



ANGELES CONTRACTOR, INC.
A general contractor

State Contr. Lic. 858483
TEL : (626) 923-3800
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783 Phillips Drive, City of Industry, CA 91748-1147

Date: 12/08/2012
Subcontractor: ABC Plumbing, Inc. DBA ABC Inc.
ACI Project No.: 2122
Project Name: Pacific High School Modernization

RE: Subcontract Agreement

Enclosed, find two (2) copies of the Subcontract Agreement for the above referenced project. Please execute and return both copies **along** with the following documents by 12/18/12 to ACI (Attention: James Yost). Do not make any modifications to the Subcontract Agreements. Please provide the following:

1. **Faithful Performance Bond and Payment Bond** — Required per Section 12 of this agreement: YES NO
2. **Certificate of Insurance** - Refer to Section 11 of this agreement. Angeles Contractor, Inc., must be additionally insured. A Sample Insurance Certificate is enclosed for your reference.
3. **Detailed Schedule of Value (SOV)** - Per Phases.
4. **Preliminary Construction Duration for your own scope of work**- Per Phases. This is required to develop the Master Construction Schedule if not provided by the owner already in the specification.
5. **Public Contract Compliance Documents or Labor Compliance Program Documents**, if required in Spec.
6. **W-9 (Request for Taxpayer Identification Number)**.
7. **Contact Information** - Name, Phone #, and E-Mail Address of your Project Manager / Superintendent / Accounting.
8. **Other:**

Once these agreements have been fully executed, a copy will be returned to you.

Also, please be advised that the Pre-Construction Meeting will be held at ACI Main Office or Job Site at 20632 Main Street, San Bernardino, CA 96033 on 12/20/12. Your representative is required to attend the meeting. If you have any question, please do not hesitate to contact me at 714-443-3655.

Sincerely,

ANGELES CONTRACTOR, INC.

By: Walter Shirley
Senior Project Manager

Subcontract Agreement

This Subcontract ("Subcontract" and/or "Agreement"), is made this **8th** day of **December**, 2012, by and between **Angeles Contractor, Inc. ("ACI")**, as Contractor, and **ABC Plumbing, Inc. DBA ABC Inc.**, as Subcontractor.

Whereas, Contractor has or is about to enter into a contract with **San Bernardino City Unified School District**, as Owner, located at **777 N. W Street, San Bernardino, CA 96032**, for the construction of a project known as **Pacific High School Modernization**, located at **20632 Main Street, San Bernardino, CA 96033** in accordance with the terms and conditions of said contract, including the plans, specifications and conditions for said project with addendums **1,2,3,4, & 5**, prepared by **NTD Architects**, located at **1800 South Avenue, Glendora, CA 92505**, and all other documents forming or by reference made a part thereof (collectively referred to herein as the "Contract Documents");

Whereas, Contractor desires to subcontract a portion of its obligations under said Contract Documents to Subcontractor,

NOW, THEREFORE, the parties do hereby mutually agree as follows:

SECTION 1. SCOPE OF WORK

Subcontractor agrees to furnish, to the satisfaction of Contractor, all labor, materials, tools, supplies, equipment, services, including cost of all applicable sales or use taxes, fees, permits, etc., all layout, backing, testing, scaffolding and planking, hoisting of men and materials, temporary heat, power and lights, saw cutting, coring, breakout, dumpster and all other facilities necessary to perform the work under this Subcontract and do all work necessary and/or required to complete the following work, in strict accordance with the Contract Documents and the provisions of this subcontract.

All concrete work including but not limited to: Sections 03300 PIP Concrete, 03310 Precast Concrete

1. A complete site concrete package including but not limited to:

- a. Retaining wall.
- b. All concrete curbs.
- c. All sidewalk.
- d. Drive approaches.
- e. Stairs and steps.
- f. Mow curbs.
- g. Tree planters.
- h. Planter bench seating walls.

2. Play area curbs

3. Reinforcing Steel and Mesh which includes but is not limited to:

- a. Provide structural reinforcing steel for all concrete and masonry work as indicated on the plans and specs (with regards to site concrete drawings are to be supplied and installed by this subcontractor.
- b. This subcontractor responsible for all notes pertaining to rebar bends and reinforcing layout as stipulated on plans.
- c. This subcontractor is responsible for all rebar templates.
- d. Provide all laps and splices as required.
- e. Supply and install full rebar cages for light standards as required.
- f. This subcontractor responsible to provide all necessary chairs and dobies as required for proper clearances.
- g. This subcontractor responsible for all reinforcing steel safety requirements.
- h. Hoisting and labor of reinforcing steel and mesh is by this Subcontractor.

2. Finishing which includes but is not limited to:

- a. All work shall be consistent with ACI standard deviations. Work, which does not comply, shall be repaired in accordance to Structural Engineer's recommendations. These repairs shall be performed by the subcontractor at no additional expense to the Owner or ACI.
 - b. This subcontractor to ensure the proper finish of concrete is provided in accordance to the finish schedule. All honeycombs and/or visible voids are to be repaired to the satisfaction of ACI. Provide grinding of all concrete bleed through or fins exceeding ¼" of adjacent finished surfaces.
 - c. Provide grooves/finish for stairs/landings to meet all ADA requirements.
3. General Scope Provisions which includes but is not limited to:
- a. Provide all closures necessary to complete scope of work.
 - b. This subcontractor is to transfer benchmarks as needed for his own work.
 - c. Coordinate all of the contract documents in relation to site concrete as required.
 - d. Provide access around building structure at all times.
 - e. Tools and equipment to be in good working order.
 - f. All concrete pumping and conveying.
 - g. Strict adherence to OSHA/ CALOSHA safety requirements at all times.
 - h. Provide own power cords and spider boxes, from a central temporary power location set up by ACI.
 - i. Provide street sweeping or other means of keeping city streets clean on pour days.
 - j. Provide wash out bins for concrete trucks. Removal and haul away of bins as necessary in a timely manner. Containment and removal of all wash out material for this subcontractor's scope is to be provided by this subcontractor.
 - k. All curing compounds are to be pre-approved by the owners design team.
 - l. Backfill to be with native soil. Excess spoils due to this subcontractor not using native soil will be the responsibility of this subcontractor.
 - m. Provide and install all epoxy dowels into existing concrete footing and as required per plans and specs.
 - n. Joint sealants as required in concrete surfaces.

- o. Removal and capping of underground existing utility lines as noted on plans.
- p. Finish of retaining wall by sacking smooth.

Subcontractor will perform the work of this Subcontract within the time frames outlined in the schedule prepared by the Contractor. Subcontractor shall be responsible for the quality control and timely submission of Shop Drawings.

SECTION 2. INCORPORATION OF CONTRACT DOCUMENTS

Subcontractor shall be bound by the terms and provisions of the Contract Documents applicable in any way to the work covered by this Agreement no matter where in said Contract Documents said obligation may be found and, in regard thereto, Subcontractor shall be bound to Contractor in the same manner and to the same extent as Contractor is bound to the Owner under said Contract Documents. The Contract Documents are by this reference specifically incorporated into and made a part of this Agreement.

It is Subcontractor's obligation to review and make copies of all pertinent sections of the Contract Documents and any and all changes to or directives concerning the Contract Documents.

It is Contractor's obligation to provide access to the Contract Documents and any and all changes to or directives concerning the Contract Documents received from the Owner or Architect.

With respect to the subcontract work, the rights and obligations of Subcontractor to the Contractor are identical to the rights and obligations of the Contractor to the Owner and the rights and obligations of the Contractor to the Subcontractor are identical to the rights and obligations of the Owner to the Contractor. If there is a conflict between the terms of the Contract Documents and the terms of this Subcontract, the Subcontract prevails.

SECTION 3. COMPENSATION AND PAYMENT

In consideration of the faithful performance by the Subcontractor of all the terms, conditions and requirements of this Subcontract, Contractor agrees to pay Subcontractor and Subcontractor agrees to accept for the full and complete performance of the work specified herein the sum of **Five Hundred Forty Three Thousand Six Hundred Fifty** dollars (**\$ 543,650.00**).

Payment shall be as follows:

a. A condition precedent to payment from the Contractor to Subcontractor is the receipt of payment from Owner to Contractor for the work performed by Subcontractor. Assuming that payment has been received by Contractor from the Owner for the work performed by Subcontractor, partial payment will be made as the work progresses, on or before ten (10) days after receipt of payment from the Owner for work completed during the preceding estimate period, pursuant to estimates approved by the Owner. In making such partial estimates, there shall be retained ten percent (10%) on the estimated amount until sixty (60) days after final completion and acceptance of all work covered by the Contract, and final payment has been received by the Contractor;

b. Payments to the Subcontractor are conditioned on Subcontractor furnishing to Contractor sufficient evidence that its Subcontractors, suppliers and employees have been paid to date or will be so paid out of the payment due it. Payments shall also be subject to all deductions authorized by this Subcontract and by law;

c. Subcontractor agrees to submit to the Contractor applications for payment in such reasonable time as to the Contractor to apply for payment under the Contract Documents.

The above amount is subject to additions and deductions for changes agreed upon or determined as hereinafter provided.

Upon complete performance of this Agreement by Subcontractor and final approval and acceptance of Subcontractor's work and materials by the Owner, Contractor will make final payment to Subcontractor of the balance due to it under this Agreement within seven (7) days after full payment for such work and materials has been received by Contractor from the Owner.

In the event Subcontractor or one of its Subcontractor's materialmen, suppliers, or subcontractors(sub-subcontractor) serves a stop notice on the Owner before a progress or final payment is due from Contractor to Subcontractor, Contractor may procure and file with the Owner a stop notice release bond for the monies withheld pursuant to the stop notice and deduct the cost thereof from any amounts due or to become due to Subcontractor under this Agreement with or without notice to Subcontractor. In addition, in the event Subcontractor or one of its Subcontractor's materialmen, suppliers, or subcontractors (sub-subcontractor) serves a stop notice on the Owner that is invalid, Contractor may procure and file with the Owner a stop notice release bond for the monies withheld pursuant to the stop notice and deduct the cost thereof from any amounts due or to become due to Subcontractor under this Agreement, with or without notice to Subcontractor. No partial payment to Subcontractor shall operate as approval and/or acceptance of work done or materials furnished under this Agreement. If the terms of this Agreement provide for the payment for work performed on a unit price basis, Subcontractor agrees to be bound by the Owner's measurement of the quantity of work; however, if Owner does not measure for work, Subcontractor agrees to be bound by Contractor's measurement of the quantity of work. Any partial payment or payments made by Contractor to Subcontractor will be subject to final audit and adjustment and Subcontractor agrees to reimburse Contractor in the event there is any overpayment.

The acceptance by Subcontractor of final payment shall constitute a release by Subcontractor in favor of Contractor and its surety of all claims against Contractor and its surety arising under or by virtue of this Agreement, except for written claims in stated amounts submitted to Contractor prior to final payment. Subcontractor agrees to accept the price or prices as set forth herein as full compensation for doing all work and furnishing all material contemplated and embraced in this Agreement; for all loss or damages arising out of the nature of the work aforesaid or from the action of the elements or from any unforeseen difficulties or obstructions which may arise or be encountered in the prosecution of the work until its acceptance by Owner; for all risks of every description connected with the work; for all expense incurred by or in consequence of the suspension or discontinuance of the work; and for faithfully completing the work and the whole thereof in the manner and according to the requirements of Contractor and Owner. Contractor may deduct from any amounts due or to become due to Subcontractor any sum or sums owing by Subcontractor to Contractor under this Agreement or on account of any other obligation, liability or contract unrelated to this Agreement; and in the event of any breach by Subcontractor of any provision or obligation of this Agreement, or in the event of the assertion by other parties of any claim or lien against Contractor or Contractor's surety or the construction site arising out of Subcontractor's performance of this Agreement. Contractor shall have the right, but is not required, to retain out of any payments due or to become due to Subcontractor an amount sufficient to completely protect Contractor from any and all loss, damage or expense there from until the situation has been remedied or adjusted by Subcontractor to the satisfaction of Contractor. If Contractor exercises this right in good faith, Subcontractor shall not be entitled to any interest whatsoever on the money so retained regardless of the outcome of any subsequent claim resolution or litigation.

Contractor reserves the right to make payment by joint check or by direct check to any of Subcontractor's materialmen or sub-contractors or any person who has a right of action against Contractor or Contractor's surety under any law.

Subcontractor agrees that Contractor reserves the right of determination as to what manner or method of payment shall be made.

Subcontractor shall furnish original payroll affidavits, receipts, vouchers and original releases of claims from sub-subcontractors, materialmen and other parties contractually related to Subcontractor with respect to labor and materials furnished or to be furnished under this Agreement, all in a form satisfactory to Contractor and as a condition precedent to any payment becoming due hereunder. Also see section 37 below for additional

applicable provisions.

Subcontractor agrees and covenants that the monies received by it for the performance of this Agreement on account of labor, materials, equipment or services furnished by Subcontractor's materialmen or sub-contractors for this project shall immediately become and constitute a trust fund for the benefit and payment of said materialmen and sub-contractors, and that such fund shall not in any instance be diverted by Subcontractor to any other purpose.

SECTION 4. SUB-SUBCONTRACTORS AND SUPPLIERS

Subcontractor shall, within fifteen (15) calendar days of execution of this Agreement, provide to Contractor in writing a list of names and addresses of all sub-subcontractors, materialmen, and equipment suppliers who will furnish labor, materials or equipment to Subcontractor for its work. This Subcontractor is responsible to notify all of its suppliers of the acceptable delivery dates, times and locations for the Project. Contractor is not responsible for any delays caused or incurred by this Subcontractor because a delivery could not be accepted or completed. All unscheduled material and/or equipment deliveries made directly to the Contractor's jobsite office will be turned away. Arrangements can be made to have Contractor sign for parcel packages at Contractor's jobsite office. However, all packages will be left outside of the trailer. Subcontractor will be notified by phone when a package has been delivered for Subcontractor. Contractor will only sign on Subcontractor's behalf to accept the package(s) and will not accept responsibility for inventorying the contents of the package(s) nor its' security.

SECTION 5. CHANGES IN THE WORK AND CLAIM PROCEDURE

The right of the Contractor to change, add to and delete from the subcontract work, the Subcontractor's duty to perform such changed or extra work, and the modification, if any in the contract price, as a result thereof, shall be governed by the applicable provisions of the Contract Documents. If the provisions of the Contract Documents require Contractor to file, within a specified time period, notices, claims or other documents with the Owner in order to receive compensation for extra or changed work, the Subcontractor shall supply these to the Contractor so as to allow Contractor to timely file them. Contractor shall be liable to Subcontractor for such changes to the same extent, but only to the extent, that the Owner is found liable to Contractor for the same insofar as it concerns Subcontractor's work.

Subcontractor agrees not to perform any extra or change order work without written authorization from the Contractor, specifically the Senior Project Manager of said project, and not the Project Manager or Superintendent of said project, and further agrees that it shall be entitled to no compensation for extra or change order work performed without such written authority.

If the Contractor contends that work is within the Subcontract scope and the Subcontractor contends it is not, Subcontractor shall perform the work upon the Contractor's written order to do so and the dispute shall be resolved pursuant to this Section.

Contractor may, at any time by written order of Contractor's authorized representative, and without notice to Subcontractor's surety, make changes in, including additions to and omissions from the work to be performed and materials to be furnished under this Agreement, and Subcontractor shall immediately proceed with the performance of this Agreement as so changed. Any changes shall be subject to all the terms and conditions of this Agreement. If any such ordered change increases or decreases the cost of performing the work under this Subcontract, the subcontract price will be adjusted by appropriate additions or deductions as mutually agreed upon by the parties hereto before the changed work is performed. If the parties hereto cannot agree on the amount of the adjustment to be made, Subcontractor shall nonetheless promptly proceed to perform the work as changed, and Subcontractor shall keep and submit to Contractor, in the manner specified below, a cost breakdown as needed to substantiate the amount of the adjustment. Any claim by Subcontractor for an adjustment of the subcontract price under this paragraph must be submitted in writing within seven (7) calendar days from the date any such change is ordered or such shorter time as required by the Contract Documents.

If a dispute arises between the parties hereto as to whether any particular work is a change to the work described in this Section, Subcontractor shall nonetheless timely perform the alleged extra work and may submit a written "Notice of Intent to File Claim for Additional Money"; such written notice must be submitted to Contractor within three (3) calendar days after commencing the performance of the alleged extra work. If said notice is timely given, as a condition precedent to making a claim for additional money, Subcontractor shall keep and submit to Contractor, on a weekly basis, a complete, written breakdown of all costs occasioned by the claimed extra work, including, without limitation, a labor breakdown by name of person, hours worked, and task performed for each person performing the claimed extra work, a similar breakdown for all equipment used as well as copies of all invoices and delivery tickets for materials used.

If said 'notice of intent to file claim for additional money' is not timely given or if said cost breakdown is not kept and submitted as specified, subcontractor agrees that either of such failures will be and constitutes conclusive and non-rebuttable evidence that no extra work was performed and that no payment for the alleged extra work is due to subcontractor.

Payment for any changed or extra work to which Subcontractor may become entitled to under this section shall be made in accordance with the provisions of Section 3 above.

SECTION 6. CONDITIONS AFFECTING THE WORK

Subcontractor represents that it has carefully examined all of the Contract Documents and is familiar with the terms and conditions thereof, and has fully satisfied itself as to the nature and location of the work and fully acquainted itself with all subsurface and other conditions which can in any manner affect the work under this Subcontract. Subcontractor assumes the risk of any unforeseen difficulties or obstructions which may be encountered and of any variances between the actual conditions and the conditions shown or indicated in the Contract Documents, except where the Contract Documents provide relief for encountering differing site conditions; in that latter event, Contractor shall be liable to Subcontractor for differing site conditions to the same extent, but only to the extent, that the Owner is found to be liable to Contractor for the same insofar as it concerns Subcontractor's work and provided further that any such claim be submitted by Subcontractor in a manner and in time to enable Contractor to comply with any notice or other claim requirement specified in the Contract Documents. It is further understood that the sole and only situation under which Subcontractor shall be entitled to extra payment for differing site conditions is where the Owner is similarly found to be liable to Contractor. Any extra payment to which Subcontractor may become entitled to under this section will be made by Contractor to Subcontractor within ten (10) days after Contractor receives payment therefor from the Owner.

SECTION 7. EXECUTION OF SUBCONTRACT

Subcontractor shall execute and return 2 copies of this Subcontract to Contractor no later than 10 calendar days after the date it is transmitted to Subcontractor. If Subcontractor fails to timely return the duly executed Subcontract, Contractor may by written notice terminate any right of Subcontractor to perform the work; in such event, Contractor may contract with another to perform said work or Contractor may perform the work itself, without prejudice to Contractor's right to recover any damages sustained by reason of Subcontractor's failure to execute and perform the Subcontract.

This Subcontract shall be of no force or effect unless a prime contract, as contemplated, is entered into between the Owner and Contractor for the project.

This Subcontract contains all covenants, stipulations and provisions agreed upon by the parties hereto, and supersedes any prior proposal,

understanding or agreement. No agent or representative of either party has authority to make, and the parties shall not be liable for, any statement, representation, promise or agreement not set forth herein.

SECTION 8. TIME

TIME IS OF THE ESSENCE in the performance of the work under this Subcontract. The Subcontractor must comply with all construction schedules and any revisions and / or adjustments to the schedules. Any delay to the project as a whole, or to other trades, due and attributable to Subcontractor will be subject to the same liquidated damages contained in the Contract Documents, as well as the delay damages suffered by the Contractor and attributable to the delay. Upon request by Contractor, Subcontractor shall furnish to Contractor a schedule or scheduling information in such form as Contractor may require relating to the work to be performed under this Subcontract. The time given Contractor to perform all its work under its contract with the Owner shall not be the time Subcontractor has to perform its work nor evidence of same, but Subcontractor shall be required to perform its work in strict accordance with Contractor's progress schedule. If Contractor shall deem it necessary, Subcontractor, at its own expense and on demand of Contractor, shall provide additional work forces, overtime, additional shifts and shall expedite the furnishing of materials so as to meet the progress schedule(s).

Contractor shall have the sole right to establish the time and order in which the various portions of the entire project work shall be performed and, in case of conflicts, to establish priority of work performance as between Contractor, Subcontractor and other subcontractors.

Any progress schedule furnished by Contractor to Subcontractor shall be solely for Contractor's benefit; however, Subcontractor must be ready to perform its work at the time indicated in the progress schedule. Contractor makes no representation that access or work will be ready for Subcontractor at the times indicated in any progress schedule regardless of whether delays may be occasioned by circumstances within the control of Contractor. Subcontractor acknowledges its understanding that Contractor, in entering into this Subcontract, is relying on Subcontractor's ability and willingness to perform its work at the pace or rate as may be established by Contractor from time to time.

In the event Subcontractor's performance of its work is delayed by any act, neglect or default of Contractor or Owner or by reason of any matter which is a valid ground for an extension of time under the Contract Documents, the time fixed for completion of the work will be extended by the period of delay, but no allowance of an extension of time for any cause whatever shall be claimed by Subcontractor or be made to it, unless Subcontractor shall have made written request to Contractor for such extension within forty-eight (48) hours after the cause for such extension occurred and unless Contractor and Subcontractor have agreed in writing upon the additional time to be allowed. If such extension of time is requested as aforesaid and Contractor and Subcontractor cannot agree thereupon, the Owner's representative shall determine by certificate in writing what, if any, extension of time shall be allowed.

Subcontractor shall not be entitled to recover from Contractor any additional compensation or damages on account of delays caused by the Owner or others, and the aforementioned extension of time for completion shall be the sole remedy of Subcontractor for such delays, unless Contractor receives additional compensation from the Owner for those delays; in that latter event, Contractor shall be liable to Subcontractor for delays to the same extent, but only to the extent, that the Owner is found to be liable to Contractor for the same insofar as it concerns delays to Subcontractor's work. Any additional compensation to which Subcontractor may become entitled to under this section will be paid by Contractor to Subcontractor within ten (10) days after Contractor receives payment therefor from the Owner. In regard to any delays caused by Contractor, Contractor shall be liable to Subcontractor only for such delays as are directly and solely caused by Contractor and which are found to be unreasonable under the circumstances involved.

SECTION 9. DISPUTES AND CLAIMS

All disputes or claims between Contractor and the Owner which directly or indirectly involve the work required to be performed by Subcontractor under this Subcontract and all disputes or claims between Contractor and Subcontractor which directly or indirectly involve a claim against the Owner for either additional compensation or an extension of time under the Contract Documents shall be decided by the claims resolution procedure, including arbitration, specified in the Contract Documents (if the Contract Documents contain no procedure for claims resolution, all such disputes or claims shall be resolved as provided in Section 25); Subcontractor agrees to be bound to Contractor and Contractor agrees to be bound to Subcontractor to the same extent that Contractor is bound to the Owner by the terms of the Contract Documents and by all decisions, findings or determinations made thereunder by the person so authorized in the Contract Documents, or by an administrative agency, arbitrator or court of competent jurisdiction, whether or not Subcontractor is a party to the proceedings before said person, agency, arbitrator or court. If any dispute or claim is prosecuted or defended by Contractor, and Subcontractor is not directly a party or litigant, Subcontractor agrees to cooperate fully with Contractor and to furnish all documents, statements, witnesses and other information required by Contractor for such purpose and shall pay or reimburse Contractor for all expenses and costs, including reasonable attorney's fees, incurred in connection therewith to the extent of Subcontractor's interest in such claim or dispute. It is expressly understood and agreed in connection with the determination of such claims or disputes that, as to any and all work done and agreed to be done by Subcontractor, and as to any and all materials or services furnished or agreed to be furnished by Subcontractor, and as to any and all damages, if any, incurred by Subcontractor in connection with this project, Contractor shall never be liable to Subcontractor to any greater extent than Owner is found to be liable to Contractor.

With regard to any claim of Subcontractor that is passed through and submitted to the Owner, Subcontractor agrees to defend, hold harmless and indemnify Contractor from any claim or cross-claim made by Owner that Subcontractor's asserted claim violates the California or Federal False Claims Act.

In the event Owner delays making any payment to Contractor because of a dispute or claim involving Subcontractor, which payment or a portion thereof relates to work performed by Subcontractor, then payment by Contractor to Subcontractor for such work shall be deferred for such period of time as is reasonably required by Contractor to pursue to conclusion legal remedies against the Owner to obtain payment.

It is further specifically agreed by the parties hereto that no claim, dispute or controversy shall interfere with the progress and performance of work required to be performed under this Subcontract and that Subcontractor shall proceed as directed by Contractor in all instances with its work under the Subcontract and that any failure of Subcontractor to comply herewith and to proceed with its work shall automatically be deemed a breach of this Subcontract entitling Contractor to all remedies available in the event of breach.

SECTION 10. PRESERVATION OF WORK

Subcontractor shall be responsible for its own work, property and/or materials until completion and final acceptance of the entire project by the Owner, and shall bear the risk of any loss or damage until such completion and acceptance. In the event of loss or damage, Subcontractor shall proceed promptly to make repairs or replacement of the damaged work, property and/or materials at its own expense, as directed by Contractor. Subcontractor waives all rights Subcontractor might have against Contractor for loss or damage to Subcontractor's work, property or materials, unless caused by the active negligence of Contractor, it being understood that Subcontractor waives all right of indemnification for damage caused by the passive negligence of Contractor.

SECTION 11. INSURANCE

Before Subcontractor does any work at or delivers material to the project site, Subcontractor shall provide certificates of insurance evidencing

the following coverages:

A. Subcontractor shall, at its sole expense, procure, carry and maintain in force insurance on all of its operations from carriers with minimum A.M. Best rating of A-VII, as follows:

- (1) Worker's Compensation and Employers' Liability Insurance as required by any applicable law, regulation or statute. Worker's Compensation and Employer's Liability insurance shall be provided with limits not less than \$1,000,000. Subcontractor shall include a Waiver of Subrogation with the required Certificate of Insurance naming the Contractor, Owner, and Architect and their agents, officers, directors and employees
- (2) Insurance for Commercial Automobile and Commercial General Liability covering personal injury, bodily injury and property damage sustained or alleged to have been sustained by any person. The insurance shall cover all operations of Subcontractor including, but not limited to the following:
 - (a) Premises, operations and mobile equipment liability
 - (b) Completed operations and products liability – with no time limitations for completed operations
 - (c) Contractual liability insuring the obligations assumed by Subcontractor in this agreement
 - (d) Liability which Subcontractor may incur as a result of the operations, acts or omissions of sub-contractors, suppliers or materialmen and their agents or employees
 - (e) Automobile liability including all owned, non-owned and hired automobiles – including Additional Insured Endorsement naming the Contractor, Owners, and Architect and their agents, officers, directors and employees
 - (f) All coverage will be on an occurrence basis and on a form acceptable to Contractor
 - (g) Insurance for liability shall provide coverage with limits not less than:
 - Personal and Advertising Injury and General Bodily Injury Liability, \$1,000,000 each occurrence; \$2,000,000 aggregate
 - General Property Damage Liability occurrence, \$1,000,000 each occurrence, \$2,000,000 aggregate
 - Completed Operations and Products Liability, \$2,000,000 aggregate
 - Automobile Bodily Injury Liability, \$1,000,000 each person; \$1,000,000 each occurrence
 - Automobile Property Damage Liability; \$1,000,000 each occurrence.

If Subcontractor carries higher limits than specified, then those limits shall apply and not be limited by minimum requirements specified herein.

B. Commercial General Liability Policy shall contain the following:

- (1) Provision or endorsement naming Contractor, Owner and Architect and their agents, officers, directors and employees (or as required under prime contract) as additional insureds as respects liabilities arising out of Subcontractor's performance of the work under this Subcontract, and providing that such insurance is primary insurance as respects the interests of Contractor and Owner and that any other insurance maintained by Contractor and Owner is excess and not contributing insurance with the insurance required hereunder. Additional Insured Endorsement shall be attached to certificate and on form CG 2010 1185 or its equivalent and shall include a Waiver of Subrogation. If a Blanket Additional Insured endorsement is provided, there cannot be limitation of Additional Insured status to only those "with whom" you have a written contract or similar limitations to only those with a written contract. Additional Insured status must be provided to those you have agreed to in a written contract.
- (2) "Cross Liability" or "Severability of Interest" clause.
- (3) Elimination of any exclusion regarding loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to by insurers as the "XCU" hazards.

C. If higher limits or other forms of insurance are required in the Contract Documents, Subcontractor will comply with such requirements at no additional expense to Contractor or Owner.

Subcontractor shall provide evidence of insurance in a form of Insurance Certificate, Acord 25. Each of the above required certificates shall provide that the coverage therein afforded shall not be cancelled or reduced without thirty (30) days prior written notice to Contractor. Subcontractor shall provide evidence of endorsement showing that 30 day cancellation notice will be provided to Contractor. In the event the coverage evidenced by any such certificate is cancelled or reduced, Subcontractor shall procure and furnish to Contractor new certificates conforming to the above requirements at least five (5) days before the effective date of such cancellation. If Subcontractor fails to procure and maintain any insurance coverage required by this Subcontract, Contractor may procure such insurance and charge the expense to Subcontractor or Contractor may terminate this Subcontract, at its sole option. Contractor's inadvertence to enforce any of the provisions of this Section 11 shall not act as a waiver of Subcontractor's obligation to procure the required insurance or as a waiver to enforcement of any of these provisions at a later date. Any payment requests shall be rejected if subcontractor fails to provide the required evidence of insurance. The Indemnity set forth in this Subcontract shall not be limited to insurance requirements or by any other provision in Subcontract.

Waiver of Subrogation:

Subcontractor waives all rights against Contractor, Owner and Architect and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by Commercial General Liability, Commercial Umbrella Liability, Business Auto Liability or Workers' Compensation and Employers Liability insurance maintained per requirement stated above.

Hazardous Materials:

If Subcontractor and/or its subcontractors or suppliers, regardless of tier, perform remediation of hazardous material, or if their operations create an exposure to hazardous materials as those terms are defined in federal, state, or local law, Subcontractor and its subcontractors and suppliers must obtain a "Contractor's Pollution Liability" policy with limits not less than \$1,000,000 per Occurrence and \$2,000,000 aggregate for Bodily Injury, and Property Damage, naming Contractor and Owner as additional insured. If Subcontractor or its subcontractors or suppliers haul hazardous material (including, without limitation, waste), they must carry Auto Liability insurance with a \$1,000,000 Combined Single Limit for Bodily Injury and Property damage applicable to all hazardous waste hauling vehicles, and include MCS 90 and CA9948.

Other Coverage:

1. If Subcontractors work requires special insurance and/or bonds to comply with any utility, railroad or governmental body or if awarding authority requires limits of insurance greater than set forth in this document, Subcontractor agrees to obtain such additional coverage at his expense.
2. The Subcontractor agrees to furnish to the Contractor signed originals of the insurance coverage set forth above, together with a commitment by the insurance company or companies to notify Contractor thirty (30) days prior to the expiration, cancellation or any material change of any of the insurance policies required hereunder.
3. **Angeles Contractor, Inc.** shall be named as the Certificate Holder.

SECTION 12. BONDING OF SUBCONTRACTOR

Subcontractor will furnish to Contractor, prior to construction, performance and labor and materials / payment bonds in the amount of the total subcontract price, written by corporate sureties authorized to issue such bonds in the State of California and admitted in California. The corporate surety and the bond form shall be subject to the approval of the Contractor.

Provision of the performance and payment bonds is a condition precedent to the validity of this Subcontract. Failure to provide said bonds will void this Subcontract in its entirety.

Such bonds shall be furnished to Contractor no later than 10 calendar days of the project described on page 1 of this Subcontract being awarded to Contractor. Contractor may, at its sole discretion, extend this time.

Further, Subcontractor shall not commence any work until it has furnished same and until said bonds have been accepted by Contractor. The failure of Subcontractor to timely furnish any required bond, or the performance of work by Subcontractor before furnishing acceptable bonds as required hereunder, will constitute a breach of this Subcontract, giving Contractor the right to terminate this Agreement without any liability of any kind to Subcontractor by Contractor.

It is agreed that no change, alteration or modification in or deviation from this Subcontract or the plans and specifications, whether made in the manner herein provided or not, or the terms or manner of payment shall in any way exonerate or release, in whole or in part, any surety on any bond given in connection with this Subcontract.

SECTION 13. INDEMNIFICATION AND GUARANTEE

Subcontractor specifically obligates itself to Contractor in the following respects (and this agreement is made upon such express condition) to wit:

(1) To the fullest extent permitted by law, the Subcontractor hereby agrees to defend, indemnify and hold harmless the Contractor, the Owner and their respective officers, agents, employees and representatives (hereinafter referred to as "Indemnitees") from and against any and all claims, debts, demands, damages, judgments, awards, losses, liabilities, interest, attorneys' fees, costs, action, expenses of any kind whatsoever, arising out of or encountered in connection with this Agreement, the performance of the subcontract work or the prosecution of the Work under it whether such claims, demands, actions, or liabilities are caused in whole or in part by Subcontractor, Subcontractor's sub-subcontractors, agents, employees, or products installed on the Project by Subcontractor, and regardless of whether or not caused in part by a party indemnified hereunder, excepting only the following: (1) Such injury, death, injury to property or damages that arise out of, pertain to, or relate to the active negligence or willful misconduct of the Prime Contractor, construction manager, or other subcontractors or their other agents, other servants, or other independent contractors who are responsible to the Prime Contractor, construction manager, or other subcontractors; (2) defects in design furnished by those persons; or, (3) to the extent the claims do not arise out of the scope of work of the Subcontractor pursuant to the Contract Documents.

(2) This indemnity shall also apply to, without limitation, the following:

(i) Claims relating to the infringement or violation of patent rights – Subcontractor agrees to indemnify Contractor against and save it harmless from any and all claims, suits, liability, expense (including attorneys' fees) or damage for any alleged or actual infringement or violation of any patent or patent right arising in connection with this Subcontract and anything done thereunder;

(ii) Claims relating to personal injury and wrongful death including claims by Subcontractor employees or their heirs and representatives - Subcontractor shall protect, hold free and harmless, defend and indemnify Contractor and Owner (including their officers, agents, sureties, affiliates, and employees) from all liability, penalties, costs, losses, damages, expenses (including attorneys' fees), causes of action, judgments or other claims resulting from injury to or death sustained by any person (including Subcontractor's employees) or damage to property of any kind, which injury, death or damage arises out of or is in any way connected with Subcontractor's performance of work under this Subcontract. Subcontractor's aforesaid indemnity and save harmless obligation shall apply to any act or omission, willful misconduct or negligent conduct, whether active or passive, on the part of Subcontractor (or its agents, sub-subcontractors, suppliers, sub-subcontractor's suppliers, and/or employees); Subcontractor waives any potential notice requirements, and must indemnify Contractor, should Contractor choose to defend itself against any claims whatsoever related to Subcontractor's performance of work under this Subcontract, or by work done by anyone or anything under Subcontractor;

(iii) Claims for destruction of, injury to or loss of use of real or personal property including, without limitation, property of the Owner or Contractor;

(iv) Mechanic's lien claims, stop notice claims and claims against any bond furnished with respect to the contract work with Contractor as principal;

(v) Claims for taxes, permits, license fees, fines, penalties and/or union contributions, allowances or deductions.

(3) Subcontractor also agrees to pay for all materials, equipment, including repairs thereof and parts, fuel and labor, including sales taxes and other taxes, ordered for or used in the project by Subcontractor and shall suffer no claim of lien or statutory withholding notice to be filed or served with respect to the subcontract work and shall present, on demand, to Contractor satisfactory evidence of any such payment.

(4) Subcontractor warrants and guarantees the work and materials covered by this Subcontract shall be of good quality and in conformance with the Contract Documents, and agrees to make good, at Subcontractor's own expense, any defect in materials or workmanship, including the restoration of work of Contractor or other subcontractors that has been affected thereby and further agrees that 1) Subcontractor shall furnish and pay for all written guarantees and/or maintenance bonds required by the Contract Documents in connection with Subcontractor's work, and 2) unless and until Contractor is released from responsibility by Owner, Contractor may withhold payment from Subcontractor such sums as, at Contractor's sole discretion, are necessary to indemnify Contractor for any loss that may be caused by breach of said warranty or guarantee.

(5) Subcontractor agrees to obtain and pay for all permits, licenses and official inspections made necessary by its work and to comply with all laws, ordinances and regulations bearing on its work and the conduct thereof.

Subcontractor shall indemnify Contractor against, and save it harmless from any and all loss, damage, costs, expenses and attorney's fees suffered or incurred on account of any breach of the aforesaid obligations and covenants, and any other provision or covenant of this Subcontract. At any time before final settlement or adjudication of any loss, damage, liability, claim, demand, suit or cause of action for which Subcontractor hereby agrees to indemnify and save harmless Contractor, Contractor may withhold from any payments due or to become due under this Subcontract an amount sufficient to protect Contractor from any loss, as determined solely by Contractor.

This indemnity shall survive termination of this Agreement, completion of the Work or final payment hereunder. This indemnity is in addition to any other rights or remedies which the Indemnitees may have under the law or under the Contract Documents. In the event of any claim or demand against any party which is entitled to be indemnified hereunder, the Contractor may, in its sole discretion, reserve, retain or apply any monies due to the Subcontractor under this Agreement for the purpose of resolving such claims; provided, however, that the Contractor may release such funds if the Subcontractor provides Contractor with reasonable assurance of protection of the Indemnitees' interest. The Contractor shall, in its sole discretion, determine whether such assurances are reasonable.

SECTION 14. USE AND OCCUPANCY

Whenever it may be useful or necessary for Contractor to do so, Contractor shall be permitted to occupy and/or use any portion of the work which has been either partially or fully completed by Subcontractor before final inspection and acceptance thereof by the Owner, but such use and/or occupancy shall not relieve Subcontractor of its guarantee of said work and materials nor of its obligation to make good, at its own expense, any defect in materials and workmanship which may occur or develop prior to Contractor's release from responsibility by the Owner. Provided, however, Subcontractor shall not be responsible for the maintenance of such portion of the work as may be used and/or occupied by Contractor, nor for any damage thereto that is due to or caused by the sole negligence of Contractor during such period of use. Subcontractor agrees further that if it shall cause any stains, blemishes, imperfections, marks or damage of any sort whatsoever, whether to its work or to the work of Contractor or to the work of another subcontractor, it will immediately remedy the damage so caused and to the satisfaction of Contractor. Subcontractor shall perform any and all cutting and patching necessary in connection with Subcontractor's portion of the project work and agrees that such cutting and patching shall be done in a manner so as to match other work performed by others on the project.

SECTION 15. COORDINATION WITH OTHER WORK

It is understood and agreed that the work provided for in this Subcontract constitutes only a part of the work being performed for the Owner by Contractor and other subcontractors. Subcontractor, therefore, agrees to perform the work called for in this Subcontract in such a manner that it will not injure or damage any other work performed by Contractor or any other subcontractor, and further agrees to pay Contractor for any damage that may be caused to such other work by Subcontractor or by its agents or employees.

SECTION 16. EMPLOYMENT

Subcontractor is an independent contractor and is solely responsible and liable for payment of all federal and state taxes and insurance and contributions for social security and unemployment which are measured by wages, salaries or other remunerations paid to Subcontractor's employees.

Subcontractor shall comply with all applicable equal employment opportunity and affirmative action requirements prescribed by the Contract Documents or promulgated by any governmental authority. Subcontractor agrees to be bound by all Federal, State or local labor laws and regulations applicable to the work, and agrees to pay the scale of minimum wages prescribed in the Contract Documents or the scale prescribed by law if the Contract Documents prescribe no such scale. Subcontractor further agrees that it will bind and require each of its sub-subcontractors to agree to all of the foregoing promises and undertakings with respect to the part of the work to be performed by any such sub-subcontractor.

SECTION 17. SUBCONTRACTOR DEFAULT AND TERMINATION

In the event Subcontractor at any time refuses or neglects to supply a sufficient number of properly skilled workmen or a sufficient quantity of materials or otherwise fails to properly and diligently prosecute the work under this Subcontract, or fails to make prompt payment of any obligation to others, including laborers and materialmen, arising from its performance of this Subcontract, or otherwise breaches a material provision of this Subcontract, and such failure or default is not corrected within forty-eight (48) hours after written request by Contractor to Subcontractor, then Contractor may, at its option, without taking over the work, provide any necessary labor and materials or employ any other person or persons including another subcontractor to finish the work and provide the materials therefor at the expense of Subcontractor; or Contractor may, at its option, terminate Subcontractor's right to further perform under this Subcontract and complete the performance of Subcontractor's work at the expense of Subcontractor. As used in this Section the word "expense" shall be defined to mean actual cost to Contractor, including a fifteen percent (15%) markup on such costs for overhead, plus attorney's fees, incurred as a result of Subcontractor's said failure or default. If Contractor terminates Subcontractor's right to perform under this Subcontract, Contractor shall have the right to use any materials, tools or equipment furnished by or belonging to Subcontractor to complete the subcontract work without any compensation to Subcontractor for such use, and Subcontractor shall not be entitled to receive any further payment under this Subcontract until the remaining work has been completed and Contractor has received payment in full therefor from the Owner, at which time, if the unpaid balance of the amount to be paid under this Subcontract exceeds the expense incurred by Contractor in finishing the work, such excess shall be paid to Subcontractor, but if such expense shall exceed the unpaid balance, then Subcontractor shall pay the difference to Contractor.

It is agreed that Subcontractor shall be considered as being disabled from prosecuting the work under this Subcontract upon the appointment of a receiver for Subcontractor or if Subcontractor makes an assignment for the benefit of creditors or seeks protection under the Bankruptcy Code or commits any act of insolvency and, in such event, Contractor may terminate this Subcontract upon giving forty-eight (48) hours written notice and may avail itself of all remedies provided for in the preceding paragraph. If an order for relief is entered under the Bankruptcy Code with respect to Subcontractor, Contractor may likewise terminate this Subcontract upon giving forty-eight (48) hours written notice to Subcontractor or its trustee, if any, unless Subcontractor or its trustee promptly cures all defaults, provides adequate assurance of future performance and timely assumes the obligations of Subcontractor.

SECTION 18. TERMINATION FOR CONVENIENCE

Subcontractor understands and agrees that Owner and Architect have the right to reject Subcontractor as an acceptable Subcontractor on this job. This Subcontract may, at Contractor's option, be terminated and rendered null and void if the Owner or Architect states in writing to Contractor that Subcontractor is not acceptable. This option is exercisable within ten (10) days after written notification from the Owner or Architect and shall be given in writing to the Subcontractor. The termination of the Subcontract pursuant to this section shall relieve the Contractor of any liability for any damages, including but not limited to lost profits, claimed or suffered by the Subcontractor. However, the Subcontractor shall not be relieved of any liability to the Contractor.

In addition, if the prime contract is terminated for any reason, Contractor may by written notice terminate this Subcontract for Contractor's convenience. Upon receipt of such notice, Subcontractor shall, unless the notice directs otherwise, immediately discontinue the work and the placing of orders for materials in connection with the performance of this Subcontract, and shall, if requested, make every reasonable effort to procure cancellation of all existing orders or sub-subcontracts upon terms satisfactory to Contractor. Subcontractor shall thereafter do only such work as may be necessary to preserve and protect the work already in progress.

Upon termination of the prime contract, Subcontractor shall be entitled to compensation and payment computed as follows: (a) in accordance with any applicable compensation formula prescribed by the Contract Documents and allowed by the Owner, or (b) if no compensation formula applies, for the actual cost of the work completed under this Agreement plus fifteen percent (15%) markup on such cost for overhead and profit, or for the percentage of the subcontract work completed multiplied by the subcontract price, whichever is less. There shall be deducted from such computation the amount of any payments made to Subcontractor prior to the date of the termination of this Agreement and any amounts chargeable to Subcontractor by Contractor pursuant to any provision of this Agreement. In the event of such termination and payment as aforesaid, Subcontractor shall have no claim against Contractor for any additional compensation or damages.

SECTION 19. ASSIGNMENT

Any assignment or delegation, by operation of law or otherwise, in whole or in part, by Subcontractor of the work to be performed under this

Agreement or of any payment or any claim arising hereunder, without the prior written consent of Contractor, shall be void. The making of any assignment by Subcontractor or any consent thereto by Contractor shall in no event relieve Subcontractor, or its surety, of any of their obligations, duties, responsibilities or liabilities under this Agreement. Any assignment or subcontract consented to shall impose on the assignee or sub-subcontractor all obligations imposed on the Subcontractor hereunder.

SECTION 20. HEALTH AND SAFETY

Subcontractor shall comply fully with all laws, orders, citations, rules, regulations, standards and statutes pertaining to occupational health and safety, the use and storage of hazardous materials, accident prevention, and safety equipment and practices, including those prescribed by the California Occupational Safety and Health Act and those contained in the California Code of Regulations. Subcontractor shall also comply with any accident prevention and safety program established by Contractor and/or Owner for the project. Subcontractor shall conduct its own investigations to determine and satisfy itself that safe working conditions and equipment exist and accepts sole responsibility for providing a safe place to work for its employees and for employees of its subcontractors and suppliers of material and equipment, for the adequacy and required use of all safety equipment and for full compliance with the aforesaid laws, orders, citations, rules, regulations, standards and statutes.

If, in connection with its performance of work on the project, Subcontractor intends to use or supply any material or mixture which is designated as a hazardous substance under the California Hazardous Substances Information and Training Act and regulations applicable thereto, Subcontractor shall comply with all requirements of said law and regulations and, in the use of any such substance, shall strictly adhere to all manufacturer's warnings and application instructions. Subcontractor shall notify Contractor of any hazardous substance that Subcontractor intends to supply to or use on the project and shall furnish, at its own expense, any information which may be requested by Contractor concerning such substance. Subcontractor must furnish Material Safety Data Sheets (MSDS) for materials used while on the project sites.

Subcontractor shall indemnify, defend and save harmless Contractor, its officers, agents and employees from all claims, penalties, damages, liability, loss, costs, and expenses, including attorney's fees, which may result by reason of Subcontractor's failure to comply with or violation of any such law, order, citation, rule, regulation, standard or statute, unless caused by the sole negligence or willful misconduct of Contractor.

SECTION 21. SUBMITTALS

When drawings, plans, specifications, samples or detail work shall be required by this Agreement, or shall otherwise be required by Contractor, to be submitted by Subcontractor, whether on account of work required to be done hereunder or on account of changes in the work, Subcontractor agrees promptly to supply the same to Contractor's main office. In the event any of said drawings, plans, specifications, samples or detail work is submitted by Contractor to Owner's architect or engineer for approval it is specifically understood that such approval shall relate solely to general conformity with the project plans and shall not be construed as an approval in detail of conformity of such drawings, plans, specifications, samples or detail work with the design drawings or the specifications for the project. If any such drawings, plans, specifications, samples or detail work as submitted by Subcontractor, whether or not approved by Owner's architect or engineer, shall deviate from or be inconsistent with, in any particular, the design drawings or the specifications for the project, and in the further event that any such deviations or inconsistencies shall impose upon Contractor any expense because of delays or extra work or otherwise, Subcontractor agrees to hold Contractor harmless from and to indemnify Contractor for any such expense. It is further agreed that should any such expense be imposed upon Contractor, Contractor may, at its option, withhold from any payments due or to become due to Subcontractor an amount sufficient fully to reimburse Contractor for any such expense.

SECTION 22. NOTICES

Any notices under this Subcontract shall be in writing and may be served personally, via fax and/or email, confirming receipt, to the senior representative of the party on the project site or by certified mail at the address set forth above. Notice by mail is complete upon deposit.

SECTION 23. LABOR AGREEMENTS

Subcontractor, to the extent permissible under Federal and any applicable State laws, shall comply with, observe, and be bound by all the terms and provisions of any labor agreements executed by Contractor or on Contractor's behalf, specifically including the terms and provisions of any such agreements providing (a) for the assignment of work or the settlement of jurisdictional disputes (through the Rules, Regulations and Procedures of the National Joint Board for Settlement of Jurisdictional Disputes in the Building and Construction Industry or any other agreed method for the determination of work assignments or the settlement of jurisdictional disputes), (b) for the adjustment of any other disputes or grievances, (c) for hiring and union-security and (d) for the making of payments into or under health and welfare or other fringe benefit funds or plans, to the extent that the terms and provisions of such agreements can legally be applied to the work to be done hereunder. Subcontractor agrees that if any portion of such work is further sub-subcontracted, such sub-subcontractor shall be bound by and observe the terms and provisions of such agreements to the same extent as is herein required of Subcontractor, and that an express provision imposing such obligation upon the sub-subcontractor shall be included in any such sub-subcontract. Subcontractor will indemnify, defend and save Contractor harmless from and against any liability, claim, loss, damage or cause of action resulting in any way, directly or indirectly, from its failure to comply with the requirements of this paragraph.

To the best knowledge and belief of the parties, this Subcontract now contains no provision that is contrary to Federal or to State law or any ruling or regulation of a Federal or State agency. Should, however, any provision of this Agreement at any time during its term be in conflict with any such law, ruling or regulation, then such provision shall continue in effect only to the extent permitted. In the event any provision of this Subcontract is thus held inoperative, the remaining provisions of this Agreement shall nevertheless remain in full force and effect to the extent permitted by law.

SECTION 24. CLEAN-UP

Subcontractor shall perform its work as herein required so that the premises shall at all times be neat, orderly and free from debris. Upon termination for convenience or completion of its work, Subcontractor agrees to remove all unused materials and all equipment, utilities and facilities furnished by Subcontractor, to clean up all refuse and debris, and to leave the premises clean, orderly and in good condition, unless directed otherwise in writing. If a dispute arises among subcontractors regarding responsibility to remove refuse and debris from the premises, Contractor may remove the same and charge the cost thereof to the various subcontractors responsible therefor in such ratio as Contractor, in the sole exercise of its discretion, may determine to be proper, and such determination shall be binding on Subcontractor.

SECTION 25. GOVERNING LAW/LITIGATION

This Subcontract shall be governed by and construed in accordance with the laws of the State of California. Except where otherwise prohibited by law, interest on claims for breach of this Subcontract shall be seven percent. Except for any dispute or claim that is subject to determination by a claims resolution procedure as provided in Section 9 above, all disputes or claims between Contractor and Subcontractor arising out of or relating to this Agreement, or breach thereof, shall be resolved by litigation in a court of law and the parties hereto expressly waive

the right, if any, to a trial by jury. It is agreed that the place of execution of this Agreement is at Contractor's principal office situated in Orange County, California, and any suit or action to resolve such disputes or claims, including any claims against Contractor's surety, shall be brought only in a court situated within the County of Orange and not elsewhere.

In any litigation between Contractor and Subcontractor arising out of or related to this Agreement, the prevailing party shall recover and be awarded attorney's fees that it paid or incurred by reason of its preparation for and participation in such proceedings. The recovery of costs under this Section shall not be measured or restricted by any statutory limitations or court fee schedules; instead, the prevailing party is to be fully compensated for all costs actually paid or incurred by it in good faith.

SECTION 26. SEVERABILITY

Waiver by Contractor of any breach hereof by Subcontractor shall not constitute a waiver of any subsequent breach of the same or any other provision hereof. If any provision of this Agreement, or any part thereof, shall at any time be held to be invalid, in whole or in part, under any applicable Federal, State, Municipal or other law, ruling or regulation, then such provision shall remain in effect to the extent permitted, and the remaining provisions hereof shall remain in full force and effect.

SECTION 27. INTERPRETATION

Words used in this Agreement in the present tense include the future as well as the present; words used in the neuter gender include the feminine and masculine; the singular number includes the plural, and the plural the singular.

SECTION 28. INDEPENDENT INVESTIGATION

Subcontractor represents that it is best qualified to analyze the plans and specifications and inspect the job site with respect to physical conditions impacting its work and that it has entered into this Subcontract based upon such analysis and inspection and not based upon any representations or statements of Contractor concerning those conditions.

It is clearly understood and specifically agreed that no estimate or bid of Subcontractor preceding this Subcontract, and no verbal agreement or conversation with any representative of Owner, Architect or Contractor, either before or after the execution of this Subcontract, shall affect or modify any of the terms or obligations contained herein.

SECTION 29. INTEGRATED AGREEMENT

This Subcontract is a fully integrated agreement and contains the complete agreement between the parties with respect to the subcontract work and nullifies and supersedes all prior negotiations, proposals, stipulations and agreements whether written or oral. There are no prior or contemporaneous agreements in any dealing with the subcontract work not included. No agent, representative, employee, officer or director of either party has or had authority to make any statement, representation, promise or agreement with respect to the subcontract work not set forth in this agreement. Each party agrees that it was not bound or in any way liable because of any such statement, representation, promise or agreement. The effective date of this agreement is the date on the first page irrespective of whether the parties signed it before, on or after that date.

SECTION 30. SHOP DRAWINGS

In the event any deviations from the Contract Documents' plans and specifications are incorporated in any shop drawings of or by the Subcontractor, such deviations and the reasons therefore shall be fully explained in writing by separate letter to the Contractor and Owner at the time the shop drawings are submitted to the Contractor and Owner. Failure to specify and explain any such deviation will automatically void any inadvertent approval of the same by the Contractor, Architect, Engineer and/or Owner.

SECTION 31. REPRESENTATIVES

Subcontractor and Contractor shall inform each other in writing of the name(s) of the job site representative(s) who are authorized to represent them with respect to the Subcontract work and shall promptly notify each other in writing of subsequent change in representatives(s). Subcontractor's representative(s) shall be at the job site at all times Subcontract work is in progress.

SECTION 32. RISK OF LOSS

Subcontractor shall be responsible for and shall bear any and all risk of loss or damage including that caused by the active or passive negligence of the Owner or Contractor, for its work and all material, tools, equipment or incidentals until Owner's final acceptance of and/or release of Contractor's responsibility for the subcontract work. Subcontractor shall perform its work so that the work site is at all times clean, orderly and free from debris. All debris shall be removed from the site on a daily basis at the expense of the Subcontractor. Upon completion of the work, Subcontractor shall remove all unused or excess materials and all equipment, incidentals, utilities and facilities furnished by it and shall clean up any soiled areas and all refuse and debris, and leave the premises clean, orderly and in good condition. Storage on the job site will be where directed by the Contractor but at the expense, if any, of the Subcontractor.

SECTION 33. OVERTIME

Provided the Subcontractor be not in default in any of the provisions herein, and in order to expedite the final completion of the building, or general or special work thereon, if the Contractor requests the Subcontractor to work overtime, it is agreed that the Subcontractor shall work said overtime, and it is understood that the Contractor is to pay only the actual extra cost over the rate for regular time. Time slips covering said overtime must be checked and approved by the Contractor's authorized agent at the jobsite. No commission is to be charged by or allowed to the said Subcontractor for, or on account of, said overtime. If, however, the Subcontractor is behind in the work herein contemplated or in the opinion of the Contractor delays the progress of the work necessary to complete the building, then, if requested by the Contractor, the Subcontractor shall use such overtime as may be necessary to keep abreast with the general progress of the work, and the cost and expense incurred by the use of said overtime shall be borne entirely by the Subcontractor.

SECTION 34. PREVAILING WAGE JOB AND LABOR CODES

Is this a prevailing wage job? YES NO

If "YES" is checked above, Subcontractor must comply with the provisions of California Labor Code Sections 1771, 1775, 1776, 1777.5, 1813 and 1815 and pay Subcontractor's employees the specified general prevailing rate of per diem wages.

The Subcontractor is responsible for paying a prevailing wage to its employees. The Contractor will monitor the payment of the specified prevailing wage by periodic review of the certified payroll records of the Subcontractor. Accordingly, it is of the utmost importance that the certified payroll reports be provided by the Subcontractor to the Contractor on a weekly basis; two originals, both with wet signature.

Any subcontractor performing painting work must be signatory to the Painters' Union.

If it is determined that a prevailing wage has not been paid by the Subcontractor, the Contractor may withhold a sufficient amount of funds

from the Subcontractor to pay Subcontractor's employees a prevailing wage.

Each week and as a condition precedent to final payment, the Subcontractor shall provide to contractor an affidavit signed under penalty of perjury that the Subcontractor has paid the specified prevailing wage to his/her employees and any amounts due pursuant to section 1813 of the Labor Code.

The sections of the California *Labor Code* referred to above are available on Contractor's website at www.angelescontractor.com and www.leginfo.ca.gov and are hereby incorporated into this Agreement as if set forth in full.

SECTION 35. COMPLIANCE WITH LAWS

Subcontractor agrees that in the performance of this Subcontract, to observe and comply with all laws, ordinances, and regulations of all constituted authorities relating to the manner of doing the work under this contract or to the materials supplied therein.

SECTION 36. NONDISCRIMINATION

Subcontractor, in performing work to be performed under this Subcontract shall not discriminate against any worker because of race, creed, color, natural origin, gender, sexual orientation or religion.

SECTION 37. ADDITIONAL PROVISIONS

A. Subcontractor shall deliver to Contractor the following documents within fifteen (15) calendar days:

1. The Submittals required by Section 21 above;
2. Fully executed and completed Equal Employment Opportunity documents, if any, required by the Contract Documents;
3. Completed California Department of Justice Fingerprint Request Form for Criminal History Reports, if any, required by the Contract Documents;
4. A detailed cost breakdown of the hourly rates for Subcontractor's journeyman workers, including overhead, for use in determining time and material charges.

B. Each of the following documents shall be delivered by Subcontractor to Contractor on the first day of each month the work covered by this Agreement is performed or to be performed by Subcontractor:

1. A Monthly Utilization Report of Subcontractor's labor in a form acceptable to Contractor;
2. The original payroll affidavits, receipts, vouchers and original releases of claim required by Section 3 above;
3. An original Subcontractor Application for Payment in a form provided by Contractor.

C. Subcontractor shall deliver to Contractor for each work week covered by this Agreement fully executed and completed original Certified Payroll Reports.

D. Subcontractor shall have present at all times the same competent, English speaking and experienced project manager, superintendent and/or foreman acceptable to Contractor to supervise Subcontractor's work. Subcontractor's project manager, superintendent and/or foreman shall be present at all inspections of Subcontractor's work conducted by a representative of the Owner. In the event Contractor, in its sole discretion, becomes dissatisfied with Subcontractor's project manager, superintendent and/or foreman, Subcontractor shall replace the project manager, superintendent and/or foreman within twenty-four (24) hours after receiving Contractor's request to do so.

E. Subcontractor shall make all requests for information (RFI) regarding the Contract Documents to Contractor in writing and in a timely manner.

F. Subcontractor shall deliver to Contractor in a timely manner all "close-out" documents regarding the work covered by this Agreement, including, but not limited to, as-built drawings, warranties, instructional and/or operation manuals, required by the Contract Documents. No final payment shall be due to Subcontractor from Contractor until all of the "close-out" documents acceptable to the Owner and Contractor have been delivered to Contractor.

G. Subcontractor shall pay for the costs for any retest or re-inspection of work covered by this Agreement that is rejected by the Owner and/or Contractor.

H. Should Contractor inform Subcontractor that continuation of work is contingent on approval by Owner of a request for subcontractor substitution ("Request"), Subcontractor shall perform work pursuant to this Agreement unless Owner rejects the Request. In such a case in which Owner rejects the Request, Subcontractor shall discontinue the work and the placing of orders for materials in connection with the performance of this Agreement, and shall, if requested by Contractor, make every reasonable effort to procure cancellation of all existing orders or sub-subcontracts upon terms satisfactory to Contractor. In such a case in which Owner rejects the Request, if requested by Contractor, Subcontractor shall do only such work as may be necessary to preserve and protect the work already in progress. Upon such an event, Subcontractor shall be entitled to compensation for the actual cost of work completed under this Agreement plus fifteen percent (15%) markup on such cost for overhead and profit, or for the percentage of the subcontract work completed by Subcontractor multiplied by the subcontract price, whichever is less.

I. Provide secured storage and protection of all materials and work in place. Onsite storage space may be permitted only as directed by Contractor. Subcontractor will be responsible for all costs of storage, equipment, transportation, receiving and moving/relocating as required. Contractor will not accept any claim for repair or replacement of this subcontractor's materials, equipment, or installed work due to vandalism, malicious mischief, construction traffic or theft inflicted by unidentifiable persons. All necessary repairs and/or replacements will be made at subcontractor's cost. Contractor reserves the right to change the staging areas at any time during the duration of the project.

J. Subcontractor is responsible to complete all work in accordance with city, county, state and federal building codes. If there is a discrepancy between the building codes and the plans and specifications, this subcontractor is responsible to verify which interpretation governs and complete the stricter of the two interpretations. It is Subcontractor's responsibility to bring any and all said conditions to the attention of Contractor before beginning any portion of this scope of work.

K. Should there be a delay in work due to rain or adverse weather conditions during the work, Subcontractor may be required to work the upcoming weekend(s), or add additional staffing to compensate for the lost day(s) at no additional cost to Contractor.

L. Any training necessary for the owner to fully understand and control any devices, equipment, control panels, shutoffs, etc. will be provided by the subcontractor prior to or at project completion. The training completion must be approved in writing by the owner, his/her employee, or his/her representative, and the signed training completion sheet given to Contractor.

M. Back charges to other trades must be brought to the attention of the Contractor's Project Manager within (7) calendar days of the damage. We strongly recommend that Subcontractor endeavor to reconcile all disputes directly with the company that was responsible for damaging its work prior to submitting a claim to Contractor.

N. If a finished mock-up is required, this Subcontractor will provide all labor and materials as directed by Contractor to complete the mock-up. Mock-ups may be required to be performed out of the normal sequence of work.

O. Subcontractor shall provide and maintain two-way communication devices and/or cellular telephones for its on-site superintendent/foreman. Subcontractor shall maintain an active e-mail address. Notifications and correspondence sent by e-mail shall be binding

as if delivered by registered mail or delivered in person.

P. Subcontractor is responsible for coordinating and arranging all inspections for his own work with Contractor's field personnel and the Owner as required by Contract Documents.

Q. Subcontractor is required to attend all site meetings with Contractor, the Owner and consultants as required and directed. Meetings will be held to discuss jobsite safety, scheduling, pre-installation coordination and design coordination.

R. Subcontractor agrees to adhere and comply with the SWPPP program for this project and the normal established SWPPP requirements for their work. Subcontractor further agrees that should this company either directly or indirectly be responsible for citations and or violations of said SWPPP measures due to negligence by this trade only, which result in a fine or penalty to Contractor or the owner that a deductive change order shall be issued in the full amount to this subcontractor. If Subcontractor disturbs SWPPP components, it is Subcontractor's responsibility to replace SWPPP components to meet SWPPP requirements.

S. All labor and material escalation is covered in this agreement through the course of construction. Subcontractor will not be allowed to seek or ask for additional compensation for material, labor, liability or workers compensation increases which might occur after the execution of this contract.

T. Repair or replace any identified damaged or altered public improvements, if damaged by your trade or any entity under your jurisdiction on this project. Protect in place all existing and/or adjacent structures and appurtenances during the performance of your work. Protect in place all temporary fencing and barricades or other items provided by others. Subcontractor shall be held responsible for any such damage, which is the result of Subcontractor's negligence, or any entity under Subcontractor's jurisdiction on this project.

U. Progress as-built drawings in red-line form are to be kept current and reviewed with Contractor prior to each progress payment. Payments will not be processed without updated as-built drawings.

V. General working hours shall be as determined by governing jurisdiction. Working hours will be posted on site. Any Subcontractor desiring to work different hours will need to coordinate with the on-site Project Superintendent and obtain permission.

W. Parking is the responsibility of Subcontractor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

CONTRACTOR:

SUBCONTRACTOR:

Angeles Contractor, Inc.
8461 Commonwealth, Ave.
Buena Park, CA 90621
CSLB # 858483
(714) 443-3655 Phone
(714) 443-3293 Fax

ABC Plumbing, Inc. DBA ABC Inc.,
Company Name
8461 Commonwealth Ave. Buena Park, CA 90621
Address
CSLB Number 965332
714-443-3655 Phone
714-443-3293 Fax

By: _____
Title: _____

Signature
John Lee
Printed Name

PRESIDENT / CEO / OFFICER / OWNER (Circle One)

SA

Attachment to Subcontract

California Labor Code Section 1771:

Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable only to work performed under contract, and is not applicable to work carried out by a public agency with its own forces. This section is applicable to contracts let for maintenance work.

California Labor Code Section 1775 :

- (a)(1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.
- (2)(A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:
- (i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.
- (ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.
- (B)(i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.
- (ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.
- (iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.
- (C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.
- (D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.
- (E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.
- (b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:
- (1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of this section and Sections 1771, 1776, 1777.5, 1813, and 1815.
- (2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.
- (3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.
- (4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.
- (c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

California Labor Code Section 1776:

- (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:
- (1) The information contained in the payroll record is true and correct.
- (2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.
- (b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:
- (1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.
- (2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.
- (3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.
- (c) The certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).
- (d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.
- (e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's name and social security number. A joint labor management committee may maintain an action in a court of competent jurisdiction against an employer who fails to comply with Section 1774. The court may award restitution to an employee for unpaid wages and may award the joint labor management committee reasonable attorney's fees and costs incurred in maintaining the action. An action under this subdivision may not be based on the employer's misclassification of the craft of a worker on its certified payroll records. Nothing in this subdivision limits any other available remedies for a violation of this chapter.
- (f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.
- (2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.
- (g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.
- (h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.
- (i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.
- (j) The director shall adopt rules consistent with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

California Labor Code Section 1777.5:

- (a) Nothing in this chapter shall prevent the employment of properly registered apprentices upon public works.
- (b) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.
- (c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:
- (1) The apprenticeship standards and apprentice agreements under which he or she is training.

(2) The rules and regulations of the California Apprenticeship Council.

(d) When the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program. "Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Prior to commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body if requested by the awarding body. Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five journeymen in a craft or trade classification.

(i) A contractor covered by this section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) When an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m)(1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(A) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(B) If there are two or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(C) All training contributions not distributed under subparagraphs (A) and (B) shall be used to defray the future expenses of the Division of Apprenticeship Standards.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all money in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Division of Apprenticeship Standards.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this section for all apprenticeable occupations with the prime contractor.

(o) This section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) All decisions of an apprenticeship program under this section are subject to Section 3081.

California Labor Code Section 1813:

The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

California Labor Code Section 1815:

Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than 1 1/2 times the basic rate of pay.