Proctor Avenue

City of Industry, CA 91746

Telephone: (626) 330-2452

Fax: (626) 330-2053

CORPORATE SEAL

Required Signatures:

If sole proprietor, one signature of sole proprietor.

If partnership, the signature of at least one general partner authorized to sign contracts on behalf of the partnership.

If Corporation, the signatures of those officers required to sign contracts on behalf of the Corporation, and the Corporate Seal.

HOUSING AUTHORITY
OF THE COUNTY OF LOS ANGELES

CONSTRUCTION CONTRACT

WALL FURNACE REPLACEMENT PROJECT
AT VARIOUS SITES

FOOTHILL VILLA SENIOR HOUSING DEVELOPMENT
2423 Foothill Boulevard, La Crescenta, CA 91214

BID NUMBER: CM-05-043

Bid Date: MARCH 31, 2005

HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

CONSTRUCTION CONTRACT

This CONSTRUCTION CONTRACT (or "Contract") is made this ____ day of May 2005 by and between the **Housing Authority** of the County of Los Angeles, a body corporate and politic, hereinafter referred to as the "**Authority**" or the "**Owner**", and **V&V Property Development Corporation,** hereinafter referred to as the "**Contractor**".

WITNESSETH, that the Owner and the Contractor, for the consideration stated herein, mutually agree as follows:

A. The Authority is the Owner of that certain real property, commonly known as the Foothill Villa Housing Development, hereinafter referred to as the "Property".

B. The term "Work" includes performance, as set forth in the Contract Documents by the Contractor, for all improvement work on, in and about the Properties.

C. Owner desires the Contractor to perform the Work on the terms and conditions hereinafter set forth, and Contractor agrees to perform said Work on terms and conditions set forth below.

ARTICLE 1
THE CONSTRUCTION CONTRACT

1.1 The Construction Contract means and includes all of the "Contract Documents". The Contract Documents which form the Construction Contract are incorporated herein by this reference and are made a part of this Construction Contract as if fully set forth herein. The Contract Documents consist of the following component parts:

PART A	Instructions to Bidders and General Conditions
PART B	Specifications
PART C	Bidder's Documents, Representations, Certifications, Bid, and Other Statements of Bidder

ALL ADDENDA TO THE ABOVE CONTRACT DOCUMENTS.

ARTICLE 2
STATEMENT OF WORK

2.1 Contractor agrees to perform in a professional manner, to the satisfaction of the Authority's Executive Director, all Work described in the Contract Documents referenced in Article 1.

2.2 The Contractor shall furnish all labor, material, equipment and services and perform and complete all Work required for the project identified as Bid No. CM-05-043 for the Authority.

All such Work shall be in strict accordance with the Specifications and Drawings, identified as Part B, all as prepared by the Authority.

2.3 Data provided in the Specifications and Drawings are believed to actually depict the conditions to be encountered by the Contractor, but Owner does not guarantee such data as being all-inclusive or complete in any respect. Nothing contained herein shall relieve Contractor from making any and all investigations through non-destructive observations of the Properties which are reasonably necessary to apprise him/herself of the condition of the Properties. Contractor hereby accepts the project in an "as is" condition and herein warrants that all such investigations have been performed by him/her, and hereby expressly waives any and all rights under this Construction Contract, or in law, to additional compensation and/or time adjustments for alleged unknown subsurface and/or latent conditions that could be reasonably discovered or inferred based upon standard industry construction practices and techniques.

ARTICLE 3
TIME OF COMMENCEMENT AND COMPLETION

3.1 The Work to be performed under this Construction Contract shall be commenced within ten (10) days after a Notice to Proceed is received by the Contractor, or on the date specified in the Notice, whichever is later, and shall be completed within forty-five (45) calendar days following the required commencement date.

3.2 The Contractor and the Owner agree that, since the determination of actual damages for any delay in completion would be extremely difficult or impracticable to determine in the event of breach of contract, the Contractor and his/her sureties shall be liable for, and shall pay to the Owner the sum of Four Hundred Dollars ($400.00) as liquidated damages for each calendar day of delay, until the Work is accepted by the Owner. The Contractor shall not be charged with liquidated damages because of any delay in the completion of the Work due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor.

The Owner may withhold, or cause to be withheld, from any monies payable on account of Work performed by the Contractor or subcontractor any accrued liquidated damages, amounts necessary to cover stop notices or alleged labor underpayments.

ARTICLE 4
CONTRACT SUM

4.1 The Owner shall pay the Contractor for the performance of the Construction Contract subject to additions and deductions by Change Order(s) as provided in the Contract Documents, in current funds, the sum of FIFTY-TWO THOUSAND FOUR HUNDRED THIRTY-ONE DOLLARS AND ZERO CENTS ($52,431.00). The Contractor represents and warrants that he/she shall pay his/her employees, and all individuals performing Work, not less than the prescribed minimum wages in accordance with the current Prevailing Wage Determination published by the U.S. Department of Labor.

4.2 The Contract Sum set forth herein includes the payment by Contractor of all sales and use taxes required by any local codes, or any law existing or which may hereafter be adopted by federal, state or governmental authority, taxing the materials, services required or labor furnished, and of any other tax levied by reason of the Work to be performed hereunder.

4.2 The Contract Sum is not subject to escalation, the Contractor having satisfied him/herself with said Contract Price, which includes all labor and material increases anticipated throughout the duration of this Construction Contract.

4.3 The Owner's obligation is payable only and solely from funds appropriated from the Department of Housing and Urban Development (HUD) and for the purpose of this Contract. All funds are appropriated every fiscal year beginning July 1.

4.4 In the event this Contract extends into the succeeding fiscal year and funds have not been appropriated, this Contract will automatically terminate as of June 30 of the current fiscal year. The Owner will endeavor to notify the Contractor in writing within ten (10) days of receipt of the non-appropriation notice.

ARTICLE 5
PROGRESS PAYMENTS

5.1 Based upon applications for payment submitted by the Contractor to the Owner, and after approval by the Construction Management Division, the Owner shall make progress payments on account of the Contract Sum to the Contractor, as provided in the Instruction to Bidders of the Construction Contract.

5.2 Approved applications for progress payments will be paid by the thirtieth day of each month, provided that application for payment has been submitted to the Owner on or before the first working day of the month. Payment shall be subject to all provisions of Section 01003, paragraphs 3.03.A. and B. of the Instructions to Bidders incorporated by reference into the Contract.

5.3 The Contractor and each Subcontractor shall submit all required Labor Compliance forms to the Housing Authority before the start of construction. The Contractor shall submit to the Housing Authority all of its payrolls for each pay period within seven (7) days after the pay period has ended. The Contractor shall also collect, review and submit to the Housing Authority all of its subcontractors' payrolls for each pay period within seven (7) days after the pay period has ended. Contractor's failure to submit its payrolls or any subcontractor payrolls within seven (7) days after the pay period has ended, is a violation of this Contract and entitles the Housing Authority to withhold up to ten percent (10%) from any pending progress payment until all such payrolls are received. Repeated, ongoing or flagrant failures by the Contractor to submit the required forms, its payrolls or the payrolls of its subcontractors in a timely manner and in accordance with this provision constitutes a material breach of this Contract which may result in the Housing Authority terminating the Contract for default.

ARTICLE 6
PROJECT CLOSEOUT

6.1 Prior to occupancy of any dwelling unit, building, or other portion of the project, the Owner shall receive a certificate from the Contractor that such portion of the project is ready for occupancy, and shall cause a Notice of Completion to be issued. A Notice of Completion shall be issued only when the Work, including all phases thereof, is finally completed, and all requirements of this Construction Contract have been satisfied. The Owner shall cause the Notice of Completion to be recorded with the County Recorder.

6.2 Upon Issuance of a Notice of Completion, final payment shall be made to the Contractor of the entire unpaid balance of the Contract Sum, including any sums due to the Contractor for changes in the Work approved by the Owner pursuant to Section 01003 paragraph 3.03.E. of the Instruction to Bidders, less any amounts which Owner is entitled to receive from the Contractor under the terms of this Contract or amounts necessary to cover stop notices or alleged labor underpayments, and less the ten percent (10%) retention withheld, pursuant to Section 01003 paragraph 3.03.F. of the Instruction to Bidders.

6.3 In addition to all other requirements, a Notice of Completion shall be issued only when Owner has received the following:

A. A Certificate of Completion, executed by Owner.

B. All guarantees and warranties issued by the manufacturers or installers of equipment or other component parts of the project. Contractor guarantees that the equipment, materials, and workmanship, not otherwise covered by a guarantee or warranty, will be free from defects in materials and workmanship for a period of one (1) year following date of final acceptance of the project.

C. The waiver and release of all liens, claims of liens, or stop notice rights of the Contractor and all subcontractors, and the Contractor's Certificate and Release.

D. Verification from the Architect that Contractor has removed all waste materials, rubbish, tools, construction equipment, machinery, and surplus materials from the project site. If the Contractor has failed to remove any of such items, the Owner may remove such items, and the Contractor shall pay the Owner for all costs incurred in connection with such removal.

6.4 After recordation of the Notice of Completion, and expiration of the thirty-day period for filing of stop notices, the Owner shall use reasonable efforts to settle all claims and disputes, notify the Contractor of final acceptance of the project, and make final payment of the entire unpaid balance of the Contract Sum, including the ten percent (10%) retention, less any amounts which the Owner is entitled to receive from the Contractor under the terms of this Construction Contract, including liquidated damages, and less amounts necessary to cover stop notices or alleged labor underpayments.

ARTICLE 7
BREACH AND TERMINATION

7.1 Waiver by the Owner of any breach of this Construction Contract shall not constitute a waiver of any other breach or of any future breach. No payment made hereunder shall be construed to be an acceptance of defective Work or improper materials.

7.2 In addition to any right of termination reserved to the Owner by Section 01003 paragraph 3.10.A. of the Instruction to Bidders of the Construction Contract, the Owner may terminate this Construction Contract or performance under this Construction Contract, if the Contractor is adjudged bankrupt, a receiver is appointed because of the Contractor's insolvency, or the Contractor makes a general assignment for the benefit of its creditors, fails to make prompt payment to subcontractor(s), or for material or labor, persistently disregards laws, ordinances, rules, regulations or orders of any public authority having jurisdiction, fails to construct the project in accordance with the Drawings and Specifications, or otherwise substantially violates any provision of the Contract Documents.

7.3 The Owner shall give the Contractor and his/her surety written notice prior to terminating this Construction Contract or performance under this Construction Contract, pursuant to Section 01003 paragraph 3.10.A. of the Instruction to Bidders, provided that the Contractor shall, upon receipt of such notice, immediately stop the installation of improvements, or other permanent construction work encompassing part of the project. Upon termination, the Owner may take possession of the project and all materials, equipment, tools, and construction equipment and machinery owned by the Contractor and located at the project site, and may finish the project by whatever method it may deem expedient. In such case, the Contractor shall not be entitled to receive any further payment under this Construction Contract.

7.4 The Owner shall not be deemed to have waived any of its other rights or remedies against the Contractor by exercising its right of termination under this Article.

7.5 Termination for Cause: This Contract may be terminated by the Authority upon written notice to the Contractor for cause (failure to perform satisfactorily any of the Contract terms, conditions, and Work items) with no penalties upon termination or upon the occurrence of any of the following events:

A. Continuing failure of the Contractor to perform any Work required to be performed hereunder in a timely and professional manner, or Contractor is not properly carrying out the provisions of the Contract in their true intent and meaning, then in such case, notice thereof in writing will be served upon the Contractor; and should the Contractor neglect or refuse to provide a means for a satisfactory compliance with this Contract and with the direction of the Authority within the time specified in such notices, the Authority shall have the power to suspend the performance of this Contract by Contractor in whole or in part.

B. Failure on the part of the Contractor to procure or maintain insurance required by this Contract shall constitute a material breach of contract upon which the Authority may immediately terminate this Contract.

C. Should the Contractor fail within five (5) days to perform in a satisfactory manner, in accordance with the provisions of this Contract, or if the Work to be done under said Contract is abandoned for more than three (3) days by the Contractor, then notice of deficiency thereof in writing will be served upon the Contractor. Should the Contractor fail to comply with the terms of said Contract within five (5) days, upon receipt of said written notice of deficiency, the Executive Director of the Authority shall have the power to suspend or terminate the operations of the Contractor in whole or in part.

D. In the event that a petition of bankruptcy shall be filed by or against the Contractor.

E. If, through any cause, the Contractor shall fail to fulfill, in a timely and proper manner, the obligations under this Contract, or if the Contractor shall violate any of the covenants, agreements, or stipulations of this Contract, the Authority shall thereupon have the right to terminate this Contract by giving written notice to the Contractor of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Contractor under this Contract shall, at the option of the Authority become its property and the Contractor shall be entitled to receive just and equitable compensation for any work satisfactorily completed.

7.6 Termination for Improper Consideration: The Authority may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Construction Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any Authority officer, employee or agent with the intent of securing the Contract or securing favorable treatment with respect to the award, amendment or extension of the Contract or the making of any determinations with respect to the Contractor's performance pursuant to the Contract. In the event of such termination, the Authority shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

The Contractor shall immediately report any attempt by the Authority officer or employee to solicit such improper consideration. The Report shall be made to the Authority's Executive Director or designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

7.7 Termination for Convenience: The Authority reserves the right to cancel this Contract for any reason at all upon thirty (30) days prior written notice to Contractor. In the event of such termination, Contractor shall be entitled to a prorated portion paid for all satisfactory work unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in such termination.

7.8 The Authority's Quality Assurance Plan: The Authority will evaluate Contractor's performance under this Contract on not less than a quarterly basis. Such evaluation will include assessing Contractor's compliance with all Contract terms and performance standards. Contractor deficiencies which the Authority determines are severe or continuing and that may place

performance of the Contract in jeopardy if not corrected will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by the Authority and the Contractor. If improvement does not occur consistent with the corrective action measures, the Authority may terminate this Contract or pursue other penalties as specified in this Contract.

7.9 Non-payment after expiration or termination: Contractor shall have no claim against the Authority for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement. Should Contractor receive any such payment, it shall immediately notify the Authority and shall immediately repay all such funds to the Authority. Payment by the Authority for services rendered after expiration/termination of this Agreement shall not constitute a waiver of the Authority's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement.

ARTICLE 8
MISCELLANEOUS PROVISIONS

8.1 Contractor shall give all notices and comply with all laws, rules, regulations, ordinances and orders of any governmental entity relating to the Work. Should Contractor become aware that any provision of the Construction Contract is at variance with any such rule, law, regulation, ordinance or order, he/she shall promptly give notice in writing to the Owner of such variance.

8.2 It is hereby declared to be the intention of the parties that the sections, paragraphs, sentences, clauses and phrases of this Construction Contract are severable, and if any phrase, clause, sentence, paragraph or section of this Construction Contract shall be declared unconstitutional, invalid or unenforceable by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality, invalidity or unenforceability shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Construction Contract.

8.3 Anything mentioned in the Specifications and not shown on the Drawings, or shown on the Drawings and not mentioned in the Specifications, shall be of like effect as if shown or mentioned in both. In case of difference between Drawings and Specifications, the Specifications shall govern. In case of discrepancy within the Drawings, or within the Specifications, the matter shall be promptly submitted to the Contracting Officer, who shall promptly make a determination in writing. Any adjustment by the Contractor without such a determination by the Contracting Officer shall be at its own risk and expense. The Contracting Officer shall furnish from time to time such detailed drawings and other information as considered necessary, unless otherwise provided.

ARTICLE 9
CONTRACTOR APPROVAL

9.1 Contractor's Adherence to the Child Support Compliance Program
Contractor shall: 1) fully comply with all applicable State and Federal reporting requirements relating to employment reporting for its employees; and, 2) comply with all lawfully served Wage and Earnings Assignment Orders and Notice of Assignment and continue to maintain

compliance during the term of any contract that may be awarded pursuant to this solicitation. Failure to comply may be cause for termination of a contract or initiation of debarment proceedings against the non-compliant contractor.

9.2 Contractor's Warranty of Adherence to Authority's Child Support Compliance Program

Contractor acknowledges that the Authority has established a goal of ensuring that all individuals who benefit financially from the Authority through a contract, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles.

As required by the Authority's Child Support Compliance Program and without limiting Contractor's duty under this Contract to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall, during the term of this Contract, maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department (CSSD) Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

9.3 Termination For Breach of Warranty to Comply with Authority's Child Support Compliance Program

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 9.2, "Contractor's Warranty of Adherence to Authority's Child Support Compliance Program" shall constitute default under this Contract. Without limiting the rights and remedies available to the Authority under any other provision of this Contract, failure of Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the Commission may terminate this Contract pursuant to Paragraphs under 7.5- "Termination for Cause" and pursue debarment of Contractor, pursuant to Authority Policy.

9.4 Post L. A.'s Most Wanted Parents List

Contractor acknowledges that the Authority places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Contractor understands that it is the Authority's policy to encourage the Authority contractors to voluntary post the Authority's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. District Attorney will supply Contractor with the poster to be used.

ARTICLE 10
ADDITIONAL PROVISIONS

10.1 This Construction Contract and the obligations of the parties hereunder shall be interpreted, construed and enforced in accordance with the laws of the State of California.

10.2 This Construction Contract contains the entire agreement between the parties. No variations, modifications, or changes hereto shall be binding upon any party hereto unless set forth in a document duly executed by or on behalf of such party. All prior negotiations, representations and/or contracts between the parties relative to the subject matters hereof shall be superseded hereby and have no further force and effect.

10.3 No consent or waiver, expressed or implied, by either party to or of any breach or default by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of such other party hereunder. Failure on the part of either party to complain of any such act of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

10.4 Contractor shall procure and maintain insurance at Contractor's expense for the duration of this Contract from an insurance company that is admitted to write insurance in California or that has a rating of or equivalent to A:VIII by A. M. Best & Company. Any deviation from this rule shall require specific approval by the Authority:

A. GENERAL LIABILITY INSURANCE (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate	$2,000,000
Products/ Completed Operations Aggregate	$1,000,000
Each Occurrence	$1,000,000

B. WORKERS' COMPENSATION and EMPLOYER'S LIABILITY insurance providing workers' compensation benefits, as required by the Labor Code of the State of California. In all cases, the above insurance shall include Employer's Liability coverage with limits of not less than the following:

Each Accident	$1,000,000
Disease-Policy Limit	$1,000,000
Disease-Each Employee	$1,000,000

C. AUTOMOBILE LIABILITY INSURANCE (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than one million dollars ($1,000,000) for each incident. Such insurance shall include coverage of all "owned", "hired", and "non-owned" vehicles, or coverage for "any auto."

The Authority, the Community Development Commission of the County of Los Angeles (Commission), the County of Los Angeles (County), and their officers, employees, agents and representatives shall be named as additional insureds.

Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, or canceled by either party or reduced in coverage or limits, except after thirty (30) days' prior written notice to the Authority, and shall be primary and not contributing to any other insurance or self-insurance maintained by the Authority.

Any self-insurance program or self-insured retention must be separately approved in writing by the Authority.

Contractor shall deliver to the Authority certificates of insurance and original endorsements for approval as to sufficiency and form prior to the start of performance hereunder. The

certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. Such insurance as required herein shall not be deemed to limit Contractor's liability under this Contract.

The Authority reserves the right to require complete certified copies of all said policies at any time. Any modification or waiver of the insurance requirements herein shall only be made with the written approval of the Authority's Risk Manager or designee.

10.5 Compliance With Laws

The Contractor agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Contract. This Contract is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzalez National Affordable Housing Act, 1990, and the 24 CFR Part 85. If the compensation under this Contract is in excess of $100,000 then Contractor shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Contractor must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Contract.

Contractor shall comply with the following laws:

Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Title VI provides that no person shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Section 109 of the Housing and Community Development Act of 1974

No person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

No person in the United States shall be excluded from participating in, be denied the benefits of, or be subjected to discrimination under this Contract on the basis of age or with respect to an otherwise qualified disabled individual.

Executive Order 11246 and 11375, Equal Opportunity in Employment (Nondiscrimination in Employment by Government Contractors, Subcontractors, and Contractors)

During the performance of this Contract, the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees

and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Contractor will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, a notice to be provided by the Authority's contracting officer, advising the labor union or workers' representatives of the Contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulation and relevant orders of the Secretary of Labor.

The Contractor will furnish all information and reports required by the Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, will permit access to his/her books, records, and accounts by the Authority and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations or orders, this Contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Order and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

The Contractor will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such actions with respect to any subcontract or purchase order as the Authority may direct as a means of enforcing such provisions including sanctions for noncompliance; provided however, that in the event the Contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the Authority, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

Federal Davis-Bacon Requirements

This construction project is funded in whole or in part with Federal funds. Federal Labor Standard Provisions, including prevailing wage requirements of the Davis- Bacon and Related Act (DBRA) will be enforced. See Section 01003, paragraphs 2.09, 3.13, and 3.21 in Part A, "Instruction to Bidders and general Conditions for Construction Contract," of this Contract.

The applicable wage determination for this project is General Wage Decision CA20030028, Modification # 10, dated February 11, 2005.

Section 3 of the Housing and Community Development Act of 1968, as Amended requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

A. The work to be performed under this Contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this Contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Contract, the parties to this Contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining Contract or other understanding, if any, a notice advising the labor organization or workers' representative of the Contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The Contractor will certify that any vacant employment positions, including training positions, that are filled (i) after the Contractor is selected but before the Contract is executed, and (ii) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the Contractor's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.

With respect to work performed in connection with Section 3 covered Indian Housing Assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and

employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

10.6 Access and Retention of Records

The Contractor shall provide access to the Authority, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Contractor which are directly pertinent to the specific Contract for the purpose of making audits, examinations, excerpts and transcriptions. The Contractor is required to retain the aforementioned records for a period of five (5) years after the Authority pays final payment and other pending matters are closed.

10.7 Conflict of Interest

The Contractor represents, warrants and agrees that to the best of its knowledge, it does not presently have, nor will it acquire during the term of this Contract, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venturer or shareholder (other than as a shareholder holding a one percent (1%) or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with the Authority. Upon execution of this Contract and during its term, as appropriate, the Contractor shall disclose in writing to the Authority, any other contract or employment during the term of this Contract by any other persons, business or corporation in which employment will or may likely develop a conflict of interest between the Authority's interest and the interests of the third parties.

10.8 Indemnification

The Contractor agrees to indemnify, defend and save harmless the Authority, Commission, County, and their agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever including, but not limited to bodily injury, death, personal injury or property damage arising from or connected with the Contractor's services, including any Workers' Compensation suits, liability, or expenses arising or connected with the Work or service rendered pursuant to this Contract.

10.9 Subcontracting

The Contractor may subcontract only those specific portions of the work allowed in the original specifications covered by this Contract with prior written approval by the Authority.

10.10 Assignment

This Contract or any provision thereof or any right or obligation arising hereunder is not assignable in whole or in part, without the expressed written consent of the Authority. However, the Authority reserves the right to assign this Contract to another public agency without the consent of the Contractor.

10.11 Confidentiality of Reports

The Contractor shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the Authority.

10.12 Severability

In the event that any provision herein contained is held to be invalid, void or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of the Contract and shall in no way affect, impair or invalidate any other provision contained herein. If any such provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

10.13 Safety Standards and Accident Prevention

The Contractor shall comply with all applicable Federal, state and local laws governing safety, health and sanitation. The Contractor shall provide all safeguards, safety devices and protective equipment and take any other needed actions, on his/her own responsibility, reasonably necessary to protect the life and health of employees on the job and the public and to protect property in connection with the performance of this Contract.

10.14 Drug Free Workplace Act of the State of California

The Contractor certifies under penalty of perjury under the laws of the State of California that the Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990.

10.15 Copyright

No report, maps, or other documents produced in whole or in part under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. All documents become the property of the Authority and the Authority holds all the rights to said data.

10.16 Independent Contractor

The Contractor shall perform the services as contained herein as an independent contractor and shall not be considered an employee of the Authority, or under Authority supervision or control. This Contract is by and between the Contractor and the Authority, and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, between the Authority and the Contractor.

10.17 Waiver

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall not be deemed to be a waiver of any breach of the same or any other provision hereof.

10.18 Notices

The Authority shall provide Contractor with notice of any injury or damage arising from or connected with services rendered pursuant to this Contract to the extent that the Authority has actual knowledge of such injury or damage. The Authority shall provide such notice within ten (10) days of receiving actual knowledge of such injury or damage. Notices provided for in this Contract shall be in writing and shall be addressed to the representative of each Party.

Owner:
Housing Authority
Maria Badrakhan, Contracting Officer
2 Coral Circle
Monterey Park, CA 91755

Contractor:
V&V Property Development Corporation
David Valdez, Vice President
8644 Norwalk Boulevard
Whittier, CA 90606

Notices shall be deemed delivered on the third day after posting by U.S. Mail or when delivered in person with written acknowledgement of the receipt thereof. Authority and Contractor may designate a different address or addresses for notices to be sent by giving written notice of such change of address to all other parties entitled to receive notice.

10.19 Interpretation

No provision of this Contract is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Contract is to be construed as if it were drafted by both parties hereto.

10.20 Employees of Contractor

Workers' Compensation: Contractor understands and agrees that all persons furnishing services to the Authority pursuant to this Contract are, for the purposes of workers' compensation liability, employees solely of Contractor. Contractor shall bear sole responsibility and liability for providing Workers' Compensation benefits to any person for injury arising from an accident connected with services provided to the Authority under this Contract.

Professional Conduct: The Authority does not and will not condone any act, gestures, comments or conduct from the Contractor's employees, agents or subcontractors which may be construed as sexual harassment or any other type of activity or behavior that might be construed as harassment. The Authority will properly investigate all charges of harassment by residents, employees, agents or subcontractors and is responsible for taking appropriate action after reports of harassment are received by the Contractor.

10.21 Patent Rights

The Authority will hold all the patent rights with respect to any discovery or invention which arises or is developed in the course of, or under, this Contract.

10.22 Notice to Employees Regarding the Federal Earned Income Credit

The Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

10.23 Use of Recycled-Content Paper Products

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on the project.

10.24 Contractor Responsibility and Debarment

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Authority to conduct business only with responsible contractors.

B. The Contractor is hereby notified that if the Authority acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the Authority may, in addition to other remedies provided in the contract, debar the Contractor from bidding on Authority contracts for a

specified period of time not to exceed three (3) years, and terminate any or all existing contracts the Contractor may have with the Authority.

C. The Authority may debar a contractor if the Board of Commissioners finds, in its discretion, that the Contractor has done any of the following: (i) violated any term of a contract with the Authority, (ii) committed any act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the Authority or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (iii) committed an act or offense which indicates a lack of business integrity or business honesty, or (iv) made or submitted a false claim against the Authority or any other public entity.

D. If there is evidence that the Contractor may be subject to debarment, the Authority will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. If the Contractor fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Contractor may be deemed to have waived all rights of appeal.

F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

G. These terms shall also apply to subcontractors of Authority contractors.

10.25 Compliance With Jury Service Program

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program or that Contractor qualifies for an exception to the Jury Service Program, Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

2. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the Authority or a subcontract with an Authority contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more Authority contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full time"

means forty (40) hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the Authority, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the Authority under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify the Authority if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The Authority may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the Authority's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this Section of the Contract may constitute a material breach of the Contract. In the event of such material breach, the Authority may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future Authority contracts for a period of time consistent with the seriousness of the breach.

10.26 Notice to Employees regarding The Safely Surrendered Baby Law

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the Internet at www.babysafela.org for printing purposes.

10.27 Contractor's Acknowledgment of Authority's Commitment to the Safely Surrendered Baby Law

The Contractor acknowledges that the Authority places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the Authority's policy to encourage all Authority contractors to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

10.28 Entire Contract

This Contract with attachments constitutes the entire understanding and agreement of the parties.

//

IN WITNESS WHEREOF, the parties hereto have executed this Construction Contract on the date and year first written above.

OWNER

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC

By: _____

CARLOS JACKSON

Title: EXECUTIVE DIRECTOR

Date: _____

APPROVED AS TO PROGRAM:

_____

MARIA BADRAKHAN

Title: CONTRACTING OFFICER

Date: 4/27/05

APPROVED AS TO FORM
Office of County Counsel,
RAYMOND G. FORTNER, JR.

By: _____
Deputy

CONTRACTOR

V&V PROPERTY DEVELOPMENT CORP.

License Number: 729828

By: _____

DAVID VALDEZ

Title: VICE PRESIDENT

Date: 4/25/2005

BUSINESS ADDRESS

8644 Norwalk Boulevard

Whittier, CA 90606

Telephone: (562) 908-0006

Fax: (562) 908-2005

CORPORATE SEAL

Required Signatures:

If sole proprietor, one signature of sole proprietor.

If partnership, the signature of at least one general partner authorized to sign contracts on behalf of the partnership.

If Corporation, the signatures of those officers required to sign contracts on behalf of the Corporation, and the Corporate Seal.

HOUSING AUTHORITY
OF THE COUNTY OF LOS ANGELES

CONSTRUCTION CONTRACT

WALL FURNACE REPLACEMENT PROJECT
AT VARIOUS SITES

ORCHARD ARMS SENIOR HOUSING DEVELOPMENT
23410-23540 WILEY CANYON ROAD, VALENCIA, CA 91355

BID NUMBER: CM-05-043

Bid Date: MARCH 31, 2005

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

CONSTRUCTION CONTRACT

This CONSTRUCTION CONTRACT (or "Contract") is made this _____ day of May 2005 by and between the **Housing Authority** of the County of Los Angeles, a body corporate and politic, hereinafter referred to as the **"Authority"** or the **"Owner"**, and **Sun Mechanical Company,** hereinafter referred to as the **"Contractor"**.

WITNESSETH, that the Owner and the Contractor, for the consideration stated herein, mutually agree as follows:

A. The Authority is the Owner of that certain real property, commonly known as the Orchard Arms Housing Development, hereinafter referred to as the "Property".

B. The term "Work" includes performance, as set forth in the Contract Documents by the Contractor, for all improvement work on, in and about the Properties.

C. Owner desires the Contractor to perform the Work on the terms and conditions hereinafter set forth, and Contractor agrees to perform said Work on terms and conditions set forth below.

ARTICLE 1
THE CONSTRUCTION CONTRACT

1.1 The Construction Contract means and includes all of the "Contract Documents". The Contract Documents which form the Construction Contract are incorporated herein by this reference and are made a part of this Construction Contract as if fully set forth herein. The Contract Documents consist of the following component parts:

PART A	Instructions to Bidders and General Conditions
PART B	Specifications
PART C	Bidder's Documents, Representations, Certifications, Bid, and Other Statements of Bidder

ALL ADDENDA TO THE ABOVE CONTRACT DOCUMENTS.

ARTICLE 2
STATEMENT OF WORK

2.1 Contractor agrees to perform in a professional manner, to the satisfaction of the Authority's Executive Director, all Work described in the Contract Documents referenced in Article 1.

2.2 The Contractor shall furnish all labor, material, equipment and services and perform and complete all Work required for the project identified as Bid No. CM-05-043 for the Authority.

All such Work shall be in strict accordance with the Specifications and Drawings, identified as Part B, all as prepared by the Authority.

2.3 Data provided in the Specifications and Drawings are believed to actually depict the conditions to be encountered by the Contractor, but Owner does not guarantee such data as being all-inclusive or complete in any respect. Nothing contained herein shall relieve Contractor from making any and all investigations through non-destructive observations of the Properties which are reasonably necessary to apprise him/herself of the condition of the Properties. Contractor hereby accepts the project in an "as is" condition and herein warrants that all such investigations have been performed by him/her, and hereby expressly waives any and all rights under this Construction Contract, or in law, to additional compensation and/or time adjustments for alleged unknown subsurface and/or latent conditions that could be reasonably discovered or inferred based upon standard industry construction practices and techniques.

ARTICLE 3
TIME OF COMMENCEMENT AND COMPLETION

3.1 The Work to be performed under this Construction Contract shall be commenced within ten (10) days after a Notice to Proceed is received by the Contractor, or on the date specified in the Notice, whichever is later, and shall be completed within ninety (90) calendar days following the required commencement date.

3.2 The Contractor and the Owner agree that, since the determination of actual damages for any delay in completion would be extremely difficult or impracticable to determine in the event of breach of contract, the Contractor and his/her sureties shall be liable for, and shall pay to the Owner the sum of Four Hundred Dollars ($400.00) as liquidated damages for each calendar day of delay, until the Work is accepted by the Owner. The Contractor shall not be charged with liquidated damages because of any delay in the completion of the Work due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor.

The Owner may withhold, or cause to be withheld, from any monies payable on account of Work performed by the Contractor or subcontractor any accrued liquidated damages, amounts necessary to cover stop notices or alleged labor underpayments.

ARTICLE 4
CONTRACT SUM

4.1 The Owner shall pay the Contractor for the performance of the Construction Contract subject to additions and deductions by Change Order(s) as provided in the Contract Documents, in current funds, the sum of ONE HUNDRED THIRTY-TWO THOUSAND TWO HUNDRED FIFTY-FIVE DOLLARS AND SEVENTY-TWO CENTS ($132,255.72). The Contractor represents and warrants that he/she shall pay his/her employees, and all individuals performing Work, not less than the prescribed minimum wages in accordance with the current Prevailing Wage Determination published by the U.S. Department of Labor.

4.2 The Contract Sum set forth herein includes the payment by Contractor of all sales and use taxes required by any local codes, or any law existing or which may hereafter be adopted by federal, state or governmental authority, taxing the materials, services required or labor furnished, and of any other tax levied by reason of the Work to be performed hereunder.

4.2 The Contract Sum is not subject to escalation, the Contractor having satisfied him/herself with said Contract Price, which includes all labor and material increases anticipated throughout the duration of this Construction Contract.

4.3 The Owner's obligation is payable only and solely from funds appropriated from the Department of Housing and Urban Development (HUD) and for the purpose of this Contract. All funds are appropriated every fiscal year beginning July 1.

4.4 In the event this Contract extends into the succeeding fiscal year and funds have not been appropriated, this Contract will automatically terminate as of June 30 of the current fiscal year. The Owner will endeavor to notify the Contractor in writing within ten (10) days of receipt of the non-appropriation notice.

ARTICLE 5
PROGRESS PAYMENTS

5.1 Based upon applications for payment submitted by the Contractor to the Owner, and after approval by the Construction Management Division, the Owner shall make progress payments on account of the Contract Sum to the Contractor, as provided in the Instruction to Bidders of the Construction Contract.

5.2 Approved applications for progress payments will be paid by the thirtieth day of each month, provided that application for payment has been submitted to the Owner on or before the first working day of the month. Payment shall be subject to all provisions of Section 01003, paragraphs 3.03.A. and B. of the Instructions to Bidders incorporated by reference into the Contract.

5.3 The Contractor and each Subcontractor shall submit all required Labor Compliance forms to the Housing Authority before the start of construction. The Contractor shall submit to the Housing Authority all of its payrolls for each pay period within seven (7) days after the pay period has ended. The Contractor shall also collect, review and submit to the Housing Authority all of its subcontractors' payrolls for each pay period within seven (7) days after the pay period has ended. Contractor's failure to submit its payrolls or any subcontractor payrolls within seven (7) days after the pay period has ended, is a violation of this Contract and entitles the Housing Authority to withhold up to ten percent (10%) from any pending progress payment until all such payrolls are received. Repeated, ongoing or flagrant failures by the Contractor to submit the required forms, its payrolls or the payrolls of its subcontractors in a timely manner and in accordance with this provision constitutes a material breach of this Contract which may result in the Housing Authority terminating the Contract for default.

ARTICLE 6
PROJECT CLOSEOUT

6.1 Prior to occupancy of any dwelling unit, building, or other portion of the project, the Owner shall receive a certificate from the Contractor that such portion of the project is ready for occupancy, and shall cause a Notice of Completion to be issued. A Notice of Completion shall be issued only when the Work, including all phases thereof, is finally completed, and all requirements of this Construction Contract have been satisfied. The Owner shall cause the Notice of Completion to be recorded with the County Recorder.

6.2 Upon Issuance of a Notice of Completion, final payment shall be made to the Contractor of the entire unpaid balance of the Contract Sum, including any sums due to the Contractor for changes in the Work approved by the Owner pursuant to Section 01003 paragraph 3.03.E. of the Instruction to Bidders, less any amounts which Owner is entitled to receive from the Contractor under the terms of this Contract or amounts necessary to cover stop notices or alleged labor underpayments, and less the ten percent (10%) retention withheld, pursuant to Section 01003 paragraph 3.03.F. of the Instruction to Bidders.

6.3 In addition to all other requirements, a Notice of Completion shall be issued only when Owner has received the following:

A. A Certificate of Completion, executed by Owner.

B. All guarantees and warranties issued by the manufacturers or installers of equipment or other component parts of the project. Contractor guarantees that the equipment, materials, and workmanship, not otherwise covered by a guarantee or warranty, will be free from defects in materials and workmanship for a period of one (1) year following date of final acceptance of the project.

C. The waiver and release of all liens, claims of liens, or stop notice rights of the Contractor and all subcontractors, and the Contractor's Certificate and Release.

D. Verification from the Architect that Contractor has removed all waste materials, rubbish, tools, construction equipment, machinery, and surplus materials from the project site. If the Contractor has failed to remove any of such items, the Owner may remove such items, and the Contractor shall pay the Owner for all costs incurred in connection with such removal.

6.4 After recordation of the Notice of Completion, and expiration of the thirty-day period for filing of stop notices, the Owner shall use reasonable efforts to settle all claims and disputes, notify the Contractor of final acceptance of the project, and make final payment of the entire unpaid balance of the Contract Sum, including the ten percent (10%) retention, less any amounts which the Owner is entitled to receive from the Contractor under the terms of this Construction Contract, including liquidated damages, and less amounts necessary to cover stop notices or alleged labor underpayments.

ARTICLE 7
BREACH AND TERMINATION

7.1 Waiver by the Owner of any breach of this Construction Contract shall not constitute a waiver of any other breach or of any future breach. No payment made hereunder shall be construed to be an acceptance of defective Work or improper materials.

7.2 In addition to any right of termination reserved to the Owner by Section 01003 paragraph 3.10.A. of the Instruction to Bidders of the Construction Contract, the Owner may terminate this Construction Contract or performance under this Construction Contract, if the Contractor is adjudged bankrupt, a receiver is appointed because of the Contractor's insolvency, or the Contractor makes a general assignment for the benefit of its creditors, fails to make prompt payment to subcontractor(s), or for material or labor, persistently disregards laws, ordinances, rules, regulations or orders of any public authority having jurisdiction, fails to construct the project in accordance with the Drawings and Specifications, or otherwise substantially violates any provision of the Contract Documents.

7.3 The Owner shall give the Contractor and his/her surety written notice prior to terminating this Construction Contract or performance under this Construction Contract, pursuant to Section 01003 paragraph 3.10.A. of the Instruction to Bidders, provided that the Contractor shall, upon receipt of such notice, immediately stop the installation of improvements, or other permanent construction work encompassing part of the project. Upon termination, the Owner may take possession of the project and all materials, equipment, tools, and construction equipment and machinery owned by the Contractor and located at the project site, and may finish the project by whatever method it may deem expedient. In such case, the Contractor shall not be entitled to receive any further payment under this Construction Contract.

7.4 The Owner shall not be deemed to have waived any of its other rights or remedies against the Contractor by exercising its right of termination under this Article.

7.5 Termination for Cause: This Contract may be terminated by the Authority upon written notice to the Contractor for cause (failure to perform satisfactorily any of the Contract terms, conditions, and Work items) with no penalties upon termination or upon the occurrence of any of the following events:

A. Continuing failure of the Contractor to perform any Work required to be performed hereunder in a timely and professional manner, or Contractor is not properly carrying out the provisions of the Contract in their true intent and meaning, then in such case, notice thereof in writing will be served upon the Contractor; and should the Contractor neglect or refuse to provide a means for a satisfactory compliance with this Contract and with the direction of the Authority within the time specified in such notices, the Authority shall have the power to suspend the performance of this Contract by Contractor in whole or in part.

B. Failure on the part of the Contractor to procure or maintain insurance required by this Contract shall constitute a material breach of contract upon which the Authority may immediately terminate this Contract.

C. Should the Contractor fail within five (5) days to perform in a satisfactory manner, in accordance with the provisions of this Contract, or if the Work to be done under said Contract is abandoned for more than three (3) days by the Contractor, then notice of deficiency thereof in writing will be served upon the Contractor. Should the Contractor fail to comply with the terms of said Contract within five (5) days, upon receipt of said written notice of deficiency, the Executive Director of the Authority shall have the power to suspend or terminate the operations of the Contractor in whole or in part.

D. In the event that a petition of bankruptcy shall be filed by or against the Contractor.

E. If, through any cause, the Contractor shall fail to fulfill, in a timely and proper manner, the obligations under this Contract, or if the Contractor shall violate any of the covenants, agreements, or stipulations of this Contract, the Authority shall thereupon have the right to terminate this Contract by giving written notice to the Contractor of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Contractor under this Contract shall, at the option of the Authority become its property and the Contractor shall be entitled to receive just and equitable compensation for any work satisfactorily completed.

7.6 Termination for Improper Consideration: The Authority may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Construction Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any Authority officer, employee or agent with the intent of securing the Contract or securing favorable treatment with respect to the award, amendment or extension of the Contract or the making of any determinations with respect to the Contractor's performance pursuant to the Contract. In the event of such termination, the Authority shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

The Contractor shall immediately report any attempt by the Authority officer or employee to solicit such improper consideration. The Report shall be made to the Authority's Executive Director or designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

7.7 Termination for Convenience: The Authority reserves the right to cancel this Contract for any reason at all upon thirty (30) days prior written notice to Contractor. In the event of such termination, Contractor shall be entitled to a prorated portion paid for all satisfactory work unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in such termination.

7.8 The Authority's Quality Assurance Plan: The Authority will evaluate Contractor's performance under this Contract on not less than a quarterly basis. Such evaluation will include assessing Contractor's compliance with all Contract terms and performance standards. Contractor deficiencies which the Authority determines are severe or continuing and that may place

performance of the Contract in jeopardy if not corrected will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by the Authority and the Contractor. If improvement does not occur consistent with the corrective action measures, the Authority may terminate this Contract or pursue other penalties as specified in this Contract.

7.9 Non-payment after expiration or termination: Contractor shall have no claim against the Authority for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement. Should Contractor receive any such payment, it shall immediately notify the Authority and shall immediately repay all such funds to the Authority. Payment by the Authority for services rendered after expiration/termination of this Agreement shall not constitute a waiver of the Authority's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement.

ARTICLE 8
MISCELLANEOUS PROVISIONS

8.1 Contractor shall give all notices and comply with all laws, rules, regulations, ordinances and orders of any governmental entity relating to the Work. Should Contractor become aware that any provision of the Construction Contract is at variance with any such rule, law, regulation, ordinance or order, he/she shall promptly give notice in writing to the Owner of such variance.

8.2 It is hereby declared to be the intention of the parties that the sections, paragraphs, sentences, clauses and phrases of this Construction Contract are severable, and if any phrase, clause, sentence, paragraph or section of this Construction Contract shall be declared unconstitutional, invalid or unenforceable by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality, invalidity or unenforceability shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Construction Contract.

8.3 Anything mentioned in the Specifications and not shown on the Drawings, or shown on the Drawings and not mentioned in the Specifications, shall be of like effect as if shown or mentioned in both. In case of difference between Drawings and Specifications, the Specifications shall govern. In case of discrepancy within the Drawings, or within the Specifications, the matter shall be promptly submitted to the Contracting Officer, who shall promptly make a determination in writing. Any adjustment by the Contractor without such a determination by the Contracting Officer shall be at its own risk and expense. The Contracting Officer shall furnish from time to time such detailed drawings and other information as considered necessary, unless otherwise provided.

ARTICLE 9
CONTRACTOR APPROVAL

9.1 Contractor's Adherence to the Child Support Compliance Program
Contractor shall: 1) fully comply with all applicable State and Federal reporting requirements relating to employment reporting for its employees; and, 2) comply with all lawfully served Wage and Earnings Assignment Orders and Notice of Assignment and continue to maintain

compliance during the term of any contract that may be awarded pursuant to this solicitation. Failure to comply may be cause for termination of a contract or initiation of debarment proceedings against the non-compliant contractor.

9.2 Contractor's Warranty of Adherence to Authority's Child Support Compliance Program

Contractor acknowledges that the Authority has established a goal of ensuring that all individuals who benefit financially from the Authority through a contract, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles.

As required by the Authority's Child Support Compliance Program and without limiting Contractor's duty under this Contract to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall, during the term of this Contract, maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department (CSSD) Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

9.3 Termination For Breach of Warranty to Comply with Authority's Child Support Compliance Program

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 9.2, "Contractor's Warranty of Adherence to Authority's Child Support Compliance Program" shall constitute default under this Contract. Without limiting the rights and remedies available to the Authority under any other provision of this Contract, failure of Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the Commission may terminate this Contract pursuant to Paragraphs under 7.5- "Termination for Cause" and pursue debarment of Contractor, pursuant to Authority Policy.

9.4 Post L. A.'s Most Wanted Parents List

Contractor acknowledges that the Authority places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Contractor understands that it is the Authority's policy to encourage the Authority contractors to voluntary post the Authority's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. District Attorney will supply Contractor with the poster to be used.

ARTICLE 10
ADDITIONAL PROVISIONS

10.1 This Construction Contract and the obligations of the parties hereunder shall be interpreted, construed and enforced in accordance with the laws of the State of California.

10.2 This Construction Contract contains the entire agreement between the parties. No variations, modifications, or changes hereto shall be binding upon any party hereto unless set forth in a document duly executed by or on behalf of such party. All prior negotiations, representations and/or contracts between the parties relative to the subject matters hereof shall be superseded hereby and have no further force and effect.

10.3 No consent or waiver, expressed or implied, by either party to or of any breach or default by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of such other party hereunder. Failure on the part of either party to complain of any such act of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

10.4 Contractor shall procure and maintain insurance at Contractor's expense for the duration of this Contract from an insurance company that is admitted to write insurance in California or that has a rating of or equivalent to A:VIII by A. M. Best & Company. Any deviation from this rule shall require specific approval by the Authority:

A. GENERAL LIABILITY INSURANCE (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate	$2,000,000
Products/ Completed Operations Aggregate	$1,000,000
Each Occurrence	$1,000,000

B. WORKERS' COMPENSATION and EMPLOYER'S LIABILITY insurance providing workers' compensation benefits, as required by the Labor Code of the State of California. In all cases, the above insurance shall include Employer's Liability coverage with limits of not less than the following:

Each Accident	$1,000,000
Disease-Policy Limit	$1,000,000
Disease-Each Employee	$1,000,000

C. AUTOMOBILE LIABILITY INSURANCE (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than one million dollars ($1,000,000) for each incident. Such insurance shall include coverage of all "owned", "hired", and "non-owned" vehicles, or coverage for "any auto."

The Authority, the Community Development Commission of the County of Los Angeles (Commission), the County of Los Angeles (County), and their officers, employees, agents and representatives shall be named as additional insureds.

Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, or canceled by either party or reduced in coverage or limits, except after thirty (30) days' prior written notice to the Authority, and shall be primary and not contributing to any other insurance or self-insurance maintained by the Authority.

Any self-insurance program or self-insured retention must be separately approved in writing by the Authority.

Contractor shall deliver to the Authority certificates of insurance and original endorsements for approval as to sufficiency and form prior to the start of performance hereunder. The

certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. Such insurance as required herein shall not be deemed to limit Contractor's liability under this Contract.

The Authority reserves the right to require complete certified copies of all said policies at any time. Any modification or waiver of the insurance requirements herein shall only be made with the written approval of the Authority's Risk Manager or designee.

10.5 Compliance With Laws

The Contractor agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Contract. This Contract is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzalez National Affordable Housing Act, 1990, and the 24 CFR Part 85. If the compensation under this Contract is in excess of $100,000 then Contractor shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Contractor must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Contract.

Contractor shall comply with the following laws:

Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Title VI provides that no person shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Section 109 of the Housing and Community Development Act of 1974

No person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

No person in the United States shall be excluded from participating in, be denied the benefits of, or be subjected to discrimination under this Contract on the basis of age or with respect to an otherwise qualified disabled individual.

Executive Order 11246 and 11375, Equal Opportunity in Employment (Nondiscrimination in Employment by Government Contractors, Subcontractors, and Contractors)

During the performance of this Contract, the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees

and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Contractor will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, a notice to be provided by the Authority's contracting officer, advising the labor union or workers' representatives of the Contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulation and relevant orders of the Secretary of Labor.

The Contractor will furnish all information and reports required by the Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, will permit access to his/her books, records, and accounts by the Authority and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations or orders, this Contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Order and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

The Contractor will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such actions with respect to any subcontract or purchase order as the Authority may direct as a means of enforcing such provisions including sanctions for noncompliance; provided however, that in the event the Contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the Authority, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

Federal Davis-Bacon Requirements

This construction project is funded in whole or in part with Federal funds. Federal Labor Standard Provisions, including prevailing wage requirements of the Davis- Bacon and Related Act (DBRA) will be enforced. See Section 01003, paragraphs 2.09, 3.13, and 3.21 in Part A, "Instruction to Bidders and general Conditions for Construction Contract," of this Contract.

The applicable wage determination for this project is General Wage Decision CA20030028, Modification # 10, dated February 11, 2005.

Section 3 of the Housing and Community Development Act of 1968, as Amended requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

A. The work to be performed under this Contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this Contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Contract, the parties to this Contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining Contract or other understanding, if any, a notice advising the labor organization or workers' representative of the Contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The Contractor will certify that any vacant employment positions, including training positions, that are filled (i) after the Contractor is selected but before the Contract is executed, and (ii) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the Contractor's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.

With respect to work performed in connection with Section 3 covered Indian Housing Assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and

employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

10.6 Access and Retention of Records

The Contractor shall provide access to the Authority, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Contractor which are directly pertinent to the specific Contract for the purpose of making audits, examinations, excerpts and transcriptions. The Contractor is required to retain the aforementioned records for a period of five (5) years after the Authority pays final payment and other pending matters are closed.

10.7 Conflict of Interest

The Contractor represents, warrants and agrees that to the best of its knowledge, it does not presently have, nor will it acquire during the term of this Contract, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venturer or shareholder (other than as a shareholder holding a one percent (1%) or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with the Authority. Upon execution of this Contract and during its term, as appropriate, the Contractor shall disclose in writing to the Authority, any other contract or employment during the term of this Contract by any other persons, business or corporation in which employment will or may likely develop a conflict of interest between the Authority's interest and the interests of the third parties.

10.8 Indemnification

The Contractor agrees to indemnify, defend and save harmless the Authority, Commission, County, and their agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever including, but not limited to bodily injury, death, personal injury or property damage arising from or connected with the Contractor's services, including any Workers' Compensation suits, liability, or expenses arising or connected with the Work or service rendered pursuant to this Contract.

10.9 Subcontracting

The Contractor may subcontract only those specific portions of the work allowed in the original specifications covered by this Contract with prior written approval by the Authority.

10.10 Assignment

This Contract or any provision thereof or any right or obligation arising hereunder is not assignable in whole or in part, without the expressed written consent of the Authority. However, the Authority reserves the right to assign this Contract to another public agency without the consent of the Contractor.

10.11 Confidentiality of Reports

The Contractor shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the Authority.

10.12 Severability

In the event that any provision herein contained is held to be invalid, void or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of the Contract and shall in no way affect, impair or invalidate any other provision contained herein. If any such provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

10.13 Safety Standards and Accident Prevention

The Contractor shall comply with all applicable Federal, state and local laws governing safety, health and sanitation. The Contractor shall provide all safeguards, safety devices and protective equipment and take any other needed actions, on his/her own responsibility, reasonably necessary to protect the life and health of employees on the job and the public and to protect property in connection with the performance of this Contract.

10.14 Drug Free Workplace Act of the State of California

The Contractor certifies under penalty of perjury under the laws of the State of California that the Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990.

10.15 Copyright

No report, maps, or other documents produced in whole or in part under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. All documents become the property of the Authority and the Authority holds all the rights to said data.

10.16 Independent Contractor

The Contractor shall perform the services as contained herein as an independent contractor and shall not be considered an employee of the Authority, or under Authority supervision or control. This Contract is by and between the Contractor and the Authority, and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, between the Authority and the Contractor.

10.17 Waiver

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall not be deemed to be a waiver of any breach of the same or any other provision hereof.

10.18 Notices

The Authority shall provide Contractor with notice of any injury or damage arising from or connected with services rendered pursuant to this Contract to the extent that the Authority has actual knowledge of such injury or damage. The Authority shall provide such notice within ten (10) days of receiving actual knowledge of such injury or damage. Notices provided for in this Contract shall be in writing and shall be addressed to the representative of each Party.

Owner:
Housing Authority
Maria Badrakhan, Contracting Officer
2 Coral Circle
Monterey Park, CA 91755

Contractor:
Sun Mechanical Company
Song C. So, Owner
14825 Proctor Avenue
City of Industry, CA 91746

Notices shall be deemed delivered on the third day after posting by U.S. Mail or when delivered in person with written acknowledgement of the receipt thereof. Authority and Contractor may designate a different address or addresses for notices to be sent by giving written notice of such change of address to all other parties entitled to receive notice.

10.19 Interpretation

No provision of this Contract is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Contract is to be construed as if it were drafted by both parties hereto.

10.20 Employees of Contractor

Workers' Compensation: Contractor understands and agrees that all persons furnishing services to the Authority pursuant to this Contract are, for the purposes of workers' compensation liability, employees solely of Contractor. Contractor shall bear sole responsibility and liability for providing Workers' Compensation benefits to any person for injury arising from an accident connected with services provided to the Authority under this Contract.

Professional Conduct: The Authority does not and will not condone any act, gestures, comments or conduct from the Contractor's employees, agents or subcontractors which may be construed as sexual harassment or any other type of activity or behavior that might be construed as harassment. The Authority will properly investigate all charges of harassment by residents, employees, agents or subcontractors and is responsible for taking appropriate action after reports of harassment are received by the Contractor.

10.21 Patent Rights

The Authority will hold all the patent rights with respect to any discovery or invention which arises or is developed in the course of, or under, this Contract.

10.22 Notice to Employees Regarding the Federal Earned Income Credit

The Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

10.23 Use of Recycled-Content Paper Products

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on the project.

10.24 Contractor Responsibility and Debarment

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Authority to conduct business only with responsible contractors.

B. The Contractor is hereby notified that if the Authority acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the Authority may, in addition to other remedies provided in the contract, debar the Contractor from bidding on Authority contracts for a

specified period of time not to exceed three (3) years, and terminate any or all existing contracts the Contractor may have with the Authority.

C. The Authority may debar a contractor if the Board of Commissioners finds, in its discretion, that the Contractor has done any of the following: (i) violated any term of a contract with the Authority, (ii) committed any act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the Authority or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (iii) committed an act or offense which indicates a lack of business integrity or business honesty, or (iv) made or submitted a false claim against the Authority or any other public entity.

D. If there is evidence that the Contractor may be subject to debarment, the Authority will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. If the Contractor fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Contractor may be deemed to have waived all rights of appeal.

F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

G. These terms shall also apply to subcontractors of Authority contractors.

10.25 Compliance With Jury Service Program

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program or that Contractor qualifies for an exception to the Jury Service Program, Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

2. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the Authority or a subcontract with an Authority contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more Authority contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full time"

means forty (40) hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the Authority, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the Authority under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify the Authority if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The Authority may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the Authority's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this Section of the Contract may constitute a material breach of the Contract. In the event of such material breach, the Authority may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future Authority contracts for a period of time consistent with the seriousness of the breach.

10.26 Notice to Employees regarding The Safely Surrendered Baby Law

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the Internet at www.babysafela.org for printing purposes.

10.27 Contractor's Acknowledgment of Authority's Commitment to the Safely Surrendered Baby Law

The Contractor acknowledges that the Authority places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the Authority's policy to encourage all Authority contractors to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

10.28 Entire Contract

This Contract with attachments constitutes the entire understanding and agreement of the parties.

//

IN WITNESS WHEREOF, the parties hereto have executed this Construction Contract on the date and year first written above.

OWNER

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC

By: _____

CARLOS JACKSON

Title: EXECUTIVE DIRECTOR

Date: _____

APPROVED AS TO PROGRAM:

Maria Badrakhan

MARIA BADRAKHAN

Title: CONTRACTING OFFICER

Date: 4/27/05

APPROVED AS TO FORM
Office of County Counsel,
RAYMOND G. FORTNER, JR.

By: Paul T. Hanson
Deputy

CONTRACTOR
SUN MECHANICAL COMPANY

License Number: 563455

By: Song C. So

SONG C. SO

Title: OWNER

Date: 4/25/05

BUSINESS ADDRESS

14825 Proctor Avenue

City of Industry, CA 91746

Telephone: (626) 330-2452

Fax: (626) 330-2053

CORPORATE SEAL

Required Signatures:

If sole proprietor, one signature of sole proprietor.

If partnership, the signature of at least one general partner authorized to sign contracts on behalf of the partnership.

If Corporation, the signatures of those officers required to sign contracts on behalf of the Corporation, and the Corporate Seal.