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DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

Illinois Unified Certification Program

MEMORANDUM OF UNDERSTANDING AND CERTIFICATION PROCEDURES

Illinois Unified Certification Program

Pursuant to the requirements of the federal regulations, 49 CFR Part 26, all recipients of federal-aid must implement a "one-stop" certification process for Disadvantaged Business Enterprises (DBE) and ACDBE.

As a result of this requirement, the following five entities have established the Illinois Unified Certification Program (IL UCP). The five certifying Illinois United States Department of Transportation (US DOT) direct recipients (Participants) are:

- **Illinois Department of Transportation (IDOT)**
- **City of Chicago**
- **Chicago Transit Authority (CTA)**
- **Northeast Illinois Regional Commuter Railroad Corporation (Metra)**
- **Suburban Bus Division of the Regional Transportation Authority (Pace)**

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Introduction

The IL UCP is based on the concept of reciprocity among the Participants. Pursuant to 49 CFR §26.81(b)(2), "one-stop shopping" will be provided to applicants for Disadvantaged Business Enterprises (DBE) certification, such that an applicant need only apply once for DBE certification that will be honored by all recipients in the state of Illinois.

In order for the IL UCP to succeed, and the Participants to maintain the level of trust needed to effectively comply with the IL UCP requirements, it is necessary to implement minimum program requirements for compliance, as well as a process for dealing with any Participant that is found to be in non-compliance. The specific minimum requirements are:

- All decisions and recommendations related to certification must be made in compliance with 49 CFR Part 26;
- All Participants will abide by IL UCP determinations and use only IL UCP certified firms for US DOT assisted contracts;
- All hearings *must* be decided by a third party who was not involved in the certification determination nor was a direct or indirect supervisor of the party involved in such decision;
- The IL UCP Participants must each have a US DOT-approved DBE program in place that clearly defines the role of the administrative staff. In addition, each Participant must have clearly defined processes and procedures related to administration of its DBE program and certification decisions;
- All IL UCP Participants agree to full disclosure of their complete applicant files and/or documentation when requested by any other IL UCP Participants,
- Any Participant with a DBE program that also administers a minority- and woman-owned business enterprise program for non-US DOT assisted contracts must have separate and clearly defined procedures and policies for the DBE program that comply with all requirements of 49 CFR Part 26. This includes, but is not limited to, eligibility requirements, data tracking, and removal/denial of certification;
- All Participants understand that there is no "emergency" or "conditional" certification pursuant to 49 CFR Part 26. A DBE's certification must be final before the due date for bids or offers on a contract on which a bidder or offeror seeks credit towards the DBE contract goal through utilization of that DBE; and
- All IL UCP Participants agree to safeguard from disclosure to unauthorized persons information gathered as part of the certification process that may reasonably be regarded as proprietary or other confidential business information, consistent with applicable Federal, state, and local law.

Non-Compliance

If any IL UCP Participant believes that another Participant has failed to comply with its obligations under 49 CFR Part 26, the complaining Participant may file a written complaint with the concerned operating administration's Office of Civil Rights.

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I. Illinois UCP Interstate Certification Procedures

A. Certification of Out of State Firms:

1. Application for Interstate Certification: To obtain certification by the IL UCP, the out-of-state firm must provide:

   a. A cover letter that specifies that the DBE is applying for interstate certification and identifies all UCPs in which the DBE is certified (including its Jurisdiction of Original Certification (JOC);

   b. An electronic image of the UCP directory of the original UCP that shows the DBE certification; and

   c. A new Declaration of Eligibility (DOE).

2. Processing: The IL UCP will take the following actions when it receives all the information listed above:

   a. Within ten (10) business days of receiving the documents required, the IL UCP agency must confirm the certification of the DBE by referencing the UCP DBE directory of the JOC. Once the IL UCP agency confirms the DBE's certification, it will immediately certify the DBE without undergoing further procedures and provide the DBE with an approval letter. The firm's information will also be listed in the IL UCP DBE directory;

   b. After the IL UCP agency has certified the DBE, the IL UCP agency may request from the JOC a fully unredacted copy of the original DBE application, site visit(s) conducted by the JOC, personal net worth statement, last five (5) years of the DBE firm's and any affiliate's tax return, last three (3) years of the disadvantaged owner's individual tax returns and any additional supporting documentation pertinent to the file;

      NOTE: The JOC is required by regulation to provide a complete unredacted copy of the information requested by the IL UCP agency within thirty (30) days of receiving the request.

   c. Once the IL UCP agency certifies the firm, it must treat the DBE firm as it treats other IL UCP DBE firms for all purposes. The DBE firm must provide an annual DOE with supporting documents to the IL UCP agency on the anniversary date of the DBE's original certification by its JOC.

3. Decertification: The IL UCP will take the following actions when it seeks to decertify an interstate DBE firm:

   a. If the IL UCP agency has reasonable cause to remove a DBE's certification, in whole or in part (*i.e.*, NAICS code removal), it must notify the IL UCP agency partners and other UCPs in which the DBE is certified via email. The notice must explain the IL UCP agency's reasons for believing the DBE's certification should be removed;

b. Within thirty (30) days of receiving the notice, the other jurisdictions must email the IL UCP agency contemplating decertification a concurrence or non-concurrence with the proposed action;

NOTE: The other jurisdictions' responses may provide written arguments and evidence and may propose additional reasons to remove certification. A jurisdiction's failure to timely respond to the reasonable cause notice will be deemed to be a concurrence. Other certifying jurisdictions may not participate in removal hearings.

c. After the IL UCP agency receives all timely responses, it must email the DBE firm a Notice of Intent (NOI) and follow the procedures set forth below in the Decertification section;

d. If the IL UCP agency decertifies an out-of-state firm, the firm immediately loses certification in all jurisdictions in which it is certified. The Notice of Decision (NOD) must include appeal instructions provided on the Departmental Office of Civil Rights' web page, available at https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/filing-appeal. The IL UCP agency must email a copy of its decision to the other jurisdictions within three (3) business days.

This procedure does not apply to decertification based on a DBE's actions or inactions pertaining to §§ 26.83(j) (Declaration of Eligibility) and 26.109(c) (failure to cooperate) or to a DBE's decertification pursuant to § 26.111.

e. The IL UCP agency must provide due process to a DBE during the proposed decertification process. If a UCP decides not to issue a letter decertifying the firm, no jurisdiction may initiate decertification proceedings, within one (1) year, on the same or similar grounds and underlying facts.

B. IL UCP DBE Firm Seeking Out of State Certification:

It is the policy of the IL UCP to cooperate fully and timely to any request for an unredacted copy of the DBE's certification materials to an additional UCP within thirty (30) days of receiving the request.

NOTE: If the site visit report is more than five (5) years old and the requesting state requires more current information, the IL UCP agency may conduct a courtesy review.

II. Certification Process

The Participants must ensure that all certification procedures (Subpart E) and standards (Subpart D) under 49 CFR Part 26 are followed in making certification decisions.

Note: Each Participant will ensure that adequate training will be provided to its certification staff.

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A. Overview of Certification Process

When a UCP Participant receives an application for DBE certification, a thorough, detailed, and complete analysis of the application and supporting documentation must be performed, and an on-site visit at the office(s) and/or job site(s), or virtually of each applicant must be conducted by the certifying Participant. Following completion of the file analysis and on-site questionnaire (attached), a summary report is prepared by the certification staff with a recommendation regarding the applicant's certification approval or denial. The recommendation is made to the Participant's designee, who makes the final decision regarding the firm's DBE program certification.

The UCP Participants have the responsibility to ensure a standardized approach for all certification decisions. The procedures outlined herein provide guidance and direction for completing the certification process. Additional information and regulatory requirements pertaining to the DBE program are contained in 49 CFR Part 26, as well as 13 CFR Part 121 and 49 CFR Part 23.

B. Certification Decision Timeline

Decisions on applications for certification must be made by the certifying Participant within ninety (90) days of receiving all required information from the applicant firm. This period may be extended once, for no more than an additional thirty (30) days, upon written notice to the firm, explaining fully and specifically the reasons for the extension. On a case-by-case basis, the Operating Authority (*e.g.*, Federal Highway Administration ("FHWA"), Federal Aviation Administration ("FAA") or Federal Transit Administration ("FTA")) may give the certifier one deadline extension if it approves a written request explaining why the certifier needs more time. Failure to decide by the applicable deadline shall be deemed a constructive denial of the application, which the firm may appeal to US DOT under 49 CFR §26.89.

C. Curative Measures

Curative measures may be taken by the firm to address or reconcile any concerns and questions regarding an application prior to the Participant making a recommendation. Examples include: the firm may submit proof of an investment, transaction, or other fact on which its eligibility depends; an owner or related party may create a legally enforceable document of irrevocable transfer to the Socially and Economically Disadvantaged Owner (SEDO); or the firm may amend an operating agreement, bylaw provision, or other governance document, provided that the amendment accurately reflects the parties' relationships, powers, responsibilities, and other pertinent circumstances. The firm may take curative measures at the request of the Participant or on its own initiative at any time before a final certification determination has been made by the Participant.

D. Certified Firm Reporting Requirement

Once a firm is certified, it shall remain certified until it is decertified through the procedures set forth in 49 CFR §26.87 or §26.111. A firm is not required to reapply for certification as a condition of continuing to participate in the DBE program. However, a DBE-certified firm must provide a Declaration of Eligibility to the certifying IL UCP Participant every year on the anniversary of the date of its certification, together with documentation of its gross receipts for its most recently completed fiscal year.

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Any change in circumstances affecting a DBE firm's ability to meet size, disadvantaged status, ownership, or control requirements or any material change in the information previously provided must be provided by the DBE firm in writing to the certifying UCP Participant within thirty (30) days of the occurrence of the change, including changes in management responsibility among members of a limited liability company.

Supporting documentation must be attached that describes in detail the nature of such changes. If the DBE firm fails to make timely notification of such a change, it will be deemed to have failed to cooperate under 49 CFR §26.109(c).

III. Certification Procedures:

A. Application Processing: When a certification application is received:

1. It is date/time stamped and logged.

2. The file is assigned to the certification staff for review in accordance with the following subsections.

B. Initial Review and Request for Additional Information: Following receipt of the file, the certification staff will perform a complete review of the application and supporting documentation against the completed checklist to ensure that all relevant documents have been submitted.

1. If there are questions/concerns, a Request for Information (RFI) letter is prepared within thirty days, documenting the need for additional information, and advising the applicant of the deadline to submit such information. The initial RFI shall capture all missing and/or incomplete documentation:

2. Applicants are given twenty (20) calendar days after receipt of the RFI letter to respond. If information is not received by the 20th calendar day, a follow-up RFI letter will be sent giving the firm ten (10) additional calendar days to respond. The letter may be sent via email or certified mail with a return receipt requested, to the applicant. On a case-by-case basis, one deadline extension may be granted by the certification staff.

3. If, within the specified time period, no contact has been made with the applicant, the certification staff will recommend denial based on 49 CFR §26.109(c) - failure to cooperate. The certification staff will prepare the denial letter and forward it to the Disadvantaged Business Enterprise Liaison Officer or designee for signature.

C. The certification staff will record all contacts with an applicant. This file information is a permanent record of activity with an applicant. The record should include the date of contact, contact person, method of contact, questions asked and responses provided, and any other relevant information.

D. Business Size and Personal Net Worth Analysis: The certification staff will conduct an analysis to determine business size and personal net worth eligibility. In addition to submitting copies of the applicant's federal corporate tax returns or business tax returns and the owner's federal personal income tax returns, each individual owner of an applicant firm must submit a signed statement of personal net worth.

NOTE: This step in the review process should precede all other document reviews. It will assist the Participant to immediately render size determinations prior to expending unnecessary time and manpower reviewing applications from firms that do not qualify.

1. A firm (including its affiliates) must be an existing small business, as defined by Small Business Administration ("SBA") standards. The Participant must apply current SBA business size standards and North American Industry Classification System ("NAICS") codes found in 13 CFR Part 121 and 49 CFR §26.73 (a)(1), appropriate to the type(s) of work the firm seeks to perform with respect to participation in FHWA and FTA assisted contracting opportunities. Per 49 CFR §26.65, a firm is not eligible for DBE certification if its (including its affiliates) average annual gross receipts over the previous three fiscal years have exceeded the DBE statutory cap of $31,840,000, or $56,420,000 for ACDBEs, 49 CFR Part 23. The US DOT will adjust this amount annually and post the adjusted amount on its website available at https://www.transportation.gov/DBEsizestandards.

   Affiliates must be considered together in determining whether a firm meets small business size criteria and the statutory cap on the participation of firms in the DBE program.

2. The personal net worth of each individual owner whose ownership and control are relied upon for DBE certification must be less than $2,047,000.

   a. US DOT will adjust the PNW cap every 3 years on the anniversary of the adjustment date described in this section. US DOT will post the adjustments on the Departmental Office of Civil Rights' web page, available at https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/new-dbe-personal-net-worth-statement. Each such adjustment will become the currently applicable PNW limit for purposes of the regulation.

   b. Personal net worth decisions will be based upon the standard accounting principal formula of Assets – Liabilities = Net Worth. Ownership interest in the applicant firm, equity in the primary personal residence and retirement accounts are excluded when determining PNW.

   c. Since a PNW under $2,047,000 is a rebuttable presumption of economic disadvantage, the Participant should consider any additional information relevant to the determination that the owner is economically disadvantaged.

   d. It may be appropriate from time to time to request an updated PNW to verify not only that the owner's PNW is less than $2.047 million (or the adjusted amount), but also that the owner is actually economically disadvantaged. If the Participant determines that the owner is not economically disadvantaged, it will initiate decertification proceedings pursuant to §26.87.

E. The certification staff will perform subsequent analysis and review of the file. A subsequent RFI letter may be sent if necessary. This includes reviewing the information contained in the file, individually as well as collectively, and documenting the findings during the review.

Particular attention should be paid to the areas of special concern listed below while conducting the review of the file. The special concerns listed are not intended to be all-inclusive. They are meant to give direction and be a starting point for analysis and review of an application.

1. The applicant whose principal place of business is in a state other than Illinois, must be certified as a DBE with a DOT recipient in the firm's JOC, in accordance with 49 CFR Part 26 prior to applying for IL UCP DBE certification.

2. The authorized/registered legal name of the firm should be verified for accuracy.

3. The main address of the firm should be the actual physical location of the main or corporate office. Post office box numbers are not acceptable by themselves.

4. The contact person should be an individual(s) the certification staff can contact for answers to questions regarding the certification application.

5. The application must include a signed US DOT Declaration of Eligibility form, found at the end of the US DOT's uniform application.

F. Evaluation of Corporate Structure and Ownership:

1. Review and evaluate all corporate governing documents:

    a. Make sure copies of all the following relevant business documents (depending on type of firm) are included:

        i. Sole Proprietorship - A copy of the assumed name certificate issued by the county clerk's office to provide evidence of registration, and copy of the signed bank resolution(s) and bank signature card(s), if applicable.

        ii. Partnership - Copies of the original and amended partnership agreements, copy of the assumed name certificate issued by the county clerk's office, copy of the signed partnership bank resolution(s) and bank signature card(s), if applicable.

        iii. Limited Liability Company - Copies of the original and amended administrative agreements, the assumed name certificate issued by the county clerk's office, and copy of the signed business bank resolution(s) and bank signature card(s), if applicable.

        iv. Corporation -

            1. Articles of Incorporation - This document must include names of incorporators, date of incorporation, state of incorporation, type of business in which the firm is authorized to engage, and information concerning voting and non-voting stock in the firm.
            2. First organizational meeting minutes - This document is reviewed

to verify information contained in other documents. Pertinent information includes election of officers, identity of board of directors, purchase and issuance of stock, and adoption of by-laws.

3. Corporate By-laws - Important information includes duties and responsibilities of the board of directors, the number of directors, duties and responsibilities of the officers, information concerning the voting stock of the firm, voting rights of the shareholders and directors' information, about firm meetings, and possible restrictive language affecting shareholders and directors.
4. Stock certificate(s), signed on both sides, and documentation to substantiate stock purchases.
5. Copy of the signed corporate bank resolution(s) and bank signature card(s).

b. Attention should be given to names appearing in the documents since the applicant's name may appear on different documents. Different names on different documents may indicate a relationship that affects the control of the firm by disadvantaged owners.

2. Also, evidence of the equity contribution by the disadvantaged owners must be examined closely. Among other documents, proof of contribution may be shown by copies of canceled checks (both sides), signed loan agreements, deposit slips, proofs of purchase and vehicle titles.

3. Tracing dates through the documentation is a good review technique. Conflicting dates/information must be resolved. Compare changes in financial position to check for possible effects on control.

   Note: An organizational chart is helpful when there are changes or several companies with interlocking directors and/or officers. This will give a clearer picture of interlocking relationships (possible affiliations).

4. Reviews of equipment titles and registrations can be used to assist in determining ownership. Obtain or compile a list of the equipment owned by or available to the firm and the license(s) the firm and its key personnel possess to perform the requested work categories.

5. Review the resume(s) of the owner(s), officer(s), and member(s) of the board of directors and principal management and control personnel. Resumes may indicate technical competence based on experience in the industry and the degree of operational and/or managerial control to be exercised by the owner(s) and other principals within the firm. When reviewing the resumes, observe present and prior occupations, length of time in the industry, areas of expertise, and relevant occupational licenses/certificates.

6. Determine Ownership and Control

   a. Ownership means a firm must be at least 51% owned by socially and economically disadvantaged individuals.

i. In the case of a corporation, such individuals must own at least 51% of each class of voting stock outstanding and 51% of the aggregate of all stock outstanding.

ii. In the case of a partnership, socially and economically disadvantaged individuals must own 51% of each class of partnership interest. Such ownership must be reflected in the firm's partnership agreement.

iii. Areas of consideration/concern include:
1. Previous employers, common to two or more principals of the firm.
2. Previous employers who subcontract work with the firm.
3. Interlocking directors/officers and the possible effect on control.
4. Equipment/office/storage lease arrangements.
5. Day-to-day operational decisions and responsibilities.
6. Composition and responsibilities of the board of directors (corporations), members (LLCs) or partners (partnerships).

b. Operational and managerial control means that the disadvantaged owner(s) not only directs the management of the business, but also oversees its day-to-day operations. Areas of consideration/concern include:
1. Hiring and firing authority.
2. Signature authority.
3. Financial obligation authority.
4. Contract negotiation authority.
5. Bidding and estimating expertise.
6. Firm policy development ability.
7. Job selection authority.
8. Day-to-day and long-term decision-making authority that affect the performance/operation of the firm.

c. Financial information - a close review of the financial statements is required to determine firm actions that may restrict or dilute the disadvantaged owner's effectiveness to control the business. Financial information is useful in resolving management, operational and ownership control concerns.

i. Areas of consideration include:

1. Financial statements, including end-of-year balance sheets and profit and loss statements over a three-(3)-year period, accounts/notes payable, notes and loans payable/receivable to/from stockholders and officers, accrued expenses, purchases/loans, and footnotes to the financial statement.
2. Expense statements including salaries, rent expenses, lease expenses, payment to subcontractors, and changes in financial position.
3. Corporate tax returns including salaries paid to officers, dividends paid, and names of officers and stock ownership.
4. Partnership/third party agreements including terms/purpose of agreement, parties to the agreement, duties and responsibilities of

each partner/party, and dollar investment/division of profits.

ii. These documents explain the terms and conditions of the arrangement(s). Check to see if the firm's control is diluted or restricted by the agreement(s). If it is determined that a firm's average annual gross receipts over the preceding three (3) fiscal years exceed the DBE program statutory cap, the firm is not eligible to be certified as a DBE.

G. Other Considerations:

1. Bonding capacity - attention should be paid to the bonding capacity of the firm. The dollar amount should be in line with the work history of the firm, including contracts it has received and work it has completed.

2. Work Category(ies) and location(s) - the work category(ies) and location(s) the firm prefers should be denoted in the application, if applicable to the agency.

   The applicant seeking certification in the work category of trucking must obtain proper intra-state authorization from the Illinois Commerce Commission (ILCC).

H. On-Site Interview Visit

1. The federal regulations 49 CFR §26.83(c)(1)(i) requires an on-site visit to the office(s) of the firm seeking DBE certification. The site visit report of a DBE applicant by any other US DOT federal fund recipient may be relied upon to meet this requirement.

   The on-site visit allows the analyst to conduct an interview while observing the firm's owner(s) in his/her own principal place of business to substantiate and clarify submitted documentation, while ascertaining the general pattern of operation of the business. In addition to reconciling information/concerns, the on-site visit will assist in detecting and eliminating "fronts" and "shams" (applicants that do not meet the certification standards set forth in the federal regulations). The procedures outlined herein provide guidance and direction for completing the on-site interview and visit.

2. Procedure:
   a. Prepare standardized and specific questions for the on-site visit/interview. Questions for the interview should be determined in advance by reviewing and analyzing the application and supporting documentation. Any conflicting information brought out during the review should be questioned and clarified by staff. Additional questions may be raised during the on-site interview. In addition, staff should discuss any concerns with his/her supervisor prior to the visit.

      Questions should also be devised in a manner that will evoke a coherent response. Questions should not be leading, and should not be yes or no questions.

   b. Examples of typical interview questions include:

      "Explain the process used to monitor job costs." "Describe your corporate duties and responsibilities." "Explain and describe the bidding and estimating process."

The above questions are examples only. The questions developed should be unique to the file being reviewed. They should be prepared and based on information derived from the applicant file.

c. Conduct an on-site visit/interview virtually or at the office(s) of the firm and any job site(s) in the Participant's jurisdiction or local area at which the firm is working at the time of the certification review. The principal officers and majority owners of the firm must be interviewed and their resumes and/or work histories reviewed. The interview is concluded after all questions/concerns have been addressed and the administrative process that follows the interview is explained.

Note: Depending on the circumstances, a firm may or may not be notified when an on-site visit/interview will be conducted.

3. The interviewer must audio-record the on-site interview and a complete copy of that audio recording is to be kept in the applicant file.

I. Summary Report

1. Prepare the summary report following completion of the analysis and review of the file. The content of the summary report is very important. It must be accurate, complete and satisfy all areas addressed on the questionnaire form.

2. The report should include the following:

   a. Name of the firm;
   b. Date and location of the on-site visit/interview;
   c. People present at the interview;
   d. Information supplied to the applicant; and
   e. Questions asked and responses received.

3. Attach a copy of the on-site questionnaire to the summary report.

4. Summary reports written on "reapplication after denial" applications must include the issues and eligibility standards for which the firm was previously denied certification. In addition, the report should clearly indicate how the firm's operations/ownership/control have changed since the previous denial.

5. The file and summary report will be reviewed by the Participant's designee, who makes the final decision regarding the firm's DBE program certification.

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IV. IL UCP Notification

Once a certification decision is rendered, the certifying Participant notifies the firm in writing. Information regarding approved DBE certifications is uploaded to the IL UCP DBE Directory.

V. IL UCP DBE Directory

The IL UCP Participants will maintain a unified DBE Directory containing pertinent information on all firms certified by the IL UCP, including those from other states certified under the provisions of 49 CFR §26.81(g). The IL UCP Participants shall make the Directory available to the public electronically on the internet. The IL UCP Participants shall regularly update the Directory entries by including additions, deletions, and other changes.

VI. Annual Declaration of Eligibility

A. To remain certified and in good standing, all DBE firms are required to submit an annual Declaration of Eligibility (DOE) using the USDOT DOE form. The DBE firm must also submit documentation of the firm’s gross receipts and any affiliates for the prior fiscal year.

   If the DBE fails to provide this DOE in a timely manner, the DBE will be deemed to have failed to cooperate under 49 CFR §26.109(c).

B. Declaration of Eligibility Process

   1. Prior to the anniversary date of a firm's DBE certification, the DOE is sent to the firm. The form will accompany a letter explaining that the firm must complete the form and file the requested supporting documentation to remain certified and in good standing with the IL UCP. If the firm has not responded after thirty (30) calendar days, a follow up request will be sent to the firm. If the firm fails to respond to the Participant’s request for a DOE by the firm's anniversary date, the firm will be issued notice of proposed DBE decertification due to a lack of cooperation pursuant to 49 CFR §26.109(c). The proposed decertification will be in accordance with 49 CFR §26.87.

   2. Form~~s~~/Supporting Documentation Submitted Complete - When the completed form~~s~~ and supporting documentation are submitted and reviewed/approved, the Participant will generate a letter stating the firm remains in good standing to be sent to the firm, with a copy and all supporting documentation maintained in the firm’s file.

   3. Form~~s~~ Submitted Incomplete - If the form~~s~~/supporting documentation have been submitted but are incomplete, a RFI letter that lists the deficiencies is sent to the firm. The firm will have **twenty (20) calendar days** upon receipt of the letter to submit the requested information. After 20 calendar days, a second request for the required additional information is sent to the firm, giving it an additional **ten (10) calendar days** upon receipt of the letter to submit the requested information. This second request will list the requested information and the date the firm will be denied if it does not respond to this request. If the firm does not respond in this time frame, or the firm's response is incomplete, the firm will be issued a notice of proposed removal of DBE certification due to a lack of cooperation pursuant to 49 CFR §26.109(c). This

proposed removal will be in accordance with the procedures listed in 49 CFR §26.87.

VII. Ineligibility

A. **Additional Review:** Whenever a Participant becomes aware of information that raises a question about the continued eligibility of a firm, or there has been a material change in the DBE's circumstances, the Participant may perform an additional review.

B. **Summary Suspension**

1. Reasons for Summary Suspension

   a. Mandatory: A Participant must summarily suspend a DBE when:
      i. The certifier has clear and credible evidence of the DBE's or its SEDO's involvement in fraud or other serious criminal activity, OR
      ii. The Operating Administration with oversight directs it.

   b. Elective: A Participant has discretion to summarily suspend a DBE when:
      i. The certifier has clear and credible evidence that the DBE's continued certification poses a substantial threat to program integrity, OR
      ii. An owner upon whom the firm relies for eligibility does not timely file the declaration and gross receipts documentation required by 49 CFR §26.83(j).

2. Summary Suspension Procedures

   a. ***Notice.*** The certifier must notify the firm by email of its Summary Suspension Notice (SSN) on a business day during regular business hours. The SSN must explain the action, the reason for it, the consequences, and the evidence on which the certifier relies.
      i. Elective SSNs may not cite more than one reason for the action.
      ii. Mandatory SSNs may state multiple reasons.
      iii. The SSN, regardless of type, must demand that the DBE show cause why it should remain certified and provide the time and date of a virtual show-cause hearing at which the firm may present information and arguments concerning why the certifier should lift the suspension. The SSN must also advise that the DBE may provide written information and arguments in lieu of or in addition to attending the hearing.

   b. ***Hearing.*** The hearing date must be a business day that is at least fifteen (15) but not more than twenty-five (25) days after the date of the notice. The DBE may respond in writing in lieu of or in addition to attending the hearing; however, it will have waived its right to a hearing if it does not confirm its attendance within ten (10) days of the notice and will have forfeited its certification if it does not acknowledge the notice within fifteen (15) days. The show-cause hearing must be conducted as a video conference on a standard commercial platform that the DBE may readily access at no cost.

   c. ***Response.*** The DBE may provide information and arguments concerning its continuing eligibility until the 15th day following the suspension notice or the day of the hearing, if any, whichever is later. The DBE must email any written response it provides. Email submissions correctly addressed are effective when sent. The certifier may permit additional submissions after the hearing, as long as the extension ends on a business day that is not more than thirty (30) days after the notice.

d. ***Scope and burdens.***

i. Suspension proceedings are limited to the suspension ground(s) specified in the notice.

ii. The certifier may not amend its reason(s) for summarily suspending certification, nor may it electively suspend the firm again during the 12-month period following the notice.

iii. The DBE has the burden of producing information and/or making arguments concerning its continued eligibility, but it need only contest the reason cited.

iv. The certifier has the burden of proving its case by a preponderance of the evidence. It must issue a Notice of Decision (NOD) within thirty (30) days of the suspension notice or lift the suspension. Any NOD must rely only on the reason given in the summary suspension notice.

v. The DBE's failure to provide information contesting the suspension does not impair the certifier's ability to prove its case. That is, the uncontested evidence upon which the certifier relies in its notice, if substantial, will constitute a preponderance of the evidence for purposes of the NOD.

e. ***Duration.*** The DBE remains suspended during the proceedings described in this section but in no case for more than thirty (30) days. If the certifier has not lifted the suspension or provided a rule-compliant NOD by 4:30 p.m. on the 30th day, then it must lift the suspension and amend applicable DBE lists and databases by 12 p.m. the following business day.

C. Decertification.

1. Initiation of Decertification

a. Operating Administration Direction. The concerned operating administration must provide the certifying Participant and the firm a notice setting forth the reasons for the directive, including any relevant documentation or other information. The certifying Participant must immediately commence and prosecute a proceeding to decertify a firm, following the procedures set forth in the following paragraphs.

b. Third Party Challenge. The IL UCP Participants shall accept written complaints from any person alleging that a currently certified firm should be decertified (general allegations and anonymous complaints need not be considered). The complainant must state specific reasons for decertification, and any documentation in support of the complaint must be attached. The identity of the complainant will be always kept confidential.

c. Participant Challenge. If a Participant determines that there is reasonable cause to believe that a currently certified IL UCP firm should be decertified, the Participant originally responsible for the certification shall thoroughly investigate the complaint/inquiry within sixty (60) days. The certifying Participant shall also notify the challenged firm in writing, giving the stated reasons and the relevant regulations.

2. Burden of Proof: To decertify a DBE, the Participant bears the burden of proving, by

a preponderance of the evidence, that the DBE does not meet the certification standards of this part.

a. The Participant must review its records concerning the DBE, any material the DBE and/or complainant provides, and any other available information. The Participant may request additional information from the DBE or conduct any other investigation that it deems necessary.

b. If the Participant determines that there is reasonable cause to decertify the DBE, it initiates a decertification proceeding. If it determines that there is not such reasonable cause, it notifies the complainant and the DBE in writing of its decisions and the reasons for it.

3. <u>Decertification Process</u>

a. A Participant's first step in any decertification proceeding must be to email a NOI to the DBE. The NOI must:

i. clearly and succinctly state each reason for the proposed action, and specifically identify the supporting evidence for each reason;
ii. notify the DBE of its right to respond in writing, at an informal hearing, or both;
iii. inform the DBE of the hearing scheduled on a date no fewer than thirty (30) days and no more than forty-five (45) days from the date of the NOI;
iv. If the ground for decertification is that the DBE has been suspended or debarred for conduct related to the DBE program, the Participant issues a NOD decertifying the DBE. In this case, there is no NOI or opportunity for a hearing or written response.

b. If the DBE wants a hearing, it must email the Participant saying so within ten (10) days of the NOI. If the DBE does not do so, it loses its opportunity for a hearing. The Participant and the DBE may negotiate a different hearing date from that stated in the NOI. Parties must not engage in dilatory tactics.

c. If the DBE does not want a hearing or does not give timely notice to the Participant that it wants one, the DBE may still provide written information and arguments to the Participant rebutting the reasons for decertification stated in the NOI.

d. <u>Hearing procedure</u>

i. The purpose of the hearing is for the Participant to present its case and for the DBE to rebut the Participant's allegations.
ii. The hearing is an informal proceeding with rules set by the hearing officer.
iii. The SEDO's attorney, a non-SEDO, or other individuals involved with the DBE may attend the hearing and answer questions related to their own experience or more generally about the DBE's ownership, structure, and operations.
iv. The Participant must maintain a complete record of the hearing, either in writing, video, or audio. If the DBE appeals to DOT under § 26.89, the Participant must provide that record to DOT and to the DBE.

e. Notice of Decision

  i. The Participant must ensure that the decision in a decertification case is made by an individual who did not take part in actions leading to or seeking to implement the proposal to decertify the DBE and is not subject, with respect to the matter, to direction from the office or personnel who did take part in these actions. The Participant's method of implementing this requirement must be made part of its DBE program and approved by the appropriate OA. The decisionmaker must be an individual who is knowledgeable about the certification requirements of this part.
  ii. The Participant must send the firm a NOD no later than thirty (30) days from that date of the informal hearing and/or receiving written arguments or evidence from the firm in response to the NOI. The NOD must describe with particularity the reason(s) for the Participant's decision, including specific references to the evidence in the record that supports each reason. The NOD must also inform the firm of the consequences of the decision under paragraph (i) of this section and of its appeal rights under § 26.89.
  iii. The Participant must make an entry in DOCR's Online Portal within five (5) days of the action. The Participant must enter the name of the firm, names(s) of the firm's owner(s), date of decision, and the reason(s) for its decision.

f. Status of Firm during Decertification Proceedings: A firm remains certified during the pendency of the decertification proceedings. The firm does not become decertified unless and until the NOD is issued.

g. Decertification under 49 CFR §26.111: Notwithstanding the requirements set forth herein and in 49 CFR §26.87, the Notice of Intent, right to hearing, reconsideration and other decertification procedures are not applicable to a decertification under 49 CFR §26.111.

h. Availability of US DOT Appeal
After the IL UCP Participant makes its final decision to decertify a DBE firm, the firm may appeal the decertification to US DOT under 49 CFR §26.89. The firm must email US DOT at DBEAppeals@dot.gov within forty-five (45) days of the date of this decision, including a narrative that explains fully and specifically why it believes the decision is in error, what outcome-determinative facts the certifier did not consider, and/or what part 26 provisions the certifier misapplied. Include the certifier's name, date of the certifier's decision, and the firm's contact information. Pending US DOT's decision, the decision of the IL UCP Participant remains in effect.

The IL UCP will promptly implement any US DOT certification appeal decisions affecting the certification of DBEs for the IL UCP's US DOT-assisted contracting.

Appeals can also be mailed to:

United States Department of Transportation
Departmental Office of Civil Rights
Disadvantaged Business Enterprise Program Division
1200 New Jersey Avenue SE
Washington, DC 20590

i. Effects of Decertification

i. Except for firms decertified in accordance with 49 CFR §26.111, if the certifying Participant decertifies a firm, the firm may not reapply for certification within twelve (12) months from receipt of the certifying Participant's final denial decision. For those firms decertified under 49 CFR §26.111, the firm may reapply for certification at any time.

ii. When a firm is decertified, per 49 CFR §26.87, the following action(s) must be taken:

1. When a prime contractor has made a commitment to use the decertified firm, or the IL UCP Participant has made a commitment to use a prime contractor, but a subcontract or contract has not been executed before the decertification notice is issued, the decertified firm does not count toward the contract goal or overall goal. The prime contractor must be directed to meet the contract goal with an eligible DBE firm or demonstrate that it has made a good faith effort to do so.

2. If a prime contractor has executed a subcontract with the firm before the firm was notified of its decertification, the prime contractor may continue to use the firm on the contract and may continue to receive credit toward its DBE goal for the firm's work. In this case, however, the prime contractor may not extend or add work to the contract after the firm was notified of its decertification without prior written consent from the Participant.

3. If a prime contractor has executed a subcontract with the firm before the Participant has notified the firm of its decertification, the prime contractor may continue to use the firm however, the portion of the decertified firm's continued performance of the contract must not count toward the Participant's overall goal.

4. If the Participant executed a prime contract with a DBE that was later decertified the portion of the decertified firm's performance of the contract remaining after the notice of its decertification was issued shall not count toward a Participant's overall goal but may count toward the contract goal.

iii. Exceptions:

1. If the DBE firm's decertification is caused solely by its having exceeded the size standard during the performance of the contract, its participation may continue to be counted on that contract toward overall and contract goals.

2. If the Participant decertifies the DBE because it was acquired by or merged with a non-DBE, the Participant may not continue to count the portion of the decertified firm's performance on the contract remaining, after the Participant issued a NOD, toward either the contract goal or the overall goal, even if a prime contractor has executed a subcontract with the firm or the Participant has executed a prime contract with the DBE that was later decertified. In this case, if eliminating the credit of the decertified firm will affect the prime contractor's ability to meet the contract goal, the Participant must direct the prime contractor to subcontract to an eligible DBE to the extent needed to meet the contract goal or demonstrate to the recipient that it has made good faith efforts to do so.

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iv. Notification to USDOT

1. When an IL UCP agency removes a firm's certification in whole or in part, it must make an entry in the United States Department of Transportation Office of Civil Rights' (DOCR) Online Portal within 5 days of the action. The entry shall include firm's name, firm's owner(s) name(s), type and date of the action, and reason for the action.

2. The IL UCP agencies will check the DOCR website at least monthly to determine whether any firm that is applying for certification or has already been certified, is on the list. If such a firm is on the list, the IL UCP agency will promptly request a copy of the listed decision from the UCP that made the determination. The information will be considered in determining what action to take with respect to an applicant or DBE. A UCP receiving the request will provide a copy of the decision to the requesting UCP within seven (7) days.

D. Temporary Ineligibility

1. Pursuant to USDOT guidance, any DBE firm that does not provide information necessary for reevaluation of social and economic disadvantage in accordance with 49 CFR §26.111 is deemed temporarily ineligible to perform work for goal credit. The IL UCP shall take necessary measures to ensure that such firms are not counted for DBE goal credit on DOT-assisted projects.

2. A temporarily ineligible firm will be notified that its failure to timely submit requested information necessary to ensure its social and economic disadvantage in accordance with the requirements of 49 CFR §26.111 upon its annual Declaration of Eligibility, if not received earlier, will be deemed to failure to cooperate pursuant to 49 CFR §26.109(c) and will be decertified.

VIII. Non- Certifying UCP Entities

A. Referral of Certification Requests
If a Non-Certifying Entity is contacted by a firm seeking or inquiring about DBE Certification or receives an application for certification, the Non-Certifying Entity shall promptly refer the inquirer to one of the five Certifying IL UCP Participant agencies for further information. Non-Certifying Entities shall not certify DBE firms and only certification decisions made by the five IL UCP Participants shall be binding on USDOT recipients and subrecipients within the State of Illinois.

B. Status of Non-Certifying Entities
Non-Certifying Entities shall not be full participants in the IL UCP and shall not be entitled to any right to vote on matters before the IL UCP for consideration. Non-Certifying Entities shall be subject to any and all certification procedures and related agreements adopted by the IL UCP Participants, and any future amendments or restatements thereof.

C. Applicability
All USDOT funds recipients, as set forth in 49 CFR §26.3, are subject to all of the requirements of 49 CFR Part 26 and all DOT recipients in the State of Illinois must participate in a Unified Certification Program, pursuant to 49 CFR §26.81(a).

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D. UCP Non-Certifying Entities
USDOT recipients may receive federal funds and administer those funds in accordance with Part 26 without adopting policies and procedures for undertaking certification of DBE firms. Instead, such recipients shall rely upon the certification established by the five certifying Illinois USDOT direct recipients that are signatory to this Agreement.

E. Memorandum of Understanding
In order to satisfy the requirements of federal regulations that all USDOT recipients participate in a Unified Certification Program, any UCP Non-Certifying Entity within the State of Illinois must ratify and comply with the requirements of the IL UCP Procedures. Such ratification shall be made by execution and adoption of the Non-Certifying Entity Memorandum of Understanding (MOU), attached hereto as Exhibit A. Upon execution of the MOU, a Non-Certifying Entity agrees to defer to the IL UCP and its Procedures in relation to matters of DBE firm certification within the State of Illinois.

IX. Participant Contact Information

Participant	Mailing Address	Email
IDOT	2300 S Dirksen Parkway, Springfield, IL	DOT.Certification@Illinois.gov
City of Chicago	121 N. LaSalle, Room 806 Chicago, IL	dps.certification@cityofchicago.org
CTA	567 W. Lake St. 4th Floor, Chicago, IL	diversity@transitchicago.com
Metra	547 W. Jackson Blvd, Chicago, IL	metradbe@metrarr.com
Pace	550 W. Algonquin Rd Arlington Hts., IL	DBEinfo@pacebus.com

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In Witness Whereof, the parties hereto have caused this Unified Certification Program to be executed by their respective authorized officials:

DocuSigned by:
Brandy Phillips
7475182262E44E9...

Illinois Department of Transportation — Date: 04/22/26 | 9:47 AM CDT

Signed by:
Sharla D. Roberts
23B3CAFEFDC5452...

City of Chicago — Date: 04/21/26 | 4:48 PM CDT

Signed by:
Juan Pablo Prieto
8C4C796717DA49B...

Chicago Transit Authority — Date: 04/22/26 | 8:50 AM CDT

Signed by:
Shanta Williams
9886AD1BAB054ED...

Northeast Illinois Regional Commuter Railroad Corporation (Metra) — Date: 04/22/26 | 9:23 AM CDT

Signed by:
Carrie Horner
4A5B9ECB8C3445E...

Suburban Bus Division of the Regional Transportation Authority (Pace) — Date: 04/22/26 | 9:13 AM CDT

EXHIBIT A
MEMORANDUM OF UNDERSTANDING FOR NON-CERTIFYING ENTITY

____ does hereby state the following:
(Name of Organization)

1. The organization is a State of Illinois USDOT recipient as defined in 49 CFR §26.5;

2. The organization agrees to:

   a. participate as a Non-Certifying Entity in the Illinois UCP;

   b. comply with all applicable requirements of 49 CFR Parts 23 and 26;

   c. refer any firms seeking or inquiring about DBE certification, or any applicant applying for DBE certification, promptly to one of the five Certifying IL UCP Participants.

3. The organization acknowledges that it does not have authority to take any action for or on behalf of the IL UCP.

4. The organization will not undertake to certify DBE firms.

5. The organization hereby acknowledges and agrees to abide by all provisions of the Illinois UCP Procedures, and any amendments thereto.

IN FURTHERANCE THEREOF, __________________________________ declares that it
(Name of Organization)

shall serve the Illinois UCP as a Non-Certifying Entity.

I hereby warrant that I am duly authorized to make the above statements and declaration and execute this MOU on behalf of my organization thereby binding it to the Terms and Conditions contained therein.

Authorized Signature: ____________________________

Printed Name: ________________________________

Title: _______________________________________

Date: _______________________________________