

APPROVED

SEPT 21 2023

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 23-168

DATE September 21, 2023

C.D. 12

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRANADA HILLS PARK – POOL AND BATHHOUSE REPLACEMENT (PRJ21109) (PRJ21642) (W.O.# E170517F) PROJECT – ESCROW AGREEMENT FOR SECURITY DEPOSITS IN LIEU OF RETENTION

B. Aguirre \_\_\_\_\_ M. Rudnick \_\_\_\_\_
for C. Santo Domingo DF
B. Jones \_\_\_\_\_
B. Jackson \_\_\_\_\_ N. Williams \_\_\_\_\_

[Signature]
General Manager

Approved X Disapproved \_\_\_\_\_ Withdrawn \_\_\_\_\_

RECOMMENDATIONS

- 1. Approve the request from Royal Construction Corporation (Contractor) to enter into an Escrow Agreement, herein included as Attachment 1, with the City of Los Angeles, Department of Recreation and Parks (RAP) for Security Deposits in Lieu of Retention for the Granada Hills Park – Pool and Bathhouse Replacement (PRJ21109) (PRJ21642) (W.O #E170517F) Project (Project), Contract No. 3965 (Contract), subject to the approval of the City Attorney as to form;
2. Approve the Escrow Agreement and its execution, substantially in the form attached as Attachment 1 to this Report, which applies only to the contract payments currently appropriated by RAP for this Contract, which is Fourteen Million, Five Hundred, Eighty-Eight Thousand Dollars (\$14,588,000),
3. Authorize RAP’s Chief Accounting Employee or designee to make technical corrections as necessary to carry out the intent of this Report; and;
4. Authorize the Board President and Secretary to execute the proposed Escrow Agreement upon the City Attorney’s approval as to form.

SUMMARY

RAP is in receipt of a request from Contractor, Contract No. 3965, to enter into an Escrow Agreement for Security Deposits in Lieu of Retention (Escrow Agreement).

## BOARD REPORT

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### SUMMARY

Rap is in receipt from Contractor, Contract No. 3965, to enter into an Escrow Agreement for Security Deposits in Lieu of Retention

Pursuant to Section 22300 of the Public Contract Code of the State of California, the Contractor has the option to deposit securities with an Escrow Agent as a substitute for retention earnings required to be withheld by the City of Los Angeles (City), RAP, on the Contract entered into for the Granada Hills Park – Pool and Bathhouse Replacement (PRJ21109) (PRJ21642) (W.O #E170517F) Project (Project); in the amount of Fourteen Million, Five Hundred, Eighty-Eight Thousand Dollars (\$14,588,000), Alternatively, on written request of the Contractor, RAP may make payments of the retention earnings directly to the Escrow Agent;

When RAP makes payment of retentions earned directly to the Escrow Agent, the Escrow Agent shall hold them for the benefit of the Contractor until such time as the escrow created under the Contract is terminated. The Contractor may direct the investment of the payments into securities. All terms and conditions of the Escrow Agreement, and the rights and responsibilities of the parties, shall be equally applicable and binding when the City pays the Escrow Agent directly.

### FISCAL IMPACT

There is no anticipated fiscal impact to RAP's General Fund as the monies subject to this Escrow Agreement have already been appropriated for the Granada Hills Park – Pool and Bathhouse Replacement (PRJ21109) (PRJ21642) (W.O #E170517F) Project (Project);

This Report was prepared by Takisha Sardin, Commission Executive Assistant II

### LIST OF ATTACHMENTS

Proposed Escrow Agreement  
Contract No. 3965

**ESCROW AGREEMENT  
FOR SECURITY DEPOSITS IN LIEU OF RETENTION  
AGREEMENT BETWEEN  
THE CITY OF LOS ANGELES, DEPARTMENT OF RECREATION AND PARKS  
AND  
ROYAL CONSTRUCTION CORPORATION**

This Escrow Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Parks Commissioners (Board), whose address is 221 North Figueroa Street, Suite 300, Los Angeles, California 90012, hereinafter called OWNER; Royal Construction Corporation., whose address is 11680 Goldring Street, Arcadia California 91006, hereinafter called CONTRACTOR; and Mega Bank, whose address is 245 W. Valley Blvd., San Gabriel, California 91776, hereinafter called ESCROW AGENT.

For the consideration hereinafter set forth, the OWNER, CONTRACTOR, and ESCROW AGENT agree as follows:

1. Pursuant to Section 22300 of the Public Contract Code of the State of California, CONTRACTOR has the option to deposit securities with ESCROW AGENT as a substitute for retention earnings required to be withheld by OWNER pursuant to Construction Contract No. 3610, hereinafter referred to as CONTRACT, entered into between the OWNER and CONTRACTOR for the Granada Hills Park – Pool and Bathhouse Replacement (PRJ21109) (PRJ21642) (W.O #E170517F) Project (Project); in the amount of Fourteen Million, Five Hundred, Eighty-Eight Thousand Dollars (\$14,588,000), executed February 7, 2023. Alternatively, on written request of the CONTRACTOR, the OWNER shall make payments of the retention earnings directly to the ESCROW AGENT. When CONTRACTOR deposits the securities as a substitute for CONTRACT earnings, the ESCROW AGENT shall notify the OWNER within ten (10) days of the deposit. The market value of the securities at the time of the substitution shall be at least equal to the cash amount then required to be withheld as retention under the terms of the CONTRACT between the OWNER and CONTRACTOR. Securities shall be held in the name of the City of Los Angeles, Board of Recreation and Park Commissioners, and shall designate the CONTRACTOR as the beneficial owner.

2. The OWNER shall make progress payments to the CONTRACTOR for such funds which otherwise would be withheld from progress payments pursuant to the CONTRACT provisions, provided that the ESCROW AGENT holds securities in the form and amount specified above.

3. When the OWNER makes payment of retentions earned directly to the ESCROW AGENT, the ESCROW AGENT shall hold them for the benefit of the CONTRACTOR until such time as the escrow created under this Contract is terminated. The CONTRACTOR may direct the investment of the payments into securities. All terms and conditions of this agreement and the rights and responsibilities of the parties shall be equally applicable and binding when the OWNER pays the ESCROW AGENT directly.

4. The CONTRACTOR shall be responsible for paying all fees for the expenses incurred by ESCROW AGENT in administering the escrow account and all expenses of the OWNER. These expenses and payment terms shall be determined by the OWNER, CONTRACTOR and ESCROW AGENT.

5. The interest earned on the securities or the money market accounts held in escrow and all interest earned on that interest shall be for the sole account of CONTRACTOR and shall be subject to withdrawal by CONTRACTOR at any time and from time to time without notice to the OWNER.

6. CONTRACTOR shall have the right to withdraw all or any part of the principal in the Escrow Account only by written notice to ESCROW AGENT accompanied by written authorization from OWNER to the ESCROW AGENT that OWNER consents to the withdrawal of the amount sought to be withdrawn by CONTRACTOR.

7. The OWNER shall have a right to draw upon the securities in the event of default by the CONTRACTOR. Upon seven (7) days' written notice to the ESCROW AGENT from the OWNER of the default, the ESCROW AGENT shall immediately convert the securities to cash and shall distribute the cash as instructed by the OWNER.

8. Upon receipt of written notification from the OWNER certifying that the CONTRACT is final and complete, and that the CONTRACTOR has complied with all requirements and procedures applicable to the CONTRACT, ESCROW AGENT shall release to CONTRACTOR all securities and interest on deposit less escrow fees and charges of the Escrow Account. The escrow shall be closed immediately upon disbursement of all moneys and securities on deposit and payment of fees and charges.

9. The ESCROW AGENT shall rely on the written notifications from the OWNER and the CONTRACTOR pursuant to Sections 5 to 8, inclusive, of this agreement and the OWNER and CONTRACTOR shall hold ESCROW AGENT harmless from ESCROW AGENT'S release and disbursement of the securities and interest as set forth above.

[Signature Page to Follow]

10. The names of the persons who are authorized to give written notice or to receive written notice on behalf of the OWNER and on behalf of the CONTRACTOR in connection with the foregoing, and exemplars of their respective signatures are as follows:

THE CITY OF LOS ANGELES, a municipal corporation, acting by and through the Board of Recreation and Parks Commissioners

ROYAL CONSTRUCTION CORPORATION

\_\_\_\_\_  
Signature  
Renata Simril, Board President

\_\_\_\_\_  
Signature  
Hanson Ho, President

\_\_\_\_\_  
Signature  
Takisha Sardin, Board Secretary

\_\_\_\_\_  
Signature

Address:  
221 N. Figueroa Street, Suite 300  
Los Angeles, CA 90012

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address:  
11680 Goldring Street,  
Arcadia California 91006,

On Behalf of Escrow Agent:

\_\_\_\_\_  
Signature  
Name: \_\_\_\_\_  
Title:

Address:  
245 W. Valley Blvd.,  
San Gabriel, California 91776

At the time the Escrow Account is opened, the OWNER and CONTRACTOR shall deliver to the Escrow Agent a fully executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their proper officers on the date first set forth above.

Executed this \_\_\_\_\_ day  
of \_\_\_\_\_, 20\_\_

THE CITY OF LOS ANGELES, a municipal corporation, acting by and through its BOARD OF RECREATION AND PARKS COMMISSIONERS

By \_\_\_\_\_  
PRESIDENT

By \_\_\_\_\_  
SECRETARY

Executed this \_\_\_\_\_ day  
of \_\_\_\_\_, 20\_\_

ROYAL CONSTRUCTION CORPORATION.

By \_\_\_\_\_  
PRESIDENT

By \_\_\_\_\_  
SECRETARY

Executed this \_\_\_\_\_ day  
of \_\_\_\_\_, 20\_\_

Mega Bank

By \_\_\_\_\_

Approved as to Form:

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

HYDEE FELDSTEIN SOTO,  
City Attorney

By \_\_\_\_\_  
DEPUTY CITY ATTORNEY

The undersigned, Great American Insurance Company, Surety for CONTRACTOR on both its faithful performance and payment bonds, hereby gives its consent to terms of this Agreement and to the release of moneys to CONTRACTOR provided for herein.

GREAT AMERICAN INSURANCE COMPANY

BY \_\_\_\_\_  
Attorney-In-Fact

BOARD OF COMMISSIONERS

**SYLVIA PATSAOURAS**  
PRESIDENT

**LYNN ALVAREZ**  
VICE PRESIDENT

**TAFARAI BAYNE**  
**NICOLE CHASE**  
**JOSEPH HALPER**

**TAKISHA SARDIN**  
BOARD SECRETARY  
(213) 202-2640



**KAREN BASS**  
MAYOR

**JIMMY KIM**  
GENERAL MANAGER

**MATTHEW RUDNICK**  
EXECUTIVE OFFICER

**CATHIE SANTO DOMINGO**  
ASSISTANT GENERAL MANAGER

**BELINDA JACKSON**  
ASSISTANT GENERAL MANAGER

**BRENDA AGUIRRE**  
ASSISTANT GENERAL MANAGER

(213) 202-2633

February 7, 2023

Sent via email

Royal Construction Corporation  
11680 Goldring Rd., Suite  
Arcadia, CA 91006

Attention: Hansen Ho

Gentlepersons:

Attached is Agreement No. 3965, executed February 7, 2023 between the City of Los Angeles, by and through its Board of Recreation and Park Commissioners, and your organization, for the construction of the Granada Hills Park – Pool and Bathhouse Replacement (PRJ21109) (PRJ21642) (W.O #E170517F) Project (Project)

If you have any questions with regard to the Agreement at this time, please contact the undersigned at (213) 202-2640.

Very truly yours,

BOARD OF RECREATION AND  
PARK COMMISSIONERS

**TAKISHA SARDIN**  
Commission Executive Assistant II

Attachment: Agreement No. 3965

cc: City Controller  
City Attorney  
Departmental Chief Accountant  
Darryl Ford, Superintendent, Planning, Maintenance and Construction Branch





CONTRACT BETWEEN THE CITY OF LOS ANGELES  
AND ROYAL CONSTRUCTION CORPORATION  
FOR THE  
GRANADA HILLS – POOL AND BATHHOUSE REPLACEMENT (W.O. #E170517F) PROJECT

This Agreement is made and entered into this 7th day of February 2023, by and between the City of Los Angeles, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners (hereinafter "City") and Royal Construction Corporation (hereinafter "Contractor")

WITNESSETH

WHEREAS, Contractor submitted a bid for the construction of the Granada Hills Pool and Bathhouse Replacement (W.O. #E170517F) Project located at 16730 Chatsworth Street, Granada Hills, CA 91344 (Project). Said bid is attached hereto as Exhibit "A" and incorporated by reference as though fully set forth herein; and

WHEREAS, City is desirous of the construction of the aforementioned development as specified in the aforementioned bid (See Exhibit "A").

NOW THEREFORE, in consideration of the covenants and conditions contained herein, to be kept and performed by the respective parties, it is agreed as follows:

1. The aforementioned bid shall constitute City Contract Number 3965; and
2. Said contract shall be composed of the following documents for the Project, which shall be made a part hereof as though fully set forth herein:
  - (a) This Agreement; and
  - (b) The Instructions to Bidders and the Notice Inviting Bids; and
  - (c) Contractor's Bid and Proposal; and
  - (d) The Plans and Technical Specifications; and
  - (e) All Bonds required by the Charter of the City of Los Angeles.

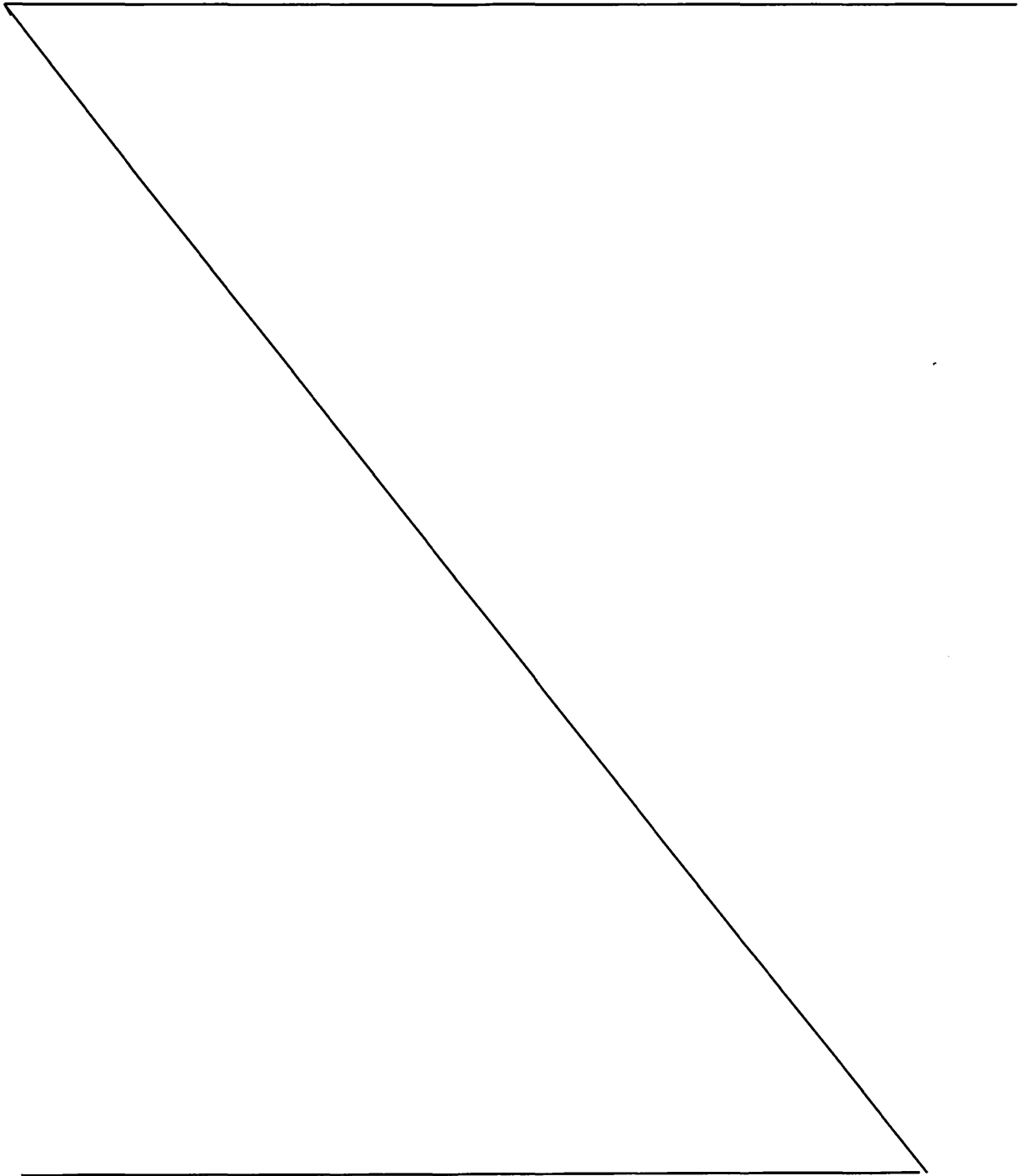
All such documents are on file in the office of the Board of Recreation and Park Commissioners, and each of the parties hereto agree to carry out and fully perform each and all of the provisions of said documents which are required of it to be performed; and

3. Contractor shall perform said contract in accordance with the terms of the aforementioned documents; and

4. City shall pay Contractor to perform said contract the sum of Fourteen Million, Five Hundred Eighty-Eight Thousand Dollars (\$14,588,000.00); and

5. Contractor shall perform said contract for the sum of Fourteen Million, Five Hundred Eighty-Eight Thousand Dollars (\$14,588,000.00).

[SIGNATURE PAGE TO FOLLOW]



IN WITNESS WHEREOF, the parties have caused this instrument to be fully executed by their duly authorized representatives


APPROVED AS TO FORM  
HYDEE FELDSTEIN SOTO,  
City Attorney

  
\_\_\_\_\_  
Deputy City Attorney

Steven H. Hong  
2/7/23

THE CITY OF LOS ANGELES, a municipal  
corporation, acting by and through its  
BOARD OF RECREATION AND PARK  
COMMISSIONERS

BY   
\_\_\_\_\_  
President

BY   
\_\_\_\_\_  
Secretary

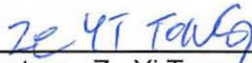
SUBSCRIBED AND SWORN TO  
BEFORE ME ON

\_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC  
STATE OF CALIFORNIA  
(Notary Seal)

Royal Construction Corporation

BY   
\_\_\_\_\_  
President , Hanson A.H. Ho

BY   
\_\_\_\_\_  
Secretary , Ze Yi Tong