



June 1, 2021

Re: Buy American Act (FAR 52.225-1)

To Whom It May Concern:

**Based on the election of a new Federal Administration in 2021 and the adoption of USMCA to replace NAFTA in 2020, we are providing this update to our previous communication regarding the components of the Buy American Act (FAR 52.225-1) that pertain to the luminaires manufactured by Palo Alto Lighting, LLC, dba ALW USA, LLC.** ALW USA is headquartered in Oakland, California, and is in the business of designing, engineering, and manufacturing custom luminaires.

It is important to note the clear distinction between the “Buy **American Act**” and “Buy **America Provisions**” legislation, which are two separate regulation requirements. **Buy America** applies solely to grants issued by the Federal Transit Administration and Federal Highway Administration. **Buy American** may be applied to all direct U.S. federal procurement. All references to “**BAA**” in this explanation refer to the **Buy American Act** and specifically the luminaires manufactured by ALW USA.

ALW luminaires are manufactured in Mexico at our factory in Ensenada, Baja California, and carry with them US-Mexico-Canada Trade Agreement (USMCA) exemption. The country of origin is “Mexico” and is labeled on the packaging and product. The United States replaced NAFTA with the USMCA on July 1, 2020. Under the USMCA, Mexico remains a “Free Trade Agreement” (FTA) country. **ALW’s luminaires meet the Buy American Act in the FAR agreement per the reason below.**

#### **FAR 52.225-5**

“Free Trade Agreement country end product” means an article that –

- (1) Is wholly the growth, product, or manufactured of a Free Trade Agreement (FTA) country; or
- (2) In the case of an article that consists in whole or in part of materials from another country, has been substantially transformed in an FTA country into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to the article, provided that the value of those incidental services does not exceed that of the article itself.

**ALW’s luminaires qualify under option 2 of the FAR, based on the USMCA.**



**Commercially available off-the-shelf (COTS) item.**

ALW's luminaires are sold in substantial quantities in the commercial lighting industry. The products are sold to many customers throughout the lighting industry under the same specifications generally referenced for construction projects requiring this product. They are readily available to all commercial contractors for use in construction.

In addition, the **America Recovery and Reinvestment Act (ARRA)** and the United States Obligations Under International Agreements reads: For federal procurement, the Buy American requirement does not apply where the materials used in the project are from countries with which the U.S. has a relevant international agreement, namely including (a) signatories to the World Trade Organization Government Procurement Agreement, and (b) countries with which the U.S. has Free Trade Agreements with relevant procurement provisions. Under this waiver language, the USMCA exemption would usurp the ARRA requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff A. Croskey', is written in a cursive style.

Jeff A. Croskey  
CEO – ALW USA