ATTACHMENT NO. 2

K-Son Correspondence (Two letters dated November 14, 2006; Letter dated November 17, 2006)
LETTER OF TRANSMITTAL

Date: November 14, 2006

To: DEPT. REC. AND PARKS

From: CRIS ANSARI

Project No. ________________________________
Project Name: SOUTH L.A. SPORTS ACTIVITY CBD

We are sending you the following items:
- Contract Drawing
- Copy of Letters
- Specification
- Bid Set
- Submittal
- Request for Information
- K-SON RESPONSE
- AWI FAXES/BID

We are sending you the following items:
- Material Sample
- Shop Drawing
- Change Order
- Payment request Number
- SUGGESTIONS CONTRACT COST

QTY: __________________
DESCRIPTION: __________________

☑ For Approval
☐ For your use
☐ As requested
☐ Other

☐ Approved as Submitted
☐ Approved as Noted
☐ Returned for Correction

REMARKS:

Thank you,
SINCERELY,

Cris Ansari
K-son Construction
11/14/2006

TO: DEPT. OF REC. AND PARKS
MARY ALVAREZ
RE: SOUTH LOS ANGELES SPORTS ACTIVITY CENTER

This is the response for the protest letter submitted by AWI.

Item 1.
K-son did submit all the documents for compliance and received approval from the office of compliance and also for good faith effort. K-son did an acceptable good faith effort to use MWBE’s and also is using MWBE more than the required goal percentage.

Item 2.
K-son will use an approved steel fabricator shop by the City of L.A. which will be verified before and after fabrications by inspectors.

Item 3.
The listed numbers for the subs and prime contractor are rounded numbers and they are mainly used for determining the approximate amount of MWBE’s which K-son has by far exceeded the required percentage and also submitted good faith effort documents which were approved.

It must be noted that the AWI (All West Iron, Inc.) did submit a bid to all the bidding prime contractors for structural steel work and also submitted a bid as the prime contractor which could be a conflict of interest.
First they faxed some RFI for another job to our fax number and when I called them asked them what is this they said it was a mistake and then they faxed me the steel bid. The reason they are trying to challenge this matter is because K-son did not list them as steel subcontractor.

AWI protest has absolutely no valid justifications.

I will be in the Board meeting tomorrow to present the above documents.
If you have any question please call me.
Sincerely yours;

Chris Ansari
All West Iron, Inc.
2881 Saco St.
Vernon, Ca. 90058

Fax Transmittal Page:

Date: 9/26/06
No. of pages incl. Cover: 2

To: K-Son Construction Inc.

Attention: Estimating
Fax: 818-710-6392

From: Robert Melikyan

Re: Bid for structural steel for the LA Sports Arena

Please see the attached bid for structural steel for the above mentioned project.

Robert Melikyan
President
TRANSMISSION VERIFICATION REPORT

NAME: 
FAX: 
TEL: 
SER. NO: ERM33338884

DATE: 08/23/2005
TIME: 13:19
FAX NO./NAME: 
DURATION: 
RESULT: 
MODE: 

Consult:

Dear Alain:

Please find the attached electrical RF#1 from Konila Electrical Services, Inc.

Sincerely,
Alex Zanani

REQUESTED BY:
SIGNED:

Date: 08/23/2005

ANSWER:
All West Iron, Inc.
2881 Saco St.
Vernon, Ca. 90058

Fax Transmittal Page:

Date: 9/26/06
No. of pages incl. Cover: 2

To: K-Son Construction Inc.
From: Robert Mekikyan
Attention: Estimating
Fax: 818-710-6392

Re: Bid for structural steel for the LA Sports Arena
Please see the attached bid for structural steel for the above mentioned project.

Robert Mekikyan
President
ALL WEST IRON, INC.,
2891 SACE ST.,/VERNON, CA 90058
TEL: 323-988-5111
FAX: 323-985-5035

Linc. # 657995
Division 5 Section 85120, 05500,

Date: 9/23/96

Project #1521D (E170223F)
Project name:
South Los Angeles sports activity center
7020 s. Figueroa st., LA Ca, 90003

Proposal

1. structural steel fabricate and installed per plan and spec. section # 5120

$365,000.00

2. miscellaneous steel fabricate and installed per plans and spec. section #5500

$ 72,000.00

Deductive Alternate

3. deductive alternate #3
canopy @ entrance

$ 18000.00

Additive Alternate

4. Additive alternate #4
480' of 6' fence in lieu of block wall

$ 65000.00
Inclusions

- All steel columns and beams
- All steel imbeds for structural and ornamental steel (installed by others)
- North and West canopy and supports
- High roof structural steel
- Primer only structural steel and ornamental iron
- All bolts and fasteners
- Structural steel per structural plans and specs only, architectural plans specifications and details will not apply to structural steel
- Insurance limits 1,000,000. Liability, workers compensation, auto

Exclusions

- Structural steel not clearly identified by structural sheets and details
- Architectural, plumbing, mechanical, electrical or any other drawings will not apply to structural steel as it is specified by AISC requirements.
- Section 05500 paragraph 1.02, 3.03, 3.04, 3.05, 3.06, 3.07,
- Any rebar's not weldable or not clearly identified as to be welded A706
- Painting
- Galvanizing
- Anchor bolts imbedded in to cmu wall or in concrete
- Base plates buried in to cmu wall or in the concrete
- Stainless steel
- Aluminum
- Dry packing
- Any items for other trades
- All inspection fees
- Any concrete coring, saw cutting,
- Any concrete footing
- Any gate hardware,
- Fire department requirements,
- Bond any special insurance
11/14/2006

TO: DEPT. OF REC. AND PARKS
MARY ALVAREZ
RE: SOUTH LOS ANGELES SPORTS ACTIVITY CENTER

This is the second response for the protest letter submitted by AWI after reviewing their schedule A which need to be a part of my first response.

AWI Builders listed the dollar amount of work performed by prime contractor $1,144,822 which is less than 50% of his base bid price, they should be performing approx. $1,430,000. Secondly, they listed All West Iron Inc. as a subcontractor which is basically the same company as AWI Builders, same location, same owner with different license numbers to be performing steel, carpenter, masonry and concrete work for $942,000 and they have listed all other major and minor subcontractors for the project. The question is what they will be performing with $1,144,822.?!? The only sub not listed is insulation with a value of $12,000 and paint with a value of $30,000.

I will be in the Board meeting tomorrow to present the above documents. If you have any questions please call me.
Sincerely yours;

Chris Ansari

[Signature]
LETTER OF TRANSMITTAL

Date: November 17, 2006
To: DEPT. REC. AND PARKS
Attn: NRS. MARY ALVAREZ
Cc: __________
Attn: __________

We are sending you, Attached Under separate cover via, The following items:

- Contract/ Drawing
- Copy of Letters
- Specification
- Bid Set
- Submittals
- Request for Information
- Other

<table>
<thead>
<tr>
<th>QTY</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>3 PAGES</td>
<td>K-SON'S LETTER</td>
</tr>
<tr>
<td>2 PAGES</td>
<td>AWI CSLB LICENSE CHECK</td>
</tr>
<tr>
<td>2 PAGES</td>
<td>ALL WEST IRON CSLB LICENSE CHECK</td>
</tr>
</tbody>
</table>

For Approval
For your use
As requested
Other

Approved as Submitted
Approved as Issued
Returned for Correction

REMARKS:

Thank you
SINCERELY,

Cris Ansari
K-Son Construction
K-SON CONSTRUCTION, INC.
6912 OWENSMOUTH AVE. SUITE #104
CANOGA PARK, CA 91303

11/17/2006

VIA FACSIMILE (213)928-9048
TO: DEPT. OF REC. AND PARKS
MARY ALVAREZ
RE: SOUTH LOS ANGELES SPORTS ACTIVITY CENTER
SUBJECT: AWI PROTEST

Mrs. Alvarez:

As you know K-son was informed by you about the protest of AWI on Tuesday 11/14/2006 at 2:00 pm so I attended the next morning Board meeting on 11/15/2006. Prior to that time I was informed by the Board that everything was set and the Board on Wednesday’s meeting would vote to award the contract to K-son.

This letter is the summary of what was said in the board meeting which K-son categorically rejected AWI’s representative reasonings and claims trying to persuade the board that K-son’s bid should not be considered as the lowest responsive bidder and AWI should be considered as the lowest responsive bidder and also I am writing the detailed K-son’s justifications for rejecting AWI’s protest claims which absolutely has no valid grounds and basis for protest and is very unprofessional.

Item 1 (K-son failed to submit the required Affidavits and compliance)
I indicated that K-son did submit all the documents and received all approvals from OCC and Bureau of engineering bid processing and approved by general manager.

Item 2 (failure to list a properly licensed steel subcontractor)
I responded that K-son does hold a “B” license which by definition the contractor can perform 3 or more specialty trades with that type of license and Steel work is one of them as indicated in the bid documents. Since the bid document requires the prime contractor to perform 50% of the bid price K-son chose to list that work. Moreover, K-son will use a certified approved shop by City of L.A and perform the work under K-son’s payroll which have done it many times. I also mentioned that All West Iron the steel subcontractor listed by AWI which both companies belong to the same ownership just with different license numbers also holds a B license not a C-51 license which I am attaching both companies information extract from California Contractor’s License Board. I also indicated that what AWI did which submitted a very high STEEL Bid to all bidding contractors to throw their bids sky high and then submit a bid as a prime contractor under AWI which was not ethical and was a conflict of interest.

Item 3 (AWI’s bid is lower than that submitted by K-son)
Page 2/3

I explained to the board that it is absolutely ridiculous what they are claiming and apparently they do not know much about public works bid documents.

Per public works contracts (ordinance No. 150,595, section 10.14 "provisions pertaining to listing of subcontractors page 17") which also is indicated on schedule "A" of this project under DOLLAR PARTICIPATION OF ALL SUBCONTRACTORS AND SUPPLIERS, it is indicated:

All subcontractors and suppliers who will do work on this project valued in excess of one-half of one percent or $10,000.00 whichever is greater must be listed, regardless if they are MBE/WBE or not. That means the bidding prime contractor does not have to list any subcontractors amounts under one-half of one percent which in this case K-son, AWI and other bidders did not have to list subcontractors with dollar values under approximately $15,000.00. So K-son or other bidders could have subcontractors with dollar values under $15,000.00 totaling up to $100,000, $200,000.00 or any other dollar values whatever amount unknown at time of bidding and not reflected in the bid documents schedule "A". So you do not add up the single dollar values of each and all listed subcontractors listed in schedule "A" with the dollar value of work to be performed by prime contractor and then determine who is the lowest bidder since there are some unknown amounts not even indicated in that schedule and is not part of prime contractor work price either.

Per AWI claim and justifications they are adding those numbers and determine who is the lowest bidder and who is higher which is absolutely wrong and ridiculous and is not per public works bidding documents.

Moreover, those dollar values of the listed subcontractor doing work over 1/2 percent of bid price can be rounded to the nearest thousand dollar or even more, that is what K-son and I am sure many other bidding contractors do. For instance if a subcontractor bid is $119,200.00 we list that price as $119,000.00 or $120,000.00 and that is merely to comply with public works contract law to list those subcontractors with price in excess of one-half of one percent of total bid price and also the approx. dollar value or percentage of MWBE's subs used which in this bid K-son has by far exceeded the required amount, it does not matter what the actual dollar and cents price of that sub may be as long as they are listed so the awarding agency knew who those subcontractors are with approximate dollar values so you could not shop around or change subcontractors after the award without the board approval. Also those numbers can be used when providing schedule of values for approval to the project manager which will be used for payments.

And if there is a clerical error, that error can be clarified at that time. So in a three million dollar job with 15 subcontractors that could make some difference with actual lump sum bid price which is written in page 4 of bid document "PROPOSAL - SCHEDULE OF WORK AND PRICES" and that is where the lowest bidder price is determined not anywhere else. In this case K-son's bid is the lowest and must be considered as the lowest bidder.

Also AWI has indicated that K-son failed to list the dollar value of J. Colavin the ceramic tile subcontractor and K-son's bid must be added with the dollar value of that sub. Again as long as the subcontractor is listed that means K-son can not use any other tile subcontractor except J. Colavin regardless of the subcontractors price, it could be zero dollars, it could be $100,000.00 it will not and cannot affect or change the bid amount. Yes
Page 3/3
K-son missed to write the subcontractor price which is $27,500.00 . But again you do not add up those prices with prime contractors price and determine the lowest bidder. A prime contractor could simply make a clerical mistake in the very last minutes of preparing and submitting bid in schedule “A” for instance to write a $16,000.00 subcontractor price for restroom accessories by putting an additional zero writing $160,000.00 . Which that can be clarified later after the award and when preparing to submit the schedule of values to the project engineer for approval. That is very obvious that restroom accessories can not be that huge number. You do not use those numbers and add them up and use it as the basis for determining the lowest bidder.

But that is not what AWI thought. They thought they had to add up all those listed subcontractors prices and then deduct it from their bid price of $2,859,911.00 and then come up with the remainder value of $1,144,822 and list that as the amount of work to be done by prime contractor which is absolutely wrong and shows how much they know about public works contracts as they were claiming in the board meeting!!!

First of all, per schedule “A” requirement, every top line under SUBCONTRACTORS AND SUPPLIERS page 16 of bid document AWI must do at least 50 percent of their contract price which is approximately $1,430,000 and what they listed for the work to be done by prime contractor is only $1,144,822 which the bid contract document required them to do at least $1,430,000.00. That is their biggest mistake by adding up all the listed subcontractors prices and then deducting it from their bid price and coming up with that number.

As I indicated my 11/14/2006 letter I am wondering what works they wanted to do with $1,144,822 when they have listed all the major and minor subcontractors with even dollar values of less than one-half of one percent which they did not have to list. The only trade remaining for them to do is painting with a value of $30,000.00 and insulation with a value $10,000.00, what they will be doing with remaining $1,100,000?!!.

It is really interesting that a contractor who has been doing all these wrong doings indicated above (1. submitting a very high subcontract bid for steel work to all other bidding contractors and then bidding as a prime contractor with different license number hoping they could be the lowest bidder and then frustrated that the lowest bidder was another company and did not list them as the steel subcontractor. 2. adding up the schedule A listed subs and then deducting it from their bid price and come up with a number that is about $300,000.00 lower than what the contract is requiring them to do,) use those as their justifications for coming up with a protest plan.

In my opinion if AWI was a professional and knowledgeable contractor, they would not jeopardize their name and integrity with the City of L.A by planning this unprofessional protest that serves no purpose but lowering their reputation which I am sure they did it.

At the end K-son is requesting from the Dept. of Rec. and Parks to send a copy of this letter to the office of City Attorney and also Mr. Willis Yip the project engineer as soon as possible for a response back to K-son.

If you have any question please call me.

Sincerely yours;

CHRIS ANSARI
[Signature]
Personal Licenses issued on this license are licensed on other licenses.

Workers Compensation History

Policy Number: 549-000277 Effective Date: 01/10/2006 Expiration Date: 01/10/2007
STATE COMPENSATION INSURANCE FUND
This license has workers compensation insurance with the

** ** Workers Compensation Information ** **

Effective Date: 01/10/2003
Bond of Qualifying Individual: The Responsible Managing Officer (RMO) ZHAIAYR ROBERT MEXIKAN

Contractors Bonding History

Effective Date: 01/10/2004
AMERICAN CONTRACTORS INSURANCE COMPANY
Bonding Company

CONTRACTORS BOND: This license filed Contractors bond number 179225 in the amount of $15,000 with the

** ** Bonding Information ** **

<table>
<thead>
<tr>
<th>Class</th>
<th>Description</th>
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<tbody>
<tr>
<td>B</td>
<td>General Building Contractor</td>
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** ** Classifications ** **

PAGE 2 OF 3
This license is current and active. All information below should be reviewed.

**License Status**

Issue Date: 11/04/1992 Release Date: 05/06/2002 Expiration Date: 05/31/2008

Entity: Corporation

Business Phone Number: (323) 589-6111

VERNON, CA 90062 2881 SACY ST

ALL WEST IRON INC

**Business Information**

Expiry Date: 11/14/2006

Due to workflows, there may be relevant information that has not yet been entered into the database.

Applications are not listed unless the contractor fails to comply with the terms of the agreement.

Per BPE 701-17, only construction related civil judgments reported to the CSLB are disclosed.

Legal action information

Disclosure, a link for compliant disclosure will appear below. Click on the link or button to obtain compliant and/or

CSLB compliant disclosure is restricted by law (BPE 724-6). If this entity is subject to public complaint

**Disclaimer**

A license status check provides information taken from the CSLB license data base. Before relying on this information,
**License Reissued To Another Entity**

Date: 05/08/2002

**Miscellaneous Information**

**Workers Compensation History**

Policy Number: 048-0000279 Effective Date: 01/01/2006 Expiry Date: 01/01/2007

This license has Workers Compensation Insurance with the

**Workers Compensation Information**

Effective Date: 05/08/2002

is not required.

certified that hereinafter owns 10 percent or more of the voting stock currently of the corporation. A bond of qualifying individual

**Contractors Bonding History**

Effective Date: 04/22/2004

**Contractors Bond:** This license fees Contractors Bond Number 1589133.4 in the amount of $10,000 with the

**Bonding Information**

**Classification**

**Classifications**

Page 2 of 3