



City of Carson Report to Mayor and City Council

November 15, 2011
New Business Consent

SUBJECT: CONSIDER AN UPDATE OF THE EXTENDED CONSULTING SERVICES CONTRACTS AS A PART OF THE IMPLEMENTATION OF THE NEIGHBORHOOD STABILIZATION PROGRAM

Submitted by Clifford W. Graves
Economic Development General Manager

Approved by David C. Biggs
City Manager

I. SUMMARY

This report is an update on the city of Carson's (Carson) Neighborhood Stabilization Program (NSP) contracting activities. The existing service agreements expired in April and June 2011. As a part of the ongoing implementation of the NSP, staff extended the service contracts for the continued investment of the NSP funds. The City Council is asked to ratify the residential rehabilitation contract extensions.

The aforementioned activities relate to Carson's responsibilities in administering a grant award through the California Department of Housing and Community Development's (HCD) Neighborhood Stabilization Program. The cities of Carson and Lynwood (cities) will use the NSP funds to acquire, rehabilitate, and resell foreclosed and abandoned homes in the designated targeted areas.

II. RECOMMENDATION

TAKE the following actions:

1. RATIFY the one-year extension to the residential rehabilitation contracts with the following contractors:
 - a. SJ Contractor, Inc.
 - b. South Los Angeles Development Group, Inc.
2. RECEIVE and FILE.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

A. NSP

On June 16, 2009, the City Council adopted Resolution No. 09-059 (Exhibit No. 1), which authorized staff to submit a joint application from the city of Carson and the city of Lynwood to the HCD for the receipt of NSP funds. Since that time, staff has remained in communication with HCD regarding the status of the funding

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and the city of Lynwood to the HCD for the receipt of NSP funds. Since that time, staff has remained in communication with HCD regarding the status of the funding and benchmarks. Carson, as the lead agency, then entered into a Standard Agreement with HCD. At the City Council meeting on November 4, 2009 (Exhibit No. 2), the City Council approved the Standard Agreement, which provided the terms and special conditions governing the award and the direct use, obligation, and expenditure of NSP funds. Based on the permissible uses of NSP funds, the cities opted to implement the acquisition, rehabilitation, and resale component of the program to address the abandoned and foreclosed homes within the respective jurisdictions. At the City Council meeting on June 15, 2010, the City Council approved the contracts for residential rehabilitation services (Exhibit No. 3), to facilitate the implementation of the NSP. Staff solicited the necessary professional services to implement the NSP. In addition, staff identified eligible properties for acquisition, rehabilitation, and resale. The necessary accounts to facilitate funding and accounting have been established.

B. NSP Service Contracts

As a part of the implementation of the NSP, the cities advertised for professional services. As a result, the NSP entered into contracts with the consultants for specified services. The NSP entered into 13 separate contracts for six residential services. All of the contracts were for a one-year term with the option to extend for an additional year at the discretion of the NSP (Exhibit No. 4). The contract amounts did not exceed the signature authority of the City Manager (\$25,000.00). The NSP extended the following service contracts:

1. Appraisal Services
2. Inspection Services
3. Environmental Services
4. Property Management Services
5. Escrow & Title Services
6. Residential Rehabilitation Services

The specific dollar amount and period of the extension are enclosed (Exhibit No. 5). Staff will present all contract sub-agreements which exceed the City Manager's signature authority (\$25,000.00) to the City Council. Staff is actively marketing the available properties to prospective homebuyers. In addition, staff has created a webpage, distributed flyers to the cities' community-based organizations, and continues to show the properties to agents and qualified homebuyers. Staff also conducts open houses for agents, lenders, and prospective homebuyers.

V. FISCAL IMPACT

None. The city received an award of \$1,329,065.00 in NSP funds for the purpose of administering the acquisition, rehabilitation, and resale program.

VI. EXHIBITS

1. Minutes, June 16, 2009, Item No. 18. (pgs. 4-7)
2. Minutes, November 4, 2009, Item No.17. (pgs. 8-9)
3. Minutes, June 15, 2010, Item No. 15. (pg. 10)
4. Contracts. (pgs. 11-36)
5. List of Contractors. (pg. 37)

Prepared by: Cecil Flournoy, Redevelopment Project Manager

TO:Rev091911

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development	Public Services

Action taken by City Council

Date _____ Action _____



**MINUTES
CARSON CITY COUNCIL
REGULAR MEETING**

JUNE 16, 2009

ITEM NO. (18) PUBLIC HEARING ON THE PROPOSED SUBMISSION OF AN APPLICATION TO THE STATE OF CALIFORNIA FOR FUNDING UNDER THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP) (ECONOMIC DEVELOPMENT)

Public Hearing

Mayor Dear declared the Public Hearing open regarding the **PROPOSED SUBMISSION OF AN APPLICATION TO THE STATE OF CALIFORNIA FOR FUNDING UNDER THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP)**.

City Clerk's Report

City Clerk Kawagoe reported that notice of the Public Hearing had been given pursuant to applicable law, including but not limited to the timely publication in English and Spanish and copy of proofs received by the City Clerk; notice to the applicants by U.S. mail to the City of Lynwood, 11330 Bullis Road, Lynwood, California 90262 and City of Carson; and postings as required by law; and other mailings as requested by individuals and organizations. The affidavits attesting to mailing and publishing such notice were on file in the City Clerk's Office. No written communications were received.

Mayor Dear directed that all affidavits of notice be made part of the record.

Staff Report

Economic Development General Manager Graves summarized the staff report and recommendation. He reported that, if approved, the resolution would be transmitted to the State tomorrow.

City Attorney Wynder reported that the firm of Aleshire & Wynder also serves as City Attorney for the City of Lynwood. Furthermore, that disclosed in their review of the form documents, was that they did not identify anything viewed as a potential conflict for the cities of Carson and Lynwood.

Economic Development General Manager Graves reported that the City of Gardena decided not to accept the funds at all.



Administration of Oath

Mayor Dear requested that all persons wishing to testify to stand and take the Oath, which was administered by City Clerk Kawagoe.

Public Testimony

Latrice Carter, 19018 Belshaw Avenue, Carson, California 90746, discussed her concern that this would be more of an issue than a benefit for Carson. She believed that there were other remedies and that the City should not add more problems that can be handled at this time.

Maria Guadalupe Manuela Reyes Adame, 8 Cactus Lane, Carson, California 90745, urged that the City Council approve the staff recommendation and invest in Scottsdale.

Oudie T. Wall, Jr., 8 Cactus Lane, Carson, California 90745, referred to previous comments relative to figures and money and clarified that this issue dealt with people³ and that this issue was about morals and values.

Dr. Rita Boggs, 21328 Island, Carson, California 90745, stated that she was neither in support of or against this issue and discussed the following concerns: 1) understood that there was a moratorium on foreclosures in California; 2) to not fix up homes and sell to an investor; 3) although she had no objection to using this in Scottsdale, it may make people think that the City will fix up the homes and may discourage anyone from fixing up the house.

Louis Cogut, 17701 S. Avalon Boulevard, No. 50, Carson, California 90746, echoed the previous speakers and the concerns expressed by Dr. Boggs and stated that he was neither in support of or against this issue and discussed the following concerns: 1) whether the targeted areas were just within Lynwood and Carson; 2) with respect to the cities of Lynwood and Carson, who would watch from the other side; and 3) the number of homes under consideration.

There being no further testimony to be provided, Mayor Dear declared the Public Hearing closed. He requested staff to respond to the issues raised. Whereupon, staff discussed the following issues:

- That HUD had set up standards of transparency and accountability;
- Carson was handling the administrative aspects;
- Funds would stay in Lynwood and in Carson;
- There was not a moratorium in California.
- There was more than an adequate supply of bank-owned properties that might benefit.
- That the amount of funds relative to the opportunities was relatively small; a maximum of 12-14 houses would be helped.
- Staff would return with more specific target areas.

(Council Member Gipson exited the meeting at 9:32 P.M. and reentered the meeting at 9:33 P.M.)



City Manager Groomes referred to the concern expressed that the program may become a disincentive for people and clarified the following: 1) staff intended to rehab and sell; 2) the disincentive was that properties stay foreclosed; 3) in the long-term, property tax would benefit; and 4) it would enhance nearby properties.

Mayor Dear stated that, if approved, tonight's agenda item could be used as tool to help Scottsdale. He complimented Council Member Santarina, who serves with him on the Carson Foreclosure Sub-Committee, and has been working with agencies and entities involved in the foreclosure issue. He stated that a report would be brought back to the City Council.

RECOMMENDATION for the City Council:

TAKE the following actions:

1. OPEN the Public Hearing, TAKE public testimony, and CLOSE the Public Hearing.
2. APPROVE the NSP Joint Cooperation Agreement with the city of Lynwood.
3. WAIVE further reading and ADOPT Resolution No. 09-059, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING AND APPROVING THE SUBMISSION OF AN APPLICATION FOR FUNDING FROM THE STATE OF CALIFORNIA NEIGHBORHOOD STABILIZATION PROGRAM (NSP), AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO."
4. AUTHORIZE the City Manager to sign the grant agreement, and any subsequent amendments thereto, with the State of California for the purposes of this grant.

ACTION: It was moved to approved recommendation Nos. 2, 3, and 4 on motion of Dear and seconded by Gipson.

Mayor Dear amended his motion to include the deletion of the signature line for the City Manager and to add the signature line for the Mayor, in order to stay consistent with the signature policy, which was accepted by Gipson.

Upon inquiry, Economic Development General Manager Graves reported on the following issues:

- That SB 1137 defined a protracted procedure for going into the foreclosure process; places a higher onus on lenders in terms of the procedure they follow; and would slows them down. He added that a more thorough analysis would be provided to the City Council.
- That during the brief period of ownership by the City, the loss of 12 months would be more than offset with higher property tax assessment.

Upon inquiry, City Treasurer Avilla expressed her support for the City Council to approve the staff recommendation.

Economic Development General Manager Graves further discussed the following issues:

- The restriction on the sale of rehab property.



- That the majority of the neighborhoods that qualify from an income standpoint were located in south Carson; there may be some flexibility for the north Carson area; clarified that the City would not be able to take care of every foreclosure and would not try.
- That the City could inspect and refuse property.
- That the screening and selection process would come back to the City Council; the first target would be the homes owned by Fannie Mae.

The amended motion was unanimously carried by the following vote:

Ayes: Mayor Dear, Mayor Pro Tem Davis-Holmes, Council Member Santarina, Council Member Gipson, and Council Member Ruiz-Raber
Noes: None
Abstain: None
Absent: None

(Mayor Pro Tem Davis-Holmes exited the meeting at 9:52 P.M.)

Mayor Dear directed that the Redevelopment Agency Sub-Committee have the issue on its agenda to look at whether Scottsdale would be an appropriate use of this tool, with no objections heard.





**MINUTES
CARSON CITY COUNCIL
ADJOURNED REGULAR MEETING**

NOVEMBER 4, 2009

ITEM NO. (17) PUBLIC HEARING TO CONSIDER RESOLUTION NO. 09-121 REGARDING THE PROPOSED NEIGHBORHOOD STABILIZATION PROGRAM (NSP) INCOME REUSE PLAN; APPROVING THE PROPOSED NSP PROGRAM INCOME REUSE PLAN; AND NSP STANDARD AGREEMENT WITH THE STATE OF CALIFORNIA (ECONOMIC DEVELOPMENT)

This item was heard after Item No. 13 at 12:02 A.M., on November 5, 2009.

Public Hearing

Mayor Dear declared the Public Hearing open regarding **TO CONSIDER RESOLUTION NO. 09-121 REGARDING THE PROPOSED NEIGHBORHOOD STABILIZATION PROGRAM (NSP) INCOME REUSE PLAN; APPROVING THE PROPOSED NSP PROGRAM INCOME REUSE PLAN; AND NSP STANDARD AGREEMENT WITH THE STATE OF CALIFORNIA.**

City Clerk's Report

City Clerk Kawagoe reported that notice of the Public Hearing had been given pursuant to applicable law, including but not limited to the timely publications, and such copies of proofs received by the City Clerk; postings as required by law and other mailings as requested by individuals and organizations. The affidavits attesting to mailing and publishing such notice are on file in the City Clerk's Office. No written communications were received.

Mayor Dear directed that all affidavits of notice be made part of the record.

Staff Report

City Manager Groomes and Housing and Neighborhood Development Manager Adams summarized the staff report and recommendation.

Administration of Oath

Mayor Dear requested that all persons wishing to testify to stand and take the Oath.

Public Testimony

There being no testimony to be provided, Mayor Dear declared the Public Hearing closed.



RECOMMENDATION for the City Council:

TAKE the following actions:

1. OPEN the Public Hearing, TAKE public testimony, and CLOSE the Public Hearing.
2. WAIVE further reading and ADOPT Resolution No. 09-121, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING AND APPROVING THE PROGRAM INCOME REUSE PLAN FOR THE STATE OF CALIFORNIA NEIGHBORHOOD STABILIZATION PROGRAM AND ANY AMENDMENTS THERETO."
3. APPROVE the Neighborhood Stabilization Program (NSP) Program Guidelines and the NSP Rehabilitation Standards.
4. AUTHORIZE the Mayor to execute the NSP Standard Agreement #09-NSP1-6107 between the city of Carson and the California Department of Housing and Community Development.

ACTION: WITH FURTHER READING WAIVED, it was moved to PASS, APPROVE, and ADOPT Resolution No. 09-121, as read by title only, and approved staff recommendation nos. 3 and 4 on motion of Santarina, seconded by Dear and unanimously carried by the following vote:

Ayes: Mayor Dear, Mayor Pro Tem Davis-Holmes, Council Member Santarina, Council Member Gipson, and Council Member Ruiz-Raber
Noes: None
Abstain: None
Absent: None





**MINUTES
CARSON CITY COUNCIL
REGULAR MEETING**

JUNE 15, 2010

**ITEM NO. (15) CONSIDER AN UPDATE ON THE STATUS OF THE IMPLEMENTATION OF
THE NEIGHBORHOOD STABILIZATION PROGRAM (ECONOMIC
DEVELOPMENT)**

RECOMMENDATION for the City Council:

TAKE the following actions:

1. APPROVE the following properties as an acquisition activity:
 - a. 11400 Elm Street, Lynwood, California 90262
 - b. 4020 Virginia Street, Lynwood, California 90262

2. APPROVE the following contractors for residential rehabilitation services as a part of the NSP implementation activity:
 - a. ANR Industries, Inc.
 - b. SJ Contractors
 - c. Somerset Builders
 - d. South LA Development Group, Inc.

3. AUTHORIZE the Mayor to execute and finalize the purchase agreements for the acquisition of the identified properties as it relates to the Neighborhood Stabilization Program, following approval as to form by the City Attorney.

ACTION: Item No. 15 was approved on the New Business Consent Calendar on motion of Dear, seconded by Santarina and unanimously carried by the following vote:

Ayes: Mayor/Chairman Dear, Mayor Pro Tem/Chairman Pro Tem Santarina, Council/Agency Member Gipson, Council/Agency Member Davis Holmes, and Council/Agency Member Ruiz-Raber

Noes: None

Abstain: None

Absent: None



NSP REHABILITATION SERVICES AGREEMENT

This MASTER REHABILITATION SERVICES AGREEMENT ("Master Agreement" or "Agreement") dated as of June 22, 2010 is made by and between SOUTH LA DEVELOPMENT GROUP, INC., a SUB S California Corporation ("Participant"), and the CITY OF CARSON AND CITY OF LYNWOOD NEIGHBORHOOD STABILIZATION PROGRAM, a public body, corporate and politic ("NSP").

RECITALS

A. NSP desires to create enhanced affordable housing opportunities within the community by providing for the acquisition, rehabilitation, sale, and management of affordable housing units.

B. NSP received funds from United States Department of Housing and Urban Development's ("HUD") Neighborhood Stabilization Program, which is part of the Community Development Block Grant ("CDBG"), as part of the Housing and Economic Recovery Act of 2008 to be used to stabilize communities that have suffered from foreclosures and abandonment through the purchase, redevelopment, and rehabilitation of foreclosed and abandoned residential properties. All activities funded by NSP must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income.

C. Participant desires to assist NSP in the improvement and rehabilitation of homes within the Cities of Carson and Lynwood (collectively, the "Cities") that have been adversely impacted by the national decline in the housing market and to contribute to NSP's efforts in providing affordable housing opportunities for residents of the community by rehabilitating homes to low- and moderate-income families in the community. The Properties include abandoned, blighted, and deteriorated homes within the Cities.

D. NSP and Participant desire to enter into this Master Agreement to set forth the global terms and obligations of the parties with regard to the Project. Essentially, the Project will consist of the following: Each Property purchased by NSP and rehabilitated by Participant shall be subject to an individual sub-agreement that will set forth information and terms specific to each Property, including, but not limited to, Property address, estimated Cost of Rehabilitation, Scope of Work, and Schedule of Performance.

AGREEMENT

1. Definitions.

- A. Agreement. The term "Agreement" means this entire Master Agreement, including all exhibits, which exhibits are a part hereof and incorporated herein in their entirety, and all other documents attached hereto which are incorporated herein by reference as if set forth in full.



- B. Applicant or Applicants. The term “Applicant” or “Applicants” means qualified very low-, low- and moderate-income families, whose income does not exceed 120 percent of area median income, participating in the Project.
- C. Certificate of Completion. The term “Certificate of Completion” means a certificate issued by NSP to Participant upon Participant’s completion of the rehabilitation of a Property in accordance with all applicable local, state, and federal standards and the NSP Rehabilitation Standards.
- D. City or Cities. The term “City” means either the City of Carson, having its office at 701 E. Carson Street, Carson, California, 90745, or the City of Lynwood, 11330 Bullis Rd., Lynwood, California, 90262; the term “Cities” means both of said cities.
- E. Cost of Rehabilitation. The term “Cost of Rehabilitation” means the total cost of rehabilitation efforts, including interior and exterior improvements as fully described in the Sub-Agreement, which shall be submitted to NSP for approval prior to commencing the Project. The Cost of Rehabilitation shall not reasonably deviate from Participant’s Submitted Proposal in response to NSP’s Request for Proposal for Residential Rehabilitation Services, upon which NSP relied in choosing Participant to partake in the Project.
- F. NSP Rehabilitation Standards. The term “NSP Rehabilitation Standards” means the certain NSP Rehabilitation Standards attached as Attachment No. 1 to the NSP Request for Proposal for Residential Rehabilitation Services attached hereto as Exhibit “A”. All NSP Rehabilitation Standards must also comply with Housing Quality Standards (HQS) established by HUD (24 CFR 982.401).
- G. Project. The term “Project” means redevelopment and rehabilitation of the Properties to qualified very low-, low- and moderate-income families and other efforts of NSP and Participant to provide affordable housing opportunities through this Agreement.
- H. Property or Properties. The terms “Property” and “Properties” means foreclosed or abandoned homes within the Cities which NSP purchased for rehabilitation and sale to qualified Applicants.
- I. Schedule of Performance. The term “Schedule of Performance” means that certain Schedule attached hereto as Exhibit “3”.
- J. Scope of Work. The term “Scope of Work” means that certain Scope of Work attached to the Sub-Agreement describing the specific rehabilitation work to be performed on the applicable Property. The Scope of Work shall include the Participant’s NSP Proposal or bid which is attached hereto as Exhibit “2”. In the event of any inconsistency between the terms of such Proposal and this Agreement, the terms of this Agreement shall govern.

K. Sub-Agreement. The term "Sub-Agreement" means the individual agreement to be entered into between NSP and Participant pertaining to each Property for the commencement of the Project thereon. The form of the Sub-Agreement is attached hereto as Exhibit "B".

2. Essential Terms. Subject to the terms hereof, NSP and Participant agree as follows:

A. Recitals. The foregoing Recitals are incorporated herein by reference as if set forth in full.

B. Terms. The term of this Agreement shall be for a period of one (1) year. NSP shall have the option to renew the terms of this Agreement for an additional one (1) year prior to the expiration of the Term. Any renewal must be in writing.

C. Compensation. NSP agrees to compensate Participant for its services under this Agreement and the Sub-Agreement, according to the fee and payment schedule set forth in the Scope of Work and Cost of Rehabilitation set forth in the Sub-Agreement.

D. Commencement of the Project.

i. Upon NSP's acquisition of a Property and confirmation that said Property requires rehabilitation by Participant, Participant and NSP shall enter into a Sub-Agreement containing a Scope of Work, Schedule of Performance, and estimated Cost of Rehabilitation for the Property to be rehabilitated by Participant. The Scope of Work shall be in accordance with the NSP Rehabilitation Standards. Participant shall submit all requested and required documentation within the time specified in the Schedule of Performance.

ii. Except for the costs identified in the Sub-Agreement for a particular Property, any costs expended by Participant which are not identified shall not be included as part of Participant's compensation unless NSP first provides written confirmation.

iii. Before commencement of the Project, Participant shall obtain any and all permits and approvals which may be required by the City or any other governmental agency with jurisdiction.

iv. Notwithstanding anything herein contained to the contrary, it is expressly understood by the parties hereto that NSP makes no representations or warranties with respect to the approvals required by any other governmental entity or with respect to approvals hereinafter required from City or NSP.

E. Completion of the Project.

i. Participant will provide all rehabilitation, including interior and exterior improvements, to the Properties, as more specifically outlined in the applicable Sub-Agreement and NSP Rehabilitation Standards, to prepare them for occupancy and sale to qualified Applicants. Such improvements must also correct any applicable municipal, county, and state code violations.



ii. Participant agrees to perform the Project in accordance with the Schedule of Performance to ensure timely completion of the rehabilitation of the Properties.

iii. Upon written request by Participant, and upon satisfactory completion of rehabilitation of each Property, NSP shall issue to Participant a Certificate of Completion.

iv. Participant agrees to rehabilitate and provide all improvements on or at a Property with the minimum life and warranties as outlined in the NSP Rehabilitation Standards.

3. Affordable Housing Covenants.

A. Applicants as very low-, low, and moderate-income families. It is the intent of the NSP that all (100%) of the sales of the Properties shall be to qualified Applicants earning up to 120% of the Los Angeles County area median income adjusted for household size, as defined in Health and Safety Code Sections 50052.5 and 50093, in accordance with 24 C.F.R. 570.504(c) and 570.503(b)(8).

B. Forty-Five (45) Year Covenants. Affordable housing covenants shall be required to be maintained on each Property for not less than forty-five (45) years, pursuant to Health and Safety Code Sections 33334.3(f) and 33449. In conjunction with a purchase and sales agreement, NSP and the Applicant shall enter into an Affordable Housing Restrictive Covenant to preserve the Property for use of Property as low- or moderate-income housing.

C. Documents. NSP shall provide the form of the purchase agreements, Affordable Housing Restrictive Covenant, CC&Rs, and other documents NSP determines necessary to carry out the intent of this Agreement.

4. Participant Obligations and Rehabilitation Requirements. Participant agrees to indemnify, defend and hold NSP harmless from and against any cost, expense, claim, charge or liability relating to or arising directly or indirectly from any breach by or failure of Participant or its contractor(s) or agents to comply with the following laws, rules or regulations.

A. Prevailing Wages. Participant is aware that some or all of the construction and rehabilitation work associated with the Project done in accordance with this Agreement triggers compliance with State and Federal prevailing wages and/or Federal Davis Bacon and Related Acts (DBRA). With that understanding, Participant shall rehabilitate the Properties or cause the Project to be completed in full compliance with all provisions of State and Federal prevailing wage laws, DBRA, and all rules and regulations promulgated pursuant thereto, including, without limitation: (1) State prevailing wage laws as set forth in the California Labor Code, Division 2, Part 7 and California Code of Regulations, Title 8; and (2) Federal prevailing wage laws as set forth in 40 U.S.C. 276a *et seq.*, 40 U.S.C. 327 – 333, 42 U.S.C. 5301, 47 U.S.C. 276(c), 24 CFR Part 570, Subpart K. In connection with the construction of the Project, during the Project, but not more than once every calendar quarter, within ten (10) days after written request of NSP, Participant shall furnish or cause its contractors to furnish to NSP payroll

records certified by such contractors in conformance with Section 1776(c) of the California Labor Code. NSP reserves the right to retain a consultant to monitor compliance with prevailing wage requirements.

- B. Section 3 of the Housing and Urban Development Act of 1968. Participant will ensure that to the greatest extent feasible opportunities for training and employment arising in connection with this CDBG-assisted Project will be extended to lower income project area residents. Further, Participant will, to the greatest extent feasible, utilize business concerns located in or substantially owned by residents of the community, in the award of contracts and purchase of services and supplies.
- C. Lead-Based Paint Regulations. Participant shall comply with all lead-based paint regulations under 24 C.F.R. part 35 issued pursuant to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 *et seq.*).
- D. Federal Procurement Regulations. Participant shall comply with all federal procurement regulations under 24 C.F.R. 85.36.
- E. Prohibited Expenditure. Participant agrees to file with NSP a written declaration and certify that it has not made and will not make any prohibited expenditure. Further, any person who requests or receives from Participant a subcontract to carry out the Project is required to file a written declaration with NSP.
- F. Program Evaluation and Review. Participant shall make performance, financial and all other records pertaining to this Agreement available to all NSP and HUD personnel. NSP and HUD personnel may inspect and monitor Participant's facilities and program operations, including the interview of Participant's staff and program participants. Participant agrees to submit to NSP or HUD all data necessary to complete the Annual Grantee Performance Report in accordance with HUD requirements and in the format and at the time designated by NSP or HUD Project Directors or their designees.
- G. Revenue Disclosure Requirement. Participant shall make available all books and records pertaining to each project or business activity that is funded by CDBG funds under this Agreement for inspection and audit by HUD's representatives, upon request, at any time during the term of this Agreement and during a period of 5 years thereafter. All such books and records shall be maintained by Participant at a location in Los Angeles County. Failure of Participant to comply with the requirements of this section shall constitute a material breach for which NSP may terminate or suspend this Agreement (24 CFR 84.53).
- H. Subcontracts. Any subcontracts entered into by Participant for services rendered toward completion of Participant's work under this Agreement shall be for Participant's benefit alone and, as such, shall be its responsibility with no liability resting with NSP. Participant agrees to provide NSP, within 10 business days of

execution of this Agreement, a list of all subcontractors to be used in connection with Participant's services hereunder.

- I. Familiarity with Work. By executing this Agreement, Participant warrants that Participant (a) has thoroughly investigated and considered the scope of work to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Participant warrants that Participant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Participant discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Participant shall immediately inform NSP of such fact and shall not proceed except at Participant's risk until written instructions are received from the Executive Director or his/her designee.
 - J. Care of Work. Participant shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by NSP, except such losses or damages as may be caused by NSP's own negligence.
5. Rights of Access. Representatives of the NSP and/or City shall have the reasonable right of access to each Property at any time during normal construction hours during the period of the Project, for the purpose of assuring compliance with this Master Agreement or applicable Sub-Agreement.
 6. Future Cooperation. NSP and Participant agree to cooperate in good faith to negotiate and execute such additional agreements or other documents reasonably necessary to implement the terms of this Agreement.
 7. Indemnification. Participant agrees to protect, indemnify, defend and hold NSP, and its respective officers, employees and agents, and each of them, harmless from and against any and all claims, losses, expenses, suits, actions, decrees, judgments, awards, attorney's fees, and court costs (collectively, "Claims") that may be asserted or claimed by any person, firm or entity to the extent caused by the negligent performance of the work, operations or activities of Participant, its agents, employees, subcontractors, or invitees, provided for herein, or arising from the negligent acts or omissions of Participant hereunder, or arising from Participant's negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement.
 - A. Participant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith.



- B. Participant will promptly pay any judgment rendered against NSP, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Participant hereunder; and Participant agrees to save and hold NSP, its officers, agents, and employees harmless therefrom.
- C. In the event NSP, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Participant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Participant hereunder, Participant agrees to pay to NSP, its officers, agents or employees, any and all costs and expenses incurred by NSP, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.
- D. This section shall apply to the extent California Civil Code section 2782.8 allows for Participant to defend and indemnify NSP against claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the design professional.
8. **Insurance.** Prior to the commencement of any work, Participant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to NSP, during the entire term of rehabilitation, the following policies of insurance:
- A. **Commercial General Liability Insurance.** A policy of commercial general liability insurance written on a per occurrence basis. Coverage for an additional insured shall not be limited to its vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than \$1,000,00.00 per occurrence for all covered losses and no less than \$2,000,000.00 general aggregate.
- B. **Worker's Compensation Insurance.** A policy of workers' compensation insurance on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident for all covered losses.
- C. **Automotive Insurance.** A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than \$1,000,000.00 per accident, combined single limit. Said policy shall include coverage for owned, non owned, leased and hired cars.
- D. **Builder's Risk Insurance.** A policy of "builder's risk" insurance covering the full replacement value of all of the improvements to be constructed or rehabilitated by Participant pursuant to this Agreement.

All of the above policies of insurance shall be primary insurance and shall name NSP, each City, and their officers, employees and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against NSP, each City, and their officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled without providing thirty (30)



days prior written notice by registered mail to NSP and each City. In the event any of said policies of insurance are cancelled, the Participant shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 9 to NSP's Contract Administrator. No work or services under this Agreement shall commence until the Participant has provided NSP with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by NSP.

The policies of insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by NSP or City due to unique circumstances.

Participant shall provide in all contracts with contractors, subcontractors, architects and engineers that said contractor, subcontractor or engineer shall maintain the same policies of insurance required to be maintained by Participant pursuant to this Section.

9. Termination.

- A. City shall have the right to terminate the services of Participant at any time for any reason on thirty (30) calendar days written notice to Participant. In the event this Agreement is terminated by City, Participant shall be paid for services satisfactorily rendered to the last working day this Agreement is in effect, and Participant shall have no other claim against City by reason of such termination, including any claim for compensation.
- B. Participant shall have the right to terminate this Agreement at any time for any reason on thirty (30) calendar days written notice to City, and Participant shall be paid for services satisfactorily rendered to the last working day this Agreement is in effect.
- C. If termination is due to the failure of Participant to fulfill its obligations under this Agreement, NSP may, after written notice to Participant and reasonable time to cure, take over the work and prosecute the same to completion by contract or otherwise, and Participant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation stipulated in the Sub-Agreement (provided that NSP shall use reasonable efforts to mitigate such damages), and NSP may withhold any payments to Participant for the purpose of set-off or partial payment of the amounts owed NSP as previously stated.

- 10. Suspension.** NSP may, in writing, order Participant to suspend all or any part of Participant's services under this Agreement for the convenience of NSP or for work stoppages beyond the control of NSP or Participant. Subject to the provisions of this Agreement relating to termination, a suspension of the services does not void this Agreement.



10. **Suspension.** NSP may, in writing, order Participant to suspend all or any part of Participant's services under this Agreement for the convenience of NSP or for work stoppages beyond the control of NSP or Participant. Subject to the provisions of this Agreement relating to termination, a suspension of the services does not void this Agreement.
11. **Notices.** Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during receiving party's regular business hours or by facsimile before or during receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid, to the addresses heretofore below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to the provisions of this section.

NSP: Cities of Carson & Lynwood
 Neighborhood Stabilization Program
 One Civic Plaza Drive, Suite 500
 Carson, CA 90749
 Attention: Clifford W. Graves, General Manager
 Fax: (310) 233-4832

Participant: South LA Development Group, Inc.
 1626 Centinela Avenue, Suite 20
 Inglewood, CA 90302
 Attn: Delilah Antolini
 Phone #: (310) 560-4636

12. **Nondiscrimination and Equal Employment Opportunity.** In the performance of this Agreement, Participant shall not discriminate against any employee, subcontractor, or Applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation, in accordance with Title VI of the Civil Rights Act of 1964, Title VII of the Civil Rights Act of 1968, Section 109 of the Housing and Community Development Act of 1974, and Age Discrimination Act of 1975. Participant will take affirmative action to ensure that employees are treated without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition, or sexual orientation, in accordance with Executive Order 11246, as amended by Executive Orders 11375 and 12086, and implementing regulations at 41 C.F.R. Chapter 60, Executive Order 11063, as amended by Executive Order 12259 and implementing regulations at 24 C.F.R. Part 107. Such action shall include, but not 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. Participant agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Participant setting forth the provisions of this nondiscrimination clause.

represent that it or any of its agents or employees are in any manner employees of NSP or City. Participant agrees to pay all required taxes on amounts paid to Participant under this Agreement, and to indemnify and hold NSP and City harmless from any and all taxes, assessments, penalties, and interest asserted against NSP or City by reason of the independent contractor relationship created by this Agreement. Participant shall fully comply with the workers' compensation law regarding Participant and Participant's employees. Participant further agrees to indemnify and hold NSP and City harmless from any failure of Participant to comply with applicable workers' compensation laws. NSP and City shall have the right to offset against the amount of any fees due to Participant under this Agreement any amount due to NSP or City from Participant as a result of Participant's failure to promptly pay to NSP or City any reimbursement or indemnification arising under this section.

14. **Assignment By Participant.** This Agreement shall not be assigned by Participant to any party without NSP's prior written consent, which consent shall not be unreasonably withheld.
15. **Confidentiality.** Employees of Participant, in the course of their duties, may have access to financial, accounting and statistical data provided by NSP. Participant covenants that all data, documents, discussion, or other information developed or received by Participant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Participant without written authorization by NSP. NSP shall grant such authorization if disclosure is required by law. Upon request, all NSP data shall be returned to NSP upon the termination of this Agreement. Participant's covenant under this section shall survive the termination of this Agreement.
16. **Conflict of Interest.** Participant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Participant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. Participant further covenants that, in performance of this Agreement, no person having any such interest shall be employed by it. Furthermore, Participant shall avoid representation of any matter for another person or entity which would come before NSP or either City during such time as it is engaged by NSP pursuant to this Agreement. Participant agrees not to accept any employment or representation during the term of this Agreement which is likely to make Participant "financially interested" (as provided in California Government Code Sections 1090 and 87100) in any decision made by NSP or City on any matter in connection with which Participant has been retained pursuant to this Agreement. Nothing in this section shall, however, preclude Participant from accepting other engagements with NSP or City. Participant further covenants that any conflict or potential conflict of interest shall be fully disclosed prior to execution of contract and Contractor shall comply with all applicable federal, state and county laws and regulations governing conflict of interest, in accordance with 24 C.F.R. 84.42.
17. **Warranty and Representation of Non-Collusion.** No official, officer, or employee of NSP has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of NSP participate in any decision relating to this Agreement which

may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interest found to be "remote" or "non interest" pursuant to California Government Code Sections 1091 and 1091.5. Participant warrants and represents that (s)he/it has not paid or given, and will not pay or give, to any third party including, but not limited to, any official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded this Agreement. Participant further warrants and represents that it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any official, officer, or employee, as a result or consequence of obtaining or being awarded any agreement, in violation of 31 U.S.C. 1352. Participant is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Participant:

Initials



18. **Applicable Law.** This Agreement shall be construed and interpreted under, and governed and enforced according to the laws of the State of California.
19. **Interpretation.** The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement.
20. **Severability.** In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.
21. **Corporate Authority.** The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.
22. **Non-Waiver of Terms, Rights and Remedies.** Waiver by either party to this Agreement shall not be a waiver of any other condition of performance under this Agreement shall not be a waiver of any other condition of performance under this

Agreement. In no event shall the making by NSP of any payment to Participant constitute or be construed as a waiver by NSP of any breach of covenant, or any default which may then exist on the part of Participant, and the making of any such payment by NSP shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default.

23. **Attorney's Fees.** In the event that either party to this Agreement shall commence any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover its costs of suit, including reasonable attorney's fees. The venue for any litigation shall be Los Angeles County. In the event of any asserted ambiguity in, or dispute regarding the interpretation of any matter herein, the interpretation of this Agreement shall not be resolved by any rules of interpretation providing for interpretation against the party who causes the uncertainty to exist or against the party who drafted this Agreement or who drafted that portion of the Agreement.
24. **Exhibits; Precedence.** All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provision of any Exhibit or document incorporated herein by reference, the provisions of this Agreement shall prevail.
25. **Entire Agreement.** This Agreement, and any other documents incorporated herein by specific reference, represents the entire and integrated agreement between NSP and Participant. This Agreement supersedes all prior oral or written negotiations, representations or agreements. This Agreement may not be amended, nor any provision of breach hereof waived, except in a writing signed by the parties which expressly refers to this Agreement.
26. **Prior Agreements.** NSP and Participant hereby provide notice and agree that all prior agreements for consulting services between NSP and Participant with respect to the subject matter hereof are hereby terminated and from and after the date hereof Participant and NSP shall be bound by the terms of this Agreement only.
27. **Counterparts.** This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

[END – SIGNATURES ON NEXT PAGE]



IN WITNESS WHEREOF, the parties hereto have executed this MASTER AGREEMENT in accordance with the above stated provisions as of the day and year first written below.

“NSP”

CITY OF CARSON & CITY OF LYNWOOD
NEIGHBORHOOD STABILIZATION PROGRAM,
a public body, corporate and politic

DATED: June 23, 2010

BY: *Jim Dear*
Mayor *JIM DEAR*

ATTEST:

Nancy Kewoguel
NSP Secretary *City Clerk*

Approved to as to form:

ALESHIRE & WYNDER LLP

W. Wyl
~~NSP Counsel~~
CITY ATTORNEY

“PARTICIPANT”

South LA Development Group, Inc., a California Corporation

Date: June 22, 2010

By: *[Signature]*
Delilah Antolini, President

By: *[Signature]*
ENKO GIRMA - Treasurer

Attachments:

- Exhibit “A” NSP Rehabilitation Standards
- Exhibit “B” Form Sub-Agreement
- Exhibit “C” Participant’s NSP Proposal



NSP REHABILITATION SERVICES AGREEMENT

This MASTER REHABILITATION SERVICES AGREEMENT ("Master Agreement" or "Agreement") dated as of June 22, 2010 is made by and between S J CONTRACTOR, a California Sole Proprietorship ("Participant"), and the CITY OF CARSON AND CITY OF LYNWOOD NEIGHBORHOOD STABILIZATION PROGRAM, a public body, corporate and politic ("NSP").

RECITALS

A. NSP desires to create enhanced affordable housing opportunities within the community by providing for the acquisition, rehabilitation, sale, and management of affordable housing units.

B. NSP received funds from United States Department of Housing and Urban Development's ("HUD") Neighborhood Stabilization Program, which is part of the Community Development Block Grant ("CDBG"), as part of the Housing and Economic Recovery Act of 2008 to be used to stabilize communities that have suffered from foreclosures and abandonment through the purchase, redevelopment, and rehabilitation of foreclosed and abandoned residential properties. All activities funded by NSP must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income.

C. Participant desires to assist NSP in the improvement and rehabilitation of homes within the Cities of Carson and Lynwood (collectively, the "Cities") that have been adversely impacted by the national decline in the housing market and to contribute to NSP's efforts in providing affordable housing opportunities for residents of the community by rehabilitating homes to low- and moderate-income families in the community. The Properties include abandoned, blighted, and deteriorated homes within the Cities.

D. NSP and Participant desire to enter into this Master Agreement to set forth the global terms and obligations of the parties with regard to the Project. Essentially, the Project will consist of the following: Each Property purchased by NSP and rehabilitated by Participant shall be subject to an individual sub-agreement that will set forth information and terms specific to each Property, including, but not limited to, Property address, estimated Cost of Rehabilitation, Scope of Work, and Schedule of Performance.

AGREEMENT

1. Definitions.

A. Agreement. The term "Agreement" means this entire Master Agreement, including all exhibits, which exhibits are a part hereof and incorporated herein in their entirety, and all other documents attached hereto which are incorporated herein by reference as if set forth in full.

- B. Applicant or Applicants. The term “Applicant” or “Applicants” means qualified very low-, low- and moderate-income families, whose income does not exceed 120 percent of area median income, participating in the Project.
- C. Certificate of Completion. The term “Certificate of Completion” means a certificate issued by NSP to Participant upon Participant’s completion of the rehabilitation of a Property in accordance with all applicable local, state, and federal standards and the NSP Rehabilitation Standards.
- D. City or Cities. The term “City” means either the City of Carson, having its office at 701 E. Carson Street, Carson, California, 90745, or the City of Lynwood, 11330 Bullis Rd., Lynwood, California, 90262; the term “Cities” means both of said cities.
- E. Cost of Rehabilitation. The term “Cost of Rehabilitation” means the total cost of rehabilitation efforts, including interior and exterior improvements as fully described in the Sub-Agreement, which shall be submitted to NSP for approval prior to commencing the Project. The Cost of Rehabilitation shall not reasonably deviate from Participant’s Submitted Proposal in response to NSP’s Request for Proposal for Residential Rehabilitation Services, upon which NSP relied in choosing Participant to partake in the Project.
- F. NSP Rehabilitation Standards. The term “NSP Rehabilitation Standards” means the certain NSP Rehabilitation Standards attached as Attachment No. 1 to the NSP Request for Proposal for Residential Rehabilitation Services attached hereto as Exhibit “A”. All NSP Rehabilitation Standards must also comply with Housing Quality Standards (HQS) established by HUD (24 CFR 982.401).
- G. Project. The term “Project” means redevelopment and rehabilitation of the Properties to qualified very low-, low- and moderate-income families and other efforts of NSP and Participant to provide affordable housing opportunities through this Agreement.
- H. Property or Properties. The terms “Property” and “Properties” means foreclosed or abandoned homes within the Cities which NSP purchased for rehabilitation and sale to qualified applicants?
- I. Schedule of Performance. The term “Schedule of Performance” means that certain Schedule attached hereto as Exhibit “3”.
- J. Scope of Work. The term “Scope of Work” means that certain Scope of Work attached to the Sub-Agreement describing the specific rehabilitation work to be performed on the applicable Property. The Scope of Work shall include the Participant’s NSP Proposal or bid which is attached hereto as Exhibit “2”. In the event of any inconsistency between the terms of such Proposal and this Agreement, the terms of this Agreement shall govern.



- K. Sub-Agreement. The term "Sub-Agreement" means the individual agreement to be entered into between NSP and Participant pertaining to each Property for the commencement of the Project thereon. The form of the Sub-Agreement is attached hereto as Exhibit "B".
2. Essential Terms. Subject to the terms hereof, NSP and Participant agree as follows:
- A. Recitals. The foregoing Recitals are incorporated herein by reference as if set forth in full.
- B. Terms. The term of this Agreement shall be for a period of one (1) year. NSP shall have the option to renew the terms of this Agreement for an additional one (1) year prior to the expiration of the Term. Any renewal must be in writing.
- C. Compensation. NSP agrees to compensate Participant for its services under this Agreement and the Sub-Agreement, according to the fee and payment schedule set forth in the Scope of Work and Cost of Rehabilitation set forth in the Sub-Agreement.
- D. Commencement of the Project.
- i. Upon NSP's acquisition of a Property and confirmation that said Property requires rehabilitation by Participant, Participant and NSP shall enter into a Sub-Agreement containing a Scope of Work, Schedule of Performance, and estimated Cost of Rehabilitation for the Property to be rehabilitated by Participant. The Scope of Work shall be in accordance with the NSP Rehabilitation Standards. Participant shall submit all requested and required documentation within the time specified in the Schedule of Performance.
- ii. Except for the costs identified in the Sub-Agreement for a particular Property, any costs expended by Participant which are not identified shall not be included as part of Participant's compensation unless NSP first provides written confirmation.
- iii. Before commencement of the Project, Participant shall obtain any and all permits and approvals which may be required by the City or any other governmental agency with jurisdiction.
- iv. Notwithstanding anything herein contained to the contrary, it is expressly understood by the parties hereto that NSP makes no representations or warranties with respect to the approvals required by any other governmental entity or with respect to approvals hereinafter required from City or NSP.
- E. Completion of the Project.
- i. Participant will provide all rehabilitation, including interior and exterior improvements, to the Properties, as more specifically outlined in the applicable Sub-Agreement and NSP Rehabilitation Standards, to prepare them for occupancy and sale to qualified Applicants. Such improvements must also correct any applicable municipal, county, and state code violations.



ii. Participant agrees to perform the Project in accordance with the Schedule of Performance to ensure timely completion of the rehabilitation of the Properties.

iii. Upon written request by Participant, and upon satisfactory completion of rehabilitation of each Property, NSP shall issue to Participant a Certificate of Completion.

iv. Participant agrees to rehabilitate and provide all improvements on or at a Property with the minimum life and warranties as outlined in the NSP Rehabilitation Standards.

3. Affordable Housing Covenants.

A. Applicants as very low-, low, and moderate-income families. It is the intent of the NSP that all (100%) of the sales of the Properties shall be to qualified Applicants earning up to 120% of the Los Angeles County area median income adjusted for household size, as defined in Health and Safety Code Sections 50052.5 and 50093, in accordance with 24 C.F.R. 570.504(c) and 570.503(b)(8).

B. Forty-Five (45) Year Covenants. Affordable housing covenants shall be required to be maintained on each Property for not less than forty-five (45) years, pursuant to Health and Safety Code Sections 33334.3(f) and 33449. In conjunction with a purchase and sales agreement, NSP and the Applicant shall enter into an Affordable Housing Restrictive Covenant to preserve the Property for use of Property as low- or moderate-income housing.

C. Documents. NSP shall provide the form of the purchase agreements, Affordable Housing Restrictive Covenant, CC&Rs, and other documents NSP determines necessary to carry out the intent of this Agreement.

4. Participant Obligations and Rehabilitation Requirements. Participant agrees to indemnify, defend and hold NSP harmless from and against any cost, expense, claim, charge or liability relating to or arising directly or indirectly from any breach by or failure of Participant or its contractor(s) or agents to comply with the following laws, rules or regulations.

A. Prevailing Wages. Participant is aware that some or all of the construction and rehabilitation work associated with the Project done in accordance with this Agreement triggers compliance with State and Federal prevailing wages and/or Federal Davis Bacon and Related Acts (DBRA). With that understanding, Participant shall rehabilitate the Properties or cause the Project to be completed in full compliance with all provisions of State and Federal prevailing wage laws, DBRA, and all rules and regulations promulgated pursuant thereto, including, without limitation: (1) State prevailing wage laws as set forth in the California Labor Code, Division 2, Part 7 and California Code of Regulations, Title 8; and (2) Federal prevailing wage laws as set forth in 40 U.S.C. 276a *et seq.*, 40 U.S.C. 327 – 333, 42 U.S.C. 5301, 47 U.S.C. 276(c), 24 CFR Part 570, Subpart K. In connection with the construction of the Project, during the Project, but not more than once every calendar quarter, within ten (10) days after written request of NSP, Participant shall furnish or cause its contractors to furnish to NSP payroll



records certified by such contractors in conformance with Section 1776(c) of the California Labor Code. NSP reserves the right to retain a consultant to monitor compliance with prevailing wage requirements.

- B. Section 3 of the Housing and Urban Development Act of 1968. Participant will ensure that to the greatest extent feasible opportunities for training and employment arising in connection with this CDBG-assisted Project will be extended to lower income project area residents. Further, Participant will, to the greatest extent feasible, utilize business concerns located in or substantially owned by residents of the community, in the award of contracts and purchase of services and supplies.
- C. Lead-Based Paint Regulations. Participant shall comply with all lead-based paint regulations under 24 C.F.R. part 35 issued pursuant to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.).
- D. Federal Procurement Regulations. Participant shall comply with all federal procurement regulations under 24 C.F.R. 85.36.
- E. Prohibited Expenditure. Participant agrees to file with NSP a written declaration and certify that it has not made and will not make any prohibited expenditure. Further, any person who requests or receives from Participant a subcontract to carry out the Project is required to file a written declaration with NSP.
- F. Program Evaluation and Review. Participant shall make performance, financial and all other records pertaining to this Agreement available to all NSP and HUD personnel. NSP and HUD personnel may inspect and monitor Participant's facilities and program operations, including the interview of Participant's staff and program participants. Participant agrees to submit to NSP or HUD all data necessary to complete the Annual Grantee Performance Report in accordance with HUD requirements and in the format and at the time designated by NSP or HUD Project Directors or their designees.
- G. Revenue Disclosure Requirement. Participant shall make available all books and records pertaining to each project or business activity that is funded by CDBG funds under this Agreement for inspection and audit by HUD's representatives, upon request, at any time during the term of this Agreement and during a period of 5 years thereafter. All such books and records shall be maintained by Participant at a location in Los Angeles County. Failure of Participant to comply with the requirements of this section shall constitute a material breach for which NSP may terminate or suspend this Agreement (24 CFR 84.53).
- H. Subcontracts. Any subcontracts entered into by Participant for services rendered toward completion of Participant's work under this Agreement shall be for Participant's benefit alone and, as such, shall be its responsibility with no liability resting with NSP. Participant agrees to provide NSP, within 10 business days of



execution of this Agreement, a list of all subcontractors to be used in connection with Participant's services hereunder.

I. **Familiarity with Work.** By executing this Agreement, Participant warrants that Participant (a) has thoroughly investigated and considered the scope of work to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Participant warrants that Participant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Participant discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Participant shall immediately inform NSP of such fact and shall not proceed except at Participant's risk until written instructions are received from the Executive Director or his/her designee.

J. **Care of Work.** Participant shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by NSP, except such losses or damages as may be caused by NSP's own negligence.

5. **Rights of Access.** Representatives of the NSP and/or City shall have the reasonable right of access to each Property at any time during normal construction hours during the period of the Project, for the purpose of assuring compliance with this Master Agreement or applicable Sub-Agreement.

6. **Future Cooperation.** NSP and Participant agree to cooperate in good faith to negotiate and execute such additional agreements or other documents reasonably necessary to implement the terms of this Agreement.

7. **Indemnification.** Participant agrees to protect, indemnify, defend and hold NSP, and its respective officers, employees and agents, and each of them, harmless from and against any and all claims, losses, expenses, suits, actions, decrees, judgments, awards, attorney's fees, and court costs (collectively, "Claims") that may be asserted or claimed by any person, firm or entity to the extent caused by the negligent performance of the work, operations or activities of Participant, its agents, employees, subcontractors, or invitees, provided for herein, or arising from the negligent acts or omissions of Participant hereunder, or arising from Participant's negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement.

A. Participant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith.

- B. Participant will promptly pay any judgment rendered against NSP, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Participant hereunder; and Participant agrees to save and hold NSP, its officers, agents, and employees harmless therefrom.
- C. In the event NSP, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Participant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Participant hereunder, Participant agrees to pay to NSP, its officers, agents or employees, any and all costs and expenses incurred by NSP, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.
- D. This section shall apply to the extent California Civil Code section 2782.8 allows for Participant to defend and indemnify NSP against claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the design professional.
8. **Insurance.** Prior to the commencement of any work, Participant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to NSP, during the entire term of rehabilitation, the following policies of insurance:
- A. **Commercial General Liability Insurance.** A policy of commercial general liability insurance written on a per occurrence basis. Coverage for an additional insured shall not be limited to its vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than \$1,000,000.00 per occurrence for all covered losses and no less than \$2,000,000.00 general aggregate.
- B. **Worker's Compensation Insurance.** A policy of workers' compensation insurance on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident for all covered losses.
- C. **Automotive Insurance.** A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than \$1,000,000.00 per accident combined single limit. Said policy shall include coverage for owned, non owned, leased and hired cars.
- D. **Builder's Risk Insurance.** A policy of "builder's risk" insurance covering the full replacement value of all of the improvements to be constructed or rehabilitated by Participant pursuant to this Agreement.

All of the above policies of insurance shall be primary insurance and shall name NSP, each City, and their officers, employees and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against NSP, each City, and their officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled without providing thirty (30)



days prior written notice by registered mail to NSP and each City. In the event any of said policies of insurance are cancelled, the Participant shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 9 to NSP's Contract Administrator. No work or services under this Agreement shall commence until the Participant has provided NSP with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by NSP.

The policies of insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by NSP or City due to unique circumstances.

Participant shall provide in all contracts with contractors, subcontractors, architects and engineers that said contractor, subcontractor or engineer shall maintain the same policies of insurance required to be maintained by Participant pursuant to this Section.

9. Termination.

- A. City shall have the right to terminate the services of Participant at any time for any reason on thirty (30) calendar days written notice to Participant. In the event this Agreement is terminated by City, Participant shall be paid for services satisfactorily rendered to the last working day this Agreement is in effect, and Participant shall have no other claim against City by reason of such termination, including any claim for compensation.
- B. Participant shall have the right to terminate this Agreement at any time for any reason on thirty (30) calendar days written notice to City, and Participant shall be paid for services satisfactorily rendered to the last working day this Agreement is in effect.
- C. If termination is due to the failure of Participant to fulfill its obligations under this Agreement, NSP may, after written notice to Participant and reasonable time to cure, take over the work and prosecute the same to completion by contract or otherwise, and Participant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation stipulated in the Sub-Agreement (provided that NSP shall use reasonable efforts to mitigate such damages), and NSP may withhold any payments to Participant for the purpose of set-off or partial payment of the amounts owed NSP as previously stated.

- 10. Suspension.** NSP may, in writing, order Participant to suspend all or any part of Participant's services under this Agreement for the convenience of NSP or for work stoppages beyond the control of NSP or Participant. Subject to the provisions of this Agreement relating to termination, a suspension of the services does not void this Agreement.



11. **Notices.** Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during receiving party's regular business hours or by facsimile before or during receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid, to the addresses heretofore below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to the provisions of this section.

NSP: City of Carson Neighborhood Stabilization Program
One Civic Plaza Drive, Suite 500
Carson, CA 90749
Attention: Clifford W. Graves, General Manager,
Economic Development Department
Fax: (310) 233-4800

Participant: S J Contractor
234 E. Carson Street, Suite 3
Carson, CA 90745
Attn: Sam Nabbout
Fax: (310) 549-9143

12. **Nondiscrimination and Equal Employment Opportunity.** In the performance of this Agreement, Participant shall not discriminate against any employee, subcontractor, or Applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation, in accordance with Title VI of the Civil Rights Act of 1964, Title VII of the Civil Rights Act of 1968, Section 109 of the Housing and Community Development Act of 1974, and Age Discrimination Act of 1975. Participant will take affirmative action to ensure that employees are treated without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition, or sexual orientation, in accordance with Executive Order 11246, as amended by Executive Orders 11375 and 12086, and implementing regulations at 41 C.F.R. Chapter 60, Executive Order 11063, as amended by Executive Order 12259 and implementing regulations at 24 C.F.R. Part 107. Such action shall include, but not 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. Participant agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Participant setting forth the provisions of this nondiscrimination clause.

13. **Status as Independent Contractor.** Participant is, and shall at all times remain as to NSP and each City, a wholly independent contractor. Participant shall have no power to incur any debt, obligation, or liability on behalf of NSP or each City or otherwise act on behalf of NSP or each City as an agent. Neither NSP, nor each City, nor any of its agents shall have control over the conduct of Participant or any of Participant's employees, except as set forth in this Agreement. Participant shall not, at any time, or in any manner,

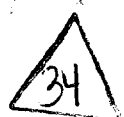
represent that it or any of its agents or employees are in any manner employees of NSP or City. Participant agrees to pay all required taxes on amounts paid to Participant under this Agreement, and to indemnify and hold NSP and City harmless from any and all taxes, assessments, penalties, and interest asserted against NSP or City by reason of the independent contractor relationship created by this Agreement. Participant shall fully comply with the workers' compensation law regarding Participant and Participant's employees. Participant further agrees to indemnify and hold NSP and City harmless from any failure of Participant to comply with applicable workers' compensation laws. NSP and City shall have the right to offset against the amount of any fees due to Participant under this Agreement any amount due to NSP or City from Participant as a result of Participant's failure to promptly pay to NSP or City any reimbursement or indemnification arising under this section.

14. **Assignment By Participant.** This Agreement shall not be assigned by Participant to any party without NSP's prior written consent, which consent shall not be unreasonably withheld.
15. **Confidentiality.** Employees of Participant, in the course of their duties, may have access to financial, accounting and statistical data provided by NSP. Participant covenants that all data, documents, discussion, or other information developed or received by Participant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Participant without written authorization by NSP. NSP shall grant such authorization if disclosure is required by law. Upon request, all NSP data shall be returned to NSP upon the termination of this Agreement. Participant's covenant under this section shall survive the termination of this Agreement.
16. **Conflict of Interest.** Participant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Participant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. Participant further covenants that, in performance of this Agreement, no person having any such interest shall be employed by it. Furthermore, Participant shall avoid representation of any matter for another person or entity which would come before NSP or either City during such time as it is engaged by NSP pursuant to this Agreement. Participant agrees not to accept any employment or representation during the term of this Agreement which is likely to make Participant "financially interested" (as provided in California Government Code Sections 1090 and 87100) in any decision made by NSP or City on any matter in connection with which Participant has been retained pursuant to this Agreement. Nothing in this section shall, however, preclude Participant from accepting other engagements with NSP or City. Participant further covenants that any conflict or potential conflict of interest shall be fully disclosed prior to execution of contract and Contractor shall comply with all applicable federal, state and county laws and regulations governing conflict of interest, in accordance with 24 C.F.R. 84.42.
17. **Warranty and Representation of Non-Collusion.** No official, officer, or employee of NSP has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of NSP participate in any decision relating to this Agreement which

may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interest found to be "remote" or "non interest" pursuant to California Government Code Sections 1091 and 1091.5. Participant warrants and represents that (s)he/it has not paid or given, and will not pay or give, to any third party including, but not limited to, any official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded this Agreement. Participant further warrants and represents that it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any official, officer, or employee, as a result or consequence of obtaining or being awarded any agreement, in violation of 31 U.S.C. 1352. Participant is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Participant: Initials PN

18. **Applicable Law.** This Agreement shall be construed and interpreted under, and governed and enforced according to the laws of the State of California.
19. **Interpretation.** The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement.
20. **Severability.** In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.
21. **Corporate Authority.** The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.
22. **Non-Waiver of Terms, Rights and Remedies.** Waiver by either party to this Agreement shall not be a waiver of any other condition of performance under this Agreement shall not be a waiver of any other condition of performance under this



Agreement. In no event shall the making by NSP of any payment to Participant constitute or be construed as a waiver by NSP of any breach of covenant, or any default which may then exist on the part of Participant, and the making of any such payment by NSP shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default.

23. **Attorney's Fees.** In the event that either party to this Agreement shall commence any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover its costs of suit, including reasonable attorney's fees. The venue for any litigation shall be Los Angeles County. In the event of any asserted ambiguity in, or dispute regarding the interpretation of any matter herein, the interpretation of this Agreement shall not be resolved by any rules of interpretation providing for interpretation against the party who causes the uncertainty to exist or against the party who drafted this Agreement or who drafted that portion of the Agreement.
24. **Exhibits; Precedence.** All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provision of any Exhibit or document incorporated herein by reference, the provisions of this Agreement shall prevail.
25. **Entire Agreement.** This Agreement, and any other documents incorporated herein by specific reference, represents the entire and integrated agreement between NSP and Participant. This Agreement supersedes all prior oral or written negotiations, representations or agreements. This Agreement may not be amended, nor any provision of breach hereof waived, except in a writing signed by the parties which expressly refers to this Agreement.
26. **Prior Agreements.** NSP and Participant hereby provide notice and agree that all prior agreements for consulting services between NSP and Participant with respect to the subject matter hereof are hereby terminated and from and after the date hereof Participant and NSP shall be bound by the terms of this Agreement only.
27. **Counterparts.** This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

[END – SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this MASTER AGREEMENT in accordance with the above stated provisions as of the day and year first written below.

“NSP”

CITY OF CARSON & CITY OF LYNWOOD
NEIGHBORHOOD STABILIZATION PROGRAM,
a public body, corporate and politic

DATED: June 23, 2010

BY: Jim Dear
Mayor JIM DEAR

ATTEST:

Aileen Kawaguchi
NSP Secretary CITY CLERK

Approved to as to form:

ALESHIRE & WYNDER LLP

W. Wynder
NSP Counsel
CITY ATTORNEY

“PARTICIPANT”

S J Contractor, a California Sole Proprietorship

Date: 6-22, 2010

By: Sam Nabbout
Sam Nabbout, Principal

Attachments:

- Exhibit “A” NSP Rehabilitation Standards
- Exhibit “B” Form Sub-Agreement
- Exhibit “C” Participant’s NSP Proposal



**CITIES OF CARSON AND LYNWOOD
NSP CONTRACTS FOR PROFESSIONAL SERVICES**

APPRAISAL SERVICES		TERM	AMOUNT
1	MJR Appraisal Service 8055 W. Manchester Avenue, Suite 510 Playa Del Rey, California 90293	Through April 22, 2012	Not to exceed \$17,000.00
ENVIRONMENTAL SERVICES		TERM	AMOUNT
2	The Reynolds Group Post Office Box 1996 Tustin, California 92781	Through April 22, 2012	Not to exceed \$23,000.00
TITLE AND ESCROW SERVICES		TERM	AMOUNT
3	Chicago Title Company 535 N. Brand Avenue, Suite 300 Glendale, California 91203	Through April 22, 2012	Not to exceed \$20,000.00
INSPECTION SERVICES		TERM	AMOUNT
4	Comprehensive Housing Services 8840 Warner Avenue, Suite 203 Fountain Valley, California 92708	Through April 22, 2012	Not to exceed \$23,700.00
5	Hayer Consultants 5230 Clark Avenue, Suite 22 Lakewood, California 90712	Through April 22, 2012	Not to exceed \$19,000.00
RESIDENTIAL REHABILITATION SERVICES		TERM	AMOUNT
6	South Los Angeles Development Group, Inc. 1626 Centinela Avenue, Suite 20 Inglewood, California 90302	Through June 26, 2012	To be determined on a property-by-property basis. All bids above the City Manager's authority will be presented to the City Council for approval.
7	SJ Contractor 234 E. Carson Street, Suite 3 Carson, California 90745	Through June 26, 2012	To be determined on a property-by-property basis. All bids above the City Manager's authority will be presented to the City Council for approval.
PROPERTY MANAGEMENT SERVICES		TERM	AMOUNT
8	Real Estate Consulting & Services 635 E. First Street, #418 Tustin, California 92780	Through December 31, 2011	Not to exceed \$5,000.00