

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
Metro Rail Project



LOS ANGELES COUNTY TRANSPORTATION COMMISSION
Long Beach-Los Angeles Rail Transit Project
Norwalk-El Segundo Rail Transit Project



DISADVANTAGED BUSINESS ENTERPRISE (DBE)
WOMEN'S BUSINESS ENTERPRISE (WBE)
TRANSIT BOND GUARANTEE PROGRAM

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Specifications
Questions and Answers

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SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
LOS ANGELES COUNTY TRANSPORTATION COMMISSION

METRO RAIL PROJECT
LONG BEACH-LOS ANGELES RAIL TRANSIT PROJECT
NORWALK-EL SEGUNDO RAIL TRANSIT PROJECT

DISADVANTAGED BUSINESS ENTERPRISE
WOMEN'S BUSINESS ENTERPRISE
TRANSIT BOND GUARANTEE PROGRAM

SPECIFICATIONS
AND
QUESTIONS & ANSWERS

JUNE, 1988

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INTRODUCTION

This booklet has been prepared for the convenience and use of contractors interested in the Transit Bond Guarantee Program (TBGP) for the Southern California Rapid Transit District's (The District) Metro Rail Project; the Los Angeles County Transportation Commissions's (The Commission) Long Beach-Los Angeles Rail Transit Project; and The Commission's Norwalk-El Segundo Rail Transit Project. The terms and conditions contained in any contractor's contract with The District or The Commission determine all legal responsibilities, and are not changed or modified by this booklet.

BOND GUARANTEE PROGRAM SPECIFICATIONS

1. BOND GUARANTEE PROGRAM FOR DISADVANTAGED AND WOMEN'S BUSINESS ENTERPRISES

1.A POLICY

The Southern California Rapid Transit District (District) and the Los Angeles County Transportation Commission (Commission) have established a joint Transit Bond Guarantee Program (TBGP), administered by the District, to assist in providing Disadvantaged and Women's Business Enterprises (DBEs AND WBES) the maximum opportunity to participate in subcontracting opportunities on the Metro Rail Project, the Long Beach-Los Angeles Rail Transit Project, and the Norwalk-El Segundo Rail Transit Project (See Section 13.E.1.f of the District's Metro Rail construction bid documents and Section 1.5.1 of the Commission's Affirmative Action/Labor Compliance Manual).

1.B LEGAL AUTHORITY

1.B.1 State Law

California Law (Public Contract Code 4108) states the following in regards to bond requirements:

- a. It shall be the responsibility of each subcontractor submitting bids to a prime contractor to be prepared to submit faithful performance and payment bond(s) if so requested by the prime contractor. (Emphasis added)

b. In the event any subcontractor submitting a bid to a prime contractor does not, upon the request of the prime contractor and at the expense of the prime contractor at the established charge or premium therefor, furnish to such prime contractor a bond(s) issued by an admitted surety wherein the prime contractor shall be named the obligee, guaranteeing prompt and faithful performance of such subcontract and the payment of all claims for labor and materials furnished or used in and about the work to be done and performed under such subcontract, the prime contractor may reject such bid and make a substitution of another subcontractor subject to the provisions of Section 4107. Such bond(s) may be required at the expense of the subcontractor only if the prime contractor in his written or published request for subbids (1) specifies that the expense for such bond(s) shall be borne by the subcontractor and (2) clearly specifies the amount and requirements of such bond(s).

1.B.2 Federal Regulation and Agency Policy

Federal regulations (49 CFR 23.45(h)), District policy (Section 13.E.1.f of the Metro Rail construction bid documents), and Commission policy (Section 1.5.1 of the Affirmative Action/Labor Compliance Manual) require bidders to:

- a. Make good faith efforts to meet the DBE/WBE contract goals; and

- b. Assist interested DBEs and WBEs in obtaining bonding and lines of credit, if required by the prime contractor.

1.C CONTRACTOR'S OBLIGATION

1.C.1

The contractor agrees not to refuse to enter into a subcontract with a DBE or WBE as defined herein solely because the DBE/WBE is not able to secure any performance or payment bond that the contractor may otherwise require, prior to the referral of the DBE/WBE to the District or Commission and subsequently to the TBGP Administrator. The contractor agrees to notify all potential DBE/WBE subcontractors that the contractor will not refuse to enter into a subcontract with the DBE/WBE solely because of the DBE/WBE's inability to secure any required performance or payment bond or the inability to secure the necessary working capital to perform the subcontract.

1.C.2

The contractor agrees to notify all potential DBE/WBE subcontractors that they must attempt to secure the required bond or bonds through the standard surety market and must submit, upon District's request, at least three declinations from such sureties to be eligible to participate in the TBGP.

1.C.3

The contractor agrees to notify all potential DBE/WBE subcontractors that assistance in the preparation of their subcontract quotation and other pre-bid technical assistance (including assistance in attempting to secure the required bond or bonds through the standard surety market) is available to them from the DBE/WBE resource organizations set forth in Exhibit 1. the contractor agrees to cooperate fully with all parties involved in the implementation of the Transit Bond Guarantee Program during the entire period of DBE/WBE subcontract performance.

1.C.4

The contractor further agrees to inform any potential DBE/WBE subcontractor unable to secure such performance or payment bond of the Transit Bond Guarantee Program. The contractor agrees to cooperate with the District or Commission and the TBGP Administrator, as soon as the contractor has been notified by the District or Commission that it is the successful bidder, to assist in identifying DBE/WBEs who need assistance in obtaining performance or payment bonds. The contractor agrees to hold harmless and indemnify the District, the DIA (including the DIA consultants or subcontractors), their employees, directors, successors, heirs and assigns to the full extent permitted by law from any and all claims or causes of action arising out of the implementation of the Transit Bond Guarantee Program as herein described, except that this provision shall not apply to any act or omission judged to be fraudulent.

1.D BOND GUARANTEE PROGRAM DESCRIPTION

1.D.1

The District has entered into an agreement with the TBGPA/DIA to implement a Transit Bond Guarantee Program for DBE/WBE subcontractors to construction prime contractors on eligible District and Commission rail transit projects.

1.D.2

The TPBGPA/DIA has marketed the TBGP to a number of eligible surety companies who have agreed to participate in the TBGP by writing performance and/or payment bonds for eligible DBE/WBE subcontractors.

1.D.3

The District has entered into a Banking Services Agreement under which the Bank receives funds from the City of Los Angeles and the Los Angeles County Transportation Commission to establish a capital account which is used as collateral by the surety company to secure the principal amount of the performance/payment bonds issued to DBE/WBEs participating in the TBGP.

1.D.4

The Bank has also established a working capital loan fund to provide working capital loans to DBE/WBEs participating in the TBGP. The working capital loan fund is funded by the Bank and

underwritten by the Bank according to its own procedures at interest rates negotiated between the Bank and the DBE/WBE. DBE/WBEs who are not participants in the TBGP are not eligible for working capital loans under the Banking Services Agreement.

1.D.5

Any DBE/WBE participating in the TBGP is required to establish a joint escrow account with the TBGPA/DIA (and the Bank, if a working capital loan was granted), for all receipts and disbursements for the bonded subcontract work. Such escrow accounts will be established under the terms of an executed assignment of contract proceeds agreement between the prime contractor, the TBGP participant, and the TBGPA/DIA (and the Bank, if a working capital loan was granted).

1.D.6

If at any time a TBGP participant meets any of the following criteria, any new TBGP application will go before a District review panel prior to processing of the application by the DIA:

- a. The TBGP participant has in force performance/payment bonds for three subcontracts under the TBGP; or
- b. The TBGP participant has in force an aggregate of \$3 million in guaranteed bonds under the TBGP; or
- c. The bond guarantee program participant has outstanding working capital loans in excess of 25% of the amount of outstanding guaranteed bonds.

1.D.7

Payment of the premium is the responsibility of the DBE/WBE and is due upon issuance of the bond.

1.D.8

Prime contractors will not be able to pass through liquidated damages as a claim under the terms of bonds guaranteed under the TBGP.

1.D.9

In the event a TBGP participant's subcontract work begins more than 90 days after bond approval, the prime contractor will not receive the DBE/WBE's bond sooner than 90 days prior to the commencement of the subcontract work.

1.E BOND PROCEDURES

1.E.1 Preliminary Procedures

Prior to the processing of a DBE/WBE through the TBGP, the TBGPA/DIA will:

- a. Ensure that the TBGP applicant has obtained a subcontract from a prime contractor on the Metro Rail Project, the Long Beach-Los Angeles Rail Transit Project, or the Norwalk-El Segundo Rail Transit Project.

- b. Determine that the subcontractor has made a full and complete disclosure of its financial condition for presentation to sureties.
- c. Review declinations from at least three sureties to whom the DBE/WBE has applied for the required bond(s).

1.E.2 Identification of TBGP Participant's Needs

1.E.2.a Preliminary Forms:

Any DBE/WBE who becomes a TBGP participant shall present a preliminary bond and loan application (Exhibit 2) along with a Participant Assistance Agreement (Exhibit 3) to the TBGPA/DIA Bond Program Director. The application form contains, among other things, a release by the Participant to the District, the Commission and the DIA (including the DIA Consultants and Subcontractors), their officers, employees, contractors and agents, from any and all liabilities and claims, of whatever nature, arising out of any denial of a bond, a bond guarantee, or a working capital loan.

1.E.2.b Technical Review:

1.E.2.b.1

The TBGPA/DIA will review plans and specifications, checking quantity take off and pricing to insure the contract price is adequate to complete the job with the Participant realizing a profit.

1.E.2.b.2

The TBGPA/DIA will prepare a cash flow analysis projecting the amount of cash needed to prevent job progress from being impeded, allowing the Participant to perform.

1.E.2.c

The TBGPA/DIA will assist the Participant in preparing and completing the following forms which comprise the bond package:

1. Bond Guarantee Application
2. Balance Sheet
3. Income Statement
4. Schedule of Accounts Payable
5. Schedule of Accounts Receivable
6. Schedule of Contracts under Construction
7. Schedule of Contracts Completed
8. Contractor's Estimate of Subject Job
- * 9. Certificate of Insurance
- * 10. Workers' Compensation
- * 11. General Liability
12. Proposed Guaranteed Bond Agreement
13. Unlimited Personal Guarantee Agreement
14. Assignment of Contract Proceeds Agreement
15. Agreement of General Indemnity
- * Only if not under District or Commission Owner Controlled Insurance Program.

1.E.3 Bond Guarantee Review Process:

1.E.3.a Upon completion of the bond application package, the TBGPA/DIA staff will perform the preliminary review and approval of the Participant's application. The TBGPA/DIA will:

1. Review all corporate documents.
2. Review all financial history and current status.
3. Request credit information and reference checks (Bank and Business).
4. Review personal financial statements.
5. Evaluate the request and record this evaluation and recommendation on appropriate forms.

1.E.3.b Bond Review Committee:

1. After preliminary approval, the TBGPA/DIA staff will present the request with all available information to the DIA Bond Guarantee Review Committee for final approval.
2. The DIA's Bond Guarantee Review Committee will consider, among other criteria, the Participant's financial statements, past performance record, character, capability, and capital. The evaluation is based upon the following documents:
 - (a) List of Persons Responsible for Escrowing.
 - (b) Program Director's Disclosure Statement.
 - (c) Bond Packager's Certification.

- (d) Estimator's Certification.
- (e) Secretary's Certification.
- (f) Bond Committee Certification.
- (g) Assignment of Contract Proceeds.
- (h) Unlimited General Continuing Personal Guaranty.
- (i) Statement of Personal History.
- (j) Financial Statement.
- (k) Credit Information.
- (l) General Information.
- (m) Tax Returns.
- (n) Insurance Information (when not under the District or Commission Owner Controlled Insurance Program).
- (o) Contracts.
- (p) Bond Package and Detailed Cost Breakdown by Job.
- (q) Copy of District or Commission DBE/WBE Certification.

3. In considering the bond guarantee request, the Committee will proceed with all reasonable speed.

1.E.4 District Authorization

Upon approval by the Bond Guarantee Review Committee, the TBGPA/DIA will submit the bond guarantee package to the District for execution of authorization for the Bank to issue the Letter of Credit.

1.E.5 Bank

Upon receipt of the District's authorization, the Bank will issue an irrevocable letter of credit to the Surety guaranteeing the bond in an amount not to exceed 100% of the subcontract amount.

1.E.6 Surety

The TBGPA/DIA will submit the bond package to a Surety from a list of firms who have responded to the TBGPA/DIA's request to participate in the program. The Surety will review the bond guarantee package. After approval, the Surety will issue the bond with copies to the Bank, the TBGPA/DIA, and the District. In the event of Surety disapproval, the TBGPA/DIA will consult with the prime contractor in an effort to have the prime contractor consider:

- a. Revising the scope of work contemplated in the subcontract to a level that will allow the DBE/WBE to be bonded, including writing multiple subcontracts to allow the DBE to obtain incremental bonding;
 - b. Waiving the bonding requirement;
 - c. Entering into a DBE/WBE joint venture with the DBE/WBE for the purpose of performing the subcontract work; or,
 - d. Substituting the subcontractor with another DBE/WBE subcontractor if no other alternative is available.
- Substitution of subcontractors will be in accordance with District and Commission DBE/WBE policy, District and Commission procurement policies and procedures, and California Law (Public contract Code 4107).

1.E.7 Management Assistance Services:

1.E.7.a Management Supervision Assistance:

1.E.7.a.1

To safeguard the performance and payment bond guarantee program, the TBGPA/DIA will provide supervisory assistance to Bond Program Participants, which will include but not be limited to the following:

- (a) Assist in purchasing material for the job;
- (b) Assist in obtaining construction permits, and subcontracts;
- (c) Assist in preparing change orders, job budgets, and trade payment breakdown;
- (d) Periodically requesting from prime contractor job status reports, which may include job organization and procedures, plans, specifications, bids and labor problems;
- (e) Assist the Participant in complying with applicable State and Federal regulations.

1.E.7.a.2

Field reports and progress reports will be maintained by TBGPA/DIA and will be made available for District inspection.

1.E.7.b Fiscal Supervision:

1.E.7.b.1

The fiscal records of the Transit Bond Guarantee Program Participant maintained by the TBGPA/DIA will consist of:

- (a) Cash receipts.
- (b) Record of Checks Drawn.
- (c) Payroll Records.
- (d) Bank Reconciliations.

1.E.7.b.2

All financial records maintained by the TBGPA/DIA will be incorporated into the Participant's present accounting system.

1.E.7.b.3

The TBGPA/DIA will assist the Transit Bond Guarantee Program Participant in obtaining lines of credit from the Bank under the working capital loan program.

1.E.7.b.4

All payments to the Transit Bond Guarantee Program Participant under the subcontract for which a bond guarantee has been made shall be by check of payor drawn to the Transit Bond Guarantee Program Participant and the TBGPA/DIA and shall be deposited directly in a co-owner escrow account. Where the Bank has extended a line of credit under the working capital loan program,

the assignment of proceeds shall be made payable to the TBGPA/DIA, the Bank and the Participant. The TBGPA/DIA will assist the participant in obtaining this assignment.

1.E.7.b.5 Disbursement

Upon approval of the bond guarantee by the Surety, a co-signatory escrow account will be established between the TBGPA/DIA and the Participant for the specific bonded subcontract, and any payments made pursuant to the specific bonded subcontract will be paid from the established co-signatory escrow account. Transit Bond Program Participants will be required to submit to the TBGPA/DIA releases of lien and invoices for all disbursements of debts incurred during the performance of a subcontract for which the District has guaranteed the bonds.

1.F DEFINITIONS

1.F.1

The following definitions apply to the terms used in these specifications.

1.F.2

"Bank" means one or more institutions incorporated to perform banking services under the laws of the State of California, and under contract to the District to provide certain services in connection with the Transit Bond Guarantee Program.

1.F.3

"Bond Guarantee Review Committee" means a committee of not more than 3 individuals selected by the DIA to review applications for participation in the Transit Bond Guarantee Program.

1.F.4

"Commission" means the LOS ANGELES COUNTY TRANSPORTATION COMMISSION, a political subdivision of the State of California, and the owner of the Long Beach-Los Angeles Rail Transit Project and the Norwalk-El Segundo Rail Transit Project.

1.F.5

"DIA" means JOR, a Joint venture of Fred S. James & Company of California, Inc.; Akasaka, Ortiz & Ciocatto Insurance Associates, Inc.; and Rideau & Associates Insurance Agency; d/b/a District Insurance Administrator, District's Insurance Intermediary, Metro Rail Project, the Long Beach-Los Angeles Rail Transit Project, and the Norwalk-El Segundo Rail Transit Project, located at 548 South Spring Street, Suite 435, Los Angeles, CA 90013.

1.F.6

"Disadvantaged Business Enterprise" means a small business concern: (a) which is at least 51 percent owned by one or more socially and economically disadvantaged individuals (as defined in Section 1.F.9, below), or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by

one or more socially and economically disadvantaged individuals; and (b) whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.

1.F.6.a

"Owned and controlled" means a business: (a) which is at least 51 percent owned by one or more minorities or women or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by one or more minorities or women; and (b) whose management and daily business operations are controlled by one or more such individuals.

1.F.6.b

"Small business concern" means a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto; except that for purposes of the Metro Rail Project only, a "small business concern" shall not include any concern or group of concerns controlled by the same socially and economically disadvantaged individual(s) which have annual average gross receipts in excess of \$14 million over the previous three fiscal years.

1.F.7

"District" means the SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, a political subdivision of the State of California, and the owner of the Metro Rail Project.

1.F.8

"Prime Contractor" or "Contractor" means a person, firm or corporation having a direct contractual obligation with the District or the Commission to construct a facility associated with the Metro Rail Project, the Long Beach-Los Angeles Rail Transit Project, or the Norwalk-El Segundo Rail Transit Project. In the context of the Bond Guarantee program, "prime contractor" or "contractor" also means the obligee of the bond(s).

1.F.9

"Socially and Economically Disadvantaged Individuals" means those individuals who are citizens of the United States (or lawfully admitted permanent residents) and who are Black Americans, Hispanic Americans, Native Americans, Asian-Pacific American, or Asian-Indian Americans and any other minorities or individuals found to be disadvantaged by the Small Business Administration pursuant to Section 8(a) of the Small Business Act, by the District pursuant to 49 CFR 23.62, or by the Commission pursuant to 1.10 of the Commission's Affirmative Action Labor Compliance Manual. Members of the following groups are presumed to be socially and economically disadvantaged:

1.F.9.a

"Black Americans," which includes persons having origins in any of the Black racial groups of Africa;

1.F.9.b

"Hispanic Americans," which includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;

1.F.9.c

"Native American," which includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians;

1.F.9.d

"Asian-Pacific Americans," which includes persons whose origins are from Japan, China Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific, and the Northern Marianas;

1.F.9.e

"Asian-Indian Americans," which includes persons whose origins are from India, Pakistan, and Bangladesh; and

1.F.9.f

"Women" regardless of race or ethnicity. Effective October 1, 1987, women are included among the groups of individuals presumed to be socially and

economically disadvantaged for purposes of the Metro Rail Project only.

1.F.9.g

"Other Socially and Economically Disadvantaged Individuals" means those individuals who are citizens of the United States (or lawfully admitted permanent residents) and who, on a case-by-case basis, are determined by the Small Business Administration, the District, or the Commission to meet the social and economic disadvantage criteria described below.

1.F.9.g.1 Social Disadvantage

1.F.9.g.1(a)

The individual's social disadvantage stems from his/her color, national origin, gender, physical handicap, long term residence in an environment isolated from the mainstream of American society, or other similar cause beyond the individual's control.

1.F.9.g.1(b)

The individual must demonstrate that he/she has personally suffered social disadvantage.

1.F.9.g.1(c)

The individuals's social disadvantage must be rooted in treatment which he/she has experienced in American society, not in other countries.

1.F.9.g.1(d)

The individuals's social disadvantage must be chronic, long-standing, and substantial, not fleeting or insignificant.

1.F.9.g.1(e)

The individual's social disadvantage must have negatively affected his/her entry into, and/or advancement in, the business world.

1.F.9.g.1(f)

A determination of social disadvantage must be made before proceeding to make a determination of economic disadvantage.

1.F.9.g.2 Economic Disadvantage

1.F.9.g.2(a)

The individual's ability to compete in the free enterprise system has been impaired due to diminished capital and credit

opportunities, as compared to others in the same line of business and competitive market area who are not socially disadvantaged.

1.F.9.g.2(b)

The following criteria will be considered when determining the degree of diminished credit and capital opportunities of a person claiming social and economic disadvantage:

With respect to the individual:

- (1) availability of financing
- (2) bonding capability
- (3) availability of outside equity capital
- (4) available markets

With respect to the individual and the business concern:

- (1) personal and business assets
- (2) personal and business net worth
- (3) personal and business income and profits

1.F.10

"Subcontractor's Bond" means a bond, furnished by a Subcontractor, together with his/her Surety, as a guarantee that the Subcontractor will perform the work and make payments in accordance with the terms of the contract between himself/herself and the Prime Contractor. (Also known as the "Subcontractor's Performance and Payment Bond" or "Performance Bond.")

1.F.11

"Surety" means an entity authorized by the State of California to execute bonds.

1.F.12

"Transit Bond Guarantee Program Administrators (TBGPA)" means the Iris C. Rideau Insurance Agency; d/b/a TBGPA, a subcontractor to the District Insurance Administrator (DIA); responsible for implementing the DBE/WBE Transit Bond Guarantee Program; located at 548 S. Spring Street, Suite 500, Los Angeles, CA 90013.

1.F.13

"Transit Bond Program Participant" means a DBE or WBE Subcontractor to a Prime Contractor with the District or the Commission for the Metro Rail Project, the Long Beach-Los Angeles Rail Transit Project, or the Norwalk-El Segundo Rail Transit Project and who has been approved for a performance and payment bond guarantee by the TBGPA/DIA, the Surety, and the District.

1.F.14

"Women's Business Enterprise (WBE)" means a small business concern that: (a) is at least 51 percent owned by one or more women or in the case of a publicly-owned business, at least 51 percent of the stock of which is owned by one or more women; and (b) the management and daily business operations of which are controlled

by one or more of the women who own it. Effective October 1, 1987, firms previously certified by the District as WBEs are to be considered Disadvantaged Business Enterprises (DBE's) for purposes of the Metro Rail Project only.

EXHIBIT 1

DBE/WBE Resource Organizations

These organizations' names, addresses, telephone numbers and contact persons are subject to change subsequent to the publication of these specifications. Please consult the District's and Commission's latest Directory of Certified DBE's and WBE's for an update of these Resource Organizations.

MINORITY/WOMEN CONTRACTORS/PROFESSIONAL ASSOCIATIONS

ASIAN BUSINESS ASSOCIATION
LYNNE CHOY UYEDA, PRESIDENT
C/O APEX COMPUTER SYSTEMS
12611 HIDDEN CREEK WAY, SUITE B
CERRITOS, CA 90701
213-926-6820

ASIAN-AMERICAN ARCHITECTS & ENGINEERS
RUSSELL IWANAGA, PRESIDENT
412 WEST 4TH ST.
SANTA ANA, CA 92701
714-547-3900

ASSOCIATION OF BLACK WOMAN ENTREPRENEURS
PRESIDENT
3450 WEST 3RD ST., SUITE 103
LOS ANGELES, CA 90008
213-837-8973

BLACK BUSINESS ALLIANCE OF ORANGE COUNTY
JAMES D. MCCLELLAN, PRESIDENT
P.O. BOX 2121
ORANGE, CA 92669
714-380-9471

BLACK BUSINESS ASSOCIATION
PAUL HAMMONS, PRESIDENT
5140 CRENSHAW BLVD., SUITE B
LOS ANGELES, CA 90043
213-292-0271

CALIFORNIA ASSOCIATION OF MINORITY AMERICAN CONTRACTORS
MARVIN WILLIAMS, PRESIDENT
624 SO. GRAND AVE. STE. 2415
LOS ANGELES, CA 90017
213-622-4848

CHINESE CHAMBER OF COMMERCE
PEDRO CHAN, PH. D., DIRECTOR
978 NORTH BROADWAY, SUITE 206
LOS ANGELES, CA 90012
(213) 617-0396

HISPANIC BUSINESS AND PROFESSIONAL ASSOCIATION
CAROLE VARGAS, PRESIDENT
P.O. BOX 5278-141
SANTA ANA, CA 92704
714-836-7748

MINORITY/WOMEN CONTRACTORS/PROFESSIONAL ASSOCIATIONS

HISPANIC CHAMBER OF COMMERCE OF ORANGE COUNTY
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(714) 888-2188

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LOS ANGELES, CA 90012-388
(213) 626-3067

KOREAN CHAMBER OF COMMERCE
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LATIN BUSINESS ASSOCIATION
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MAYOR'S OFFICE OF SMALL BUSINESS ASSISTANCE
WILFRED MARSHALL, DIRECTOR
200 NORTH SPRING STREET
LOS ANGELES, CA 90012
(213) 485-6142

MINORITY CONTRACTORS ASSOCIATION OF LOS ANGELES
JOHN THOMPSON, PRESIDENT
3707 WEST JEFFERSON BOULEVARD
LOS ANGELES, CA 90016
(213) 737-7952

NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS
SANDY STEERS, PRESIDENT
LORIEN SYSTEMS, INC.
5030 E. 2ND ST., SUITE 300
LONG BEACH, CA 90803
818-795-2905

MINDRITY/WOMEN CONTRACTORS/PROFESSIONAL ASSOCIATIONS

SOUTHERN CALIFORNIA REGIONAL PURCHASING COUNCIL
HOLLIS SMITH, EXECUTIVE DIRECTOR
650 SOUTH SPRING STREET, SUITE 1209
LOS ANGELES, CA 90014
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ORANGE, CA 92669-2004
(714) 633-7795

WOMEN CONSTRUCTION OWNERS AND EXECUTIVES, USA
WILLA PORTER, PRESIDENT
10952 GLEN ROBIN LANE
ORANGE, CA 92669-2004
714-633-7795

MINORITY BUSINESS DEVELOPMENT CENTERS

ANAHEIM MBDC

ANDREW DELGADO, PROJECT DIRECTOR
2700 NORTH MAIN STREET, SUITE 810
SANTA ANA, CA 92701
(714) 667-8200

BAKERSFIELD MBDC

MANUEL LERMA, PROJECT DIRECTOR
NEDA
1308 CHESTER
BAKERSFIELD, CA 93301
(805) 328-1111

BUSINESS DEVELOPMENT CENTER OF SO. CALIF.

CLEVELAND O. NEIL, PRESIDENT
3807 WILSHIRE BLVD., SUITE 700
LOS ANGELES, CA 90010-3108
(213) 380-9541

CALIFORNIA INDIAN MBDC

MICHAEL ALLISON, PRESIDENT
9650 FLAIR DRIVE, SUITE 303
EL MONTE, CA 91731-3008
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FRESNO MBDC

AMER MAKKI, PROJECT DIRECTOR
NEDA SAN JOAQUIN VALLEY, INC.
2010 NORTH FINE, SUITE 103
FRESNO, CA 93727
(209) 252-7551

LOS ANGELES NORTH MBDC

PHIL VASQUEZ, PRESIDENT
3460 WILSHIRE BLVD., SUITE 1005
LOS ANGELES, CA 90010
(213) 382-5032

OXNARD MBDC

VICTOR F. FONTAINE, PROJECT DIRECTOR
451 WEST FIFTH STREET
OXNARD, CA 93030
(805) 483-1123

RIVERSIDE MBDC

BONNIE LONDON, PROJECT DIRECTOR
3601 UNIVERSITY AVENUE, #200
RIVERSIDE, CA 92501
(714) 788-9777

MINORITY BUSINESS DEVELOPMENT CENTERS

SACRAMENTO MBDC

MELISSA CADET, PROJECT DIRECTOR
530 BERGUT DRIVE, SUITES C & D
SACRAMENTO, CA 95814
(916) 433-0700

SALINAS MBDC

KEVIN N. QUINN, PROJECT DIRECTOR
137 CENTRAL AVENUE, SUITE 1
SALINAS, CA 93901
(408) 422-3701

SAN DIEGO MBDC

CHARLES SHOCKLEY, PROJECT DIRECTOR
6363 ALVARADO COURT, ROOM 225
SAN DIEGO, CA 92120
(619) 265-3684

SAN FRANCISCO/OAKLAND MBDC

DUANE OKAMOTO, PROJECT DIRECTOR
ONE CALIFORNIA STREET, SUITE 2100
SAN FRANCISCO, CA 94111
(415) 989-2920

SAN JOSE MBDC

JOSE FLACENCIA, PROJECT DIRECTOR
4655 OLD IRONSIDES DRIVE, SUITE 370
SANTA CLARA, CA 95054
(408) 980-0371

SANTA BARBARA MBDC

DAVID VALDEZ, PROJECT DIRECTOR
829 DE LA VINA, SUITE 300
SANTA BARBARA, CA 93101
(805) 564-2414

STOCKTON MBDC

SEBRON A. HUMPHREY, PROJECT DIRECTOR
37TH WEST YOKUTS, SUITE C-4
STOCKTON, CA 95207
(209) 957-5721

EXHIBIT 2

Transit Bond Guarantee Program Application

TRANSIT BOND GUARANTEE PROGRAM
548 South Spring Street, Suite 500
Los Angeles, CA 90013
(213) 688-7481

CONTRACTORS QUESTIONNAIRE

1. Name of Contractor _____
2. Contractor's Trade Name _____
3. Address _____
City _____ Zip Code _____ Phone Number _____
4. Style of Business: Sole Proprietorship _____ Partnership _____
Corporation _____
5. State and Date of Incorporation _____ Years in Business _____
6. What is your State Contractors License Number? _____
7. What classification is your License? _____
8. Have there been any complaints? Yes _____ No _____
If yes, explain type of job, date, amount of contract, the problem and how was it resolved.

9. Have you ever been bonded? Yes _____ No _____
If yes, please provide the following information:
 - A. Name of Bonding Company _____
 - B. Name of Project or Projects _____
 - C. Amounts of each Bonded Project _____
 - D. Date Completed _____
10. Name of your insurance agent and phone number for verification on your automobile, general liability and workers compensation insurance.

11. List four (4) major contracts completed in the last five (5) years.
(See "Reference" form attached.)
12. How many of those projects were bonded? _____
How many were not bonded? _____

13. Provide us with a list for last three (3) years of Business Banking:

CURRENT BANKING:

NAME OF BANK _____
ADDRESS _____
PHONE NUMBER _____ CONTACT PERSON _____
ACCOUNT NUMBER _____ CURRENT BALANCE _____

CURRENT BANKING:

NAME OF BANK _____
ADDRESS _____
PHONE NUMBER _____ CONTACT PERSON _____
ACCOUNT NUMBER _____ CURRENT BALANCE _____

PAST BANKING:

NAME OF BANK _____
ADDRESS _____
PHONE NUMBER _____ CONTACT PERSON _____
ACCOUNT NUMBER _____ CURRENT BALANCE _____

PAST BANKING:

NAME OF BANK _____
ADDRESS _____
PHONE NUMBER _____ CONTACT PERSON _____
ACCOUNT NUMBER _____ CURRENT BALANCE _____

PAST BANKING:

NAME OF BANK _____
ADDRESS _____
PHONE NUMBER _____ CONTACT PERSON _____
ACCOUNT NUMBER _____ CURRENT BALANCE _____

14. PRINCIPALS OF THE COMPANY ARE:

NAME		RESIDENCE ADDRESS	CITY	STATE	ZIP
TITLE/POSITION WITH COMPANY		YEARS IN THIS INDUSTRY		YEARS IN THIS FIRM	
DRIVERS LICENSE NO.	SOCIAL SECURITY NO.	AGE	SPOUSES NAME		HOME PHONE
PERSONAL BANKING: NAME ADDRESS				ACCOUNT NUMBERS	

NAME		RESIDENCE ADDRESS	CITY	STATE	ZIP
TITLE/POSITION WITH COMPANY		YEARS IN THIS INDUSTRY		YEARS IN THIS FIRM	
DRIVERS LICENSE NO.	SOCIAL SECURITY NO.	AGE	SPOUSES NAME		HOME PHONE
PERSONAL BANKING: NAME ADDRESS				ACCOUNT NUMBERS	

NAME		RESIDENCE ADDRESS	CITY	STATE	ZIP
TITLE/POSITION WITH COMPANY		YEARS IN THIS INDUSTRY		YEARS IN THIS FIRM	
DRIVERS LICENSE NO.	SOCIAL SECURITY NO.	AGE	SPOUSES NAME		HOME PHONE
PERSONAL BANKING: NAME ADDRESS				ACCOUNT NUMBERS	

15. Do you have any subsidiary or affiliate companies? If so, give names and addresses: _____

16. What class of construction do you specialize in as a General contractor _____ and as a Subcontractor _____?
17. What percentage of your work do you typically sub to others? _____
18. What has been the greatest dollar volume of work on hand at one time?

- a) What year? _____
- b) How many contractors were there? _____
19. What size single contracts do you think your organization is best qualified to handle? _____
20. Has there been any change in the control of the company or any related company in the last three (3) years? Yes _____ No _____
Explain: _____

21. Have you ever, or has any person in your organization ever failed to complete or caused a surety to pay a claim? Yes _____ No _____
Explain: _____

22. Are there any claims filed against the company's or related entity's projects? Yes _____ No _____
Explain: _____

23. Is the company, any stockholder, owner, partner, or related entity an indemnitor or guarantor to any creditor? Yes _____ No _____
Explain: _____

24. Have any or all of the company's accounts receivable or retentions been assigned, sold or discounted or hypothecated? Yes _____ No _____
Explain: _____

25. Are there any guarantees or contingent liabilities outstanding other than as noted in the latest financial statement? Yes _____ No _____
26. Are you involved in any litigation? Yes _____ No _____
27. Are any assets of the company or any indemnitor held in trust? Yes _____ No _____
-

Each of the undersigned affirms that the foregoing statements and answers are true and are made to induce Transit Bond Guarantee Program (hereinafter called agent) to authorize the application for the procurement of a Surety Bond, and any extension, modification or renewal thereof, additions thereto, or substitution therefor.

Each of the undersigned further affirms that he understands that Transit Bond Guarantee Program is Agent/Broker of the Surety/Bonding Company and further affirms that he understands that Suretyship is credit, and authorizes Surety, or its agent to gather information it considers necessary for evaluating whether or not credit should be granted.

Contractor/Applicant Name

Date

Sign: _____

By: _____
(Print Name) (Title)

EXHIBIT 3

Transit Bond Guarantee Program
Participant Assistance Agreement

TRANSIT BOND GUARANTEE PROGRAM

SUB-CONTRACTOR ASSISTANCE AGREEMENT

James, Ortiz, Rideau, A Joint Venture, AKA District Insurance Administrator (DIA), has been given the responsibility and authority by the Southern California Rapid Transit District and the Los Angeles County Transportation Commission to implement the Bond Guarantee Program for the Metro Rail Project, the Long Beach-Los Angeles Rail Project, and the Norwalk-El Segundo Rail Transit Project.

In order for the Bond Guarantee Program to be conducted in a manner that will allow for the highest degree of probability of success, it is essential that all of the parties involved in the program adhere to procedures that have been established for this purpose.

In view of the above, the following Agreement must be signed by all companies desiring to participate in the Bond Guarantee Program:

I, _____,
(NAME OF CONTRACTOR/APPLICANT)
as a District/Commission Bond Guarantee Program Participant, agree to abide by the following terms and conditions:

1. I will submit a copy of weekly field logs to the DIA or its representative;
2. I will disclose fully to the DIA or its representative all contracts, leases, sub-contracts, loan agreements, rental agreements and fixed assets purchase agreement prior to execution;
3. I will receive prior written approval from the DIA or its representative before executing all contracts, leases, sub-contracts, loan agreements, rental agreements and fixed assets purchase agreements;
4. I will provide quarterly financial statements to the DIA or its representative;
5. I will submit a schedule of uncompleted work monthly to the DIA or its representative;
6. I will submit to the DIA or its representative a copy of monthly requisitions prior to submission to prime contractor/owner;
7. I will provide the DIA or its representative with requested fiscal records for audit purposes;
8. I will meet at least weekly with the DIA or its representative to discuss bonded sub-contract progress;
9. I will perform no change notices without a written signed change order;

10. I will request no funds from the DIA or its representative on change orders without providing the DIA or its representative with an approved change order;
11. I will provide to the DIA or its representative on a weekly basis, a certified payroll attested to by a designated representative confirming that the individuals, hours, and wage rates identified in the certified payrolls accurately reflect expenses incurred for labor in connection with the specific bonded sub-contract;
12. I will submit to the DIA or its representative copies of all invoices and delivery tickets for materials supplied for the specific bonded sub-contract;
13. I will submit to the DIA or its representative copies of all invoices and delivery tickets for rented equipment or cost of operating owned equipment for the specific bonded sub-contract;
14. I understand that the DIA or its representative may recommend that payments for certain overhead and administrative expenses not be made in order to insure the financial success of the bonded sub-contract;
15. I understand that disbursements from the joint escrow account will be limited to the extent of the funds made available from the Prime Contractor under the Assignment of Contract Proceeds and/or from the Bank under a line of credit;
16. I understand that the DIA or its representative shall be permitted to evaluate and make recommendations to my company, the Prime Contractor, the DIA and the District on the performance of my company's management team; and
17. I agree that the DIA or its representative shall have direct access to the surety and the prime contractor.

IN WITNESS WHEREOF, the parties hereto set their hands and seals

this _____ day of _____, 198__.

Witness: _____

Sign: _____

(PRINT NAME)

Contractor/Applicant and District
Bond Guarantee Program Participant

Witness: _____

By: _____

(PRINT NAME)

James, Ortiz, Rideau, A Joint Venture
d/b/a District Insurance Administrator

QUESTIONS & ANSWERS
RELATING TO THE
DBE/WBE TRANSIT BOND GUARANTEE PROGRAM

I.

GENERAL

1. WHY IS THE DISTRICT IMPLEMENTING A DBE/WBE TRANSIT BOND GUARANTEE PROGRAM FOR RAIL TRANSIT PROJECTS?

The District is required by provisions of the Surface Transportation and Uniform Relocation Assistance Act of 1987 to provide opportunities for DBE/WBEs to participate to the maximum extent feasible in contracting opportunities on the Metro Rail Project. The Commission is committed to the same objective for the Long Beach-Los Angeles Rail Transit Project and the Norwalk-El Segundo Rail Transit Project. The District and the Commission have determined that the implementation of a joint Transit Bond Guarantee Program (TBGP), administered by the District, is necessary to provide such opportunities.

2. WHICH DBE/WBE'S ARE ELIGIBLE TO PARTICIPATE IN THE TBGP?

DBE/WBEs who have a subcontract with a prime contractor on the Metro Rail Project, Long Beach-Los Angeles Rail Transit Project or the Norwalk-El Segundo Rail Transit Project, who

have been certified by the District (for the Metro Rail Project) or the Commission (for the Long Beach-Los Angeles and Norwalk-El Segundo Rail Projects), who have signed the DIA Subcontractor Assistance Agreement and have previously been declined by three sureties in the standard market, are eligible to participate in the Transit Bond Guarantee Program.

3. WHY NOT JUST ENCOURAGE PRIME CONTRACTORS TO WAIVE PERFORMANCE AND PAYMENT BONDS FOR DBE/WBES?

The District and the Commission have determined that providing an opportunity for DBE/WBES to secure bonds will assist DBE/WBES by creating or increasing their bonding capacity, ultimately allowing them to compete for contract awards in the construction contracting mainstream. The result is the long-term availability of DBE/WBE contractors for District and Commission contracting opportunities.

4. DOES THE PRIME CONTRACTOR HAVE TO REQUIRE PERFORMANCE AND PAYMENT BONDS FROM HIS DBE/WBE SUBCONTRACTORS?

No, but if the prime contractor does require a bond of a DBE/WBE, he/she must notify the DBE/WBE subcontractor of the District's TBGP and the availability of assistance from the TBGPA/DIA in securing the required bond(s).

5. HOW IS THE DBE/WBE REFERRED TO THE TBGPA/DIA?

As soon as the District or the Commission award a contract, the District (for the Metro Rail Project) or the Commission (for the Long Beach-Los Angeles and Norwalk-El Segundo Rail Transit Projects) will identify potential TBGP Participants as follows:

a. The District or Commission will request that the Prime Contractor identify DBE/WBE subcontractors who meet the following criteria:

- (1) The DBE/WBE subcontractor was listed on the Prime Contractor's bid.
- (2) The DBE/WBE subcontractor was approved by the District or Commission to be credited toward the DBE/WBE goal for the contract.
- (3) The DBE/WBE subcontractor has not yet executed a subcontract agreement with the Prime Contractor.
- (4) The DBE/WBE subcontractor has been required by the Prime Contractor to provide payment and/or performance bonds for his/her work on the contract.

b. Upon receipt of the Prime Contractor's response, the District or Commission will contact those DBE/WBES identified by the Prime Contractor who meet the criteria listed in a(1)-a(4), above, to request that they provide the District or Commission with evidence of having

attempted to secure the required bonds through the standard market. Evidence of declination from at least three sureties (or from a California licensed insurance agent who can represent that he/she received declinations from three insurance companies on behalf of the DBE/WBE) will be required from each DBE/WBE.

c. Upon receipt of the DBE/WBE's response to item b, above, the District or Commission will refer to the TBGPA/DIA Office (through the District's DBE Office) the following information:

- (1) The information from the Prime Contractor in accordance with a, above.
- (2) The information from the DBE/WBE subcontractor in accordance with b, above.
- (3) The DBE/WBE's Federal IRS Number and Social Security Number.

II.

BOND GUARANTEE PROCEDURES

1. HOW DOES A DBE/WBE GET INTO THE TBGP?

The DIA will assist the DBE/WBE referred by the District or the Commission, through the District's DBE Office, in filling out the TBGP application and working capital loan application packages. The latter applies only to those DBE/WBE's who need additional working capital to be eligible for a guaranteed bond.

If the DBE/WBE meets TBGP guidelines, the DIA will work with their current surety to secure the required bond(s) and, if necessary, will contact sureties participating in the TBGP. When the surety issues the guarantee bond, the DBE/WBE is a TBGP participant.

2. WHAT OBLIGATIONS DOES THE PRIME CONTRACTOR HAVE UNDER THE TBGP?

The prime contractor must not refuse to enter into a subcontract with a DBE/WBE solely because of the DBE/WBE's inability to secure the required bond or a working capital loan that would qualify the DBE/WBE for the required bond.

The contractor must notify all potential DBE/WBE subcontractors that they must attempt to secure the required bond or bonds through the standard surety market and that they must submit to the District or Commission, upon their request, at least three declinations from such sureties to be eligible to participate in the TBGP. Once the prime contractor has been notified that he/she is the successful bidder, he/she must identify to the District or Commission, upon request, those DBE/WBEs with whom he/she intends to enter into a subcontract and who require assistance in securing payment and/or performance bonds.

3. WHAT IF THE TBGPA/DIA CANNOT SECURE A BOND FOR THE DBE/WBE?

The prime contractor will be notified by the TBGPA/DIA of this, and will have options, including the following:

- a. Split the subcontract into smaller segments, if thereby the DBE/WBE will qualify for the required bond(s);
- b. Waive the bond(s) for the DBE/WBE;
- c. Enter into a DBE or WBE joint venture with the DBE/WBE to allow the DBE/WBE joint venture to secure the guaranteed or non-guaranteed bond(s);

d. Reject the DBE/WBE as a subcontractor, and substitute another DBE/WBE in its place in accordance with District and Commission policies and procedures and California law.

4. HOW LONG WILL IT TAKE FOR THE TBGPA/DIA TO SECURE A BOND FOR A DBE/WBE?

The guaranteed bond will be approved or denied within 30 days of the District's referral of the DBE/WBE to the TBGPA/DIA as described in Section I.5.c. of these Q & A's.

5. WHAT OBLIGATIONS DOES THE DBE/WBE HAVE UNDER THE TBGP?

The DBE/WBE must attempt to secure the required bond or bonds through the standard surety market and must submit at least three declinations from such sureties to be eligible to participate in the BGP.

The DBE/WBE must sign the Subcontractor Assistance Agreement and perform under its terms and conditions during TBGP participation. This document commits the DBE/WBE to cooperate with the TBGPA/DIA fully in the implementation of the TBGP.

6. WHAT IF THE DBE/WBE DOES NOT FULFILL ITS OBLIGATIONS UNDER THE TBGP?

The TBGP is a voluntary program under the eligible rail transit projects and the DBE/WBE's continued participation in the program is subject to its adherence to the terms and conditions of the Subcontractors Assistance Agreement.

7. WHICH SURETIES WILL ISSUE BONDS UNDER THE TBGP?

The TBGPA/DIA has identified sureties to participate in the TBGP through its marketing of the TBGP. In addition, any eligible surety utilized by a DBE/WBE may issue a bond under the TBGP. An eligible surety is one recognized by the State of California to execute bonds.

8. WHO IS GUARANTEEING THE BONDS?

The City of Los Angeles and the Los Angeles County Transportation Commission have each entered into an agreement with the District under which funds have been deposited to guarantee bonds in participating banks having a Banking Services Agreement with the District.

9. WHAT HAPPENS IF A DBE/WBE WITH A GUARANTEED BOND DEFAULTS ON ITS SUBCONTRACT?

The TBGPA/DIA would work with the surety that issued the bond to have the defaulted work completed as expeditiously and efficiently as possible. The loss under the guaranteed bond would be limited to the new subcontract completion costs, after payment in full by the prime contractor of the subcontract price in force at the time of the default.

10. HOW WILL TBGPA/DIA HELP TBGP PARTICIPANTS?

TBGPA/DIA will assist TBGP participants in preparing bond and working capital loan application packages and will provide them with management and fiscal assistance as outlined in the TBGP Specifications.

11. WHEN CAN THE PRIME CONTRACTOR EXPECT ISSUANCE OF THE TBGP PARTICIPANT'S BOND?

In the event that the DBE/WBE's subcontract work is to begin more than 90 days after bond approval, the prime contractor may expect the bond to be issued not more than 90 days prior to the beginning of the subcontract work.

III.

WORKING CAPITAL LOAN PROGRAM

1. WHO IS ELIGIBLE FOR WORKING CAPITAL LOANS UNDER THE TBGP?

Only those DBE/WBE's who secure a guaranteed bond are eligible for a working capital loan under the TBGP. The bond(s) and working capital loan may be applied for simultaneously, but a DBE/WBE who does not receive a guaranteed bond will not be eligible for a working capital loan under the TBGP. The working capital loan may not exceed 25% of the amount of the bond guarantee.

2. WHO IS PUTTING UP THE MONEY FOR THE WORKING CAPITAL LOANS?

The participating banks with whom the District has a Banking Services Agreement have established a working capital loan fund.

3. HOW DOES A TBGP PARTICIPANT QUALIFY FOR A WORKING CAPITAL LOAN?

The participating banks will use their own loan underwriting standards to determine eligibility for a working capital

loan, although uncollateralized working capital loans will be made available to TBGP participants under the Banking Services Agreement.

4. WHAT INTEREST RATE WILL BE CHARGED FOR A WORKING CAPITAL LOAN?

The interest rate will be determined by the participating banks and the TBGP participant.

5. ARE WORKING CAPITAL LOANS GUARANTEED BY THE DISTRICT?

No. The participating bank assumes all of the risks under the working capital loan program including those for uncollateralized loans under the Banking Services Agreement. Such risks are minimized, however, by the requirement in the Subcontractor Assistance Agreement that the TBGP participant execute an assignment of subcontract proceeds to an escrow account held jointly with the DIA and the Bank. All disbursements from the escrow account require TBGPA/DIA and Bank concurrence.