



Metro

January 26, 2016

Mr. Jeff Heck
Contracts Manager
Walsh Shea Corridor Constructors
9323 Bellanca Avenue
Los Angeles, CA 90045

Subject: Commercially Useful Function Review of G&C Equipment Corporation -
Contract No. C0988, Metro's Crenshaw Transit Corridor Project

This letter is in response to Walsh Shea Corridor Constructors' (WSSC) verbal request, submitted to Gene Hale, the President/CEO of G & C Equipment Corporation, in response to Los Angeles Metropolitan Transportation Authority's Diversity & Economic Opportunity Department (DEOD) Program requirements. Metro has completed a commercially useful function (CUF) review of G&C Equipment Corporation (G & C), to determine credit as a regular dealer or broker. The focal point of our review pertained to G&C's purchase of equipment and material not regularly inventoried in their warehouse. Post award monitoring is to ensure that DBE firms are performing consistent with a Prime Contractor's proposed commitments. In determining a DBE 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 Wednesday, December 23, 2015, DEOD conducted a fact finding meeting with G&C's President, Gene Hale, in order to obtain information regarding equipment not regularly kept in inventory, and to determine risk assumed by taking possession of delivery of equipment and materials supplied to WSSC. DEOD also toured G&C's warehouse and observed various equipment and materials: pads of concrete, lumber, steel, pipes, rail and ties, HVAC and generators, along with other miscellaneous construction supplies.

For DEOD's analysis, Mr. Hale provided copies of purchase orders, pricing sheets, procurement procedures, inspection reports, bills of lading (for items shipped to the project site and to G&C's warehouse). Mr. Hale also submitted documentation directly characterizing G&C's transactions for procuring materials, supplies and equipment for WSSC on the Crenshaw/LAX project. In addition, Mr. Hale responded to questions during the meeting that allowed an in-depth review of G&C's procurement process. DEOD also examined documents to determine G&C's insurable interest in the equipment and materials purchased for WSSC on the Crenshaw/LAX project.

In accordance with 49 CFR Part 26.55 (e)(2), DEOD determined that G & C's negotiable bill of lading, confirms that they (G&C) hold a security interest in the subject materials and supplies for Metro's Crenshaw/LAX Transit Corridor. The purchase orders, pricing sheets, procurement process, inspection reports, and the site visit conducted, 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 WSCC for use on the Crenshaw/LAX Transit Corridor project.

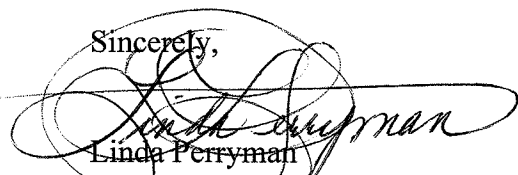
Also in accordance with 49 CFR Part 26.55 (e)(2), DEOD finds that G&C is a "regular dealer," and as a result, Metro will grant WSCC 60% regular dealer credit for the items that are procured by G&C for the Metro Crenshaw/LAX Project. In addition, in order to continually and appropriately credit DBE participation, WSCC shall provide prior written notice to DEOD of any anticipated transactions for specialty items not regularly purchased or warehoused by G&C.

For the record, Metro has approved the following NAICS codes for G & C:

NAICS (2007)	Description
423610	Electrical Apparatus & Equipment, Wiring, Supplies & Related Equipment Merchandise Wholesalers
423720	Plumbing & Heating Equipment & Supplies (Hydronics) Merchant Wholesalers
423730	Warm Air Heating & Air-Conditioning Equipment & supplies Merchant Wholesalers
423510	Metal Service Centers & Other Metal Merchant Wholesalers
423320	Brick, Stone & Related Construction Material Merchant Wholesalers
423310	Lumber, Plywood, Millwork & Wood Panel Merchant Wholesalers
423390	Other Construction Material Merchant Wholesalers
423830	Industrial Machinery & Equipment Merchant Wholesalers
425120	Wholesale Trade Agents & Brokers
561320	Temporary Help Services

Please call me at (213) 922-2626, or email at perrymanl@metro.net if you have any questions.

Sincerely,



Linda Perryman
Principal Contract Compliance Officer
Diversity & Economic Opportunity Department

cc: Tashai Smith, Interim Executive Officer, DEOD (Metro)
Fred Origel, Director Contract Administration (Metro)
Valerie Dean, Senior Contract Administrator (Metro)
Rita Ohaya, Contract Compliance Officer (Metro)
Erich Engler, Business Manager (WSCC)
Bertha Briseno, Projects Compliance Manager (WSCC)
Gene Hale, President and CEO (G&C Corporation)