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November 11, 2004

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VIA FACSIMILE & FEDERAL EXPRESS

Joel P. Ettinger
Regional Administrator
Region V
Federal Transit Administration
200 West Adams Street
Suite 320
Chicago, IL 60606-5253

Re: Charter Complaint: Champaign-Urbana Mass Transit District

Dear Mr. Ettinger:

The purpose of this letter is to provide the response of the Champaign-Urbana Mass Transit District (MTD) to the Federal Transit Administration (FTA) relative to the complaint filed by counsel for Allerton Charter Coach, Inc. (Allerton) on June 10, 2004 and supplemented on September 1, 2004, and to the additional complaint filed by counsel on November 8, 2004.

MTD acknowledges that the FTA's Charter Bus regulations (49 CFR Part 604) prohibit MTD, as a recipient of FTA funding, from providing charter service if there is at least one willing and able private provider, unless one or more of the exceptions set forth in the regulations applies. MTD does not believe that it is necessary to acknowledge that any or all of the specific violations cited by counsel for Allerton were in fact violations of the regulations. Additionally, MTD does not believe that it is necessary to provide FTA with a specific response to each of the specific alleged violations cited by counsel for Allerton. In lieu of providing specific responses concerning the alleged violations, MTD is hereby categorically stating that, in accordance with your October 20, 2004 letter, MTD has ceased providing any and all charter service which it understands to be in violation of FTA's regulations. However, MTD believes that it has the right under the cited regulations to provide certain types of services under the limited exceptional circumstances set forth in the regulations.

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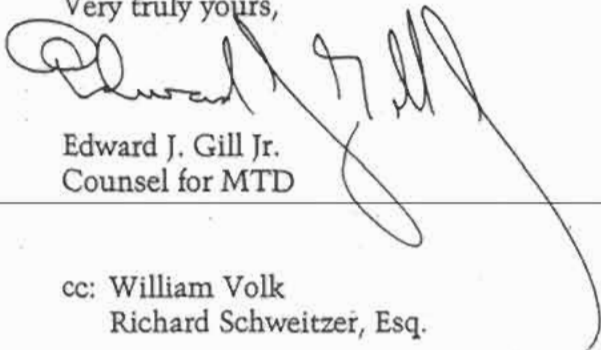
MTD is available to assist private charter operators by entering in contracts with private charter operators "to provide charter equipment to or service for the private charter operation if: (i) The private charter operator is requested to provide charter service that exceeds its capacity; or (ii) The Private charter operator is unable to provide equipment accessible to elderly and handicapped persons itself." (49 CFR 604.9(b)(2)) Although MTD does not currently provide this type of charter service, it certainly would make itself available to provide such service upon the receipt of an appropriate request from a private charter operator.

In regard to major yearly or periodic events, MTD recognizes that the regulations provide that MTD may petition for an exception to provide charter service directly to the customer for special events to the extent that "private charter operators are not capable" (emphasis supplied) of providing the service. In the future, MTD will work with private charter operators and event sponsors to determine if the grounds for the exception exist, and will take appropriate steps to seek and receive approval from FTA to operate such charter service.

MTD firmly believes that the charter services that it is currently providing falls squarely within the exceptions set forth in 49 CFR 604.9(b)(5). It is MTD's position that the exceptions to the basic prohibition of an FTA grantee providing charter service that are set out in that regulatory section specifically authorize an FTA grantee to directly execute a contract with the classes of entities referenced in the exceptions. The regulatory exception permit MTD to enter in to such to provide the types of charter service under the circumstances listed in the exceptions. MTD has entered into numerous contracts with governmental entities or non-profit organizations exempt from taxation under appropriate provisions of the Internal Revenue Code to provide charter service to those organizations. MTD has obtained the appropriate certifications from the organizations indicating that the organizations are exempt from taxation under the Internal Revenue Code and that the relevant and appropriate requirements set forth in 49 CFR 604.9 (b)(5)(i), (ii), or (iii) concerning the types of passengers to be carried on a particular charter trip are as described in the regulations, and/or that the purposes of the trip are as specified in the regulations.

MTD stands ready to meet with you and your staff at your convenience, or to provide additional information should you have any further questions concerning this matter.

Very truly yours,



Edward J. Gill Jr.
Counsel for MTD

cc: William Volk
Richard Schweitzer, Esq.