

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

CONTRACT

**30776**

1  
2  
3 THIS CONTRACT is made and entered, in duplicate, as of  
4 JANUARY 30, 2008 for reference purposes only, pursuant to a minute order adopted  
5 by the City Council of the City of Long Beach at its meeting held on March 14, 2006, by  
6 and between PACIFIC HOUSING DIVERSIFIED, INC., a California corporation  
7 ("Contractor"), whose address is 5939 Monterey Road, Los Angeles, California 90042-  
8 4942 and the CITY OF LONG BEACH, a municipal corporation ("City").

9 WHEREAS, Contractor is currently reconstructing a portion of an alley  
10 immediately adjacent to the development commonly known as "Pacific City Lights"  
11 pursuant to an agreement between Contractor and the developer of said project; and

12 WHEREAS, City has been awarded grant funds to be used for capital asset  
13 projects that benefit the community, and City wishes to use such funds to improve  
14 additional portions of said alley in and around the Pacific City Lights project area; and

15 WHEREAS, the City Council authorized the City Manager to expend such  
16 grant funds;

17 NOW, THEREFORE, in consideration of the mutual terms and conditions  
18 herein, the parties agree as follows:

19 1. SCOPE OF WORK. Contractor shall furnish all necessary labor,  
20 supervision, tools, materials, supplies, appliances, equipment, and transportation for the  
21 work described in Contractor's Bid Letter attached hereto as Exhibit "A" and incorporated  
22 herein by this reference ("Bid Letter"), said work to be performed according to the Contract  
23 Documents defined below. The work described in the Bid Letter shall be performed upon  
24 that portion of the alley more specifically depicted on Exhibit "A-1" attached hereto and  
25 incorporated herein by this reference ("Project Area"). Notwithstanding any other provision  
26 of the Contract Documents, Contractor shall have no obligation to relocate or replace any  
27 existing improvements in the Project Area, including without limitation utility poles and fire  
28 hydrants.

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1                   2. PRICE AND PAYMENT. City shall pay to Contractor the amount(s) for  
2 materials and work identified in Contractor's Bid Letter, but in no event shall such amount  
3 exceed \$150,000. Contractor shall submit requests for progress payments and City will  
4 make payments in due course of payments in accordance with Section 9 of the Standard  
5 Specifications for Public Works Construction (latest edition). Notwithstanding the above,  
6 City shall pay Contractor for materials promptly upon Contractor's purchase of the same  
7 and delivery of supporting documentation of such purchase to City and will not withhold  
8 retention with respect to materials. Notwithstanding anything to the contrary in the  
9 Standard Specifications, retention for labor to be performed hereunder shall be 6.5%.

10                   3. CONTRACT DOCUMENTS. The Contract Documents include: the  
11 Standard Specifications for Public Works Construction, latest edition (the "Standard  
12 Specifications"); the City of Long Beach Standard Plans; the California Code of  
13 Regulations; the various Uniform Codes applicable to trades; the prevailing wage rates; this  
14 Contract and all documents attached hereto or referenced herein including but not limited  
15 to insurance; Notice to Proceed; Notice of Completion; any addenda or change orders  
16 issued in accordance with the Standard Specifications; and any permits required and  
17 issued for the work. These Contract Documents are incorporated herein by the above  
18 reference and form a part of this Contract.

19                   Notwithstanding Section 2-5.2 of the Standard Specifications, if any conflict  
20 or inconsistency exists or develops among or between Contract Documents, the following  
21 priority shall govern: 1) Change Orders; 2) this Contract; 3) Permit(s) from other public  
22 agencies; 4) the City of Long Beach Standard Plans; 5) Standard Specifications; 6) other  
23 reference specifications; and 7) other reference plans.

24                   4. TIME FOR CONTRACT. Contractor shall commence work on a date to  
25 be specified in a written "Notice to Proceed" from City and shall complete all work within  
26 sixty (60) working days thereafter, subject to strikes, lockouts and events beyond the  
27 control of Contractor. Time is of the essence hereunder.

28                   5. ACCEPTANCE OF WORK NOT TO CONSTITUTE A WAIVER. The

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1 acceptance of any work or the payment of any money by City shall not operate as a waiver  
2 of any provision of any Contract Document, of any power reserved to City, or of any right  
3 to damages or indemnity hereunder. The waiver of any breach or any default hereunder  
4 shall not be deemed a waiver of any other or subsequent breach or default.

5 6. WORKERS' COMPENSATION CERTIFICATION. Concurrently herewith,  
6 Contractor shall submit certification of Workers' Compensation coverage in accordance  
7 with California Labor Code Sections 1860 and 3700, a copy of which is attached hereto as  
8 Exhibit "B".

9 7. CLAIMS FOR EXTRA WORK. No claim shall be made at any time upon  
10 City by Contractor for and on account of any extra or additional work performed or  
11 materials furnished, unless such extra or additional work or materials shall have been  
12 expressly required by City and the quantities and price thereof shall have been first agreed  
13 upon, in writing, by the parties hereto.

14 8. CLAIMS. Contractor shall, upon completion of the work, deliver  
15 possession thereof to City ready for use and free and discharged from all claims for labor  
16 and materials in doing the work and shall assume and be responsible for, and shall protect,  
17 defend, indemnify and hold harmless City from and against any and all claims, demands,  
18 causes of action, liability, loss, costs or expenses for injuries to or death of persons, or  
19 damages to property, including property of City, which arises from or is connected with the  
20 performance of the work.

21 9. INSURANCE. Prior to commencement of work, and as a condition  
22 precedent to the effectiveness of this Contract, Contractor shall provide to City evidence  
23 of all insurance required in the Contract Documents. In addition, Contractor shall complete  
24 and deliver to City the form ("Information Sheet") attached as Exhibit "C" and incorporated  
25 by reference, to comply with Labor Code Section 2810.

26 10. WORK DAY. Contractor shall comply with Sections 1810 through 1815  
27 of the California Labor Code regarding hours of work. Contractor shall forfeit, as a penalty  
28 to City, the sum of Twenty-five Dollars (\$25) for each worker employed by Contractor or

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1 any subcontractor for each calendar day such worker is required or permitted to work more  
2 than eight (8) hours unless that worker receives compensation in accordance with Section  
3 1815.

4 11. PREVAILING WAGE RATES. Contractor is directed to the prevailing  
5 wage rates. Contractor shall forfeit, as a penalty to City, Fifty Dollars (\$50) for each  
6 laborer, worker or mechanic employed for each calendar day, or portion thereof, that such  
7 laborer, worker or mechanic is paid less than the prevailing wage rates for any work done  
8 by Contractor, or any subcontractor, under this Contract.

9 12. COORDINATION WITH GOVERNMENTAL REGULATIONS. If the work  
10 is terminated pursuant to an order of any Federal or State authority, Contractor shall accept  
11 as full and complete compensation under this Contract such amount of money as will equal  
12 the product of multiplying the Contract price stated herein by the percentage of work  
13 completed by Contractor as of the date of such termination, and for which Contractor has  
14 not been paid. If the work is so terminated, the City Engineer, after consultation with  
15 Contractor, shall determine the percentage of work completed and the determination of the  
16 City Engineer shall be final.

17 13. NOTICES. A. Any notice required hereunder shall be in writing and  
18 personally delivered or deposited in the U.S. Postal Service, first class, postage prepaid,  
19 to Contractor at the address first stated herein, and to City at 110 Pine Avenue, Suite 1200,  
20 Long Beach, California 90802, Attn: City Manager. Notice of change of address shall be  
21 given in the same manner as stated herein for other notices. Notice shall be deemed given  
22 on the date deposited in the mail or on the date personal delivery is made, whichever first  
23 occurs.

24 B. Except for stop notices and claims made under the Labor Code, City will  
25 notify Contractor when City receives any third party claims relating to this Contract in  
26 accordance with Section 9201 of the Public Contract Code.

27 14. RELOCATION BENEFITS AND NOTICES. Contractor shall not be  
28 responsible for posting notices or paying relocation benefits due to the work to be

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1 performed under this Agreement.

2 15. COVENANT AGAINST ASSIGNMENT. Neither this Contract nor any  
3 of the moneys that may become due Contractor hereunder may be assigned by Contractor  
4 without the written consent of City first had and obtained, nor will City recognize any  
5 subcontractor as such, and all persons engaged in the work of construction will be  
6 considered as independent contractors or agents of the Contractor and will be held directly  
7 responsible to Contractor.

8 16. CERTIFIED PAYROLL RECORDS. Contractor shall keep and cause  
9 each subcontractor to keep an accurate payroll record in accordance with Division 2, Part  
10 7, Article 2 of the California Labor Code. Contractor's failure to furnish such record to City  
11 in the manner provided herein for notices shall entitle City to withhold the penalty  
12 prescribed by law from progress payments due to Contractor.

13 17. RESPONSIBILITY OF CONTRACTOR. Notwithstanding anything to the  
14 contrary in the Standard Specifications, Contractor shall have the responsibility, care and  
15 custody of the work. If any loss or damage occurs to the work that is not covered by  
16 collectible commercial insurance, excluding loss or damage caused by the negligence or  
17 willful misconduct of City, earthquake, or flood, then Contractor shall immediately make  
18 City whole for any such loss or pay for any damage. If Contractor fails or refuses to make  
19 City whole or pay, then City may do so and the cost and expense of doing so shall be  
20 deducted from the amount due Contractor from City hereunder.

21 18. CONTINUATION. Termination or expiration of this Contract shall not  
22 terminate the rights or liabilities of either party which rights or liabilities accrued or existed  
23 prior to termination or expiration of this Contract.

24 19. TAXES AND TAX REPORTING. A. As required by federal and state  
25 law, City is obligated to report the payment of compensation to Contractor on Form 1099-  
26 Misc. and Contractor acknowledges that Contractor is not entitled to payment under this  
27 Contract until it has provided its Employer's Identification Number to City. Contractor shall  
28 be solely responsible for payment of all federal and state taxes resulting from payments

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1 under this Contract.

2 B. Contractor shall cooperate with City in all matters relating to taxation and  
3 the collection of taxes, particularly with respect to the self-accrual of use tax. Contractor  
4 shall cooperate as follows: (i) for all leases and purchases of materials, equipment,  
5 supplies, or other tangible personal property totaling over \$100,000 shipped from outside  
6 California, a qualified Contractor shall complete and submit to the appropriate  
7 governmental entity the form in Appendix "A" attached hereto; and (ii) for construction  
8 contracts and subcontracts totaling \$5,000,000 or more, Contractor shall obtain a sub-  
9 permit from the California Board of Equalization for the Work site. "Qualified" means that  
10 the Contractor purchased at least \$500,000 in tangible personal property that was subject  
11 to sales or use tax in the previous calendar year.

12 In completing the form and obtaining the permit(s), Contractor shall use the  
13 address of the Work site as its business address and may use any address for its mailing  
14 address. Copies of the form and permit(s) shall also be delivered to the City Engineer.  
15 The form must be submitted and the permit(s) obtained as soon as Contractor receives a  
16 Notice to Proceed. Contractor shall not order any materials or equipment over \$100,000  
17 from vendors outside California until the form is submitted and the permit(s) obtained and,  
18 if Contractor does so, it shall be a material breach of this Contract. In addition, Contractor  
19 shall make all purchases from the Long Beach sales office of its vendors if those vendors  
20 have a Long Beach office and all purchases made by Contractor under this Contract which  
21 are subject to use tax of \$500,000 or more shall be allocated to the City of Long Beach.  
22 Contractor shall require the same form and permit(s) from its subcontractors.

23 Contractor shall not be entitled to and by signing this Contract waives any  
24 claim or damages for delay against City if Contractor does not timely submit these forms  
25 to the appropriate governmental entity. Contractor may contact the City Controller at (562)  
26 570-6450 for assistance with the form.

27 20. ADVERTISING. Contractor shall not use the name of City, its officials,  
28 or employees in any advertising or solicitation for business, nor as a reference, without the

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1 prior approval of the City Manager, City Engineer, or designee.

2           21. AUDIT. If payment of any part of the consideration for this Contract is  
3 made with federal, state, or county funds and a condition to the use of those funds by City  
4 is a requirement that City render an accounting or otherwise account for said funds, then  
5 City shall have the right at all reasonable times to examine, audit, inspect, review, extract  
6 information from, and copy all books, records, accounts, and other information relating to  
7 this Contract.

8           22. NO PECULIAR RISK. Contractor acknowledges and agrees that the  
9 work to be performed hereunder does not constitute a peculiar risk of bodily harm and that  
10 no special precautions are required to perform said work.

11           23. THIRD PARTY BENEFICIARY. This Contract is intended by the parties  
12 to benefit themselves only and is not in any way intended or designed to or entered for the  
13 purpose of creating any benefit or right of any kind for any person or entity that is not a  
14 party to this Contract.

15           24. SUBCONTRACTORS. Contractor agrees to and shall bind every  
16 subcontractor to the terms of this Contract provided, however, that nothing herein shall  
17 create any obligation on the part of City to pay any subcontractor except in accordance  
18 with a court order in an action to foreclose a stop notice. Failure of Contractor to comply  
19 with this Section shall be deemed a material breach of this Contract. A list of  
20 subcontractor(s) submitted by Contractor in compliance with Public Contract Code  
21 Sections 4100 et seq. is attached hereto as Exhibit "D" and incorporated herein by this  
22 reference.

23           25. NO DUTY TO INSPECT. No language in this Contract shall create and  
24 City shall not have any duty to inspect, correct, warn of, or investigate any condition arising  
25 from Contractor's work hereunder, or to insure compliance with laws, rules or regulations  
26 relating to said work. If City does inspect or investigate, the results thereof shall not be  
27 deemed compliance with or a waiver of any requirements of the Contract Documents.

28           26. GOVERNING LAW. This Contract shall be governed by and construed

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1 pursuant to the laws of the State of California (except those provisions of California law  
2 pertaining to conflicts of laws).

3 27. INTEGRATION. This Contract, including the Contract Documents  
4 identified in Section 3 hereof, constitutes the entire understanding between the parties and  
5 supersedes all other agreements, oral or written, with respect to the subject matter herein.

6 28. COSTS. If there is any legal proceeding between the parties to enforce  
7 or interpret this Contract or to protect or establish any rights or remedies hereunder, the  
8 prevailing party shall be entitled to its costs and expenses, including reasonable attorney's  
9 fees.

10 29. NONDISCRIMINATION. In connection with performance of this Contract  
11 and subject to federal laws, rules and regulations, Contractor shall not discriminate in  
12 employment or in the performance of this Contract on the basis of race, religion, national  
13 origin, color, age, gender, sexual orientation, AIDS, HIV status, handicap, or disability. It  
14 is the policy of City to encourage the participation of Disadvantaged, Minority and Women-  
15 owned Business Enterprises and City encourages Contractor to use its best efforts to carry  
16 out this policy in the award of all subcontracts.

17 30. DEFAULT. Default shall include but not be limited to Contractor's failure  
18 to perform in accordance with the Plans and Specifications, failure to comply with any  
19 Contract Document, failure to pay any penalties, fines or charges assessed against the  
20 Contractor by any public agency, failure to pay any charges or fees for services performed  
21 by City, and if Contractor has substituted any security in lieu of retention, then default shall  
22 also include City's receipt of a stop notice. If default occurs and Contractor has substituted  
23 any security in lieu of retention, then in addition to City's other legal remedies, City shall  
24 have the right to draw on the security in accordance with Public Contract Code Section  
25 22300 and without further notice to Contractor. If default occurs and Contractor has not  
26 substituted any security in lieu of retention, then City shall have all legal remedies available  
27 to it.

28



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1 31. PACIFIC CITY LIGHTS. The Certificate of Completion to be issued in  
2 connection with the "Pacific City Lights" development which is adjacent to the Project Area  
3 shall not be conditioned upon completion of the work to be performed under this  
4 Agreement.

5 IN WITNESS WHEREOF, the parties have caused this document to be duly  
6 executed with all formalities required by law as of the date first stated above.

7 PACIFIC HOUSING DIVERSIFIED, INC.,  
8 a California corporation

9 JANUARY 16<sup>th</sup>, 2008

By Ajit Mithaiwal  
President  
AJIT MITHAIWAL  
(Type or Print Name)

11  
12 JANUARY 16<sup>th</sup>, 2008

By Mamta Dhurandhar  
Secretary  
MAMTA DHURANDHAR  
(Type or Print Name)

"Contractor"

16 CITY OF LONG BEACH,  
17 a municipal corporation

18 MAY 7, 2008

By [Signature]  
Assistant City Manager  
City Manager

"City"

EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.

21 This Contract is approved as to form on January 28, 2008.

22 ROBERT E. SHANNON, City Attorney

By [Signature]  
Deputy

EXHIBIT "A"

**PACIFIC HOUSING DIVERSIFIED, INC.**

5939 MONTEREY ROAD \* LOS ANGELES \* CA \* 90042-4942

Tel: (323) 254-3338 \* Fax: (323) 254-3449

October 23, 2007

Revised Proposal

Patrick Ure  
Housing Development Officer  
City of Long Beach Housing Division  
110 Pine Avenue Suite 1200  
Long Beach, CA 90802

Re: Work on driveways in the alley adjacent to Pacific Apartments  
Alley between 15<sup>th</sup> & 17<sup>th</sup> Street  
Long Beach, CA 90813

Dear Sir,

We proposed to provide the necessary labor, material and equipment sufficient to perform the specific work listed below at the above referenced location. Said work will be performed in a good, workmanlike manner and according to the City approved plans dated July 19, 2007, including revision by Department of public works.

Section A

The following work is included in this bid proposal:

- |   |              |
|---|--------------|
| 1. Demolition of the existing driveways <u>as per plans</u>         | \$ 27,360.00 |
| 2. Grading and compaction for the new driveways <u>as per plans</u> | \$ 18,040.00 |
| 3. New 4" thick concrete driveways <u>as per plans</u>              | \$ 86,070.00 |
| 4. Design   | \$ 7,000.00  |
| 5. Additional Concrete work per change in plans by the City         | \$ 10,680.00 |

Total \$ 149,150.00  
=====

Section B

The following are excluded from this bid proposal:

1. Any type of engineering, soils & geology, deputy inspector(s), surveyors, permits & fees, City fees or any inspection fees.
2. Assumes unencumbered and free access.
3. Any notices to homeowners, residents, renters, occupants, neighbors or any affected parties.
4. Any permits or bonds.
5. Any kind of cost or other liability for relocation or damages to overhead or underground utilities (power poles, cable, telephone, electric, gas, water, sewer, fire hydrants etc.)
6. Prevailing wage rates.

7. This work is in no way connected to Pacific Apartments completed project.
8. Not liable for no-parking signs or required permits for street/ alley use or any inconvenience caused to homeowners, residents, renters, occupants, neighbors or any affected parties.
9. Price used on one-move in, continuous uninterrupted work to completion.
10. Any other work not specifically listed in the included Section A above.

Section C - Payment Terms: 20% due at commencement of work, remainder of the payment will be made within 15 days upon completion of work done based on Pacific Housing Diversified, Inc., invoice. Any additions, alterations or deviations for the above specifications involving additional costs to either party shall be executed only by written authorization of the parties and shall be paid 20 days from submission and approval of the same

Any disputes between the parties shall be handled by mediation.

All the work will be as per approved plans for the total sum of \$ 149,150.00 (One Hundred Forty Nine Thousand, One Hundred & Fifty Dollars)

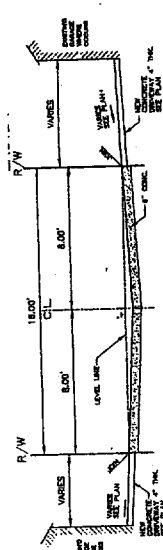
The foregoing terms are good for 30 days from the date hereof, after which time shall expire. This proposal shall be incorporated into and shall become a part of the existing contract with the City

Pacific Housing Diversified, Inc.

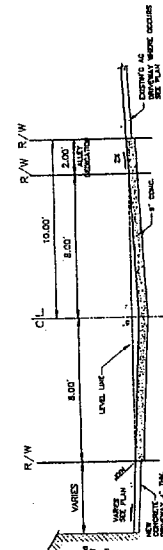


Mamta Dhurandhar - Secretary

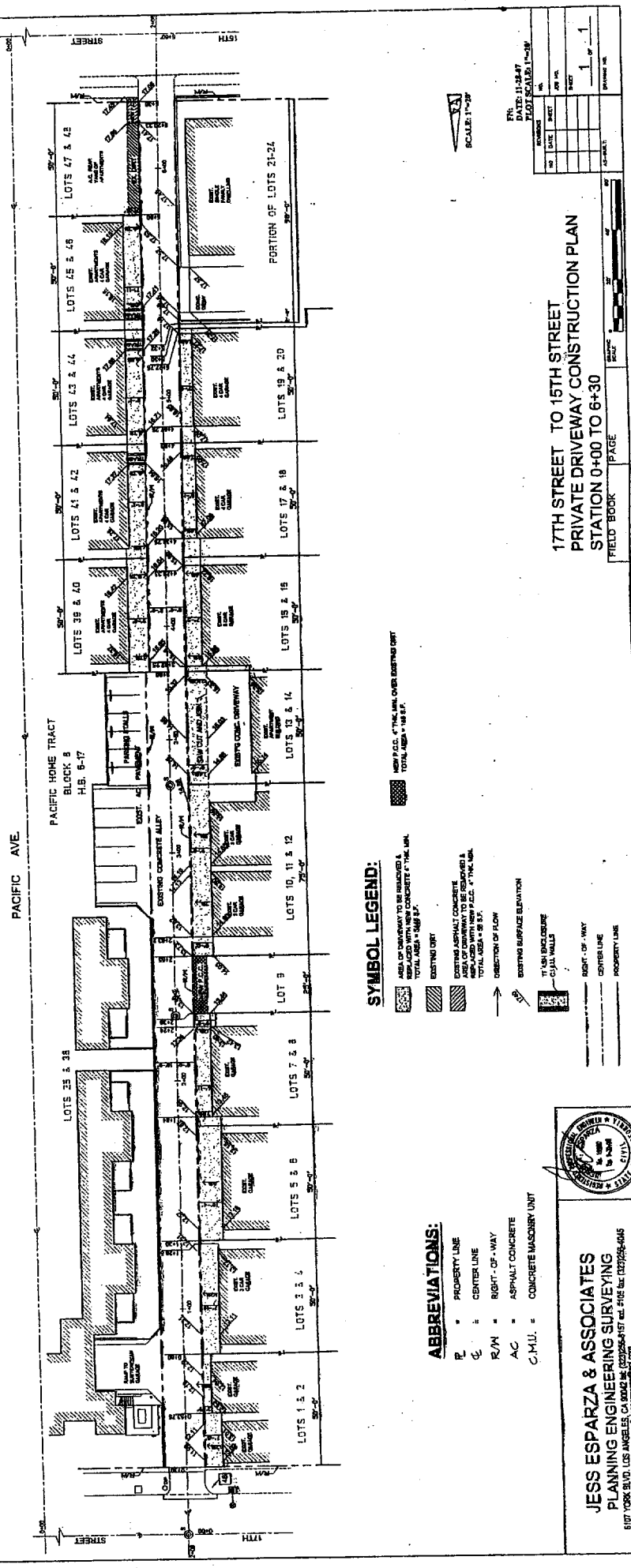
# Exhibit A-1



TYPICAL EXISTING ALLEY CROSS  
SECTION FROM STA. 3+80 TO STA. 6+30  
NOT TO SCALE



TYPICAL EXISTING ALLEY CROSS  
SECTION FROM STA. 0+28 TO STA. 3+80  
NOT TO SCALE



- ABBREVIATIONS:**
- PL = PROPERTY LINE
  - CL = CENTER LINE
  - R/W = RIGHT-OF-WAY
  - AC = ASPHALT CONCRETE
  - C.M.U. = CONCRETE MASONRY UNIT
- SYMBOL LEGEND:**
- [Pattern] AREA OF DRIVEWAY TO BE REPAVED & REPLACED WITH ASPHALT CONCRETE AT THE U/L. TOTAL WIDTH = 18'-0".
  - [Pattern] EXISTING DRIVEWAY
  - [Pattern] EXISTING ASPHALT CONCRETE AREA OF DRIVEWAY TO BE REPAVED & REPLACED WITH ASPHALT CONCRETE AT THE U/L. TOTAL WIDTH = 18'-0".
  - [Arrow] DIRECTION OF FLOW
  - [Symbol] EXISTING SURFACE ELEVATION
  - [Symbol] T-1 (U) ENCLOSURE
  - [Symbol] CURB WALLS
  - [Symbol] RIGHT-OF-WAY
  - [Symbol] CENTER LINE
  - [Symbol] PROPERTY LINE

17TH STREET TO 15TH STREET  
PRIVATE DRIVEWAY CONSTRUCTION PLAN  
STATION 0+00 TO 6+30

FIELD BOOK PAGE 1

DATE: 11/11/11  
DRAWN BY: [Name]  
CHECKED BY: [Name]  
SCALE: 1"=20'

**JESS ESPARZA & ASSOCIATES**  
PLANNING ENGINEERING SURVEYING  
6107 YORK BLVD., LOS ANGELES, CA 90042  
TEL: (323) 256-4646  
WWW.JESS-ESPARZA.COM

REGISTERED PROFESSIONAL ENGINEER  
CIVIL  
STATE OF CALIFORNIA  
NO. 10000



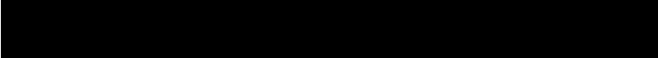
**INFORMATION TO COMPLY WITH LABOR CODE SEC. 2810**

To comply with Labor Code Sec. 2810, Contractor shall complete and submit this Information Sheet which shall be incorporated into and be a part of the Contract:

1) Workers' Compensation Insurance:

- A. Policy Number: 1637478 - 200G
- B. Name of Insurer (NOT Broker): STATE FUND
- C. Address of Insurer: PO BOX 42087, SAN FRANCISCO, CA 94142-08
- D. Telephone Number of Insurer: 416 - 567 - 7553

2) For vehicles owned by Contractor and used in performing work under this Contract:

- A. VIN (Vehicle Identification Number): 
- B. Automobile Liability Insurance Policy Number: BA 8115372
- C. Name of Insurer (NOT Broker): GOLDEN EAGLE INSURANCE
- D. Address of Insurer: 525 B STREET, SAN DIEGO, CA 92101
- E. Telephone Number of Insurer: 1-800-238-3085

3) Address of property used to house workers on this Contract, if any:

4) Estimated total number of workers to be employed on this Contract: \_\_\_\_\_

5) Estimated total wages to be paid those workers: \_\_\_\_\_

6) Dates (or schedule) when those wages will be paid: \_\_\_\_\_

(Describe schedule: For example, weekly or every other week or monthly)

7) Estimated total number of independent contractors to be used on this Contract: \_\_\_\_\_

(Attach a list of contractor's license numbers with the names, if known)

8) Taxpayer's Identification Number: 

**EXHIBIT D**

(List of Contractors & Subcontractors)

**PRIME CONTRACTOR**

Pacific Housing Diversified, Inc.

Ali Ganji, Construction Manager

5939 Monterey Road

Los Angeles, CA 90042

Phone: (323)-254-3338 x204

Fax: (323) 254-3449

Email Address: [ali@gotoadi.com](mailto:ali@gotoadi.com)

Contractor License Number: 736480

**SUB-CONTRACTOR**

Alen Builders Inc

Andik Aydenian, Manager

1807 W. Glenoaks Blvd., Suite 203

Glendale, CA 91201

Phone: (818) 955-9696

Fax: (818) 955-8289

Email Address: Alen Aydinian (Alen is his son) or  
([sunaydin@aol.com](mailto:sunaydin@aol.com))

Contractor License Number: 665485

---

APPENDIX "A"

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Please Type or Print Clearly. Read Instructions on reverse before completing this form.

**SECTION I - BUSINESS INFORMATION**

NAME OF BUSINESS OR GOVERNMENTAL ENTITY	SALE/USE TAX PERMIT NUMBER
BUSINESS ADDRESS (street)	CONSUMER USE TAX ACCOUNT NUMBER
CITY, STATE, & ZIP CODE	If applicant is applying for either a sales/use tax permit or a consumer use tax account in addition to a use tax direct payment permit check here <input type="checkbox"/>
MAILING ADDRESS (street address or po box if different from business address)	
CITY, STATE, & ZIP CODE	NAME UNDER WHICH BUSINESS IS TO BE TRANSACTED IF DIFFERENT THAN ABOVE

**SECTION II - MULTIPLE BUSINESS LOCATIONS**

LIST BELOW THE BUSINESS AND MAILING ADDRESSES OF ALL LOCATIONS WHERE PROPERTY PURCHASED UNDER A USE TAX DIRECT PAYMENT CERTIFICATE WILL BE USED. IF ADDITIONAL SPACE IS NEEDED, ATTACH A SEPARATE SHEET

1. BUSINESS ADDRESS	4. BUSINESS ADDRESS
MAILING ADDRESS	MAILING ADDRESS
2. BUSINESS ADDRESS	5. BUSINESS ADDRESS
MAILING ADDRESS	MAILING ADDRESS
3. BUSINESS ADDRESS	6. BUSINESS ADDRESS
MAILING ADDRESS	MAILING ADDRESS

**SECTION III - CERTIFICATION STATEMENT**

I hereby certify that I qualify for a Use Tax Direct Payment Permit for the following reason: (Please check one of the following)

I have purchased or leased for my own use tangible personal property subject to use tax at a cost of five hundred thousand dollars (\$500,000) or more in the aggregate, during the calendar year immediately preceding this application for the permit. I have attached a "Statement of Cash Flows" or other comparable financial statements acceptable to the Board for the calendar year immediately preceding the date of application and a separate statement attesting that the qualifying purchases were purchases that were subject to use tax.

I am a county, city, city and county, or redevelopment agency.

I also agree to self-assess and pay directly to the Board of Equalization any use tax liability incurred pursuant to my use of a Use Tax Direct Payment Permit.

The above statements are hereby certified to be correct to the knowledge and belief of the undersigned, who is duly authorized to sign this application.

SIGNATURE	TITLE
NAME (typed or printed)	DATE

## USE TAX DIRECT PAYMENT PERMIT (General Information and Filing Instructions)

Revenue and Taxation Code Section 7051.3 authorizes the State Board of Equalization to issue a "Use Tax Direct Payment Permit" to qualified applicants. This permit allows purchasers and lessors of tangible personal property (other than lessees of motor vehicles the lease of which is subject to the terms of Section 7205.1 of the Sales and Use Tax Law) to self-assess and pay use taxes directly to the Board instead of to the vendor or lessor from whom the property is purchased or leased.

Permit holders will be provided with a use tax direct payment exemption certificate which they can issue to retailers and lessors when they purchase tangible personal property subject to use tax or make qualified leases of tangible personal property. Vendors who timely take the certificate in good faith from a permit holder are relieved of the duty to collect use taxes on the sales for which the certificate was issued. Permit holders who acquire property under a certificate must self-assess and report the use taxes directly to the Board on their tax returns, and allocate the local taxes to the county, city and county, or redevelopment agency in which the property is first used. Permit holders who fail to properly pay any use taxes that are due on property for which a certificate was given are subject to interest and penalties assessments in addition to their tax liability.

To qualify for a use tax direct payment permit, an applicant must meet the following conditions:

- (1) The applicant must agree to self-assess and pay directly to the Board any use tax which is due on property for which a use tax direct payment exemption certificate was given; and
- (2) The applicant must certify to the Board either of the following:
  - (A) The applicant has purchased or leased for its own use tangible personal property subject to use tax which cost five hundred thousand dollars (\$500,000) or more in the aggregate, during the calendar year immediately preceding the application for the permit; or
  - (B) The applicant is a county, city and county, or redevelopment agency.

Persons wishing to obtain a use tax direct payment permit must be pre-qualified and either hold a California seller's permit or a consumer use tax account.

Persons other than governmental entities who currently hold either a California seller's permit or a consumer use tax account must complete the application for a use tax direct payment permit, sign the certification statement attesting that they qualify for a permit under conditions of Part (2)(A) above, and submit a "Statement of Cash Flows" or other comparable financial statements acceptable to the board for the calendar year immediately preceding the date of application which discloses total purchases of property and equipment for own use and a separate statement under company letterhead certifying that five hundred thousand dollars (\$500,000) or more of such purchases were subject to use tax.

Persons other than governmental entities who are not required to hold a seller's permit and who do not currently hold a consumer use tax account must obtain a consumer use tax account and then complete the application for a use tax direct payment permit, sign the certification statement attesting that they qualify for a permit under the conditions of Part (2)(A) above and submit a "Statement of Cash Flows" or other comparable financial statements acceptable to the board for the calendar year immediately preceding the date of application which discloses total purchases of property and equipment for own use and a separate statement under company letterhead certifying that five hundred thousand dollars (\$500,000) or more of such purchases were subject to use tax.

Governmental entities who currently hold either a California seller's permit or a consumer use tax account must complete the application for a use tax direct payment permit, sign the certification statement attesting that they qualify for a permit under the conditions of Part (2)(B) above, and submit an additional statement to that effect under official letterhead and signed by an authorized governmental representative.

Governmental entities who do not hold a California seller's permit or a consumer use tax account must obtain a consumer use tax account and then complete the application for a use tax direct payment permit, sign the certification statement attesting that they qualify for a permit under the conditions of Part (2)(B) above, and submit an additional statement to that effect under official letterhead and signed by an authorized governmental representative.

The completed use tax direct payment application, certification statement, and qualifying documentation should be returned to the address shown below. Upon determination that the applicant qualifies, a use tax direct payment permit and exemption certificate will be mailed to the applicant.

If you would like additional information regarding the use tax direct payment permit or need assistance in completing this application, you can call (916) 324-2883, or write to the Board of Equalization, Public Information and Administration Section, MIC-44, PO Box 942879, Sacramento, CA 94278-0044.

# Use Tax Direct Payment Exemption Certificate

I hereby certify that I hold use tax direct payment permit No. \_\_\_\_\_ issued pursuant to California Sales and Use Tax Law Section 7051.3 and that I am authorized to report and pay directly to the State the applicable use tax with respect to the property described herein which I shall purchase from:

\_\_\_\_\_  
(Name of Vendor)

\_\_\_\_\_  
(Address of Vendor)

In the event that I fail to timely report and pay the applicable tax to the State, I understand and agree that in addition to the tax liability, I will be liable for applicable interest and the amount due may be subject to penalties.

Description of property to be purchased:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Purchaser: \_\_\_\_\_ Date certificate given: \_\_\_\_\_

Signature and Title of Purchaser or Authorized Agent: \_\_\_\_\_

## IMPORTANT NOTICE TO VENDORS

This exemption certificate when timely taken in good faith from a person who holds a use tax direct payment permit relieves a vendor from the requirement to collect and remit USE TAX on sales or leases of tangible personal property (other than leases of motor vehicles subject to the terms of Section 7205.1 of the Sales and Use Tax Law) to the person who issued the certificate. It does NOT relieve a vendor of any SALES TAX obligations. Generally, this certificate should be accepted only by out-of-state vendors or by lessors of tangible personal property other than motor vehicle lessors. Sellers can claim a deduction on their sales and use tax returns for any sales made under this certificate.

Vendors must retain a completed copy of this certificate in their files for a period of not less than four years to substantiate the exempt status of sales made under its authority.

This Exemption Certificate has been approved by the California State Board of Equalization.

Approved By: \_\_\_\_\_  
(Deputy Director, Sales and Use Tax Department)

Date: \_\_\_\_\_

Questions regarding this form should be directed to 800 400-7115, or write to the Board of Equalization, Audit Evaluation and Planning Section, MIC 40, P.O. Box 942879, Sacramento, Ca 94279-0040.

THIS FORM MAY BE REPRODUCED

## NOTICE TO INDIVIDUALS REGARDING INFORMATION FURNISHED TO THE BOARD OF EQUALIZATION

The Information Practices Act of 1977 and the Federal Privacy Act requires this agency to provide the following notice to individuals who are asked by the State Board of Equalization (Board) to supply information, including the disclosure of the individual's social security account number.

Individuals applying for permits, certificates, or licenses, or filing tax returns, statements, or other forms prescribed by this agency, are required to include their social security numbers for proper identification. [See Title 42 United States Code §405(c)(2)(C)(i)]. It is mandatory to furnish all the appropriate information requested by applications for registration, applications for permits or licenses, tax returns and other related data. Failure to provide all of the required information requested by an application for a permit or license could result in your not being issued a permit or license. In addition, the law provides penalties for failure to file a return, failure to furnish specific information required, failure to supply information required by law or regulations, or for furnishing fraudulent information.

Provisions contained in the following laws require persons meeting certain requirements to file applications for registration, applications for permits or licenses, and tax returns or reports in such form as prescribed by the State Board of Equalization: Alcoholic Beverage Tax, Sections 32001-32556; Childhood Lead Poisoning Prevention Fee, Sections 43001-43651, Health & Safety Code, Sections 105275-105310; Cigarette and Tobacco Products Tax, Sections 30001-30481; Diesel Fuel Tax, Sections 60001-60709; Emergency Telephone Users Surcharge, Sections 41001-41176; Energy Resources Surcharge, Sections 40001-40216; Hazardous Substances Tax, Sections 43001-43651; Integrated Waste Management Fee, Sections 45001-45984; International Fuel Tax Agreement, Sections 9401-9433; Motor Vehicle Fuel License Tax, Sections 7301-8405; Occupational Lead Poisoning Prevention Fee, Sections 43001-43651, Health & Safety Code, Sections 105175-105197; Oil Spill Response, Prevention, and Administration Fees, Sections 46001-46751, Government Code, Sections 8670.1-8670.53; Publicly Owned Property, Sections 1840-1841; Sales and Use Tax, Sections 6001-7279.6; State Assessed Property, Sections 721-868, 4876-4880, 5011-5014; Tax on Insurers, Sections 12001-13170; Timber Yield Tax, Sections 38101-38908; Tire Recycling Fee, Sections 55001-55381, Public Resources Code, Sections 42860-42895; Underground Storage Tank Maintenance Fee, Sections 50101-50161, Health & Safety Code, Sections 25280-25299.96; Use Fuel Tax, Sections 8601-9355.

The principal purpose for which the requested information will be used is to administer the laws identified in the preceding paragraph. This includes the determination and collection of the correct amount of tax. Information you furnish to the Board may be used for the purpose of collecting any outstanding tax liability.

As authorized by law, information requested by an application for a permit or license could be disclosed to other agencies, including, but not limited to, the proper officials of the following: 1) United States governmental agencies: U.S. Attorney's Office; Bureau of Alcohol, Tobacco and Firearms; Depts. of Agriculture, Defense, Justice; Federal Bureau of Investigation; General Accounting Office; Internal Revenue Service; the Interstate Commerce Commission; 2) State of California governmental agencies and officials: Air Resources Board; Dept. of Alcoholic Beverage Control; Auctioneer Commission; Employment Development Department; Energy Commission; Exposition and Fairs; Food & Agriculture; Board of Forestry; Forest Products Commission; Franchise Tax Board; Dept. of Health Services; Highway Patrol; Dept. of Housing & Community Development; California Parent Locator Service; 3) State agencies outside of California for tax enforcement purposes; and 4) city attorneys and city prosecutors; county district attorneys, sheriff departments.

As an individual, you have the right to access personal information about you in records maintained by the State Board of Equalization. Please contact your local Board office listed in the white pages of your telephone directory for assistance. If the local Board office is unable to provide the information sought, you may also contact the Disclosure Office in Sacramento by telephone at (916) 445-2918. The Board officials responsible for maintaining this information, who can be contacted by telephone at (916) 445-6464, are: Sales and Use Tax, Deputy Director, Sales and Use Tax Department, 450 N Street, MIC:43, Sacramento, CA 95814; Excise Taxes, Fuel Taxes and Environmental Fees, Deputy Director, Special Taxes Department, 450 N Street, MIC:31, Sacramento, CA 95814; Property Taxes, Deputy Director, Property Taxes Department, 450 N Street, MIC:63, Sacramento, CA 95814.

<sup>1</sup>All references are to the California Revenue and Taxation Code unless otherwise indicated.

CALIFORNIA STATE BOARD OF EQUALIZATION  
USE TAX DIRECT PAYMENT PERMIT



ACCOUNT NUMBER

**DRAFT**

THIS PERMIT DOES NOT  
AUTHORIZE THE HOLDER  
TO ENGAGE IN ANY  
BUSINESS CONTRACT TO  
LAWS REGULATING THAT  
BUSINESS OR TO  
POSSESS OR OPERATE  
ANY ILLEGAL DEVICE.

IS HEREBY AUTHORIZED PURSUANT TO SALES AND USE TAX LAW  
SECTION 7051.3 TO SELF-ASSESS AND PAY USE TAX DIRECTLY TO  
THE STATE OF CALIFORNIA

THIS PERMIT IS NOT A  
SELLER'S PERMIT TO  
ENGAGE IN SALES OF  
TANGIBLE PERSONAL  
PROPERTY

THIS PERMIT IS VALID UNTIL REVOKED OR CANCELED BUT IS NOT TRANSFERABLE. IF YOU SELL YOUR BUSINESS,  
OR DROP OUT OF A PARTNERSHIP, NOTIFY US OR YOU COULD BE RESPONSIBLE FOR SALES AND USE TAXES  
OWED BY THE NEW OPERATOR OF THE BUSINESS.

BOE-442-DPLZ (1-98)

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The principal purpose for which the requested information will be used is to administer the laws identified in the preceding paragraph. This information is used for the determination and collection of the correct amount of tax. Information you furnish to the Board may be used for the purpose of collecting tax liability.

As authorized by law, information requested by an application for a permit or license could be disclosed to other agencies, including, but not limited to the proper officials of the following: 1) United States governmental agencies: U.S. Attorney's Office; Bureau of Alcohol, Tobacco and Firearms; Depts. of Agriculture, Defense, Justice; Federal Bureau of Investigation; General Accounting Office; Internal Revenue Service; the Interstate Commerce Commission; 2) State of California governmental agencies and officials: Air Resources Board; Dept. of Alcoholic Beverage Control; Auctioneer Commission; Employment Development Department; Energy Commission; Exposition and Fairs; Food & Agriculture; Board of Forestry; Forest Product Commission; Franchise Tax Board; Dept. of Health Services; Highway Patrol; Dept. of Housing & Community Development; California Parent Locator Service; 3) State agencies outside of California for tax enforcement purposes; and 4) city attorneys and city prosecutors; county district attorneys, sheriff departments.

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