



## *Construction Management Company Recovers More Than \$2.1 Million in Challenging Case*

In February 2009, Lax & Stevens recovered more than \$2.1 million, plus costs and interest, for our client, a construction management company (CM), against the defendant, the Compton Unified School District (CUSD).

The case was launched in an effort to collect seriously delinquent payments for our client, who had worked under contract with the CUSD for more than six years. The school district was typically late in paying during the first years of the contract, but beginning in mid-2006, they paid practically nothing but a few of the CM's reimbursable expenses.

Two issues made this case particularly complex. First, our client had proposed to lower the percentage rate at which the CUSD paid them in exchange for a commitment by the school district to add additional construction projects to the amount of construction under management. In anticipation of the district's approval of this proposal, the CM had already begun invoicing at the lower rate. The second complicating factor was a cross-complaint filed by the CUSD, alleging \$6 million in damages.

By the time the trial was winding down, through our efforts, the cross-complaint that had been presented by the school district as a \$6 million issue, was reduced to \$2 million after the deposition of the school district's expert. By the time his cross-examination at trial was completed, the school district's counsel asked the jury to award \$37,000. The jury found that our client did not breach the agreement, so our client received a defense verdict on the cross-complaint.

In the main case, the jury ruled in favor of our client, awarding the CM more than \$2.1 million in damages, prejudgment interest on the award, and costs.

*Public agencies, including school districts, have numerous statutory defenses, so it is important to work with a firm like Lax & Stevens that understands the complexities and nuances of this area of law.*

*In the case outlined above, the Compton Unified School District (CUSD) made three substantial claims: 1) that the school board had never approved much of the work that our construction management company client completed, 2) that our Government Code claim was insufficient and 3) that the entire action was barred by the statute of limitations. Working with our client, we successfully overcame all of those defenses, despite the CUSD's representation by a firm with extensive school district litigation experience.*