



# Metro

January 27, 2016

Mr. Mike Aparicio  
Executive Vice President  
Regional Connector Constructors JV – Skanska/Traylor  
1995 Agua Mansa Road  
Riverside, CA 92502

**Subject:** Commercially Useful Function Review of G&C Equipment Corporation -  
Contract No. C0980, Metro's Regional Connector Transit Corridor Project

This letter is in response to the verbal request from Regional Connector Constructors (RCC), 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 consistently 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 RCC. DEOD also toured the 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 and bills of lading (for items shipped to the project site and to G&C's warehouse). Mr. Hale also submitted the documentation directly characterizing G&C's transactions for procuring materials, supplies and equipment for RCC on the Regional Connector 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 RCC on the Regional Connector Transit Corridor 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 Regional Connector 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 demonstrate that they (G&C) hold an insurable interest in the specialty equipment inventoried and supplied to RCC on the Regional Connector Transit Corridor project.

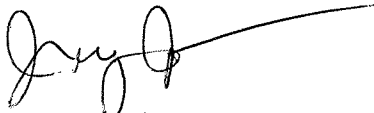
Also in accordance with 49 CFR Part 26.55 (e)(2), DEOD finds that G&C is a “regular dealer,” and as a result, Metro will grant RCC 60% regular dealer credit for the items that are procured by G&C for the Metro Regional Connector Transit Corridor Project. This finding includes the stipulation that Skanska/Traylor will notify DEOD of any additional specialty items not regularly purchased or warehoused by G&C, and that were not subject to our analysis or referenced in this letter.

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

<b>NAICS (2007)</b>	<b>Description</b>
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

Thank you for your cooperation in this matter. If you have any questions please contact me at [jacobsenje@metro.net](mailto:jacobsenje@metro.net) or call (213) 922-3447.

Sincerely,



Jerry Jacobsen  
Principal Contract Compliance Officer  
Diversity & Economic Opportunity Department

cc: Tashai Smith, Interim Executive Officer, DEOD (Metro)  
Linda Perryman, Principal Contract Compliance Officer, DEOD (Metro)  
Joe O'Donnell, Director, Contract Administration (Metro)  
Susan Santoro, Senior Contract Administrator (Metro)  
Lawrence Martocci, Procurement Manager (RCC)  
Terrie Johnson, DBE Project Coordinator (RCC)  
Gene Hale, President and CEO (G&C Corporation)