



Metro™

June 6, 2012

Mr. Felipe Olivar
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**Subject: Contract No. PS 09-2210-2333 Metro ExpressLanes Project
G&C Equipment Corporation**

This letter is in response to Atkinson's letter dated March 23, 2012, submitted in response to Los Angeles Metropolitan Transportation Authority's Diversity & Economic Opportunity Department (DEOD) letter dated, March 9, 2012. Metro has completed a review of Atkinson's UDBE subcontractor, G&C Equipment Corporation, to determine crediting their (G&C) UDBE participation as a regular dealer or broker. The focal point of our review pertained to G&C's purchase of specialty signs, transformers and other equipment not regularly inventoried in their warehouse. In determining a UDBE firm's eligibility to receive credit as a regular dealer or a broker, the decision requires a transaction by transaction analysis, as directed by 49 CFR 26.55(e).

On Monday, April 2, 2012, DEOD conducted a fact finding meeting with G&C's President, Gene Hale, to obtain information regarding equipment not regularly kept in inventory and to determine risk assumed by taking possession of and delivering signs and transponders supplied to Atkinson. Mr. Hale responded to questions raised during the meeting with DEOD that allowed for in-depth review of G&C's procurement process. DEOD examined documents to determine G&C's insurable interest in the equipment purchased for Atkinson on the ExpressLanes project.

For DEOD's analysis, Mr. Hale submitted requested documentation directly characterizing G&C's transactions for procuring materials, supplies and equipment for Atkinson specifically on the ExpressLanes project. Mr. Hale provided copies of purchase orders, pricing sheets, cancelled checks, procurement procedures, inspection reports, bills of lading (for items shipped to the project site and to G&C's warehouse) associated with the Metro ExpressLanes project. On Thursday, April 26, 2012, DEOD also performed an on-site review of G&C's warehouse to verify a shipment of transponders delivered earlier during the week.

For additional guidance in determining G&C's eligibility to receive UDBE credit as a regular dealer, DEOD referenced the State of California Commercial Code (Section 2505). As a result, DEOD determined that G&C's negotiable bill of lading, confirms that they (G&C)

holds a security interest in the subject materials and supplies for Metro ExpressLanes. The Purchase orders, pricing sheets, cancelled checks for products procured, inspections reports, and the site visit conducted by DEOD, confirmed that the products procured by G&C, sufficiently demonstrates that they (G&C) hold an insurable interest in the specialty equipment inventoried and supplied to Atkinson for use on the Metro ExpressLanes project.

In accordance with 49 CFR Part 26.55(e)(2), Metro finds that G&C is "a regular dealer that engages, as its principal business and under its own name, in the purchase and sale or lease of products in question." As a result, Metro rescinds its initial determination and will grant Atkinson regular dealer credit for the specialty signs, transformers, and other equipment regularly procured by G&C for the Metro ExpressLanes Project as defined in 49 CFR 26.55.

Based on the result of our findings, Atkinson will continue to receive 60% credit for G&C's participation as a regular dealer. In addition, in order to continually and appropriately credit UDBE participation, Atkinson shall provide prior written notice to DEOD of any anticipated transactions for specialty items not regularly purchased or warehoused by G&C.

Please contact Linda Perryman at (213)922-2626, with any question relating to crediting UDBE participation on this project.

Sincerely,



Tashai R. Smith
Director, Small Business Programs
Diversity & Economic Opportunity Department

cc: Linda B. Wright, Executive Officer, DEOD, LACMTA
Ryan Van Maarth, ATKINSON
Gene Hale, G&C Equipment
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