

EXHIBIT C

Small Business Enterprise Element (Section 26.39)

The AUTHORITY has established a Small Business Enterprise element (SBE Program) as one of its race-neutral methods of achieving small business participation, including disadvantaged business participation, on particular contracts with subcontracting opportunities. This SBE element applies to all federally funded AUTHORITY contracts where race-neutral and gender-neutral methods are employed. The AUTHORITY will take all reasonable steps to eliminate obstacles for SBEs to participate as prime contractors or subcontractors in the AUTHORITY's procurement activities.

A. Definition of Small Business Enterprise

To participate as an eligible small business in programs administered by the AUTHORITY, a firm must meet both of the following requirements:

1. A firm (including affiliates) must be an existing small business as defined by Small Business Administration (SBA) regulations, 13 CFR Part 121, for the appropriate type(s) of work that a firm performs. The firm must hold one of the acceptable certifications listed in Section B below.

2. Even if a firm meets the above requirement, the firm's (including affiliates') average annual gross receipts over the previous three years cannot exceed a maximum cap of \$23.98 million (or as adjusted for inflation by the Secretary of U.S. DOT). SBA size standards vary by industry, and for certain industries may be higher than the \$23.98 million cap. For example, the SBA size standard for a general construction contractor is \$36.5 million. If a general construction contractor's average annual gross receipts over the previous three years is \$25 million, while it is below \$36.5 million and meets the SBA size standard, it would be ineligible to participate as a small business for AUTHORITY purposes as it exceeds \$23.98 million.

For information on SBA size standards, visit: <http://www.sba.gov/content/determining-size-standards>. Affiliates are defined in SBA regulations 13 CFR Part 121.103.

B. Acceptable Comparable Small Business Enterprise Certifications

The AUTHORITY will accept the small business enterprise certifications performed by other agencies, provided that the size standards described in Section A1 and A1 above are met. If a firm is certified in one or more of the following programs, and meets AUTHORITY size standards, the firm is

automatically deemed a small business for AUTHORITY purposes. The term "SBE" will be used collectively for qualified SBEs, WBEs, MBES and other approved certifications. As indicated below, the AUTHORITY may require an affidavit of size for each SBE prime contractor or subcontractor. Certifications from self-certification programs are not acceptable. The AUTHORITY may request and review financial information provided by SBE firms if necessary to confirm eligibility.

1. Disadvantaged Business Enterprise (DBE) certification pursuant to U.S. Department of Transportation regulations, 49 CFR Part 26. This includes DBE certifications performed by the California Unified Certification Program or by the Unified Certification Program of any other state.

2. State Minority Business Enterprise (SMBE) State Women Business Enterprise (SWBE) certification by the State of California or by any other state provided that their certification complies with Section A1 and A1 above. In addition to copies of SMBE/SWBE certifications, bidders certified out-of-state must submit an affidavit of size for each SMBE/SWBE prime contractor or SMBE/SWBE subcontractor at the time of bid submittal.

3. Small Business (SB) certification by the California Department of General Services (DGS) provided that their certification complies with Section A1 and A1 above. In addition to copies of SB certifications, bidders must submit an affidavit of size for each SB prime contractor or subcontractor at the time of bid submittal.

4. Microbusiness (MB) certification by the California Department of General Services for ALL industries.

5. SBA 8(a) by the Small Business Administration provided that their certification complies with Section A1 and A1 above. In addition to copies of SBA 8(a) certifications, bidders must submit an affidavit of size for each SBA 8(a) prime contractor or SBA 8(a) subcontractor at the time of bid submittal.

6. SBE/MBE/WBE certification from other state, county, or local government-certifying agency provided that their certification complies with Section A1 and A1 above. In addition to copies of certifications, bidders must submit an affidavit of size for each certified prime contractor or subcontractor at the time of bid submittal.

C. Race-Neutral SBE Measures

The AUTHORITY will continue its efforts to enhance small business participation through the regional outreach committee and other community programs, training and business development programs, restructuring contracting opportunities, simplifying bonding, surety and insurance requirements or other race-neutral means.

D. Determining and Adopting the Overall SBE Goal

The AUTHORITY will establish an overall SBE goal on a triennial basis for participation by Small Business Enterprises in all federally funded contracts the AUTHORITY expects to award during the triennial goal period. The AUTHORITY will set its overall SBE goal on the same three year cycle as the overall DBE goal. The overall SBE goal will be determined based on an analysis of the number and type of federally funded contracting opportunities the AUTHORITY expects to release in the next three year reporting period, the AUTHORITY's history of attracting SBEs, as well as the availability of SBEs in the types of work involved in upcoming opportunities. As part of this analysis staff will consult the California Unified Certification Program (http://www.dot.ca.gov/hq/bep/find_certified.htm) and Department of General Services databases for information on the availability of SBEs for various types of work. The overall SBE goal will be expressed as a percentage of the total amount of U.S. DOT funds the AUTHORITY anticipates expending in the three forthcoming fiscal years.

Following the review of the board report, the Board of Directors shall adopt an overall SBE goal which will subsequently be published in solicitations for federally funded contracts (that are not excluded from the AUTHORITY's SBE Program) and will also be published on the AUTHORITY's website.

The AUTHORITY may choose to exclude certain eligible contracts from the AUTHORITY's SBE Program after consideration of the following factors:

1. The full range of activities in the proposed contract
2. The availability of SBEs as prime contractors or subcontractors in the types of work involved in the performance of the proposed contract;
3. The unique conditions of the project that might affect the ability of the prime contractor to coordinate, utilize, or incorporate subcontractors or suppliers into the project. (Projects consisting of only one or two sub-trades may not be appropriate for inclusion in the AUTHORITY's SBE program.)
4. The effect that SBE participation may have on timing for the completion of the contract.
5. Any other relevant criteria.

E. Achieving The Overall SBE Goal

The AUTHORITY will seek to achieve the overall SBE goal for each year in the three year reporting period. Although the AUTHORITY will not set contract

specific goals, submitters are strongly encouraged to obtain SBE participation, including DBEs, in their bid or proposal. The bidder or proposer is required to provide a commitment of SBE achievement on a form provided by the AUTHORITY in their submittal notifying the AUTHORITY of the bidder's or proposer's SBE goal commitment for that contract. The Administrator shall review the SBE goal commitment and will confirm each SBE firm's certification status. If a firm receives SBE status during the completion of the contract, the AUTHORITY may include the firms' participation in its SBE program achievement. Acceptable comparable Small Business Enterprise certifications are listed in Section B of this document. Certain certifications require completion of a SBE Affidavit Form in a form designated by the AUTHORITY, and submitted at the time of bid opening.

Submittals that fail to document the solicitation of SBE participation may not be considered. The Administrator shall determine whether the bidder/proposer has performed the quality, quantity and intensity of efforts that demonstrates a reasonably active and aggressive attempt to attain SBE participation. All bidders/proposers must submit a description of the process that was followed to select the subcontractors and suppliers proposed to be included in this work and the steps taken to obtain small business participation. The AUTHORITY will consider SBE utilization, and the AUTHORITY's ability to meet its overall SBE goal in the evaluation of submittals of federally funded contracts included in the AUTHORITY's SBE Program.

Work that a SBE subcontracts to a non-SBE firm does not count toward the overall SBE achievement. Expenditures may only be counted if the SBE is performing a commercially useful function. Only the work actually performed by a SBE will be counted toward the AUTHORITY's overall SBE achievement. The cost of supplies and materials obtained by the SBE or equipment leased (except from the prime contractor or its affiliate) may also be counted. The Administrator will not count that portion of a SBE's participation that is achieved after the certification of the SBE had been removed during the performance of a contract.

If the amount of SBE participation at the end of any federal fiscal year is less than the overall SBE goal, the Administrator will analyze the reasons for the difference between the goal and actual participation in contract awards and commitments and take reasonable steps to increase SBE participation.