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Community Development Commission

#1-D APRIL 19, 2011

SACHI A. HAMAI
EXECUTIVE OFFICER

April 19, 2011

The Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

RESCIND APPROVAL OF CONTRUCTION CONTRACTS WITH IMEX CONSTRUCTION AND DEVELOPMENT, INC. AND APPROVE THREE CONSTRUCTION CONTRACTS FOR THE RESIDENTIAL SOUND INSULATION PROGRAM TO COMPLETE WORK IN UNINCORPORATED LENNOX AND ATHENS
(DISTRICT 2) (3 VOTES)

SUBJECT

This letter requests Board approval to rescind prior approval of construction contracts awarded to IMEX Construction and Development, Inc. (IMEX) and recommends awarding two of the previously approved contracts to AZ HOME, Inc. and one previously awarded contract to SPEC Construction Company, Inc., to complete sound insulation improvements for 99 dwelling units on 8 properties in unincorporated Lennox and Athens communities. Approval of the contracts will permit the Community Development Commission of the County of Los Angeles (Commission) to continue to provide sound rated mitigation improvements that reduce the exterior noise impact for properties located within the flight path of the Los Angeles International Airport.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Rescind your Board's December 14, 2010 approval to award three construction contracts to IMEX to complete sound insulation improvements for 99 dwelling units on 8 properties in unincorporated Lennox and Athens due to their failure to meet the provision of the bid documents by not providing required faithful performance and labor and materials bonds.

2. Authorize the Executive Director to pursue any available remedies against IMEX's surety, including forfeiture of the bid bond.

3. Approve and authorize the Executive Director or his designee to execute, amend and if necessary reduce or terminate two construction contracts and all related documents with AZ HOME, Inc., and one construction contract and all related documents with SPEC Construction Company, Inc., to complete sound insulation improvements for 99 dwelling units on 8 properties in unincorporated Lennox and Athens, using a total of $1,401,917 in funding consisting of $773,136 in Federal Aviation Administration (FAA), $610,319 Los Angeles World Airports (LAWA) and $18,462 Community Development Block Grant (CDBG) funds allocated to the Second Supervisorial District, subject to receipt of an approved faithful performance and labor and materials bond.

4. Authorize the Executive Director or his designee to approve contract change orders not exceeding $140,192 for any unforeseen project costs, using the same source of funds.

5. Find that sound insulation improvements are exempt from the provisions of the California Environmental Quality Act (CEQA) because the work includes activities that will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to rescind approval of previously awarded construction contracts to IMEX and to award new contracts to AZ HOME, Inc. and SPEC Construction Company, Inc. to sound insulate 99 dwelling units on 8 properties in unincorporated Lennox and Athens.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The improvements will be funded with $773,136 in Federal Aviation Administration (FAA), $610,319 in Los Angeles World Airports (LAWA) and $18,462 in Community Development Block Grant (CDBG) funds. A 10% contingency per contract, in the amount of $140,192, is also being set aside for unforeseen costs using the same source of funds. There are sufficient funds included in the Commission's approved Fiscal Year 2010-2011 budget for the expenses related to this project.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The contracts include a total of 99 dwelling units on 8 properties in unincorporated Lennox and Athens. The residences are located within the 65dB Community Noise Equivalent Levels contours and have been determined by LAWA and FAA to be severely affected and constantly exposed to noise generated from low flying aircraft. AZ HOME, Inc. and SPEC Construction Company will complete the upgrade work on the properties. The proposed contracts will provide for the replacement of all windows and doors; installation of attic insulation, heat ventilation and air conditioning systems; upgrade of electrical panels; and completion of miscellaneous code compliance work.

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. Instead, the contractors 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 U.S. Department of Housing and Urban Development (HUD) assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

ENVIRONMENTAL DOCUMENTATION

Pursuant to Title 24 of the Code of Federal Regulations, Section 58.35 (a)(3)(i) and (ii), approval of the contracts is excluded from the National Environmental Policy Act because it involves activities that will not alter existing environmental conditions. The action is exempt from the provisions of CEQA pursuant to State CEQA Guidelines Section 15301 because the activities involve negligible or no expansion of existing uses.

Properties funded through this program will be reviewed and approved on a site by site basis prior to the commencement of any work under these contracts.

CONTRACTING PROCESS

In August 2010, the Commission initiated an outreach to identify contractors to complete the sound insulation work. The work was split into four groups for bidding purposes (Groups 65, 67, 68, and 73). Invitations for Bids were mailed to 540 contractors identified from the Commission's vendor list of general B-licensed contractors. Advertisements also appeared in 12 local newspapers and on the County WebVen website.

The Commission received a total of 23 bids in response to the outreach. On September 23, October 5, and September 28, 2011, respectively, IMEX submitted its bids for Groups 65, 67 and 68. The Commission found IMEX to be the lowest responsive, responsible bidder for Groups 65, 67, and 68 and notified IMEX on October 5, 2010, for Groups 65 and 68 and October 22, 2010 for Group 67, of the Commission's intent to recommend award of the contracts to your Board.

On December 14, 2010, your Board authorized the Executive Director to enter into three construction contracts with IMEX, and the contracts were executed on December 22, 2010. However, IMEX failed to meet the provisions of the bid documents by not furnishing 100% performance and 100% payment bonds, insurance, and other documents to the Commission within the required timeline. On January 5, 2011, First Sealord Surety advised the Commission that IMEX was not qualified for bond support because of IMEX's current financial condition. The Commission is therefore recommending that your Board find that IMEX failed to meet the requirements of the bid documents by not furnishing the required faithful performance and labor and materials bonds.

During the original solicitation process, AZ Homes, Inc. submitted the second lowest bid for Group 65. BREJ Corporation submitted the second lowest bid for Group 67, but its bid was found to be non-responsive for failure to provide signed subcontractor bids within the required 48 hour period. AZ Homes, Inc. submitted the third lowest bid for Group 67.

S&L Specialty Contracting, Inc. submitted the second lowest bid for Group 68, but its bid was found to be non-responsive for failure to provide signed subcontractor bids within the required 48 hour period. SPEC Construction Company, Inc. submitted the third lowest bid for Group 68.

The Commission, therefore, recommends that your Board approve awarding two construction contracts to AZ Home, Inc., the lowest responsive, responsible bidder for Groups 65 and 67, and one construction contract to SPEC Construction Company, Inc., the lowest responsive, responsible bidder for Group 68.

The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The award of the construction contracts will reduce the exterior noise impact for 99 households in the unincorporated Lennox and Athens communities.

Respectfully submitted,

SEAN ROGAN
Executive Director

SR:rg

Enclosures

ATTACHMENT A

Summary of Outreach Activities

On August 24, 28, and 30, 2010, the Commission initiated outreach to identify contractors to complete sound insulation improvements in 99 units at 8 properties in the unincorporated Athens area.

A. Invitation for Bids Advertising

Announcements appeared in the following 12 local newspapers:

Dodge Construction News
The Eastside Sun
Monterey Park Progress
Downey Herald American
International Daily News
The Daily News
La Opinion
Los Angeles Sentinel
Huntington Park Bulletin
Eastside Journal
Los Angeles Times
Southwest WAVE

An announcement also posted on the County WebVen website.

B. Distribution of Bid Packages

The Commission's vendor list was used to mail out Invitations for Bids to 540 general B-licensed contractors, of which 482 identified themselves as businesses owned by minorities or women (private firms which are 51% owned by minorities or women, or publicly-owned businesses in which 51% of the stock is owned by minorities or women). As a result of the outreach, an aggregate of 149 bid packages were requested and distributed.

C. Pre-Bid Conference and Site Walk

On September 9, 14, and 21, 2010, mandatory pre-bid conferences and site walks were conducted for the various groups.

D. Bid Results

On September 23, 28, and October 5, 2010, nine, five, and five bids were received and formally opened. The bid results were as follows:

GROUP 65

Company	Bid Amount
Imex Construction and Development	$437,400
AZ HOME, Inc.	**$439,000**
S&L Specialty Contracting, Inc.	$464,817
Cal-City Construction, Inc.	$479,900
Karabuild Development, Inc.	$481,836
Sam Boo Construction	$493,000
SPEC Construction Co., Inc.	$514,156
CJPRO, Inc.	$581,068
Malcon Civilis, Inc.	$767,705

GROUP 67

Company	Bid Amount
Imex Construction and Development	$516,500
*BREJ Corporation	$535,000
AZ HOME, Inc.	**$538,000**
Cal-City Construction, Inc.	$556,000
S&L Specialty Contracting Inc.	$564,680

* Found to be non-responsive

GROUP 68

Company	Bid Amount
Imex Construction and Development	$413,800
*S&L Specialty Contracting, Inc.	$418,430
SPEC Construction Co., Inc.	**$424,917**
AZ HOME, Inc.	$426,000
Cal-City Construction, Inc.	$427,088
CJPRO, Inc.	$441,575
Corral Construction	$464,274
BREJ Corporation	$520,000
M&E Construction.	$594,000

* Found to be non-responsive

E. Minority/Female Participation – Selected Contractors

Name	Ownership	Employees
AZ HOME, Inc.	Non-Minority	7 minorities 2 women 5% minorities 14% women

Name	Ownership	Employees
SPEC Construction Co., Inc.	Non-Minority	7 minorities 1 woman 50% minorities 7% women

F. Minority/Female Participation – Firm Not Selected

Name	Ownership	Employees
IMEX Construction and Development, Inc.	Minority	20 minorities 2 women 100% minorities 10% women

Name	Ownership	Employees
S&L Specialty Contracting, Inc.	Non-Minority	25 minorities 1 woman 45% minorities 1% women

Name	Ownership	Employees
Cal-City Construction, Inc.	Non-Minority	20 minorities 2 women 100% minorities 10% women

Name	Ownership	Employees
Karabuild Development, Inc.	Non-Minority	4 minorities 1 woman 50% minorities 12% women

Name	Ownership	Employees
Sam Boo Construction, Inc.	Minority	23 minorities 4 women 100% minorities 17% women

Name	Ownership	Employees
CJPRO, Inc.	Minority	5 minorities 2 women 100% minorities 40% women

Name	Ownership	Employees *	
Malcon Civils	Minority	6	minorities
		1	woman
		100%	minorities
		40%	women

Name	Ownership	Employees *	
BREJ Corporation	Minority	3	minorities
		1	woman
		100%	minorities
		33%	women

Name	Ownership	Employees *	
Corral Construction	Minority	8	minorities
		1	woman
		100%	minorities
		13%	women

Name	Ownership	Employees *	
M&E Construction	Minority	-	minorities
		-	women
		100%	minorities
		0%	women

The Commission 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 Commission.

The recommended award of the contracts is being made in accordance with the Commission's policies and federal regulations, and without regard to race, creed, color, or gender.

CONSTRUCTION CONTRACT FOR
THE RESIDENTIAL SOUND INSULATION PROGRAM

This CONSTRUCTION CONTRACT, hereinafter referred to as “CONTRACT,” is made this ___ day of ___, 20_, by and between the Community Development Commission of the County of Los Angeles, a public body corporate and politic, hereinafter referred to as the "COMMISSION”, and ___, hereinafter referred to as the "CONTRACTOR".

RECITALS

WITNESSETH, that the COMMISSION and the CONTRACTOR, for the consideration stated herein, mutually agree as follows:

A. WHEREAS, the COMMISSION has established a Residential Sound Insulation Program (RSIP) using grant funds available from the Los Angeles World Airport and the U.S. Federal Aviation Administration to provide for sound insulation of residential dwellings impacted by the Los Angeles International Airport.

B. The term “Work”, includes performance, as set forth in the Contract Documents by the CONTRACTOR, in and upon the real properties located throughout unincorporated Los Angeles County and listed in Exhibit “A”, hereinafter referred to as “Project Site”.

C. The COMMISSION and the Owners of the real properties listed in Exhibit “A”, hereinafter referred to as the PROPERTY OWNER have executed a Owner’s Participation Agreement and desire the CONTRACTOR to perform the Work under the terms and conditions hereinafter set forth, and CONTRACTOR agrees to perform said Work under the terms and conditions set forth below.

TERMS AND CONDITIONS

ARTICLE 1 - CONSTRUCTION CONTRACT

1.1. CONSTRUCTION DOCUMENTS

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

PART A	Instructions to Bidders
PART B	Specifications
PART C	Bidder’s Documents, Representations, Certifications, Bid, and Other Statements of Bidder
DRAWINGS	
ADDENDA	

ARTICLE 2 –STATEMENT OF WORK

2.1. LABOR, MATERIAL, EQUIPMENT AND SERVICES

The CONTRACTOR shall furnish all labor, material, equipment and services, and perform and complete all Work required for the Project identified as a residential rehabilitation for the COMMISSION and the PROPERTY OWNER.

2.2. PROFESSIONAL WORKMANSHIP

CONTRACTOR agrees to perform in a professional workmanlike manner, to the satisfaction of the COMMISSION's Executive Director and his designees, all work as described in the Contract Documents herein before mentioned. All such Work shall be in strict accordance with the specifications and drawings, identified as Part B and Part C of the Contract Documents incorporated herein by this reference.

2.3. DATA IN CONTRACT DOCUMENTS

Data provided in the Specifications, Drawings and Scope of Work is believed to actually depict the conditions to be encountered by the CONTRACTOR, but the COMMISSION and the PROPERTY OWNER do not guarantee such information as being all-inclusive or complete in any respect. Nothing contained herein shall relieve CONTRACTOR from making any and all investigations through non-destructive observation of the Project Site, that is reasonably necessary to apprise him/herself of the condition of the Project Site. 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 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. COMMENCEMENT AND COMPLETION

The Work to be performed under this 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 twenty (120) calendar days following the date of said Notice to Proceed.

3.2. LIQUIDATED DAMAGES

The CONTRACTOR and the COMMISSION 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 it's sureties shall be liable for, and pay to the COMMISSION the sum of Two Hundred Dollars ($200.00) as liquidated damages for each calendar day of delay, until the Work is accepted by the COMMISSION and the PROPERTY 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.

Liquidated damages assessed during construction will be returned to the COMMISSION. See 3.3.

3.3. WITHHOLDING

The COMMISSION 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.

ARTICLE 4 – CONTRACT SUM

4.1. CONTRACT SUM

The COMMISSION shall pay the CONTRACTOR for the performance of the CONTRACT subject to additions and deductions by Change Order(s) as provided in the Contract Documents, in current funds, the sum of ___ ($___). 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 State Prevailing Wage Determination or Federal Labor Standard Requirements (Davis-Bacon) published in Part A of the Contract Documents and incorporated herein by reference, or such wage rates as amended from time to time from commencement of the CONTRACT through completion of the Work.

4.2. TAXES

The Contract Sum set forth herein includes the payment by the 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.

4.3. ESCALATION

The Contract Sum is not subject to escalation, the CONTRACTOR having satisfied their self with said Contract Sum, which includes all labor and material increases anticipated throughout the duration of this CONTRACT.

4.4. FISCAL OBLIGATION AND NON-APPROPRIATION NOTICE

The COMMISSION's obligation is payable only from Los Angeles World Airport, Federal Aviation Administration and Community Development Block Grant funds, or other funds appropriated specifically for the purpose of this CONTRACT. All funds are appropriated every fiscal year beginning July 1. 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 COMMISSION will endeavor to notify the CONTRACTOR in writing within ten days of receipt of the non-appropriation notice.

ARTICLE 5 – PROGRESS PAYMENTS

5.1. PROGRESS PAYMENTS

Based upon applications for payment submitted by the CONTRACTOR to the COMMISSION, the COMMISSION shall make progress payments on account of the Contract Sum to the CONTRACTOR, as provided in the PART A of the Contract Documents incorporated by reference herein.

The COMMISSION will maintain a holding account for the Grant amount to cover the CONTRACT price. Payments to the CONTRACTOR will be drawn down from this account.

5.2. PAYMENT TIMEFRAME

Approved applications for progress payments will be paid in accordance with the COMMISSION's standard policy of net thirty (30) days. Applications for payment must be submitted to the COMMISSION with all supporting documentation for review and approval. Payment shall be subject to all provisions of Part A Section 4.00 General Conditions, Item 40 – Compensation; and Part B Section 01310-3 Item 3.9 - Progress Payments, of Contract Documents incorporated herein by reference.

5.3. LABOR COMPLIANCE FORMS

The CONTRACTOR and each subcontractor shall submit all required Labor Compliance forms to the COMMISSION before the start of construction. The CONTRACTOR shall submit to the COMMISSION 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 COMMISSION 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 COMMISSION 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 COMMISSION terminating the CONTRACT for default.

ARTICLE 6 - PROJECT CLOSEOUT

6.1. OWNERSHIP UPON PROJECT COMPLETION

All materials shall become the property of the PROPERTY OWNER upon completion of the Work and final inspection by the COMMISSION. General maintenance of doors, windows and all other items, and their replacement beyond expiration of manufacturer's warranty shall be the responsibility of the PROPERTY OWNER.

6.2. NOTICE OF COMPLETION

A Notice of Completion shall be issued only when the Work, including all phases thereof, is finally completed, and all requirements of this CONTRACT have been satisfied. The COMMISSION shall initiate the notice and ensure said notice is recorded by the CONTRACTOR with the County Recorder.

6.3. FINAL PAYMENT

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 COMMISSION pursuant to Part A and B of the Contract Documents (incorporated herein by reference), less any amounts that the COMMISSION is entitled to receive from the CONTRACTOR under the terms of this CONTRACT, less the ten (10) percent retention and any disputed labor amounts, pursuant to Part A and B of the Contract Documents (incorporated herein by reference).

6.4. CERTIFICATE OF COMPLETION, GUARANTIES AND WARRANTIES, WAIVER AND LIEN RELEASES AND INSPECTOR VERIFICATION

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

A. A Certificate of Completion, executed by the CONTRACTOR;
B. All guarantees and warranties issued by the manufacturers or installers of equipment or other component parts of the project. The CONTRACTOR guarantees that any equipment, materials, and workmanship not otherwise covered by the warranty, will be free from defects in materials and workmanship for a period of one year following the 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 Warranty Certificate and Lien Release.
D. Verification from the COMMISSION's Construction Management Inspector that CONTRACTOR has acceptably completed the work and 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 COMMISSION may remove such items, and the CONTRACTOR shall pay the COMMISSION for all costs incurred in connection with such removal.
E. The building permit card with the final approval from the Building and Safety Department and hazardous waste manifest from certified disposal site.

6.5. SETTLEMENT OF ALL CLAIMS, DISPUTES, FINAL ACCEPTANCE NOTIFICATION AND RETENTION RELEASE

Thirty days after recordation of the Notice of Completion, the COMMISSION shall settle all claims and disputes, notify the CONTRACTOR of final acceptance of the Project, and release the retention of the entire unpaid balance of the Contract Sum, less any amounts which the COMMISSION is entitled to receive from the CONTRACTOR under the terms of this CONTRACT, including liquidated damages.

ARTICLE 7 - BREACH AND TERMINATION

7.1. WAIVER

Waiver by the COMMISSION of any breach of this 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. TERMINATION

In addition to any right of termination reserved to the COMMISSION by the Contract Documents, the COMMISSION may terminate this CONTRACT or performance under this 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 Scope of Work, or otherwise substantially violates any provision of the CONTRACT.

7.3. TERMINATION FOR CAUSE

This CONTRACT may be terminated by the COMMISSION upon written notice to the CONTRACTOR for just cause (failure to perform satisfactorily any of the CONTRACT terms, conditions, and work items) with no penalties incurred by the COMMISSION upon termination or upon the occurrence of any of the following events specified in the following subsections A, B or C.

A. Should the CONTRACTOR fail to perform all or any portion of the Work required to be performed hereunder in a timely and professional workmanlike manner or properly carry out the provisions of this CONTRACT in it's 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 satisfactory compliance with this CONTRACT and with the direction of the COMMISSION within the time specified in such notice, the COMMISSION shall have the power to suspend or terminate the operations of the 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 the CONTRACT upon which the COMMISSION 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 (3) three days by the CONTRACTOR, then notice of deficiency thereof in writing will be served upon CONTRACTOR by the Contracting Officer of the Housing Development and Preservation Division. 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 COMMISSION 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 COMMISSION 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 COMMISSION become its property and the CONTRACTOR shall be entitled to receive just and equitable compensation for any work satisfactorily completed.

7.4. TERMINATION FOR CONVENIENCE

The COMMISSION 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.

7.5. WRITTEN NOTICE PRIOR TO TERMINATION

The COMMISSION shall give the CONTRACTOR and its surety written notice prior to terminating this CONTRACT or performance under this CONTRACT, pursuant to the Contract Documents, 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 COMMISSION 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 CONTRACT.

7.6. WAIVING OF COMMISSION'S OTHER RIGHTS AND REMEDIES

The COMMISSION 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.

7.7. TERMINATION FOR IMPROPER CONSIDERATION

The COMMISSION may, by written notice to CONTRACTOR, immediately terminate the right of CONTRACTOR, to proceed under this CONTRACT if it is found that consideration, in any form, was offered or given by CONTRACTOR, either directly or through an intermediary, to any COMMISSION 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 COMMISSION shall be entitled to pursue the same remedies against CONTRACTOR as it could pursue in the event of default by the CONTRACTOR.

CONTRACTOR shall immediately report any attempt by a COMMISSION officer or employee to solicit such improper consideration. The report shall be made to the Executive Director of the COMMISSION or the County Auditor-Controller's Employee Fraud Hotline 800/544-6861.

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

7.8. COMMISSION'S QUALITY ASSURANCE PLAN

The COMMISSION will evaluate CONTRACTOR's performance under this CONTRACT on not less than a weekly basis. Such evaluation will include assessing CONTRACTOR's compliance with all CONTRACT terms and performance standards. CONTRACTOR deficiencies which the COMMISSION 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 COMMISSION and the CONTRACTOR. If improvement does not occur consistent with the corrective action measures, the COMMISSION may terminate this CONTRACT or impose other penalties as specified in this CONTRACT.

7.9. NON-PAYMENT AFTER EXPIRATION OR TERMINATION

CONTRACTOR shall have no claim against the COMMISSION or a PROPERTY OWNER 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 CONTRACT. Should

CONTRACTOR receive any such payment, it shall immediately notify the COMMISSION and shall immediately repay all such funds to the COMMISSION. Payment by the COMMISSION for services rendered after expiration/termination of this CONTRACT shall not constitute a waiver of the COMMISSION's right to recover such payment from CONTRACTOR. This provision shall survive the expiration or other termination of this CONTRACT.

ARTICLE 8 - MISCELLANEOUS PROVISIONS

8.1. COMPLIANCE WITH GOVERNMENT REQUIREMENTS

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 CONTRACT is at variance with any such rule, law, regulation, ordinance or order, they shall promptly give notice in writing to the COMMISSION of such variance.

8.2. SEVERANCE

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

8.3. INFORMATION IN DRAWINGS AND SPECIFICATIONS

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.

8.4. SITE ACCESS

The PROPERTY OWNER through the executed Owner's Particpation Agreement has agreed to allow the COMMISSION's staff, its consultants, project managers, agents, or other designees to enter the owner's property for the purposes of conducting surveys to determine appropriate revitalization methods for the owner's property, and to conduct pre- and post-construction condition surveys. PROPERTY OWNER further agreed to provide access throughout the period of construction and for reasonable periods thereafter to inspect the condition of the Work and to allow the COMMISSION staff, its consultants, contractors, project managers, agents, or other designees and subcontractors access to the residential structure(s) located on the OWNER'S PROPERTY between the hours of 7:00 a.m. and 5:00 p.m. on Monday through Friday or at any time upon twenty four (24) hours notice being given by COMMISSION or COMMISSION's contractors to PROPERTY OWNER. The CONTRACTOR will make every attempt to keep the PROPERTY OWNER informed about the overall project schedule so that disruption in PROPERTY OWNER's routines will be kept to a minimum. The CONTRACTOR agrees to contact the PROPERTY OWNER twenty four (24) hours in advance to set up appointments necessary to complete the Work.

ARTICLE 9 - CONTRACTOR APPROVAL

9.1. CONTRACTOR'S WARRANTY OF ADHERENCE TO COMMISSION'S CHILD SUPPORT COMPLIANCE PROGRAM

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

As required by the COMMISSION'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 District Attorney 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).

9.2. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COMMISSION'S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of CONTRACTOR to maintain compliance with the requirements set forth in Paragraph 9.1, "Contractor's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by CONTRACTOR under this CONTRACT. Without limiting the rights and remedies available to the COMMISSION under any other provision of this CONTRACT, failure to cure such default within ninety (30) days of notice shall be grounds upon which the COMMISSION may terminate this CONTRACT pursuant to Paragraph 7.3, "Termination for Cause," and pursue debarment of the CONTRACTOR, pursuant to COMMISSION Policy.

9.3. POST MOST WANTED PARENTS LIST

CONTRACTOR acknowledges that COMMISSION places a high priority on the enforcement of child support laws and the apprehension of child support evaders. CONTRACTOR understands that it is COMMISSION's policy to strongly encourage COMMISSION contractors to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at CONTRACTOR's place of business. The Child Support Services Department will supply the CONTRACTOR with the poster to be used.

ARTICLE 10 - ADDITIONAL PROVISIONS

10.1. LAWS OF CALIFORNIA

This 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. EMPLOYEES OF CONTRACTOR

Workers' Compensation: CONTRACTOR understands and agrees that all persons furnishing services to the COMMISSION 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 COMMISSION under this CONTRACT.

Professional Conduct: The COMMISSION 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 COMMISSION will properly investigate all charges of harassment by residents, employees or agents of the COMMISSION against any and all CONTRACTOR's employees, agents or subcontractors providing services for the COMMISSION. The CONTRACTOR assumes all liability for the actions of the CONTRACTOR's employees, agents or subcontractors and is responsible for taking appropriate action after reports of harassment are received by the CONTRACTOR.

10.3. INSURANCE

Without limiting CONTRACTOR'S duties to indemnify and defend as provided in this CONTRACT, CONTRACTOR shall procure and maintain, at CONTRACTOR'S sole expense, for the duration of this CONTRACT or as otherwise set forth herein, the insurance policies described herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be admitted and approved by the California Department of Insurance or must be included on the California Department of Insurance List of Eligible Surplus Line Insurers (hereinafter "LESLI"). Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. CONTRACTOR shall, concurrent with the execution of this CONTRACT, deliver to the COMMISSION certificates of insurance with original endorsements evidencing the insurance coverage required by this CONTRACT. If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of this CONTRACT, but no later than thirty (30) days following execution of this CONTRACT. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. CONTRACTOR shall provide the COMMISSION with certificates of insurance and applicable endorsements each year during the term of this CONTRACT to evidence its annual compliance with the insurance requirements set forth herein. The COMMISSION reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the COMMISSION and may provide for such deductibles as may be acceptable to the COMMISSION. Any self-insurance program and self-insured retention must be separately approved by the COMMISSION. In the event such insurance does provide for deductibles or self-insurance, CONTRACTOR agrees that it will indemnify, defend, and hold harmless the COMMISSION, its elected and appointed officers, officials, representatives, employees, and agents in the same manner as they would have been indemnified, defended, and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that the COMMISSION be given at least thirty (30) days written notice in advance of any cancellation or any reduction in limit(s) for any policy of insurance required herein. CONTRACTOR shall give the COMMISSION immediate notice of any insurance claim or loss which may be covered by insurance. CONTRACTOR represents and warrants that the insurance coverage required herein will also be provided by any entities with which CONTRACTOR contracts, as detailed below. All certificates of insurance and additional insured endorsements shall carry the following identifier: RSIP Construction Contract.

The insurance policies set forth herein shall be primary insurance with respect to the COMMISSION. The insurance policies shall contain a waiver of subrogation for the benefit of the COMMISSION. Failure on the part of CONTRACTOR, and/or any entities with which CONTRACTOR contracts, to procure or maintain the insurance coverage required herein may, upon the COMMISSION'S sole discretion, constitute a material breach of this CONTRACT pursuant to which the COMMISSION may immediately terminate this CONTRACT and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of the COMMISSION, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the COMMISSION shall be immediately repaid by the CONTRACTOR to the COMMISSION upon demand including interest thereon at the default rate. In the event of such a breach, the COMMISSION shall have the right, at its sole election, to participate in and control any insurance claim, adjustment, or dispute with the insurance carrier. CONTRACTOR'S failure to assert or delay in asserting any claim shall not diminish or impair the COMMISSION'S rights against the CONTRACTOR or the insurance carrier.

When CONTRACTOR, or any entity with which CONTRACTOR contracts, is naming the COMMISSION as an additional insured on the general liability insurance policy set forth below, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 11 85. In the alternative and in COMMISSION'S sole and absolute discretion, it may accept both CG 20 10 10 01 and CG 20 37 10 01 in place of CG 20 10 11 85. The following insurance policies shall be maintained by CONTRACTOR and any entity with which CONTRACTOR contracts for the duration of this CONTRACT, unless otherwise set forth herein:

A. GENERAL LIABILITY INSURANCE (written on ISO policy form CG 00 01 or it's equivalent) including coverage for personal injury, death, property damage and contractual liability with limits of not less than the following:

General Aggregate	$2,000,000
Products/ Completed Operations Aggregate	$2,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence	$1,000,000

The COMMISSION, the Housing Authority of the County of Los Angeles ("HOUSING AUTHORITY"), the County of Los Angeles ("COUNTY") (HOUSING AUTHORITY, COMMISSION and COUNTY are hereinafter collectively referred to as "PUBLIC AGENCIES"), and each of their elected and appointed officers, officials, representatives, employees, and agents (hereinafter collectively referred to as "AGENTS") shall be covered as additional insureds for contractor's work on such policy.

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 PUBLIC AGENCIES and their AGENTS shall be covered as additional insureds on such policy.

D. POLLUTION LIABILITY INSURANCE including coverage for bodily injury, property damages, and environmental damage with limits of not less than the following:

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

Said policy shall also include, but not be limited to: coverage for any and all remediation costs, including, but not limited to, restoration costs, and coverage for the removal, repair, handling, and disposal of asbestos and/or lead containing materials where applicable. The PUBLIC AGENCIES and their AGENTS shall be covered as additional insureds on the pollution liability insurance policy. If the general liability insurance policy and/or the pollution liability insurance policy is written on a claims-made form, then said policy or policies shall also comply with all of the following requirements:

(i) The retroactive date must be shown on the policy and must be before the date of this CONTRACT or the beginning of the Work;

(ii) Insurance must be maintained and evidence of insurance must be provided for the duration of this CONTRACT or for five (5) years after completion of the Work, whichever is greater;

(iii) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of this CONTRACT, then the CONTRACTOR must purchase an extended period coverage for a minimum of five (5) years after completion of Work;

(iv) A copy of the claims reporting requirements must be submitted to the COMMISSION for review; and

(v) If the Work involves lead based paint or asbestos identification/remediation, then the CONTRACTOR'S pollution liability insurance policy shall not contain any lead-based paint or asbestos exclusions.

CONTRACTOR agrees that it will require that all of the above mentioned insurance requirements be incorporated in its contract with any entity with which it contracts in relation to this CONTRACT or in relation to the Work, Property or project that is the subject of this CONTRACT.

10.4. INDEMNIFICATION:

CONTRACTOR shall indemnify, defend, and hold harmless the PUBLIC AGENCIES and their AGENTS from and against any and all liability, demands, damages, claims, causes of action, fees

(including reasonable attorney's fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Liabilities"), arising from or connected with CONTRACTOR'S acts, errors, and/or omissions arising from and/or relating to this CONTRACT. CONTRACTOR shall not be required to indemnify, defend, and hold harmless the PUBLIC AGENCIES and their AGENTS from any Liabilities that arise from the active negligence, sole negligence or willful misconduct of the PUBLIC AGENCIES, PUBLIC AGENCIES' agents, servants, or independent contractors who are directly responsible to the PUBLIC AGENCIES. The above indemnification language, or language substantially similar thereto, in favor of the PUBLIC AGENCIES, shall also be incorporated in CONTRACTOR'S contracts with any and all entities with which it contracts in relation to this CONTRACT, the Work, or the property or project that is the subject of this CONTRACT. These indemnification provisions shall remain in full force and effect and survive the termination and/or expiration of this CONTRACT.

Following completion of the Work and final inspection by the COMMISSION, the Work will remain under warranty from the CONTRACTOR to the PROPERTY OWNER for a period of one (1) year, after which time the Work will be the sole responsibility of the PROPERTY OWNER. PROPERTY OWNER recognizes that if a defect is detected within any applicable warranty period, such defect shall be communicated to the CONTRACTOR and to the COMMISSION as soon as practicable. PROPERTY OWNER agrees that only the CONTRACTOR shall be responsible to correct defective Work. All manufacturer's warranties and guarantees will be provided to the PROPERTY OWNER, and if any materials have a warranty extending beyond one year, then PROPERTY OWNER shall be entitled to such warranty as is applicable.

10.5. COMPLIANCE WITH LAWS

The CONTRACTOR agrees to be bound by all applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this CONTRACT, including but not limited to, 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, and the Americans with Disabilities Act of 1990. 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. 18579h), 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.

The CONTRACTOR shall comply with the following laws in Sections 10.6–10.13, inclusive, 10.21-10.22, inclusive and 10.29-10.31, inclusive.

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

10.6. NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

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.

10.7. 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, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

10.8. 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.

10.9. 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 handicapped individual.

10.10. 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 has a collective bargaining agreement or other contract or understanding, a notice to be provided to the agency 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 books, records, and accounts by the contracting agency 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 the 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 action with respect to any subcontract or purchase order as the contracting agency 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 result of such direction by the contracting agency, the CONTRACTOR may request the United States to enter into such litigation to protect the interests of the United States.

10.11. FEDERAL PREVAILING WAGE REQUIREMENTS

This construction project is funded with Federal and/or State funds. Federal Labor Standards Provisions (HUD 4010), including prevailing wage requirements of the Davis-Bacon and Related Acts (DBRA) will be enforced. State Labor Law requirements and California Labor Code Section 1770 et seq. will also be enforced. Whenever a discrepancy between Federal Regulations and State Law is found to exist, the more stringent of the two shall prevail. Federal Wage Decision CA--------Modification ----- Dated ------- and the current State Prevailing Wage rate available on-line at [http://www.dir.ca.gov] will be applicable to this project and the higher of the two rates shall be paid to all employees working at the site(s).

10.12. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968, AS AMENDED

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 (1) after the CONTRACTOR is selected but before the CONTRACT is executed, and (2) 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.

G. 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).

10.13. LOBBYIST ORDINANCES

Federal Lobbyist Requirements: The CONTRACTOR is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD’s 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment or modification of said documents.

The CONTRACTOR must certify in writing on the Federal Lobbyist Requirements Certification form that it is familiar with the Federal Lobbyist Requirements and that all persons and /or subcontractors acting on behalf of the CONTRACTOR will comply with the Lobbyist Requirements.

Failure on the part of the CONTRACTOR or persons/ subcontractors acting on behalf of the CONTRACTOR to fully comply with the Federal Lobbyist Requirements shall be subject to civil penalties.

10.14. ACCESS AND RETENTION OF RECORDS

Access will be provided to the COMMISSION, 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 audit, examination, excerpts and transcriptions. The CONTRACTOR is required to retain the aforementioned records for a period of five years after the Project is completed and accepted by COMMISSION and other pending matters are closed.

The CONTRACTOR shall provide access to the COMMISSION, 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 this 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 years after the COMMISSION pays final payment and other pending matters are closed under this CONTRACT.

10.15. 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 COMMISSION. Upon execution of this CONTRACT and during its term, as appropriate, the CONTRACTOR shall upon written request, disclose in writing to the COMMISSION, any other contractual 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 COMMISSION's interest and the interests of the third parties.

10.16. 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 COMMISSION, which the COMMISSION, at its sole and absolute discretion, may withhold.

The CONTRACTOR shall not subcontract any portion of work covered by this CONTRACT or permit subcontracted work to be further subcontracted without prior written approval by the COMMISSION, which the COMMISSION, at its sole and absolute discretion, may withhold.

10.17. ASSIGNMENT

This CONTRACT or any provision there of or any right or obligation arising hereunder, may not be assigned by the CONTRACTOR except with prior written consent of the Executive Director of the COMMISSION, or his designee, which consent at the COMMISSION's sole and absolute discretion may be withheld. However, the COMMISSION reserves the right to assign this CONTRACT another public agency without the consent of the CONTRACTOR.

10.18. 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 COMMISSION.

10.19. 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.

10.20. SAFETY STANDARDS AND ACCIDENT PREVENTION

The CONTRACTOR, at its sole cost and expense, shall comply with all applicable Federal, state and local laws governing safety, health and sanitation for work of the type set forth in this CONTRACT. The CONTRACTOR shall provide all safeguards, safety devices and protective equipment and take any other needed actions, reasonably necessary to protect the life and health of employees on the job, the general public, and to protect property in connection with the performance of this CONTRACT.

10.21. 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.

10.22. 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.

10.23. COPYRIGHT

No reports, maps, designs, 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 COMMISSION and the COMMISSION holds all the rights to said data. CONTRACTOR acknowledges and represents that all reports, maps, designs, and other documents produced pursuant to this CONTRACT shall be owned by the COMMISSION and CONTRACTOR shall have no copyrights, patents, trademarks, or any other intellectual property rights in such work. All work rendered under this CONTRACT shall be a "Work for Fire" as defined by the United States Copyright Office.

10.24. INDEPENDENT CONTRACTOR

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

10.25. WAIVER

No breach of any provision hereof can be waived unless in writing and signed by all parties. 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.

10.26. NOTICES

COMMISSION 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 COMMISSION has actual knowledge of such injury or damage. COMMISSION shall provide such notice within ten (10) days of receiving actual knowledge of such injury or damage.

All notices given under this Contract shall be in writing and shall be given by facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

The COMMISSION: Lois Starr, Director
Housing Development and Preservation
Community Development Commission
2 Coral Circle
Monterey Park, CA 91755
Fax No.: (323) 890-0946

The CONTRACTOR:

Notices shall be effective upon receipt, if faxed, provided there is written confirmation of receipt (except that if delivered after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three business days after deposit with United States Mail, or (ii) the date of actual receipt as evidence by the return receipt, if delivered by certified mail; or one (1) day after deposit with the delivery service, if delivered overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this CONTRACT.

10.27. INTERPRETATION

No provision of this CONTRACT is to be interpreted for or against the parties 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.

10.28. CONTRACTOR RESPONSIBILITY AND DEBARMENT

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 COMMISSION to conduct business only with responsible contractors.

A. The CONTRACTOR is hereby notified that if the COMMISSION acquires information concerning the performance of the CONTRACTOR on this or other contracts which indicates that the CONTRACTOR is not responsible, the COMMISSION may, in addition to other remedies provided in the CONTRACT, debar the CONTRACTOR from bidding on COMMISSION 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 COMMISSION.

B. The COMMISSION 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 COMMISSION, (ii) committed any act or omission which negatively reflects on the CONTRACTOR's quality, fitness or capacity to perform a contract with the COMMISSION 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 COMMISSION or any other public entity.

C. If there is evidence that the CONTRACTOR may be subject to such debarment, the COMMISSION 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.

D. 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 from bidding on COMMISSION contracts, 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.

E. 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.

F. These terms shall also apply to subcontractors of COMMISSION contractors.

10.29. COMPLIANCE WITH JURY SERVICE PROGRAM

A. Unless CONTRACTOR has demonstrated to the COMMISSION'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.

B. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the COMMISSION or a subcontract with a COMMISSION contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more COMMISSION 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 COMMISSION, 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 COMMISSION 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.

C. 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 COMMISSION 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 COMMISSION may also require, at any time during the CONTRACT and at its sole discretion, that CONTRACTOR demonstrate to the COMMISSION'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.

D. 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

COMMISSION may, in its sole discretion, terminate the CONTRACT and/or bar CONTRACTOR from the award of future COMMISSION contracts for a period of time consistent with the seriousness of the breach.

10.30. 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.

10.31. CONTRACTOR'S ACKNOWLEDGEMENT OF COMMISSION'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The CONTRACTOR acknowledges that the COMMISSION places a high priority on the implementation of the Safely Surrendered Baby Law. The CONTRACTOR understands that it is the COMMISSION's policy to encourage all COMMISSION 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 Department of Children and Family Services of the County of Los Angeles will supply the CONTRACTOR with the poster to be used.

10.32. ENTIRE CONTRACT

This CONTRACT with exhibits and attachments constitutes the entire understanding and 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 all parties. 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.

/ /
/ /
/ /
/ /
/ /

IN WITNESS WHEREOF, the parties hereto have executed this CONTRACT through their duly authorized officers this ___ day of ___, 20___.

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES	**CONTRACTOR**
By:_____	By:_____
SEAN ROGAN, EXECUTIVE DIRECTOR	Title:_____
	License #:_____
APPROVED AS TO FORM: ANDREA SHERIDAN ORDIN	

COUNTY COUNSEL

By:_____
Deputy

APPROVED AS TO PROGRAM:

By:_____
Lois Starr, Director
Housing Development and Preservation

By:_____
Larry J. Matthews, Manager

By:_____
Susan Lawi-Ayad, Budget Analyst

Exhibit A
LIST OF PROPERTIES

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Exhibit B

Form **W-9**
(Rev. January 2003)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type
See **Specific Instructions** on page 2.

Name

Business name, if different from above

Check appropriate box: ☐ Individual/ Sole proprietor ☐ Corporation ☐ Partnership ☐ Other ▶ ..... ☐ Exempt from backup withholding

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). **However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3.** For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 3.

Note: *If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.*

Social security number
| | | – | | – | | | | |

or

Employer identification number
| | – | | | | | | |

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: **(a)** I am exempt from backup withholding, or **(b)** I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or **(c)** the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item **2** above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item **2** does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here **Signature of U.S. person ▶** **Date ▶**

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: *If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.*

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see **Pub. 515,** Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Exhibit B

Department of the Treasury
Internal Revenue Service

Notice 1015

(Rev. December 2005)

Have You Told Your Employees About the Earned Income Credit (EIC)?

What Is the EIC?

The EIC is a refundable tax credit for certain workers.

Which Employees Must I Notify About the EIC?

You must notify each employee who worked for you at any time during the year and from whom you did not withhold income tax. However, you do not have to notify any employee who claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate.

Note. You are encouraged to notify each employee whose wages for 2005 are less than $37,263 that he or she may be eligible for the EIC.

How and When Must I Notify My Employees?

You must give the employee one of the following:

- The IRS Form W-2, Wage and Tax Statement, which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

If you are required to give Form W-2 and do so on time, no further notice is necessary if the Form W-2 has the required information about the EIC on the back of the employee's copy. If a substitute Form W-2 is given on time but does not have the required information, you must notify the employee within 1 week of the date the substitute Form W-2 is given. If Form W-2 is required but is not given on time, you must give the employee Notice 797 or your written statement by the date Form W-2 is required to be given. If Form W-2 is not required, you must notify the employee by February 7, 2006.

You must hand the notice directly to the employee or send it by First-Class Mail to the employee's last known address. You will not meet the notification requirements by posting Notice 797 on an employee bulletin board or sending it through office mail. However, you may want to post the notice to help inform all employees of the EIC. You can get copies of the notice by calling 1-800-829-3676, or from the IRS website at *www.irs.gov*.

How Will My Employees Know If They Can Claim the EIC?

The basic requirements are covered in Notice 797. For more detailed information, the employee needs to see the 2005 instructions for Form 1040, 1040A, 1040EZ, or Pub. 596, Earned Income Credit (EIC).

How Do My Employees Claim the EIC?

Eligible employees claim the EIC on their 2005 tax return. Even employees who have no tax withheld from their pay or owe no tax can claim the EIC and get a refund, but they must file a tax return to do so. For example, if an employee has no tax withheld in 2005 and owes no tax but is eligible for a credit of $799, he or she must file a 2005 tax return to get the $799 refund.

How Do My Employees Get Advance EIC Payments?

Eligible employees who expect to have a qualifying child for 2006 can get part of the credit with their pay during the year by giving you a completed Form W-5, Earned Income Credit Advance Payment Certificate. You must include advance EIC payments with wages paid to these employees, but the payments are not wages and are not subject to payroll taxes. Generally, the payments are made from withheld income, social security, and Medicare taxes. For details, see Pub. 15 (Circular E), Employer's Tax Guide.

Notice **1015** (Rev. 12-2005)
Cat. No. 20599I

Exhibit C-1

No shame.
No blame.
No names.

Newborns can be safely given up at any Los Angeles County hospital emergency room or fire station.

In Los Angeles County:
1-877-BABY SAFE
1-877-222-9723
www.babysafela.org

State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director

Los Angeles County Board of Supervisors
Gloria Molina, Supervisor, First District
Yvonne Brathwaite Burke, Supervisor, Second District
Zev Yaroslavsky, Supervisor, Third District
Don Knabe, Supervisor, Fourth District
Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

Exhibit C-2

What is the Safely Surrendered Baby Law?
California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?
A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?
Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?
In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?
No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?
No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?
The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?
Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?
The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story
At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Exhibit C-3

Sin pena.
Sin culpa.
Sin peligro.

Los recién nacidos pueden ser entregados en forma segura en la sala de emergencia de cualquier hospital o en un cuartel de bomberos del Condado de Los Angeles.

En el Condado de Los Angeles:
1-877-BABY SAFE
1-877-222-9723
www.babysafela.org

Estado de California
Gray Davis, Gobernador

Agencia de Salud y Servicios Humanos
(Health and Human Services Agency)
Grantland Johnson, Secretario

Departamento de Servicios Sociales
(Department of Social Services)
Rita Saenz, Directora

Consejo de Supervisores del Condado de Los Angeles
Gloria Molina, Supervisora, Primer Distrito
Yvonne Brathwaite Burke, Supervisora, Segundo Distrito
Zev Yaroslavsky, Supervisor, Tercer Distrito
Don Knabe, Supervisor, Cuarto Distrito
Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.

Exhibit C-4

¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre recibirá un brazalete igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

Cada recién nacido merece una oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele qué otras opciones tiene.

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.

Exhibit D
BACKGROUND AND RESOURCES:
CALIFORNIA CHARITIES REGULATION

There is a keen public interest in preventing misuse of charitable contributions. California's "Supervision of Trustees and Fundraisers for Charitable Purposes Act" regulates those raising and receiving charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) tightened Charitable Purposes Act requirements for charitable organization administration and fundraising.

The Charitable Purposes Act rules cover California public benefit corporations, unincorporated associations, and trustee entities. They may include similar foreign corporations doing business or holding property in California. Generally, an organization is subject to the registration and reporting requirements of the Charitable Purposes Act if it is a California nonprofit public benefit corporation or is tax exempt under Internal Revenue Code § 501(c)(3), and not exempt from reporting under Government Code § 12583. Most educational institutions, hospitals, cemeteries, and religious organizations are exempt from Supervision of Trustees Act requirements.

Key new Charitable Purposes Act requirements affect executive compensation, fundraising practices and documentation. Charities with over $2 million of revenues (excluding grants and service-contract funds a governmental entity requires to be accounted for) have new audit requirements. Charities required to have audits must also establish an audit committee whose members have no material financial interest in any entity doing business with the charity.

Organizations or persons that receive or raise charitable contributions are likely to be subject to the Charitable Purposes Act. A bidder/proposer on Commission and/or Housing Authority contracts must determine if it is subject to the Charitable Purposes Act and certify either that:
It is not presently subject to the Act, but will comply if later activities make it subject, or,
If subject, it is currently in compliance.

RESOURCES

The following resource references are offered to assist bidders/proposers who engage in charitable contributions activities, however, each bidder/proposer is responsible to research and determine its own legal obligations and properly complete the Charitable Contributions Certification form.

In California, supervision of charities is the responsibility of the Attorney General, whose website, http://caag.state.ca.us/, contains much information helpful to regulated charitable organizations.

<u>LAWS AFFECTING NONPROFITS</u>
The "Supervision of Trustees and Fundraisers for Charitable Purposes Act" is found at California Government Code §§ 12580 through 12599.7. Implementing regulations are found at Title 11, California Code of Regulations, §§ 300 through 312. In California, charitable solicitations ("advertising") are governed by Business & Professions Code §§ 17510 through 17510.95. Regulation of nonprofit corporations is found at Title 11, California Code of Regulations, §§ 999.1 through 999.5. (Amended regulations are pending.) Links to all of these rules are at: http://caag.state.ca.us/charities/statutes.htm.

SUPPORT FOR NONPROFIT ORGANIZATIONS

Several organizations offer both complimentary and fee-based assistance to nonprofits, including in Los Angeles, the *Center for Nonprofit Management,* 606 S. Olive St #2450, Los Angeles, CA 90014 (213) 623-7080 http://www.cnmsocal.org/, and statewide, the *California Association of Nonprofits,* http://www.canonprofits.org/. Both organizations' websites offer information about how to establish and manage a charitable organization.

The above information, including the organizations listed, is for informational purposes only. Nothing contained in this sub-section shall be construed as an endorsement by the Commission of such organizations.