



AGENDA

Greater Asheville Regional Airport Authority Regular Meeting
Friday, October 16, 2015, 8:30 a.m.
Conference Room at Administrative Offices

NOTICE TO THE PUBLIC: The Airport Authority welcomes comments from the public on any agenda item. Comments are received prior to the Board's discussion of the agenda item. Comments are limited to five minutes. If you wish to comment on an agenda item, please deliver a request card (available in the meeting room) to the Clerk to the Board prior to the agenda item being called by the Chair.

- I. CALL TO ORDER
- II. PRESENTATIONS: None
- III. FINANCIAL REPORT ([document](#))
- IV. CONSENT ITEMS:
 - A. Approval of the Greater Asheville Regional Airport Authority August 21, 2015 Special Meeting Minutes ([document](#))
 - B. Approval of the Greater Asheville Regional Airport Authority August 21, 2015 Closed Session Minutes
 - C. Approval of the Greater Asheville Regional Airport Authority Board 2016 Schedule ([document](#))
 - D. Approve Change Order No. 1 to Agreement with Harrison Construction Company, Division of APAC Atlantic, Inc. ([document](#))
 - E. Approve Lease Contract GS-04P-60384 with General Services Administration (GSA) for Transportation Security Administration (TSA) Terminal Building Office and Operational Space ([document](#))



V. OLD BUSINESS: None

VI. NEW BUSINESS:

- A. Presentation of the Annual Audited Financial Report for Fiscal Year 2014/2015 ([document](#))
- B. Approve Amendment to Airfield Re-development Project Budget ([document](#))
- C. Approve Consultant Scope of Services No. Seven with Delta Airport Consultants, Inc. for Parking Garage Design and Construction Services ([document](#))
- D. Approve Expenditure for Temporary Paid Remote Parking Lot ([document](#))
- E. Adoption of Asheville Regional Airport Five-Year Capital Improvement Program (CIP) for FY 2017-2021 ([document](#))
- F. Approve Amendment No. 2 to Management and Operations of Public Parking Facilities Agreement with SP+ f/k/a Standard Parking Corporation ([document](#))

VII. DIRECTOR'S REPORT:

- A. Entryway Project Pole Relocation
- B. FAA AIP Update
- C. Industry Conference Schedule
- D. Contingency Transfer
- E. FAA Lease Agreement

VIII. INFORMATION SECTION:

(Staff presentations will not be made on these items. Staff will be available to address questions from the Board.)

- A. August 2015 Traffic Report ([document](#))



- B. August 2015 Monthly Financial Report ([document](#))
- C. October 2015 Development/Project Status Report ([document](#))
- D. Potential Board Items for the Next Regular Meeting:
 - None identified at this time

IX. AUTHORITY MEMBER REPORTS

- A. Key Strategic Elements ([document](#))

X. PUBLIC AND TENANTS' COMMENTS

XI. CALL FOR NEXT MEETING

XII. CLOSED SESSION:

Pursuant to Subsections 143-318.11 (a) (3) and (4) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege, to Discuss Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Authority in Negotiations.

XIII. ADJOURNMENT

This agenda of the Greater Asheville Regional Airport Authority is provided as a matter of convenience to the public. It is not the official agenda. Although every effort is made to provide complete and accurate information in this agenda, the Greater Asheville Regional Airport Authority does not warrant or guarantee its accuracy or completeness for any purpose. The agenda is subject to change before and/or during the Board meeting.

**Asheville Regional Airport
Executive Summary
August-15**

AIRPORT ACTIVITY

	<u>Month</u>	<u>Variance to Prior Year</u>	<u>Calendar Year to Date</u>	<u>Variance to Prior Year</u>
Passenger Enplanements	38,977	2.7%	262,360	7.4%
Aircraft Operations				
Commercial	1,609	(3.1%)	10,259	(3.7%)
Scheduled Flights	611	(5.7%)		
Flight Cancellations	6			
Seats	46,987	7.0%	326,081	9.0%
Load Factor	83.0%	(4.1%)	80.5%	(1.5%)
General Aviation	4,585	(1.4%)	27,179	(14.4%)
Military	480	(15.6%)	3,971	(5.4%)

FINANCIAL RESULTS

	<u>Month</u>	<u>Variance to Budget</u>	<u>Fiscal Year to Date</u>	<u>Variance to Budget</u>
Operating Revenues	\$ 983,693	28.9%	\$ 1,960,471	29.6%
Operating Expenses	563,714	(11.1%)	1,234,000	(5.8%)
Net Operating Revenues before Depreciation	<u>\$ 419,979</u>	226.1%	<u>\$ 726,471</u>	259.6%
Net Non-Operating Revenues	<u>\$ 338,216</u>	28.4%	<u>\$ 655,820</u>	19.3%
Grants:				
FAA AIP Grants	\$ 2,988,553		\$ 5,229,605	
NC Dept of Transportation Grants	-		-	
Total	<u>\$ 2,988,553</u>		<u>\$ 5,229,605</u>	

CASH

Restricted	\$ 4,612,056
Designated for O&M Reserve	4,019,126
Designated for Emergency Repair	650,000
Unrestricted, Undesignated	11,898,624
Total	<u>\$ 21,179,806</u>

RECEIVABLES PAST DUE

	<u>Total</u>	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>Over 60 Days</u>
Advertising Customers	5,875	-	3,775	2,100
Charah	62,003	29,924	-	32,080
Delta Airlines	176,701	92,291	74,840	9,570
DOTFAA	29,878	10,101	9,957	9,820
Paradies	4,033	2,585	1,164	285
United	13,389	13,299	-	90
US Air	69,138	65,417	3,246	475
Miscellaneous	7,327	3,914	39	3,374
Total	<u>\$ 368,345</u>	<u>\$ 217,531</u>	<u>\$ 93,021</u>	<u>\$ 57,794</u>
% of Total Receivables	<u>47.38%</u>			

Note: Excludes balances paid subsequent to month-end.

REVENUE BONDS PAYABLE

Rental Car Facilities Taxable Revenue Bond, Series 2007	
Original Amount	\$ 4,750,000
Current Balance	\$ 1,500,654

CAPITAL EXPENDITURES

Annual Budget	\$ 19,401,985
Year-to-Date Spending	\$ 6,033,404

**SPECIAL MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 21, 2015**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, August 21, 2015 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: Robert C. Roberts, Chair; K. Ray Bailey, Vice-Chair; Andrew T. Tate; William L. Moyer; Matthew C. Burrell; and Stephanie Brown

MEMBERS ABSENT: Jeffrey A. Piccirillo

STAFF AND LEGAL COUNSEL PRESENT: Cindy Rice, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; Kevan Smith, Chief of Public Safety; Suzie Baker, Director of Administration; Tina Kinsey, Director of Marketing and Public Relations; Janet Burnette, Director of Finance and Accounting; Sherman Stark, Interim Director of Operations; Cortez Johnson, Interim IT Director; Mike Miller, Public Safety Captain; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: Roy Lewis, Delta Airport Consultants; Mike Darcangelo, Avcon; Eric Rysdon, RS&H

CALL TO ORDER: The Chair welcomed everyone in attendance and called the meeting to order at 8:30 a.m.

SERVICE AWARD PRESENTATION:

A. Sherman Stark: The Chair recognized Sherman Stark with a service recognition award and gift for his 10 years of service with the Authority.

FINANCIAL REPORT: The Director reported on the airport activity for June which included enplanements, aircraft operations and general aviation activity. The Director noted that the airport experienced a record fiscal year with 400,040 enplanements. Mrs. Burnette reported on the financial activity for the month of June. The Director informed the Board that when the budget was approved in the spring of 2014, staff anticipated ending the fiscal year with \$750,000 net revenue. The Director was pleased to point out

the \$2.7 million net revenue for fiscal year 2015 which was attributed to an increase in enplanements as well as a decrease in expenses.

APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

JUNE 12, 2015 REGULAR MEETING MINUTES: Mr. Bailey moved to approve the Greater Asheville Regional Airport Authority June 12, 2015 Regular Meeting Minutes. Mr. Tate seconded the motion and it carried unanimously.

RECEIVE AND APPROVE PURCHASE OF EQUIPMENT AND SERVICES ASSOCIATED WITH PARKING OPERATIONS:

Michael Reisman reminded the Board that construction of temporary remote parking lots was previously approved by the Board to avoid a parking shortage for passengers. The Board was informed at that time that additional expenses would be required for this project. These include the purchase of a 15 passenger transit van which will be used to shuttle airport tenant employees between the terminal and the remote employee parking lot, purchase and installation of equipment to convert the lower employee parking lot to a paid lot for use by passengers, and the extension of fiber optic systems to support the new equipment. Mr. Reisman advised the Board that staff will continue to explore options for the operation of the shuttle van and if an outside contractor provides a van, it will not be necessary to purchase one. The cost to purchase a 15 passenger transit van (\$35,915.00), if needed; parking system equipment (\$42,834.00); and fiber optic system extension (\$6,411.00) totals \$85,160.00. Mr. Reisman informed the Board that the following budget amendment will be necessary:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2016:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Equipment and Small Capital Outlay	\$0	\$85,160
Totals	<u>\$0</u>	<u>\$85,160</u>

This will result in a net increase of \$85,160 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA		
Cash/Investments	\$0	\$85,160
Totals	<u>\$0</u>	<u>\$85,160</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Greater Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 21st day of August, 2015.

Robert C. Roberts, Chair

Attested by:

Ellen Heywood, Clerk to the Board

Ms. Brown asked Mr. Reisman to describe how the schedule would work for the shuttle van. Mr. Reisman responded that staff has already requested work schedules from the tenants. There will be certain times during the day where the shuttle will be running frequently, but the details of the overall schedule have not yet been worked out.

Mr. Moyer inquired if additional revenue from passengers parking in the current lower employee parking lot has been taken into consideration in the budget. Mr. Reisman responded that while there would be additional revenue, it was difficult to forecast. Moving the employees from that lower parking lot to the remote parking lot will cost \$85,000, but this will create a revenue generating parking lot for the airport. Staff anticipates recovering the expense of the remote parking lot fairly quickly. The Director stated that the direct answer was no. Staff was not aware of Allegiant's plan to increase operations at the time the budget was prepared. However, additional revenue will be incorporated into the FY17 budget once staff has a better idea of the new service Allegiant hopes to begin next spring.

Mr. Moyer moved to approve the purchase of the referenced equipment and systems at a total cost not to exceed \$85,160.00, authorize the Executive Director to execute the

necessary documents, and to amend the FY15/16 budget by adopting the budget ordinance amendment as presented by staff. Mr. Burril seconded the motion and it carried unanimously.

RECEIVE AND APPROVE AMENDMENT NO. 1 TO SCOPE OF SERVICES NO. 14 WITH AVCON ENGINEERS AND PLANNERS, INC.:

Michael Reisman reported that two years ago, the Board approved Scope of Services No. 14 with Avcon Engineers and Planners, Inc. (Avcon). Scope of Services No. 14 covered engineering design and construction related services for Area 3 of the west side fill project for a not to exceed cost of \$278,060.00. It has become apparent that the original budget amount will not cover the completion of the scope of services, primarily due to weather related delays. An amendment to increase the not to exceed amount of the scope of services is necessary. The total amount of additional funds to be added to the contract is \$62,700.00 bringing the total not-to-exceed cost of this scope of services to \$340,760.00. The agreement with Charah for this fill project specifies that Charah will reimburse the Authority for all project costs related to the west side fill project including planning, engineering, design, testing, etc. To date Charah has reimbursed the Authority for all expenses occurred through Avcon for this project. In the event Charah fails to reimburse the Authority for expenses, the Authority can suspend any further work limiting the Authority's liability. Mr. Reisman advised the Board that the following budget ordinance amendment will be necessary:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2016:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Reimbursable Costs	\$0	\$62,700
Totals	<u>\$0</u>	<u>\$62,700</u>

This will result in a net increase of \$62,700 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Reimbursable Costs	\$0	\$62,700
Totals	<u>\$0</u>	<u>\$62,700</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Greater Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 21st day of August, 2015.

Robert C. Roberts, Chair

Attested by:

Ellen Heywood, Clerk to the Board

Ms. Brown moved to approve Amendment No. 1 to Scope of Services No. 14 with Avcon Engineers and Planners, Inc., authorize the Executive Director to execute the necessary documents, and to amend the FY15/16 budget by adopting the budget ordinance amendment as presented by staff. Mr. Tate seconded the motion and it carried unanimously.

RECEIVE AND APPROVE SCOPE OF SERVICES NO. 17 WITH AVCON ENGINEERS AND PLANNERS, INC.:

Michael Reisman advised the Board that in October, 2014 Avcon Engineers and Planners, Inc. (Avcon) was awarded work associated with Phases 3 and 4 of the Airfield Re-development Project which were formerly contracted with Michael Baker International. Mr. Reisman informed the Board that it has been determined that Phases 3 and 4 of the project will impact a delineated stream on the southeast corner of the airport between the fence line and NC 280. Since this was not originally planned, there were no environmental services contained within the original Baker Scope of Services. Scope of Services No. 17 with Avcon includes environmental consulting services required as a result of the impact to the stream and associated wetlands. The not-to-exceed amount for these services is \$24,800.00. This cost will be absorbed within the \$7.798 million contained in the FY15/16 budget, and the \$65 million overall budget for the Airfield Re-development Project.

Mr. Moyer moved to approve Scope of Services No. 17 with Avcon Engineers and Planners, Inc. and authorize the Executive Director to execute the necessary documents. Mr. Tate seconded the motion and it carried unanimously.

RECEIVE AND APPROVE A WORK ORDER WITH DUKE ENERGY PROGRESS: The Director reminded the Board that as a result of the North Carolina Department of Transportation's (NCDOT) re-configuration of the I-26/NC280 interchange, the Board approved an entryway improvement project last year that included construction and placement of a new entrance sign. The NCDOT did not provide Authority staff adequate design or construction drawings of the interchange project, and utility poles were installed along NC280 in front of the new entrance sign. The NCDOT has referred staff to Duke Energy Progress (Duke) and AT&T about relocation of the utility poles. The Director advised the Board that AT&T is willing to absorb their share of the expense for the relocation, however Duke is not. Staff is having discussions with the NCDOT about the state reimbursing the Authority for some or all of the cost of this relocation. The Director further stated that the cost to relocate the Duke utility pole is not to exceed \$69,505.87 and will come from the fund balance. Approval of the project will require the following budget ordinance amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2016:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Renewal and Replacement	\$0	\$69,505.87
Totals	<u>\$0</u>	<u>\$69,505.87</u>

This will result in a net increase of \$69,505.87 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA		
Cash/Investments	\$0	\$69,505.87
Totals	<u>\$0</u>	<u>\$69,505.87</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Greater Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 21st day of August, 2015.

Robert C. Roberts, Chair

Attested by:

Ellen M. Heywood, Clerk to the Board

Mr. Tate questioned if staff would continue working to recoup these costs. The Director responded that this was correct.

Mr. Bailey moved to approve the relocation cost of utility poles at a cost not to exceed \$69,505.87 with Duke Energy Progress, authorize the Executive Director to execute the necessary documents, and to amend the FY15/16 budget by adopting the budget ordinance amendment as presented by staff. Mr. Tate seconded the motion and it carried unanimously.

DIRECTOR'S REPORT:

FAA Reauthorization: The Director reported that the AIP bill expires September 30th and a new bill to continue airport funding for capital projects has not been approved. Congressman Bill Shuster, Chairman of the House Transportation and Infrastructure Committee, was ready to make a news release of a transformational reauthorization bill in July. However the news release was cancelled and a bill has not been approved. The bill that Congressman Shuster was set to announce would privatize air traffic control. A private corporation rather than the FAA would run air traffic control and a new method of paying for this privatization would be created. There has not been any more word on this bill. Staff is hopeful for some type of continuing resolution by October 1st. It is likely that a 3 to 6 month extension will be approved, however this stymies the flow of federal funds for airport projects. The Director stated that he and Mr. Reisman were traveling to Memphis the following week to meet with the FAA to discuss how this affects funding for the Airfield Re-development project.

Temporary Parking Lot Update: The Director stated that the Board approved \$250,000 in June for the construction contract for the remote temporary parking lots. The contract was awarded to Young and McQueen for a not to exceed amount of \$215,545.00, which is well below the budget approved by the Board.

Airline Operating Agreement: Allegiant was the first airline to sign the Airline-Airport Operating Agreement. The three legacy carriers have not signed the Agreement and will be notified that beginning September 1st, they will be charged non-signatory rates which include a 25% surcharge if the agreements are not signed.

Parking Garage Design Update: Geotechnical work has been completed on two locations identified as possible sites for the parking garage. Staff will be meeting with consultants on September 1st to discuss pros and cons of each location and finalize the location for the parking garage.

The Paradies Company: The Director advised the Board that Paradies was acquired by a company from Paris, Lagardere Travel Retail. The North American operations will remain under the Paradies name and Paradies will operate 800 stores and restaurants in 99 airports across the United States and Canada.

Transportation Network Companies (TNC) Update: The Director reported that the bill did make it out of Senate and is now in the House. The bill does allow for airports to monitor and regulate TNC's as necessary.

Flat Rock Playhouse: The Authority is sponsoring the play Fly at the Flat Rock Playhouse. The play is about the Tuskegee Airmen in World War II. Invitations will be sent to the Board Members, members of the business community, and frequent travelers for the evening of September 13th.

ACI-NA Annual Conference: The Annual Conference will be held in Long Beach, California from October 4-7. The Director requested the Board let staff know if interested in attending.

Air Service Task Force: Tina Kinsey advised the Board that the Authority's strategic plan includes an updated leakage and air service development study. The Asheville Chamber and Buncombe County Tourism Development Authority (TDA) have also included a focus on air service development in their strategic plan and a great partnership has been formed. Ailevon Pacific, a consulting firm with a background in airline strategic planning, has been hired to explore air service opportunities for the community. A kick-off meeting has been set for September 9th to present an overview of the project to key stakeholders who will be invited to this meeting. At the end of the project, Ailevon will recommend community air service opportunities, help prioritize work for the next few years, and determine advocacy measures. The Director stated that Stephanie Brown will be representing both the Authority Board and the Chamber. Henderson County Partnership for Economic Development will also be invited and if Andrew Tate

participates, there will be one open spot for another Authority member to attend. The Director requested the Board let him know if interested.

Ms. Brown stated that the TDA has been discussing air service development for the three years that she has been with the Chamber. It is a goal shared with the Authority to understand what opportunities there may or may not be, and to understand what it will take to pursue those opportunities.

Mr. Moyer inquired if the study would also include why people use other airports. Mrs. Kinsey replied that this study would not address that issue but that a market perception study would also be undertaken by Authority staff. This report should help understand the reasons for utilization of other airports by members of the community.

Website: Mrs. Kinsey reported that the new website has been launched. It is easier to navigate and is a much more responsive website as it changes no matter what device the user is utilizing. The new website also invites people to engage with the airport via the social hub section.

Retaining Wall Update: Michael Reisman informed the Board that the overall repair of the retaining wall is complete and briefly summarized the measures taken to repair the area affected after the most recent storm. Mr. Reisman also outlined what was done at the beginning of the project to overdesign for storm water control, and called the Board's attention to the map at their seats. Mr. Reisman reviewed the standards set by Department of Environmental and Natural Resources (DENR) that included the four temporary sediment ponds built into the design as well as the temporary storm drain pipes.

Mr. Moyer was of the understanding that the whole drainage system may not work until the whole airfield project was complete and asked if this was correct. Mr. Reisman responded that this was correct. Mr. Reisman reviewed the storm grade inlets along the runway, explained that the area is mostly at full elevation, and once the paving has been completed, this should alleviate much of the problem. Mr. Reisman did caution that a similar situation could occur over the next two years when construction on the new permanent runway is taking place, although all the necessary steps are being taken to avoid a similar incident. The Director stated that staff met with representatives from Mills River and Henderson County to discuss the flooding issue. Staff has advised the community leaders that although attempts are made to mitigate damage as much as possible, staff could not guarantee that something would not happen again since this is a four-year project and subject to weather events.

Mr. Tate asked if the surrounding areas could expect rain events that impact access on Ferncliff Park Drive over the next two years. Mr. Reisman responded that as much as this project has been over designed from the beginning, and staff is going even further to try to avoid these occurrences, there is no guarantee it won't happen again. The Director also commented that the south end of Ferncliff Park Drive has some drain flow issues in the state's right of way that staff has pointed out to the NCDOT. The NCDOT has looked over the area and has taken it under advisement.

Mr. Moyer questioned if the record was closed on paying for the damage to the retaining wall. The Director responded that the contractor has finished repairs and is gone. Mr. Reisman stated that the contractor submitted a claim with their insurance company. Mr. Reisman suspects their insurance company will cover the contractor's expenses for rebuilding the wall. Staff is not sure if their insurance company will try to subrogate damage on the Authority's insurance company in the future, so that record is still open, but staff has not seen anything from the insurance company.

ACI World: The Director stated that he has been asked to be a regional advisor to ACI World. ACI World is made up of five regions with North America being one of the regions. There are two regional advisors from North America; one from Los Angeles and Asheville will be the second. Asheville will be recognized on a world basis and will be asked to give input on worldwide aviation issues. The Director further stated that he appreciates the Board allowing him the opportunity to serve.

OTHER REPORTS: No comments

PUBLIC COMMENTS: None

CALL FOR NEXT MEETING: The Chair stated that the September 11th meeting would not be necessary and was cancelled. The next regular meeting of the Board will be held on October 16, 2015.

AUTHORITY MEMBER REPORTS:

Key Strategic Elements: The Chair commented that his intent is to update elected officials with the Board's strategic plan at an Authority meeting before the end of the year.

CLOSED SESSION: At 9:45 a.m. Mr. Bailey moved to go into Closed Session pursuant to Subsections 143-318.11(a)(3), (4) and (6) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege, to Discuss

Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Greater Asheville Regional Airport Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Greater Asheville Regional Airport Authority in Negotiations, and to Consider Personnel Matters. Mr. Tate seconded the motion and it carried unanimously.

The Chair indicated they would break until 9:50 a.m., at which time the Board would resume in closed session.

Open Session resumed at 10:26 a.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY AUGUST 21, 2015

CLOSED SESSION MINUTES: Mr. Bailey moved to seal the minutes for the Closed Session just completed and to withhold such Closed Session minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Moyer seconded the motion and it carried unanimously.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY JUNE 12, 2015 CLOSED

SESSION MINUTES: Mr. Bailey moved to approve the minutes for the June 12, 2015 Closed Session (Parts A and B) and to seal and withhold such minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Moyer seconded the motion and it carried unanimously.

ADJOURNMENT: Mr. Bailey moved to adjourn the meeting at 10:30 a.m. Ms. Brown seconded the motion and it carried unanimously.

Respectfully submitted,

Ellen Heywood
Clerk to the Board

Approved:

Robert C. Roberts
Chair



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, A.A.E., Executive Director

DATE: October 16, 2015

ITEM DESCRIPTION – Consent Item C

Approval of the Greater Asheville Regional Airport Authority Board 2016 Schedule

Below are the proposed dates for the 2016 Board Meetings and Budget Workshop/Budget Approval Meeting to note on your calendars:

*January 8	June 17
February 12	*July 8
March 11	August 12
Thursday, March 24	*September 9
*April 8	October 14
May 13	*November 18
	December 9

Thursday, March 24, 2016 – Board Budget Workshop/Budget Approval

*"At this point" it is not anticipated that a meeting will be required on these dates. However, please leave your schedules open until determination is made.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman, A.A.E.
Deputy Executive Director, Development and Operations

DATE: October 16, 2015

ITEM DESCRIPTION – Consent Item D

Approve Change Order No. 1 to Agreement with Harrison Construction Company, Division of APAC Atlantic, Inc.

BACKGROUND

The Airport Board approved entering into a contract with Harrison Construction Company, Division of APAC Atlantic, Inc. (HCC) on February 13, 2015 for construction of Phase II of the Airfield Re-development Project. Through the course of the project, several additional work items have arisen outside of the scope of the original contract price which require a change order. These items include providing and installing river rock and wildflower seeding along a publicly visible slope for erosion control, removal of obsolete fencing, and temporary power to maintain runway touchdown zone lighting during construction.

ISSUES

None.

ALTERNATIVES

None.

Consent – Item D



FISCAL IMPACT

Additional costs associated with these items are as follows:

- River rock along slope - \$59,542.00
- Wildflower seeding along slope - \$3,000.00
- Removal of obsolete fencing - \$7,200.00
- Temporary power to runway touchdown zone lights - \$6,480.32

The total Change Order price is \$76,222.32, which is added to the existing contract cost of \$12,435,884.00, for a new total contract price of \$12,512,106.32. No additional work days are added to the contract schedule as a result of this action. This additional expenses will be absorbed into the existing overall project budget of \$64M.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve Change Order No. 1 to Agreement with Harrison Construction Company, Division of APAC Atlantic, Inc.; and (2) authorize the Executive Director to execute the necessary documents.

CHANGE ORDER NO. 1

**ASHEVILLE REGIONAL AIRPORT
AIRFIELD REDEVELOPMENT PROGRAM
BID PACKAGE 2 – Temporary Runway 17-35 Construction. Paving, Lighting and NAVAIDS
FAA AIP NO. 3-37-0005-044-2014**

CLIENT: Greater Asheville Regional Airport Authority
Asheville Regional Airport
61 Terminal Drive, Suite 1
Fletcher, NC 28732

CONTRACTOR: Harrison Construction Company
Division of APAC Atlantic, Inc.
4817 Rutledge Pike
Knoxville, TN 37914

ENGINEER: AVCON, Inc.
8604 Cliff Cameron Drive, Suite 145
Charlotte, NC 28269

Contract Date: March 2, 2015
Notice to Proceed Date March 13, 2015

The following changes are hereby made to the Contract Documents:

1. River Rock Installation on the slope south of the MSE Wall
To prevent further erosion while protecting the slope at the south end of the MSE Wall and improving the aesthetics along Ferncliff Park Drive, the Contractor was asked to provide fabric and river rock for a total cost of \$59,542.00. No additional contract time shall be awarded as a result of this change.
2. Wildflower Seeding South of the MSE Wall
To prevent further erosion south of the MSE wall and reduce future maintenance needs, the Contractor was asked to provide Wildflower seeding at the bottom of the slope in designated areas at a total cost of \$3000.00. No additional time shall be awarded as a result of this change.
3. Removal of Existing Chain Link Fence along Fern Cliff Park Drive
Per the request of the GARAA, the Contractor was asked to remove sections of existing obsolete perimeter chain link fence along the East side of Fern Cliff Park Drive that was preventing maintenance of an area cut off by this fence at a total cost of \$7,200.00. No additional contract time shall be awarded as a result of this change.
4. Power to the existing Runway 34 Touchdown Zone Lighting System
To prevent interruption of the existing Runway 34 TDZ lighting system, the Contractor was asked to provide a cost for temporary cabling for a total cost of \$6,480.32 No additional contract time shall be awarded as a result of this change.

Attachments: (List documents supporting change)

- 1) Correspondence from Harrison Construction regarding Pricing for additional items.

CHANGE IN CONTRACT PRICE:

Original Contract Price:	\$	<u>12,435,884.00</u>
Previous Change Orders:	\$	<u>0.00</u>
Contract Price prior to this Contract Amendment:	\$	<u>12,435,884.00</u>
Net (Increase) (Decrease) of this Contract Amendment:	\$	<u>76,222.32</u>
New Contract Price with all approved Contract Amendment:	\$	<u>12,512,106.32</u>
Percent change from original contract:		<u>0.60</u> %

CHANGE IN CONTRACT TIME (Calendar Days):

Original Contract Time:	<u>287</u>	days
Net change from previous Contract Amendments:	<u>0</u>	days
Contract Time prior to this Contract Amendment:	<u>287</u>	days
Net (Increase) (Decrease) of this Contract Amendment:	<u>0</u>	days
Contract Time with all approved Contract Amendments:	<u>287</u>	days

CONDITIONS OF APPROVAL:

The aforementioned change(s), and work affected thereby, is subject to all contract stipulations and covenants.

Asheville Regional Airport

Lew Bleiweis – Airport Director

Date

RS&H, Inc.

Eric Rysdon – Project Manager

Date

Harrison Construction Company

David Hudson – Project Manager

Date

Asheville Regional Airport – Finance Officer Statement

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Finance Officer

Date

Reynolds, Smith and Hills, Inc.

Change Order Details

GARAA Airfield Redevelopment Program

Description: Temporary Runway 17-35 Construction
Bid Package 2 - Paving, Lighting and NAVAIDS
Asheville Regional Airport
Asheville, NC

Change Order: 1 **Date Created:** 09/22/2015
Status: Pending Approval **Date Approved:**
Type: Changed Conditions

Summary: The Airport has requested the following Items be added to the contract

Change Order Description: 1. River Rock stabilization be added to the slope located south of the existing MSE Wall for a total cost of \$59,542.00.
2. Wild flower seed mixture be added to the slope located south of the river rock on the south end of the existing MSE Wall for a total cost of \$3,000.00
3. Remove the existing chain link fence which runs along Ferncliff Park Drive for a total cost of \$7,200.00.
4. Install temporary jumper for the existing Runway TDZ lights for a total cost of \$6,480.32.

Awarded Project Amount: \$12,435,884.00
Authorized Project Amount: \$12,435,884.00
Change Order Amount: \$76,222.32
Revised Project Amount: \$12,512,106.32

New Items

Line Number	Item	Unit	Pending Quantity	Unit Price	Dollar Amount
Section: 1 - Base Bid					
1260	CO1-1	AC	0.25	\$12,000.000	\$3,000.00
	Wild Flower Seed Mixture				
1270	CO1-2	LS	1.00	\$7,200.000	\$7,200.00
	Remove Existing Chain Link Fence				
1280	CO1-3	LS	1.00	\$6,480.320	\$6,480.32
	Temp Wiring for Existing TDZ Lights				
1290	CO1-4	LS	1.00	\$59,542.000	\$59,542.00
	River Rock Slope				
(4 Items)				Total:	+\$76,222.32



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, Executive Director

DATE: October 16, 2015

ITEM DESCRIPTION – Consent Item E

Approve Lease Contract GS-04P-60384 with General Services Administration (GSA) for Transportation Security Administration (TSA) Terminal Building Office and Operational Space

BACKGROUND

The Transportation Security Administration (TSA) requires space within the terminal building at the airport to conduct their security related functions. GSA facilitates all leases for TSA. The current lease agreement expires November 2015. The new lease, if awarded by GSA, will be for ten years, five years firm. The space will be located on the first floor by the checkpoint area, and on the second floor above Gates 1-3. The new lease will reduce the total spaced leased by 442 sq. ft. encompassing approximately 2200 square feet of space.

ISSUES

None.

ALTERNATIVES

None recommended at this time.

FISCAL IMPACT

The annual rent under the new lease agreement will be \$83,638.00 for the first year with annual increases for the remainder of the lease term.

Consent – Item E



RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve the new lease agreement with the General Services Administration; and (2) authorize the Executive Director to execute the necessary documents.

This Lease is made and entered into between

Lessor's Name: Asheville Regional Airport

Asheville Regional Airport, whose principal place of business is 61 Terminal Drive, Suite 1, Fletcher, NC 28732-6201, and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

(Government), acting by and through the designated representative of the General Services Administration (GSA), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

The Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

61 Terminal Drive, Fletcher, NC 28732-6201

and more fully described in Section 1 and Exhibit **A**, together with rights to the use of parking and other areas as set forth herein, to be used for such purposes as determined by GSA.

To Have and To Hold the said Premises with their appurtenances for the term beginning upon acceptance of the Premises as required by this Lease and continuing for a period of

10 years, 5 years firm,

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease along with any applicable termination and renewal rights is **December 1st, 2015**, upon substantial completion and acceptance of the Space by the Government.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

FOR THE LESSOR:

Name: _____
Title: _____
Entity Name: _____
Date: _____

FOR THE GOVERNMENT:

Kenneth Idle
Title: Lease Contracting Officer
General Services Administration, Public Buildings Service
Date: _____

WITNESSED FOR THE LESSOR BY:

Name: _____
Title: _____
Date: _____

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SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (JUN 2012)

The Premises are described as follows:

A. Office and Related Space: **2201** rentable square feet (RSF), yielding **2201** ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on the **1st** floor(s) of the Building, as depicted on the floor plan(s) attached hereto as Exhibit **A**.

B. Common Area Factor: The Common Area Factor (CAF) is established as **1.0** percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02 EXPRESS APPURTENANT RIGHTS (JUN 2012)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Rules and Regulations Governing Conduct on Federal Property, Title 41, CFR, Part 102-74, Subpart C within such areas. The Government will coordinate with the Lessor to ensure signage is consistent with the Lessor's standards. Appurtenant to the Premises and included with the Lease are rights to use the following:

A. Parking: **0** parking spaces of which **0** shall be structured inside spaces reserved for the exclusive use of the Government, **0** shall be inside parking spaces, and **0** shall be surface parking spaces. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.

B. Antennae, Satellite Dishes and Related Transmission Devices: Space located on the roof of the Building sufficient in size for the installation and placement of the telecommunications equipment as such may be described herein, together with the right to access the roof and use of, all building areas (e.g., chases, plenums) necessary for the use, operation, and maintenance of such equipment at all times during the term of this Lease. Written notice from the facility operator will be obtained before any installation of equipment occurs.

1.03 RENT AND OTHER CONSIDERATION (ON-AIRPORT) (JUN 2012)

A. The Government shall pay the Lessor annual rent payable monthly in arrears at the following rates:

	12/1/15-11/30/25
	Annual Rent
Shell Rent ¹	\$67,680.75
Tenant Improvements rent ²	\$ 0
Operating Costs ³	\$ 15,957.25
Building Specific Amortized Capital (BSAC) ⁴	\$ 0.00
Parking ⁵	\$ 0.00
Total Annual Rent	\$83,638.00

¹Shell rent calculation:

(Firm Term) **\$30.75** per RSF multiplied by **2,201** RSF

²The Tenant Improvement Allowance of **\$0**.

³Operating Costs rent calculation: **\$7.25 (rounded)** per RSF multiplied by **2,201** RSF. Operating rent is inclusive of CPI through 2014.

⁴Building Specific Amortized Capital (BSAC) of **\$0.00** are amortized at a rate of **0.0** percent per annum over **00** years

⁵Parking costs are for 0 reserved parking spaces and 0 surface parking spaces reflecting a rate of \$0.00 per reserved space and \$0.00 per structured space per month.

B. Rent is subject to adjustment based upon a physical mutual measurement of the Space upon acceptance, not to exceed **2201** ABOA sq. ft. based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

C. Rent is subject to adjustment based upon the final TI cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease award date.

D. If the Government occupies the Premises for less than a full calendar month, then rent shall be pro-rated based on the actual number of days of occupancy for that month.

E. Rent shall be paid to the Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration (CCR). If the payee is different from the Lessor, both payee and Lessor must be registered in CCR.

F. The Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described in the paragraph entitled "The Premises";
2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;
3. Performance or satisfaction of all other obligations set forth in this Lease; and
4. All services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

G. Parking shall be provided at a rate of **\$0** per parking space per month (Structure), and **\$0** per parking space per month (Surface).

1.04 TERMINATION RIGHTS (ON-AIRPORT) (JUN 2012)

The Government may terminate this Lease, in whole or in part, at any time during the term of this lease with **60** days' prior written notice to the Lessor if (i) regularly scheduled commercial air services cease, (ii) the airport opts to replace TSA screeners with private contractors, (iii) the checkpoint supported by the leased Space is closed, or (iv) the Government reduces its presence at the airport due to a reduction in enplanements. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

1.05 RENEWAL RIGHTS (JUN 2012)

This Lease may be renewed at the option of the Government for a term of **5 YEARS** at the following rental rate(s):

	Option Term, Years 11 - 15	
	Annual Rent	Annual Rate / RSF
Shell Rental Rate	\$67,680.75	\$30.75
Operating Cost	Operating cost basis shall continue from Year 10 of existing lease term. Option term is subject to continuing annual adjustments.	

provided notice is given to the Lessor at least **60** days before the end of the original lease term, all other terms and conditions of this Lease, as same may have been amended, shall remain in force and effect during any renewal term.

1.06 DOCUMENTS INCORPORATED IN THE LEASE (ON-AIRPORT) (JUN 2012)

The following documents are attached to and made part of the Lease:

DOCUMENT NAME	EXHIBIT
Floor Plan(s)	A
GSA Form 3517G, General Clauses	B
GSA Form 3518, Representations and Certifications	C

1.07 OPERATING COST BASE (AUG 2011)

The parties agree that, for the purpose of applying the paragraph titled "Operating Costs Adjustment," the Lessor's base rate for operating costs shall be **\$7.25** per RSF ~~\$(15,957.25/annum)~~.

SECTION 2 GENERAL TERMS, CONDITIONS, AND STANDARDS

2.01 DEFINITIONS AND GENERAL TERMS (JUN 2012)

Unless otherwise specifically noted, all terms and conditions set forth in this Lease shall be interpreted by reference to the following definitions, standards, and formulas:

- A. Appurtenant Areas. Appurtenant Areas are defined as those areas and facilities on the Property that are not located within the Premises, but for which rights are expressly granted under this Lease, or for which rights to use are reasonably necessary or reasonably anticipated with respect to the Government's enjoyment of the Premises and express appurtenant rights.
- B. Broker. If GSA awarded this Lease using a contract real estate broker, Broker shall refer to GSA's broker.
- C. Building. The building(s) situated on the Property in which the Premises are located shall be referred to as the Building(s).
- D. Commission Credit. If GSA awarded this Lease using a Broker, and the Broker agreed to forego a percentage of its commission to which it is entitled in connection with the award of this Lease, the amount of this credit is referred to as the Commission Credit.
- E. Common Area Factor (CAF). The Common Area Factor (CAF) is a conversion factor determined by the building owner and applied by the owner to the ABOA SF to determine the RSF for the leased space. The CAF is expressed as a percentage of the difference between the amount of rentable SF and ABOA SF, divided by the ABOA SF. For example 11,500 RSF and 10,000 ABOA SF will have a CAF of 15% $[(11,500 \text{ RSF} - 10,000 \text{ ABOA SF}) / 10,000 \text{ ABOA SF}]$. For the purposes of this Lease, the CAF shall be determined in accordance with the applicable ANSI/BOMA standard for the type of Space to which the CAF shall apply.
- F. Contract. Contract and contractor means Lease and Lessor, respectively.
- G. Days. All references to "day" or "days" in this Lease shall mean calendar days, unless specified otherwise.
- H. FAR/GSAR. All references to the FAR shall be understood to mean the Federal Acquisition Regulation, codified at 48 CFR Chapter 1. All references to the GSAR shall be understood to mean the GSA supplement to the FAR, codified at 48 CFR Chapter 5.
- I. Firm Term/Non-Firm Term. The Firm Term is that part of the Lease term that is not subject to termination rights. The Non-Firm Term is that part of the Lease term following the end of the Firm Term.
- J. Lease Term Commencement Date. The Lease Term Commencement Date means the date on which the lease term commences.
- K. Lease Award Date. The Lease Award Date means the date that the Lease is executed by the LCO (and on which the parties' obligations under the Lease begin).
- L. Premises. The Premises are defined as the total office area or other type of space, together with all associated common areas, described in Section I of this Lease, and delineated by plan in the attached exhibit. Parking and other areas to which the Government has rights under this Lease are not included in the Premises.
- M. Property. The Property is defined as the land and buildings in which the Premises are located, including all Appurtenant Areas (e.g., parking areas to which the Government is granted rights).
- N. Rentable Space or Rentable Square Feet (RSF). Rentable space is the area for which a tenant is charged rent. It is determined by the Building owner and may vary by city or by building within the same city. The rentable space may include a share of building support/common areas such as elevator lobbies, building corridors, and floor service areas. Floor service areas typically include restrooms, janitor rooms, telephone closets, electrical closets, and mechanical rooms. The rentable space does not include vertical building penetrations and their enclosing walls, such as stairs, elevator shafts, and vertical ducts. Rentable square feet is calculated using the following formula for each type of space (e.g., office, warehouse, etc.) included in the Premises: $\text{ABOA SF of Space} \times (1 + \text{CAF}) = \text{RSF}$.
- O. Space. The Space shall refer to that part of the Premises to which the Government has exclusive use, such as office area, or other type of space. Parking areas to which the Government has rights under this Lease are not included in the Space.
- P. Office Area. For the purposes of this Lease, Space shall be measured in accordance with the standard (Z65.1-1996) provided by American National Standards Institute/Building Owners and Managers Association (ANSI/BOMA) for Office Area, which means "the area where a tenant normally houses personnel and/or furniture, for which a measurement is to be computed." References to ABOA mean ANSI/BOMA Office Area.
- Q. Working Days. Working Days shall mean weekdays, excluding Saturdays and Sundays and Federal holidays.

2.02 AUTHORIZED REPRESENTATIVES (JUN 2012)

The signatories to this Lease shall have full authority to bind their respective principals with regard to all matters relating to this Lease. No other persons shall be understood to have any authority to bind their respective principals, except to the extent that such authority may be explicitly

delegated by notice to the other party, or to the extent that such authority is transferred by succession of interest. The Government shall have the right to substitute its Lease Contracting Officer (LCO) by notice, without an express delegation by the prior LCO. .

2.03 WAIVER OF RESTORATION (APR 2011)

The Lessor shall have no right to require the Government to restore the Premises upon termination of the Lease, and waives all claims against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the Premises during the term of the Lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the Premises regardless of whether such alterations are performed by the Lessor or by the Government.

2.04 OPERATING COSTS ADJUSTMENT (JUN 2012)

A. Beginning with the second year of the Lease and each year thereafter, the Government shall pay annual incremental adjusted rent for changes in costs for cleaning services, supplies, materials, maintenance, trash removal, landscaping, water, sewer charges, heating, electricity, and certain administrative expenses attributable to occupancy.

B. The amount of adjustment will be determined by multiplying the base rate by the annual percent of change in the Cost of Living Index or 3% whichever is less. The percent change will be computed by comparing the index figure published for the month prior to the Lease Term Commencement Date with the index figure published for the month prior which begins each successive 12-month period. For example, a Lease which commences in June of 2005 would use the index published for May of 2005, and that figure would be compared with the index published for May of 2006, May of 2007, and so on, to determine the percent change. The Cost of Living Index will be measured by the Department of Labor revised Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), U.S. city average, all items, (1982 to 1984 = 100) published by the Bureau of Labor Statistics. Payment will be made with the monthly installment of fixed rent. Rental adjustments will be effective on the anniversary date of the Lease; however, payment of the adjusted rental rate will become due on the first workday of the second month following the publication of the Cost of Living Index for the month prior to the commencement of each 12-month period.

C. If the Government exercises an option to extend the Lease term at the same rate as that of the original term, the option price will be based on the adjustment during the original term. Annual adjustments will continue.

2.05 RELOCATION RIGHTS (JUN 2012)

If it becomes necessary in the orderly development of the Airport, Lessor may require the relocation of Premises to other space at the Airport which, in the reasonable judgment of Lessor, is similar and suitable for the purposes for which this Lease is entered as such purposes are set forth herein. Should such relocation be necessary, the Lessor shall provide the Government a minimum of 120 days prior written notice. Lessor shall be responsible for all costs for such relocation, including all costs for moving furniture, office equipment, telephone and data lines, and any other costs associated with replicating necessary operational features provided in the space originally leased. The Airport shall provide such relocated Premises at the same rental rate as the original Premises, unless the new Premises are located in an area for which the Airport charges tenants a lower rate, in which event the parties shall negotiate a reduction in the rental rate.

2.06 RECITALS FOR TRANSPORTATION SECURITY ADMINISTRATION (ON-AIRPORT) (JUN 2012)

A. The Transportation Security Administration (TSA) is required, pursuant to 49 U.S.C. 40101—The Aviation and Transportation Security Act (ATSA), to oversee security measures at the Airport.

B. TSA is responsible for airline passenger and baggage screening services at the Airport.

C. The U.S. General Services Administration (GSA), on behalf of TSA, leases certain facilities on the Airport premises for administrative offices and/or break rooms in support of airport passenger and baggage screening services by the TSA.

D. Space for TSA to screen passengers and baggage is expressly excluded from this Lease.

2.07 ACCEPTANCE OF SPACE AND CERTIFICATE OF OCCUPANCY (JUN 2012)

A. The Lessor shall provide floor plans for the Space and a valid Certificate of Occupancy (C of O), issued by the local jurisdiction, for the intended use of the Government. If the local jurisdiction does not issue Certificates of Occupancy or if the C of O is not available, the Lessor may satisfy this condition by providing a report prepared by a licensed fire protection engineer that verifies that the offered space complies with all applicable local fire protection and life safety codes and ordinances.

B. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

2.08 ALTERATIONS PRIOR TO ACCEPTANCE (JUN 2012)

The Government's rights stated under the General Clause "Alterations" also apply to initial build-out of the Premises.

2.09 CENTRAL CONTRACTOR REGISTRATION (JUN 2012)

The Offeror must have an active registration in the Central Contractor Registration (CCR) system (via the Internet at [HTTPS://WWW.ACQUISITION.GOV](https://www.acquisition.gov)) prior to the Lease award and throughout the life of the Lease. To remain active, the Offeror/Lessor is required to update or renew its registration annually. The Government will not process rent payments to Lessors without an active CCR. No change of ownership of the leased Premises will be recognized by the Government until the new owner registers in the CCR system.

2.10 SECURITY UPGRADES DUE TO IMMEDIATE THREAT (APR 2011)

The Government reserves the right, at its own expense and with its own personnel, to heighten security in the Building under Lease during heightened security conditions due to emergencies such as terrorist attacks, natural disaster, and civil unrest.

SECTION 3 CONSTRUCTION STANDARDS AND SHELL COMPONENTS

3.01 BUILDING SHELL REQUIREMENTS (JUN 2012)

A. The building shell shall be designed, constructed, and maintained in accordance with the standards set forth herein and completed prior to acceptance of the Space. For pricing, fulfillment of all requirements not specifically designated as operating costs or other rent components as indicated shall be deemed included in the Shell Rent.

B. Base structure and building enclosure components shall be complete. All common areas accessible by the Government, such as lobbies, fire egress corridors and stairwells, elevators, garages, and service areas, shall be complete. Restrooms shall be complete and operational. All newly installed building shell components, including but not limited to, heating, ventilation, and air conditioning (HVAC), electrical, ceilings, sprinklers, etc., shall be furnished, installed, and coordinated with Tenant Improvements. Circulation corridors are provided as part of the base building only on multi-tenanted floors where the corridor is common to more than one tenant. On single-tenant floors, only the fire egress corridor necessary to meet code is provided as part of the shell.

3.02 MEANS OF EGRESS (AUG 2011)

A. Space shall meet the applicable egress requirements in the National Fire Protection Association, *Life Safety Code* (NFPA 101) or the International Code Council, *International Building Code* (IBC), (both current as of the award date of this lease); or an alternative approach or method for achieving a level of safety deemed equivalent and acceptable by the Government.

B. Space has unrestrictive access to a minimum of two remote exits on each floor of Government occupancy.

C. Interlocking or scissor stairs located on the floor(s) where Space is located shall only count as one exit stair.

D. A fire escape located on the floor(s) where Space is located shall not be counted as an approved exit stair.

E. Doors shall not be locked in the direction of egress unless equipped with special locking hardware in accordance with requirements of NFPA 101 or the IBC.

3.03 AUTOMATIC FIRE SPRINKLER SYSTEM (JUN 2012)

A. Space located below-grade, including parking garage areas, and all areas in a building referred to as "hazardous areas" (defined in NFPA 101) that are located within the entire Building (including non-Government areas) shall be protected by an automatic fire sprinkler system or an equivalent level of safety.

B. For Buildings in which any portion of the Space is on or above the sixth floor, then, at a minimum, the Building up to and including the highest floor of Government occupancy shall be protected by an automatic fire sprinkler system or an equivalent level of safety.

C. For Buildings in which any portion of the Space is on or above the sixth floor, and lease of the Space will result, either individually or in combination with other Government leases in the Building, in the Government leasing 35,000 or more ANSI/BOMA Office Area SF. of space in the Building, then the entire Building shall be protected throughout by an automatic fire sprinkler system or an equivalent level of safety.

D. Automatic fire sprinkler system(s) shall be installed in accordance with the requirements of NFPA 13, *Standard for the Installation of Sprinkler Systems*.

E. Automatic fire sprinkler system(s) shall be maintained in accordance with the requirements of NFPA 25, *Standard for the Inspection, Testing, and Maintenance of Water-based Fire Protection Systems* (current as of the award date of this lease).

F. "Equivalent level of safety" means an alternative design or system (which may include automatic fire sprinkler systems), based upon fire protection engineering analysis, which achieves a level of safety equal to or greater than that provided by automatic fire sprinkler systems.

3.04 FIRE ALARM SYSTEM (JUN 2012)

A. A building-wide fire alarm system shall be installed in the entire building in which any portion of the Space is located on the third floor or higher in the Building.

B. The fire alarm system shall be installed and maintained in accordance with NFPA 72, National Fire Alarm and Signaling Code (current as the award of the lease).

C. The fire alarm system shall automatically notify the local fire department, remote station, or UL listed central station.

D. If the Building's fire alarm control unit is over 25 years old, the Lessor shall install a new fire alarm system in accordance with the requirements of NFPA 72, National Fire Alarm and Signaling Code (current as of the award of the lease), prior to Government acceptance and occupancy of the Space.

3.05 ENERGY INDEPENDENCE AND SECURITY ACT (DEC 2011)

A. The Energy Independence and Security Act (EISA) establishes the following requirements for Government Leases in Buildings that have not earned the ENERGY STAR® Label conferred by the Environmental Protection Agency (EPA) within one year prior to the due date for final proposal revisions ("most recent year").

B. If this Lease was awarded under any of EISA's Section 435 statutory exceptions, the Lessor shall either:

1. Earn the ENERGY STAR® Label prior to acceptance of the Space (or not later than one year after the Lease Award Date of a succeeding or superseding Lease); or
2. Complete energy efficiency and conservation improvements if any, agreed to by Lessor in lieu of earning the ENERGY STAR® Label prior to acceptance of the Space (or not later than one year after the Lease Award Date of a succeeding or superseding Lease).

C. If this Lease was awarded to a Building to be built or to a Building predominantly vacant as of the due date for final proposal revisions and was unable to earn the ENERGY STAR label for the most recent year (as defined above) due to insufficient occupancy, but was able to demonstrate sufficient evidence of capability to earn the ENERGY STAR label, then Lessor must earn the ENERGY STAR label within 18 months after occupancy by the Government.

3.06 ACCESSIBILITY (FEB 2007)

The Building, Leased Space, and areas serving the Leased Space shall be accessible to persons with disabilities in accordance with the Architectural Barriers Act Accessibility Standard (ABAAS), Appendices C and D to 36 CFR Part 1191 (ABA Chapters 1 and 2, and Chapters 3 through 10). To the extent the standard referenced in the preceding sentence conflicts with local accessibility requirements, the more stringent shall apply.

3.07 MECHANICAL, ELECTRICAL AND PLUMBING (APR 2011)

The Lessor shall provide and operate all building equipment and systems in accordance with applicable technical publications, manuals, and standard procedures. Mains, lines, and meters for utilities shall be provided by the Lessor. Exposed ducts, piping, and conduits are not permitted in office space.

3.08 RESTROOMS (ON-AIRPORT) (JUN 2012)

Government employees shall have access to all public restroom facilities for men and women in the Airport terminal at all times without additional payment.

3.09 HEATING, VENTILATION, AND AIR CONDITIONING (ON-AIRPORT) (APR 2011)

A. Temperatures shall conform to local commercial equivalent temperature levels and operating practices to maximize tenant satisfaction. These temperatures shall be maintained throughout the leased Premises and service areas, regardless of outside temperatures, during the hours of operation specified in this Lease. The Lessor shall perform any necessary systems start-up required to meet the commercially equivalent temperature levels prior to the first hour of each day's operation. At all times, humidity shall be maintained below 60 percent relative humidity.

B. The Lessor shall conduct HVAC system balancing after all HVAC system alterations during the term of the lease and shall make a reasonable attempt to schedule major construction outside of office hours.

C. Normal HVAC systems maintenance shall not disrupt tenant operations.

3.10 TELECOMMUNICATIONS: LOCAL EXCHANGE ACCESS (ON-AIRPORT) (JUN 2012)

A. The Government reserves the right to contract its own telecommunications (voice, data, video, Internet, or other emerging technologies) service in the Space to be leased. The Government may contract with one or more parties to have inside wiring (or other transmission medium) and telecommunications equipment installed.

B. The Lessor shall allow the Government's designated telecommunications providers access to utilize existing building wiring to connect its services to the Government's Space. If the existing building wiring is insufficient to handle the transmission requirements of the Government's designated telecommunications providers, the Lessor shall provide access from the point of entry into the building to the Government's floor space, subject to any inherent limitations in the pathway involved.

C. The Lessor shall allow the Government's designated telecommunications providers to affix telecommunications antennas (high frequency, mobile, microwave, satellite, or other emerging technologies), subject to weight and wind load conditions, to roof, parapet, or building envelope as required. Written notice from the facility operator will be obtained before any installation of equipment occurs.

SECTION 4 UTILITIES, SERVICES, AND OBLIGATIONS DURING THE LEASE TERM

4.01 SERVICES, UTILITIES, AND MAINTENANCE (ON-AIRPORT) (APR 2011)

The Lessor is responsible for providing all utilities necessary for base building and tenant operations and all associated costs are included as a part of the established rental rates. The following services, utilities, and maintenance shall be provided by the Lessor as part of the rental consideration (check all that apply):

<input checked="" type="checkbox"/> HEAT	<input checked="" type="checkbox"/> TRASH REMOVAL	<input checked="" type="checkbox"/> ELEVATOR SERVICE	<input checked="" type="checkbox"/> INITIAL & REPLACEMENT LAMPS, TUBES & BALLASTS	<input type="checkbox"/> OTHER (Specify below)
<input checked="" type="checkbox"/> ELECTRICITY	<input checked="" type="checkbox"/> CHILLED DRINKING WATER	<input checked="" type="checkbox"/> WINDOW WASHING	<input checked="" type="checkbox"/> PAINTING FREQUENCY	_____
<input checked="" type="checkbox"/> POWER (Special Equip.)	<input checked="" type="checkbox"/> AIR CONDITIONING	Frequency <u>6 months</u>	Space <u>5 Years</u>	
<input checked="" type="checkbox"/> WATER (Hot & Cold)	<input checked="" type="checkbox"/> TOILET SUPPLIES	<input checked="" type="checkbox"/> CARPET CLEANING	Public Areas <u>5 Years</u>	
<input checked="" type="checkbox"/> SNOW REMOVAL	<input checked="" type="checkbox"/> JANITORIAL SERV. & SUPP.	Frequency <u>5 Years</u>		

The Lessor shall have an onsite building superintendent or a locally designated representative available to promptly respond to deficiencies, and immediately address all emergency situations.

4.02 PROVISION OF SERVICES, ACCESS, AND NORMAL HOURS FOR AIRPORT OCCUPANCIES (JUN 2012)

The Government shall have access to the Premises and its Appurtenant Areas at all times without additional payment, including the use, during other than routine hours, of necessary services and utilities such as elevators, toilets, lights, and electric power. Cleaning shall be performed after tenant working hours unless daytime cleaning is specified as a special requirement elsewhere in this Lease. Janitorial Services shall not be required on weekends or federal holidays. Services, maintenance, and utilities shall be provided from **7 AM to 5 PM**,

4.03 MAINTENANCE AND TESTING OF SYSTEMS (APR 2011)

A. The Lessor is responsible for the total maintenance and repair of the leased Premises. Such maintenance and repairs include the site and private access roads. All equipment and systems shall be maintained to provide reliable, energy efficient service without unusual interruption, disturbing noises, exposure to fire or safety hazards, uncomfortable drafts, excessive air velocities, or unusual emissions of dirt. The Lessor's maintenance responsibility includes initial supply and replacement of all supplies, materials, and equipment necessary for such maintenance. Maintenance, testing, and inspection of appropriate equipment and systems shall be done in accordance with current applicable codes, and inspection certificates shall be displayed as appropriate. Copies of all records in this regard shall be forwarded to the GSA Field Office Manager or a designated representative.

B. Without any additional charge, the Government reserves the right to require documentation of proper operations or testing prior to occupancy of such systems as fire alarm, sprinkler, standpipes, fire pumps, emergency lighting, illuminated exit signs, emergency generator, etc., to ensure proper operation. These tests shall be witnessed by a designated representative of the contracting officer.

4.04 RECYCLING (ON AIRPORT) (JUN 2012)

Where state or local law, code, or ordinance requires recycling programs (including mercury-containing lamps) for the Space to be provided pursuant to this Lease, the Lessor shall comply with such state and local law, code, or ordinance in accordance with GSA Form 3517, General Clauses, 552.270-8, *Compliance with Applicable Law*. During the lease term, the Lessor agrees, upon request, to provide the Government with additional information concerning recycling programs maintained in the Building and in the Leased Space.

4.05 SAFEGUARDING AND DISSEMINATION OF SENSITIVE BUT UNCLASSIFIED (SBU) BUILDING INFORMATION (JUN 2012)

This paragraph applies to all recipients of SBU Building information, including, bidders, awardees, contractors, subcontractors, Lessors, suppliers, and manufacturers.

A. **MARKING SBU.** Contractor-generated documents that contain Building information must be reviewed by GSA to identify any SBU content, before the original or any copies are disseminated to any other parties. If SBU content is identified, the LCO may direct the contractor, as specified elsewhere in this contract, to imprint or affix SBU document markings to the original documents and all copies, before any dissemination.

B. **AUTHORIZED RECIPIENTS.** Building information considered SBU must be protected with access strictly controlled and limited to those individuals having a need to know such information. Those with a need to know may include Federal, State, and local government entities, and nongovernment entities engaged in the conduct of business on behalf of or with GSA. Nongovernment entities may include architects, engineers, consultants, contractors, subcontractors, suppliers, and others submitting an offer or bid to GSA or performing work under a GSA contract or subcontract. Contractors must provide SBU Building information when needed for the performance of official Federal, State, and local government functions, such as for code compliance reviews and for the issuance of Building permits. Public safety entities such as fire and utility departments may require access to SBU Building information on a need to know basis. This paragraph must not prevent or encumber the dissemination of SBU Building information to public safety entities.

C. DISSEMINATION OF SBU BUILDING INFORMATION:

1. **BY ELECTRONIC TRANSMISSION.** Electronic transmission of SBU information outside of the GSA firewall and network must use session (or alternatively file encryption). Sessions (or files) must be encrypted with an approved NIST algorithm, such as Advanced Encryption Standard (AES) or Triple Data Encryption Standard (3DES), in accordance with Federal Information Processing Standards Publication (FIPS PUB)

140-2, Security Requirements for Cryptographic Modules. Encryption tools that meet FIPS 140-2 are referenced on the NIST web page found at the following URL: <http://csrc.nist.gov/groups/STM/cmvp/documents/140-1/1401vend.htm>. All encryption products used to satisfy the FIPS 140-2 requirement should have a validation certificate that can be verified at the <http://csrc.nist.gov/groups/STM/cmvp/validation.html#02>. (Not all vendors of security products that claim conformance with FIPS 140-2 have validation certificates.) Contractors must provide SBU Building information only to authorized representatives of State, Federal, and local government entities and firms currently registered as "active" in the Central Contractor Registration (CCR) database at <https://www.acquisition.gov> that have a need to know such information. If a subcontractor is not registered in the CCR and has a need to possess SBU Building information, the subcontractor shall provide to the contractor its DUNS number or its tax ID number and a copy of its business license.

2. **BY NON-ELECTRONIC FORM OR ON PORTABLE ELECTRONIC DATA STORAGE DEVICES.** Portable electronic data storage devices include but are not limited to CDs, DVDs, and USB drives. Non-electronic forms of SBU Building information include paper documents.

a. **By mail.** Utilize only methods of shipping that provide services for monitoring receipt such as track and confirm, proof of delivery, signature confirmation, or return receipt.

b. **In person.** Contractors must provide SBU Building information only to authorized representatives of State, Federal, and local government entities and firms currently registered as "active" in the CCR database that have a need to know such information.

3. **RECORD KEEPING.** Contractors must maintain a list of the State, Federal, and local government entities and the firms to which SBU is disseminated under sections C1 and C2 of this paragraph. This list must include at a minimum

- a. The name of the State, Federal, or local government entity or firm to which SBU has been disseminated;
- b. The name of the individual at the entity or firm who is responsible for protecting the SBU Building information, with access strictly controlled and limited to those individuals having a need to know such information;
- c. Contact information for the named individual; and
- d. A description of the SBU Building information provided.

Once work is completed, or for leased Space with the submission of the as built drawings, the contractor must collect all lists maintained in accordance with this paragraph, including those maintained by any subcontractors and suppliers, and submit them to the LCO. For Federal buildings, final payment may be withheld until the lists are received.

D. **RETAINING SBU DOCUMENTS.** SBU Building information (both electronic and paper formats) must be protected, with access strictly controlled and limited to those individuals having a need to know such information.

E. **DESTROYING SBU BUILDING INFORMATION.** SBU Building information must be destroyed such that the marked information is rendered unreadable and incapable of being restored, or returned to the LCO, when no longer needed, in accordance with guidelines provided for media sanitization available at <http://csrc.nist.gov/publications/PubsTC.html#Forensics>. At the Web site, locate SP 800-88, Guidelines for Media Sanitization, available at HTTP://CSRC.NIST.GOV/PUBLICATIONS/NISTPUBS/800-88/NISTSP800-88_REV1.PDF and click on the file name NISTSP800-88_REV1.pdf. From there, you can choose to "Save" or "Download" the file. If SBU Building information is not returned to the LCO, examples of acceptable destruction methods for SBU Building information are burning or shredding hardcopy; physically destroying portable electronic storage devices such as CDs, DVDs, and USB drives; deleting and removing files from electronic recycling bins; and removing material from computer hard drives using a permanent-erase utility such as bit-wiping software or disk crushers.

F. **NOTICE OF DISPOSAL.** The contractor must notify the LCO that all SBU Building information has been destroyed, or returned to the LCO, by the contractor and its subcontractors or suppliers in accordance with section (e) of this paragraph, with the exception of the contractor's record copy. This notice must be submitted to the LCO at the completion of the contract in order to receive final payment. For Leases, this notice must be submitted to the LCO at the completion of the Lease term.

G. **INCIDENTS.** All improper disclosures of SBU Building information must be reported immediately to the LCO. If the contract provides for progress payments, the LCO may withhold approval of progress payments until the contractor provides a corrective action plan explaining how the contractor will prevent future improper disclosures of SBU Building information. Progress payments may also be withheld for failure to comply with any provision in this paragraph until the contractor provides a corrective action plan explaining how the contractor will rectify any noncompliance and comply with the paragraph in the future.

H. **SUBCONTRACTS.** The Contractor must insert the substance of this paragraph in all subcontracts.

4.06 INDOOR AIR QUALITY (DEC 2007)

A. The Lessor shall control contaminants at the source and/or operate the Space in such a manner that the GSA indicator levels for carbon monoxide (CO), carbon dioxide (CO₂), and formaldehyde (HCHO) are not exceeded. The indicator levels for office areas shall be: CO 9 ppm time weighted average (TWA 8 hour sample); CO₂ 1,000 ppm (TWA); HCHO 0.1 ppm (TWA).

B. The Lessor shall make a reasonable attempt to apply insecticides, paints, glues, adhesives, and HVAC system cleaning compounds with highly volatile or irritating organic compounds, outside of working hours. Except in an emergency, the Lessor shall provide at least 72 hours advance notice to the Government before applying noxious chemicals in occupied spaces and shall adequately ventilate those spaces during and after application.

C. The Lessor shall promptly investigate indoor air quality (IAQ) complaints and shall implement the necessary controls to address the complaint.

D. The Government reserves the right to conduct independent IAQ assessments and detailed studies in space that it occupies, as well as in space serving the Space (e.g., common use areas, mechanical rooms, HVAC systems, etc.). The Lessor shall assist the Government in its assessments and detailed studies by:

1. Making available information on building operations and Lessor activities;
2. Providing access to Space for assessment and testing, if required; and

Implementing corrective measures required by the LCO.

E. The Lessor shall provide to the Government material safety data sheets (MSDS) upon request for the following products prior to their use during the term of the Lease: adhesives, caulking, sealants, insulating materials, fireproofing or firestopping materials, paints, carpets, floor and wall patching or leveling materials, lubricants, clear finish for wood surfaces, janitorial cleaning products, pesticides, rodenticides, and herbicides. The Government reserves the right to review such products used by the Lessor within:

1. The Space;
2. Common building areas;
3. Ventilation systems and zones serving the leased Space; and
4. The area above suspended ceilings and engineering space in the same ventilation zone as the leased Space.

F. Where hazardous gasses or chemicals (any products with data in the Health and Safety section of the MSDS sheets) may be present or used, including large-scale copying and printing rooms, segregate areas with deck-to-deck partitions with separate outside exhausting at a rate of at least 0.5 cubic feet per minute per SF, no air recirculation. The mechanical system must operate at a negative pressure compared with the surrounding spaces of at least an average of 5 Pa (pascal) (0.02 inches of water gauge) and with a minimum of 1 Pa (0.004 inches of water gauge) when the doors to the rooms are closed.

4.07 HAZARDOUS MATERIALS (ON AIRPORT) (APR 2011)

The leased Space shall be free of hazardous materials in compliance with all applicable Federal, state, and local environmental laws and regulations including, but not limited to, the following:

A. The leased Space shall be free of all asbestos containing materials, except undamaged asbestos flooring in the Space or undamaged boiler or pipe insulation outside the Space, in which case an asbestos management program conforming to EPA guidance shall be implemented.

B. The Lessor shall provide Space to the Government that is free from actionable mold and free from any conditions that reasonably can be anticipated to permit the growth of actionable mold or are indicative of the possibility that actionable mold will be present ("Indicators").

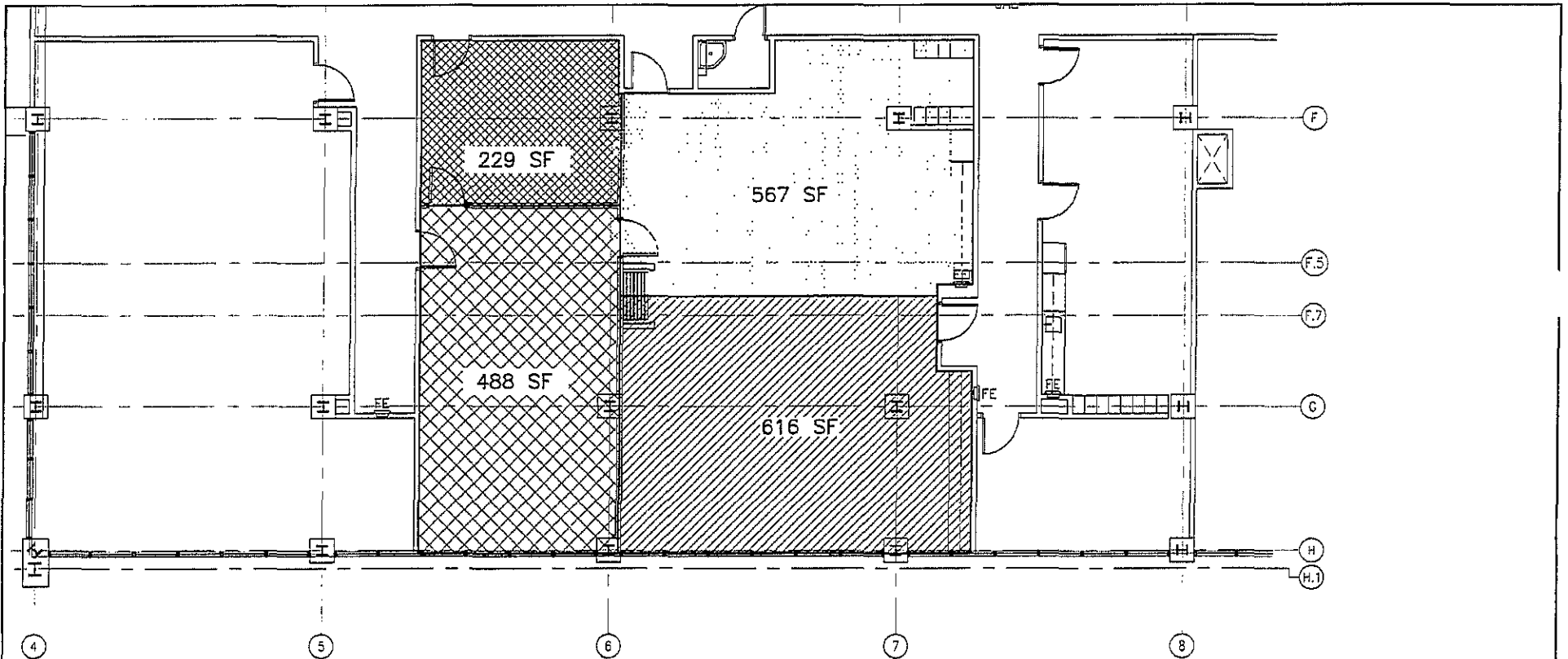
1. Actionable mold is mold of types and concentrations in excess of that found in the local outdoor air.

2. The Lessor shall be responsible for conducting the remediation in accordance with the relevant provisions of the document entitled "Mold Remediation in Schools and Commercial Buildings" (EPA 402-K-01-001, March 2001), published by EPA, as same may be amended or revised from time to time, and any other applicable Federal, state, or local laws, regulatory standards, and guidelines.

3. The Lessor acknowledges and agrees that the Government shall have a reasonable opportunity to inspect the leased Space after conclusion of the remediation. If the results of the Government's inspection indicate that the remediation does not comply with the plan or any other applicable Federal, state, or local laws, regulatory standards, or guidelines, the Lessor, at its sole cost, expense, and risk, shall immediately take all further actions necessary to bring the remediation into compliance.

4. If the Lessor fails to exercise due diligence, or is otherwise unable to remediate an actionable-mold problem, the Government may implement a corrective action program and deduct its costs from the rent.

SECTION 5 ADDITIONAL TERMS AND CONDITIONS



- ☒ TSA CONFERENCE ROOM
- ☒ TSA OFFICE SPACE
- ☐ TSA BREAK ROOM
- ▨ TSA TRAINING

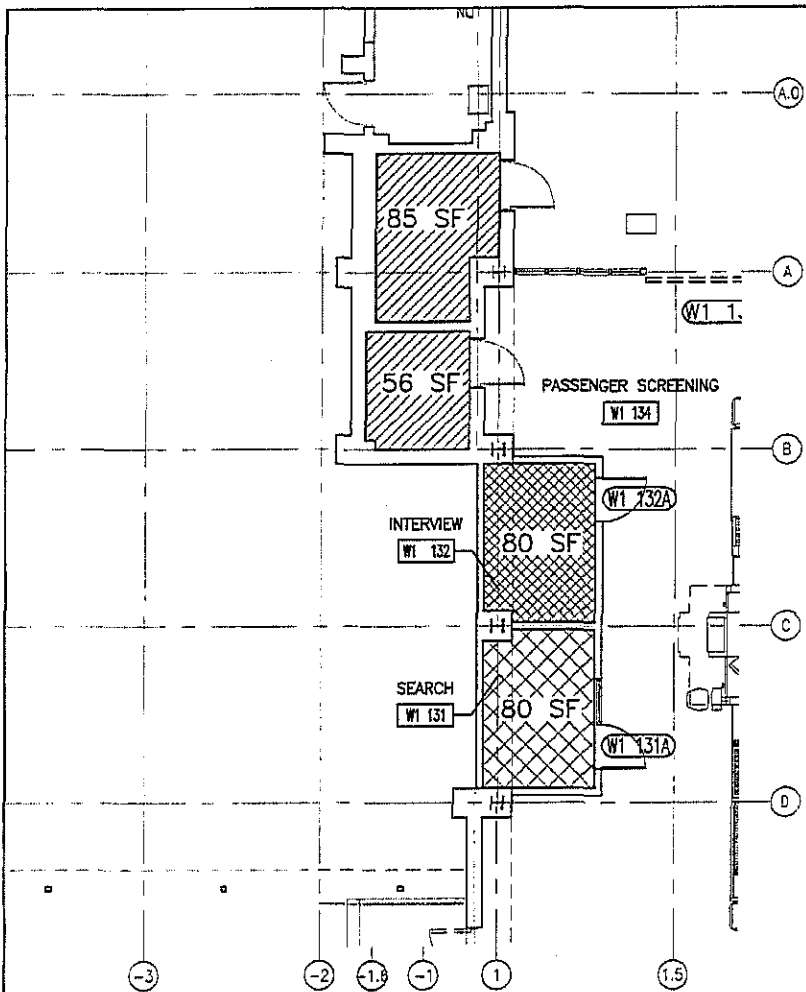
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2ND FLOOR TSA SUPPORT SPACE SQUARE FOOTAGE TAKE-OFFS

**TERMINAL
 RENOVATION
 PROJECT**
 ASHEVILLE, NORTH CAROLINA

DRAWN NMA	JOB NO. 203-9661-002
CHECKED OWNER	SHEET
DATE 08/16/10	SK-1



-  TSA INTERVIEW ROOM
-  TSA SEARCH ROOM
-  EXISTING TSA SPACES IN CURRENT USE

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REVISED SCOPE OF 1ST FLOOR TSA SUPPORT SPACE
 SQUARE FOOTAGE TAKE-OFFS

**TERMINAL
 RENOVATION
 PROJECT**
 ASHEVILLE, NORTH CAROLINA

DRAWN NMA	JOB NO. 203-9881-002
CHECKED OWNER	SHEET
DATE 08/16/10	- SK-3

GENERAL CLAUSES
(Acquisition of Leasehold Interests in Real Property)

CATEGORY	CLAUSE NO.	48 CFR REF.	CLAUSE TITLE
GENERAL	1		SUBLETTING AND ASSIGNMENT
	2	552.270-11	SUCCESSORS BOUND
	3	552.270-23	SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN
	4	552.270-24	STATEMENT OF LEASE
	5	552.270-25	SUBSTITUTION OF TENANT AGENCY
	6	552.270-26	NO WAIVER
	7		INTEGRATED AGREEMENT
	8	552.270-28	MUTUALITY OF OBLIGATION
PERFORMANCE	9		DELIVERY AND CONDITION
	10		DEFAULT BY LESSOR
	11	552.270-19	PROGRESSIVE OCCUPANCY
	12		MAINTENANCE OF THE PROPERTY, RIGHT TO INSPECT
	13		FIRE AND CASUALTY DAMAGE
	14		COMPLIANCE WITH APPLICABLE LAW
	15	552.270-12	ALTERATIONS
	16		ACCEPTANCE OF SPACE AND CERTIFICATE OF OCCUPANCY
PAYMENT	17	52.204-7	SYSTEM FOR AWARD MANAGEMENT
	18	52.204-13	SYSTEM FOR AWARD MANAGEMENT MAINTENANCE
	19	552.270-31	PROMPT PAYMENT
	20	552.232-23	ASSIGNMENT OF CLAIMS
	21	552.270-20	PAYMENT
	22	52.232-33	PAYMENT BY ELECTRONIC FUNDS TRANSFER—SYSTEM FOR AWARD MANAGEMENT
	STANDARDS OF CONDUCT	23	52.203-13
24		552.270-32	COVENANT AGAINST CONTINGENT FEES
25		52-203-7	ANTI-KICKBACK PROCEDURES
26		52-223-6	DRUG-FREE WORKPLACE
27		52.203-14	DISPLAY OF HOTLINE POSTER(S)
ADJUSTMENTS		28	552.270-30
	29	52-215-10	PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA
	30	552.270-13	PROPOSALS FOR ADJUSTMENT
	31		CHANGES
AUDITS	32	552.215-70	EXAMINATION OF RECORDS BY GSA
	33	52.215-2	AUDIT AND RECORDS—NEGOTIATION

INITIALS: _____ & _____
LESSOR GOVERNMENT

DISPUTES	34	52.233-1	DISPUTES
LABOR STANDARDS	35	52.222-26	EQUAL OPPORTUNITY
	36	52.222-21	PROHIBITION OF SEGREGATED FACILITIES
	37	52.219-28	POST-AWARD SMALL BUSINESS PROGRAM REREPRESENTATION
	38	52.222-35	EQUAL OPPORTUNITY FOR VETERANS
	39	52.222-36	AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES
	40	52.222-37	EMPLOYMENT REPORTS VETERANS
SUBCONTRACTING	41	52.209-6	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT
	42	52.215-12	SUBCONTRACTOR CERTIFIED COST OR PRICING DATA
	43	52.219-8	UTILIZATION OF SMALL BUSINESS CONCERNS
	44	52.219-9	SMALL BUSINESS SUBCONTRACTING PLAN
	45	52.219-16	LIQUIDATED DAMAGES—SUBCONTRACTING PLAN
	46	52.204-10	REPORTING EXECUTIVE COMPENSATION AND FIRST-TIER SUBCONTRACT AWARDS

The information collection requirements contained in this solicitation/contract that are not required by regulation have been approved by the Office of Management and Budget (OMB) pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090-0163.

INITIALS: _____ & _____
LESSOR GOVERNMENT

GENERAL CLAUSES
(Acquisition of Leasehold Interests in Real Property)

1. SUBLETTING AND ASSIGNMENT (JAN 2011)

The Government may sublet any part of the premises but shall not be relieved from any obligations under this lease by reason of any such subletting. The Government may at any time assign this lease, and be relieved from all obligations to Lessor under this lease excepting only unpaid rent and other liabilities, if any, that have accrued to the date of said assignment. Any subletting or assignment shall be subject to prior written consent of Lessor, which shall not be unreasonably withheld.

2. 552.270-11 SUCCESSORS BOUND (SEP 1999)

This lease shall bind, and inure to the benefit of, the parties and their respective heirs, executors, administrators, successors, and assigns.

3. 552.270-23 SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT (SEP 1999)

(a) Lessor warrants that it holds such title to or other interest in the premises and other property as is necessary to the Government's access to the premises and full use and enjoyment thereof in accordance with the provisions of this lease. Government agrees, in consideration of the warranties and conditions set forth in this clause, that this lease is subject and subordinate to any and all recorded mortgages, deeds of trust and other liens now or hereafter existing or imposed upon the premises, and to any renewal, modification or extension thereof. It is the intention of the parties that this provision shall be self-operative and that no further instrument shall be required to effect the present or subsequent subordination of this lease. Government agrees, however, within twenty (20) business days next following the Contracting Officer's receipt of a written demand, to execute such instruments as Lessor may reasonably request to evidence further the subordination of this lease to any existing or future mortgage, deed of trust or other security interest pertaining to the premises, and to any water, sewer or access easement necessary or desirable to serve the premises or adjoining property owned in whole or in part by Lessor if such easement does not interfere with the full enjoyment of any right granted the Government under this lease.

(b) No such subordination, to either existing or future mortgages, deeds of trust or other lien or security instrument shall operate to affect adversely any right of the Government under this lease so long as the Government is not in default under this lease. Lessor will include in any future mortgage, deed of trust or other security instrument to which this lease becomes subordinate, or in a separate non-disturbance agreement, a provision to the foregoing effect. Lessor warrants that the holders of all notes or other obligations secured by existing mortgages, deeds of trust or other security instruments have consented to the provisions of this clause, and agrees to provide true copies of all such consents to the Contracting Officer promptly upon demand.

(c) In the event of any sale of the premises or any portion thereof by foreclosure of the lien of any such mortgage, deed of trust or other security instrument, or the giving of a deed in lieu of foreclosure, the Government will be deemed to have attorned to any purchaser, purchasers, transferee or transferees of the premises or any portion thereof and its or their successors and assigns, and any such purchasers and transferees will be deemed to have assumed all obligations of the Lessor under this lease, so as to establish direct privity of estate and contract between Government and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the lease had initially been entered into between such purchasers or transferees and the Government; provided, further, that the Contracting Officer and such purchasers or transferees shall, with reasonable promptness following any such sale or deed delivery in lieu of foreclosure, execute all such revisions to this lease, or other writings, as shall be necessary to document the foregoing relationship.

(d) None of the foregoing provisions may be deemed or construed to imply a waiver of the Government's rights as a sovereign.

INITIALS: _____ & _____
LESSOR GOVERNMENT

4. 552.270-24 STATEMENT OF LEASE (SEP 1999)

(a) The Contracting Officer will, within thirty (30) days next following the Contracting Officer's receipt of a joint written request from Lessor and a prospective lender or purchaser of the building, execute and deliver to Lessor a letter stating that the same is issued subject to the conditions stated in this clause and, if such is the case, that (1) the lease is in full force and effect; (2) the date to which the rent and other charges have been paid in advance, if any; and (3) whether any notice of default has been issued.

(b) Letters issued pursuant to this clause are subject to the following conditions:

(1) That they are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance;

(2) That the Government shall not be held liable because of any defect in or condition of the premises or building;

(3) That the Contracting Officer does not warrant or represent that the premises or building comply with applicable Federal, State and local law; and

(4) That the Lessor, and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable pre-purchase and pre-commitment inspection of the Premises and Building and by inquiry to appropriate Federal, State and local Government officials.

5. 552.270-25 SUBSTITUTION OF TENANT AGENCY (SEP 1999)

The Government may, at any time and from time to time, substitute any Government agency or agencies for the Government agency or agencies, if any, named in the lease.

6. 552.270-26 NO WAIVER (SEP 1999)

No failure by either party to insist upon the strict performance of any provision of this lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent or other performance by either party during the continuance of any such breach shall constitute a waiver of any such breach of such provision.

7. INTEGRATED AGREEMENT (JUN 2012)

This Lease, upon execution, contains the entire agreement of the parties and no prior written or oral agreement, express or implied, shall be admissible to contradict the provisions of the Lease. Except as expressly attached to and made a part of the Lease, neither the Request for Lease Proposals nor any pre-award communications by either party shall be incorporated in the Lease.

8. 552.270-28 MUTUALITY OF OBLIGATION (SEP 1999)

The obligations and covenants of the Lessor, and the Government's obligation to pay rent and other Government obligations and covenants, arising under or related to this Lease, are interdependent. The Government may, upon issuance of and delivery to Lessor of a final decision asserting a claim against Lessor, set off such claim, in whole or in part, as against any payment or payments then or thereafter due the Lessor under this lease. No setoff pursuant to this clause shall constitute a breach by the Government of this lease.

9. DELIVERY AND CONDITION (JAN 2011)

(a) Unless the Government elects to have the space occupied in increments, the space must be delivered ready for occupancy as a complete unit.

(b) The Government may elect to accept the Space notwithstanding the Lessor's failure to deliver the Space substantially complete; if the Government so elects, it may reduce the rent payments.

10. DEFAULT BY LESSOR (APR 2012)

(a) The following conditions shall constitute default by the Lessor, and shall give rise to the following rights and remedies for the Government:

(1) Prior to Acceptance of the Premises. Failure by the Lessor to diligently perform all obligations required for Acceptance of the Space within the times specified, without excuse, shall constitute a default by the Lessor. Subject to provision of notice of default to the Lessor, and provision of a reasonable opportunity for the Lessor to cure its default, the Government may terminate the Lease on account of the Lessor's default.

(2) After Acceptance of the Premises. Failure by the Lessor to perform any service, to provide any item, or satisfy any requirement of this Lease, without excuse, shall constitute a default by the Lessor. Subject to provision of notice of default to the Lessor, and provision of a reasonable opportunity for the Lessor to cure its default, the Government may perform the service, provide the item, or obtain satisfaction of the requirement by its own employees or contractors. If the Government elects to take such action, the Government may deduct from rental payments its costs incurred in connection with taking the action. Alternatively, the Government may reduce the rent by an amount reasonably calculated to approximate the cost or value of the service not performed, item not provided, or requirement not satisfied, such reduction effective as of the date of the commencement of the default condition.

(3) Grounds for Termination. The Government may terminate the Lease if:

(i) The Lessor's default persists notwithstanding provision of notice and reasonable opportunity to cure by the Government, or

(ii) The Lessor fails to take such actions as are necessary to prevent the recurrence of default conditions,

and such conditions (i) or (ii) substantially impair the safe and healthful occupancy of the Premises, or render the Space unusable for its intended purposes.

(4) Excuse. Failure by the Lessor to timely deliver the Space or perform any service, provide any item, or satisfy any requirement of this Lease shall not be excused if its failure in performance arises from:

(i) Circumstances within the Lessor's control;

(ii) Circumstances about which the Lessor had actual or constructive knowledge prior to the Lease Award Date that could reasonably be expected to affect the Lessor's capability to perform, regardless of the Government's knowledge of such matters;

(iii) The condition of the Property;

(iv) The acts or omissions of the Lessor, its employees, agents or contractors; or

(v) The Lessor's inability to obtain sufficient financial resources to perform its obligations.

(5) The rights and remedies specified in this clause are in addition to any and all remedies to which the Government may be entitled as a matter of law.

11. 552.270-19 PROGRESSIVE OCCUPANCY (SEP 1999)

The Government shall have the right to elect to occupy the space in partial increments prior to the substantial completion of the entire leased premises, and the Lessor agrees to schedule its work so as to deliver the space incrementally as elected by the Government. The Government shall pay rent commencing with the first business day following substantial completion of the entire leased premise unless the Government has elected to occupy the

leased premises incrementally. In case of incremental occupancy, the Government shall pay rent pro rata upon the first business day following substantial completion of each incremental unit. Rental payments shall become due on the first workday of the month following the month in which an increment of space is substantially complete, except that should an increment of space be substantially completed after the fifteenth day of the month, the payment due date will be the first workday of the second month following the month in which it was substantially complete. The commencement date of the firm lease term will be a composite determined from all rent commencement dates.

12. MAINTENANCE OF THE PROPERTY, RIGHT TO INSPECT (APR 2015)

The Lessor shall maintain the Property, including the building, building systems, and all equipment, fixtures, and appurtenances furnished by the Lessor under this Lease, in good repair and tenantable condition so that they are suitable in appearance and capable of supplying such heat, air conditioning, light, ventilation, safety systems, access and other things to the premises, without reasonably preventable or recurring disruption, as is required for the Government's access to, occupancy, possession, use and enjoyment of the premises as provided in this lease. For the purpose of so maintaining the premises, the Lessor may at reasonable times enter the premises with the approval of the authorized Government representative in charge. Upon request of the Lease Contracting Officer (LCO), the Lessor shall provide written documentation that building systems have been properly maintained, tested, and are operational within manufacturer's warranted operating standards. The Lessor shall maintain the Premises in a safe and healthful condition according to applicable OSHA standards and all other requirements of this Lease, including standards governing indoor air quality, existence of mold and other biological hazards, presence of hazardous materials, etc. The Government shall have the right, at any time after the Lease Award Date and during the term of the Lease, to inspect all areas of the Property to which access is necessary for the purpose of determining the Lessor's compliance with this clause.

13. FIRE AND CASUALTY DAMAGE (MAR 2013)

If the building in which the Premises are located is totally destroyed or damaged by fire or other casualty, this Lease shall immediately terminate. If the building in which the Premises are located are only partially destroyed or damaged, so as to render the Premises untenable, or not usable for their intended purpose, the Lessor shall have the option to elect to repair and restore the Premises or terminate the Lease. The Lessor shall be permitted a reasonable amount of time, not to exceed **270 days** from the event of destruction or damage, to repair or restore the Premises, provided that the Lessor submits to the Government a reasonable schedule for repair of the Premises within **60 days** of the event of destruction or damage. If the Lessor fails to timely submit a reasonable schedule for completing the work, the Government may elect to terminate the Lease effective as of the date of the event of destruction or damage. If the Lessor elects to repair or restore the Premises, but fails to repair or restore the Premises within **270 days** from the event of destruction or damage, or fails to diligently pursue such repairs or restoration so as to render timely completion commercially impracticable, the Government may terminate the Lease effective as of the date of the destruction or damage. During the time that the Premises are unoccupied, rent shall be abated. Termination of the Lease by either party under this clause shall not give rise to liability for either party.

This clause shall not apply if the event of destruction or damage is caused by the Lessor's negligence or willful misconduct.

14. COMPLIANCE WITH APPLICABLE LAW (JAN 2011)

Lessor shall comply with all Federal, state and local laws applicable to its ownership and leasing of the Property, including, without limitation, laws applicable to the construction, ownership, alteration or operation of all buildings, structures, and facilities located thereon, and obtain all necessary permits, licenses and similar items at its own expense. The Government will comply with all Federal, State and local laws applicable to and enforceable against it as a tenant under this lease, provided that nothing in this Lease shall be construed as a waiver of the sovereign immunity of the Government. This Lease shall be governed by Federal law.

15. 552.270-12 ALTERATIONS (SEP 1999)

The Government shall have the right during the existence of this lease to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, additions or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed

or otherwise disposed of by the Government. If the lease contemplates that the Government is the sole occupant of the building, for purposes of this clause, the leased premises include the land on which the building is sited and the building itself. Otherwise, the Government shall have the right to tie into or make any physical connection with any structure located on the property as is reasonably necessary for appropriate utilization of the leased space.

16. ACCEPTANCE OF SPACE AND CERTIFICATE OF OCCUPANCY (APR 2015)

(a) Ten (10) working days prior to the completion of the Space, the Lessor shall issue written notice to the Government to schedule the inspection of the Space for acceptance. The Government shall accept the Space only if the construction of building shell and TIs conforming to this Lease and the approved DIDs is substantially complete, and a Certificate of Occupancy has been issued as set forth below.

(b) The Space shall be considered substantially complete only if the Space may be used for its intended purpose and completion of remaining work will not unreasonably interfere with the Government's enjoyment of the Space. Acceptance shall be final and binding upon the Government with respect to conformance of the completed TIs to the approved DIDs, with the exception of items identified on a punchlist generated as a result of the inspection, concealed conditions, latent defects, or fraud, but shall not relieve the Lessor of any other Lease requirements.

(c) The Lessor shall provide a valid Certificate of Occupancy, issued by the local jurisdiction, for the intended use of the Government. If the local jurisdiction does not issue Certificates of Occupancy or if the Certificate of Occupancy is not available, the Lessor may satisfy this condition by providing a report prepared by a licensed fire protection engineer that indicates that the Space and Building are compliant with all applicable local codes and ordinances and all fire protection and life safety-related requirements of this Lease to ensure an acceptable level of safety is provided. Under such circumstances, the Government shall only accept the Space without a Certificate of Occupancy if a licensed fire protection engineer determines that the offered space is compliant with all applicable local codes and ordinances and fire protection and life safety-related requirements of this Lease.

17. 52.204-7 SYSTEM FOR AWARD MANAGEMENT (JUL 2013)

(a) Definitions. As used in this provision—

“Data Universal Numbering System (DUNS) number” means the 9-digit number assigned by Dun and Bradstreet, Inc. (D&B) to identify unique business entities.

“Data Universal Numbering System +4 (DUNS+4) number” means the DUNS number assigned by D&B plus a 4-character suffix that may be assigned by a business concern. (D&B has no affiliation with this 4-character suffix.) This 4-character suffix may be assigned at the discretion of the business concern to establish additional System for Award Management records for identifying alternative Electronic Funds Transfer (EFT) accounts (see the FAR at [Subpart 32.11](#)) for the same concern.

“Registered in the System for Award Management (SAM) database” means that—

(1) The offeror has entered all mandatory information, including the DUNS number or the DUNS+4 number, the Contractor and Government Entity (CAGE) code, as well as data required by the Federal Funding Accountability and Transparency Act of 2006 (see [Subpart 4.14](#)) into the SAM database;

(2) The offeror has completed the Core, Assertions, and Representations and Certifications, and Points of Contact sections of the registration in the SAM database;

(3) The Government has validated all mandatory data fields, to include validation of the Taxpayer Identification Number (TIN) with the Internal Revenue Service (IRS). The offeror will be required to provide consent for TIN validation to the Government as a part of the SAM registration process; and

(4) The Government has marked the record "Active".

(b)(1) By submission of an offer, the offeror acknowledges the requirement that a prospective awardee shall be registered in the SAM database prior to award, during performance, and through final payment of any contract, basic agreement, basic ordering agreement, or blanket purchasing agreement resulting from this solicitation.

(2) The offeror shall enter, in the block with its name and address on the cover page of its offer, the annotation "DUNS" or "DUNS +4" followed by the DUNS or DUNS +4 number that identifies the offeror's name and address exactly as stated in the offer. The DUNS number will be used by the Contracting Officer to verify that the offeror is registered in the SAM database.

(c) If the offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one.

(1) An offeror may obtain a DUNS number—

(i) Via the Internet at <http://fedgov.dnb.com/webform> or if the offeror does not have internet access, it may call Dun and Bradstreet at 1-866-705-5711 if located within the United States; or

(ii) If located outside the United States, by contacting the local Dun and Bradstreet office. The offeror should indicate that it is an offeror for a U.S. Government contract when contacting the local Dun and Bradstreet office.

(2) The offeror should be prepared to provide the following information:

- (i) Company legal business.
- (ii) Tradestyle, doing business, or other name by which your entity is commonly recognized.
- (iii) Company Physical Street Address, City, State, and ZIP Code.
- (iv) Company Mailing Address, City, State and ZIP Code (if separate from physical).
- (v) Company Telephone Number.
- (vi) Date the company was started.
- (vii) Number of employees at your location.
- (viii) Chief executive officer/key manager.
- (ix) Line of business (industry).
- (x) Company Headquarters name and address (reporting relationship within your entity).

(d) If the Offeror does not become registered in the SAM database in the time prescribed by the Contracting Officer, the Contracting Officer will proceed to award to the next otherwise successful registered Offeror.

(e) Processing time, which normally takes 48 hours, should be taken into consideration when registering. Offerors who are not registered should consider applying for registration immediately upon receipt of this solicitation.

(f) Offerors may obtain information on registration at <https://www.acquisition.gov> .

18. 52.204-13 SYSTEM FOR AWARD MANAGEMENT MAINTENANCE (JUL 2013)

(a) *Definitions.* As used in this clause—

“Data Universal Numbering System (DUNS) number” means the 9-digit number assigned by Dun and Bradstreet, Inc. (D&B) to identify unique business entities, which is used as the identification number for Federal contractors.

“Data Universal Numbering System+4 (DUNS+4) number” means the DUNS number assigned by D&B plus a 4-character suffix that may be assigned by a business concern. (D&B has no affiliation with this 4-character suffix.) This 4-character suffix may be assigned at the discretion of the business concern to establish additional SAM records for identifying alternative Electronic Funds Transfer (EFT) accounts (see the FAR at subpart [32.11](#)) for the same concern.

“Registered in the System for Award Management (SAM) database” means that—

(1) The Contractor has entered all mandatory information, including the DUNS number or the DUNS+4 number, the Contractor and Government Entity (CAGE) code, as well as data required by the Federal Funding Accountability and Transparency Act of 2006 (see [Subpart 4.14](#)), into the SAM database;

(2) The Contractor has completed the Core, Assertions, Representations and Certifications, and Points of Contact sections of the registration in the SAM database;

(3) The Government has validated all mandatory data fields, to include validation of the Taxpayer Identification Number (TIN) with the Internal Revenue Service (IRS). The Contractor will be required to provide consent for TIN validation to the Government as a part of the SAM registration process; and

(4) The Government has marked the record “Active”.

“System for Award Management (SAM)” means the primary Government repository for prospective Federal awardee and Federal awardee information and the centralized Government system for certain contracting, grants, and other assistance-related processes. It includes—

(1) Data collected from prospective Federal awardees required for the conduct of business with the Government;

(2) Prospective contractor-submitted annual representations and certifications in accordance with FAR [Subpart 4.14](#); and

(3) Identification of those parties excluded from receiving Federal contracts, certain subcontracts, and certain types of Federal financial and non-financial assistance and benefits.

(b) The Contractor is responsible for the accuracy and completeness of the data within the SAM database, and for any liability resulting from the Government’s reliance on inaccurate or incomplete data. To remain registered in the SAM database after the initial registration, the Contractor is required to review and update on an annual basis, from the date of initial registration or subsequent updates, its information in the SAM database to ensure it is current, accurate and complete. Updating information in the SAM does not alter the terms and conditions of this contract and is not a substitute for a properly executed contractual document.

(c) (1) (i) If a Contractor has legally changed its business name, *doing business as* name, or division name (whichever is shown on the contract), or has transferred the assets used in performing the contract, but has not completed the necessary requirements regarding novation and change-of-name agreements in subpart [42.12](#), the

Contractor shall provide the responsible Contracting Officer a minimum of one business day's written notification of its intention to—

- (A) Change the name in the SAM database;
- (B) Comply with the requirements of subpart [42.12](#) of the FAR; and
- (C) Agree in writing to the timeline and procedures specified by the responsible Contracting Officer.

The Contractor shall provide with the notification sufficient documentation to support the legally changed name.

(ii) If the Contractor fails to comply with the requirements of paragraph (c)(1)(i) of this clause, or fails to perform the agreement at paragraph (c)(1)(i)(C) of this clause, and, in the absence of a properly executed novation or change-of-name agreement, the SAM information that shows the Contractor to be other than the Contractor indicated in the contract will be considered to be incorrect information within the meaning of the "Suspension of Payment" paragraph of the electronic funds transfer (EFT) clause of this contract.

(2) The Contractor shall not change the name or address for EFT payments or manual payments, as appropriate, in the SAM record to reflect an assignee for the purpose of assignment of claims (see FAR subpart [32.8](#), Assignment of Claims). Assignees shall be separately registered in the SAM. Information provided to the Contractor's SAM record that indicates payments, including those made by EFT, to an ultimate recipient other than that Contractor will be considered to be incorrect information within the meaning of the "Suspension of Payment" paragraph of the EFT clause of this contract.

(3) The Contractor shall ensure that the DUNS number is maintained with Dun & Bradstreet throughout the life of the contract. The Contractor shall communicate any change to the DUNS number to the Contracting Officer within 30 days after the change, so an appropriate modification can be issued to update the data on the contract. A change in the DUNS number does not necessarily require a novation be accomplished. Dun & Bradstreet may be contacted

(i) Via the internet at <http://fedgov.dnb.com/webform> or if the contractor does not have internet access, it may call Dun and Bradstreet at 1-866-705-5711 if located within the United States; or

(ii) If located outside the United States, by contacting the local Dun and Bradstreet office.

(d) Contractors may obtain additional information on registration and annual confirmation requirements at <https://www.acquisition.gov>.

19. 552.270-31 PROMPT PAYMENT (JUN 2011)

The Government will make payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or an electronic funds transfer is made. All days referred to in this clause are calendar days, unless otherwise specified.

(a) *Payment due date—*

(1) *Rental payments.* Rent shall be paid monthly in arrears and will be due on the first workday of each month, and only as provided for by the lease.

(i) When the date for commencement of rent falls on the 15th day of the month or earlier, the initial monthly rental payment under this contract shall become due on the first workday of the month following the month in which the commencement of the rent is effective.

(ii) When the date for commencement of rent falls after the 15th day of the month, the initial monthly rental payment under this contract shall become due on the first workday of the second month following the month in which the commencement of the rent is effective.

(2) *Other payments.* The due date for making payments other than rent shall be the later of the following two events:

(i) The 30th day after the designated billing office has received a proper invoice from the Contractor.

(ii) The 30th day after Government acceptance of the work or service. However, if the designated billing office fails to annotate the invoice with the actual date of receipt, the invoice payment due date shall be deemed to be the 30th day after the Contractor's invoice is dated, provided a proper invoice is received and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(b) *Invoice and inspection requirements for payments other than rent.*

(1) The Contractor shall prepare and submit an invoice to the designated billing office after completion of the work. A proper invoice shall include the following items:

(i) Name and address of the Contractor.

(ii) Invoice date.

(iii) Lease number.

(iv) Government's order number or other authorization.

(v) Description, price, and quantity of work or services delivered.

(vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the remittance address in the lease or the order).

(vii) Name (where practicable), title, phone number, and mailing address of person to be notified in the event of a defective invoice.

(2) The Government will inspect and determine the acceptability of the work performed or services delivered within seven days after the receipt of a proper invoice or notification of completion of the work or services unless a different period is specified at the time the order is placed. If actual acceptance occurs later, for the purpose of determining the payment due date and calculation of interest, acceptance will be deemed to occur on the last day of the seven day inspection period. If the work or service is rejected for failure to conform to the technical requirements of the contract, the seven days will be counted beginning with receipt of a new invoice or notification. In either case, the Contractor is not entitled to any payment or interest unless actual acceptance by the Government occurs.

(c) *Interest Penalty.*

(1) An interest penalty shall be paid automatically by the Government, without request from the Contractor, if payment is not made by the due date.

(2) The interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the **Federal Register** semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date.

(3) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the clause at 52.233-1, Disputes, or for more than one year. Interest penalties of less than \$1.00 need not be paid.

(4) Interest penalties are not required on payment delays due to disagreement between the Government and Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the clause at 52.233-1, Disputes.

(d) *Overpayments.* If the Lessor becomes aware of a duplicate payment or that the Government has otherwise overpaid on a payment, the Contractor shall—

(1) Return the overpayment amount to the payment office cited in the contract along with a description of the overpayment including the—

(i) Circumstances of the overpayment (e.g., duplicate payment, erroneous payment, liquidation errors, date(s) of overpayment);

(ii) Affected lease number; (iii) Affected lease line item or sub-line item, if applicable; and

(iii) Lessor point of contact.

(2) Provide a copy of the remittance and supporting documentation to the Contracting Officer.

20. 552.232-23 ASSIGNMENT OF CLAIMS (SEP 1999)

(Applicable to leases over \$3,000.)

In order to prevent confusion and delay in making payment, the Contractor shall not assign any claim(s) for amounts due or to become due under this contract. However, the Contractor is permitted to assign separately to a bank, trust company, or other financial institution, including any Federal lending agency, under the provisions of the Assignment of Claims Act, as amended, 31 U.S.C. 3727, 41 U.S.C. 15 (hereinafter referred to as "the Act"), all amounts due or to become due under any order amounting to \$1,000 or more issued by any Government agency under this contract. Any such assignment takes effect only if and when the assignee files written notice of the assignment together with a true copy of the instrument of assignment with the contracting officer issuing the order and the finance office designated in the order to make payment. Unless otherwise stated in the order, payments to an assignee of any amounts due or to become due under any order assigned may, to the extent specified in the Act, be subject to reduction or set-off.

21. 552.270-20 PAYMENT (MAY 2011)

(a) When space is offered and accepted, the amount of American National Standards Institute/Building Owners and Managers Association Office Area (ABOA) square footage delivered will be confirmed by:

(1) The Government's measurement of plans submitted by the successful Offeror as approved by the Government, and an inspection of the space to verify that the delivered space is in conformance with such plans or

(2) A mutual on-site measurement of the space, if the Contracting Officer determines that it is necessary.

(b) Payment will not be made for space which is in excess of the amount of ABOA square footage stated in the lease.

(c) If it is determined that the amount of ABOA square footage actually delivered is less than the amount agreed to in the lease, the lease will be modified to reflect the amount of ABOA space delivered and the annual rental will be adjusted as follows:

ABOA square feet not delivered multiplied by one plus the common area factor (CAF), multiplied by the rate per rentable square foot (RSF). That is: $(1+CAF) \times \text{Rate per RSF} = \text{Reduction in Annual Rent}$

22. 52.232-33 PAYMENT BY ELECTRONIC FUNDS TRANSFER—SYSTEM FOR AWARD MANAGEMENT (JUL 2013)

(a) Method of payment.

(1) All payments by the Government under this contract shall be made by electronic funds transfer (EFT), except as provided in paragraph (a)(2) of this clause. As used in this clause, the term "EFT" refers to the funds transfer and may also include the payment information transfer.

(2) In the event the Government is unable to release one or more payments by EFT, the Contractor agrees to either—

(i) Accept payment by check or some other mutually agreeable method of payment; or

(ii) Request the Government to extend the payment due date until such time as the Government can make payment by EFT (but see paragraph (d) of this clause).

(b) *Contractor's EFT information.* The Government shall make payment to the Contractor using the EFT information contained in the System for Award Management (SAM) database. In the event that the EFT information changes, the Contractor shall be responsible for providing the updated information to the SAM database.

(c) *Mechanisms for EFT payment.* The Government may make payment by EFT through either the Automated Clearing House (ACH) network, subject to the rules of the National Automated Clearing House Association, or the Fedwire Transfer System. The rules governing Federal payments through the ACH are contained in 31 CFR Part 210.

(d) *Suspension of payment.* If the Contractor's EFT information in the SAM database is incorrect, then the Government need not make payment to the Contractor under this contract until correct EFT information is entered into the SAM database; and any invoice or contract financing request shall be deemed not to be a proper invoice for the purpose of prompt payment under this contract. The prompt payment terms of the contract regarding notice of an improper invoice and delays in accrual of interest penalties apply.

(e) Liability for uncompleted or erroneous transfers.

(1) If an uncompleted or erroneous transfer occurs because the Government used the Contractor's EFT information incorrectly, the Government remains responsible for—

(i) Making a correct payment;

(ii) Paying any prompt payment penalty due; and

(iii) Recovering any erroneously directed funds.

(2) If an uncompleted or erroneous transfer occurs because the Contractor's EFT information was incorrect, or was revised within 30 days of Government release of the EFT payment transaction instruction to the Federal Reserve System, and—

(i) If the funds are no longer under the control of the payment office, the Government is deemed to have made payment and the Contractor is responsible for recovery of any erroneously directed funds; or

(ii) If the funds remain under the control of the payment office, the Government shall not make payment, and the provisions of paragraph (d) of this clause shall apply.

(f) *EFT and prompt payment.* A payment shall be deemed to have been made in a timely manner in accordance with the prompt payment terms of this contract if, in the EFT payment transaction instruction released

to the Federal Reserve System, the date specified for settlement of the payment is on or before the prompt payment due date, provided the specified payment date is a valid date under the rules of the Federal Reserve System.

(g) *EFT and assignment of claims.* If the Contractor assigns the proceeds of this contract as provided for in the assignment of claims terms of this contract, the Contractor shall require as a condition of any such assignment, that the assignee shall register separately in the SAM database and shall be paid by EFT in accordance with the terms of this clause. Notwithstanding any other requirement of this contract, payment to an ultimate recipient other than the Contractor, or a financial institution properly recognized under an assignment of claims pursuant to [Subpart 32.8](#), is not permitted. In all respects, the requirements of this clause shall apply to the assignee as if it were the Contractor. EFT information that shows the ultimate recipient of the transfer to be other than the Contractor, in the absence of a proper assignment of claims acceptable to the Government, is incorrect EFT information within the meaning of paragraph (d) of this clause.

(h) *Liability for change of EFT information by financial agent.* The Government is not liable for errors resulting from changes to EFT information made by the Contractor's financial agent.

(i) *Payment information.* The payment or disbursing office shall forward to the Contractor available payment information that is suitable for transmission as of the date of release of the EFT instruction to the Federal Reserve System. The Government may request the Contractor to designate a desired format and method(s) for delivery of payment information from a list of formats and methods the payment office is capable of executing. However, the Government does not guarantee that any particular format or method of delivery is available at any particular payment office and retains the latitude to use the format and delivery method most convenient to the Government. If the Government makes payment by check in accordance with paragraph (a) of this clause, the Government shall mail the payment information to the remittance address contained in the SAM database.

23. 52.203-13 CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT (APR 2010)

(Applicable to leases over \$5 million and performance period is 120 days or more.)

(a) *Definitions.* As used in this clause—

“Agent” means any individual, including a director, an officer, an employee, or an independent Contractor, authorized to act on behalf of the organization.

“Full cooperation”—

(1) Means disclosure to the Government of the information sufficient for law enforcement to identify the nature and extent of the offense and the individuals responsible for the conduct. It includes providing timely and complete response to Government auditors' and investigators' request for documents and access to employees with information;

(2) Does not foreclose any Contractor rights arising in law, the FAR, or the terms of the contract. It does not require—

(i) A Contractor to waive its attorney-client privilege or the protections afforded by the attorney work product doctrine; or

(ii) Any officer, director, owner, or employee of the Contractor, including a sole proprietor, to waive his or her attorney client privilege or Fifth Amendment rights; and

(3) Does not restrict a Contractor from—

(i) Conducting an internal investigation; or

(ii) Defending a proceeding or dispute arising under the contract or related to a potential or disclosed violation.

“Principal” means an officer, director, owner, partner, or a person having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a division or business segment; and similar positions).

“Subcontract” means any contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract.

“Subcontractor” means any supplier, distributor, vendor, or firm that furnished supplies or services to or for a prime contractor or another subcontractor.

“United States,” means the 50 States, the District of Columbia, and outlying areas.

(b) *Code of business ethics and conduct.*

(1) Within 30 days after contract award, unless the Contracting Officer establishes a longer time period, the Contractor shall—

(i) Have a written code of business ethics and conduct; and

(ii) Make a copy of the code available to each employee engaged in performance of the contract.

(2) The Contractor shall—

(i) Exercise due diligence to prevent and detect criminal conduct; and

(ii) Otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

(3) (i) The Contractor shall timely disclose, in writing, to the agency Office of the Inspector General (OIG), with a copy to the Contracting Officer, whenever, in connection with the award, performance, or closeout of this contract or any subcontract thereunder, the Contractor has credible evidence that a principal, employee, agent, or subcontractor of the Contractor has committed—

(A) A violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or

(B) A violation of the civil False Claims Act ([31 U.S.C. 3729-3733](#)).

(ii) The Government, to the extent permitted by law and regulation, will safeguard and treat information obtained pursuant to the Contractor’s disclosure as confidential where the information has been marked “confidential” or “proprietary” by the company. To the extent permitted by law and regulation, such information will not be released by the Government to the public pursuant to a Freedom of Information Act request, [5 U.S.C. Section 552](#), without prior notification to the Contractor. The Government may transfer documents provided by the Contractor to any department or agency within the Executive Branch if the information relates to matters within the organization’s jurisdiction.

(iii) If the violation relates to an order against a Governmentwide acquisition contract, a multi-agency contract, a multiple-award schedule contract such as the Federal Supply Schedule, or any other procurement instrument intended for use by multiple agencies, the Contractor shall notify the OIG of the ordering agency and the IG of the agency responsible for the basic contract.

(c) Business ethics awareness and compliance program and internal control system. This paragraph (c) does not apply if the Contractor has represented itself as a small business concern pursuant to the award of this contract or if this contract is for the acquisition of a commercial item as defined at FAR 2.101. The Contractor shall establish the following within 90 days after contract award, unless the Contracting Officer establishes a longer time period:

(1) An ongoing business ethics awareness and compliance program.

(i) This program shall include reasonable steps to communicate periodically and in a practical manner the Contractor's standards and procedures and other aspects of the Contractor's business ethics awareness and compliance program and internal control system, by conducting effective training programs and otherwise disseminating information appropriate to an individual's respective roles and responsibilities.

(ii) The training conducted under this program shall be provided to the Contractor's principals and employees, and as appropriate, the Contractor's agents and subcontractors.

(2) An internal control system.

(i) The Contractor's internal control system shall—

(A) Establish standards and procedures to facilitate timely discovery of improper conduct in connection with Government contracts; and

(B) Ensure corrective measures are promptly instituted and carried out.

(ii) At a minimum, the Contractor's internal control system shall provide for the following:

(A) Assignment of responsibility at a sufficiently high level and adequate resources to ensure effectiveness of the business ethics awareness and compliance program and internal control system.

(B) Reasonable efforts not to include an individual as a principal, whom due diligence would have exposed as having engaged in conduct that is in conflict with the Contractor's code of business ethics and conduct.

(C) Periodic reviews of company business practices, procedures, policies, and internal controls for compliance with the Contractor's code of business ethics and conduct and the special requirements of Government contracting, including—

- Monitoring and auditing to detect criminal conduct;

- Periodic evaluation of the effectiveness of the business ethics awareness and compliance program and internal control system, especially if criminal conduct has been detected; and

- Periodic assessment of the risk of criminal conduct, with appropriate steps to design, implement, or modify the business ethics awareness and compliance program and the internal control system as necessary to reduce the risk of criminal conduct identified through this process.

(D) An internal reporting mechanism, such as a hotline, which allows for anonymity or confidentiality, by which employees may report suspected instances of improper conduct, and instructions that encourage employees to make such reports.

(E) Disciplinary action for improper conduct or for failing to take reasonable steps to prevent or detect improper conduct.

(F) Timely disclosure, in writing, to the agency OIG, with a copy to the Contracting Officer, whenever, in connection with the award, performance, or closeout of any Government contract performed by the Contractor or a subcontract thereunder, the Contractor has credible evidence that a principal, employee, agent, or subcontractor of the Contractor has committed a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 U.S.C. or a violation of the civil False Claims Act (31 U.S.C. 3729-3733).

- If a violation relates to more than one Government contract, the Contractor may make the disclosure to the agency OIG and Contracting Officer responsible for the largest dollar value contract impacted by the violation.

- If the violation relates to an order against a Governmentwide acquisition contract, a multi-agency contract, a multiple-award schedule contract such as the Federal Supply Schedule, or any other procurement instrument intended for use by multiple agencies, the contractor shall notify the OIG of the ordering agency and the IG of the agency responsible for the basic contract, and the respective agencies' contracting officers.

- The disclosure requirement for an individual contract continues until at least 3 years after final payment on the contract.

- The Government will safeguard such disclosures in accordance with paragraph (b)(3)(ii) of this clause.

(G) Full cooperation with any Government agencies responsible for audits, investigations, or corrective actions.

(d) *Subcontracts.*

(1) The Contractor shall include the substance of this clause, including this paragraph (d), in subcontracts that have a value in excess of \$5,000,000 and a performance period of more than 120 days.

(2) In altering this clause to identify the appropriate parties, all disclosures of violation of the civil False Claims Act or of Federal criminal law shall be directed to the agency Office of the Inspector General, with a copy to the Contracting Officer.

24. 552.270-32 COVENANT AGAINST CONTINGENT FEES (JUN 2011)

(Applicable to leases over \$150,000 average net annual rental including option periods.)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of the contingent fee.

(b) *Bona fide agency*, as used in this clause, means an established commercial or selling agency (including licensed real estate agents or brokers), maintained by a Contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

(1) *Bona fide employee*, as used in this clause, means a person, employed by a Contractor and subject to the Contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

(2) *Contingent fee*, as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

(3) *Improper influence*, as used in this clause, means any influence that induces or tends to induce a *Government* employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

25. 52.203-7 ANTI-KICKBACK PROCEDURES (MAY 2014)

(Applicable to leases over \$150,000 average net annual rental including option periods.)

(a) *Definitions.*

“Kickback,” as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contractor in connection with a subcontract relating to a prime contract.

“Person,” as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

“Prime contract,” as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.

“Prime Contractor” as used in this clause, means a person who has entered into a prime contract with the United States.

“Prime Contractor employee,” as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.

“Subcontract,” as used in this clause, means a contract or contractual action entered into by a prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract.

“Subcontractor,” as used in this clause, (1) means any person, other than the prime Contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and (2) includes any person who offers to furnish or furnishes general supplies to the prime Contractor or a higher tier subcontractor.

“Subcontractor employee,” as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

(b) 41 U.S.C. chapter 87, Kickbacks, prohibits any person from—

(1) Providing or attempting to provide or offering to provide any kickback;

(2) Soliciting, accepting, or attempting to accept any kickback; or

(3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.

(c) (1) The Contractor shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (b) of this clause in its own operations and direct business relationships.

(2) When the Contractor has reasonable grounds to believe that a violation described in paragraph (b) of this clause may have occurred, the Contractor shall promptly report in writing the possible violation. Such reports shall be made to the inspector general of the contracting agency, the head of the contracting agency if the agency does not have an inspector general, or the Attorney General.

(3) The Contractor shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this clause.

(4) The Contracting Officer may (i) offset the amount of the kickback against any monies owed by the United States under the prime contract and/or (ii) direct that the Prime Contractor withhold from sums owed a subcontractor under the prime contract the amount of the kickback. The Contracting Officer may order that monies withheld under subdivision (c)(4)(ii) of this clause be paid over to the Government unless the Government has already offset those monies under subdivision (c)(4)(i) of this clause. In either case, the Prime Contractor shall notify the Contracting Officer when the monies are withheld.

(5) The Contractor agrees to incorporate the substance of this clause, including paragraph (c)(5) but excepting paragraph (c)(1), in all subcontracts under this contract which exceed \$150,000.

26. 52.223-6 DRUG-FREE WORKPLACE (MAY 2001)

(Applicable to leases over \$150,000 average net annual rental including option periods, as well as to leases of any value awarded to an individual.)

(a) *Definitions.* As used in this clause—

"Controlled substance" means a controlled substance in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. 812) and as further defined in regulation at 21 CFR 1308.11 - 1308.15.

"Conviction" means a finding of guilt (including a plea of *nolo contendere*) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession, or use of any controlled substance.

"Drug-free workplace" means the site(s) for the performance of work done by the Contractor in connection with a specific contract where employees of the Contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.

"Employee" means an employee of a Contractor directly engaged in the performance of work under a Government contract. "Directly engaged" is defined to include all direct cost employees and any other Contractor employee who has other than a minimal impact or involvement in contract performance.

"Individual" means an Offeror/Contractor that has no more than one employee including the Offeror/Contractor.

(b) The Contractor, if other than an individual, shall—within 30 days after award (unless a longer period is agreed to in writing for contracts of 30 days or more performance duration), or as soon as possible for contracts of less than 30 days performance duration—

(1) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;

(2) Establish an ongoing drug-free awareness program to inform such employees about—

(i) The dangers of drug abuse in the workplace;

(ii) The Contractor's policy of maintaining a drug-free workplace;

(iii) Any available drug counseling, rehabilitation, and employee assistance programs; and

(iv) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(3) Provide all employees engaged in performance of the contract with a copy of the statement required by paragraph (b)(1) of this clause;

(4) Notify such employees in writing in the statement required by paragraph (b)(1) of this clause that, as a condition of continued employment on this contract, the employee will—

(i) Abide by the terms of the statement; and

(ii) Notify the employer in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than 5 days after such conviction;

(5) Notify the Contracting Officer in writing within 10 days after receiving notice under subdivision (b)(4)(ii) of this clause, from an employee or otherwise receiving actual notice of such conviction. The notice shall include the position title of the employee;

(6) Within 30 days after receiving notice under subdivision (b)(4)(ii) of this clause of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:

(i) Taking appropriate personnel action against such employee, up to and including termination; or

(ii) Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and

(7) Make a good faith effort to maintain a drug-free workplace through implementation of paragraphs (b)(1) through (b)(6) of this clause.

(c) The Contractor, if an individual, agrees by award of the contract or acceptance of a purchase order, not to engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance while performing this contract.

(d) In addition to other remedies available to the Government, the Contractor's failure to comply with the requirements of paragraph (b) or (c) of this clause may, pursuant to FAR 23.506, render the Contractor subject to suspension of contract payments, termination of the contract or default, and suspension or debarment.

27. 52.203-14 DISPLAY OF HOTLINE POSTER(S) (DEC 2007)

(Applicable to leases over \$5 Million and performance period is 120 days or more.)

(a) *Definition.*

"United States," as used in this clause, means the 50 States, the District of Columbia, and outlying areas.

(b) *Display of fraud hotline poster(s).* Except as provided in paragraph (c)—

(1) During contract performance in the United States, the Contractor shall prominently display in common work areas within business segments performing work under this contract and at contract work sites—

(i) Any agency fraud hotline poster or Department of Homeland Security (DHS) fraud hotline poster identified in paragraph (b)(3) of this clause; and

(ii) Any DHS fraud hotline poster subsequently identified by the Contracting Officer.

(2) Additionally, if the Contractor maintains a company website as a method of providing information to employees, the Contractor shall display an electronic version of the poster(s) at the website.

(3) Any required posters may be obtained as follows:

Poster(s)	Obtain from
_____	_____
_____	_____

(Contracting Officer shall insert—

(i) Appropriate agency name(s) and/or title of applicable Department of Homeland Security fraud hotline poster); and

(ii) The website(s) or other contact information for obtaining the poster(s).)

(c) If the Contractor has implemented a business ethics and conduct awareness program, including a reporting mechanism, such as a hotline poster, then the Contractor need not display any agency fraud hotline posters as required in paragraph (b) of this clause, other than any required DHS posters.

(d) *Subcontracts.* The Contractor shall include the substance of this clause, including this paragraph (d), in all subcontracts that exceed \$5,000,000, except when the subcontract—

(1) Is for the acquisition of a commercial item; or

(2) Is performed entirely outside the United States.

28. 552.270-30 PRICE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JUN 2011)

(Applicable to leases over \$150,000 average net annual rental including option periods.)

(a) If the head of the contracting activity (HCA) or his or her designee determines that there was a violation of subsection 27(a) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), as implemented in the Federal Acquisition Regulation, the Government, at its election, may—

(1) Reduce the monthly rental under this lease by five percent of the amount of the rental for each month of the remaining term of the lease, including any option periods, and recover five percent of the rental already paid;

(2) Reduce payments for alterations not included in monthly rental payments by five percent of the amount of the alterations agreement; or

(3) Reduce the payments for violations by a Lessor's subcontractor by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was placed.

(b) Prior to making a determination as set forth above, the HCA or designee shall provide to the Lessor a written notice of the action being considered and the basis thereof. The Lessor shall have a period determined by the agency head or designee, but not less than 30 calendar days after receipt of such notice, to submit in person, in writing, or through a representative, information and argument in opposition to the proposed reduction. The agency head or designee may, upon good cause shown, determine to deduct less than the above amounts from payments.

(c) The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law or under this lease.

29. 52.215-10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (AUG 2011)

(Applicable when cost or pricing data are required for work or services over \$700,000.)

(a) If any price, including profit or fee, negotiated in connection with this contract, or any cost reimbursable under this contract, was increased by any significant amount because—

(1) The Contractor or a subcontractor furnished certified cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data;

(2) A subcontractor or prospective subcontractor furnished the Contractor certified cost or pricing data that were not complete, accurate, and current as certified in the Contractor's Certificate of Current Cost or Pricing Data; or

(3) Any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction.

(b) Any reduction in the contract price under paragraph (a) of this clause due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which (1) the actual subcontract or (2) the actual cost to the Contractor, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; provided, that the actual subcontract price was not itself affected by defective certified cost or pricing data.

(c) (1) If the Contracting Officer determines under paragraph (a) of this clause that a price or cost reduction should be made, the Contractor agrees not to raise the following matters as a defense:

(i) The Contractor or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current certified cost or pricing data had been submitted.

(ii) The Contracting Officer should have known that the certified cost or pricing data in issue were defective even though the Contractor or subcontractor took no affirmative action to bring the character of the data to the attention of the Contracting Officer.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.

(iv) The Contractor or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2) (i) Except as prohibited by subdivision (c)(2)(ii) of this clause, an offset in an amount determined appropriate by the Contracting Officer based upon the facts shall be allowed against the amount of a contract price reduction if—

(A) The Contractor certifies to the Contracting Officer that, to the best of the Contractor's knowledge and belief, the Contractor is entitled to the offset in the amount requested; and

(B) The Contractor proves that the certified cost or pricing data were available before the "as of" date specified on its Certificate of Current Cost or Pricing Data, and that the data were not submitted before such date.

(ii) An offset shall not be allowed if—

(A) The understated data were known by the Contractor to be understated before the "as of" date specified on its Certificate of Current Cost or Pricing Data; or

(B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the "as of" date specified on its Certificate of Current Cost or Pricing Data.

(d) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Contractor shall be liable to and shall pay the United States at the time such overpayment is repaid—

(1) Interest compounded daily, as required by 26 U.S.C. 6622, on the amount of such overpayment to be computed from the date(s) of overpayment to the Contractor to the date the Government is repaid by the Contractor at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and

(2) A penalty equal to the amount of the overpayment, if the Contractor or subcontractor knowingly submitted certified cost or pricing data that were incomplete, inaccurate, or noncurrent.

30. 552.270-13 PROPOSALS FOR ADJUSTMENT (SEP 1999)

(a) The Contracting Officer may, from time to time during the term of this lease, require changes to be made in the work or services to be performed and in the terms or conditions of this lease. Such changes will be required under the Changes clause.

(b) If the Contracting Officer makes a change within the general scope of the lease, the Lessor shall submit, in a timely manner, an itemized cost proposal for the work to be accomplished or services to be performed when the cost exceeds \$100,000. The proposal, including all subcontractor work, will contain at least the following detail—

- (1) Material quantities and unit costs;
- (2) Labor costs (identified with specific item or material to be placed or operation to be performed);
- (3) Equipment costs;
- (4) Worker's compensation and public liability insurance;
- (5) Overhead;
- (6) Profit; and
- (7) Employment taxes under FICA and FUTA.

(c) The following Federal Acquisition Regulation (FAR) provisions also apply to all proposals exceeding \$500,000 in cost—

(1) The Lessor shall provide cost or pricing data including subcontractor cost or pricing data (48 CFR 15.403-4) and

(2) The Lessor's representative, all Contractors, and subcontractors whose portion of the work exceeds \$500,000 must sign and return the "Certificate of Current Cost or Pricing Data" (48 CFR 15.406-2).

(d) Lessors shall also refer to 48 CFR Part 31, Contract Cost Principles, for information on which costs are allowable, reasonable, and allocable in Government work.

31. CHANGES (MAR 2013)

(a) The LCO may at any time, by written order, direct changes to the Tenant Improvements within the Space, Building Security Requirements, or the services required under the Lease.

(b) If any such change causes an increase or decrease in Lessor's costs or time required for performance of its obligations under this Lease, whether or not changed by the order, the Lessor shall be entitled to an amendment to the Lease providing for one or more of the following:

- (1) An adjustment of the delivery date;

- (2) An equitable adjustment in the rental rate;
- (3) A lump sum equitable adjustment; or
- (4) A change to the operating cost base, if applicable.

(c) The Lessor shall assert its right to an amendment under this clause within 30 days from the date of receipt of the change order and shall submit a proposal for adjustment. Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, the pendency of an adjustment or existence of a dispute shall not excuse the Lessor from proceeding with the change as directed.

(d) Absent a written change order from the LCO, or from a Government official to whom the LCO has explicitly and in writing delegated the authority to direct changes, the Government shall not be liable to Lessor under this clause.

32. 552.215-70 EXAMINATION OF RECORDS BY GSA (FEB 1996)

The Contractor agrees that the Administrator of General Services or any duly authorized representative shall, until the expiration of 3 years after final payment under this contract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of the Contractor involving transactions related to this contract or compliance with any clauses thereunder. The Contractor further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that the Administrator of General Services or any duly authorized representatives shall, until the expiration of 3 years after final payment under the subcontract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of such subcontractor involving transactions related to the subcontract or compliance with any clauses thereunder. The term "subcontract" as used in this clause excludes (a) purchase orders not exceeding \$100,000 and (b) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

33. 52.215-2 AUDIT AND RECORDS—NEGOTIATION (OCT 2010)

(Applicable to leases over \$150,000 average net annual rental including option periods.)

(a) As used in this clause, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

(b) *Examination of costs.* If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price re-determinable contract, or any combination of these, the Contractor shall maintain and the Contracting Officer, or an authorized representative of the Contracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection at all reasonable times of the Contractor's plants, or parts of them, engaged in performing the contract.

(c) *Certified cost or pricing data.* If the Contractor has been required to submit certified cost or pricing data in connection with any pricing action relating to this contract, the Contracting Officer, or an authorized representative of the Contracting Officer, in order to evaluate the accuracy, completeness, and currency of the certified cost or pricing data, shall have the right to examine and audit all of the Contractor's records, including computations and projections, related to—

- (1) The proposal for the contract, subcontract, or modification;
- (2) The discussions conducted on the proposal(s), including those related to negotiating;
- (3) Pricing of the contract, subcontract, or modification; or
- (4) Performance of the contract, subcontract or modification.

(d) Comptroller General—

(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder and to interview any current employee regarding such transactions.

(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(e) Reports. If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or an authorized representative of the Contracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating—

(1) The effectiveness of the Contractor's policies and procedures to produce data compatible with the objectives of these reports; and

(2) The data reported.

(f) Availability. The Contractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in [Subpart 4.7](#), Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this contract. In addition—

(1) If this contract is completely or partially terminated, the Contractor shall make available the records relating to the work terminated until 3 years after any resulting final termination settlement; and

(2) The Contractor shall make available records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract until such appeals, litigation, or claims are finally resolved.

(g) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (g), in all subcontracts under this contract that exceed the simplified acquisition threshold, and—

(1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price re-determinable type or any combination of these;

(2) For which certified cost or pricing data are required; or

(3) That require the subcontractor to furnish reports as discussed in paragraph (e) of this clause.

The clause may be altered only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime contract.

34. 52.233-1 DISPUTES (MAY 2014)

(a) This contract is subject to [41 U.S.C chapter 71](#), Contract Disputes.

(b) Except as provided in [41 U.S.C chapter 71](#), all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$100,000 is not a claim under [41 U.S.C](#)

[chapter 71](#) until certified. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under [41 U.S.C chapter 71](#). The submission may be converted to a claim under [41 U.S.C chapter 71](#), by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d) (1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2) (i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding \$100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in [41 U.S.C chapter 71](#).

(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.

(h) The Government shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR [33.201](#), interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under or relating to the contract, and comply with any decision of the Contracting Officer.

35. 52.222-26 EQUAL OPPORTUNITY (MAR 2007)

(a) *Definition.* "United States," as used in this clause, means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.

(b) (1) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with this clause, except for work performed outside the United States by employees who were not recruited within the United States. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(2) If the Contractor is a religious corporation, association, educational institution, or society, the requirements of this clause do not apply with respect to the employment of individuals of a particular religion to perform work connected with the carrying on of the Contractor's activities (41 CFR 60-1.5).

(c) (1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Contractor to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.

(2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to—

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion;
- (iv) Transfer;
- (v) Recruitment or recruitment advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(4) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Contractor shall also file Standard Form 100 (EEO-1), or any successor form, as prescribed in 41 CFR Part 60-1. Unless the Contractor has filed within the 12 months preceding the date of contract award, the Contractor shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.

(8) The Contractor shall permit access to its premises, during normal business hours, by the contracting agency or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Contractor shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the Contracting Officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance, provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(d) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

36. 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)

(a) "Segregated facilities," as used in this clause, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex, or national origin because of written or oral policies or employee custom. The term does not include separate or single-user rest rooms or necessary dressing or sleeping areas provided to assure privacy between the sexes.

(b) The Contractor agrees that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Contractor agrees that a breach of this clause is a violation of the Equal Opportunity clause in this contract.

(c) The Contractor shall include this clause in every subcontract and purchase order that is subject to the Equal Opportunity clause of this contract.

37. 52.219-28 POST-AWARD SMALL BUSINESS PROGRAM REREPRESENTATION (JUL 2013)
(Applicable to leases exceeding \$3,000.)

(a) *Definitions.* As used in this clause—

Long-term contract means a contract of more than five years in duration, including options. However, the term does not include contracts that exceed five years in duration because the period of performance has been extended for a cumulative period not to exceed six months under the clause at [52.217-8](#), Option to Extend Services, or other appropriate authority.

Small business concern means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and the size standard in paragraph (c) of this clause. Such a concern is “not dominant in its field of operation” when it does not exercise a controlling or major influence on a national basis in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration shall be given to all appropriate factors, including volume of business, number of employees, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreements, facilities, sales territory, and nature of business activity.

(b) If the Contractor represented that it was a small business concern prior to award of this contract, the Contractor shall rerepresent its size status according to paragraph (e) of this clause or, if applicable, paragraph (g) of this clause, upon the occurrence of any of the following:

(1) Within 30 days after execution of a novation agreement or within 30 days after modification of the contract to include this clause, if the novation agreement was executed prior to inclusion of this clause in the contract.

(2) Within 30 days after a merger or acquisition that does not require a novation or within 30 days after modification of the contract to include this clause, if the merger or acquisition occurred prior to inclusion of this clause in the contract.

(3) For long-term contracts—

(i) Within 60 to 120 days prior to the end of the fifth year of the contract; and

(ii) Within 60 to 120 days prior to the date specified in the contract for exercising any option thereafter.

(c) The Contractor shall rerepresent its size status in accordance with the size standard in effect at the time of this rerepresentation that corresponds to the North American Industry Classification System (NAICS) code assigned to this contract. The small business size standard corresponding to this NAICS code can be found at <http://www.sba.gov/content/table-small-business-size-standards>.

(d) The small business size standard for a Contractor providing a product which it does not manufacture itself, for a contract other than a construction or service contract, is 500 employees.

(e) Except as provided in paragraph (g) of this clause, the Contractor shall make the representation required by paragraph (b) of this clause by validating or updating all its representations in the Representations and Certifications section of the System for Award Management (SAM) and its other data in SAM, as necessary, to ensure that they reflect the Contractor’s current status. The Contractor shall notify the contracting office in writing within the timeframes specified in paragraph (b) of this clause that the data have been validated or updated, and provide the date of the validation or update.

(f) If the Contractor represented that it was other than a small business concern prior to award of this contract, the Contractor may, but is not required to, take the actions required by paragraphs (e) or (g) of this clause.

(g) If the Contractor does not have representations and certifications in SAM, or does not have a representation in SAM for the NAICS code applicable to this contract, the Contractor is required to complete the following rerepresentation and submit it to the contracting office, along with the contract number and the date on which the rerepresentation was completed:

The Contractor represents that it is, is not a small business concern under NAICS Code _____ assigned to contract number _____.

[Contractor to sign and date and insert authorized signer's name and title].

38. 52.222-35 EQUAL OPPORTUNITY FOR VETERANS (JUL 2014)
(Applicable to leases over \$100,000.)

(a) *Definitions.* As used in this clause—

“Active duty wartime or campaign badge veteran,” “Armed Forces service medal veteran,” “disabled veteran,” “protected veteran,” “qualified disabled veteran,” and “recently separated veteran” have the meanings given at FAR [22.1301](#).

(b) *Equal opportunity clause.* The Contractor shall abide by the requirements of the equal opportunity clause at 41 CFR 60-300.5(a), as of March 24, 2014. This clause prohibits discrimination against qualified protected veterans, and requires affirmative action by the Contractor to employ and advance in employment qualified protected veterans.

(c) *Subcontracts.* The Contractor shall insert the terms of this clause in subcontracts of \$100,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs, to enforce the terms, including action for noncompliance. Such necessary changes in language may be made as shall be appropriate to identify properly the parties and their undertakings.

39. 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUL 2014)
(Applicable to leases over \$15,000.)

(a) *Equal opportunity clause.* The Contractor shall abide by the requirements of the equal opportunity clause at 41 CFR 60-741.5(a), as of March 24, 2014. This clause prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by the Contractor to employ and advance in employment qualified individuals with disabilities.

(b) *Subcontracts.* The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$15,000 unless exempted by rules, regulations, or orders of the Secretary, so that such provisions will be binding upon each subcontractor or vendor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs of the U.S. Department of Labor, to enforce the terms, including action for noncompliance. Such necessary changes in language may be made as shall be appropriate to identify properly the parties and their undertakings.

40. 52.222-37 EMPLOYMENT REPORTS VETERANS (JUL 2014)
(Applicable to leases over \$100,000.)

(a) *Definitions.* As used in this clause, “Armed Forces service medal veteran,” “disabled veteran,” “active duty wartime or campaign badge veteran,” and “recently separated veteran,” have the meanings given in FAR [22.1301](#).

(b) Unless the Contractor is a State or local government agency, the Contractor shall report at least annually, as required by the Secretary of Labor, on—

(1) The total number of employees in the contractor’s workforce, by job category and hiring location, who are disabled veterans, other protected veterans (*i.e.*, active duty wartime or campaign badge veterans), Armed Forces service medal veterans, and recently separated veterans;

(2) The total number of new employees hired during the period covered by the report, and of the total, the number of disabled veterans, other protected veterans (*i.e.*, active duty wartime or campaign badge veterans), Armed Forces service medal veterans, and recently separated veterans; and

(3) The maximum number and minimum number of employees of the Contractor or subcontractor at each hiring location during the period covered by the report.

(c) The Contractor shall report the above items by completing the Form VETS-100A, entitled “Federal Contractor Veterans’ Employment Report (VETS-100A Report).”

(d) The Contractor shall submit VETS-100A Reports no later than September 30 of each year.

(e) The employment activity report required by paragraphs (b)(2) and (b)(3) of this clause shall reflect total new hires, and maximum and minimum number of employees, during the most recent 12-month period preceding the ending date selected for the report. Contractors may select an ending date—

(1) As of the end of any pay period between July 1 and August 31 of the year the report is due; or

(2) As of December 31, if the Contractor has prior written approval from the Equal Employment Opportunity Commission to do so for purposes of submitting the Employer Information Report EEO-1 (Standard Form 100).

(f) The number of veterans reported must be based on data known to the contractor when completing the VETS-100A. The contractor’s knowledge of veterans status may be obtained in a variety of ways, including an invitation to applicants to self-identify (in accordance with 41 CFR 60-300.42), voluntary self-disclosure by employees, or actual knowledge of veteran status by the contractor. This paragraph does not relieve an employer of liability for discrimination under [38 U.S.C. 4212](#).

(g) The Contractor shall insert the terms of this clause in subcontracts of \$100,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor.

41. 52.209-6 PROTECTING THE GOVERNMENT’S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (AUG 2013)
(Applicable to leases over \$30,000.)

(a) *Definition.* “Commercially available off-the-shelf (COTS)” item, as used in this clause—

(1) Means any item of supply (including construction material) that is—

- (i) A commercial item (as defined in paragraph (1) of the definition in FAR [2.101](#));
 - (ii) Sold in substantial quantities in the commercial marketplace; and
 - (iii) Offered to the Government, under a contract or subcontract at any tier, without modification, in the same form in which it is sold in the commercial marketplace; and
- (2) Does not include bulk cargo, as defined in [46 U.S.C. 40102\(4\)](#), such as agricultural products and petroleum products.

(b) The Government suspends or debar Contractors to protect the Government's interests. Other than a subcontract for a commercially available off-the-shelf item, the Contractor shall not enter into any subcontract, in excess of \$30,000 with a Contractor that is debarred, suspended, or proposed for debarment by any executive agency unless there is a compelling reason to do so.

(c) The Contractor shall require each proposed subcontractor whose subcontract will exceed \$30,000, other than a subcontractor providing a commercially available off-the-shelf item, to disclose to the Contractor, in writing, whether as of the time of award of the subcontract, the subcontractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the Federal Government.

(d) A corporate officer or a designee of the Contractor shall notify the Contracting Officer, in writing, before entering into a subcontract with a party (other than a subcontractor providing a commercially available off-the-shelf item) that is debarred, suspended, or proposed for debarment (see FAR 9.404 for information on the System for Award Management (SAM) Exclusions). The notice must include the following:

- (1) The name of the subcontractor.
- (2) The Contractor's knowledge of the reasons for the subcontractor being listed with an exclusion in SAM.
- (3) The compelling reason(s) for doing business with the subcontractor notwithstanding its being listed with an exclusion in SAM.
- (4) The systems and procedures the Contractor has established to ensure that it is fully protecting the Government's interests when dealing with such subcontractor in view of the specific basis for the party's debarment, suspension, or proposed debarment.

(e) Subcontracts. Unless this is a contract for the acquisition of commercial items, the Contractor shall include the requirements of this clause, including this paragraph (e) (appropriately modified for the identification of the parties), in each subcontract that—

- (1) Exceeds \$30,000 in value; and
- (2) Is not a subcontract for commercially available off-the-shelf items.

42. 52.215-12 SUBCONTRACTOR CERTIFIED COST OR PRICING DATA (OCT 2010)
(Applicable if over \$700,000.)

(a) Before awarding any subcontract expected to exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4, on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4, the Contractor shall require the subcontractor to submit certified cost or pricing data (actually or by specific identification in writing), in accordance with FAR 15.408, Table 15-2 (to include any information reasonably required to explain the subcontractor's estimating process such as the judgmental factors applied and the mathematical or other methods used in the estimate, including those

used in projecting from known data, and the nature and amount of any contingencies included in the price), unless an exception under FAR 15.403-1 applies.

(b) The Contractor shall require the subcontractor to certify in substantially the form prescribed in FAR 15.406-2 that, to the best of its knowledge and belief, the data submitted under paragraph (a) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.

(c) In each subcontract that exceeds the threshold for submission of certified cost or pricing data at FAR 15.403-4, when entered into, the Contractor shall insert either—

(1) The substance of this clause, including this paragraph (c), if paragraph (a) of this clause requires submission of certified cost or pricing data for the subcontract; or

(2) The substance of the clause at FAR 52.215-13, Subcontractor Certified Cost or Pricing Data—Modifications.

43. 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (OCT 2014)

(Applicable to leases over \$150,000 average net annual rental including option periods.)

(a) *Definitions.* As used in this contract—

“HUBZone small business concern” means a small business concern that appears on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration.

“Service-disabled veteran-owned small business concern”—

(1) Means a small business concern—

(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and

(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

(2) Service-disabled veteran means a veteran, as defined in [38 U.S.C. 101\(2\)](#), with a disability that is service-connected, as defined in [38 U.S.C. 101\(16\)](#).

“Small business concern” means a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto.

“Small disadvantaged business concern”, consistent with 13 CFR 124.1002, means a small business concern under the size standard applicable to the acquisition, that—

(1) Is at least 51 percent unconditionally and directly owned (as defined at 13 CFR 124.105) by—

(i) One or more socially disadvantaged (as defined at 13 CFR 124.103) and economically disadvantaged (as defined at 13 CFR 124.104) individuals who are citizens of the United States; and

(ii) Each individual claiming economic disadvantage has a net worth not exceeding \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and

(2) The management and daily business operations of which are controlled (as defined at 13.CFR 124.106) by individuals, who meet the criteria in paragraphs (1)(i) and (ii) of this definition.

“Veteran-owned small business concern” means a small business concern—

(1) Not less than 51 percent of which is owned by one or more veterans (as defined at [38 U.S.C. 101\(2\)](#)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

(2) The management and daily business operations of which are controlled by one or more veterans.

“Women-owned small business concern” means a small business concern—

(1) That is at least 51 percent owned by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(2) Whose management and daily business operations are controlled by one or more women.

(b) It is the policy of the United States that small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns.

(c) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

(d) (1) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as a small business concern, a veteran-owned small business concern, a service-disabled veteran-owned small business concern, a small disadvantaged business concern, or a women-owned small business concern.

(2) The Contractor shall confirm that a subcontractor representing itself as a HUBZone small business concern is certified by SBA as a HUBZone small business concern by accessing the System for Award Management database or by contacting the SBA. Options for contacting the SBA include—

(i) HUBZone small business database search application web page at http://dsbs.sba.gov/dsbs/search/dsp_searchhubzone.cfm; or <http://www.sba.gov/hubzone>;

(ii) In writing to the Director/HUB, U.S. Small Business Administration, 409 3rd Street, SW., Washington, DC 20416; or

(iii) The SBA HUBZone Help Desk at hubzone@sba.gov.

44. 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (OCT 2014) ALTERNATE III (OCT 2014)
(Applicable to leases over \$650,000.)

a) This clause does not apply to small business concerns.

(b) *Definitions.* As used in this clause—

“Alaska Native Corporation (ANC)” means any Regional Corporation, Village Corporation, Urban Corporation, or Group Corporation organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act, as amended ([43 U.S.C. 1601](#), *et seq.*) and which is considered a minority and economically disadvantaged concern under the criteria at [43 U.S.C. 1626\(e\)\(1\)](#). This definition also includes ANC direct and indirect subsidiary corporations, joint ventures, and partnerships that meet the requirements of [43 U.S.C. 1626\(e\)\(2\)](#).

“Commercial item” means a product or service that satisfies the definition of commercial item in section [2.101](#) of the Federal Acquisition Regulation.

“Commercial plan” means a subcontracting plan (including goals) that covers the offeror’s fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (*e.g.*, division, plant, or product line).

“Electronic Subcontracting Reporting System (eSRS)” means the Governmentwide, electronic, web-based system for small business subcontracting program reporting. The eSRS is located at <http://www.esrs.gov>.

“Indian tribe” means any Indian tribe, band, group, pueblo, or community, including native villages and native groups (including corporations organized by Kenai, Juneau, Sitka, and Kodiak) as defined in the Alaska Native Claims Settlement Act ([43 U.S.C.A. 1601](#) *et seq.*), that is recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs in accordance with [25 U.S.C. 1452\(c\)](#). This definition also includes Indian-owned economic enterprises that meet the requirements of [25 U.S.C. 1452\(e\)](#).

“Individual contract plan” means a subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the offeror’s planned subcontracting in support of the specific contract, except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

“Master plan” means a subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved.

“Subcontract” means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

(c) The offeror, upon request by the Contracting Officer, shall submit and negotiate a subcontracting plan, where applicable, that separately addresses subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business concerns, small disadvantaged business, and women-owned small business concerns. If the offeror is submitting an individual contract plan, the plan must separately address subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns, with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate the subcontracting plan shall make the offeror ineligible for award of a contract.

(d) The offeror's subcontracting plan shall include the following:

(1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. The offeror shall include all sub-contracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs. In accordance with [43 U.S.C. 1626](#):

(i) Subcontracts awarded to an ANC or Indian tribe shall be counted towards the subcontracting goals for small business and small disadvantaged business (SDB) concerns, regardless of the size or Small Business Administration certification status of the ANC or Indian tribe.

(ii) Where one or more subcontractors are in the subcontract tier between the prime contractor and the ANC or Indian tribe, the ANC or Indian tribe shall designate the appropriate contractor(s) to count the subcontract towards its small business and small disadvantaged business subcontracting goals.

(A) In most cases, the appropriate Contractor is the Contractor that awarded the subcontract to the ANC or Indian tribe.

(B) If the ANC or Indian tribe designates more than one Contractor to count the subcontract toward its goals, the ANC or Indian tribe shall designate only a portion of the total subcontract award to each Contractor. The sum of the amounts designated to various Contractors cannot exceed the total value of the subcontract.

(C) The ANC or Indian tribe shall give a copy of the written designation to the Contracting Officer, the prime Contractor, and the subcontractors in between the prime Contractor and the ANC or Indian tribe within 30 days of the date of the subcontract award.

(D) If the Contracting Officer does not receive a copy of the ANC's or the Indian tribe's written designation within 30 days of the subcontract award, the Contractor that awarded the subcontract to the ANC or Indian tribe will be considered the designated Contractor.

(2) A statement of—

(i) Total dollars planned to be subcontracted for an individual contract plan; or the offeror's total projected sales, expressed in dollars, and the total value of projected subcontracts to support the sales for a commercial plan;

- (ii) Total dollars planned to be subcontracted to small business concerns (including ANC and Indian tribes);
- (iii) Total dollars planned to be subcontracted to veteran-owned small business concerns;
- (iv) Total dollars planned to be subcontracted to service-disabled veteran-owned small business;
- (v) Total dollars planned to be subcontracted to HUBZone small business concerns;
- (vi) Total dollars planned to be subcontracted to small disadvantaged business concerns (including ANCs and Indian tribes); and
- (vii) Total dollars planned to be subcontracted to women-owned small business concerns.

(3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to—

- (i) Small business concerns;
- (ii) Veteran-owned small business concerns;
- (iii) Service-disabled veteran-owned small business concerns;
- (iv) HUBZone small business concerns;
- (v) Small disadvantaged business concerns; and
- (vi) Women-owned small business concerns.

(4) A description of the method used to develop the subcontracting goals in paragraph (d)(1) of this clause.

(5) A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the System for Award Management (SAM), veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations). A firm may rely on the information contained in SAM as an accurate representation of a concern's size and ownership characteristics for the purposes of maintaining a small, veteran-owned small, service-disabled veteran-owned small, HUBZone small, small disadvantaged, and women-owned small business source list. Use of SAM as its source list does not relieve a firm of its responsibilities (e.g., outreach, assistance, counseling, or publicizing subcontracting opportunities) in this clause.

(6) A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with—

- (i) Small business concerns (including ANC and Indian tribes);

- (ii) Veteran-owned small business concerns;
- (iii) Service-disabled veteran-owned small business concerns;
- (iv) HUBZone small business concerns;
- (v) Small disadvantaged business concerns (including ANC and Indian tribes); and
- (vi) Women-owned small business concerns.

(7) The name of the individual employed by the offeror who will administer the offeror's subcontracting program, and a description of the duties of the individual.

(8) A description of the efforts the offeror will make to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts.

(9) Assurances that the offeror will include the clause of this contract entitled "Utilization of Small Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$650,000 (\$1.5 million for construction of any public facility) with further subcontracting possibilities to adopt a subcontracting plan that complies with the requirements of this clause.

(10) Assurances that the offeror will—

- (i) Cooperate in any studies or surveys as may be required;
- (ii) Submit periodic reports so that the Government can determine the extent of compliance by the offeror with the subcontracting plan;

(iii) Submit Standard Form (SF) 294 Subcontracting Report for Individual Contract in accordance with paragraph (l) of this clause. Submit the Summary Subcontract Report (SSR), in accordance with paragraph (l) of this clause using the Electronic Subcontracting Reporting System (eSRS) at <http://www.esrs.gov>. The reports shall provide information on subcontract awards to small business concerns (including ANCs and Indian tribes that are not small businesses), veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns (including ANCs and Indian tribes that have not been certified by the Small Business Administration as small disadvantaged businesses), women-owned small business concerns, and for NASA only, Historically Black Colleges and Universities and Minority Institutions. Reporting shall be in accordance with this clause, or as provided in agency regulations; and

(iv) Ensure that its subcontractors with subcontracting plans agree to submit the SF 294 in accordance with paragraph (l) of this clause. Ensure that its subcontractors with subcontracting plans agree to submit the SSR in accordance with paragraph (l) of this clause using the eSRS.

(11) A description of the types of records that will be maintained concerning procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a

description of the offeror's efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):

(i) Source lists (e.g., SAM), guides, and other data that identify small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.

(ii) Organizations contacted in an attempt to locate sources that are small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, or women-owned small business concerns.

(iii) Records on each subcontract solicitation resulting in an award of more than \$150,000, indicating—

(A) Whether small business concerns were solicited and, if not, why not;

(B) Whether veteran-owned small business concerns were solicited and, if not, why not;

(C) Whether service-disabled veteran-owned small business concerns were solicited and, if not, why not;

(D) Whether HUBZone small business concerns were solicited and, if not, why not;

(E) Whether small disadvantaged business concerns were solicited and, if not, why not;

(F) Whether women-owned small business concerns were solicited and, if not, why not; and

(G) If applicable, the reason award was not made to a small business concern.

(iv) Records of any outreach efforts to contact—

(A) Trade associations;

(B) Business development organizations;

(C) Conferences and trade fairs to locate small, HUBZone small, small disadvantaged, and women-owned small business sources; and

(D) Veterans service organizations.

(v) Records of internal guidance and encouragement provided to buyers through—

(A) Workshops, seminars, training, etc.; and

(B) Monitoring performance to evaluate compliance with the program's requirements.

(vi) On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement.

(e) In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:

(1) Assist small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Contractor's lists of potential small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

(2) Provide adequate and timely consideration of the potentialities of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns in all "make-or-buy" decisions.

(3) Counsel and discuss subcontracting opportunities with representatives of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business firms.

(4) Confirm that a subcontractor representing itself as a HUBZone small business concern is identified as a certified HUBZone small business concern by accessing the SAM database or by contacting SBA.

(5) Provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as small, veteran-owned small business, HUBZone small, small disadvantaged, or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan.

(6) For all competitive subcontracts over the simplified acquisition threshold in which a small business concern received a small business preference, upon determination of the successful subcontract offeror, the Contractor must inform each unsuccessful small business subcontract offeror in writing of the name and location of the apparent successful offeror prior to award of the contract.

(f) A master plan on a plant or division-wide basis that contains all the elements required by paragraph (d) of this clause, except goals, may be incorporated by reference as a part of the subcontracting plan required of the offeror by this clause; provided—

(1) The master plan has been approved;

(2) The offeror ensures that the master plan is updated as necessary and provides copies of the approved master plan, including evidence of its approval, to the Contracting Officer; and

(3) Goals and any deviations from the master plan deemed necessary by the Contracting Officer to satisfy the requirements of this contract are set forth in the individual subcontracting plan.

(g) A commercial plan is the preferred type of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the offeror's planned subcontracting generally, for both commercial and Government business, rather than solely to the Government contract. Once the Contractor's commercial plan has

been approved, the Government will not require another subcontracting plan from the same Contractor while the plan remains in effect, as long as the product or service being provided by the Contractor continues to meet the definition of a commercial item. A Contractor with a commercial plan shall comply with the reporting requirements stated in paragraph (d)(10) of this clause by submitting one SSR in eSRS for all contracts covered by its commercial plan. This report shall be acknowledged or rejected in eSRS by the Contracting Officer who approved the plan. This report shall be submitted within 30 days after the end of the Government's fiscal year.

(h) Prior compliance of the offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the offeror for award of the contract.

(i) A contract may have no more than one plan. When a modification meets the criteria in [19.702](#) for a plan, or an option is exercised, the goals associated with the modification or option shall be added to those in the existing subcontract plan.

(j) Subcontracting plans are not required from subcontractors when the prime contract contains the clause at [52.212-5](#), Contract Terms and Conditions Required to Implement Statutes or Executive Orders—Commercial Items, or when the subcontractor provides a commercial item subject to the clause at [52.244-6](#), Subcontracts for Commercial Items, under a prime contract.

(k) The failure of the Contractor or subcontractor to comply in good faith with—

- (1) The clause of this contract entitled "Utilization Of Small Business Concerns;" or
- (2) An approved plan required by this clause, shall be a material breach of the contract.

(l) *The Contractor shall submit a SF 294.* The Contractor shall submit SSRs using the web-based eSRS at <http://www.esrs.gov>. Purchases from a corporation, company, or subdivision that is an affiliate of the prime Contractor or subcontractor are not included in these reports. Subcontract award data reported by prime Contractors and subcontractors shall be limited to awards made to their immediate next-tier subcontractors. Credit cannot be taken for awards made to lower tier subcontractors, unless the Contractor or subcontractor has been designated to receive a small business or small disadvantaged business credit from an ANC or Indian tribe. Only subcontracts involving performance in the U.S. or its outlying areas should be included in these reports with the exception of subcontracts under a contract awarded by the State Department or any other agency that has statutory or regulatory authority to require subcontracting plans for subcontracts performed outside the United States and its outlying areas.

(1) *SF 294.* This report is not required for commercial plans. The report is required for each contract containing an individual subcontract plan. For prime contractors the report shall be submitted to the contracting officer, or as specified elsewhere in this contract. In the case of a subcontract with a subcontracting plan, the report shall be submitted to the entity that awarded the subcontract.

(i) The report shall be submitted semi-annually during contract performance for the periods ending March 31 and September 30. A report is also required for each contract within 30 days of contract completion. Reports are due 30 days after the close of each reporting period, unless otherwise directed by the Contracting Officer. Reports are required when due, regardless of whether there has been any subcontracting activity since the inception of the contract or the previous reporting period.

(ii) When a subcontracting plan contains separate goals for the basic contract and each option, as prescribed by FAR [19.704\(c\)](#), the dollar goal inserted on this report shall be the sum of the base period through the current option; for example, for a report submitted after the second option is exercised, the dollar goal would be the sum of the goals for the basic contract, the first option, and the second option.

(2) SSR. (i) Reports submitted under individual contract plans—

(A) This report encompasses all subcontracting under prime contracts and subcontracts with the awarding agency, regardless of the dollar value of the subcontracts.

(B) The report may be submitted on a corporate, company or subdivision (e.g. plant or division operating as a separate profit center) basis, unless otherwise directed by the agency.

(C) If a prime Contractor and/or subcontractor is performing work for more than one executive agency, a separate report shall be submitted to each executive agency covering only that agency's contracts, provided at least one of that agency's contracts is over \$550,000 (over \$1,000,000 for construction of a public facility) and contains a subcontracting plan. For DoD, a consolidated report shall be submitted for all contracts awarded by military departments/agencies and/or subcontracts awarded by DoD prime Contractors. However, for construction and related maintenance and repair, a separate report shall be submitted for each DoD component.

(D) For DoD and NASA, the report shall be submitted semi-annually for the six months ending March 31 and the twelve months ending September 30. For civilian agencies, except NASA, it shall be submitted annually for the twelve-month period ending September 30. Reports are due 30 days after the close of each reporting period.

(E) Subcontract awards that are related to work for more than one executive agency shall be appropriately allocated.

(F) The authority to acknowledge or reject SSRs in the eSRS, including SSRs submitted by subcontractors with subcontracting plans, resides with the Government agency awarding the prime contracts unless stated otherwise in the contract.

(ii) Reports submitted under a commercial plan—

(A) The report shall include all subcontract awards under the commercial plan in effect during the Government's fiscal year.

(B) The report shall be submitted annually, within thirty days after the end of the Government's fiscal year.

(C) If a Contractor has a commercial plan and is performing work for more than one executive agency, the Contractor shall specify the percentage of dollars attributable to each agency from which contracts for commercial items were received.

(D) The authority to acknowledge or reject SSRs for commercial plans resides with the Contracting Officer who approved the commercial plan.

45. 52.219-16 LIQUIDATED DAMAGES—SUBCONTRACTING PLAN (JAN 1999)
(Applicable to leases over \$650,000.)

(a) *Failure to make a good faith effort to comply with the subcontracting plan*, as used in this clause, means a willful or intentional failure to perform in accordance with the requirements of the subcontracting plan approved under the clause in this contract entitled "Small Business Subcontracting Plan," or willful or intentional action to frustrate the plan.

(b) Performance shall be measured by applying the percentage goals to the total actual subcontracting dollars or, if a commercial plan is involved, to the pro rata share of actual subcontracting dollars attributable to Government contracts covered by the commercial plan. If, at contract completion or, in the case of a commercial plan, at the close of the fiscal year for which the plan is applicable, the Contractor has failed to meet its subcontracting goals and the Contracting Officer decides in accordance with paragraph (c) of this clause that the Contractor failed to make a good faith effort to comply with its subcontracting plan, established in accordance with the clause in this contract entitled "Small Business Subcontracting Plan," the Contractor shall pay the Government liquidated damages in an amount stated. The amount of probable damages attributable to the Contractor's failure to comply shall be an amount equal to the actual dollar amount by which the Contractor failed to achieve each subcontract goal.

(c) Before the Contracting Officer makes a final decision that the Contractor has failed to make such good faith effort, the Contracting Officer shall give the Contractor written notice specifying the failure and permitting the Contractor to demonstrate what good faith efforts have been made and to discuss the matter. Failure to respond to the notice may be taken as an admission that no valid explanation exists. If, after consideration of all the pertinent data, the Contracting Officer finds that the Contractor failed to make a good faith effort to comply with the subcontracting plan, the Contracting Officer shall issue a final decision to that effect and require that the Contractor pay the Government liquidated damages as provided in paragraph (b) of this clause.

(d) With respect to commercial plans, the Contracting Officer who approved the plan will perform the functions of the Contracting Officer under this clause on behalf of all agencies with contracts covered by the commercial plan.

(e) The Contractor shall have the right of appeal, under the clause in this contract entitled, Disputes, from any final decision of the Contracting Officer.

(f) Liquidated damages shall be in addition to any other remedies that the Government may have.

46 52.204-10 REPORTING EXECUTIVE COMPENSATION AND FIRST-TIER SUBCONTRACT AWARDS (JUL 2013)
(Applicable if over \$25,000.)

(a) *Definitions*. As used in this clause:

"Executive" means officers, managing partners, or any other employees in management positions.

"First-tier subcontract" means a subcontract awarded directly by the Contractor for the purpose of acquiring supplies or services (including construction) for performance of a prime contract. It does not include the Contractor's supplier agreements with vendors, such as long-term arrangements for materials or supplies that benefit multiple contracts and/or the costs of which are normally applied to a Contractor's general and administrative expenses or indirect costs.

"Months of award" means the month in which a contract is signed by the Contracting Officer or the month in which a first-tier subcontract is signed by the Contractor.

“Total compensation” means the cash and noncash dollar value earned by the executive during the Contractor’s preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

- (1) *Salary and bonus.*
- (2) *Awards of stock, stock options, and stock appreciation rights.* Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Financial Accounting Standards Board’s Accounting Standards Codification (FASB ASC) 718, Compensation-Stock Compensation.
- (3) *Earnings for services under non-equity incentive plans.* This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
- (4) *Change in pension value.* This is the change in present value of defined benefit and actuarial pension plans.
- (5) *Above-market earnings on deferred compensation which is not tax-qualified.*
- (6) Other compensation, if the aggregate value of all such other compensation (e.g., severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

(b) Section 2(d)(2) of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by section 6202 of the Government Funding Transparency Act of 2008 (Pub. L. 110-252), requires the Contractor to report information on subcontract awards. The law requires all reported information be made public, therefore, the Contractor is responsible for notifying its subcontractors that the required information will be made public.

(c) Nothing in this clause requires the disclosure of classified information

(d) (1) *Executive compensation of the prime contractor.* As a part of its annual registration requirement in the System for Award Management (SAM) database (FAR provision [52.204-7](#)), the Contractor shall report the names and total compensation of each of the five most highly compensated executives for its preceding completed fiscal year, if—

- (i) In the Contractor’s preceding fiscal year, the Contractor received—
 - (A) 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants), cooperative agreements, and other forms of Federal financial assistance; and
 - (B) \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants), cooperative agreements, and other forms of Federal financial assistance; and
- (ii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934

([15 U.S.C. 78m\(a\), 78o\(d\)](#)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

(2) *First-tier subcontract information.* Unless otherwise directed by the contracting officer, or as provided in paragraph (h) of this clause, by the end of the month following the month of award of a first-tier subcontract with a value of \$25,000 or more, the Contractor shall report the following information at <http://www.fsr.gov> for that first-tier subcontract. (The Contractor shall follow the instructions at <http://www.fsr.gov> to report the data.)

- (i) Unique identifier (DUNS Number) for the subcontractor receiving the award and for the subcontractor's parent company, if the subcontractor has a parent company.
- (ii) Name of the subcontractor.
- (iii) Amount of the subcontract award.
- (iv) Date of the subcontract award.
- (v) A description of the products or services (including construction) being provided under the subcontract, including the overall purpose and expected outcomes or results of the subcontract.
- (vi) Subcontract number (the subcontract number assigned by the Contractor).
- (vii) Subcontractor's physical address including street address, city, state, and country. Also include the nine-digit zip code and congressional district.
- (viii) Subcontractor's primary performance location including street address, city, state, and country. Also include the nine-digit zip code and congressional district.
- (ix) The prime contract number, and order number if applicable.
- (x) Awarding agency name and code.
- (xi) Funding agency name and code.
- (xii) Government contracting office code.
- (xiii) Treasury account symbol (TAS) as reported in FPDS.
- (xiv) The applicable North American Industry Classification System code (NAICS).

(3) *Executive compensation of the first-tier subcontractor.* Unless otherwise directed by the Contracting Officer, by the end of the month following the month of award of a first-tier subcontract with a value of \$25,000 or more, and annually thereafter (calculated from the prime contract award date), the Contractor shall report the names and total compensation of each of the five most highly compensated executives for that first-tier subcontractor for the first-tier subcontractor's preceding completed fiscal year at <http://www.fsr.gov>, if—

(i) In the subcontractor's preceding fiscal year, the subcontractor received—

(A) 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants), cooperative agreements, and other forms of Federal financial assistance; and

(B) \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants), cooperative agreements, and other forms of Federal financial assistance; and

(ii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

(e) The Contractor shall not split or break down first-tier subcontract awards to a value less than \$25,000 to avoid the reporting requirements in paragraph (d).

(f) The Contractor is required to report information on a first-tier subcontract covered by paragraph (d) when the subcontract is awarded. Continued reporting on the same subcontract is not required unless one of the reported data elements changes during the performance of the subcontract. The Contractor is not required to make further reports after the first-tier subcontract expires.

(g) (1) If the Contractor in the previous tax year had gross income, from all sources, under \$300,000, the Contractor is exempt from the requirement to report subcontractor awards.

(2) If a subcontractor in the previous tax year had gross income from all sources under \$300,000, the Contractor does not need to report awards for that subcontractor.

(h) The FSRs database at <http://www.fsrs.gov> will be prepopulated with some information from SAM and FPDS databases. If FPDS information is incorrect, the contractor should notify the contracting officer. If the SAM database information is incorrect, the contractor is responsible for correcting this information.

“Veteran-owned small business concern” means a small business concern—

- (1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
- (2) The management and daily business operations of which are controlled by one or more veterans.

“Women-owned small business concern” means a small business concern—

- (1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
- (2) Whose management and daily business operations are controlled by one or more women.

“Women-owned small business (WOSB) concern eligible under the WOSB Program” (in accordance with 13 CFR part 127), means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States.

- (b)
 - (1) The North American Industry Classification System (NAICS) code for this acquisition is— 531120, unless the real property is self-storage (#531130), land (#531190), or residential (#531110).
 - (2) The small business size standard is \$38.5 Million in annual average gross revenue of the concern for the last 3 fiscal years.
 - (3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.

(c) Representations.

- (1) The offeror represents as part of its offer that it [] is, [] is not a small business concern.
- (2) [*Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.*] The offeror represents that it [] is, [] is not, a small disadvantaged business concern as defined in 13 CFR 124.1002.
- (3) [*Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.*] The offeror represents as part of its offer that it [] is, [] is not a women-owned small business concern.
- (4) Women-owned small business (WOSB) concern eligible under the WOSB Program. [*Complete only if the offeror represented itself as a women-owned small business concern in paragraph (c)(3) of this provision.*] The offeror represents as part of its offer that—
 - (i) It [] is, [] is not a WOSB concern eligible under the WOSB Program, has provided all the required documents to the WOSB Repository, and no change in circumstances or adverse decisions have been issued that affects its eligibility; and
 - (ii) It [] is, [] is not a joint venture that complies with the requirements of 13 CFR part 127, and the representation in paragraph (c)(4)(i) of this provision is accurate for each WOSB concern eligible under the WOSB Program participating in the joint venture. [*The offeror shall enter the name or names of the WOSB concern eligible under the WOSB Program and other small businesses that are participating in the joint venture: _____.*] Each WOSB

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concern eligible under the WOSB Program participating in the joint venture shall submit a separate signed copy of the WOSB representation.

- (5) Economically disadvantaged women-owned small business (EDWOSB) concern. *[Complete only if the offeror represented itself as a women-owned small business concern eligible under the WOSB Program in (c)(4) of this provision.]* The offeror represents as part of its offer that—
- (i) It [] is, [] is not an EDWOSB concern eligible under the WOSB Program, has provided all the required documents to the WOSB Repository, and no change in circumstances or adverse decisions have been issued that affects its eligibility; and
 - (ii) It [] is, [] is not a joint venture that complies with the requirements of 13 CFR part 127, and the representation in paragraph (c)(5)(i) of this provision is accurate for each EDWOSB concern participating in the joint venture. *[The offeror shall enter the name or names of the EDWOSB concern and other small businesses that are participating in the joint venture: _____.]* Each EDWOSB concern participating in the joint venture shall submit a separate signed copy of the EDWOSB representation.
- (6) *[Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.]* The offeror represents as part of its offer that it [] is, [] is not a veteran-owned small business concern.
- (7) *[Complete only if the offeror represented itself as a veteran-owned small business concern in paragraph (c)(6) of this provision.]* The offeror represents as part of its offer that it [] is, [] is not a service-disabled veteran-owned small business concern.
- (8) *[Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.]* The offeror represents, as part of its offer, that—
- (i) It [] is, [] is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material changes in ownership and control, principal office, or HUBZone employee percentage have occurred since it was certified in accordance with 13 CFR Part 126; and
 - (ii) It [] is, [] is not a HUBZone joint venture that complies with the requirements of 13 CFR Part 126, and the representation in paragraph (c)(8)(i) of this provision is accurate for each HUBZone small business concern participating in the HUBZone joint venture. *[The offeror shall enter the names of each of the HUBZone small business concerns participating in the HUBZone joint venture: _____.]* Each HUBZone small business concern participating in the HUBZone joint venture shall submit a separate signed copy of the HUBZone representation.

(d) Notice.

- (1) If this solicitation is for supplies and has been set aside, in whole or in part, for small business concerns, then the clause in this solicitation providing notice of the set-aside contains restrictions on the source of the end items to be furnished.
- (2) Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a business concern that is small, HUBZone small, small disadvantaged, service-disabled veteran-owned small, economically disadvantaged women-owned small, or women-owned small eligible under the WOSB Program in order to obtain a contract to be awarded under the preference programs established pursuant to section 8, 9, 15, 31, and 36 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall—
 - (i) Be punished by imposition of fine, imprisonment, or both;

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- (ii) Be subject to administrative remedies, including suspension and debarment; and
- (iii) Be ineligible for participation in programs conducted under the authority of the Act.

2. 52.222-22 - PREVIOUS CONTRACTS AND COMPLIANCE REPORTS (FEB 1999)

(Applicable when the estimated value of the acquisition exceeds \$10,000)

The Offeror represents that—

- (a) It has, has not participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this solicitation;
- (b) It has, has not filed all required compliance reports; and
- (c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards. (Approved by OMB under Control Number 1215-0072.)

3. 52.222-25 - AFFIRMATIVE ACTION COMPLIANCE (APR 1984)

(Applicable when the estimated value of the acquisition exceeds \$10,000)

The Offeror represents that—

- (a) It has developed and has on file, has not developed and does not have on file, at each establishment affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or
- (b) It has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor. (Approved by OMB under Control Number 1215-0072.)

4. 552.203-72 REPRESENTATION BY CORPORATIONS REGARDING AN UNPAID DELINQUENT FEDERAL TAX LIABILITY OR A FELONY CONVICTION UNDER ANY FEDERAL LAW (DEVIATION) (OCT 2013)

- (a) In accordance with Sections 630 and 631 of Division of the Consolidated Appropriations Act, 2012 (Pub. L. 112-74), and Section 101 of the Continuing Appropriations Act, 2014 (Pub. L. 113-16) none of the funds made available by the Continuing Appropriations Act, 2014 may be used to enter into a contract action with any corporation that---
 - (1) Has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, where the awarding agency is aware of the unpaid tax liability, unless the agency has considered suspension or debarment of the corporation and made a determination that this further action is not necessary to protect the interests of the Government, or
 - (2) Was convicted, or had an officer or agent of such corporation acting on behalf of the corporation convicted of a felony criminal violation under any Federal law within the preceding 24 months, where the awarding agency is aware of the conviction, unless the agency has considered suspension or debarment of the corporation or such officer or agent and made a determination that this action is not necessary to protect the interests of the Government.

- (b) The Contractor represents that—
- (1) It is is not a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability.
 - (2) It is is not a corporation that was convicted, or had an officer or agent of the corporation acting on behalf of the corporation, convicted of a felony criminal violation under any Federal law within the preceding 24 months.

5. 52.203-11 – CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (SEP 2007)

(Applicable when the estimated value of the acquisition exceeds \$100,000)

- (a) *Definitions.* As used in this provision—“Lobbying contact” has the meaning provided at [2 U.S.C. 1602\(8\)](#). The terms “agency,” “influencing or attempting to influence,” “officer or employee of an agency,” “person,” “reasonable compensation,” and “regularly employed” are defined in the FAR clause of this solicitation entitled “Limitation on Payments to Influence Certain Federal Transactions” ([52.203-12](#)).
- (b) *Prohibition.* The prohibition and exceptions contained in the FAR clause of this solicitation entitled “Limitation on Payments to Influence Certain Federal Transactions” ([52.203-12](#)) are hereby incorporated by reference in this provision.
- (c) *Certification.* The offeror, by signing its offer, hereby certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this contract.
- (d) *Disclosure.* If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, the offeror shall complete and submit, with its offer, OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. The offeror need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.
- (e) *Penalty.* Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by [31 U.S.C. 1352](#). Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure required to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

6. 52.225-20 - PROHIBITION ON CONDUCTING RESTRICTED BUSINESS OPERATIONS IN SUDAN—CERTIFICATION (AUG 2009)

- (a) *Definitions.* As used in this provision—

“Business operations” means engaging in commerce in any form, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

“Marginalized populations of Sudan” means—

- (1) Adversely affected groups in regions authorized to receive assistance under section 8(c) of the Darfur Peace and Accountability Act (Pub. L. 109-344) ([50 U.S.C. 1701 note](#)); and
- (2) Marginalized areas in Northern Sudan described in section 4(9) of such Act.

“Restricted business operations” means business operations in Sudan that include power production activities, mineral extraction activities, oil-related activities, or the production of military equipment, as those terms are defined in the Sudan Accountability and Divestment

Act of 2007 (Pub. L. 110-174). Restricted business operations do not include business operations that the person (as that term is defined in Section 2 of the Sudan Accountability and Divestment Act of 2007) conducting the business can demonstrate—

(1) Are conducted under contract directly and exclusively with the regional government of southern Sudan;

(2) Are conducted pursuant to specific authorization from the Office of Foreign Assets Control in the Department of the Treasury, or are expressly exempted under Federal law from the requirement to be conducted under such authorization;

(3) Consist of providing goods or services to marginalized populations of Sudan;

(4) Consist of providing goods or services to an internationally recognized peacekeeping force or humanitarian organization;

(5) Consist of providing goods or services that are used only to promote health or education; or

(6) Have been voluntarily suspended.

(b) *Certification.* By submission of its offer, the offeror certifies that the offeror does not conduct any restricted business operations in Sudan.

7. 52.225-25 - PROHIBITION ON CONTRACTING WITH ENTITIES ENGAGING IN CERTAIN ACTIVITIES OR TRANSACTIONS RELATING TO IRAN—REPRESENTATION AND CERTIFICATIONS (DEC 2012)

(a) *Definitions.* As used in this provision—

“Person”—

(1) Means—

(i) A natural person;

(ii) A corporation, business association, partnership, society, trust, financial institution, insurer, underwriter, guarantor, and any other business organization, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and

(iii) Any successor to any entity described in paragraph (1)(ii) of this definition; and

(2) Does not include a government or governmental entity that is not operating as a business enterprise.

“Sensitive technology”—

(1) Means hardware, software, telecommunications equipment, or any other technology that is to be used specifically—

(i) To restrict the free flow of unbiased information in Iran; or

(ii) To disrupt, monitor, or otherwise restrict speech of the people of Iran; and

(2) Does not include information or informational materials the export of which the President does not have the authority to regulate or prohibit pursuant to section 203(b)(3) of the International Emergency Economic Powers Act ([50 U.S.C. 1702](#)(b)(3)).

(b) The offeror shall e-mail questions concerning sensitive technology to the Department of State at CISADA106@state.gov.

(c) Except as provided in paragraph (d) of this provision or if a waiver has been granted in accordance with [25.703-4](#), by submission of its offer, the offeror—

(1) Represents, to the best of its knowledge and belief, that the offeror does not export any sensitive technology to the government of Iran or any entities or individuals owned or controlled by, or acting on behalf or at the direction of, the government of Iran;

(2) Certifies that the offeror, or any person owned or controlled by the offeror, does not engage in any activities for which sanctions may be imposed under section 5 of the Iran Sanctions Act. These sanctioned activities are in the areas of development of the petroleum resources of Iran, production of refined petroleum products in Iran, sale and provision of refined petroleum products to Iran, and contributing to Iran's ability to acquire or develop certain weapons or technologies; and

(3) Certifies that the offeror, and any person owned or controlled by the offeror, does not knowingly engage in any transaction that exceeds \$3,000 with Iran's Revolutionary Guard Corps or any of its officials, agents, or affiliates, the property and interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (see OFAC's Specially Designated Nationals and Blocked Persons List at <http://www.treasury.gov/ofac/downloads/t11sdn.pdf>).

(d) *Exception for trade agreements.* The representation requirement of paragraph (c)(1) and the certification requirements of paragraphs (c)(2) and (c)(3) of this provision do not apply if—

(1) This solicitation includes a trade agreements notice or certification (e.g., [52.225-4](#), [52.225-6](#), [52.225-12](#), [52.225-24](#), or comparable agency provision); and

(2) The offeror has certified that all the offered products to be supplied are designated country end products or designated country construction material.

8. 52.204-3 - TAXPAYER IDENTIFICATION (OCT 1998)

(a) *Definitions.*

"Common parent," as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the Offeror is a member.

"Taxpayer Identification Number (TIN)," as used in this provision, means the number required by the Internal Revenue Service (IRS) to be used by the Offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

(b) All Offerors must submit the information required in paragraphs (d) through (f) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the Offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.

(c) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the Offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the Offeror's TIN.

(d) *Taxpayer Identification Number (TIN).*

- TIN: _____
- TIN has been applied for.
- TIN is not required because:
- Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;
- Offeror is an agency or instrumentality of a foreign government;
- Offeror is an agency or instrumentality of the Federal government;

(e) *Type of organization.*

- | | |
|---|--|
| <input type="checkbox"/> Sole proprietorship; | <input type="checkbox"/> Government entity (Federal, State, or local); |
| <input type="checkbox"/> Partnership; | <input type="checkbox"/> Foreign government; |
| <input type="checkbox"/> Corporate entity (not tax-exempt); | <input type="checkbox"/> International organization per 26 CFR 1.6049-4; |
| <input type="checkbox"/> Corporate entity (tax-exempt); | <input type="checkbox"/> Other _____ |

(f) *Common Parent.*

Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this provision.

Name and TIN of common parent:

Name _____

TIN _____

9. 52.204-6 – DATA UNIVERSAL NUMBERING SYSTEM NUMBER (JUL 2013)

(a) Definition. “Data Universal Numbering System (DUNS) number”, as used in this provision, means the 9-digit number assigned by Dun and Bradstreet, Inc. (D&B) to identify unique business entities, which is used as the identification number for Federal Contractors.

(b) The offeror shall enter, in the block with its name and address on the cover page of its offer, the annotation “DUNS” or “DUNS+4” followed by the DUNS number or “DUNS+4” that identifies the offeror’s name and address exactly as stated in the offer. The DUNS number is a nine-digit number assigned by Dun and Bradstreet, Inc. The DUNS+4 is the DUNS number plus a 4-character suffix that may be assigned at the discretion of the offeror to establish additional System for Award Management records for identifying alternative Electronic Funds Transfer (EFT) accounts (see [Subpart 32.11](#)) for the same concern.

(c) If the offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one.

(1) An offeror may obtain a DUNS number—

(i) Via the Internet at <http://fedgov.dnb.com/webform> or if the offeror does not have internet access, it may call Dun and Bradstreet at 1-866-705-5711 if located within the United States; or

(ii) If located outside the United States, by contacting the local Dun and Bradstreet office.

The offeror should indicate that it is an offeror for a U.S. Government contract when contacting the local Dun and Bradstreet office.

(2) The offeror should be prepared to provide the following information:

(i) Company legal business name.

(ii) Tradestyle, doing business, or other name by which your entity is commonly recognized.

(iii) Company physical street address, city, state and ZIP Code.

(iv) Company mailing address, city, state and ZIP Code (if separate from physical).

(v) Company telephone number.

(vi) Date the company was started.

(vii) Number of employees at your location.

(viii) Chief executive officer/key manager.

(ix) Line of business (industry).

(x) Company Headquarters name and address (reporting relationship within your entity).

10. DUNS NUMBER (JUN 2004)

Notwithstanding the above instructions, in addition to inserting the DUNS Number on the offer cover page, the Offeror shall also provide its DUNS Number as part of this submission:

DUNS # _____

11. SYSTEM FOR AWARD MANAGEMENT (APR 2015)

The System for Award Management (SAM) is a centrally located, searchable database which assists in the development, maintenance, and provision of sources for future procurements. The Offeror must be registered in the SAM prior to Lease award, unless a later registration date is permitted by the RLP and Lease. The Offeror shall register via the Internet at <https://www.sam.gov>. To remain active, the Offeror/Lessor is required to update or renew its registration annually.

- Registration Active and Copy Attached
- Will Activate Registration and Submit Copy to the Government Prior to Award
- Will Activate Registration and Submit Copy to the Government within 30 days after Lease Award (only applies to Disaster Leases using GSA Form 3517D)

OFFEROR OR LEGALLY AUTHORIZED REPRESENTATIVE	NAME, ADDRESS (INCLUDING ZIP CODE)	TELEPHONE NUMBER
	<hr/> Signature	<hr/> Date



MEMORANDUM

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance and Accounting

DATE: October 16, 2015

ITEM DESCRIPTION – New Business Item A

Presentation of the Annual Audited Financial Report for Fiscal Year 2014/2015

BACKGROUND

The annual audit for the fiscal year ended June 30, 2015 was performed by the auditing firm, Martin Starnes & Associates, CPAs, P.A., and the findings are hereby submitted for the Board's review and acceptance. The audited financial statements being provided to you have been submitted to the Local Government Commission ("LGC").

ISSUES

None. An unmodified opinion was issued by the auditors.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to accept the 2014/2015 Audit Report as presented.

**GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

**MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.**

"A Professional Association of Certified Public Accountants and Management Consultants"

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

Board of Directors

Robert C. Roberts, Chair
K. Ray Bailey, Vice-Chair

Jeffrey A. Piccirillo
Andrew T. Tate
William L. Moyer
Matthew Burril
Stephanie P. Brown

Executive Director

Lew S. Bleiweis, A.A.E.

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Greater Asheville Regional Airport Authority as of, and for the years ended, June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Greater Asheville Regional Airport Authority as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements. The budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office and Management and Budget Circular A-133, the Passenger Facility Charge Audit Guide for Public Agencies, *Audits of State and Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2015 on our consideration of the Greater Asheville Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Asheville Regional Airport Authority's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
September 29, 2015

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (the “MD&A”) of the Greater Asheville Regional Airport’s activities and financial performance provides the reader with an overview to the financial statements of the Greater Asheville Regional Airport Authority for the fiscal year ended June 30, 2015. The information contained in this MD&A should be considered in conjunction with the financial information contained in the various sections of this audit report.

THE REPORTING ENTITY

The Asheville Regional Airport Authority was established in 1980 by the provisions of Article 20 of Chapter 160A of the General Statutes of North Carolina and by the Agreement of November 29, 1979 by and between the County of Buncombe (the “County”) and the City of Asheville (the “City”). It was organized for and has as its sole purpose the management, operation, and maintenance of the Asheville Regional Airport (the “Airport”). On June 28, 2012, the General Assembly of North Carolina passed Session Law 2012-121 which changed the structure of the entity to an independent airport authority with more regional representation and governance. The law also changed the official name to the Greater Asheville Regional Airport Authority (the “Authority”). Pursuant to the State statute, the agreement with Buncombe County and the City of Asheville is no longer applicable.

The Authority operates as an Enterprise Fund and is governed by seven members: two registered voters of the County, appointed by the Board of Commissioners of Buncombe County; two registered voters of the City, appointed by the Asheville City Council; two registered voters of the County of Henderson, appointed by the Board of Commissioners of Henderson County; and one member appointed by the other six members of the Authority. Members of the Authority serve four-year terms. Any member may serve a total of two consecutive terms, after which said member may not be reappointed to the Authority until four years after his or her most recent appointment.

The Authority employs a Managing Director (the “Executive Director”), who is the Chief Administrator and Executive Officer of the Authority. The Executive Director manages the Airport under the Authority’s control with a staff of 62 full-time employees. The staff is responsible for the day-to-day financial, administration, and operational matters pertaining to the Airport and for the contractual arrangements with various aeronautical and non-aeronautical businesses at the Airport.

The Airport is a small hub airport engaged in the business of facilitating commercial and general aviation passenger, cargo, and mail transportation and is the 132nd largest airport in the United States based on the number of passenger boardings during calendar year 2014¹.

As of June 30, 2015, Asheville Regional Airport had twenty-four daily, non-stop commercial flights to ten cities (Atlanta, Charlotte, Chicago, Fort Lauderdale, New York, Newark, Orlando, Palm Beach, Punta Gorda, and St. Petersburg/Clearwater). The commercial airline carriers included Allegiant Air, Delta Air Lines, United Airlines, and US Airways.

The mission of the Asheville Regional Airport is to provide an exceptional airport experience with a focus on people, service, commercial and general aviation, and contribute to the regional economy.

¹ Federal Aviation Administration, passenger boardings calendar year 2014.

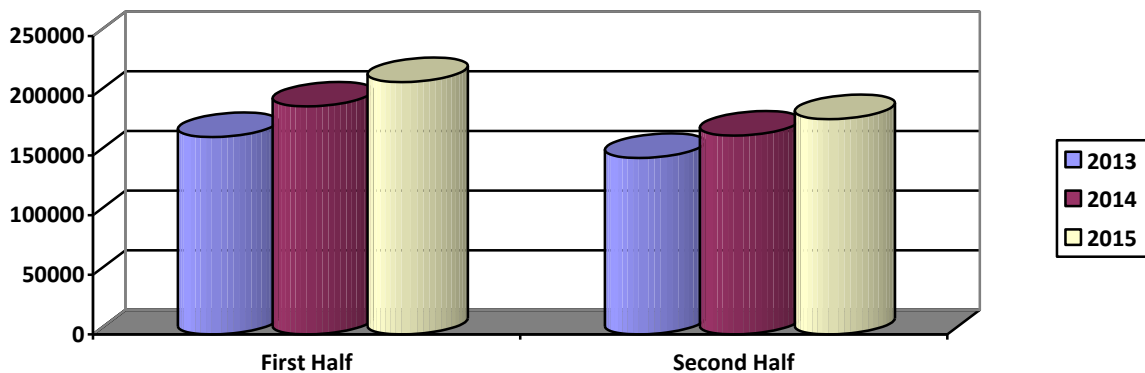
AIRPORT ACTIVITIES AND HIGHLIGHTS

<u>For Year Ended June 30</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Enplanements	<u>391,906</u>	<u>357,715</u>	<u>313,353</u>
Revenues per enplanement:			
Airlines	\$ 5.88	\$ 6.12	\$ 6.66
Rental cars	5.38	5.65	6.49
Parking facility	8.07	8.02	8.13
Concessionaires	1.10	0.77	0.77

Enplanements increased by 9.6% in fiscal year 2015.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Aircraft Movements (Land or Takeoff):</i>			
Airline	15,718	16,231	17,262
General aviation	42,432	45,806	37,754
Military	<u>6,723</u>	<u>5,594</u>	<u>4,468</u>
Total	<u>64,873</u>	<u>67,631</u>	<u>59,484</u>

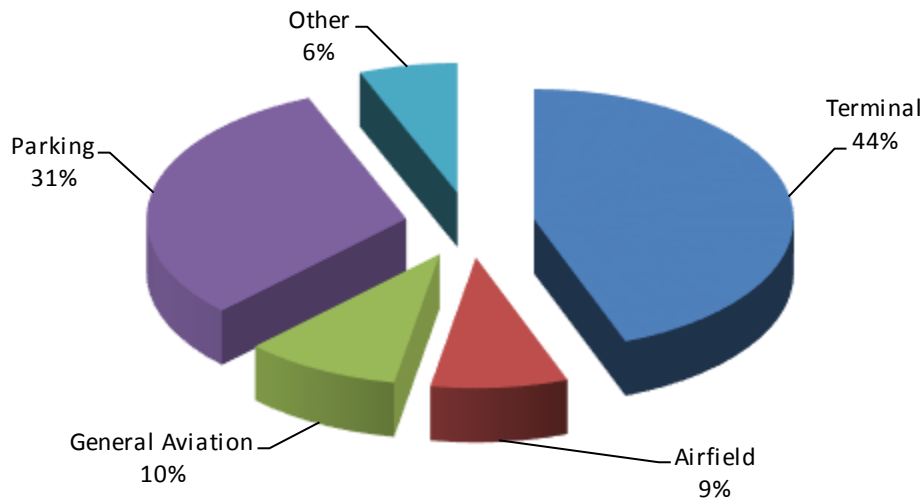
Passenger Enplanements for Fiscal Year



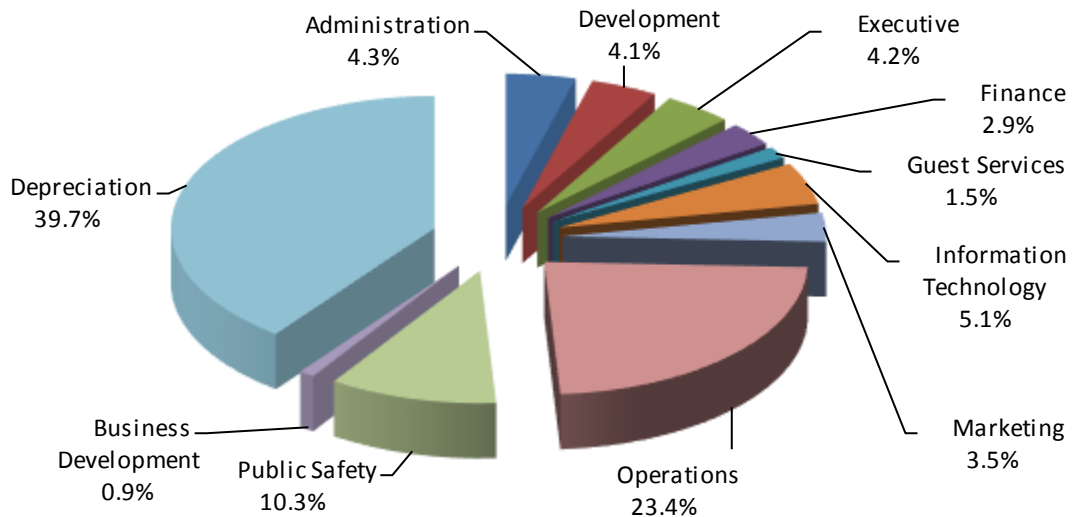
SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

For Year Ended June 30	2015	2014	2013
Operating revenues	\$ 10,075,571	\$ 9,096,957	\$ 8,609,158
Operating expenses	11,787,981	12,016,586	11,610,851
Operating loss before non-operating revenues and expenses	(1,712,410)	(2,919,629)	(3,001,693)
Non-operating revenues and expenses, net	2,802,657	2,506,825	1,628,275
Income (loss) before capital contributions	1,090,247	(412,804)	(1,373,418)
Capital contributions	12,020,590	7,315,833	1,571,108
Increase in net position	<u>\$ 13,110,837</u>	<u>\$ 6,903,029</u>	<u>\$ 197,690</u>

Operating Revenues



Operating Expenses



FINANCIAL POSITION SUMMARY

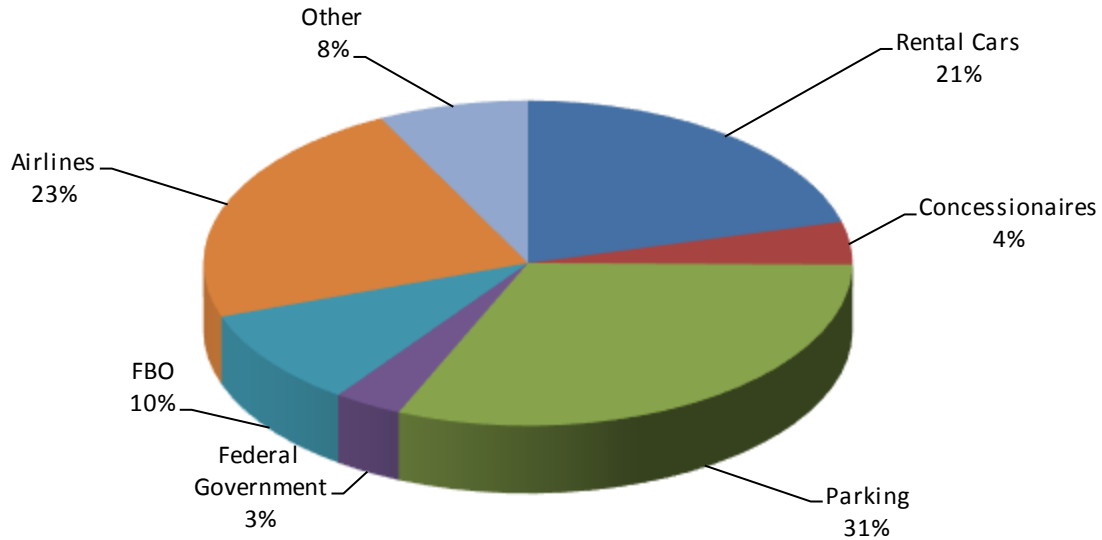
Net position may serve, over time, as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$98,207,986 at June 30, 2015, roughly a \$12.6 million increase from June 30, 2014, and roughly a \$19.6 million increase from June 30, 2013. Also, the Authority implemented GASB Statement 68 this year. With the new reporting change, the Authority has allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$424,967. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Authority's management.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets and Deferred Outflows of Resources:			
Current assets	\$ 26,943,558	\$ 24,046,230	\$ 18,092,774
Capital assets	77,151,244	68,424,525	65,538,565
Other assets	298,145	28,163	37,547
Deferred outflows of resources	<u>204,511</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>104,597,458</u>	<u>92,498,918</u>	<u>83,668,886</u>
Liabilities and Deferred Inflows of Resources:			
Total liabilities	5,666,683	6,976,802	5,049,799
Deferred inflows of resources	<u>722,789</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>6,389,472</u>	<u>6,976,802</u>	<u>5,049,799</u>
Net Position:			
Net investment in capital assets	75,561,248	66,316,168	62,940,939
Restricted	3,041,307	1,742,365	811,605
Unrestricted	<u>19,605,431</u>	<u>17,463,583</u>	<u>14,866,543</u>
Total net position	<u>\$ 98,207,986</u>	<u>\$ 85,522,116</u>	<u>\$ 78,619,087</u>

REVENUES

The daily operations of the Asheville Regional Airport are funded through the collection of user fees such as parking receipts, rental car privilege fees, landing fees, space rental, and concessions fees.

The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2015.



SUMMARY OF CASH FLOW ACTIVITIES

The following is a summary of the major sources and uses of cash and cash equivalents. Cash equivalents are considered cash-on-hand, bank deposits, and highly liquid investments with an original maturity of three months or less.

For Year Ended June 30	2015	2014	2013
Cash flows from operating activities	\$ 1,989,201	\$ 791,360	\$ 2,344,089
Cash flows from investing activities	22,959	23,493	32,193
Cash flows from capital and related financing activities	871,197	1,587,407	512,996
Net increase (decrease) in cash and cash equivalents	2,883,357	2,402,260	2,889,278
Cash and Cash Equivalents:			
Beginning of year - July 1	19,411,456	17,009,196	14,119,918
End of year - June 30	\$ 22,294,813	\$ 19,411,456	\$ 17,009,196

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During fiscal year 2015, the Authority expended \$13.4 million on capital activities. This included approximately \$12.4 million for major projects, which includes the following:

- ARFF Facility Design and Construction
- Airfield Improvements
- Airfield Redevelopment

Acquisitions are funded using a variety of sources, including Federal and State grants, passenger facility charges, operating revenues, and net position appropriations.

CAPITAL ASSETS (net of accumulated depreciation)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land	\$ 7,217,951	\$ 7,217,951	\$ 7,133,951
Construction in progress	17,223,915	9,020,578	2,487,035
Leasehold improvements	50,931,221	50,078,573	53,502,655
Equipment	819,762	1,134,599	1,328,904
Furniture	93,739	58,405	62,931
Vehicles	864,656	914,419	1,023,089
Capital assets, net of accumulated depreciation	<u>\$ 77,151,244</u>	<u>\$ 68,424,525</u>	<u>\$ 65,538,565</u>

Long-Term Debt

As of June 30, 2015, the Authority had total bond debt outstanding of \$1,589,996.

Rental Car Facilities Taxable Revenue Bond, Series 2007

<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>\$ 2,108,357</u>	<u>\$ -</u>	<u>\$ 518,361</u>	<u>\$ 1,589,996</u>

RECENT DEVELOPMENTS

Commercial aviation proved to have solid growth in 2014. The economy continued to expand and jet fuel prices decreased, thereby, providing net profits for the airlines. U.S. commercial air carriers made a net profit of \$20.0 billion in 2014. As part of the \$20.0 billion, the airlines collected \$6.4 billion in checked bag fees and reservation change fees. In 2014, commercial air carrier domestic enplanements increased 2.2%, and total airline enplanements increased 2.7%.

U.S. commercial carriers estimate net profits for 2015 to be approximately \$29 billion. Jet fuel prices are expected to decline for 2015.

Air carriers continue to focus on increasing shareholder return. The carriers continue to adjust capacity to seize opportunities and contracting in response to economic times. These changes have resulted in profitability for the fifth year in a row and industry optimism that the airline industry will become more stable with sustainable profits.

THE FUTURE

Authority management continues to seek additional non-stop air service to the top 25 origin and destination markets at the Airport, focuses attention on airline schedule improvements, and continues to foster positive working relationships and communication with all airline partners. Allegiant Travel Company continues to grow its presence at the Airport, serving five Florida leisure destinations. Late in the fiscal year, Allegiant announced it was establishing an aircraft base in Asheville with 3-5 additional city pairs possible.

The Airport management is striving to increase non-aeronautical revenues to sustain long-term aviation growth at the airport. They have contracted with Western, LLC, a third-party land developer, to grow additional aviation related tenancy on the airport.

The Authority began the 2nd year of its airfield redevelopment project, which includes the rehabilitation of its runway and the construction of a new parallel taxiway. Capital funding continues to be a challenge for airports nationwide. FAA Funding Reauthorization expires on September 30, 2015. Airports and their trade associations continue to advocate for the next long-term funding bill. A key focus has been to increase the Passenger Facility Charge (PFC), a user fee that supports local capital development, to \$8.50 from the current \$4.50. This fee has not been increased since 2000 when Congress capped the fee at \$4.50.

Management will continue to improve the Airport and its facilities in a financially prudent manner, maximizing Federal, State, and other revenues to minimize the Authority's funding required, thereby maximizing the Authority's return on its investments.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the Director of Finance and Accounting, Greater Asheville Regional Airport Authority, 61 Terminal Drive, Suite 1, Fletcher, NC 28732. You may also call (828)-684-2226, visit our website www.flyavl.com, or send an email to pr@flyavl.com for more information.

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
Assets:		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	\$ 19,253,506	\$ 17,669,091
Accounts receivable, net	921,599	667,376
Grants receivable	3,496,966	3,773,768
Passenger facility charges receivables	230,000	192,000
Prepaid expenses	180	1,630
Total unrestricted assets	23,902,251	22,303,865
Restricted assets:		
Cash and cash equivalents	3,041,307	1,742,365
Total restricted assets	3,041,307	1,742,365
Total current assets	26,943,558	24,046,230
Non-current assets:		
Non-depreciable capital assets	24,441,866	16,238,529
Capital assets, net	52,709,378	52,185,996
Net pension asset - LEO	11,941	28,163
Net pension asset - LGERS	286,204	-
Total non-current assets	77,449,389	68,452,688
Total assets	104,392,947	92,498,918
Deferred Outflows of Resources:		
Contributions to pension plan in current fiscal year	204,511	-
Total deferred outflows of resources	204,511	-
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	275,383	683,357
Construction contracts payable	1,514,947	2,375,389
Construction contract retainages	540,638	211,456
Compensated absences	237,430	205,514
Accrued liabilities	121,400	102,772
Prepaid fees	243,359	166,511
Total payable from unrestricted assets	2,933,157	3,744,999

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
Payable from restricted assets:		
Revenue bond payable, current	549,184	518,361
Total payable from restricted assets	549,184	518,361
 Total current liabilities	 3,482,341	 4,263,360
Non-current liabilities:		
Other post-employment benefits	998,847	927,340
Compensated absences	144,683	196,106
Revenue bond payable, non-current	1,040,812	1,589,996
Total non-current liabilities	2,184,342	2,713,442
 Total liabilities	 5,666,683	 6,976,802
 Deferred Inflows of Resources:		
Pension deferrals	722,789	-
Total deferred inflows of resources	722,789	-
 Net Position:		
Net investment in capital assets	75,561,248	66,316,168
Restricted	3,041,307	1,742,365
Unrestricted	19,605,431	17,463,583
 Total net position	 \$ 98,207,986	 \$ 85,522,116

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating Revenues:		
Terminal	\$ 4,456,640	\$ 3,975,687
Airfield	858,828	930,492
General aviation	980,101	969,684
Parking lot	3,161,537	2,867,755
Other	618,465	353,339
Total operating revenues	10,075,571	9,096,957
Operating Expenses:		
Administration	504,012	526,407
Development	482,786	394,390
Executive	500,148	483,723
Finance	342,849	346,006
Guest services	172,880	151,486
Information technology	605,210	568,963
Marketing	413,662	459,746
Operations	2,756,927	2,640,808
Public safety	1,214,041	1,197,348
Business development	111,455	411,180
Depreciation	4,684,011	4,836,529
Total operating expenses	11,787,981	12,016,586
Operating income (loss)	(1,712,410)	(2,919,629)
Non-Operating Revenues (Expenses):		
Passenger facility charges	1,595,246	1,462,951
Customer facility charges	1,298,176	1,163,638
Interest revenue	22,959	23,493
Gain/(loss) on sale of capital assets	(5,262)	(5,703)
Interest expense	(108,462)	(137,554)
Total non-operating revenues, net	2,802,657	2,506,825
Income (loss) before capital contributions	1,090,247	(412,804)
Capital contributions	12,020,590	7,315,833
Change in net position	13,110,837	6,903,029
Net Position:		
Beginning of year - July 1, previously reported	85,522,116	78,619,087
Restatement	(424,967)	-
Beginning of year - July 1, restated	85,097,149	78,619,087
Ending of year - June 30	\$ 98,207,986	\$ 85,522,116

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash received from providing services	\$ 10,060,150	\$ 5,536,882
Cash paid for goods and services	(5,493,285)	(2,055,500)
Cash paid to, or on behalf of, employees for services	<u>(2,577,664)</u>	<u>(2,690,022)</u>
Net cash provided (used) by operating activities	<u>1,989,201</u>	<u>791,360</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(13,415,992)	(7,728,192)
Passenger facility charges	1,595,246	1,462,951
Customer facility charges	1,298,176	1,163,638
Principal payments of bond maturities	(518,361)	(489,269)
Interest paid on bond maturities	(108,462)	(137,554)
Capital contributions	<u>12,020,590</u>	<u>7,315,833</u>
Net cash provided (used) by capital and related financing activities	<u>871,197</u>	<u>1,587,407</u>
Cash Flows from Investing Activities:		
Interest income	<u>22,959</u>	<u>23,493</u>
Net cash provided (used) by investing activities	<u>22,959</u>	<u>23,493</u>
Net increase (decrease) in cash and cash equivalents	2,883,357	2,402,260
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>19,411,456</u>	<u>17,009,196</u>
End of year - June 30	<u>\$ 22,294,813</u>	<u>\$ 19,411,456</u>

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>\$ (1,712,410)</u>	<u>\$ (2,919,629)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	4,684,011	4,836,529
Pension expense	11,618	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(254,223)	(78,195)
(Increase) decrease in other receivables	238,802	(3,481,880)
(Increase) decrease in prepaid items	1,450	8,879
Increase (decrease) in accounts payable and accrued liabilities	(389,346)	255,681
(Increase) decrease in other assets	16,222	9,384
Increase (decrease) in contract payables	(531,260)	2,033,004
Increase (decrease) in unearned revenue	76,848	30,307
Increase (decrease) in compensated absences	(19,507)	22,041
(Increase) decrease in deferred outflows of resources for pensions	(204,511)	-
Increase (decrease) in other post-employment benefits	<u>71,507</u>	<u>75,239</u>
Total adjustments	<u>3,701,611</u>	<u>3,710,989</u>
Net cash provided (used) by operating activities:	<u>\$ 1,989,201</u>	<u>\$ 791,360</u>
Non-Cash Capital and Related Financing Activities:		
Non-cash disposal of asset	<u>\$ 5,262</u>	<u>\$ 5,703</u>

The accompanying notes are an integral part of the financial statements.

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Note A – Organization and Summary of Significant Accounting Policies

The accounting policies of the Greater Asheville Regional Airport Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Asheville Regional Airport Authority (the “Authority”) was established by joint agreement between the City of Asheville and the County of Buncombe on November 29, 1979, pursuant to Article 20 of Chapter 160A of the North Carolina General Statutes. The agreement originally covered a twenty-five-year period beginning July 1, 1980. On April 19, 1988, this term was extended to April 30, 2018 by mutual agreement of the contracting parties. On January 22, 2008, the agreement was amended again with the term remaining the same, including a year-to-year extension after the term has been reached. Under the agreement, Buncombe County was responsible for funding any operating deficits of the Authority during the term of the agreement. On June 28, 2012, the General Assembly of North Carolina enacted the Greater Asheville Regional Airport Authority Act in Session Law 2012-121, making the Authority an independent airport authority and changing the official name to Greater Asheville Regional Airport Authority. Pursuant to the State statute, the agreement with Buncombe County and the City of Asheville is no longer applicable.

Basis of Presentation

Fund financial statements provide information about the Authority’s funds. Statements for the proprietary fund category are presented.

Proprietary funds include the following fund type:

Enterprise Funds. Enterprise funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Authority has one enterprise fund for airport operation.

Measurement Focus and Basis of Accounting

The proprietary fund financial statements are reported using the economic resources measurement focus. These statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's Enterprise Fund are charges to customers for services.

Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgetary Data

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Budget Officer may transfer amounts between line item expenditures, within a budget ordinance line item/cost center, without limitation and without a report being required. These changes should not result in increased recurring obligations. The Budget Officer may transfer amounts up to \$60,000 from contingency to other line items within the same fund. An official report on such transfers must be made at the next regular meeting of the Board. Any other amendments must be approved by the governing board. During the year, several amendments to the original budget were made. The budget ordinance must be adopted by May 15 for the upcoming fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

Assets, Liabilities, and Fund Equity

Deposits and Investments

All deposits of the Authority are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

State law [G.S. 159-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed, both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Authority's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Assets

Restricted assets consist of monies and other resources which are legally restricted as described below:

Cash. The revenue bond agreement requires that the Authority maintain restricted cash reserves equal to fifty percent of the outstanding principal balance of the revenue bonds. The revenue bond agreement also states that if the Authority has maintained rates, rentals, fees, and charges related to the Rental Car Facilities so that net revenues are equal to at least 165% of the principal and interest requirements on the bonds for two consecutive fiscal years, the Authority will not be required to maintain the fifty percent of the outstanding principal balance of the revenue bonds. In the current fiscal year, this criteria was met and no amounts were restricted for the bond. The agreement also requires that net revenues generated from the Rental Car Facilities be maintained in a revenue cash fund to service the operating expenses and debt service of the facility. Restricted cash for Rental Car Facilities amounted to \$411,920 and \$298,716 at June 30, 2015 and 2014, respectively.

The Authority receives from the airline carriers enplaning passengers at the Greater Asheville Regional Airport a facility charge of \$4.50 per passenger. Every air carrier servicing the Airport must collect \$4.50 from passengers on all tickets sold and remit \$4.39 of these funds to the Authority. The Authority must use these funds for Federal Aviation Administration (FAA) approved capital improvement projects. Passenger facility charge collections that have been collected, but not yet disbursed on eligible projects, are restricted. Restricted cash for Passenger Facility Charges amounted to \$2,629,387 and \$1,443,649 at June 30, 2015 and 2014, respectively.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The Authority did not have any accounts that were considered uncollectible by management for the years ended June 30, 2015 and 2014.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	5-40 years
Public safety and maintenance equipment	3-20 years
Vehicles	3-20 years
Furniture	5-10 years
Computer software	5 years
Computer equipment	5 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has one item that meets this criterion – contributions made to the pension plans in the current fiscal year.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has one item that meets this criterion – pension related deferrals.

Compensated Absences

Airport personnel policies permit an employee to earn vacation based on his years of service. Accumulated annual leave in excess of 60 days will be forfeited at December 31, unless it is determined that the employee was prevented from using such leave. Excess leave, where it is determined that the employee was prevented from taking the leave, will be paid with the first payroll of the new calendar year, upon approval of the Executive Director. Employees who resign, are laid off, or otherwise separated from the Authority shall be entitled to be paid for any unused annual leave earned by them as of the date of termination, not to exceed 60 days. Accrued vacation pay amounted to \$226,045 and \$249,394 at June 30, 2015 and 2014, respectively.

A specific number of professional leave hours are available to exempt employees. Employees must be employed for 180 days of the calendar year to be eligible for professional leave for that year. The professional leave does not accrue from year to year. Unused professional leave is not paid upon termination, thus, no accrual has been made.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

The Authority's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave is earned by regular, full-time employees at a rate of 12 days per year. All employees who properly resign, are laid off, or otherwise separated from the Authority in good standing shall be entitled to be paid for 33% of up to 240 hours of earned, but unused sick leave. Accrued sick pay amounted to \$156,068 and \$152,226 at June 30, 2015 and 2014, respectively.

The Authority has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the financial statements.

Compensated Absences

The Authority participates in one cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State: the Local Governmental Employees' Retirement System (LGERS), "state-administered defined benefit pension plans". For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Authority's employer contributions are recognized when due and the Authority has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

Net Position

Net position in proprietary fund financial statements is classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

Note B – Detailed Notes On All Funds

Assets

Deposits

All the deposits of the Authority are either insured or collateralized by the Pooling Method as required by State law [G.S. 159-31]. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows; however, the State Treasurer of North Carolina

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority does not have a deposit policy for custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the Authority's deposits had a carrying amount of \$19,264,338 and a bank balance of \$19,356,564. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$18,606,564 was covered under the Pooling Method.

The Authority maintains petty cash of \$200.

Investments

At June 30, 2015, the Authority's investments and maturities were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>
North Carolina Capital Management Trust Cash Portfolio	\$ 17,175	N/A
North Carolina Capital Management Trust Term Portfolio	<u>3,013,100</u>	<u>\$ 3,013,100</u>
Total	<u>\$ 3,030,275</u>	<u>\$ 3,013,100</u>

Because the North Carolina Management Trust Term Portfolio had a duration of .23 years, it was presented as an investment with a maturity of less than 6 months.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits at least half of the Authority's investment portfolio to maturities of less than 12 months. Also, the Authority's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of not more than three years.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the Authority has no formal policy on managing credit risk. As of June 30, 2015, the Authority's investment in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The Authority's investment in North Carolina Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Accounts Receivable

The balance of accounts receivable at June 30, 2015 consisted of the following:

Trade	\$	654,295
Other		<u>267,304</u>
Total	\$	<u>921,599</u>

Capital Assets

The capital assets of the Authority at June 30, 2015 are as follows:

	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Business-Type Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 7,217,951	\$ -	\$ -	\$ -	\$ 7,217,951
Construction in progress	<u>9,020,578</u>	<u>13,415,992</u>	<u>-</u>	<u>(5,212,655)</u>	<u>17,223,915</u>
Total non-depreciable capital assets	<u>16,238,529</u>	<u>13,415,992</u>	<u>-</u>	<u>(5,212,655)</u>	<u>24,441,866</u>
Depreciable Capital Assets:					
Leasehold improvements	94,623,833	-	-	5,055,245	99,679,078
Equipment	4,806,248	-	-	21,087	4,827,335
Furniture	166,574	-	-	55,392	221,966
Vehicles	<u>2,860,955</u>	<u>-</u>	<u>(110,500)</u>	<u>80,931</u>	<u>2,831,386</u>
Total depreciable capital assets	<u>102,457,610</u>	<u>-</u>	<u>(110,500)</u>	<u>5,212,655</u>	<u>107,559,765</u>
Less Accumulated Depreciation:					
Leasehold improvements	44,545,260	4,202,597	-	-	48,747,857
Equipment	3,671,649	335,924	-	-	4,007,573
Furniture	108,169	20,058	-	-	128,227
Vehicles	<u>1,946,536</u>	<u>125,432</u>	<u>(105,238)</u>	<u>-</u>	<u>1,966,730</u>
Total accumulated depreciation	<u>50,271,614</u>	<u>4,684,011</u>	<u>(105,238)</u>	<u>-</u>	<u>54,850,387</u>
Total depreciable capital assets, net	<u>52,185,996</u>	<u>(4,684,011)</u>	<u>(5,262)</u>	<u>5,212,655</u>	<u>52,709,378</u>
Business-type activities capital assets, net	<u>\$ 68,424,525</u>	<u>\$ 8,731,981</u>	<u>\$ (5,262)</u>	<u>\$ -</u>	<u>\$ 77,151,244</u>

Pursuant to the State statute enacted June 28, 2012 which made the Authority an independent airport authority, the City of Asheville was required to transfer to the Authority, within 90 days of approval by the FAA, all of its rights, title, and interest to the property known as the Asheville Regional Airport. The FAA has not yet granted that approval, the City of Asheville has not yet transferred title to the property to the Authority, and the property is not included in the above balances as of June 30, 2015.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Liabilities

Payables

Payables at June 30, 2015 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Security Deposits</u>	<u>Total</u>
Accounts payable	\$ 257,418	\$ 7,540	\$ 10,425	\$ 275,383
Accrued liabilities	-	121,400	-	121,400
Total	<u>\$ 257,418</u>	<u>\$ 128,940</u>	<u>\$ 10,425</u>	<u>\$ 396,783</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Authority is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2015, was 7.55% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority were \$204,511 for the year ended June 30, 2015.

Refunds of Contributions. Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Authority reported an asset of \$286,204 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Authority's proportion was 0.04853%, which was a decrease of 0.00267% from its proportion measure as of June 30, 2013.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

For the year ended June 30, 2015, the Authority recognized pension expense of \$11,618. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred of Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,273
Net difference between projected and actual earnings on pension plan investments	-	666,276
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	25,240
Authority contributions subsequent to the measurement date	204,511	-
Total	\$ 204,511	\$ 722,789

\$204,511 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (180,733)
2017	(180,733)
2018	(180,733)
2019	(180,590)
Total	\$ (722,789)

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period ending January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the Authority’s proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Authority’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net pension liability (asset)	\$ 971,500	\$ (286,204)	\$ (1,345,150)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The Authority administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Authority’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>13</u>
Total	<u><u>14</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. The Authority has chosen to fund the Separation Allowance on a pay-as-you-go basis. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions. The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the Enterprise Fund operating budget. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% – 7.85% per year.

Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-retirement benefit increases.

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**NOTES TO THE FINANCIAL STATEMENTS
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Annual Pension Cost and Net Pension Obligation. The Authority’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 39,369
Interest on net pension obligation	(1,408)
Adjustment to annual required contribution	<u>2,379</u>
Annual pension cost	40,340
Contributions made	<u>(24,118)</u>
Increase (decrease) in net pension obligation (asset)	16,222
Net pension asset:	
Beginning of year - July 1	<u>(28,163)</u>
End of year - June 30	<u><u>\$ (11,941)</u></u>

Three-Year Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
2013	\$ 26,752	76.51%	\$ (37,547)
2014	34,525	72.82%	(28,163)
2015	40,340	59.79%	(11,941)

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$340,740, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$340,740. The covered payroll (annual payroll of active employees covered by the plan) was \$607,373, and the ratio of the UAAL to the covered payroll was 56.10%. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 2014 was 16 years.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing, over time, relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan

Plan Description. The Authority contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees of the Authority. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (the “CAFR”) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5% of each officer's salary. In addition to the required contribution for law enforcement officers, the Authority makes a monthly contribution equal to 5% of non-law enforcement officer's salary. Also, law enforcement officers and non-law enforcement officers of the Authority may make voluntary contributions to the Plan.

The Authority contribution for law enforcement officers for the year ended June 30, 2015 was \$32,215, and the officers' voluntary contributions were \$6,085. The Authority's contribution for non-law enforcement officers was \$110,578, with voluntary contributions of \$38,959.

Other Employment Benefits

The Authority has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000, or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan, the Authority does not determine the number of eligible participants. The Authority has no liability beyond the payment of the monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based on rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Authority considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the Authority made contributions to the State for death benefits of \$-0-. The Authority's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed, as of December 31, 2010, was established.

The period of reprieve is determined separately for law enforcement officers. The Greater Asheville Regional Airport Authority will have a three-year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

The Authority provides health, dental, short-term and long-term disability, life insurance, and a 457 deferred compensation plan to its regular full-time employees. Regular part-time employees, working at least 1,000 hours annually, qualify for these benefits.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Other Post-Employment Benefits (OPEB)

Healthcare Benefits

Plan Description. Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The Plan provides post-employment healthcare benefits to retirees of the Authority up to age 65, provided they participate in the North Carolina Local Governmental Employees' Retirement System, were hired prior to July 1, 2011, and were covered by the Authority's group health plan for the three years immediately preceding retirement. The Authority pays the full cost of coverage for these benefits through private insurers. Also, the Authority's retirees can purchase coverage for their dependents at the Authority's group rates. Employees hired on or after July 1, 2011 are not eligible for the Authority's post-employment healthcare benefits. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will no longer be eligible for post-employment healthcare benefits by the Authority. The Authority Board may amend the benefit provisions. A separate report was not issued for the Plan.

Membership of the Retiree Health Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	<u>General</u>		<u>Law</u>
	<u>Employees</u>	<u>Firefighters</u>	<u>Enforcement</u>
			<u>Officers</u>
Retirees and dependents receiving benefits	1	-	5
Terminated plan members entitled to, but not yet receiving, benefits	-	-	-
Active plan members	<u>35</u>	<u>4</u>	<u>11</u>
Total	<u>36</u>	<u>4</u>	<u>16</u>

Funding Policy. By Authority resolution, the Authority pays the full cost of coverage for the healthcare benefits paid for qualified retirees. The Authority's retirees pay the full cost for any dependent coverage. The Authority has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 6.0% of annual covered payroll. For the current year, the Authority contributed \$59,040, or 2.4%, of annual covered payroll. The Authority obtains healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage in the amount of \$8,341. The Authority's obligation to contribute to the Retiree Health Plan is established and may be amended by the Authority Board.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the proprietary fund, which is maintained on the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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Annual OPEB Cost and Net OPEB Obligation. The Authority’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Authority’s annual OPEB cost for the current year, the amount actually contributed to the Plan, and changes in the Authority’s net OPEB obligation for the post-employment healthcare benefits:

Annual required contribution	\$ 145,955
Interest on net OPEB obligation	37,094
Adjustment to annual required contribution	<u>(52,502)</u>
Annual OPEB cost (expense)	130,547
Contributions made	<u>(59,040)</u>
Increase (decrease) in net OPEB obligation	71,507
Net OPEB obligation:	
Beginning of year - July 1	<u>927,340</u>
End of year - June 30	<u><u>\$ 998,847</u></u>

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015 and the preceding two years are as follows:

Three-Year Trend Information			
Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 132,914	38.1%	\$ 852,101
2014	131,631	42.8%	927,340
2015	130,547	45.2%	998,847

Funding Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,016,647. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,413,329, and the ratio of the UAAL to the covered payroll was 42.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50% to 5.00% annually. The investment rate included a 3.00% inflation assumption.

The actuarial value of assets was calculated based on the assumption that there were no assets set aside with the Authority that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement was set up for this purpose, the investment rate of return can be increased. The UAAL is being amortized as a level dollar amount closed. The remaining amortization period at December 31, 2012 was 30 years.

Prepaid Fees

Prepaid fees represent customer prepayments of revenues of \$243,359 and \$166,511 at June 30, 2015 and 2014, respectively.

Long-Term Debt

On October 15, 2007, the Authority issued \$4,750,000 of bonds entitled Rental Car Facilities Taxable Revenue Bond, Series 2007. These bonds provided financing for the Rental Car Facilities. Interest only was payable until April 2008, at which time payments of principal and interest began in the amount of \$52,235 monthly. The bonds bear interest at 5.79% and will mature in March 2018. The future payment of the bonds are as follows:

Year Ending		
June 30	Principal	Interest
2016	\$ 549,184	\$ 77,639
2017	581,839	44,983
2018	458,973	11,144
Total	<u>\$ 1,589,996</u>	<u>\$ 133,766</u>

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

The Authority has pledged future net revenues derived from the Rental Car Facilities to repay these revenue bonds. The total principal and interest remaining to be paid on the bonds is \$1,723,762. Principal and interest paid for the current year and total customer net Rental Car Facilities' revenues were \$626,822 and \$1,546,462, respectively.

The Authority covenants and agrees that it will fix rates, rentals, fees, and charges related to the Rental Car Facilities, including the common area maintenance fee, the customer facility charge, and the rental fees; and from time to time, it will revise such rates, rentals, fees, and charges in such a manner that the net revenues for each fiscal year, beginning with the first full fiscal year following the fiscal year during which the Rental Car Facilities are first put into use for its intended purpose and, thereafter, shall not be less than the sum of 120% of the principal and interest requirements on the bonds for such fiscal year.

The Authority is in compliance with the covenants of the bond order. The debt service coverage ratio calculation for the year ended June 30, 2015 is as follows:

Revenues for "Rental Car Facilities"	\$ 1,595,527
Operating expenses for "Rental Car Facilities"	<u>49,065</u>
Net revenues from "Rental Car Facilities"	<u>\$ 1,546,462</u>
Debt service, principal, and interest paid	<u>\$ 626,823</u>
Debt service coverage ratio	<u>246.71%</u>

Changes in Long-Term Liabilities

Changes in long-term liabilities are as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>Current</u>
Revenue bonds	\$ 2,108,357	\$ -	\$ 518,361	\$ 1,589,996	\$ 549,184
Compensated absences	401,620	237,399	256,906	382,113	237,430
Net pension liability (LGERS)	617,157	-	617,157	-	-
Other post-employment benefits:					
Healthcare benefits	<u>927,340</u>	<u>130,547</u>	<u>59,040</u>	<u>998,847</u>	<u>-</u>
Total	<u>\$ 4,054,474</u>	<u>\$ 367,946</u>	<u>\$ 1,451,464</u>	<u>\$ 2,970,956</u>	<u>\$ 786,614</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Construction Contract Commitments

The Authority has commitments of approximately \$12.5 million for the construction/renovation of facilities. These projects are to be funded through Federal grants, State grants, and passenger facility charges.

The underlying contracts have termination provisions. The contracts with architectural/engineering consulting firms representing approximately \$909 thousand of the commitment amount allow either party to terminate the agreement with a seven-day written notice, as long as the terminating party is not in default of the agreement. In the event that the Authority terminates the contract, the consulting firm shall be paid for the portion of the fee earned and costs incurred as of the date of the termination, but shall not be eligible for payment of any lost anticipated profits from the portion of the project following the termination date. Contract with one construction firms representing approximately \$11.6 million of the commitment amount allows the Authority to either terminate the agreement “for cause” due to failure by the contractor to fulfill contract obligations, or “for the convenience” of the Authority, at any time. The contract termination for the convenience of the Authority will provide for an equitable adjustment in the contract price, but no amount will be allowed for anticipated profit on unperformed services.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plans in current fiscal year	\$ 204,511
Total	<u>\$ 204,511</u>

Deferred inflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension deferrals	\$ 722,789
Total	<u>\$ 722,789</u>

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has property, general liability, flood, automobile, workers’ compensation, crime, public officials, law enforcement, and employment practices coverage. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Authority carries flood insurance through Alliant Insurance Services, Inc. in the amount of \$10,000,000.

The Authority’s crime insurance covers all employees, including the Finance Officer, with a limit of \$250,000 per loss.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Net Position

The Authority Board has established an operations and maintenance designation equal to six months of the Airport's subsequent year's operations and maintenance budget. The Board has also designated \$650,000 for emergency repairs.

Unrestricted net position consists of the following:

Designations of Unrestricted Net Position:

Operating and maintenance designation	\$ 4,019,126
Emergency repair designation	650,000
Undesignated, unrestricted net position	<u>14,936,305</u>
Total unrestricted net position	<u>\$ 19,605,431</u>

Revenue and Expenses

Leases and Other Non-Cancelable Agreements

The Authority leases land and facilities to tenants under various cancelable and non-cancelable agreements. Some agreements require a fixed monthly rent and others require a fee that is the greater of a minimum annual guarantee privilege fee or a percentage of gross sales by the tenant. The future non-cancelable minimum annual rentals and privilege fees to be received under agreements in effect at June 30, 2015 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2016	\$ 2,747,768
2017	2,756,689
2018	2,772,829
2019	2,785,438
2020	1,136,862
Thereafter	<u>7,355,819</u>
Total	<u>\$ 19,555,405</u>

Airline Incentives

The Authority entered into agreements with an air carrier to waive fees for all Airport services for a stated period of time as an incentive for new air service to be provided by the air carrier. The total value of these waived fees for the year ended June 30, 2015 is \$99,338.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Passenger Facility Charges

The Authority receives from the airline carriers enplaning passengers at the Greater Asheville Regional Airport a facility charge of \$4.50 per passenger. Every air carrier servicing the Airport must collect \$4.50 from passengers on all tickets sold and remit \$4.39 of these funds to the Authority. The Authority must use these funds for Federal Aviation Administration (FAA) approved capital improvement projects. Revenues from passenger facility charges totaled \$1,595,246 for the year ended June 30, 2015.

Note C – Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Authority has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note D – Change in Accounting Principles/Restatement

The Authority implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Authority to record beginning net pension liability and the effects on net position of contributions made by the Authority during the measurement period (fiscal year ending June 30, 2014). As a result, net position decreased by \$424,967.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/2008	\$ -	\$ 232,926		0.00%	\$ 232,926	\$ 508,081	45.84%
12/31/2009	-	254,547		0.00%	254,547	632,374	40.25%
12/31/2010	-	252,074		0.00%	252,074	552,075	45.66%
12/31/2011	-	235,796		0.00%	235,796	606,418	38.88%
12/31/2012	-	283,588		0.00%	283,588	657,785	43.11%
12/31/2013	-	303,432		0.00%	303,432	571,094	53.13%
12/31/2014	-	340,740		0.00%	340,740	607,373	56.10%

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation (Asset)
2010	\$ 20,810	226.62%	\$ (13,913)
2011	25,255	161.48%	(29,392)
2012	26,061	156.49%	(43,831)
2013	26,216	78.07%	(37,547)
2014	33,343	75.40%	(28,163)
2015	39,369	61.26%	(11,941)

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
* Includes inflation at	3.00%
Cost-of-living adjustments	N/A

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**OTHER POST-EMPLOYMENT BENEFITS -
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)			
6/30/2008	\$ -	\$ 752,739	\$ 752,739	0.00%	\$ 1,834,165	41.0%
6/30/2009	-	915,011	915,011	0.00%	2,545,647	35.9%
12/31/2009	-	1,058,716	1,058,716	0.00%	2,265,417	46.7%
12/31/2012	-	1,016,647	1,016,647	0.00%	2,413,329	42.1%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2015	\$ 145,955	40.45%
2014	144,929	38.91%
2013	144,929	34.97%
2012	145,738	37.67%
2011	145,738	40.04%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2012	
Actuarial cost method	Projected unit credit	
Amortization method	Level dollar amount, closed	
Remaining amortization period	30 years	
Amortization factor	17.6631	
Asset valuation method	Market value of assets	
Actuarial assumptions:		
Investment rate of return*	4.00%	* Includes inflation of 3.00%
Pre-Medicare trend rate	8.50% - 5.00%	
Year of ultimate trend rate	2018	

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS***

Local Governmental Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability (asset) (%)	0.04853%	0.05120%
Authority's proportion of the net pension liability (asset) (\$)	\$ (286,204)	\$ 617,157
Authority's covered-employee payroll	\$ 2,699,905	\$ 2,574,058
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(10.60%)	23.98%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30, 2014.

** This will be the same percentage for all participant employers in the LGERS plan.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS****Local Governmental Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 204,511	\$ 192,190
Contributions in relation to the contractually required contribution	<u>204,511</u>	<u>192,190</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 2,861,908	\$ 2,699,905
Contributions as a percentage of covered-employee payroll	7.15%	7.12%

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Terminal	\$ 3,919,333	\$ 4,456,640	\$ 537,307	\$ 3,975,687
Airfield	883,300	858,828	(24,472)	930,492
General aviation	978,105	980,101	1,996	969,684
Parking lot	2,557,425	3,161,537	604,112	2,867,755
Interest income	22,000	22,959	959	23,493
Other	209,779	479,442	269,663	204,699
Reimbursable costs	214,000	139,023	(74,977)	148,640
Customer facility charges	1,075,000	1,298,176	223,176	1,163,638
Total revenues	<u>9,858,942</u>	<u>11,396,706</u>	<u>1,537,764</u>	<u>10,284,088</u>
Expenditures:				
Administration	484,015	426,408	57,607	451,168
Development	300,286	285,612	14,674	245,750
Executive	566,544	515,793	50,751	483,723
Finance	397,877	355,394	42,483	346,006
Guest services	205,092	178,506	26,586	151,486
Information technology	684,524	622,120	62,404	568,963
Marketing	525,486	422,742	102,744	459,746
Operations	3,234,601	2,813,341	421,260	2,635,379
Public safety	1,390,508	1,255,395	135,113	1,187,964
Business development:				
Operating expenditures	300,000	111,455	188,545	411,180
Debt service	626,823	626,823	-	626,823
Emergency repair:				
Operating expenditures	75,000	14,348	60,652	5,429
Reimbursable costs	214,000	208,020	5,980	148,640
Equipment and small capital outlay	14,055	14,055	-	220,367
Renewal and replacement capital outlay	1,199,126	520,425	678,701	198,827
Capital project expenditures:				
Prior year approved projects	12,520,570	11,240,045	1,280,525	5,530,576
New projects in current year	<u>13,057,623</u>	<u>1,641,467</u>	<u>11,416,156</u>	<u>1,778,422</u>
Total expenditures	<u>35,796,130</u>	<u>21,251,949</u>	<u>14,544,181</u>	<u>15,450,449</u>

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues over (under) expenditures	<u>(25,937,188)</u>	<u>(9,855,243)</u>	<u>16,081,945</u>	<u>(5,166,361)</u>
Other Financing Sources (Uses):				
State grant reimbursements	915,093	1,125,783	210,690	2,290,302
Federal airport improvement program grants	18,873,634	10,894,807	(7,978,827)	5,025,531
Passenger facility charges	1,325,000	1,595,246	270,246	1,462,951
Appropriated net position	<u>4,823,461</u>	<u>-</u>	<u>(4,823,461)</u>	<u>-</u>
Total other financing sources (uses)	<u>25,937,188</u>	<u>13,615,836</u>	<u>(12,321,352)</u>	<u>8,778,784</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>3,760,593</u>	<u>\$ 3,760,593</u>	<u>3,612,423</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:				
Capital outlay expenditures		534,480		419,194
Capital project expenditures		12,881,512		7,308,998
Principal payments of bond maturities		518,361		489,269
OPEB annual required contribution in excess of actual payments		(71,507)		(75,239)
LEO special separation allowance actual payments in excess of required contribution		(16,222)		(9,384)
Contributions made to the pension plan in the current year		204,511		-
Pension expense		(11,618)		-
Loss on disposal of capital assets		(5,262)		(5,703)
Depreciation		<u>(4,684,011)</u>		<u>(4,836,529)</u>
Change in net position		<u>\$ 13,110,837</u>		<u>\$ 6,903,029</u>

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

CAPITAL IMPROVEMENTS SUPPLEMENTAL SCHEDULE
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal airport improvement program grants	\$ 24,280,991	\$ 5,394,898	\$ 10,894,807	\$ 16,289,705	\$ (7,991,286)
Passenger facility charges	5,139,089	567,491	377,205	944,696	(4,194,393)
State grants	3,700,000	2,500,000	1,125,783	3,625,783	(74,217)
Total operating revenues	<u>33,120,080</u>	<u>8,462,389</u>	<u>12,397,795</u>	<u>20,860,184</u>	<u>(12,259,896)</u>
Expenditures:					
Aircraft Rescue & Fire Fighting Facility	5,078,159	4,082,807	660,170	4,742,977	335,182
Airfield Improvements - Phase 1	4,289,216	2,604,301	1,684,915	4,289,216	-
Airfield Re-Development - Bid Package 1	11,868,128	1,778,422	8,408,102	10,186,524	1,681,604
Airfield Re-Development - Bid Package 2	13,057,678	-	1,250,390	1,250,390	11,807,288
Airfield Re-Development - Bid Package 3	391,077	-	391,077	391,077	-
Total expenditures	<u>34,684,258</u>	<u>8,465,530</u>	<u>12,394,654</u>	<u>20,860,184</u>	<u>13,824,074</u>
Revenues over (under) expenditures	<u>(1,564,178)</u>	<u>(3,141)</u>	<u>3,141</u>	<u>-</u>	<u>1,564,178</u>
Other Financing Sources (Uses):					
Transfers (to)/from operating cash	<u>1,564,178</u>	<u>3,141</u>	<u>(3,141)</u>	<u>-</u>	<u>1,564,178</u>
Total other financing sources (uses)	<u>1,564,178</u>	<u>3,141</u>	<u>(3,141)</u>	<u>-</u>	<u>1,564,178</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Schedule represents cumulative activity for active capital improvement projects. Budget and actual activity is accounted for in the Operating Fund; not a separate fund. This schedule is for additional detail of active capital improvement projects.

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities of the Greater Asheville Regional Airport Authority, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements, and have issued our report, thereon, dated September 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Asheville Regional Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Asheville Regional Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
September 29, 2015

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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Report On Compliance For Each Major Federal Program And Passenger Facility Charge (PFC) Program; Report On Internal Control Over Compliance; In Accordance with OMB Circular A-133; The PFC Program Audit Compliance Guide; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Greater Asheville Regional Airport Authority's compliance with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement, the Passenger Facility Charge (PFC) Audit Guide for Public Agencies, and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Greater Asheville Regional Airport Authority's major federal programs and PFC program for the year ended June 30, 2015. The Greater Asheville Regional Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and PFC program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Greater Asheville Regional Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Passenger Facility Charge Audit Guide for Public Agencies, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, the PFC Program Audit Compliance Guide, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, or the PFC program, occurred. An audit includes examining, on a test basis, evidence about the Greater Asheville Regional Airport Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and the Passenger Facility Charge (PFC) Program. However, our audit does not provide a legal determination of the Greater Asheville Regional Airport Authority's compliance.

Opinion On Each Major Federal Program and PFC Program

In our opinion, the Greater Asheville Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and the PFC Program for the year ended June 30, 2015.

Report On Internal Control Over Compliance

Management of the Greater Asheville Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program, or the PFC Program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Passenger Facility Charge Audit Guide for Public Agencies, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the Passenger Facility Charge Audit Guide for Public Agencies. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
September 29, 2015

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance with OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

Report on Compliance for Each Major State Program

We have audited the Greater Asheville Regional Airport Authority's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Greater Asheville Regional Airport Authority's major State programs for the year ended June 30, 2015. The Greater Asheville Regional Airport Authority's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Greater Asheville Regional Airport Authority's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Greater Asheville Regional Airport Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the Greater Asheville Regional Airport Authority's compliance.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

Opinion On Each Major State Program

In our opinion, the Greater Asheville Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015.

Report On Internal Control Over Compliance

Management of the Greater Asheville Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
September 29, 2015

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2015

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	_____ Yes <u> X </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Non-compliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	_____ Yes <u> X </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes <u> X </u> No

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B Programs	\$323,802
Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ No

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major state programs Modified Unmodified

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes No

Identification of major State programs:

Program Name

State Aid to Airports, DOT-8, Project #36244.15.17.1

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2015

2. Findings Related to the Audit of the Basic Financial Statements of the Greater Asheville Regional Airport Authority

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no prior year audit findings.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards:				
<u>U.S. Department of Transportation</u>				
Federal Aviation Administration				
Direct Program:				
Airport Improvement Program	20.106	\$ 10,793,401	\$ -	\$ 237,710
Total Federal Awards		<u>\$ 10,793,401</u>	<u>\$ -</u>	<u>\$ 237,710</u>
State Awards:				
<u>N.C. Department of Transportation</u>				
State Aid to Airports, DOT-8, Project #36244.15.17.1		\$ -	\$ 1,125,783	\$ 125,087
Total State Awards		<u>\$ -</u>	<u>\$ 1,125,783</u>	<u>\$ 125,087</u>
Total Federal and State Awards		<u>\$ 10,793,401</u>	<u>\$ 1,125,783</u>	<u>\$ 362,797</u>
Passenger Facility Charges:				
Capital improvements				
Application approved number		11-05-C-00-AVL		
Beginning balance, unliquidated Passenger Facility Charges		\$ 1,443,649		
Passenger Facility Charges collected		1,562,943		
Expenditures		<u>(377,205)</u>		
Ending balance, unliquidated Passenger Facility Charges		<u>\$ 2,629,387</u>		

Notes to the Schedule of Expenditures of Federal and State Awards:

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the Greater Asheville Regional Airport Authority and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the Passenger Facility Charge Audit Guide for Public Agencies, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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ASHEVILLE REGIONAL AIRPORT AIRFIELD REDEVELOPMENT PROGRAM UPDATE



October 2015

PROGRAM OVERVIEW

- * RECONSTRUCT AGING RUNWAY & CORRECT EXISTING NON-STANDARD RUNWAY ISSUES
 - * CONSTRUCT TEMPORARY RUNWAY (7,000'x100')
 - * RECONSTRUCT PERMANENT RUNWAY (8,000'x150')
 - SHIFT RUNWAY 75' TO PROVIDE STANDARD 400' RUNWAY TO TAXIWAY SEPARATION
 - RAISE SOUTH END APPX. 6 FT TO CORRECT NON-STANDARD LONGITUDINAL GRADIENT

PROGRAM OVERVIEW

- * Meeting with ATL ADO in May, 2012:
- * Original program phasing and funding dictated by Atlanta ADO
- * Program phased into four construction packages
- * Directed to design each subsequent construction package independently
- * Directed to reduce temporary runway length and “employ level of creativity” to reduce costs
- * Directed that funding discussed was all that would be provided and it was up to the airport to find remaining monies and make it work
- * Program shifted to Memphis ADO at start of Bid Package 1

Inconsistent with typical manner of conducting preliminary engineering for a project of this size and complexity

PROGRAM OVERVIEW

* FOUR CONSTRUCTION PACKAGES

- * BID PACKAGE 1 – TEMPORARY RUNWAY SITE PREP & GRADING (2014)
 - * COMPLETE
- * BID PACKAGE 2 – TEMPORARY RUNWAY PAVING & ELECTRICAL (2015)
 - * UNDER CONSTRUCTION
- * BID PACKAGE 3 – PERMANENT RUNWAY SITE PREP & GRADING (2016)
 - * UNDER DESIGN – BID LATE 2015
- * BID PACKAGE 4 – PERMANENT RUNWAY PAVING & ELECTRICAL (2017-2018)
 - * UNDER DESIGN – BID LATE 2016

TEMPORARY RUNWAY OPENS DECEMBER 2015



ORIGINAL BID PACKAGES 1 AND 2 SCOPE OF WORK

ORIGINAL PROGRAM FUNDING

- * PROGRAM BUDGET \$64.0M

* FAA DISCRETIONARY/ENTITLEMENT FUNDS	\$49.10M
* AIRPORT/PFC FUNDS	\$11.68M
* STATE DOT FUNDS	<u>\$2.40M</u>
TOTAL	\$64.0M

Total budget of \$64M is rounded up from \$63.18M

ORIGINAL PROGRAM ESTIMATED COST

	Original Estimated Program Cost
Bid Package 1	\$12,652,000
Bid Package 2	\$16,317,000
Bid Package 3	\$6,322,000
Bid Package 4	\$28,709,000
Total Program Cost	\$64,000,000

PROGRAM COST INCREASE SUMMARY



Retaining Wall for Runway 35 Glide Slope Critical Area	\$2,900,000
Retaining Wall East of Taxiway A (South End)	\$700,000
Replacement of Airfield Drainage System	\$2,800,000
Additional Earthwork	\$1,300,000
Increased Pavement Section - Allegiant Airlines Base of Operations	\$1,000,000
Stream Bank Stabilization and Wetlands Mitigation	\$500,000
Relocation of LLWAS Tower	\$250,000
Replacement of Copper FAA NAVAID Control Cable	\$250,000
Increase in FAA Reimbursable Agreement	\$640,000
Rejection of Temporary Runway 35 Glide Slope MOS (Relocate GS Twice)	\$250,000
Rejection of RSA MOS (Added Drainage)	\$100,000
Delay Cost Associated with MOS Ruling	\$450,000
TOTAL	\$11,140,000

LEGEND
Additional Cost Due to Budget Based Prior to Preliminary Design
Additional Cost Due to FAA Direction
Cost Due to Modification of Standard Decisions
Cost Associated with FAA Delay

FUNDING COMPLICATIONS

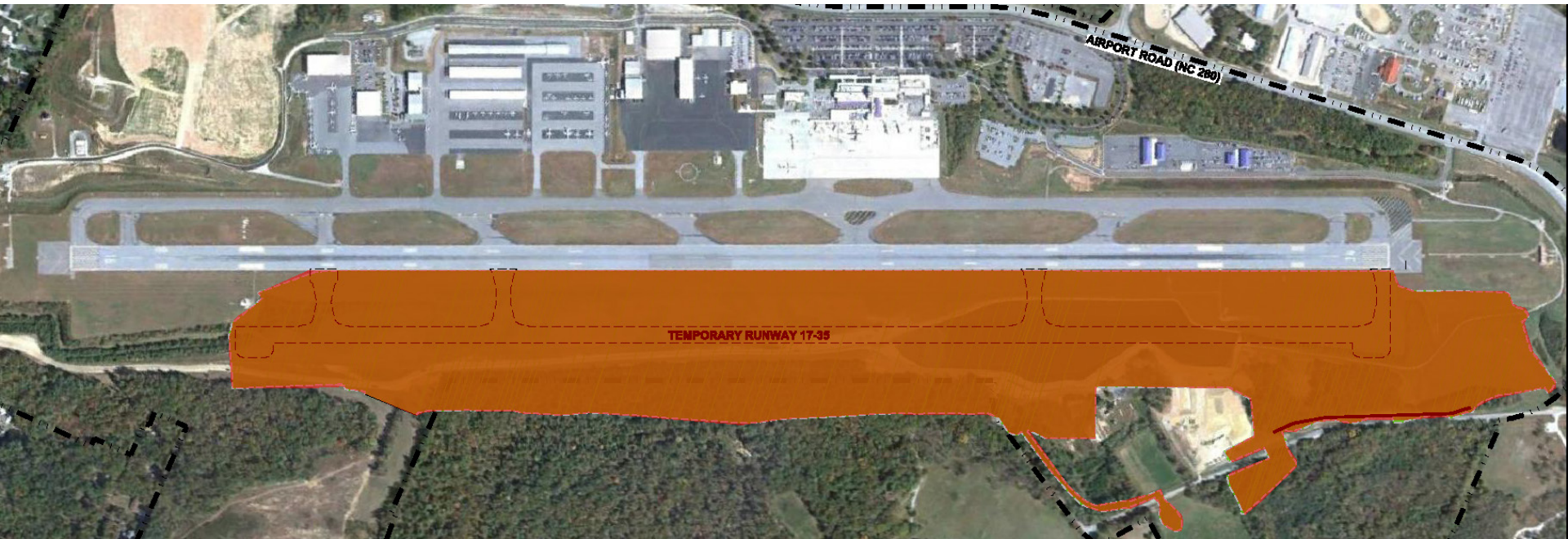
Original FAA Program Funding

	FFY 2013	FFY 2014	FFY 2015	FFY 2016	FFY 2017	TOTAL
FAA AIP Entitlement Funds	\$ 560,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 8,560,000
FAA AIP Discretionary Funds	\$ 1,260,000	\$ 6,500,000	\$ 6,500,000	\$ 13,000,000	\$ 13,000,000	\$ 40,260,000
PFC Current Approval Funds	\$ -	\$ 3,632,002	\$ 2,550,123	\$ -	\$ 5,501,511	\$ 11,683,636
NCDOT Funds	\$ -	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ 2,400,000
Airport Capital	\$ -	\$ -	\$ -	\$ (6,701,880)	\$ 6,701,880	\$ -
TOTAL	\$ 1,820,000	\$ 13,332,002	\$ 12,250,123	\$ 8,298,120	\$ 27,203,391	\$ 62,903,636

Current FAA Program Funding

	FFY 2013	FFY 2014	FFY 2015	FFY 2016	FFY 2017	TOTAL
FAA AIP Entitlement Funds	\$ 1,595,596	\$ 2,435,654	\$ 2,435,654	\$ 2,435,654	\$ 2,435,654	\$ 11,338,212
FAA AIP Discretionary Funds	\$ 1,260,000	\$ 6,500,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 37,760,000
PFC Current Approval Funds	\$ -	\$ 3,632,002	\$ 2,550,123	\$ -	\$ 5,501,511	\$ 11,683,636
NCDOT Funds	\$ -	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ 2,400,000
TOTAL	\$ 2,855,596	\$ 10,135,654	\$ 17,267,656	\$ 14,985,777	\$ 17,937,165	\$ 63,181,848

MODIFIED PROGRAM PHASING

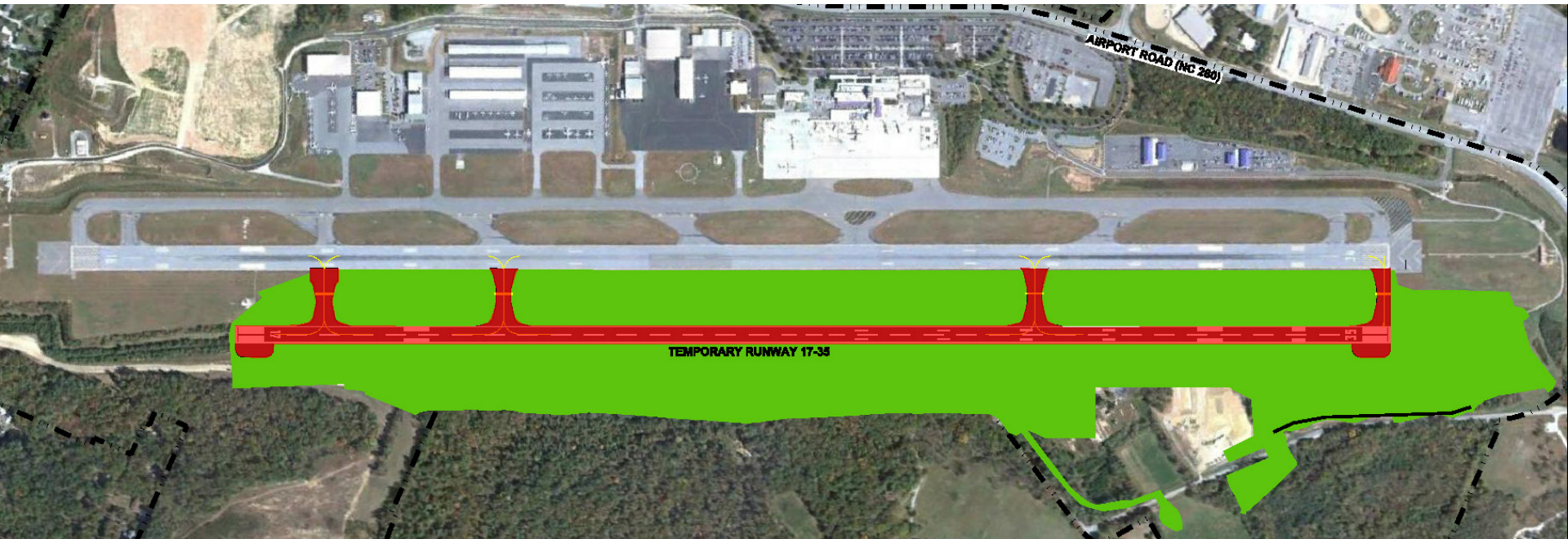


BID PACKAGE 1 – TEMPORARY RUNWAY SITE PREP

ORIGINAL COST: \$12,652,000

ACTUAL COST: \$14,767,000

MODIFIED PROGRAM PHASING



BID PACKAGE 2 – TEMPORARY RUNWAY 17-35

ORIGINAL ESTIMATED COST: \$16,317,000

CURRENT ESTIMATED COST: \$15,190,000

MODIFIED PROGRAM PHASING

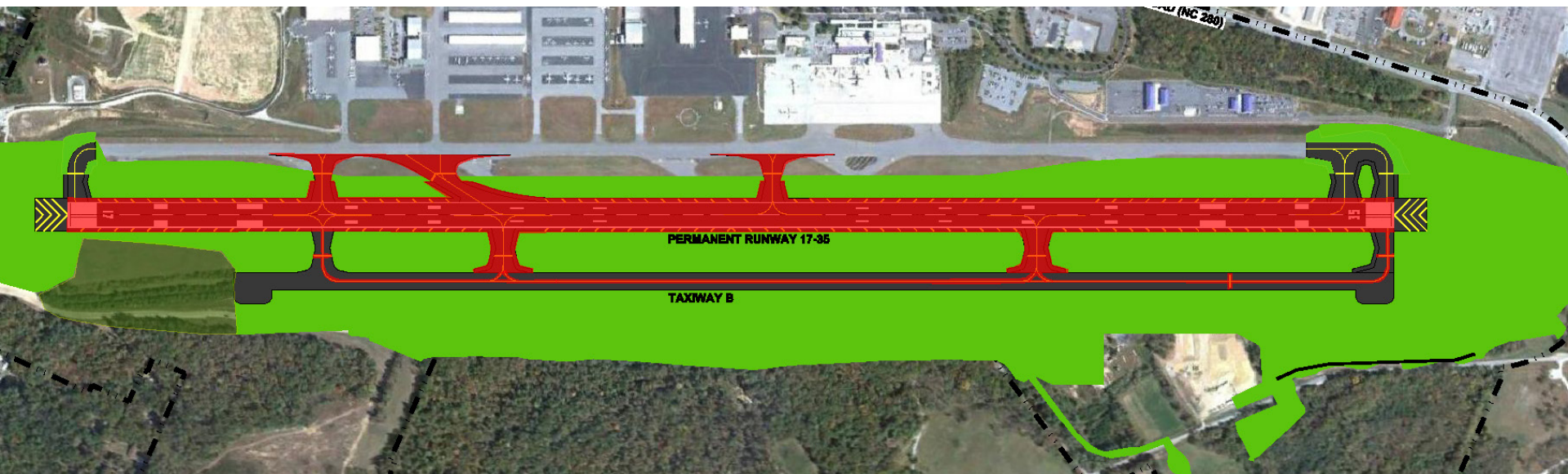


BID PACKAGE 3 – PERMANENT RUNWAY SITE PREP, RUNWAY 17-35 MALSRs,
RUNWAY 17-35 LOCALIZERS, TAXIWAYS A1, A2, A8, AND B1

ORIGINAL ESTIMATED COST: \$6,322,000

CURRENT ESTIMATED COST: \$15,087,000

MODIFIED PROGRAM PHASING

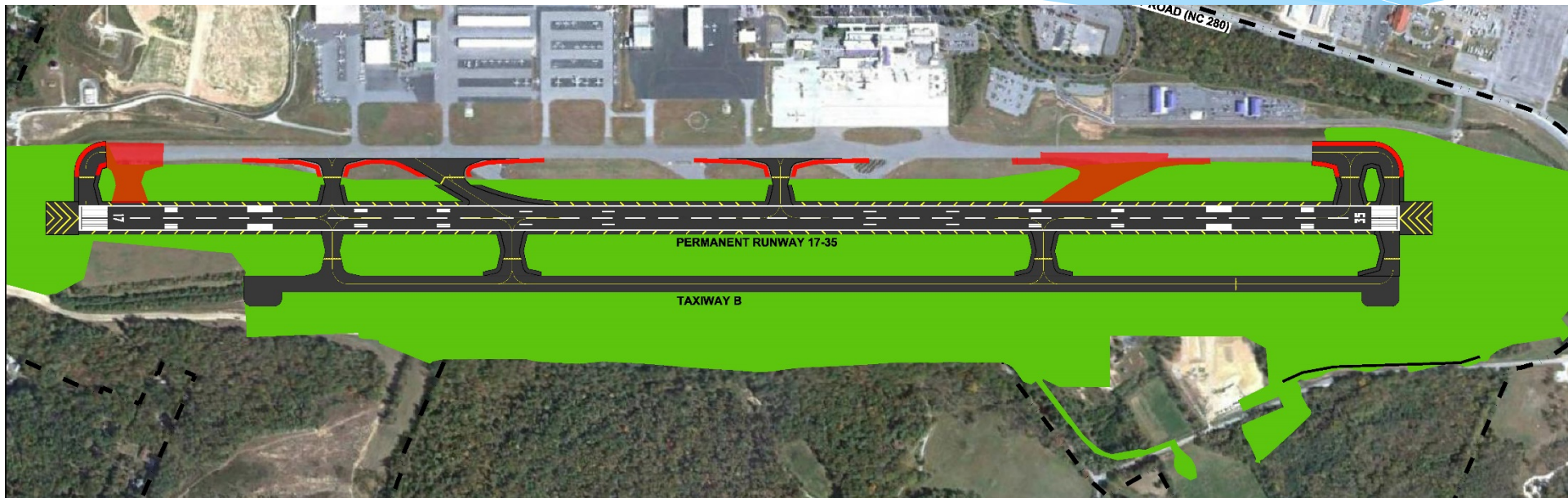


BID PACKAGE 4 – PERMANENT RUNWAY 17-35, GLIDE SLOPES,
TAXIWAYS A4, A5, A6

ORIGINAL ESTIMATED COST: \$28,709,000

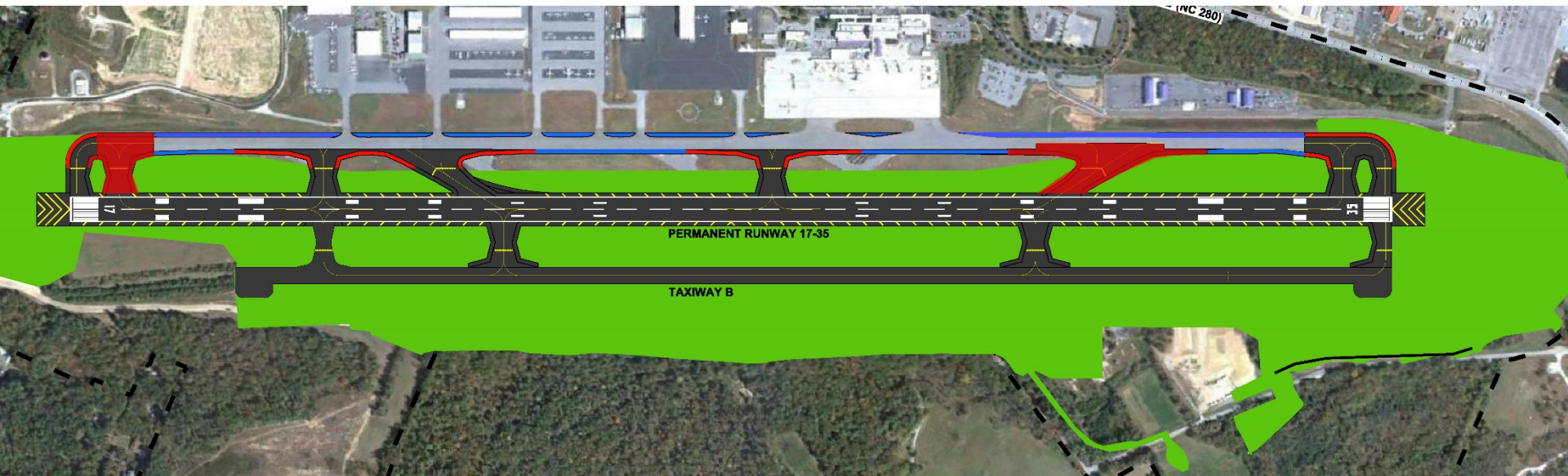
CURRENT ESTIMATED COST: \$24,648,000

WORK ITEMS REMOVED FROM PROGRAM



- TAXIWAYS A3 AND A7 REMOVED FROM BID PACKAGE 1 THROUGH 4 SCOPES TO REDUCE COST.
- TAXIWAYS REQUIRED TO BE CONSTRUCTED TO MAINTAIN CURRENT AIRFIELD CAPACITY

MODIFIED PROGRAM PHASING: BID PACKAGE 5



BID PACKAGE 5 – TAXIWAYS A3, A7, SHOULDERS
TAXIWAYS A3+A7: \$4,900,000
REMAINING TAXIWAY A SHOULDERS (BLUE): \$1,200,000
TOTAL ESTIMATED COST: \$6,100,000

UPDATED ESTIMATED PROGRAM COST

	Original Program Estimate	Updated Program Estimate: Construction in Four (4) Phases	Updated Program Estimate: Construction in Five (5) Phases
Bid Package 1	\$12,652,000	\$14,767,000	\$14,767,000
Bid Package 2	\$16,317,000	\$15,190,000	\$15,190,000
Bid Package 3	\$6,322,000	\$15,087,000	\$15,087,000
Bid Package 4	\$28,709,000	\$29,248,000	\$24,648,000
Bid Package 5	\$0	\$0	\$6,100,000
Total Program Cost	\$64,000,000	\$74,292,000	\$75,792,000

*CURRENT ESTIMATED PROGRAM COST (INCLUDING BP-5) IS **\$11.8M** HIGHER THAN \$64.0M BUDGET.

CURRENT PROGRAM BUDGET STATUS

* CURRENT ESTIMATED TOTAL PROGRAM COST (BASED ON 5 FUNDING PHASES)	\$75.8M
* PROGRAM BUDGET	\$64.0M
* COST TO FINISH MODIFIED PROGRAM	\$5.7M
* COST TO FINISH TOTAL PROGRAM	\$10.6M
* COST TO FINISH TOTAL PROGRAM+SHOULDERS	\$11.8M

FAA FUNDING PARTICIPATION

- * TYPICAL SMALL PRIMARY AIRPORT MATCH: 90%/10%
- * INITIAL FUNDING DIRECTIVE: 85% / 15%
- * CURRENT PROGRAM: 78% / 22%
- * WITH INCREASED FAA PARTICIPATION: 80%/20%



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman, A.A.E.
Deputy Executive Director, Development and Operations

DATE: October 16, 2015

ITEM DESCRIPTION – New Business Item B

Approve Amendment to Airfield Re-development Project Budget

BACKGROUND

On March 22nd, 2013, the Airport Board, in preparation for the upcoming Airfield Re-development Project, approved an overall program budget of \$64M. This budget figure was based upon the engineer's probable cost of construction, and anticipated expenses for engineering and construction related services throughout the program. Throughout the course of the first two phases of design and construction, a number of items that could not have reasonably been known or anticipated before design services started have surfaced, which affect the cost of the overall program. Additionally, the Federal Aviation Administration (FAA) has directed additional work items be added to the program, which also have impacts on the overall project by increasing costs. As a result, the overall cost to complete the full scope of the project has risen beyond the original budget approval.

ISSUES

A typical large scale project of this nature would normally involve a substantial amount of preliminary engineering from the onset. This preliminary engineering would include substantial efforts to discover those out of the ordinary issues or circumstances that may exist which substantially impact the design and overall costs of construction. Because of the unusual nature in which the FAA agreed to fund this project, typical preliminary engineering efforts were rejected by the FAA, and they instead directed that all engineering take place on a phased basis, with each design phase being carried out independent of the others. This eliminated the preliminary design portion of the project that would have resulted in discovery of substantial local issues affecting the project.

New Business – Item B



ALTERNATIVES

Alternatives include eliminating major components of work from the scope of the project in order to fund those that are considered critical items. By doing so however, the airfield would essentially be incomplete, missing connector taxiways needed for capacity, and eliminating other features considered necessary for aircraft safety and capacity. The reduction in capacity would cause inefficiencies in the movement of air traffic that could lead to future difficulties in the airport meeting the needs of the region.

FISCAL IMPACT

Current estimates for completion of the full scope of the project are \$75.8M. The FAA has indicated its intent to fund at least a portion of the increased cost towards the end of the project.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to approve an amended budget of \$75.8M for the Airfield Re-development Project.



Asheville Regional Airport Parking Deck



Parking Demand Analysis

- Enplanements are expected to rise sharply with the additional routes soon to be offered by Allegiant Airlines
- Allegiant Air projects and additional 100,000 enplanements when the new routes are up and running
- With this in mind, enplanements over the next ten years (2016-2025) are expected to be as follows:

2016	454,362	2021	571,188
2017	513,429	2022	580,727
2018	539,100	2023	590,425
2019	552,578	2024	600,285
2020	561,806	2025	610,310

Existing Parking Inventory

- Short Term 192
 - Long Term 752
 - Overflow 536
- Total = 1,480
- Rental Car 107



Parking Demand Analysis – Public Parking

Year	Projected Annual Enplanements	Projected Public Parking Demand
2016	454,362	1,581
2017	513,429	1,787
2018	539,100	1,876
2019	552,578	1,923
2020	561,806	1,955
2021	571,188	1,988
2022	580,727	2,021
2023	590,425	2,055
2024	600,285	2,089
2025	610,310	2,124

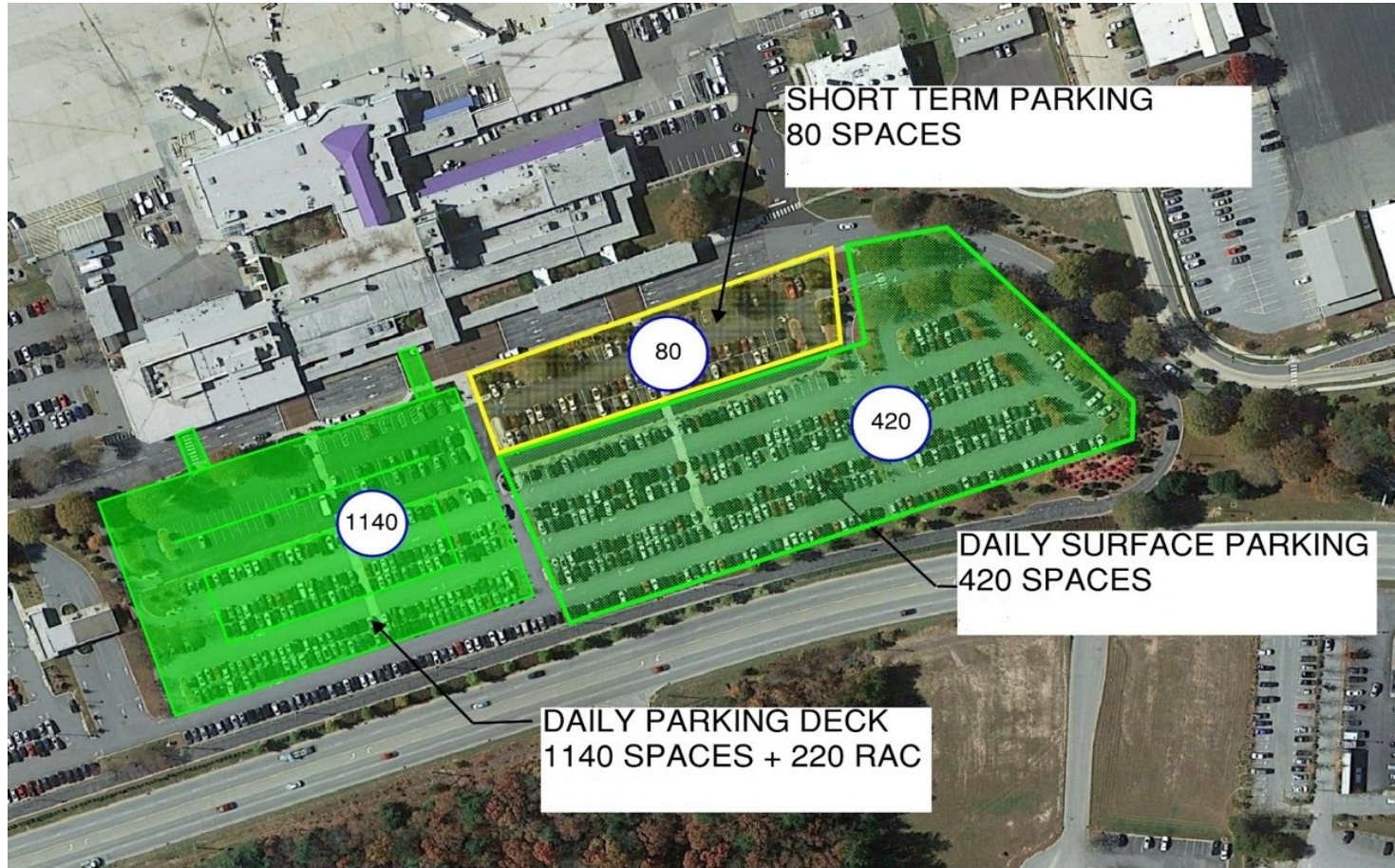
Parking Demand Analysis – Rental Car Ready/Return

Year	Projected Annual Enplanements (= Deplanements)	Projected Ready/Ret. Parking Demand
2016	454,362	164
2017	513,429	185
2018	539,100	194
2019	552,578	199
2020	561,806	202
2021	571,188	206
2022	580,727	209
2023	590,425	213
2024	600,285	216
2025	610,310	220

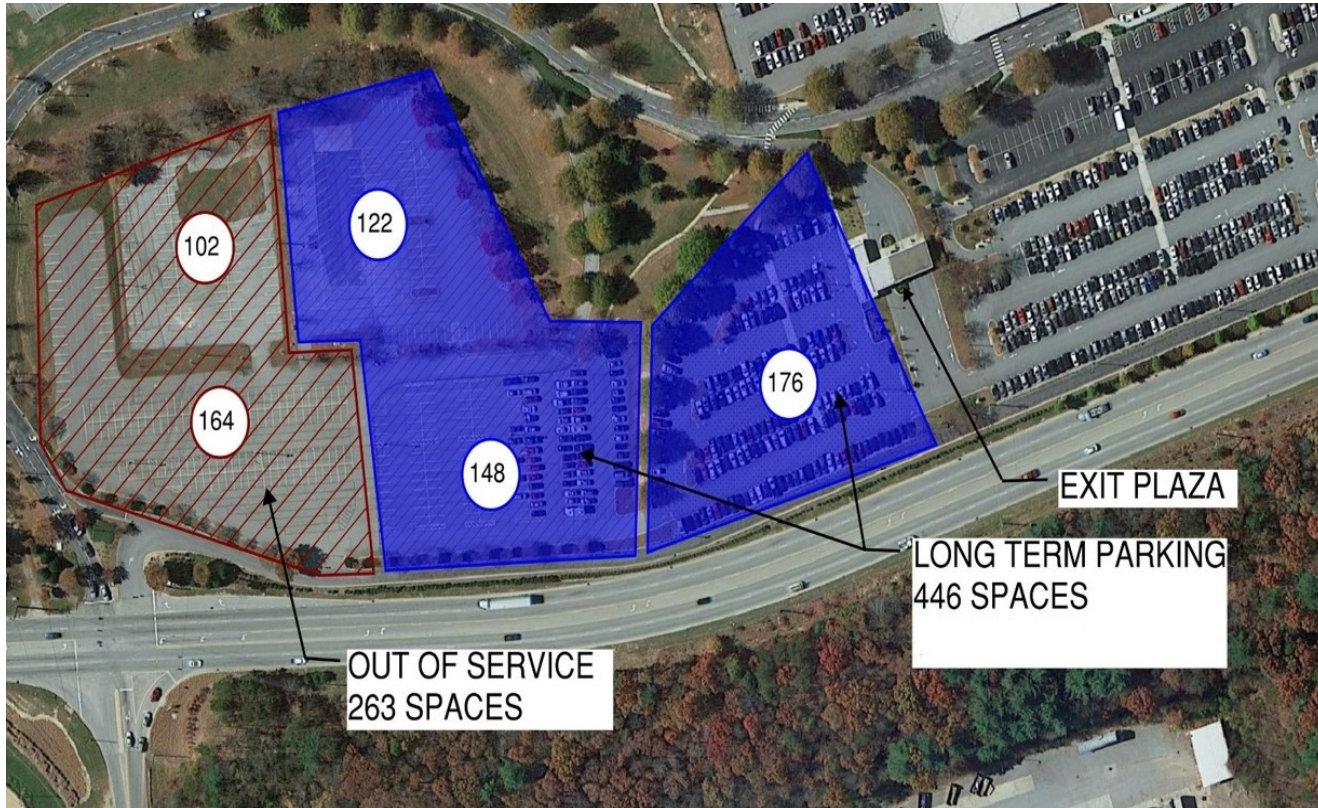
Scenario #1

- Construct New Parking Deck on Site 3 (South Portion)
 - 1,360 Spaces on 5 Tiers, Height Above Terminal Drive is approximately 40 Feet
 - 1140 Public Parking Spaces, 220 Rental Car Ready/Return
 - 275 Surface Spaces Displaced, Net Gain in Parking = 1,085 Spaces
 - Total Inventory with New Parking Deck = 2306 (2086 Public + 220 RAC)
- Remove Southernmost Portion of Overflow Lot, 263 Spaces
- Re-Purpose Remainder of Property at South End of Site
- Create New Parking Classification and Rates
 - Daily Parking Deck
 - Daily Surface Parking
 - Long Term Parking
 - Remote Parking

Scenario #1



Scenario #1



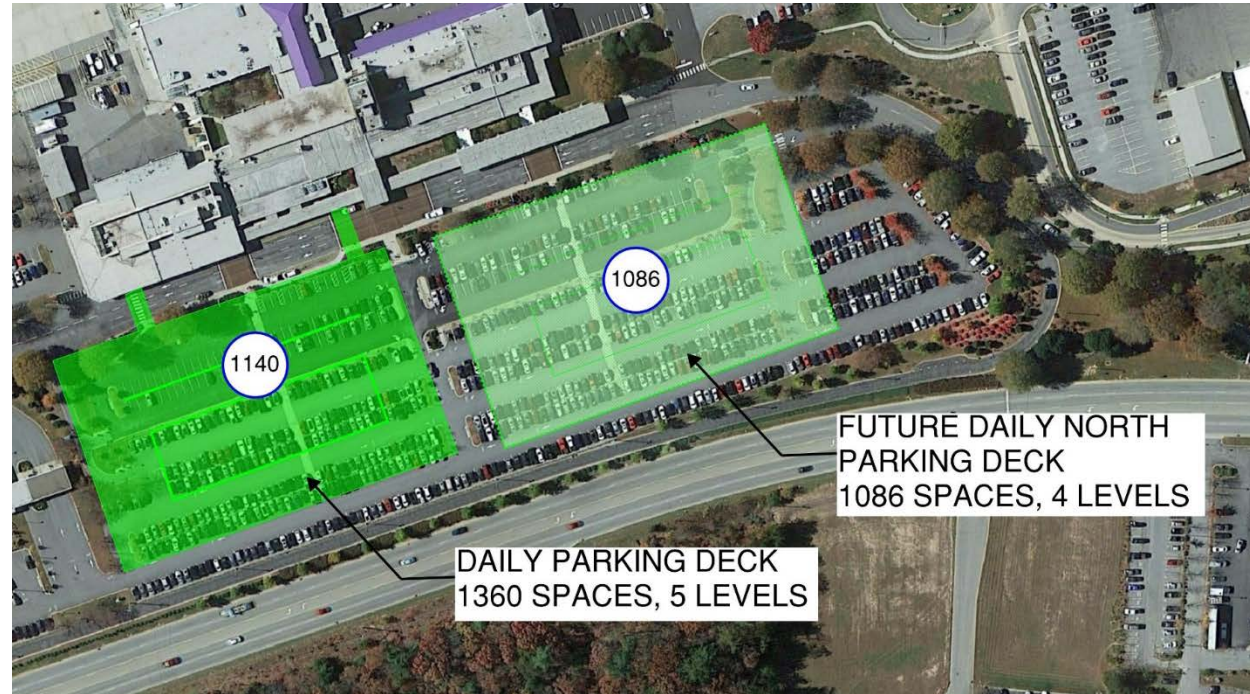
Overflow Lot Usage in Scenario #1

- Most consistent complaint from airport patrons is the long, uphill walk to the terminal
 - Over 500 feet walker distance plus 35 feet of grade change.
- Scenario #1 removes nearly half of the overflow lot
- The new overflow lot has 270 spaces and will only be needed at peak times
- Lower hourly rate is intended to compensate for the less convenient walk
- *85% of the time through 2023, the overflow lot will not be needed*



Scenario #1 - Future

- If Growth and Parking Demand Warrant, a New Daily North Deck Can Be Developed
- Most Likely 2025-2030 Timeframe



Scenario #1 – Capital Costs

- Total Capital Cost = \$19,800,000
- Capital Cost Includes...
 - Cost of Work – Parking Deck, Foundations, and Roadway/Site Improvements
 - Design Fees
 - Geotechnical Investigation
 - Material Testing Costs
 - Temporary Measures During Construction

Scenario #2

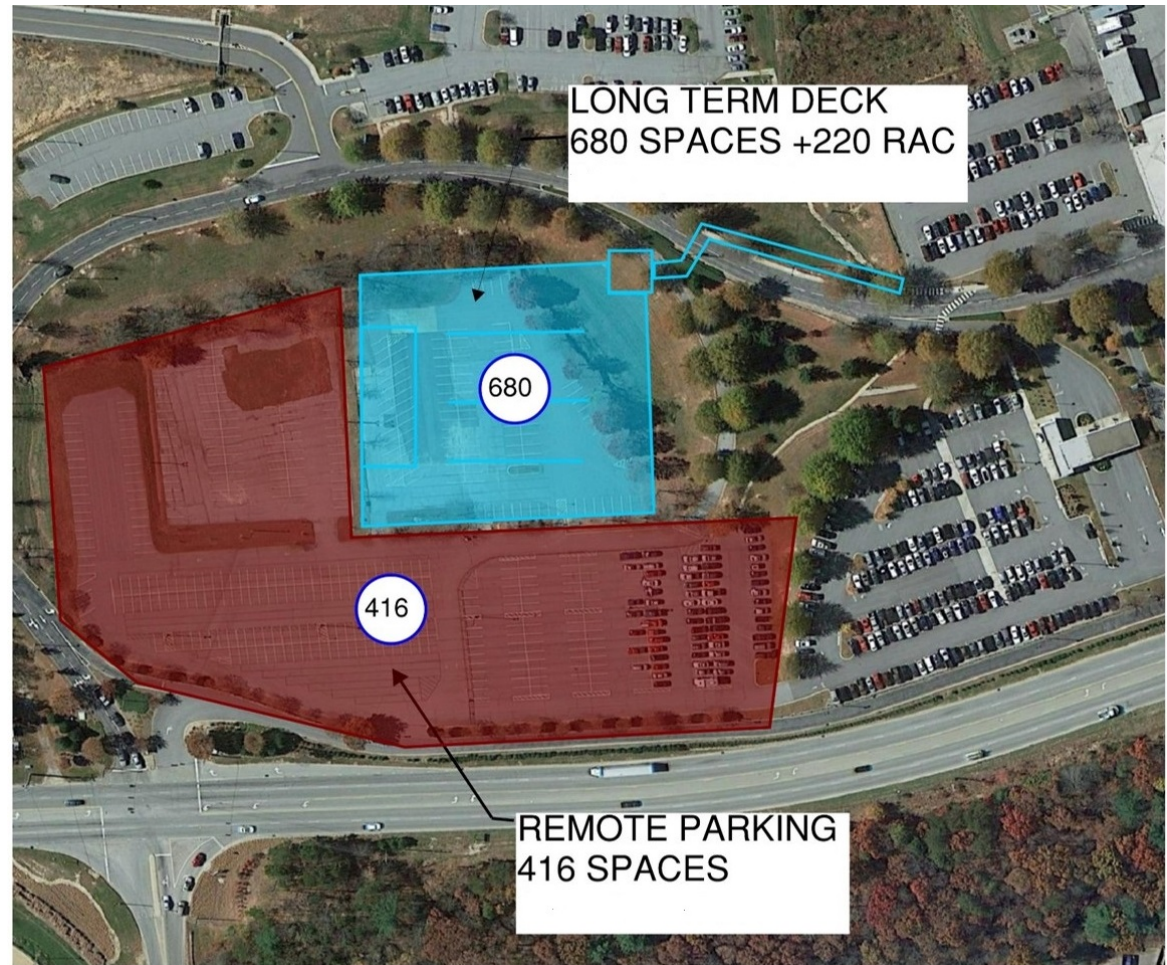
- Construct New Parking Deck on Site 5
 - 900 Spaces on 4 Tiers, Height Above Terminal Drive is approximately 28 Feet
 - 680 Public Parking Spaces, 220 Rental Car Ready/Return
 - 122 Surface Spaces Displaced, Net Gain in Parking = 778 Spaces
- Re-Configure Remaining Overflow Parking
- Construct Elevated Walkway to the Terminal
- Create New Parking Classification and Rates
 - Short Term Parking
 - Long Term Parking
 - Long Term Parking Deck
 - Remote Parking

Scenario #2



Scenario #2

- Long Term Parking Deck
 - 680 Public Spaces
 - 220 RAC on Lowest Level
- Remote Surface Parking
 - 416 Spaces
- Elevated Pedestrian Walkway



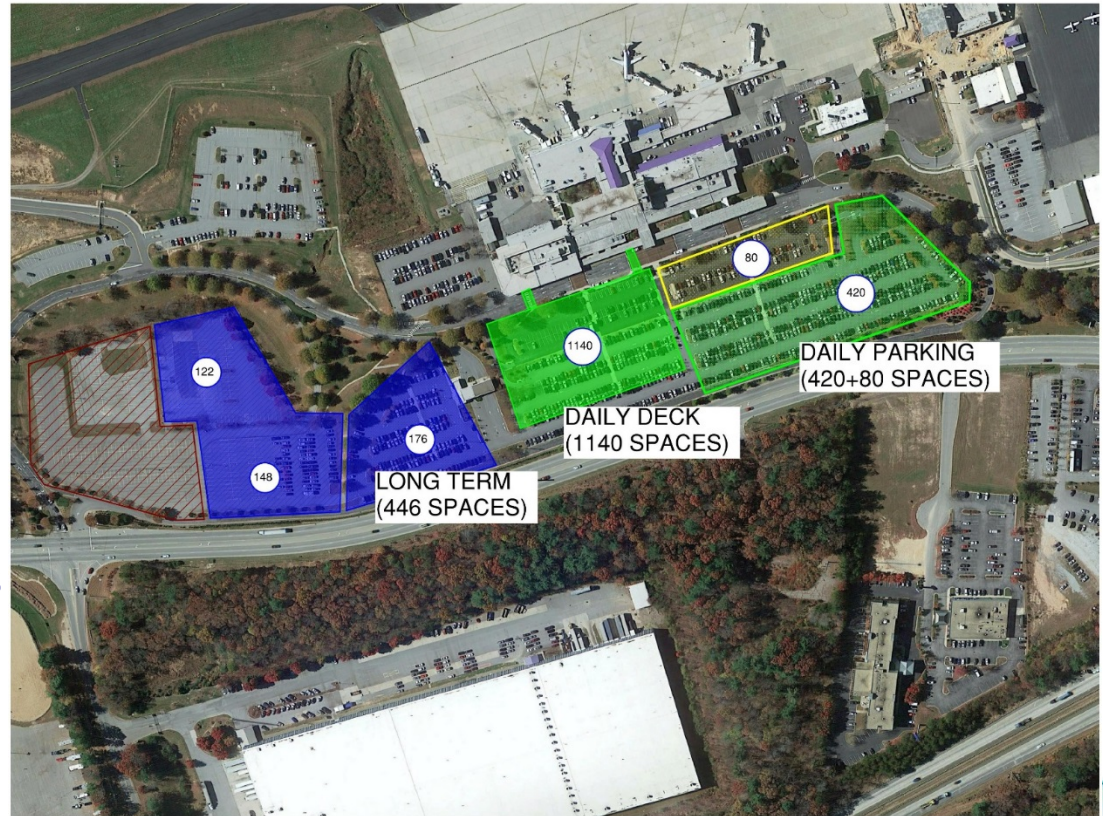
Scenario #2 – Capital Costs

- Total Capital Cost = \$17,200,000
- Capital Cost Includes...
 - Cost of Work – Parking Deck, Foundations, and Roadway/Site Improvements, Elevated Walkway
 - Design Fees
 - Geotechnical Investigation
 - Material Testing Costs
 - Temporary Measures During Construction

Financial Analysis

■ Scenario #1 – Parking Structure on Site 3 South

- Daily Surface = 500 Spaces (420 + 80 short term)
- Daily Parking Deck = 1,140 Spaces
- Long Term Parking = 446 Spaces
- Total Public Parking = **2,086** Spaces



Financial Analysis

Scenario #1 Parking Rate Strategy

“Premium” Parking

- Deck and Surface Parking
- Short Walk to Terminal
- 1,640 Premium Spaces
- Recommended Rates:
 - Daily Surface Parking = \$10/Day
 - Short Term = \$13/Day
 - Daily Parking Deck = \$12/Day

“Discount” Parking

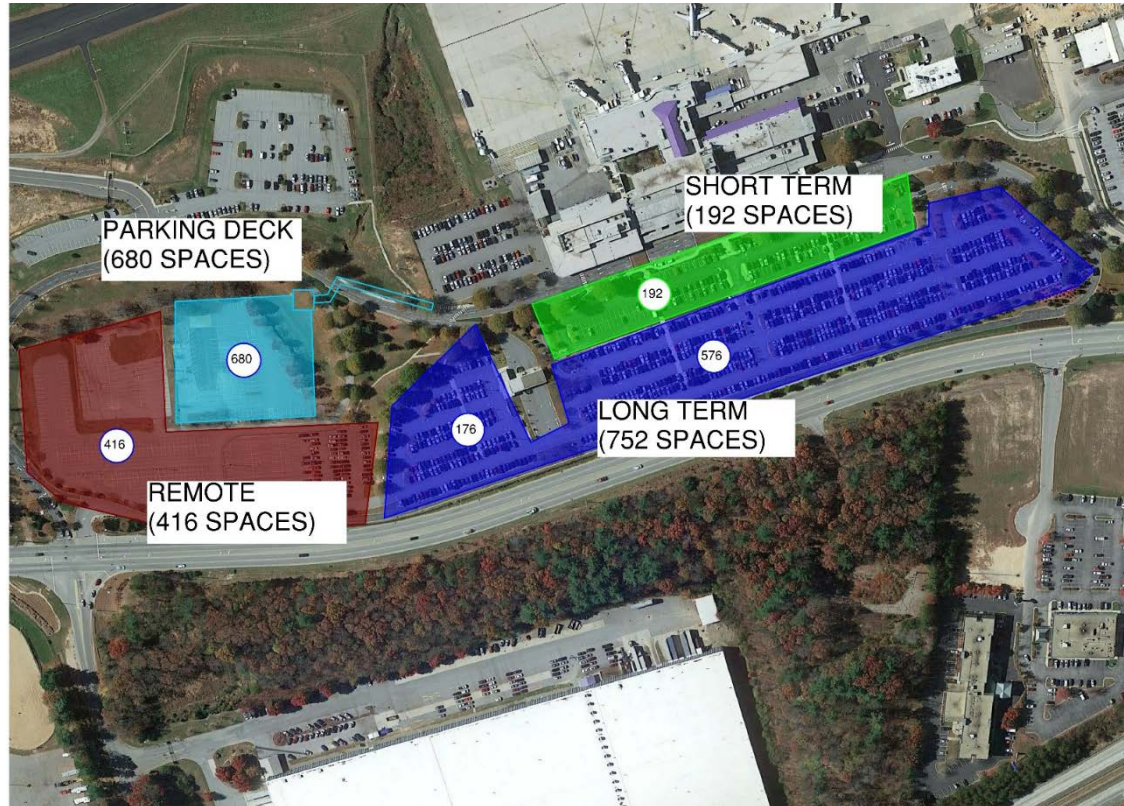
- Long Term and Remote Parking
- Longer Walk to Terminal
- 446 Discount Spaces
- Recommended Rates:
 - Long Term Parking = \$9/Day



Financial Analysis

■ Scenario #2 – Parking Structure on Site 5

- Short Term = 192 Spaces
- Long Term = 752 Spaces
- Parking Deck = 680 Spaces
- Remote = 416 Spaces
- Total Public Parking = **2,040** Spaces

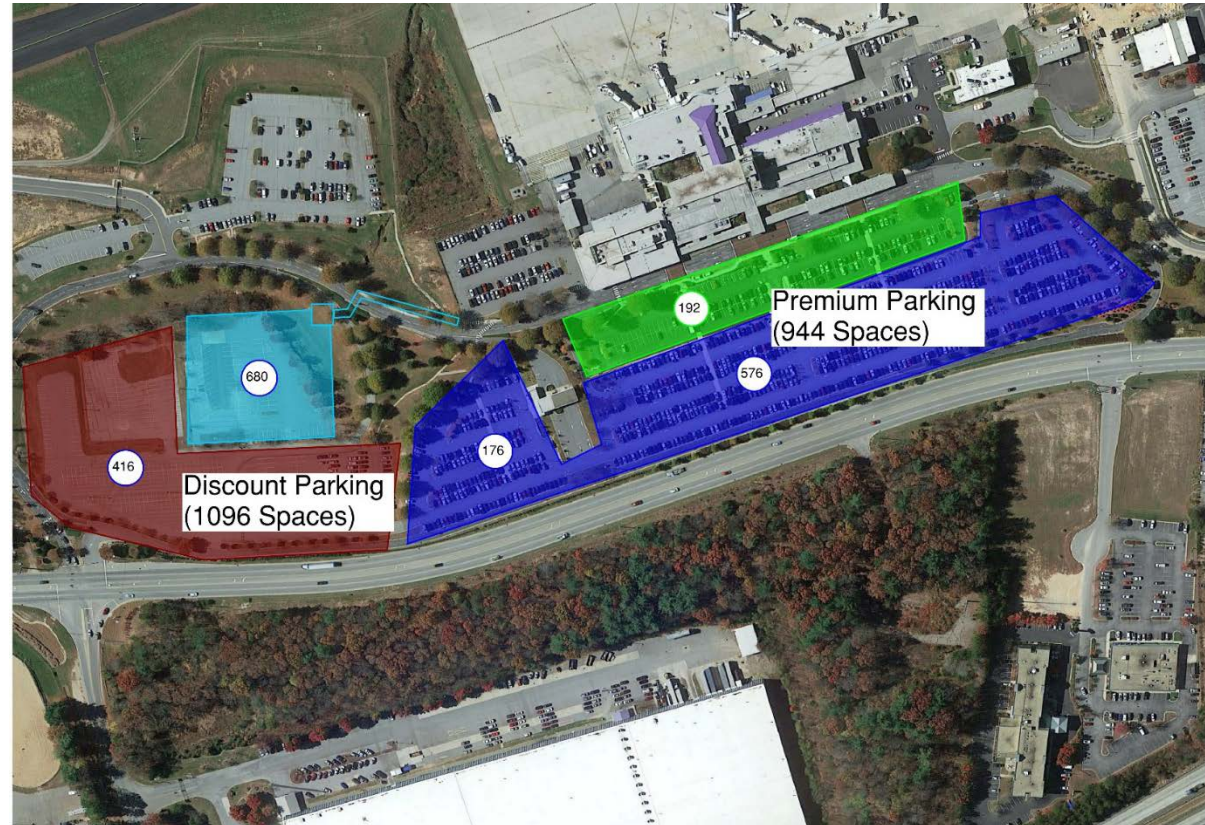


Financial Analysis

Scenario #2 Parking Rate Strategy

“Premium Parking

- Short and Long Term Parking
- Short Walk to Terminal
- 944 Premium Spaces
- Recommended Rates:
 - Short Term = **\$13/Day**
 - Long Term = **\$10/Day**



“Discount” Parking

- Parking Deck and Remote
- Longer Walk to Terminal
- 1096 Discount Spaces
- Recommended Rates:
 - Deck Parking = **\$10/Day**
 - Remote Parking = **\$8.50/Day**

Financial Analysis

Assumptions for Financial Model

- Capital Cost for Scenario #1 = \$19,800,000
- Capital Cost for Scenario #2 = \$17,200,000
- Parking Deck in Service by Calendar Year 2017
- Financing Assumptions
 - 90% Financed
 - 4% Interest Rate
 - 20 Year Term
- Annual Operating Expenses Under Management Agreement
 - Surface Parking = \$250 per space
 - Garage Parking = \$600 per space
- Revenue and Expenses are Modeled to Fit on Current Conditions
- Comparisons are Based on Calendar Year 2018

Financial Analysis – Current

Current Conditions	Current
Parking Supply	
Structured (Garage)	0
Surface Lot	1480
Total	1480
Parking Pricing Strategy	
Daily Surface Lot (Short-Term)	\$12.50 / Day
Long-Term Parking Lot	\$10 / day
Daily Garage Parking (Short- and Long-Term)	n/a
Remote (Extended Stay) Lot	n/a
2014 Parking Revenue	\$2,647,450
2014 Operating Expenses (2014 OPEX)	\$372,970
2014 Net Revenue	\$2,274,480
Estimated Annual Debt Service Payment	\$0
2014 Net Public Parking Revenue	\$2,274,480
2014 Enplanements	378,124
2014 Net Revenue Per Passenger	\$6.02

Financial Analysis – Scenario #1

Scenario #1 Financial Summary	Scenario #1
Parking Supply	
Structured (Garage)	1,140
Surface Lot	946
Total	2,086
Parking Pricing Strategy	
Short-Term Lot	\$13 / Day
Daily Deck	\$12 / Day
Daily Surface Lot	\$10 / day
Long-Term Lot	\$9 / day
Projected Parking Revenue (Year 2018 Stabilization)	\$6,361,340
Projected Parking Operating Expenses (2018 OPEX)	\$944,000
2018 Projected Revenue	\$5,417,340
Estimated Annual Debt Service Payment	\$1,311,227
2018 Net Public Parking Revenue	\$4,106,113
2018 Enplanements	539,100
2018 Net Revenue Per Passenger	\$7.62

Financial Analysis – Scenario #2

Scenario #2 Financial Summary	Scenario #2
Parking Supply	
Structured (Garage)	680
Surface Lot	1,360
Total	2,040
Parking Pricing Strategy	
Short-Term Lot	\$13 / Day
Daily Deck	\$10 / Day
Long-Term Lot	\$10 / day
Remote Lot	\$8.50 / day
Projected Parking Revenue (Year 2018 Stabilization)	\$5,591,355
Projected Parking Operating Expenses (2018 OPEX)	\$767,000
2018 Projected Revenue	\$4,824,355
Estimated Annual Debt Service Payment	\$1,139,045
2018 Net Public Parking Revenue	\$3,685,309
2018 Enplanements	539,100
2018 Net Revenue Per Passenger	\$6.84

Financial Analysis – Summary

OPTION	Current	Scenario #1	Scenario #2
Parking Supply			
Structured (Garage)	0	1,140	680
Surface Lot	1,480	946	1,360
Total	1,480	2,086	2,040
Conceptual Estimate of Probable Project Cost		\$19,800,000	\$17,200,000
Parking Pricing Strategy			
Short-Term Lot	\$12.50 / Day	\$13 / Day	\$13 / Day
Daily Deck	n/a	\$12 / Day	\$10 / Day
Daily Surface Lot	n/a	\$10 / day	n/a
Long-Term Lot	\$10 / day	\$9 / day	\$10 / day
Remote (Extended Stay) Lot	n/a	n/a	\$8.50 / day
Projected Parking Revenue (Year 2018 Stabilization)	\$2,647,450	\$6,361,340	\$5,591,355
<i>*Primary Factors Include Pricing and Product Placement</i>			
Projected Parking Operating Expenses (2018 OPEX)	\$372,970	\$944,000	\$767,000
<i>*Primary Factor is the Quantity of Structured and Surface Parking</i>			
Projected Revenue	\$2,274,480	\$5,417,340	\$4,824,355
Estimated Annual Debt Service Payment	\$0	\$1,311,227	\$1,139,045
Net Public Parking Revenue	\$2,274,480	\$4,106,113	\$3,685,309
Enplanements	378,124	539,100	539,100
Net Revenue Per Passenger	\$6.02	\$7.62	\$6.84

1. Use Fund Balance
2. Finance with Non Taxable Bonds
3. Third Party Finance – Parking Operator

Financial Analysis – Summary (+200 Structured Spaces)

OPTION	Current	Scenario #1	Scenario #2
Parking Supply			
Structured (Garage)	0	1,340	880
Surface Lot	1,480	946	1,360
Total	1,480	2,286	2,240
Conceptual Estimate of Probable Project Cost		\$22,800,000	\$20,200,000
Parking Pricing Strategy			
Short-Term Lot	\$12.50 / Day	\$13 / Day	\$13 / Day
Daily Deck	n/a	\$12 / Day	\$10 / Day
Daily Surface Lot	n/a	\$10 / day	n/a
Long-Term Lot	\$10 / day	\$9 / day	\$10 / day
Remote (Extended Stay) Lot	n/a	n/a	\$8.00 / day
Projected Parking Revenue (Year 2018 Stabilization)	\$2,647,450	\$6,361,340	\$5,528,192
<i>*Primary Factors Include Pricing and Product Placement</i>			
Projected Parking Operating Expenses (2018 OPEX)	\$372,970	\$1,067,000	\$890,000
<i>*Primary Factor is the Quantity of Structured and Surface Parking</i>			
Projected Revenue	\$2,274,480	\$5,294,340	\$4,638,192
Estimated Annual Debt Service Payment	\$0	\$1,509,898	\$1,337,716
Net Public Parking Revenue	\$2,274,480	\$3,784,443	\$3,300,476
Enplanements	378,124	539,100	539,100
Net Revenue Per Passenger	\$6.02	\$7.02	\$6.12

**Net Revenue Per
Passenger: \$0.90 Variance
Between Scenario 1 and 2**





MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman, A.A.E.
Deputy Executive Director, Development and Operations

DATE: October 16, 2015

ITEM DESCRIPTION – New Business Item C

Approve Consultant Scope of Services No. Seven with Delta Airport Consultants, Inc. for Parking Garage Design and Construction Services.

BACKGROUND

As previously reported to the Board, increased passenger activity at the airport has resulted in the need to provide additional permanent parking facilities to meet demands that are forecast to exceed capacity in the near future. The Board has already approved expenditures related to temporary parking facilities to provide relief on parking constraints until a permanent solution can be constructed. Staff has worked with Delta Airport Consultants, Inc. to vet the proper location for a parking garage as outlined by the various locations described in the master plan.

ISSUES

Staff and airport consultants have examined alternatives for the most suitable location of a parking garage, taking into consideration staff preferences versus a location for highest and best use. A location directly in front of the terminal building, occupying the space north of the existing toll booth plaza, to the mid-point of the main parking lot, has been determined to be in the best interest of the airport, and where it would provide the highest and best use.

ALTERNATIVES

The Board may elect to propose an alternative location for a garage or could even forego the garage to pursue the design and construction of additional surface parking at remote locations on airport property. However, perpetual annual operating expenses associated with running parking lot shuttle buses exceed the development cost of a garage.

New Business – Item C



FISCAL IMPACT

The total scope of work inclusive of environmental, design, and construction related services shall not exceed \$1,627,575.00.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve Scope of Services No. Seven with Delta Airport Consultants, Inc. with a not to exceed cost of \$1,627,575.00; (2) authorize the Executive Director to execute the necessary documents; (3) approve the following reimbursement resolution and (4) amend the FY15/16 budget by adopting the following budget ordinance amendment:

RESOLUTION OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY DECLARING THE INTENT OF THE AUTHORITY TO REIMBURSE ITSELF FOR CAPITAL EXPENDITURES INCURRED IN CONNECTION WITH THE DESIGN AND CONSTRUCTION OF A MULTI LEVEL PARKING FACILITY AT THE ASHEVILLE REGIONAL AIRPORT FROM THE PROCEEDS OF CERTAIN TAX-EXEMPT OBLIGATIONS TO BE ISSUED IN 2016

WHEREAS, the Board of Directors of the Greater Asheville Regional Airport Authority, Fletcher, North Carolina ("*Authority*") has determined that it is in the best interests of the Authority to finance the design and construction of a multi-level parking facility at the Asheville Regional Airport (the "*Project*");

WHEREAS, the Authority presently intends, at one time or from time to time, to finance all or a portion of the costs of the Project with proceeds of tax-exempt obligations and reasonably expects to execute and deliver its tax-exempt obligations (the "*Obligations*") to finance, or to reimburse itself for, all or a portion of the costs of the Project; and

WHEREAS, the Authority desires to proceed with the Project and will incur and pay certain expenditures in connection with the Project prior to the date of execution and delivery of the Obligations (the "*Original Expenditures*"), such Original Expenditures to be paid for originally from a source other than the proceeds of the Obligations, and the Authority intends, and reasonably expects, to be reimbursed for such Original Expenditures from a portion of the proceeds of the Obligations to be issued at a date occurring after the dates of such Original Expenditures;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Greater Asheville Regional Airport, Fletcher, North Carolina as follows:



Section 1. **Official Declaration of Intent.** The Authority presently intends, and reasonably expects, to reimburse itself for the Original Expenditures incurred and paid by the Authority on or after the date occurring 60 days prior to the date of adoption of this Resolution from a portion of the proceeds of the Obligations. The Authority reasonably expects to execute and deliver the Obligations to finance all or a portion of the costs of the Project and the maximum principal amount of Obligations expected to be issued by the Authority to pay for all or a portion of the costs of the Project is \$22,000,000.

Section 2. **Compliance with Regulations.** The Authority adopts this Resolution as a declaration of official intent under Section 1.150-2 of the Treasury Regulations promulgated under Section 103 of the Internal Revenue Code of 1986, as amended, to evidence the Authority's intent to reimburse itself for the Original Expenditures from proceeds of the Obligations.

Section 3. **Itemization of Capital Expenditures.** The Finance Officer of the Authority, with advice from special counsel, is hereby authorized, directed and designated to act on behalf of the Authority in determining and itemizing all of the Original Expenditures incurred and paid by the Authority in connection with the Project during the period commencing on the date occurring 60 days prior to the date of adoption of this Resolution and ending on the date of execution and delivery of the Obligations.

Section 4. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

That this resolution shall be effective upon its adoption.

This the 16th of October, 2015.

ATTEST

GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY

Ellen M. Heywood, Clerk to the Board

By: _____
Robert C. Roberts, Chair



BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2016:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvement	\$0	\$1,627,575
Totals	<u>\$0</u>	<u>\$1,627,575</u>

This will result in a net increase of \$1,531,000 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA		
Cash/Investments	\$0	\$1,627,575
Totals	<u>\$0</u>	<u>\$1,627,575</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Greater Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 16th day of October, 2015.

 Robert C. Roberts, Chairman

Attested by:

 Ellen Heywood, Clerk to the Board

QUESTIONS



October 12, 2015

Mr. Michael Reisman, A.A.E.
Deputy Executive Director
Greater Asheville Regional Airport Authority
61 Terminal Drive, Suite 1
Fletcher, North Carolina 28732

Subject: Consultant Scope of Services No. Seven (7) - Revised
Parking Garage
Asheville Regional Airport
Asheville, North Carolina

Dear Mr. Reisman:

Please find enclosed three (3) executed copies of the Consultant Scope of Services No. Seven (7) - Revised for Engineering Services between the Greater Asheville Regional Airport Authority and Delta Airport Consultants, Inc. for the above referenced project. The Consultant Scope of Services provides for the design through construction phase services for the construction of a parking garage at Asheville Regional Airport. Environmental Services to conduct a Short Form Environmental Assessment for the construction of the parking garage have also been included. As discussed, the scope of work has been revised based upon the Owner conducting the bid opening for the project, reduction of the number of site visits by the design team during construction to 36 and limiting the Resident Project Representative duties to one daily site visit per week plus 12 additional daily visits to be used at the Owners discretion. A total of 64 Resident Project Representative visits have been budgeted.

Upon execution by the Authority, please forward one (1) copy of the executed agreement to this office for our files.

We appreciate this opportunity to be of continued service to the Authority and the Asheville Regional Airport. If you should have any questions concerning this matter, please do not hesitate to contact our office.

Sincerely,

Kenneth W. Moody, P.E., C.M.
Vice President

Enclosures: Consultant Scope of Services No. Seven (7) - Revised – Three (3) copies

cc: Angela Jackson, Delta Airport Consultants, Inc.

Reference: Delta Project No. 15086

11121 CARMEL COMMONS BOULEVARD, SUITE 435, CHARLOTTE, NC 28226

P. (704) 521-9101 F. (704) 521-9109 WWW.DELTAIRPORT.COM

Consultant Scope of Services No. Seven (7) - Revised

Greater Asheville Regional Airport Authority

Scope of Services for Professional Consulting Services, as referenced in the Professional Consulting Agreement between the Greater Asheville Regional Airport Authority and Delta Airport Consultants, Inc., dated October 14, 2013.

Project: Parking Garage

Scope of Services: Delta Airport Consultants, Inc. is to provide design, bidding, and construction administration phase services for a parking garage (1,250-1,500 spaces) to be constructed on the existing surface lot site in front of the terminal building. Design phase services include surveys, geotechnical, architectural, MEP, structural, and civil site design required to develop plans and specifications for the construction of the garage. Design and Bidding Phase Services to be completed in 7 months (not including Owner and Agency review time) following notice-to-proceed by the Owner. Bid Opening to be completed by the Owner.

Environmental services to conduct a Short Form Environmental Assessment in accordance with Attachment "C" is to be provided. Environmental Services to be completed in 3 months based upon a 30 day FAA review, excluding a public meeting.

Construction administration services in accordance with Article 2.8 of the Professional Consulting Agreement includes 36 site visits by members of the design team during the construction of the garage as well as testing and as-built surveys during construction. Resident Project Representative Services are limited to site visits with the budget established based upon 64 daily site visits. Construction Phase Services based upon a 12 month construction period.

Consultant: Delta Airport Consultants, Inc.

Fees: Lump Sum Design/Bidding Fee: \$968,000 (Attachment "A")
Lump Sum Construction Administration Fee: \$392,000 (Attachment "B")
Unit Price + Fixed Fee Reimbursable and Resident Project Representative Budget: \$218,000 (Attachment "B")
Lump Sum Short Form EA Fee: \$38,700 (Attachment "C")
Reimbursable and Supplemental Services Budget: \$10,875 (Attachment "C")

Authority:

Greater Asheville Regional Airport Authority

By: _____

Lew Bleiweis, A.A.E.
Executive Director

Date: _____

Consultant:

Delta Airport Consultants, Inc.

By: _____

Kenneth W. Moody, P.E., C.M.
Vice President

Date: 10/12/2015

This instrument has been pre-audited in the manner required by local government and fiscal control.

Finance Manager

**ATTACHMENT "A" CCS-7 Rev 3
FEE SUMMARY**

Design and Bidding Phase Services

Project Title: Parking Garage (1250 space)-Design/Bidding
 Airport Name: Asheville Regional Airport
 Airport Location: Fletcher, NC

Delta Airport Consultants, Inc.

AIP Project No. NA
 State Project No. NA
 Delta Project No. 15086

Date: October 12, 2015

Lump Sum - Design & Bidding - 7 Months	
Schematic Design Phase (SD)	\$223,000
Design Development Phase (DD)	\$235,000
Construction Document Phase (CD)	\$476,000
Bidding Phase Services (BD)	\$34,000
Design/Bidding Phase Lump Sum: \$968,000	

**ATTACHMENT "B" CCS-7 Rev 3
FEE SUMMARY**

Construction Administration Phase Services

Project Title: Parking Garage (1250 space)- Construction Administration
 Airport Name: Asheville Regional Airport
 Airport Location: Fletcher, NC

Delta Airport Consultants, Inc.

AIP Project No. NA
 State Project No. NA
 Delta Project No. 15086

Date: October 12, 2015

Construction Administration	
Construction Administration (Lump Sum) - 12 Months	\$392,000
Reimbursable Expenses (Unit Price + Fixed Fee)	
Resident Project Representative (64 Daily Site Visits)	\$60,000
Travel & Miscellaneous	\$2,000
Printing	\$3,000
Quality Assurance Testing	\$100,000
Construction & As-Built Surveys	\$30,000
Fixed Fee	\$23,000
Reimbursable Budget (Unit Price + FF)	\$218,000
Total Construction Administration Phase	\$610,000

**ATTACHMENT "C" CSS-7
FEE SUMMARY**

Environmental Services

Project Title: Short Environmental Assessment Form
 Airport Name: Asheville Regional Airport (AVL)
 Airport Location: Asheville, NC

Delta Airport Consultants, Inc.

AIP Project No. n/a
 State Project No. n/a
 Delta Project No. 15086

Date: October 8, 2015

Delta Labor Costs- Basic Services	
Short Environmental Assessment Form	\$38,700
Subtotal:	\$38,700
Lump Sum: \$38,700	

Reimbursable Expenses	
Travel & Miscellaneous	\$0
Printing, Binding, and Preparing Deliverables	\$575
Reimbursable Expenses Budget: \$575	

Sub Consultants	
None Provided	\$0
Sub Consultant Budget: \$0	

Supplemental Services (as Needed)	
Public Meeting (if requested during review)	\$8,300
Construction Emissions Analysis (if required)	\$2,000
Supplemental Services Budget: \$10,300	

TOTAL:	\$49,575
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PROJECT SCOPE OF WORK
SHORT FORM ENVIRONMENTAL ASSESSMENT
CONSTRUCT PARKING GARAGE
Asheville Regional Airport (AVL)
Asheville, NC

Delta Project No. 15086

The following provides a detailed scope of work to complete a Short Form Environmental Assessment (EA) for proposed projects at the Asheville Regional Airport (AVL). The project includes the construction of an automobile parking garage (intended to provide 1,200-1,500 spaces) on airport property. The purpose of this Short Form EA is to evaluate potential environmental impacts of the development items.

Preparation of a Short Environmental Assessment Form: This Short Form EA is used when a project cannot be categorically excluded from a formal environmental assessment, (as specified in Federal Aviation Administration (FAA) Order 1050.1F, *Environmental Impacts: Policies and Procedures*, effective date 07/16/15) but when the environmental impacts of the proposed project are not expected to be significant and a detailed EA would not be appropriate.

The assessment is to be conducted following the FAA Short Form EA guidelines. The FAA-MEM ADO, Southern Region Airports Division Short Form EA Form is to be completed and used as the final deliverable.

The tasks which make up this environmental effort are listed and described individually below.

Significant environmental analysis has been conducted previously for the airport. Information from previously completed planning and environmental reports is to be used in this EA where possible. Reports to be consulted include the 2011 EA for Runway Reconstruction and New Parallel Taxiway, and the 2013 Airport Master Plan Update (MPU).

I. STUDY DESIGN

The Study Design task includes project scoping, preparation of the scope of work document, and coordination between FAA MEM-ADO and the Sponsor to obtain scope and project cost approval.

The scope of work identifies the process used to prepare and complete the EA. The scope of work also identifies environmental impact categories which may require special or additional analyses, procedures to conduct specific analyses, and submittal of the assessment to the FAA MEM-ADO and anticipated review process.

This scope of work and its content is based on communication with FAA MEM-ADO, including several email communications and one telephone conversation on 09/30/2015. FAA MEM-ADO



ATTACHMENT “C”

has indicated that its requirements for environmental review are subject to change, even after a scope of work has been finalized. In the event that FAA requirements change after this scope of work is approved, an updated scope of work and associated fee would be prepared.

II. KICK OFF TELECONFERENCE

A project kick-off meeting is to be held via telephone to review the approved project scope and the target project schedule.

III. SCOPING LETTER

A scoping letter is to be submitted to the Environmental Protection Agency (EPA) to invite the agency to comment on items to be considered during the EA process.

IV. DOCUMENT PREPARATION

Proposed Development Action

The Proposed Action is to be described, including all connected actions if applicable. An exhibit is to be included to support this section.

The Proposed Action is the construction of a parking garage on airport property, and is depicted conceptually on the approved Airport Layout Plan (ALP) and the attached Exhibits 1 and 2. Details on the proposed parking garage are included below. These details are conceptual, as the design phase has not been completed.

- 1,200-1,500 ± parking spaces
- Total construction footprint 140,000± square feet; proposed building size 92,000± sf
- Five levels (grade plus four, 12± foot stories) for a total elevation of 48±' MSL
- Utilities will be tied into the existing utilities that run through the existing parking lot

The Proposed Action is to take place entirely on airport property, on portions of the existing asphalt long and short-term parking lots adjacent to the terminal building. No property interest acquisition is anticipated to be needed. No significant road changes are anticipated- the construction haul road will be on the existing road system. The project site has been previously disturbed.

Purpose and Need

This element is to describe the Proposed Action and the need or justification for the action. The purpose of the Proposed Action at AVL is to: accommodate existing and forecasted demand, and improve customer service, by providing a convenient, covered automobile parking facility. The need for the project is the projected deficiency in automobile parking spaces over the planning horizon as documented in the 2013 MPU, and the lack of covered parking for airport users.



Alternatives to the Project

Two alternatives, the No Action and the Build, are to be analyzed in this Short Form EA. The Build alternative is based on the proposed development action described in Section IV of this scope of work.

Affected Environment

The existing conditions at the site (terrain features, level of urbanization, sensitive populations, etc) is to be described. A map is to be included in this section with the location of the Proposed Action identified.

Environmental Consequences

The questions in this section of the Short Form EA template are to be answered and supporting exhibits and documentation are to be provided as appropriate. The impact categories within the Short Form EA template are listed below:

- **Noise:** FAA Order 1050-1F states that a noise impact is significant if it would increase noise by DNL 1.5dB or more for a noise sensitive area that is exposed to noise at or above the DNL 65dB noise exposure level, or that would be exposed due to a DNL 1.5dB or greater increase, when compared to the No Action alternative. Noise contours were prepared during the 2011 EA for Runway Reconstruction and New Parallel Taxiway. The majority of land within the 65, 70 and 75 DNL is contained within the boundary of the Airport; the noise contours do not reach the site of the Proposed Action. Using FAA land use guidelines, no incompatible (“noise-sensitive”) land uses are included in the 65 DNL for the Build scenario (2021) from the 2011 EA. Construction noise for the Proposed Action is anticipated to be temporary. **Therefore, no noise impacts are anticipated as a result of the Proposed Action and no noise analysis is included in this scope of work.**
- **Compatible Land Use:** The Proposed Action is to be constructed on airport property and the land use (airport automobile parking) would not change. No disruption of communities, relocation of residences or businesses, or impact to natural resource areas is anticipated. The Proposed Action is not expected to create or add to wildlife attractants on or near the airport. **Therefore, no impacts to compatible land use are anticipated as a result of the Proposed Action.**
- **Social Impacts:** The Proposed Action would not relocate homes or businesses. No alteration in surface traffic patterns or noticeable increase in surface traffic congestion is anticipated. Construction haul routes will use existing roads; any increased traffic as a result of construction activity is to be temporary. **Therefore, no social impacts are anticipated as a result of the Proposed Action.**
- **Induced Socioeconomic Impacts:** No adverse socioeconomic impacts, such as impact to public service demands or shifts in population movement and growth, are anticipated. Short-term (construction jobs) impacts as a result of the Proposed Action are possible. **No adverse induced socioeconomic impacts are anticipated as a result of the Proposed Action.**



ATTACHMENT “C”

- **Air Quality:** AVL is located in Buncombe County which is in attainment for all NAAQS pollutants. Henderson County is located south of the Airport, and is also in attainment. Therefore the General Conformity Rule under the Clean Air Act (CAA) does not apply.

According to the 2011 EA, North Carolina Administrative Code requires that any construction or modification to an airport facility with more than 100,000 annual aircraft operations or at least 45 peak hour aircraft operations, that the Airport shall obtain an air quality permit prior to construction. The 2013 MPU forecasts that approximately 82,000 operations and 38 peak hour operations will occur in 2030; therefore, the acquisition of air quality permits is not included in this scope of work.

The Proposed Action is not anticipated to change vehicle traffic patterns as the proposed parking garage is located on the site of an existing, operating parking lot.

The 2013 MP projected the demand for automobile parking spaces at AVL to increase from 1,482 in 2010 to 2,065 in 2030; this increase would occur whether or not the Proposed Action occurs. **No significant impacts to air quality are anticipated as a result of the Proposed Action.**

FAA confirmed during a 09/30/2015 phone conversation that an emissions analysis is not necessary for this project.

A scoping letter will be drafted and sent to the EPA at the beginning of the EA effort to provide an opportunity for the agency to provide input. If required by EPA, an emissions inventory for the construction of the garage, to be conducted using the Airport Construction Emissions Inventory Tool (ACEIT) from Transportation Research Board (TRB) Airport Cooperative Research Program (ACRP) Report 10, is included as a supplemental task.

- **Water Quality:** There is no sole source aquifer in the project area. The project is to be designed and bid to conform to local and state regulations, and is to include the use of Best Management Practices (BMP) during construction. **Therefore no impacts to water quality are anticipated as a result of the Proposed Action.**
- **DOT Section 303/4(f) Resources:** The Proposed Action would take place on airport property and is not anticipated to impact or “use” any Section 4(f) Resources. According to the 2013 MPU, three parks (Glen Bridge Park, Corcoran Paige River and Picnic Park, and Westfeldt Park) are located adjacent to Airport property. None of these is near the site of the Proposed Project and there are no plans to use these parks. **Therefore no impacts are anticipated as a result of the Proposed Action.**
- **Historic, Architectural, Archeological and Cultural Resources:** The Proposed Action would take place on airport property on an existing, paved parking lot. According to the 2013 MPU, no National Register of Historic Places (NRHP) - listed or eligible properties are located within the airport boundaries. No direct coordination with NC SHPO is to occur



during the EA effort, although NC SHPO will be given an opportunity to review the draft EA when the NC State Clearinghouse distributes it for review. **No impacts to historic, architectural, archaeological or cultural resources are anticipated as a result of the Proposed Action.**

- **Biotic Communities:** The Proposed Action would take place on airport property, on an existing, paved parking lot. Because the development is not anticipated to affect existing watercourses or vegetation, significant impacts to flora and fauna are not anticipated. No direct coordination with review agencies is to occur during the EA effort, although the appropriate agencies will be given an opportunity to review the draft EA when the NC State Clearinghouse distributes it for review. No field surveys or analyses are included in this scope of work. **No impacts are anticipated.**
- **Federal and State-Listed Endangered and Threatened Species:** The Proposed Action would take place on airport property, on an existing, paved parking lot. Field surveys of the Airport property were conducted as part of the 2013 MPU to determine the presence of protected species or their habitats; the 2013 MPU concluded that it is unlikely that federally or state protected species are present within the airport boundaries. No direct coordination with review agencies is to occur during the EA effort, although the appropriate agencies will be given an opportunity to review the draft EA when the NC State Clearinghouse distributes it for review. No field surveys or analysis are included in this scope of work. **No impacts to federal and state-listed endangered and threatened species are anticipated as a result of the Proposed Action.**
- **Wetlands:** The Proposed Action does not involve the modification of delineated wetlands. The Proposed Action would take place on airport property, on an existing, paved parking lot. On-site wetland delineations were conducted on the majority of airport property during the 2011 EA effort, including on the site for the Proposed Action. No wetlands or streams were delineated in this area. No wetlands field survey is included in this scope of work, no permit applications are to be prepared or submitted, and no permits are to be acquired in this scope of work. **No impacts to wetlands are anticipated as a result of the Proposed Action.**
- **Floodplains:** Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRM) indicate the absence of floodplains in the project area. **No impacts to floodplains are anticipated as a result of the Proposed Action.**
- **Coastal Zone Management Program/Coastal Barriers:** Buncombe County is not in the Coastal Zone or Coastal Barrier Resources System; therefore **no coastal zone impacts are anticipated as a result of the Proposed Action.**
- **Wild and Scenic Rivers:** There are no rivers listed in the Wild and Scenic River System or National Rivers Inventory in the vicinity of the airport or within Buncombe County; **therefore no impacts are anticipated as a result of the Proposed Action.**



ATTACHMENT “C”

- **Farmlands:** The Proposed Action would take place on airport property, on an existing paved parking lot, and does not involve the acquisition or permanent conversion of farmlands. **Therefore no impacts to farmlands are anticipated as a result of the Proposed Action.**
- **Energy Supply and Natural Resources:** This section is to address the effect of the Proposed Action on energy or other natural resource consumption. The proposed parking garage would tie into existing utilities from the existing asphalt parking lot. The existing utilities which serve the airport are expected to accommodate the Proposed Action. **No impacts are anticipated.**
- **Light Emissions:** The Proposed Action would include lighting on each level and on the top level of the parking garage for visibility and for the safety of users. The proposed project site, an existing asphalt parking lot, is already lighted. There are no residences in the immediate vicinity of the Proposed Action; **therefore no impacts are anticipated as a result of the Proposed Action.**
- **Solid Waste:** A significant amount of solid waste would not be generated from the Proposed Action other than that from construction. The contractor is to be responsible during construction for properly disposing of construction debris. **No impacts are anticipated as a result of the Proposed Action.**
- **Construction Impacts:** Construction impacts would be temporary and no significant impacts are anticipated for this impact category. If required by EPA, an emissions inventory for the construction of the garage, to be conducted using the ACEI tool from TRB ACRP Report 10 is included as a supplemental task. **No significant impacts from construction are anticipated.**
- **Other Considerations:** The Proposed Action is not anticipated to be highly controversial on environmental grounds; the Proposed Action is depicted on the approved ALP.
- **Hazardous Sites/Materials:** The 2011 EA effort included a search of EPA and NC Department of Environment and Natural Resources (NCDENR- now NC DEQ) databases, which identified six potential hazardous material sites, four of which are in the vicinity of the Proposed Action. Three of these are considered closed, and the fourth is identified in the Leaking Underground Storage Tank (LUST) database as having leaks in 1991 with corrective action taken in the same year. **In light of this, no impacts are anticipated as a result of the Proposed Action.**
- **Permits:** The required permits for the Proposed Action are to be listed. No permit applications are to be prepared or submitted, and no permits are to be obtained, during this EA effort.
- **Environmental Justice:** The potential impact of the Proposed Action on minority and/or low-income populations is to be addressed. According to the EPA EJ View mapper which



ATTACHMENT “C”

uses 2008-2012 US Census data, 10% of the population within one mile of the proposed project site is minority and 12% have a household income of \$15,000 or less. The Census Bureau Annual Statistical Poverty Threshold for 2010 is \$15,030 for a household under 65 years with no child; therefore no environmental justice impacts are anticipated as a result of the Proposed Action.

- **Cumulative Impacts:** The potential cumulative impact of the Proposed Action and other past, present, and reasonably foreseeable future development projects is to be discussed. In accordance with the Short Form template, three years of past projects and five years of future foreseeable projects is to be considered. The impacts from past (three years) and future (five years) foreseeable projects is to be discussed.

Mitigation

The proposed mitigation measures to avoid significant impacts, if any are anticipated, is to be discussed, including a discussion of any impacts that cannot be avoided. In consideration of the preliminary conclusions for each impact category, no mitigation is anticipated to be necessary as no significant environmental impacts are anticipated.

Public Involvement

The public review process is to be described in this section. The draft Short Form EA is to be made available to the public for a 30-day review period and comments are to be incorporated into the final document. The public is to be given the opportunity during the first 15 days of the public review period to request a public meeting. If no public meeting is requested during this time, none will be held. If a public meeting is requested by a member of the public, one will be held. **One public meeting is included as a Supplemental Task item in this scope of work.**

V. DOCUMENT REVIEW, PROPOSED SCHEDULE, AND DELIVERABLES

The draft EA document is to be submitted to the Sponsor for review and approval. Upon approval from the Sponsor, the draft document is to be submitted to FAA MEM-ADO for review.

One round of comments from FAA MEM-ADO, and subsequent responses, is included in this scope of work.

Upon concurrence by FAA MEM-ADO on the draft document, it is to be made available to the public for a 30-day review period and to the appropriate state and local agencies (via the North Carolina State Environmental Review Clearinghouse) for a 30-day review. Any comments received are to be incorporated into the final document as appropriate after the 30-day public/agency review period is complete.

If a public meeting is requested by the public during the first 15 days of the 30-day review period, one will be held.

The final document is to be submitted to FAA MEM-ADO for issuance of environmental finding.



ATTACHMENT “C”

It is proposed that a comprehensive final EA document is to be submitted for final agency approval within four months after receiving a notice-to-proceed from the Sponsor. This schedule is a working timeline subject to FAA and other agency regulatory review, and assumes no public meeting is requested. A public meeting has been included as a Supplemental Task in this scope of work and associated project cost.

Project Deliverables are as follows:

- Draft document
 - FAA: One digital copy on disc
 - Sponsor: One paper copy
 - State Clearinghouse: Two hard copies and 14 digital copies on disc

- Final Document
 - FAA: One paper copy, one digital copy on disc
 - Sponsor: One paper copy, one digital copy on disc



2016 FEE SCHEDULE

Delta Airport Consultants, Inc.

Date: May 07, 2015

Item	2016
Work Hours Billing Rates (with overhead)	
Principal	\$230
Project Manager/Registered Professional	\$197
Design Professional (Engineer/Planner)	\$125
Project Production/Administration	\$101
Clerical	\$47
Field Representative	\$90
 Direct Nonsalary Expenses	
Automobile (per mile)	Federal Gov. guidelines
Aircraft (per mile)	Federal Gov. guidelines
Per Diem - Resident Project Rep	Federal Gov. guidelines
Long term - meals & lodging (per cal day)	
Airline, Rental Car, Charter, etc.	Direct
Printing	Direct
Bid Advertisement	Direct
Meals, Lodging, etc. (short term)	Direct
Miscellaneous	Direct
 Subcontracted Services	 Direct
 Delta Profit	 Fixed Fee

Notes:

1. Billing rates for future years will be increased by 3% annually.
2. Billing rates based on estimated 2016 salaries (i.e.: 2015 salaries plus 3% inflation).
3. Work hour rates include labor overhead, general & administrative overhead per FAA AC 150/5100-14D, paragraph 4-9



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman, A.A.E.
Deputy Executive Director, Development and Operations

DATE: October 16, 2015

ITEM DESCRIPTION – New Business Item D

Approve Expenditure for Temporary Paid Remote Parking Lot

BACKGROUND

The Airport Board is aware of issues relating to the shortage of parking for passengers which are anticipated starting early in 2016. Action has previously been approved for a temporary employee parking lot to help meet the demand for paid parking, and plans are underway to design and construct a parking garage to meet the permanent long term needs of the travelling public. Although the conversion of the existing south employee lot to paid parking will assist with meeting this need on a temporary basis, the construction phase of the new parking garage will temporarily displace a certain number of parking spaces during the project, which will put the airport at a deficit in current demand. This deficit will last approximately one year.

Staff has examined and considered several different options, all of which will require additional temporary parking lots be constructed with shuttle bus service during the one year period of garage construction. An opportunity however to accomplish this with a significant cost savings has presented itself to the Authority. Due to the shortage in parking areas at the WNC Agricultural Center ("Ag Center"), a new gravel parking lot is slated to be constructed by the Ag Center in the near future. This lot would add additional parking spaces on fairground property, which would only be utilized by the Ag Center once annually during the State Fair. Due to a shortage of funds to build the lot, the Ag Center has requested participation from the airport in the form of the purchase of stone/gravel material for the lot. In return, the airport would have use of an adequate number of parking spaces in this lot to meet our needs through construction of the garage, and in the long term, also have use of it for overflow parking and/or special events as may be needed.

New Business – Item D



Comparatively, the current temporary remote employee parking lot project has a cost of \$215,000, and will add 112 parking spaces to the airport's overall parking inventory.

ISSUES

During the period of the State Fair, the Ag Center would require use of several hundred of these parking spaces. Staff have noted that a minimum number of these spaces would need to remain reserved for the airport's use throughout the fair, to which the Ag Center is agreeable, although those details need to be worked out prior to any agreement being signed.

ALTERNATIVES

The sole alternative is for the airport to design and construct several additional remote parking lots on airport property, which would require extensive tree clearing, and grading and drainage improvements to be used only for a very short period. Based on the current cost of the remote lot under construction, this would be expected to cost upwards of \$500,000.

FISCAL IMPACT

The not to exceed cost to participate in the construction of the lot at the Ag Center is \$90,000. Additional expenses associated with shuttling passengers to and from the remote lot would be experienced at a later date, as well as the addition of lighting and a bus stop shelter, but would likely be rolled into the overall cost of garage construction.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve participation in the construction of the additional parking at the Ag Center at a cost not to exceed \$90,000; (2) authorize the Executive Director to execute any necessary documents; and (3) to amend the FY15/16 budget by adopting the following budget ordinance amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2016:



Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Equipment and Small Capital Outlay	\$0	\$90,000
Totals	<u>\$0</u>	<u>\$90,000</u>

This will result in a net increase of \$90,000 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash/Investments	\$0	\$90,000
Totals	<u>\$0</u>	<u>\$90,000</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Greater Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 16th day of October, 2015.

 Robert C. Roberts, Chairman

Attested by:

 Ellen Heywood, Clerk to the Board



Asheville Regional Airport New Ag Center Parking Area



Asheville
REGIONAL AIRPORT
10/6/2015



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman
Deputy Executive Director, Development & Operations

DATE: October 16, 2015

ITEM DESCRIPTION – New Business Item E

Adoption of the Asheville Regional Airport Five-Year Capital Improvement Plan (CIP) for FY 2017-2021

BACKGROUND

The Federal Aviation Administration (FAA) requires all airports to submit a Five-Year CIP to be eligible for federal project funding. The CIP is used to update the National Plan of Integrated Airport Systems (NPIAS) and allows the FAA to update the NPIAS program based upon available funding levels.

Historically, staff has brought the CIP to the Board for approval at its regular December meeting, since it is due to the FAA by January 1st of each year. It is typically submitted simultaneously to the NCDOT Division of Aviation. However, the NCDOT Division of Aviation in late August announced the requirement for all North Carolina airports to submit their CIP project updates no later than September 15th. Subsequently, airport staff responded to this late announcement and submitted the revised CIP document by the required date. The CIP requires approval by the Airport Board. An amended CIP may be submitted to the NCDOT should the Board elect to make any changes.

CIP priorities through FY 21 provide for the continued funding of the Airfield Re-development Project; includes several equipment replacement items, and other capital construction needs beyond the end of the airfield project. The items identified are consistent with the short and mid-range capital equipment and improvement requirements identified in the Airport Master Plan.

New Business – Item E



ISSUES

None.

ALTERNATIVES

None.

FISCAL IMPACT

The Five-Year CIP is considered a planning and administrative tool for authority staff, the FAA, and the NCDOT Division of Aviation. Adopting the CIP does not approve any contracts nor provide staff with any authorization to award design or construction projects. Staff will present individual CIP projects to the Authority Board in accordance with all applicable Authority policies.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to adopt the Asheville Regional Airport Five-Year Capital Improvement Plan.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

DRAFT SEPTEMBER 25, 2015

Description	Total Cost	AIP		State Funds	Pay-As-You-Go PFC		Other Local Funds			Total Funding	
		Entitlements	Discretionary		Current Approval	Future Approvals	Airport Capital	Other	CFC		
Current Year											
FY 2016 (Oct 1, 2015 - Sept 30, 2016)											
Airfield Improvements Program - Bid Package 3/Runway Construction (Sitework/Utilities)	\$ 15,087,000	\$ 1,660,000	\$ 10,900,000	\$ -	\$ -	\$ -	\$ -	\$ 2,527,000	\$ -	\$ -	\$ 15,087,000
ARFF Truck	\$ 1,000,000	\$ 900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 1,000,000
Parking Garage Design	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ 500,000	\$ 2,000,000
Subtotal FY 2016	\$ 18,087,000	\$ 2,560,000	\$ 10,900,000	\$ -	\$ -	\$ -	\$ -	\$ 4,127,000.00	\$ -	\$ 500,000	\$ 18,087,000
FY 2017 (Oct 1, 2016 - Sept 30, 2017)											
Airfield Improvements Program - Bid Package 4/Runway Construction (Paving/Electrical)	\$ 24,648,000	\$ 2,560,000	\$ 10,000,000	\$ -	\$ 5,501,511	\$ -	\$ -	\$ 6,586,489	\$ -	\$ -	\$ 24,648,000
Parking Garage Construction	\$ 15,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,250,000	\$ 3,750,000	\$ 15,000,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal FY 2017	\$ 39,648,000	\$ 2,560,000	\$ 10,000,000	\$ -	\$ 5,501,511	\$ -	\$ -	\$ 6,586,489	\$ 11,250,000	\$ 3,750,000	\$ 39,648,000
FY 2018 (Oct 1, 2017 - Sept 30, 2018)											
Airfield Improvements Program - Bid Package 5/Runway Construction (Taxiway Connectors)	\$ 6,100,000	\$ 2,560,000	\$ 2,930,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 110,000	\$ -	\$ -	\$ 6,100,000
Ground Transportation Lot Conversion	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal FY 2018	\$ 6,300,000	\$ 2,560,000	\$ 2,930,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 310,000	\$ -	\$ -	\$ 6,300,000
FY 2019 (Oct 1, 2018 - Sept 30, 2019)											
Wright Brothers Way Extension	\$ 3,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ 3,000,000
Snow removal Equipment - Broom, Blower, Snow Truck	\$ 2,400,000	\$ 1,560,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 340,000	\$ -	\$ -	\$ 2,400,000
Subtotal FY 2019	\$ 5,400,000	\$ 2,560,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 2,340,000	\$ -	\$ -	\$ 5,400,000
FY 2020 (Oct 1, 2019 - Sept 30, 2020)											
Terminal Apron Repairs	\$ 1,111,111	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,111	\$ -	\$ -	\$ 1,111,111
Terminal Apron Expansion	\$ 1,733,333	\$ 1,560,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,333	\$ -	\$ -	\$ 1,733,333
Subtotal FY 2020	\$ 2,844,444	\$ 2,560,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,444	\$ -	\$ -	\$ 2,844,444
FY 2021 (Oct 1, 2020 - Sept 30, 2021)											
Security Systems Improvements	\$ 3,060,000	\$ 2,560,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,060,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal FY 2021	\$ 3,060,000	\$ 2,560,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 3,060,000
Total - FY 2016 - FY 2021	\$ 75,339,444	\$ 15,360,000	\$ 23,830,000	\$ 1,500,000	\$ 5,501,511	\$ -	\$ -	\$ 13,647,933	\$ 11,250,000	\$ 4,250,000	\$ 75,339,444
General Note:											



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, A.A.E., Executive Director

DATE: October 16, 2015

ITEM DESCRIPTION – New Business Item F

Approve Amendment No. 2 to Management and Operations of Public Parking Facilities Agreement with SP+ f/k/a Standard Parking Corporation

BACKGROUND

During the past several months, the Board was advised and took appropriate actions to provide additional parking options for both the public and the tenant employees of the airport. The last step necessary is to provide employee shuttle services to the newly created employee parking lot located on the east side of Airport Road. Staff obtained quotes from two local transportation companies; SP+ the current airport parking management company; and looked at operating the service internally. Several other national companies declined to provide services. The most economical choice is to contract with SP+. SP+ will provide a turn-key manpower operation with the Authority providing the vehicle, fuel, vehicle maintenance, and vehicle insurance.

ISSUES

The length of time necessary for the employee shuttle service is contingent on the length of time necessary to construct a new public parking garage. Transportation companies were reluctant to quote the service due to the uncertainty of length of time required to recoup an investment to provide service. SP+ currently has partial staff in place to implement the employee shuttle service with a minimum amount of risk or startup costs. Amending the parking management and operations contract allows the employee shuttle service to be coterminous with the original parking management and operations agreement.



ALTERNATIVES

The Board could elect to provide shuttle services with its own employees, thereby requiring staff to hire the appropriate number of employees and incurring additional expenditures. The Board could also decide to use a different third party service provider also at a higher expense.

FISCAL IMPACT

The additional services necessary to provide a safe and convenient environment for the tenant employees requires an employee shuttle service to and from the new temporary employee parking lot located across Airport Road. This service is estimated to cost approximately \$125,000.00 for the first year of service. Additional time and costs shall be assessed based on the timeframe necessary to construct a parking garage and relocate the employees back to the original employee parking lot. The rise in additional public parking which necessitated the employee parking lot relocation will cover some, if not all of this unbudgeted expense.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve Amendment No. 2 to Management and Operations of Public Parking Facilities Agreement with SP+ to provide employee shuttle services at a cost not to exceed \$125,000 for the first year of service; (2) authorize the Executive Director to execute any necessary documents; and (3) to amend the FY15/16 budget by adopting the following budget ordinance amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2016:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Operations Department	\$0	\$125,000
Totals	<u>\$0</u>	<u>\$125,000</u>



This will result in a net increase of \$125,000 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA		
Cash/Investments	\$0	\$125,000
Totals	<u>\$0</u>	<u>\$125,000</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Greater Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 16th day of October, 2015.

Robert C. Roberts, Chair

Attested by:

Ellen Heywood, Clerk to the Board

AMENDMENT No. 2

**TO MANAGEMENT and OPERATIONS of PUBLIC
PARKING FACILITIES AGREEMENT**

THIS SECOND AMENDMENT made and entered into this ____ day of October, 2015, by and between THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY, hereinafter referred to as Authority, and SP+ f/k/a STANDARD PARKING CORPORATION hereinafter referred to as Manager.

W I T N E S S E T H:

WHEREAS, the parties hereto have previously entered into a Management and Operations of Public Parking Facilities Agreement ("Agreement") on May 1, 2008 for the management and operation of the public parking facilities at the Asheville Regional Airport ("Airport"); and

WHEREAS, by an Agreement dated November 29, 1979, and entered into by and between the County of Buncombe and the City of Asheville ("1979 Agreement"), the Asheville Regional Airport Authority ("Authority") was created as a joint agency pursuant to Article 20 of Chapter 160A of the General Statutes of North Carolina; and

WHEREAS, the County of Buncombe and the City of Asheville entered into a Restated and Amended Airport Authority Agreement dated January 22, 2008 ("2008 Agreement"); and

WHEREAS, The Greater Asheville Regional Airport Authority ("GARAA") was created pursuant to Session Law 2012-121 by the General Assembly of North Carolina on June 28, 2012; and

WHEREAS, the Agreement between Manager and Authority was assigned to GARAA by agreement effective October 12, 2012; and

WHEREAS, Manager is engaged in and has significant experience in the business of managing and operating airport public parking facilities

WHEREAS, under the existing Agreement, Manager operates and manages the public parking facilities for GARAA; and

WHEREAS, GARAA has the need for additional public parking and is relocating the employee parking lot to a newly created employee parking lot on the east side of Airport Road; and

WHEREAS, GARAA has a responsibility to maintain a safe work environment for its tenants and employees and by doing so needs to implement an employee shuttle bus service to transport the employees to/from the new employee parking lot; and

WHEREAS, Manager has the obligation to provide public shuttle bus service under the current terms and conditions of Agreement; and

WHEREAS, Manager has the expertise and experience to provide an employee shuttle bus service and has management staffing already in place under the terms and conditions of Agreement; and

WHEREAS, Manager and GARAA have a desire to enter into this Amendment No. 2 to expand the Agreement terms and conditions to include employee shuttle bus services; and

WHEREAS, Manager and GARAA request such changes to be effective immediately, and for the remainder of the Agreement;

NOW, THEREFORE, in consideration of the foregoing, the parties hereby agree that the Agreement be amended, effective upon execution, as follows:

1. Article III, Management and Operation of Parking Facilities, Section 3.02, Policy and Obligations Governing Agreement, Paragraph I is hereby deleted in its entirety and replaced with the following:

3.02, I. **Shuttle Bus Operation.** Manager shall be responsible for providing shuttle bus service to and from the passenger terminal building, long term and overflow parking lots when requested by the Airport Director. The shuttle buses will travel throughout the long term parking lot and overflow parking lot, when in use, and drive each lane of the parking lot to load and unload passengers. Customers will be delivered to the Terminal Building. Customers leaving the Terminal Building will be returned to the parking lot of their choosing. Each shuttle bus will be equipped with a wheelchair lift and be capable of transporting a single wheel chaired passenger. So long as Manager is diligent in oversight of such Shuttle Bus Operation functions, in Airport Director's reasonable discretion, out of pocket costs incurred in connection with such Shuttle Bus Operation, for lease, fuel, maintenance and repair costs, shall be reimbursed by the Authority. Manager shall promptly correct any Shuttle Bus Operation deficiencies identified by Airport Director including but not limited to any habits or practices involving the operation of the Shuttle (unsafe driving, lack of courtesy to patrons, damage to patrons' automobiles or Authority Facilities, etc.).

Manager shall be responsible for providing employee shuttle bus service to and from the employee parking lot located on Airport Park

Road directly across from the Airport's main entrance. Employees shall be picked up and dropped off at the drive lane just north of the Terminal Building's main curb or such other location that may be designated by the Airport Director. Airport Director shall provide Manager a schedule for service encompassing the hours, schedule times, days of the week, etc., necessary to provide employee shuttle bus service. Authority shall provide the vehicle, fuel, insurance, and vehicle maintenance for the employee shuttle bus service. Manager shall provide everything else necessary for first class turn-key employee shuttle bus service.

2. Article V, Manager's Reimbursements and Compensation is hereby amended as follows:

5.06 Compensation for Employee Shuttle Bus Service. Manager shall submit monthly invoices separately from the management and operation of the public parking facilities and shall be compensated for the employee shuttle bus service base on the terms and conditions of Article V., Section 5.01, Paragraphs A and B, plus a negotiated management fee separate from the Manager's Compensation as set forth in Section 5.02.

3. All other terms of this Management and Operations of Public Parking Facilities Agreement not specifically amended shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto by their duly authorized officers have caused this Amendment to be executed in their names and their seals to be affixed hereto as of the day and year first above written.

SP+ f/k/a STANDARD PARKING CORPORATION

THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

BY: _____

BY: _____

NAME: _____

Lew Bleiweis, AAE

TITLE: _____

Executive Director



MEMORANDUM

TO: Members of the Airport Authority
FROM: Lew Bleiweis, A.A.E., Executive Director
DATE: October 16, 2015

ITEM DESCRIPTION – Information Section Item A

August, 2015 Traffic Report – Asheville Regional Airport

SUMMARY

August, 2015 overall passenger traffic numbers were up 1.4% compared to the same period last year. Passenger traffic numbers reflect a 2.7% increase in passenger enplanements from August 2014. Enplanements for Fiscal Year to Date total 83,063 which is a 4.9% increase over the same period last year.

AIRLINE PERFORMANCE

Allegiant Airlines: Year over Year passenger enplanements for Allegiant in August 2015 were up by 39.3%. There were no flight cancellations for the month.

Delta Airlines: Delta's August 2015 enplanements decreased by 7.2% compared to August 2014. There was one (1) flight cancellation for the month.

United Airlines: In August 2015, United Airlines saw a decrease in enplanements by 1.9% over the same period last year. There were no flight cancellations for the month.

US Airways: US Airways' August 2015 passenger enplanements represent a 10.8% decrease over the same period last year. There were five (5) flight cancellations for the month.

Monthly Traffic Report

Asheville Regional Airport

August 2015



Category	Aug 2015	Aug 2014	Percentage Change	*CYTD-2015	*CYTD-2014	Percentage Change	*MOV12-2015	*MOV12-2014	Percentage Change
Passenger Traffic									
Enplaned	38,977	37,965	2.7%	262,360	244,313	7.4%	396,171	365,410	8.4%
Deplaned	<u>37,517</u>	<u>37,456</u>	0.2%	<u>263,137</u>	<u>244,403</u>	7.7%	<u>397,035</u>	<u>365,565</u>	8.6%
Total	76,494	75,421	1.4%	525,497	488,716	7.5%	793,206	730,975	8.5%
Aircraft Operations									
Airlines	489	499	-2.0%	3,589	3,580	0.3%	5,777	5,515	4.8%
Commuter /Air Taxi	<u>1,120</u>	<u>1,161</u>	-3.5%	6,670	7,072	-5.7%	9,883	10,730	-7.9%
Subtotal	<u>1,609</u>	<u>1,660</u>	-3.1%	<u>10,259</u>	<u>10,652</u>	-3.7%	<u>15,660</u>	<u>16,245</u>	-3.6%
General Aviation	4,585	4,651	-1.4%	27,179	31,756	-14.4%	41,337	47,177	-12.4%
Military	<u>480</u>	<u>569</u>	-15.6%	<u>3,971</u>	<u>4,198</u>	-5.4%	<u>6,666</u>	<u>5,938</u>	12.3%
Subtotal	<u>5,065</u>	<u>5,220</u>	-3.0%	<u>31,150</u>	<u>35,954</u>	-13.4%	<u>48,003</u>	<u>53,115</u>	-9.6%
Total	6,674	6,880	-3.0%	41,409	46,606	-11.2%	63,663	69,360	-8.2%
Fuel Gallons									
100LL	16,249	8,350	94.6%	97,412	101,163	-3.7%	148,390	151,126	-1.8%
Jet A (GA)	110,631	129,430	-14.5%	754,925	834,343	-9.5%	1,141,740	1,216,861	-6.2%
Subtotal	<u>126,880</u>	<u>137,780</u>	-7.9%	<u>852,337</u>	<u>935,506</u>	-8.9%	<u>1,290,130</u>	<u>1,367,987</u>	-5.7%
Jet A (A/L)	<u>296,023</u>	<u>264,884</u>	11.8%	<u>1,713,464</u>	<u>1,649,324</u>	3.9%	<u>2,547,446</u>	<u>2,456,147</u>	3.7%
Total	422,903	402,664	5.0%	2,565,801	2,584,830	-0.7%	3,837,576	3,824,134	0.4%

*CYTD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

Friday, September 25, 2015

Airline Enplanements, Seats, and Load Factors Asheville Regional Airport

August 2015



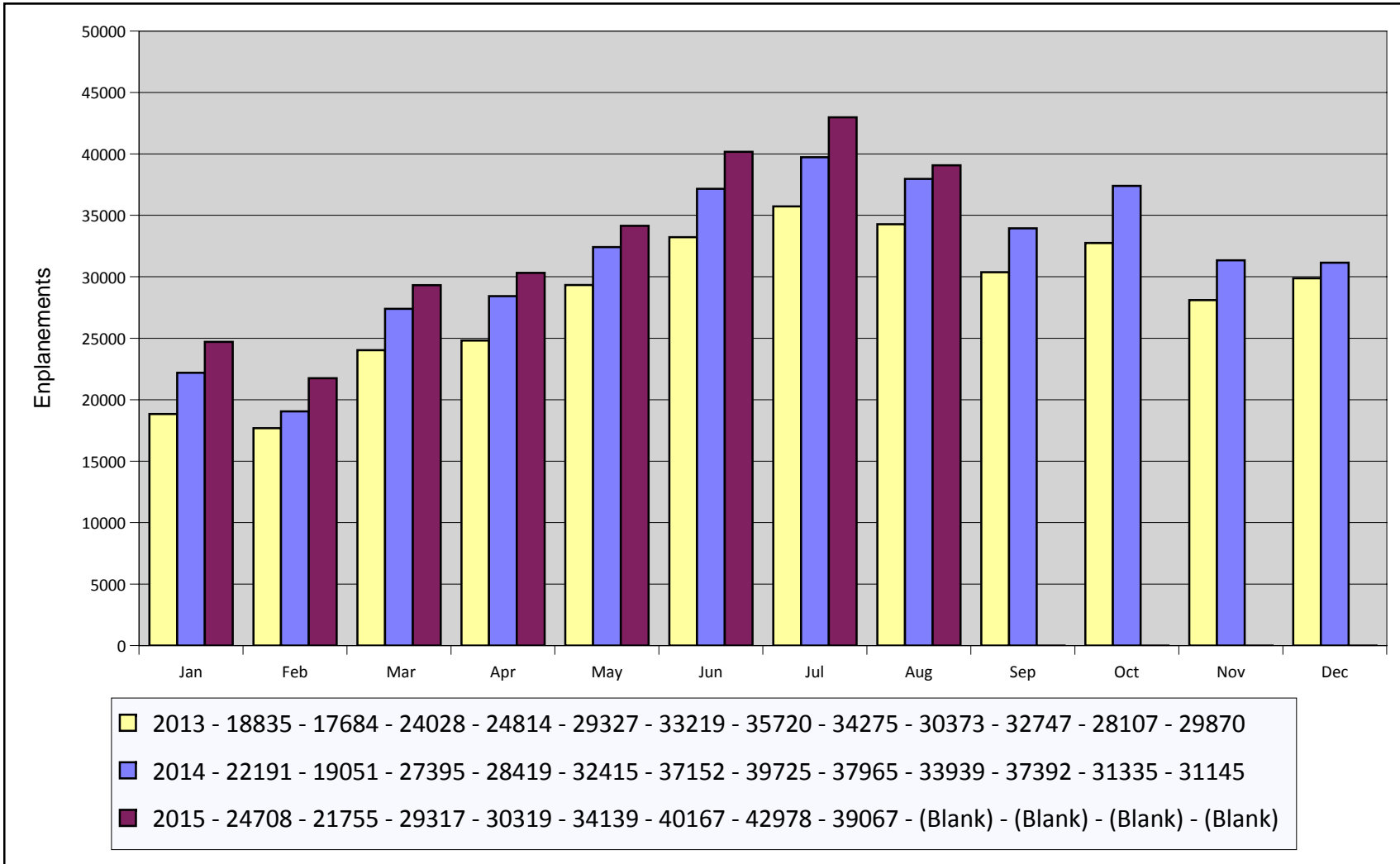
	Aug 2015	Aug 2014	Percentage Change	*CYTD-2015	*CYTD-2014	Percentage Change
Allegiant Air						
Enplanements	11,417	8,194	39.3%	76,397	55,423	37.8%
Seats	13,577	8,951	51.7%	88,250	62,142	42.0%
Load Factor	84.1%	91.5%	-8.1%	86.6%	89.2%	-2.9%
Delta Air Lines						
Enplanements	12,924	13,930	-7.2%	93,426	92,686	0.8%
Seats	15,233	16,608	-8.3%	117,283	115,383	1.6%
Load Factor	84.8%	83.9%	1.2%	79.7%	80.3%	-0.8%
United Airlines						
Enplanements	5,602	5,708	-1.9%	27,050	25,926	4.3%
Seats	6,450	6,350	1.6%	31,498	29,664	6.2%
Load Factor	86.9%	89.9%	-3.4%	85.9%	87.4%	-1.7%
US Airways						
Enplanements	9,034	10,133	-10.8%	65,487	70,278	-6.8%
Seats	11,727	12,001	-2.3%	89,050	92,016	-3.2%
Load Factor	77.0%	84.4%	-8.8%	73.5%	76.4%	-3.7%
Totals						
Enplanements	38,977	37,965	2.7%	262,360	244,313	7.4%
Seats	46,987	43,910	7.0%	326,081	299,205	9.0%
Load Factor	83.0%	86.5%	-4.1%	80.5%	81.7%	-1.5%

Airline Flight Completions Asheville Regional Airport August 2015

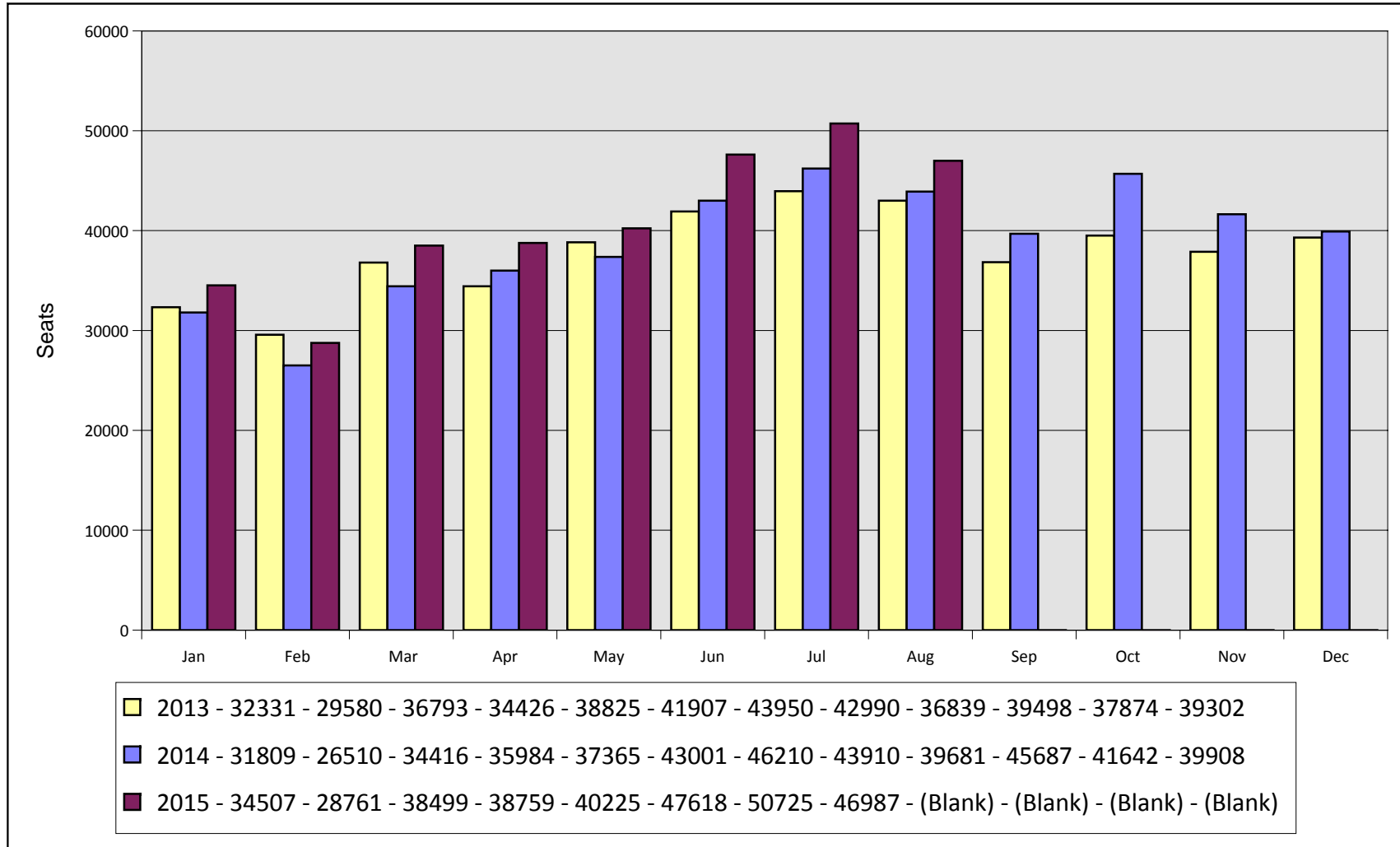


Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed
			Mechanical	Weather	Other		
Allegiant Air	76	0	0	0	0	0	100.0%
Delta Air Lines	193	0	0	1	0	1	99.5%
United Airlines	129	0	0	0	0	0	100.0%
US Airways	213	0	5	0	0	5	98.1%
Total	611	0	5	1	0	6	99.0%

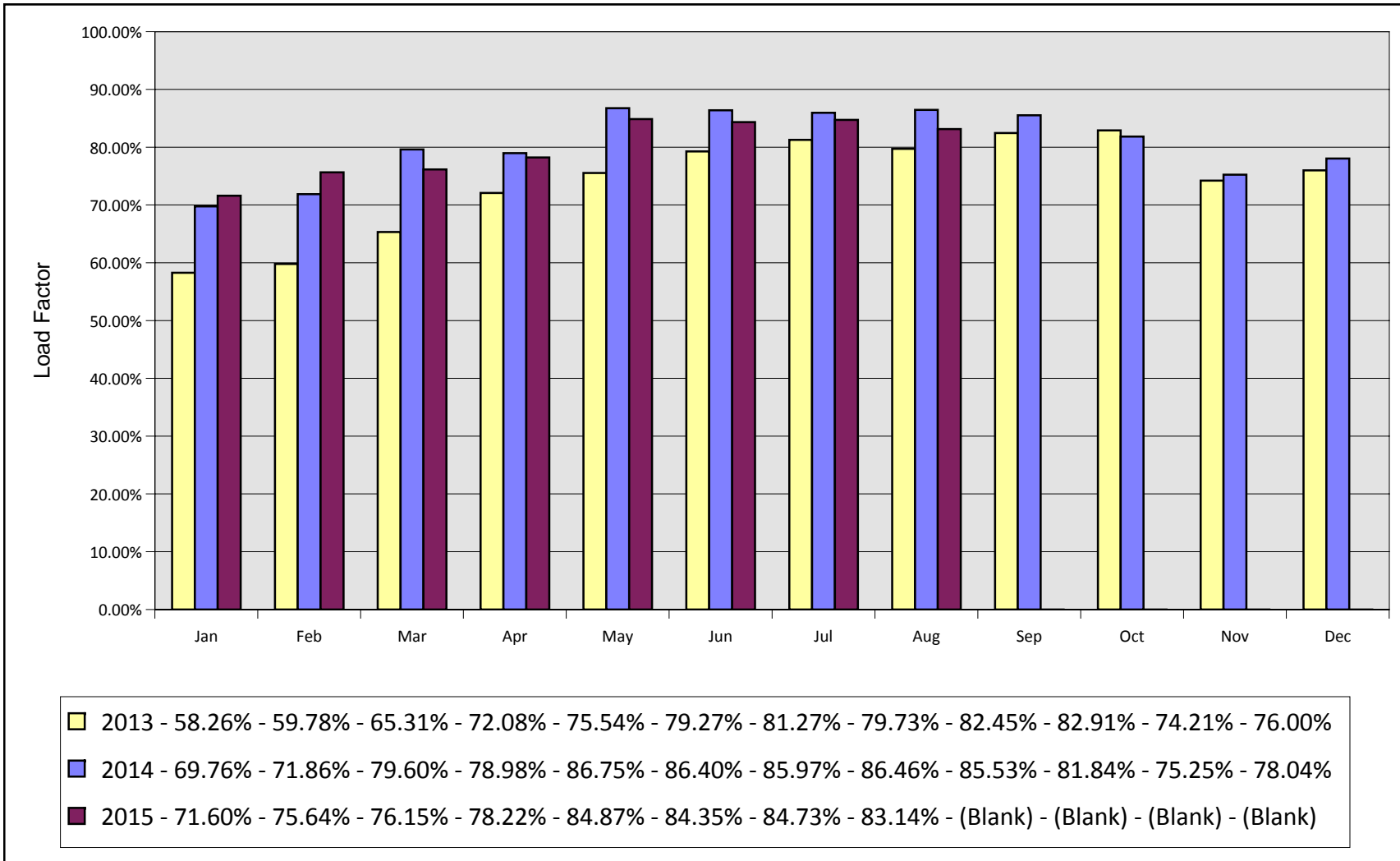
Monthly Enplanements By Year Asheville Regional Airport



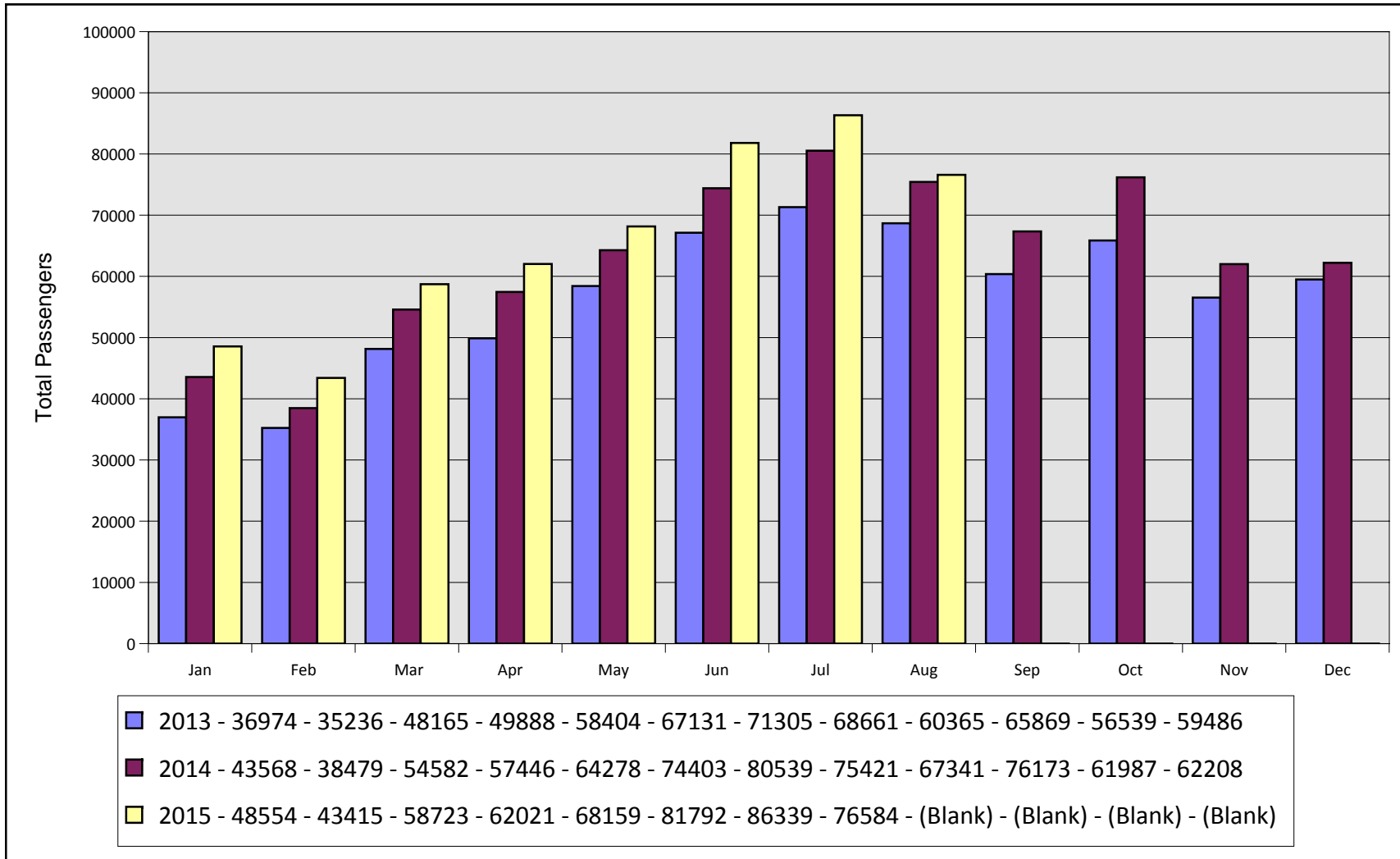
Monthly Seats By Year Asheville Regional Airport



Monthly Load Factors By Year Asheville Regional Airport

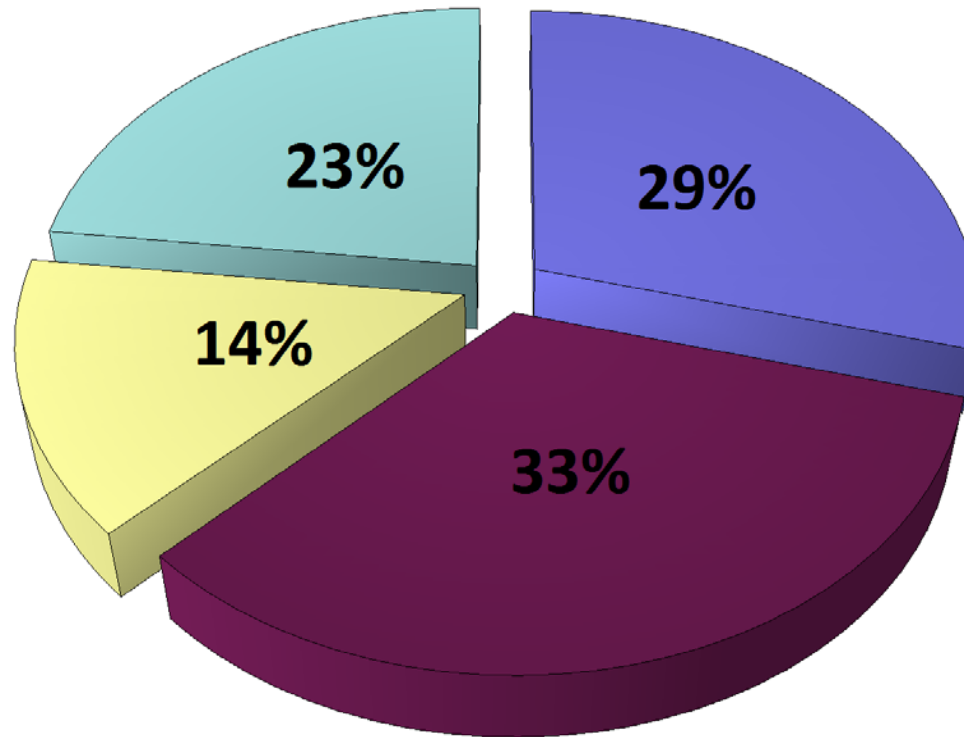


Total Monthly Passengers By Year Asheville Regional Airport



Airline Market Share Analysis (Enplanements) Asheville Regional Airport

Report Period From August 2015 Through August 2015



Schedule Weekly Summary Report for nonstop Passenger (All) flights from AVL for travel October 2015 vs. October 2014

Mktg AI	Travel Period		Oct 2015		Oct 2014		Diff		Percent Diff	
	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
DL	ATL	AVL	47	3,370	40	3,279	7	91	17.5%	2.8%
DL	AVL	ATL	47	3,370	40	3,339	7	31	17.5%	0.9%
G4	AVL	FLL	4	675	3	498	1	177	33.3%	35.5%
G4	AVL	PBI	4	686	2	354	2	332	100.0%	93.8%
G4	AVL	PGD	3	498	2	332	1	166	50.0%	50.0%
G4	AVL	PIE	5	841	4	708	1	133	25.0%	18.8%
G4	AVL	SFB	4	686	4	686	0	0	0.0%	0.0%
G4	FLL	AVL	4	675	3	498	1	177	33.3%	35.5%
G4	PBI	AVL	4	686	2	354	2	332	100.0%	93.8%
G4	PGD	AVL	3	498	2	332	1	166	50.0%	50.0%
G4	PIE	AVL	5	841	4	708	1	133	25.0%	18.8%
G4	SFB	AVL	4	686	4	686	0	0	0.0%	0.0%
UA	AVL	EWR	7	350	7	350	0	0	0.0%	0.0%
UA	AVL	ORD	25	1,250	23	1,150	2	100	8.7%	8.7%
UA	EWR	AVL	7	350	7	350	0	0	0.0%	0.0%
UA	ORD	AVL	25	1,250	23	1,150	2	100	8.7%	8.7%
US	AVL	CLT	53	3,161	54	3,243	(1)	(82)	(1.9%)	(2.5%)
US	CLT	AVL	53	3,161	54	3,243	(1)	(82)	(1.9%)	(2.5%)
			304	23,034	278	21,260	26	1,774	9.4%	8.3%

Schedule Weekly Summary Report for nonstop Passenger (All) flights from AVL for travel November 2015 vs. November 2014

Mkt AI	Travel Period		Nov 2015		Nov 2014		Diff		Percent Diff	
	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	AVL	CLT	55	3,179	0	0	55	3,179		
AA	CLT	AVL	55	3,179	0	0	55	3,179		
DL	ATL	AVL	47	3,819	39	3,917	8	(98)	20.5%	(2.5%)
DL	AVL	ATL	47	3,819	39	3,917	8	(98)	20.5%	(2.5%)
G4	AVL	FLL	2	332	2	332	0	0	0.0%	0.0%
G4	AVL	PBI	3	498	2	332	1	166	50.0%	50.0%
G4	AVL	PGD	2	332	2	332	0	0	0.0%	0.0%
G4	AVL	PIE	4	664	4	686	0	(22)	0.0%	(3.2%)
G4	AVL	SFB	3	498	3	520	0	(22)	0.0%	(4.2%)
G4	FLL	AVL	2	332	2	332	0	0	0.0%	0.0%
G4	PBI	AVL	3	498	2	332	1	166	50.0%	50.0%
G4	PGD	AVL	2	332	2	332	0	0	0.0%	0.0%
G4	PIE	AVL	4	664	4	686	0	(22)	0.0%	(3.2%)
G4	SFB	AVL	3	498	3	520	0	(22)	0.0%	(4.2%)
UA	AVL	EWR	7	350	7	350	0	0	0.0%	0.0%
UA	AVL	ORD	11	550	7	350	4	200	57.1%	57.1%
UA	EWR	AVL	7	350	7	350	0	0	0.0%	0.0%
UA	ORD	AVL	11	550	7	350	4	200	57.1%	57.1%
US	AVL	CLT	0	0	54	3,154	(54)	(3,154)	(100.0%)	(100.0%)
US	CLT	AVL	0	0	54	3,154	(54)	(3,154)	(100.0%)	(100.0%)
			268	20,444	240	19,946	28	498	11.7%	2.5%

Schedule Weekly Summary Report for nonstop Passenger (All) flights from AVL for travel December 2015 vs. December 2014

Mkt AI	Travel Period		Dec 2015		Dec 2014		Diff		Percent Diff	
	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	AVL	CLT	47	2,673	0	0	47	2,673		
AA	CLT	AVL	47	2,673	0	0	47	2,673		
DL	ATL	AVL	40	3,313	40	3,154	0	159	0.0%	5.0%
DL	AVL	ATL	40	3,352	40	3,154	0	198	0.0%	6.3%
G4	AVL	FLL	2	332	2	332	0	0	0.0%	0.0%
G4	AVL	PBI	2	332	2	354	0	(22)	0.0%	(6.2%)
G4	AVL	PGD	2	332	2	332	0	0	0.0%	0.0%
G4	AVL	PIE	2	332	2	354	0	(22)	0.0%	(6.2%)
G4	AVL	SFB	2	332	2	354	0	(22)	0.0%	(6.2%)
G4	FLL	AVL	2	332	2	332	0	0	0.0%	0.0%
G4	PBI	AVL	2	332	2	354	0	(22)	0.0%	(6.2%)
G4	PGD	AVL	2	332	2	332	0	0	0.0%	0.0%
G4	PIE	AVL	2	332	2	354	0	(22)	0.0%	(6.2%)
G4	SFB	AVL	2	332	2	354	0	(22)	0.0%	(6.2%)
UA	AVL	EWR	6	300	6	300	0	0	0.0%	0.0%
UA	AVL	ORD	7	350	7	350	0	0	0.0%	0.0%
UA	EWR	AVL	6	300	6	300	0	0	0.0%	0.0%
UA	ORD	AVL	7	350	7	350	0	0	0.0%	0.0%
US	AVL	CLT	0	0	51	2,915	(51)	(2,915)	(100.0%)	(100.0%)
US	CLT	AVL	0	0	51	2,915	(51)	(2,915)	(100.0%)	(100.0%)
			220	16,631	228	16,890	(8)	(259)	(3.5%)	(1.5%)

*Note: US Airways no longer reporting data as of November - all data now reported by AA (American Airlines)



MEMORANDUM

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance & Accounting

DATE: October 16, 2015

ITEM DESCRIPTION – Information Section Item B

Greater Asheville Regional Airport – Explanation of Extraordinary Variances
Month of August, 2015 (Month 2 of FY2016)

SUMMARY

Operating Revenues for the month of August were \$983,693, 28.94% over budget. Operating Expenses for the month were \$563,714, 11.10% under budget. As a result, Net Operating Revenues before Depreciation were \$291,184 over budget. Net Non-Operating Revenues were \$338,216, 28.42% over budget.

Year-to-date Operating Revenues were \$1,960,471, 29.63% over budget. Year-to-date Operating Expenses were \$1,234,000, 5.83% below budget. Year-to-date Net Operating Revenues before Depreciation were \$524,461 over budget. Net Non-Operating Revenues for the year were \$655,820, 19.34% over budget.

REVENUES

Significant variations to budget for August were:

Terminal Rental-Airlines	\$80,530	62.93%	Airlines Rates & Charges revised 7/1/15.
Auto Parking	\$57,638	25.73%	Enplanements over budget.
Landing Fees	\$48,076	95.91%	Airlines Rates & Charges revised 7/1/15.
Other Leases/Fees	\$24,940	53.13%	Airlines Rates & Charges revised 7/1/15.

EXPENSES

Significant variations to budget for August were:

Professional Services	(\$9,017)	(9.98%)	Timing of Professional Services
Contracted Services	(\$10,140)	(25.90%)	Timing of Contracted Services



STATEMENT OF NET ASSETS

Significant variations to prior month were:

Cash and Cash Equivalents – Cash and Cash Equivalents decreased by \$477k mainly due to spending on the Airfield Redevelopment project.

Grants Receivable – Grants Receivable increased by \$3,062k due to spending on the Airfield Redevelopment project.

Construction in Progress – Construction in Progress increased by \$3,471k mainly due to spending on the Airfield Redevelopment project.

Property and Equipment, Net – Property and Equipment, Net decreased by \$383k for the current month's depreciation.

**ASHEVILLE REGIONAL AIRPORT
INVESTMENT AND INTEREST INCOME SUMMARY
As of August 31, 2015**

<u>Institution:</u>	<u>Interest Rate</u>	<u>Investment Amount</u>	<u>Monthly Interest</u>
Bank of America - Operating Account	0.20%	\$ 7,149,254	1,254
First Citizens - Money Market Account	0.05%	6,387,332	271
NC Capital Management Trust - Cash Portfolio		17,177	1
NC Capital Management Trust - Term Portfolio		3,013,787	378
Petty Cash		200	
 <u>Restricted Cash:</u>			
Wells Fargo - CFC Revenue Account	0.00%	693,818	0
Bank of America - PFC Revenue Account	0.20%	3,918,238	654
 Total		 <u>\$ 21,179,806</u>	 <u>\$ 2,558</u>

Investment Diversification:

Banks	86%
NC Capital Management Trust	14%
Commercial Paper	0%
Federal Agencies	0%
US Treasuries	0%
	<u>100%</u>

**ASHEVILLE REGIONAL AIRPORT
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Month Ended August 31, 2015**

	Current Month	Prior Period
Cash and Investments Beginning of Period	\$ 21,657,067	\$ 22,294,809
Net Income/(Loss) Before Capital Contributions	375,154	241,052
Depreciation	383,041	383,041
Decrease/(Increase) in Receivables	(3,250,735)	(2,323,193)
Increase/(Decrease) in Payables	2,451,438	1,615,369
Decrease/(Increase) in Prepaid Expenses	17,128	(188,375)
Decrease/(Increase) in Fixed Assets	(3,471,279)	(2,562,125)
Principal Payments of Bond Maturities	(44,778)	(44,563)
Capital Contributions	3,062,770	2,241,052
Increase(Decrease) in Cash	(477,261)	(637,742)
Cash and Investments End of Period	\$ 21,179,806	\$ 21,657,067

Asheville Regional Airport
Detailed Statement of Revenue, Expenses and Changes in Net Assets
For the Month Ending August 31, 2015

	Current Month Actual	Current Month Budget	Variance \$	Variance %	YTD Actual	YTD Budget	Variance \$	Variance %	Annual Budget
Operating Revenue:									
Terminal Space Rentals - Non Airline	\$18,179	\$18,555	(\$376)	(2.03%)	\$36,358	\$37,110	(\$752)	(2.03%)	\$217,532
Terminal Space Rentals - Airline	208,506	127,976	80,530	62.93%	365,140	231,040	134,100	58.04%	1,339,356
Concessions	40,326	29,065	11,261	38.74%	79,837	58,630	21,207	36.17%	353,780
Auto Parking	281,638	224,000	57,638	25.73%	559,074	460,000	99,074	21.54%	2,820,000
Rental Car - Car Rentals	112,976	114,124	(1,148)	(1.01%)	226,161	228,247	(2,086)	(0.91%)	1,369,497
Rental Car - Facility Rent	51,796	53,152	(1,356)	(2.55%)	99,787	103,196	(3,409)	(3.30%)	616,292
Commercial Ground Transportation	2,713	2,350	363	15.45%	15,293	6,750	8,543	126.56%	41,100
Landing Fees	98,201	50,125	48,076	95.91%	169,411	100,250	69,161	68.99%	536,604
FBO'S	89,213	85,789	3,424	3.99%	175,318	174,578	740	0.42%	997,468
Building Leases	6,111	8,687	(2,576)	(29.65%)	12,222	17,373	(5,151)	(29.65%)	104,631
Land Leases	2,156	2,163	(7)	(0.32%)	4,312	4,327	(15)	(0.35%)	25,969
Other Leases/Fees	71,878	46,938	24,940	53.13%	217,558	90,877	126,681	139.40%	545,021
Total Operating Revenue	\$983,693	\$762,924	\$220,769	28.94%	\$1,960,471	\$1,512,378	\$448,093	29.63%	\$8,967,250
Operating Expenses:									
Personnel Services	\$343,898	\$382,024	(\$38,126)	(9.98%)	\$734,613	\$795,649	(\$61,036)	(7.67%)	\$4,953,098
Professional Services	25,792	34,809	(9,017)	(25.90%)	58,987	53,718	5,269	9.81%	233,700
Accounting & Auditing	-	-	-	100.00%	3,500	3,100	400	12.90%	15,000
Other Contractual Services	54,193	64,333	(10,140)	(15.76%)	146,215	152,171	(5,956)	(3.91%)	731,667
Travel & Training	9,088	11,516	(2,428)	(21.08%)	20,045	18,187	1,858	10.22%	178,400
Communications & Freight	7,747	6,017	1,730	28.75%	15,668	12,034	3,634	30.20%	72,198
Utility Services	40,550	44,832	(4,282)	(9.55%)	74,553	78,856	(4,303)	(5.46%)	466,427
Rentals & Leases	946	992	(46)	(4.64%)	1,892	1,984	(92)	(4.64%)	11,900
Insurance	17,128	18,793	(1,665)	(8.86%)	34,255	37,586	(3,331)	(8.86%)	225,500
Repairs & Maintenance	16,798	23,561	(6,763)	(28.70%)	36,782	47,047	(10,265)	(21.82%)	276,781
Advertising, Printing & Binding	4,327	1,772	2,555	144.19%	23,600	5,644	17,956	318.14%	180,450
Promotional Activities	6,433	9,697	(3,264)	(33.66%)	11,754	13,394	(1,640)	(12.24%)	119,490
Other Current Charges & Obligations	4,565	6,874	(2,309)	(33.59%)	16,678	13,748	2,930	21.31%	86,500
Office Supplies	712	750	(38)	(5.07%)	1,155	1,500	(345)	(23.00%)	9,000
Operating Supplies	30,401	26,247	4,154	15.83%	50,781	70,816	(20,035)	(28.29%)	356,543
Books, Publications, Subscriptions & Meml	1,136	1,912	(776)	(40.59%)	3,522	4,934	(1,412)	(28.62%)	46,597
Contingency	0	0	-	0.00%	0	-	0	100.00%	-
Emergency Repair	-	-	-	100.00%	-	-	-	100.00%	-
Business Development	-	-	-	100.00%	-	-	-	100.00%	-
Total Operating Expenses	\$563,714	\$634,129	(\$70,415)	(11.10%)	\$1,234,000	\$1,310,368	(\$76,368)	(5.83%)	\$7,963,251

Asheville Regional Airport
Detailed Statement of Revenue, Expenses and Changes in Net Assets

For the Month Ending August 31, 2015

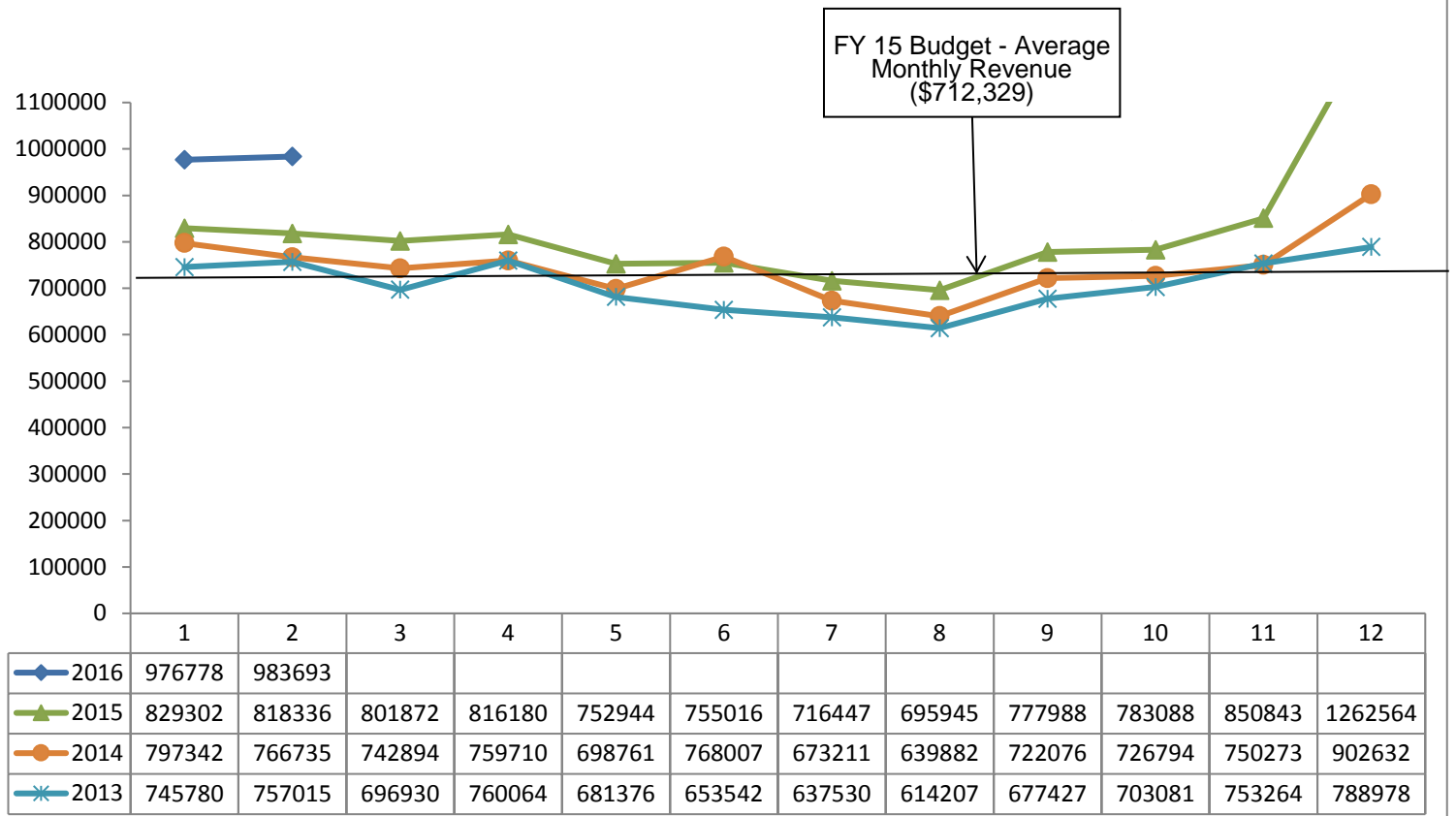
	<u>Current Month Actual</u>	<u>Current Month Budget</u>	<u>Variance \$</u>	<u>Variance %</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance \$</u>	<u>Variance %</u>	<u>Annual Budget</u>
Operating Revenue before Depreciation	\$419,979	\$128,795	\$291,184	226.08%	\$726,471	\$202,010	\$524,461	259.62%	\$1,003,999
Depreciation	383,041	-	\$383,041	100.00%	766,082	-	\$766,082	100.00%	-
Operating Income(Loss) Before Non-Operating Revenue and Expenses	\$36,938	\$128,795	(\$91,857)	(71.32%)	(\$39,611)	\$202,010	(\$241,621)	(119.61%)	\$1,003,999
Non-Operating Revenue and Expense									
Customer Facility Charges	\$150,131	\$127,500	\$22,631	17.75%	\$311,257	\$254,000	\$57,257	22.54%	\$ 1,250,000
Passenger Facility Charges	192,984	141,500	51,484	36.38%	354,538	307,000	47,538	15.48%	1,642,500
Interest Revenue	2,558	1,833	725	39.55%	5,153	3,667	1,486	40.52%	22,000
Interest Expense	(7,457)	(7,457)	-	0.00%	(15,128)	(15,129)	1	(0.01%)	(77,640)
Reimbursable Cost Revenues	17,424	-	17,424	100.00%	17,424	-	17,424	100.00%	-
Reimbursable Cost Expenses	(17,424)	-	(17,424)	100.00%	(17,424)	-	(17,424)	100.00%	-
Gain/Loss on Disposal of Assets	-	0	(0)	0.00%	-	0	(0)	0.00%	-
Non-Operating Revenue-Net	\$338,216	\$263,376	\$74,840	28.42%	\$655,820	\$549,538	\$106,282	19.34%	\$2,836,860
Income (Loss) Before Capital Contributions	\$375,154	\$392,171	(\$17,017)	(4.34%)	\$616,209	\$751,548	(\$135,339)	(18.01%)	\$3,840,859
Capital Contributions	\$3,062,770	\$0	\$3,062,770	100.00%	\$5,303,822	\$0	\$5,303,822	100.00%	\$0
Increase in Net Assets	<u>\$3,437,924</u>	<u>\$392,171</u>	<u>\$3,045,753</u>	<u>776.64%</u>	<u>\$5,920,031</u>	<u>\$751,548</u>	<u>\$5,168,483</u>	<u>687.71%</u>	<u>\$3,840,859</u>

**ASHEVILLE REGIONAL AIRPORT
STATEMENT OF FINANCIAL POSITION
As of August 31, 2015**

	Current Month	Last Month
<u>ASSETS</u>		
Current Assets:		
Unrestricted Net Assets:		
Cash and Cash Equivalents	\$16,567,750	\$17,186,359
Accounts Receivable	803,688	624,360
Passenger Facility Charges Receivable	290,000	290,000
Refundable Sales Tax Receivable	261,162	252,526
Grants Receivable	8,800,788	5,738,018
Prepaid Expenses	171,427	188,555
Total Unrestricted Assets	26,894,815	24,279,818
Restricted Assets:		
Cash and Cash Equivalents	4,612,056	4,470,708
Total Restricted Assets	4,612,056	4,470,708
Total Current Assets	31,506,871	28,750,526
Noncurrent Assets:		
Construction in Progress	23,257,319	19,786,040
Property and Equipment - Net	59,161,247	59,544,288
Total Noncurrent Assets	82,418,566	79,330,328
	\$113,925,437	\$108,080,854
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable & Accrued Liabilities	\$5,932,718	\$3,432,919
Customer Deposits	10,425	10,425
Unearned Revenue	278,751	327,113
Construction Contract Retainages	540,638	540,638
Revenue Bond Payable - Current	554,496	551,834
Total Payable from Unrestricted Assets	7,317,028	4,862,929
Total Current Liabilities	7,317,028	4,862,929
Noncurrent Liabilities:		
Other Postemployment Benefits	998,847	998,847
Compensated Absences	382,113	382,113
Net Pension Obligation-LEO Special Separation Allowance	(11,941)	(11,941)
Revenue Bond Payable - Noncurrent	946,158	993,599
Total Noncurrent Liabilities	2,315,177	2,362,618
Total Liabilities	9,632,205	7,225,547
Net Assets:		
Invested in Capital Assets	80,917,912	77,784,895
Restricted	4,612,056	4,470,708
Unrestricted	18,763,264	18,599,704
Total Net Assets	104,293,232	100,855,307
	\$113,925,437	\$108,080,854

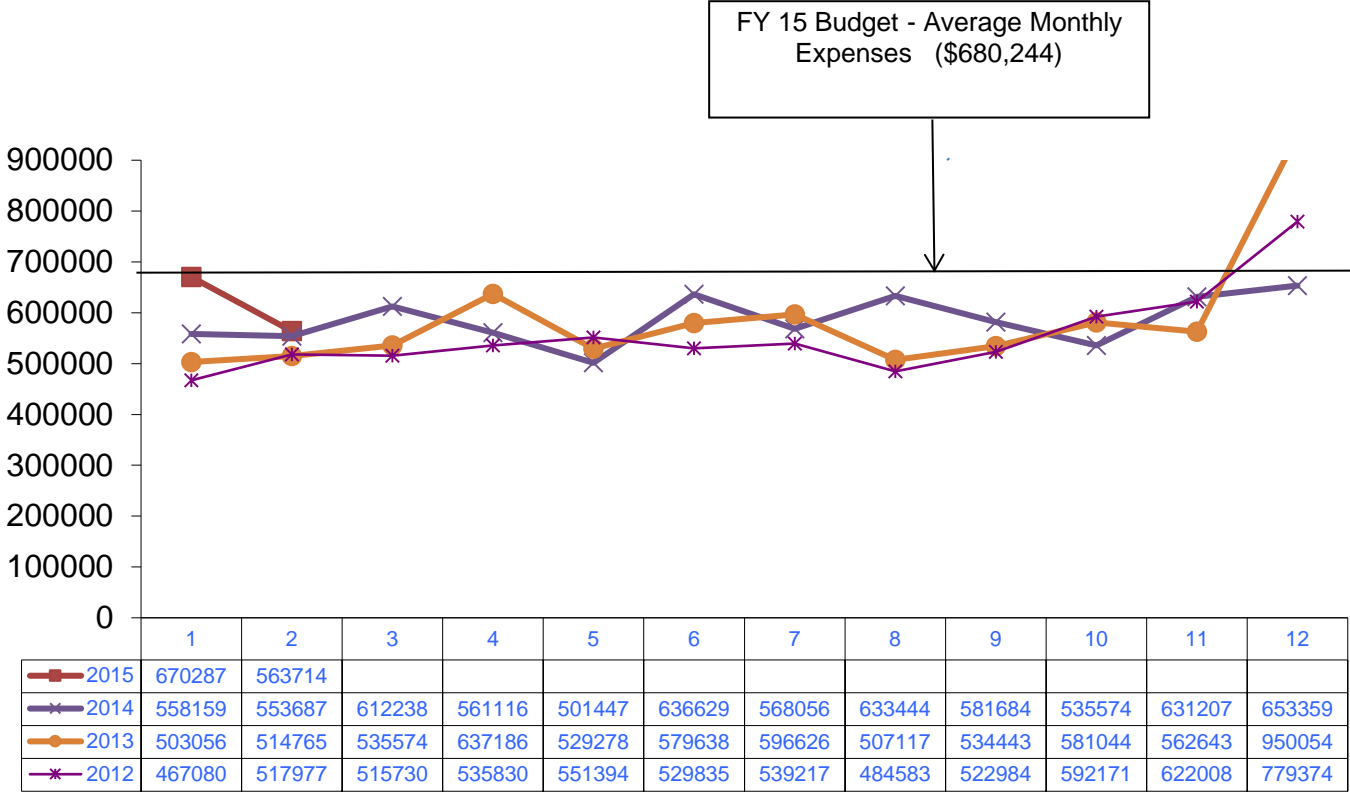
ASHEVILLE REGIONAL AIRPORT Annual Operating Revenue by Month August 2015

Dollars



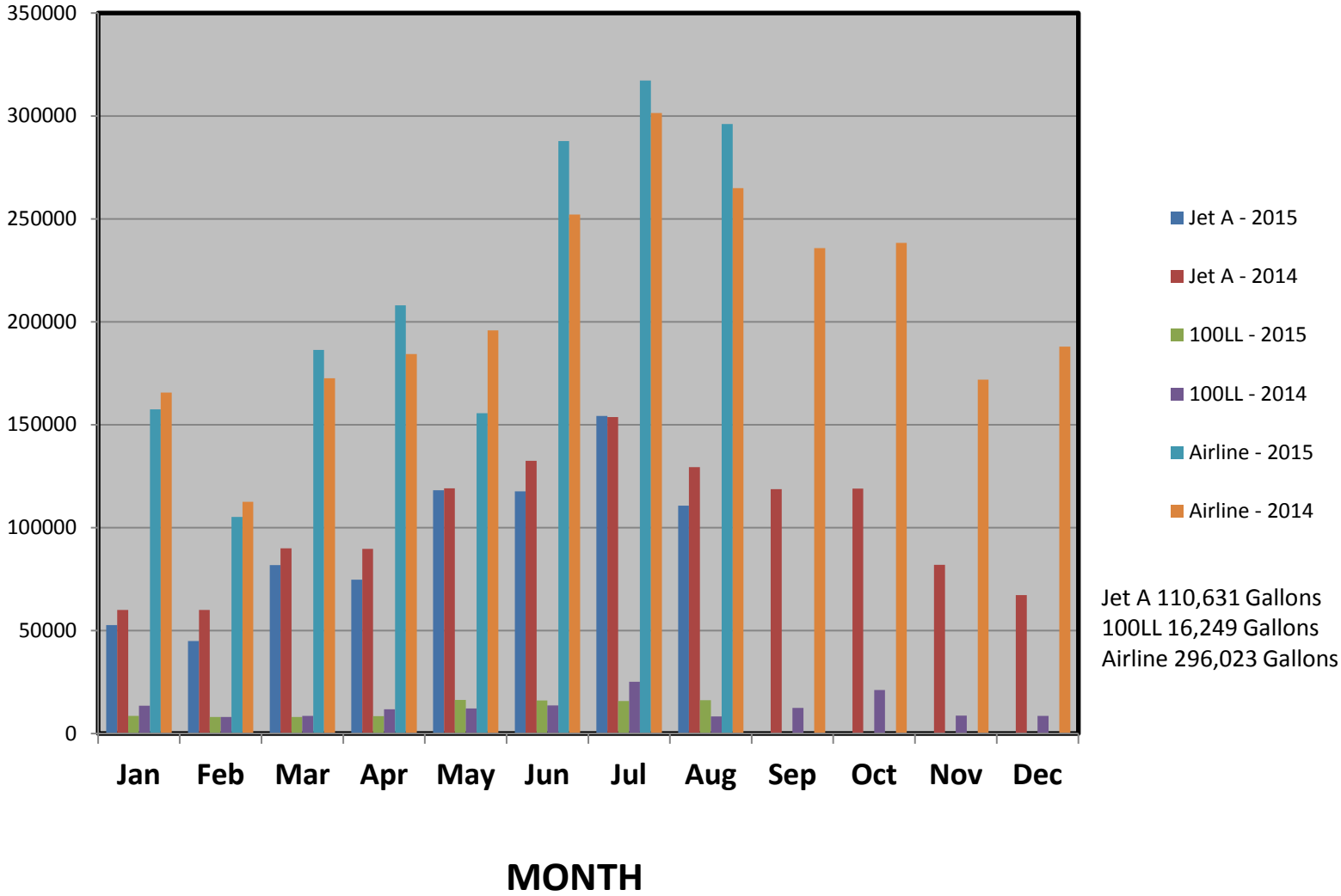
ASHEVILLE REGIONAL AIRPORT Annual Operating Expenses by Month August 2015

Dollars

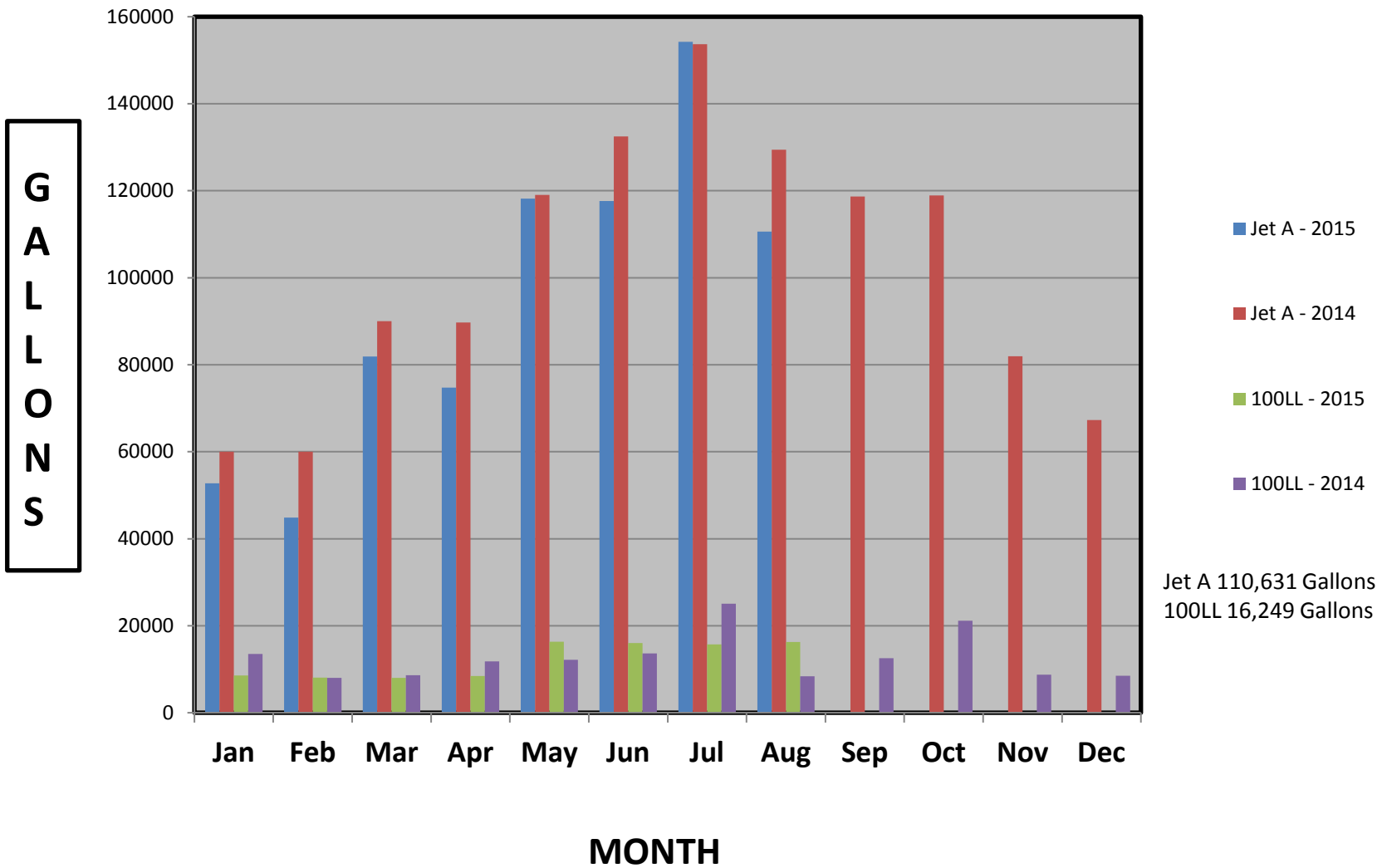


**ASHEVILLE REGIONAL AIRPORT
FUEL SALES - GALLONS
August 2015**

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**ASHEVILLE REGIONAL AIRPORT
GENERAL AVIATION FUEL SALES - GALLONS
August 2015**



Design Phase														
Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 10/01/2015)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 10/01/2015)	Start Date	End Date	Current Project Status (as of 10/01/2015)
1	Airfield Re-Development Project	Budget for the complete project							\$64,000,000.00	30.0%	\$10,128,785.86			All Engineer contracts and expenses will be inclusive of budget.
1A	Airfield Re-Development Project	Phase I - Design Services	RS&H	\$447,983.00	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	75%	\$335,582.73	Dec-12	Dec-15	Project Management work continues.
1B	Airfield Re-Development Project	Phase II - Design Services and Project Management.	RS&H	\$1,842,318.00	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	65.2%	\$1,200,326.75	Jun-13	Dec-15	Project Management work continues.
1C	Airfield Re-Development Project	Phase III and IV - Design Services and Project Management.	RS&H	\$2,399,826.00	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	2.22%	\$53,426.22	Dec-14	May-18	90% design plans for BP3 are in process.
1D	Airfield Re-Development Project	New Runway Design	Michael Baker Engineering Inc.	\$397,257.94	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	100%	\$397,257.94	Mar-13	Sep-14	Contract is completed.
1E	Airfield Re-Development Project	Temporary Runway/Taxiway Design	AVCON	\$1,837,826.00	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	94.3%	\$1,733,063.38	Mar-13	Dec-15	Construction support services continue.
1F	Airfield Re-Development Project	New Runway Design	AVCON	\$1,902,676.06	N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>	19.6%	\$360,205.45	Mar-13	May-18	90% design plans for BP3 are in process.
1G	Airfield Re-Development Project	Miscellaneous and Administrative Expenses			N/A	N/A	\$0.00	0.00%	<i>(Overall total included in above number)</i>		\$2,479,999.47	Jan-13	Dec-17	Misc., Admin., \$642K FAA Reimbursable expenses and land acquisition costs of 1.5M are included in this figure.
2	Water Hydrant Service Station	Install deicing truck refill station	Delta Airport Consultants	\$16,500.00	N/A	N/A	\$0.00	0.00%	\$16,500.00	0.00%	\$0.00	Jul-15	Nov-15	Bid documents under review for bid opening to take place end of Oct.

Construction Phase														
Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 10/01/2015)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 10/01/2015)	Start Date	End Date	Current Project Status (as of 10/01/2015)
1	Westside Area 3	Construction for the Westside Project to level land utilizing engineered ash to fill and top with soil embankment/cap for future development.	AVCON	\$278,060.00	Charah	N/A	\$62,700.00	22.50%	\$278,060 * <i>(project expenses are being reimbursed by Charah through a separate agreement)</i>	98.0%	\$284,013.11	Mar-13	Jul-15	Project work is completed and contractor de-mobilized. Charah will monitor erosion control under warranty period.
2	Area 2	Construction for the Ash Fill on the NE for future development.	AVCON	\$466,140.00	Charah	N/A	\$0.00	0.00%	\$466,140 * <i>(project expenses are being reimbursed by Charah through a separate agreement)</i>	14.7%	\$68,783.53	Dec-14	May-17	Presently on hold.

Greater Asheville Regional Airport Authority
Project Report - October 2015

Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 10/01/2015)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 10/01/2015)	Start Date	End Date	Current Project Status (as of 10/01/2015)
3	Temporary Runway 17-35 Paving, Lighting and NAVAIDS	Construction of new temporary runway - parallel taxiway B	RS&H and AVCON, Inc.	Amount included in Phase 3 Design Fees	Harrison Construction Company	\$12,435,884.00	\$0.00	0.00%	\$13,057,678.00	28.7%	\$3,568,923.92	Mar-15	Dec-15	Temporary Runway and Taxiway connectors B1-B3 completed, paint striping in process with grooving to begin in mid-Oct, and flight scheduled at end of Oct.
4	Additional Remote Parking	Gravel Parking Lots	Delta Airport Consultants	\$41,500.00	Young & McQueen Construction	\$215,545.00	\$0.00	0.00%	\$41,500 (Design) & \$215,545 (Construction)	100% Design 50% Const.	\$144,383.50	Apr-15	Oct-15	Parking lots are graded, compacted, fence line installed and vehicle stops placed. Lighting is on order.

Amounts are based on invoices received and processed through Development.

Key strategic priorities

Governance vs. Management : Focus on setting governing direction (“guard rails”) for the organizational and holding management accountable for the execution of operational tactics. Pursue continuous educational opportunities for Authority Member development.

1. **Organizational Relevance**: Remaining relevant in an era of airport consolidation
2. **Financial Stewardship**: Sustainability/Operating Performance/Audit & Compliance
3. **Municipal Relations**: Positive relationships with all municipalities surrounding the airport
4. **Stakeholder Relations**: Positive relationships with neighbors and other community organizations
5. **Community Image**: Public Perception/Public Relations/Customer Service/Legal Entity
6. **Facilities Stewardship**: Future Master Facilities Plan
7. **Environmental Stewardship**: Accountability/Awareness of Environmental Issues
8. **Economic Development**: Engage Community Partners/Airline Service Development
9. **Vendor-Partner Relations**: General Aviation/Rental Car Agencies/Vendors
10. **Public Safety**: Airport Emergency Safety/TSA Relations/Municipal Partners
11. **Organizational Accountability**: Executive Director Supervision