

To: CapMetro Board of Directors

CC: Dottie Watkins, CEO
Kerri Butcher, Deputy CEO
Muhammad Abdullah, Vice President of Procurement & Chief Contracting Officer
Andy Skabowski, Chief Operating Officer
Muriel Friday, Vice President of Rail Operations
Brad Bowman, Chief Counsel

From: Terry Follmer, Chief Audit Executive

Date: May 11, 2026

Subject: Internal Audit Observation of Procurement Selection Process for Commuter Rail Operations (Project #26-13A)

In February 2026, the Procurement team requested Internal Audit's participation as independent observers of the procurement process and since that time, Internal Audit (Valerie Carson and I) served as independent observers of the vendor selection process related to the Rail Operations contract procurement.

The contract consisted of two Request for Proposals (RFPs) with five scopes of services, and vendors were permitted to bid on one or all scopes of services:

1. RFP 812236 (Locally Funded – 3 scopes): Commuter Rail Train Operations, Dispatch, and Vehicle Maintenance Services
2. RFP 812682 (Federally Funded – 2 scopes): Commuter Rail Maintenance of Way (MOW) and Signal Systems

Internal Audit attended key meetings throughout the solicitation and evaluation process, including vendor oral presentations and evaluation team meetings addressing individual technical and pricing reviews and ratings. This memo summarizes our observations regarding the vendor selection process.

Internal Audit's objective as independent observers was to assess whether the vendor evaluation and selection process was clearly defined and executed fairly and equitably, in compliance with CapMetro policies. Internal Audit and Procurement teams met periodically throughout the procurement lifecycle leading up to the presentation for final approval at the upcoming May 18th Board meeting.

Based on our observations, we have concluded that the vendor solicitation and evaluation process was planned and executed in a manner that was: 1) thorough and complete; 2) fair and equitable to both the vendors and CapMetro evaluation team members; and 3) provided ample time for all parties to ask questions and respond to inquiries. CapMetro

engaged a consultant, Nancy Edmonson, to provide cost and price analysis support and additional quality control. Throughout the process, Internal Audit was provided access to all relevant records and meetings, and inquiries were appropriately addressed.

During our review, we did not identify any concerns with the vendor selection process or the evaluation team's unanimous recommendation. Following our oversight of the procurement and evaluation process, Internal Audit supports the recommendation of the evaluation team. We conclude that the selected firm represents the best value proposer for CapMetro.

Please let us know if you have any questions or if there are any additional actions you would like for us to take related to this matter.

Sincerely,

Terry Follmer, Chief Audit Executive