



P.O. Box 755
Big Bear City, CA 92314
(909) 585-3219
(909) 585-2900 fax
FlyBigBear.com

"The Big Bear Airport District provides Big Bear Valley with a safe, efficient and superior venue for aviation operations"

REGULAR BOARD OF DIRECTORS MEETING

Big Bear Airport District

WEDNESDAY, March 13, 2019

4:00 P.M.

A G E N D A

**Big Bear Airport
Terminal Building - West Wing Board Room
501 Valley Blvd.
Big Bear City, CA 92314**

BOARD MEMBERS:

**Steven J. Castillo, President
Wesley Krause, Vice President
William W. Goddard
Joseph Kelly
Marikay Lindstrom**

Unless you are a public safety official, please turn off your cell phone or place it on vibrate mode during the Meeting.

This Agenda is prepared and posted pursuant to the requirements of the California Government Code Section 54954.2, which is a portion of California's Open Meeting Law called the "Brown Act". The Agenda contains a brief, general description of each item of business to be discussed and/or transacted. Prior to acting on any Agenda item, the Board will consider public comments.

1. CALL TO ORDER

2. FLAG SALUTE

3. MISSION STATEMENT: The Big Bear Airport District serves the Big Bear Valley by providing a safe, efficient, and superior venue for aviation operations.

4. SPECIAL PRESENTATIONS AND PROCLAMATIONS:

5. ROLL CALL AND INTRODUCTIONS

6. APPROVAL OF AGENDA

7. PUBLIC COMMENTS: A person wishing to comment on an Agenda item should raise his or her hand to be recognized by the President/Chair and move to the podium, at which time he or she has three (3) minutes to complete those comments, unless a longer time is granted. No speaker may allot his or her time to others.

7A. Comments on Agenda items: Comments concerning matters on the Agenda will be heard at the time the matter is considered.

7B. Comments on non-Agenda items: Comments concerning matters not on the Agenda will be heard during the Public Comment section of the Agenda. A speaker's comments should be within the subject matter jurisdiction of the Big Bear Airport District Board.

Please note that if you are addressing the Board on items not on the Agenda, the Brown Act does not allow Board discussion of such items because they are not on the Agenda and thus were not noticed publicly. Therefore, the Board may only do the following: refer the matter to staff, ask for additional information or request a report back, or give a very limited factual response. Your comments may be placed on the Agenda for future discussion. Non-Agenda comments are limited to a total of 15 minutes.

8. CIVIL AIR PATROL

9. BIG BEAR PILOTS ASSOCIATION

10. CONSENT AGENDA:

10.1. Approval of Draft Minutes

10.1.a. Regular Board of Directors Meeting held on Wednesday, February 13, 2019 at 4:00 P.M. **Pages 5-7**

10.2. YTD Financial Reports **Pages 8-17**

11. PULLED CONSENT AGENDA ITEMS

12. BUSINESS MATTERS – DISCUSSION AND POSSIBLE ACTION:

12.1. New Auditor Proposal **Pages 18-34**

12.2. Fuel Pricing Resolution **Pages 35-37**

Board to review and consider approval of Resolution to allow General Manager to set fuel prices with consideration to market and revenue.

12.3. Terminal Update **Pages 38-101**

13. GENERAL MANAGER REPORTS **Pages 102-104**

14. COMMITTEE AND BOARD CONFERENCE REPORTS

15. DIRECTORS COMMENTS

16. NEXT MEETING DATES:

Wednesday, April 10, 2019 at 4:00 P.M. – Regular Board of Directors Meeting
Location: Terminal Building – West Wing Board Room

17. ADJOURNMENT

CERTIFICATION: I, Diane Cartwright, Board Secretary of the Big Bear Airport District, do hereby certify that I posted a copy of the foregoing Agenda on March 8, 2019, at least 72 hours in advance of the Big Bear Airport Board of Directors Regular Meeting (Government Code Section 54954.2).



Diane Cartwright
Certified Board Secretary
Big Bear Airport District

The Big Bear Airport District Board Meeting area is handicapped accessible. Persons with disabilities can receive this Agenda in an alternative format and should call the Airport Office at (909) 585-3219. Notification of 48 hours prior to the Meeting will enable the District to make arrangements to assure accessibility to the Meeting. The Agenda is available for review. Agenda items are posted on the District Website at www.flybigbear.com. If access to the Website is not available, copies may be obtained by calling the Airport Office.



MINUTES

REGULAR BOARD OF DIRECTORS MEETING

Wednesday, February 13, 2019

4:00 P.M.

*"The Big Bear Airport District serves the Big Bear Valley
by providing a safe, efficient, and superior venue for aviation operations"*

BOARD OF DIRECTORS

Steven J. Castillo, President | Wesley A. Krause, Vice President
Director William W. Goddard | Director Joseph Kelly
Director Marikay Lindstrom

MEETING LOCATION

Big Bear Airport ▪ Terminal Building West Wing Board Room
501 Valley Blvd. ▪ Big Bear City, CA 92314

- 1. CALL TO ORDER:** Vice-President Krause, acting as Presiding Officer in the absence of President Castillo, called to order the Regular Meeting of the Big Bear Airport District Board of Directors on Wednesday, February 13, 2019 at 4:00 P.M.
- 2. FLAG SALUTE:** Vice-President Krause invited the Board and those present to join in the flag salute, and the salute followed.
- 3. MISSION STATEMENT:** Vice-President Krause recited the Mission Statement.
- 4. SPECIAL PRESENTATIONS AND PROCLAMATIONS:** None
- 5. ROLL CALL AND INTRODUCTIONS:** Board Secretary Cartwright recorded the following:

DIRECTORS PRESENT: Bill Goddard, Wes Krause, Marikay Lindstrom

DIRECTORS ABSENT FOR GOOD CAUSE: Joseph Kelly, Steve Castillo

OTHERS PRESENT: General Manager, Jack Roberts, Operations & Maintenance Manager Ryan Goss, District Counsel, Betsy Martyn and Certified Board Secretary, Diane Cartwright.

6. **APPROVAL OF AGENDA:** By consensus, the Board approved the agenda as presented.
7. **PUBLIC COMMENTS:** None
8. **CIVIL AIR PATROL:** No report
9. **BIG BEAR PILOTS ASSOCIATION:** Jack Williams stated that Program Director, Bob Hartunian, has been scheduling speakers for the Association's 2019 season which begins in May.
10. **CONSENT AGENDA:** Director Goddard moved to approve the Consent Agenda, including the YTD Financial Reports. Director Lindstrom seconded the motion. By consensus, the motion passed, with all members voting AYE.
11. **PULLED CONSENT AGENDA ITEMS:** None
12. **BUSINESS MATTERS – DISCUSSION AND POSSIBLE ACTION:**
 - 12.1. IT Needs Assessment and Budget Adjustment – Following Board Discussion, Director Krause moved to authorize the transfer of up to \$8,000 from Marketing and up to \$10,000 from Professional Services to Repair & Maintenance Computers. It was determined that the total of \$18,000 is necessary for an immediate security upgrade, including a new firewall, switches and centralized cabling, to be performed by Accent Computers. Comments were offered by members of the public, Bob Ybarra, Robin Henry, Bob Carney, Don Shade and Jack Williams. The motion on the floor was seconded by Director Lindstrom.

At this point in the meeting, Director Krause took a moment to congratulate former Airport Director, Steve Baker, on his appointment to the Board of Directors of the Bear Valley Community Health Care District. Directors joined members of the public in a round of applause for new Hospital Board Member Baker.

Director Krause then asked Directors to vote their approval or denial of the above motion with a voice vote. The motion was approved with all Directors voting AYE.
 - 12.2. General Manager Roberts requested approval from the Board to develop Requests for Proposals for a design-build contract for a new terminal building and to advertise for that bidding. Board discussion followed. Bob Ybarra, Bob Carney, Cheryl Bennet and Al Zeigler spoke from the audience. Director Krause moved to authorize staff to develop RFPs and to advertise for bidding on the process. Director Goddard seconded the motion. A voice vote was taken and the motion was approved with all Directors voting AYE.
 - 12.3. The Board discussed numerous options presented by General Manager Roberts regarding per meeting compensation based on AB2329. Clarification was provided by District Counsel, Betsy Martyn and Manager Roberts. Al Zeigler, Bob Hartunian, Don Shade & Bob Ybarra offered

opinions. Director Krause moved that the Board not move forward on the item of meeting compensation at this time. Director Goddard seconded the motion. A voice vote was taken and all members voted AYE.

- 12.4.** The Board discussed the proposed Resolution, 2019-01 to make health benefits available to Board Members and provide for possible District contribution. Following Board discussion and public comments from Bob Hartunian, Bob Carney and Michael Cannata, Director Goddard moved to adopt Resolution 2019-01 with modifications by District Counsel. The Resolution would provide eligibility for Board Members for the same health benefits as employees, but with no District contribution toward the costs of such health benefits. The motion was seconded by Director Krause. A roll call vote was taken and the motion passed as follows:

AYES: Goddard, Lindstrom, Krause

NO: None

ABSTAIN: None

ABSENT: Kelly, Castillo

- 12.5.** Proposed Resolution 2019-XX, Board Member Cell Phone Reimbursement was reviewed by the Board with clarification by General Manager Roberts. Director Krause moved that the Board not move forward on the item of providing reimbursement to Directors for personal cell phone use for District business. Director Lindstrom seconded the motion. A voice vote was taken and the motion was approved with all Directors voting AYE.

13. GENERAL MANAGER REPORTS: Reports were presented by Administration Manager, Diane Cartwright, Operations & Maintenance Manager, Ryan Goss, and General Manager, Jack Roberts.

14. COMMITTEE AND BOARD CONFERENCE REPORTS: None

15. DIRECTORS COMMENTS: Goddard, Lindstrom, Krause

16. NEXT MEETING DATE:

Wednesday, March 13, 2019 at 4:00 P.M. – Regular Board of Directors Meeting
Location: Terminal Building – West Wind Board Room

17. ADJOURNMENT: 6:14 P.M.

Wesley A. Krause, Vice-President
Board of Directors

ATTEST:

Diane Cartwright
Certified Board Secretary

Big Bear Airport District

Profit & Loss Budget Performance

January 2019

Accrual Basis

	Jan 19	Budget	Jul '18 - ...	YTD Bud...	Annual B...
Ordinary Income/Expense					
Income					
4054 · State Subsidy	10,000	10,000	10,000	10,000	10,000
4055 · Tax Revenues	46,303	70,010	849,908	859,960	1,485,000
4092 · AIP Project 22	0	0	-29,169	29,000	29,000
4110 · Sales-Aircraft Fuel	48,710	45,000	370,799	370,000	625,000
4200 · Auto Parking	798	875	6,085	6,125	10,500
4205 · Air Fair Revenue	600	0	600	0	1,800
4206 · Events Revenue	0		2,838	2,000	2,000
4210 · Commercial Leases	10,090	8,750	72,853	61,250	105,000
4220 · Ground Lease	3,457	3,416	24,186	23,916	41,000
4230 · Hangar Rentals	33,679	31,417	261,388	219,917	377,000
4255 · Aircraft Oil Sales	586	197	3,486	3,698	5,600
4256 · Aircraft Stores Sales	232	67	1,089	467	800
4260 · Souvenir Sales	783	600	3,889	2,775	5,000
4270 · Storage Units	815	733	6,329	5,133	8,800
4280 · Tiedown Rents	818	917	6,897	6,417	11,000
4290 · Tiedown Transient	314	350	2,221	2,300	3,500
4300 · RV/Camper Storage	671	625	4,744	4,375	7,500
4305 · SDRMA Reimbursement	0	0	0	0	1,000
4320 · Late Fees-Tenant Rentals	31	113	408	788	1,350
4331 · CERBT (PERS) Reimbursement	0	0	0	0	38,000
Total Income	158,250	173,070	1,598,916	1,608,121	2,768,850
Cost of Goods Sold					
5000 · COGS- Aircraft Fuel	0	40,000	283,042	299,000	500,000
5005 · COGS-Souvenirs	0	450	2,174	2,000	3,300
5010 · COGS - Oil	0	400	2,501	2,800	4,800
5015 · COGS - Aircraft Stores	0	60	597	365	700
Total COGS	0	40,910	288,314	304,165	508,800
Gross Profit	158,250	132,160	1,310,602	1,303,956	2,260,050
Expense					
5040 · Marketing	1,343	3,400	21,486	23,600	40,000
5061 · Bank Charges/Credit Card Fees	1,532	2,200	16,481	15,400	26,000
5070 · Board Election Costs	0	0	0	6,500	6,500
5090 · Contract Services	8,439	4,000	35,355	29,000	50,000
5110 · Motorized Vehicle Fuel	1,654	0	4,166	4,500	10,500
5125 · Directors' Expenses	4,499	3,800	13,800	16,400	30,000
5140 · Dues & Subscriptions	214	350	8,292	8,650	10,500
5150 · Staff Expenses	26,971	2,100	32,629	12,500	20,000
5160 · Fees/Permits/Licenses	0	0	11,408	12,000	14,000
5162 · Gate Access Cards & Clickers	0	1,000	0	1,000	1,000
5170 · Hazardous Waste Pickup	0	0	1,335	2,000	3,000
5180 · Insurance-Liability Expense	4,898	4,606	34,289	32,240	55,270
5182 · Insurance-Worker's comp	872	872	6,101	6,101	10,459
5210 · Janitorial Supplies	916	417	4,896	2,917	5,000
5215 · Manager's Expenses	869	1,000	4,672	5,000	10,000
5230 · Office Operational Expense	915	758	4,616	5,579	9,831
5240 · Air Fair Expense	661	0	661	0	95,000
5250 · Professional Services	2,417	10,000	46,630	70,000	120,000
5260 · Repair & Maintenance-AWOS	706	0	1,384	700	2,500
5271 · Repair & Maintenance-Computer	0	500	1,238	3,500	6,000

Big Bear Airport District Profit & Loss Budget Performance

January 2019

Accrual Basis

	Jan 19	Budget	Jul '18 - ...	YTD Bud...	Annual B...
5275 · R & M - Aircraft Fuel Farm	244	225	2,543	875	2,000
5280 · Repair & Maintenance-Grounds	2,174	4,055	17,866	24,725	45,000
5285 · Repair & Maintenance-Hangars	127	167	539	1,167	2,000
5290 · Repair & Maintenance-Lighting	0	250	2,948	1,750	3,000
5295 · R & M - Terminal Building	1,422	1,667	2,871	11,667	20,000
5300 · R & M - Motorized Equipment	114	1,500	3,425	5,625	10,000
5305 · Repair & Maint Fire Extintguish	0	0	450	1,400	1,400
5310 · Emerg Equip/Supplies	131	116	1,428	875	1,452
5350 · BOE Dealer Tax	54	82	467	586	1,000
5360 · Office Communications	650	698	4,950	5,008	8,500
5373 · Tools/Small Maint Equipment	1,122	500	2,211	3,500	6,000
5390 · Winter Ops Contingency	0	2,000	0	3,000	6,000
5400 · Utilities	19,639	12,500	85,263	73,800	130,000
6565 · Salaries	63,374	43,430	255,372	304,010	521,160
6566 · Vacation Expense	2,040	1,833	10,981	12,833	22,000
6567 · Sick Leave Expense	1,918	1,458	11,711	10,208	17,500
6570 · FICA-Employer	377	417	3,236	2,917	5,000
6575 · Medicare-Employer	1,040	700	4,710	4,900	8,400
6585 · Health, Life, Dent.& Vision Ins	13,027	11,667	94,073	81,667	140,000
6590 · 457 Contribution-ER Match	4,506	2,500	18,811	17,500	30,000
6594 · Survivor Benefit Expense	398	25	398	175	300
6595 · Pension Expense	8,258	11,033	35,992	68,434	116,335
6596 · Pension - ER Paid for EE	1,461	2,000	8,298	14,000	24,000
6597 · Pension Expense(Income) GASB 68	0	0	700	1,250	1,250
Total Expense	175,982	133,824	815,683	909,458	1,647,856
Net Ordinary Income	-17,732	-1,665	494,919	394,497	612,194
Other Income/Expense					
Other Income					
4330 · Investment Revenue	0	7,000	40,847	34,000	65,000
Total Other Income	0	7,000	40,847	34,000	65,000
Other Expense					
5034 · Capital Improvement Projects 19	12,640	0	1,272,981	0	5,551,485
Total Other Expense	12,640	0	1,272,981	0	5,551,485
Net Other Income	-12,640	7,000	-1,232,134	34,000	-5,486,485
Net Income	-30,372	5,335	-737,215	428,497	-4,874,291

Big Bear Airport District
Balance Sheet
As of January 31, 2019

Accrual Basis

	Jan 31, 19
ASSETS	
Current Assets	
Checking/Savings	
1131 · Union Bank	638,407.99
Total Checking/Savings	638,407.99
Accounts Receivable	
1140 · Accounts Receivable	15,579.32
Total Accounts Receivable	15,579.32
Other Current Assets	
1110 · Petty Cash	350.00
1124 · Wells Fargo CD Account	3,749,443.84
1125 · LAIF	206,439.63
1126 · First Mountain CD Account	240,356.00
1160 · Prepaid Medical/Life Insurance	8,933.24
1161 · Prepaid Insurance-Liability	24,775.98
1162 · Prepaid Insurance-Wkrs.Comp.	4,357.81
1164 · Pre Paid Jet A Fuel Tax	6,888.16
1165 · FAA Receivable	-29,169.00
1181 · Inventory-Souvenirs	4,222.57
1182 · Inventory-Fuel	123,662.45
1183 · Inventory - Oil	6,112.62
1185 · Inventory - Aircraft Stores	3,239.88
1499 · Undeposited Funds	3,760.50
Total Other Current Assets	4,353,373.68
Total Current Assets	5,007,360.99
Fixed Assets	
1201 · Land	3,692,512.05
1220 · Land Improvements	23,392,025.54
1240 · Structure Improvements	5,874,971.60
1241 · Building	2,643,000.00
1250 · Operating Equipment	2,385,639.56
1260 · Office Furniture and Equipment	32,173.70
1270 · Accumulated Depreciation	-16,256,683.97
1300 · Construction in Progress	1,335,048.39
Total Fixed Assets	23,098,686.87
Other Assets	
1150 · Deferred Outflows of Resources	344,794.87
2620 · OPEB/GASB45	-596,840.05
Total Other Assets	-252,045.18
TOTAL ASSETS	27,854,002.68
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2001 · Accounts Payable	80,334.49
Total Accounts Payable	80,334.49
Other Current Liabilities	
2123 · Accrued Vacation	19,672.06
2124 · Accrued Sick Leave	39,766.40
2200 · Sales Taxes Payable	7,607.60
2250 · Retirement Contribution Payable	-4.03
2301 · Deposits-Tenant	29,477.50
2302 · Deposits-Gate Access	4,460.00

Big Bear Airport District
Balance Sheet
As of January 31, 2019

Accrual Basis

	Jan 31, 19
2320 · Prepaid Rents	83,507.49
Total Other Current Liabilities	184,487.02
Total Current Liabilities	264,821.51
Long Term Liabilities	
2600 · Net Pension Liability	476,201.00
2625 · Deferred Inflows of Resources	143,850.00
Total Long Term Liabilities	620,051.00
Total Liabilities	884,872.51
Equity	
3900 · Retained Earnings	27,706,345.40
Net Income	-737,215.23
Total Equity	26,969,130.17
TOTAL LIABILITIES & EQUITY	27,854,002.68

Big Bear Airport District
VISA Expense-8645 Detail
January 2019

Accrual Basis

Date	Memo	Amount
Visa - 8645		
01/18/2019	boots - Seth, jkt - John	359.71
01/18/2019	AAAE CM program travel	486.59
01/18/2019	Mtgs. w/Directors	76.85
01/18/2019	AAAE CM program meals	174.82
01/18/2019	AAAE CM program training books	47.50
01/18/2019	G-mail, webcam, Intuit protect, QB licenses	605.65
01/18/2019	butane torch	48.16
01/18/2019	BHI newsletter	60.00
01/18/2019	nitrile gloves	114.36
01/18/2019	Calendars, misc supplies	86.26
01/18/2019	Gate repair parts	98.55
01/18/2019	repair parts	243.71
01/18/2019	stamps	150.00
01/18/2019	Pilots' Lounge supplies	1,109.39
01/18/2019	Staff A.F. lunch meeting	132.17
01/18/2019	smog inspection - work truck, van	113.50
01/18/2019	clean-up - N.S. property	165.00
	Total Visa - 8645	4,072.22
TOTAL		4,072.22

Big Bear Airport District Monthly Check Report January 2019

Date	Num	Name	Memo	Amount
01/07/2019	ACH ...	Mercfuel, Inc	8046 Gal 100LL	-29,360.64
01/11/2019	ACH ...	CDTFA	December 2018 Jet A Dealer Tax	-83.00
01/17/2019	ACH ...	PERS 457 Plan - VOYA	PP ending 1/12/19	-3,577.40
01/26/2019	ACH ...	PERS 457 Plan - VOYA	PP ending 1/26/19	-3,072.10
*** Missing numbers here ***				
01/12/2019	3220	PERS - Retirement	PP ending 1/12/19	-3,209.17
*** Missing numbers here ***				
01/26/2019	3222	PERS - Retirement	PP ending 1/26/19	-3,645.40
01/26/2019	3223	PERS - Medical	PERS Medical Premium February	-10,712.37
*** Missing numbers here ***				
01/01/2019	3250		December Excess usage chg for on-line bill...	-5.25
*** Missing numbers here ***				
01/03/2019	6027	Accent Computer Solutions, Inc.	Computer Support	-1,927.00
01/03/2019	6028	Grainger, Inc.	Proximity Reader-Gate repair	-583.14
01/03/2019	6029	Leoco Fence Company, Inc.	Fence repair	-363.96
01/03/2019	6030	Mathisen Oil Co., Inc.	Oil for resale	-4,450.14
01/03/2019	6031	Principal Financial Group	January premium	-225.58
01/04/2019	6032	Aircraft Spruce & Specialty Co.	Charts for resale	-61.24
01/04/2019	6033	Altitude Financial Planning	Review of draft audit & discrepancies	-382.50
01/04/2019	6034	Carquest of Big Bear, Corp.	Welder battery	-135.40
01/04/2019	6035	Comlock Security Group	Quarterly Access Control Servicing	-585.00
01/04/2019	6036	Mercer Automotive & Tire Co.	Tractor tire repair	-177.12
01/10/2019	6037	Aircraft Spruce & Specialty Co.	Charts for resale	-70.43
01/10/2019	6038	Avcom Company	Tri-annual(3) Inspection & verification	-705.73
01/10/2019	6039	Bad Bear Sportswear	Uniform items	-382.50
01/10/2019	6040	Big Bear Grizzly	Comm.Life,BB Now, Season's Grtgs.	-459.00
01/10/2019	6041	Chem-Pak, Inc.	Paper products, cleaning supplies	-863.97
01/10/2019	6042	Frontier Communications	FAX line 12/28/18-01/27/19	-176.04
01/10/2019	6043	KBHR.	X-mas Greeting - 10 spots	-99.00
01/10/2019	6044	Sonitrol of San Bernardino	2/1/19 to 4/30/19	-244.85
01/10/2019	6045	Spectrum Business (Charter)	1/08/19-2/07/19	-469.04
01/10/2019	6046	Weiner, Louis G. Photography	VOID: BBAD	0.00
01/16/2019	6047	Accent Computer Solutions, Inc.	Computer Support	-692.11
01/16/2019	6048	Aircraft Spruce & Specialty Co.	Souvenir items for resale	-71.37
01/16/2019	6049	Big Bear Village Voice	January Promo	-100.00
01/16/2019	6050	Chem-Pak, Inc.	Paper products, cleaning supplies	-213.84
01/16/2019	6051	Cintas Corporation	Emergency supplies January	-130.91
01/16/2019	6052	De Lage Landen	Sharp copier lease pmt. & Ins.	-136.64
01/16/2019	6053	Grainger, Inc.	Multi Tool - 5	-958.76
01/16/2019	6054	Healthplan Services	February Dental/Vision	-978.74
01/16/2019	6055	Leoco Fence Company, Inc.	Fence repair	-960.00
01/16/2019	6056	Mead & Hunt	DBE Program Update(2)	-1,554.00
01/16/2019	6057	Mountain Water Company	Hot/cold H2O & dispenser	-140.75
01/16/2019	6058	ProDIGIQ	Maint.,Svc.& Support Jan-March	-900.00
01/16/2019	6059	Queen Termite	Monthly pest control svc. (+ rodent)	-415.00
01/25/2019	6060	Advanced Copy Systems	Annual base chg. + excess usage chg.	-3,475.07
01/25/2019	6061	Big Bear Lake Urgent Care	Pre-employment Physical-John Melissa	-155.00
01/25/2019	6062	Cole Huber LLP	December Charges	-2,669.45
01/25/2019	6063	Fed-Ex	January Shipping Charges	-17.84
01/25/2019	6064	Shred-it, Inc.	Monthly shredding service	-80.06
*** Missing numbers here ***				
01/02/2019	31547	Andy Meadors Branding, Inc.	AirFair Logo	-400.00
01/02/2019	31548	Big Bear City CSD.	DUMPSTER FEES	-1,081.72
01/02/2019	31549	Cartwright, Diane.	January cell phone	-50.00
01/02/2019	31550	Castillo, Steve	Monthly reimbursement - January 2019	-100.00
01/02/2019	31551	Goddard, William	Monthly reimbursement - January 2019	-100.00
01/02/2019	31552	Goss, Ryan	January cell phone	-50.00
01/02/2019	31553	Kelly, Joseph	Monthly reimbursement - January 2019	-100.00
01/02/2019	31554	Krause, Wesley.	Monthly reimbursement - January 2019	-100.00
01/02/2019	31555	Lara, Adam.	January cell phone	-50.00
01/02/2019	31556	Lewis, Jodi.	January cell phone	-50.00
01/02/2019	31557	Lindstrom, Marikay.	Monthly reimbursement - January 2019	-100.00
01/02/2019	31558	Mandahl, Wynn.	January cell phone	-50.00
01/02/2019	31559	Roberts, Jack	Director's Lunch Meeting (JK)	-53.18
01/02/2019	31560	Uhler, Aaron	January cell phone	-50.00
01/02/2019	31561	Roberts, Jack	January cell phone	-50.00
01/02/2019	31562	Martin, Seth.	January cell phone	-50.00
01/08/2019	31563	American Association of Airport ...	AD - AFE SVCS.	-100.00
01/08/2019	31564	Bear Valley Electric	VOID: Airport accounts - incorrect amount	0.00
01/08/2019	31565	Goss, Ryan	Retro Stand-by comp.	-13,188.56
01/08/2019	31566	Haidinyak, Adam	Retro Stand-by comp.	-5,250.36

Big Bear Airport District Monthly Check Report January 2019

Date	Num	Name	Memo	Amount
01/08/2019	31567	Hoover, Tom	Retro Stand-by comp.	-7,750.63
01/09/2019	31568	Visa - 8645		-8,920.80
01/10/2019	31569	Graybar Financial Services, LLC	11/19 - 12/19 PHONE SYSTEM LEASE PMT	-196.74
01/14/2019	31570	Leoco Fence Company, Inc.	RPZ FENCING	-39,270.30
01/14/2019	31571	Bear Valley Electric	Airport accounts	-12,191.13
01/16/2019	31572	Goddard, William W	2ND QTR STIPEND	-548.10
01/16/2019	31573	Baker, Steven H		-369.40
01/16/2019	31574	Krause, Wesley A.		-548.10
01/16/2019	31575	Lindstrom, Marikay		-274.05
01/15/2019	31576	Big Bear City CSD.	H2O 11/8-1/8	-565.81
01/22/2019	31577	Mead & Hunt	REST CONSTRUCTION	-12,474.56
01/22/2019	31578	Roberts, Jack	Director's Lunch Meeting (SC)	-33.55
01/30/2019	31579	Melissa, John R	PAYROLL PPM 1/13	-1,924.67
01/30/2019	31580	Weiner, Louis G. Photography	DIRECTOR PHOTOS	-172.80
01/30/2019	31581	Big Bear City CSD.	H2O 11/27-1/21	-876.28
01/30/2019	31582	Melissa, John	Reimbursement - UNIFORM BOOTS	-201.48
01/30/2019	31583	SDRMA	LIAB. INS. - CAP BLDG.	-634.80
01/30/2019	31584	Southwest Gas	12/14/18 to 1/17/19	-3,308.09

Monthly Investment Report
January 2018

Item 10.2

Agency	Opening Acct Value January 1, 2018	Date of Purchase	Deposit/ Withdrawal	Interest/ Dividends Earned	FYTD Interest/ Dividends Earned	Value Change	Maturity Date	Closing Acct Value January 31, 2018
LAIF	\$206,439.63				\$11,420.18			\$206,439.63
Wells Fargo Securities								
Money Market Mutual Funds	\$1,645,972.16			\$4,776.00	\$38,219.58			
Bonds								
Merrick Bank	\$99,939.80	2/17/15				\$42.00	2/19/19	\$99,981.80
Premier BK of the South	\$199,763.00	2/18/15				\$155.20	2/19/19	\$199,918.20
Discover Bank	\$199,407.20	7/9/14				\$250.80	7/9/19	\$199,658.00
AMEX BK (2)	\$99,701.60	7/10/14				\$126.00	7/10/19	\$99,827.60
Comenity Capital Bank	\$242,924.12	1/25/17				\$518.17	10/25/19	\$243,442.29
Nebraskaland Natl Bank	\$198,991.40	2/13/15				\$417.40	12/13/19	\$199,408.80
Bankwest Inc.	\$197,551.80	3/4/15				\$561.20	1/3/20	\$198,113.00
Charterbank	\$197,666.80	2/11/15				\$586.80	2/11/20	\$198,253.60
Everbank	\$197,218.40	2/13/15				\$626.20	2/13/20	\$197,844.60
BMW Bank of NA	\$239,222.66	2/26/16				\$1,740.72	2/26/21	\$240,963.38
Enerbank USA	\$237,155.84	2/29/16				\$1,827.94	2/26/21	\$238,983.78
Total	\$2,109,542.62					\$6,852.43		\$2,116,395.05
<i>Total Account Value</i>	\$3,755,514.78					<i>Total Account Value</i>		
FMB Certificate of Deposit	\$240,356.00	2/22/15					2/22/19	\$240,356.00

FY2018-19
Tax Apportionment

NO.	APPORTIONMENT	COLLECTION PERIOD	APPORTIONMENT DATE	FUNDS AUTOMATICALLY DEPOSITED	CHECK AMOUNT
1.	Tax Roll Revenues	7/01/18 to 11/02/18	11/13/2018	11/9/2018	\$147,552.12
2.	Tax Roll Revenues	11/03/18 to 11/19/18	11/30/2018	11/29/2018	\$58,648.62
3.	Homeowners' Exemption Reimbursement - 15%	7/01/18 to 11/30/18	12/7/2018	12/7/2018	\$1,829.91
4.	Tax Roll Revenues	11/20/18 to 12/13/18	12/20/2018	12/19/2018	\$511,635.84
5.	Tax Roll Revenues - RPTTF Distribution*	04/28/18 to 12/13/18	1/2/2019	1/2/2019	\$83,938.97
6.	Tax Roll Revenues	12/14/18 to 01/04/19	1/11/2019	1/10/2019	\$38,022.41
7.	Homeowners' Exemption Reimbursement - 35%	12/01/18 to 12/31/18	1/16/2019	1/15/2019	\$4,269.80
8.	Tax Roll Revenues - Including VLF**	01/05/19 to 01/11/19	1/23/2019	1/18/2019	\$4,010.80
9.	Tax Roll Revenues - Including Unitary	01/12/19 to 02/01/19	2/15/2019		
10.	Tax Roll Revenues	02/023/19 to 02/22/19	3/8/2019		
11.	Tax Roll Revenues	02/23/19 to 03/22/19	4/5/2019		
12.	Tax Roll Revenues	03/23/19 to 04/15/19	4/22/2019		
13.	Tax Roll Revenues	04/16/19 to 04/30/19	5/6/2019		
14.	Homeowners' Exemption Reimbursement - 35%	01/01/19 to 04/30/19	5/10/2019		
15.	Tax Roll Revenues - Including VLF and Unitary	05/01/19 to 05/10/19	5/24/2019		
16.	Tax Roll Revenues - RPTTF Distribution*	12/14/18 to 04/27/19	6/3/2019		
17.	Homeowners' Exemption Reimbursement - 15%	05/01/19 to 06/30/19	6/7/2019		
18.	Tax Sales Excess Proceeds	05/01/18 to 04/30/19	6/14/2019		
19.	Tax Roll Revenues	05/11/19 to 06/30/19	7/15/2019		
20.	FY 2017-2018 Year End Reconciliation	07/01/18 to 06/30/19	7/15/2019		
19.	FY 2017-2018 Teeter Plan Reconciliation	07/01/18 to 06/30/19	7/19/2019		
	* Redevelopment Property Tax Trust Fund			Total	\$849,908.47
	** Vehicle License Fee				

FY 2018-2019 (YTD)
Capital Improvement Plan (CIP)

OPERATING BUDGET									
Project #	Project Name	Description	Estimated Cost	Actual Cost	Target Date	% Complete	Actual Date		
CIP-19-O-1	New Fuel Farm-C	Construction Costs			Sep-17	%			
		Contract & Design							
		Project Management							
CIP-19-O-2	Terminal Demo/Renovation	Base Construction	\$578,000	\$66,748					
CIP-19-O-3	Bear City Park (5.4 acres)-I	Upstairs - Staff, materials	\$50,000		Oct-17				
CIP-19-O-4	Unanticipated Capital Expense	Improvements	\$70,000	\$80,870					
		North Shore property clean-up	\$10,000	\$9,340					
		Totals	\$708,000	\$156,958					
ASSIGNED RESERVE ACCOUNT									
Project #	Project Name	Description	FY18-19	Actual Cost	Target Date	% Complete	Actual Date		
CIP-19-R-1	New Fuel Farm-C	Construction Costs	\$645,921	\$1,070,411	Sep-17	100%			
CIP-19-R-2	Terminal Renovation-D PH1-C	Design and Phase 1		\$30,227		9%	Sep-18		
		Design and Construction Docs		\$15,926	Jun-18		Aug-18		
		Permits, Plan Review		\$100	Jun-18		Jan-18		
		Remaining Soft Costs	\$520,044						
AIP-19-R-1	Airfield Electrical Project-C	Base Construction PH1	\$2,656,020						
		Construction Costs			Aug-17	99%	Feb-18		
		Wind Cone replacement	\$5,000		Jul-18		Aug-18		
		Totals	\$3,826,985	\$1,116,664					
ASSIGNED RESERVE ACCOUNT									
Project #	Project Name	Description	Estimated Cost	Actual Cost	Target Date	% Complete	Actual Date		
CIP-20-R-1	Terminal Renovation PH2A/C	Base Construction PH2A	\$ 1,000,000						
AIP-20-R-1	SRE Building - D	SRE Design	\$16,550	\$50	Oct-17	11%			
		Totals	\$1,016,550						
Legend C=Construction D=Design I=Improvements A=Acquisition EA=Environmental Assessment EM=Environmental Mitigation P=Plan CBR=Concept and Budget Report									

Agenda Report



Date: March 13, 2019
To: Board of Directors
From: Jack Roberts, General Manager
Prepared By: Diane Cartwright

Subject: Approval of Auditor Contract

Background:

At the January 9, 2019 Regular Board Meeting, General Manager Roberts shared an email sent to the auditors who prepared the FY 2018 audit. In that email, he expressed staff's frustration with the auditing process and inaccuracies in the reports. I have recently learned that Paul Kaymark has accepted a position as Audit Services Partner with the accounting firm of Nigro & Nigro. I worked with Paul for three years when he was with The Pun Group and I was very impressed with his knowledge of audits for special districts, his accuracy, and with the professionalism that was fostered throughout the auditing process.

Financial Impact:

No increase from previous year

Recommendation:

Authorize the General Manager to enter into a contract with Nigro & Nigro for one year at a cost of \$15,500.

**PROPOSAL FOR PROFESSIONAL AUDIT SERVICES
Big Bear Airport District**

**For the Fiscal Years Ending
June 30, 2019-2021**

NIGRO & NIGRO^{PC}

Respectfully Submitted by:

Paul J. Kaymark, CPA

Nigro & Nigro, PC

pkaymark@nncpas.com

Murrieta Office: 25220 Hancock Ave. Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
Oakland Office: 333 Hegenberger Rd., Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

Let's Work Together!



*By applying our financial expertise,
we partner with our clients to build
valuable relationships that inspire success.*

TABLE OF CONTENTS

Letter of Transmittal	1
Firm Qualifications & Experience	
Experience	3
License to Practice in California	3
Statement of Independence	3
Size and Location of Offices	4
Size of Our Firm	4
Range of Activities Performed	4
Partner/Supervisory/Staff Qualifications & Experience	
Meet Your Audit Leadership Team	5
Resumés	6
Training & Resources	9
References	10
Specific Audit Approach	11
Segmentation of Engagement	12
Audit Fees	13
Additional Information	
Client Testimonial	13
Fraud Hotline	13



March 6, 2019

Diane Cartwright
Administration Manager
Big Bear Airport District
PO Box 755
Big Bear City, CA 92314

Dear Ms. Cartwright:

Thank you for the opportunity to submit this proposal to provide auditing services for the Big Bear Airport District. Our understanding of the work to be done is: the annual audit of the District's financial statements for fiscal years ending June 30, 2019-2021. Based on our history with special districts, I believe our firm would be a great fit, and we would develop a great working relationship. Our staff works hard to help ensure our audits are completed with the highest level of service and meet all deadlines.

Although many people think that all special districts function in the same manner, we know that's not the case. The audit leadership team we've assigned to your district, including myself, will take the time to learn the intricacies of your organization. We find that by delving deep into our client's structure and operations we are able to make recommendations that are not only useful, but also practical to implement.

At Nigro & Nigro, PC, our greatest strengths correspond to your most critical needs; we possess the full spectrum of resources needed to most effectively help the District's management team and Board members meet their goals – all at a very competitive rate. We believe we are your best choice.

- **Credibility, Reputation, and Resources of a Large Firm** without sacrificing the small-firm touch. Our CPAs and consultants can help you analyze and address financial, operational, and regulatory issues so you can focus attention on serving your citizens. We were originally formed in 1999, and now perform annual audits for approximately 60+ public agencies annually.
- **State-Wide Reach with Local Presence.** At Nigro & Nigro, we have the benefit of having the resources of a state-wide firm while serving you from our Murrieta office. We also have an office in Oakland for additional resources.
- **Efficiency.** Our use of portal software allows you to upload audit documentation at any time, which will minimize disruption to your staff and enable timely completion of all deliverables.
- **An Efficient and Effective Work Plan.** We currently serve over 60+ governmental entities state-wide, which enables our staff to understand the scope of the audit. We also understand the District's complexities, not just from a compliance standpoint but also from an operational point of view. We have developed an effective work plan that takes into consideration your needs for high quality audit services, as well as timely deliverables. As a result of our efficient work plan, we commit to meeting your deadlines to complete our auditing services within the time period you specify.

- **Thought Leadership.** Members of our firm have been actively involved as presenters in numerous industry conferences and programs, including the ACSA Professional Development Committee, CASBO, CSBA, CSDA, and CSMFO. We have incorporated our experience with these committees into our audit framework.
- **Engagement Team.** We know that quality people drive quality results, which is why our commitment to you starts with the engagement team members who are selected based on their experience, focus on serving local government agencies, and who are the best fit for you. Each of the District's engagement team members have completed and exceeded the mandatory requirement for continuing professional education hours as requested in the RFP. Paul Kaymark, Partner, will be the main contact for the District regarding this project.
- **A Focus on Providing Consistent, Dependable Service to Government Entities.** Nigro & Nigro is organized by industry, affording our clients with industry-specific expertise supplemented by valuable local service and insight. Therefore, the District will enjoy the service of members of our Governmental Audit Services Team who have experience with similar governmental entities and understand the issues and environment critical to you. You will not have to train our auditors.

You may have many options in selecting a professional audit firm. By choosing Nigro & Nigro, you will gain value-added accounting and operational insights. We are the right fit for the District, as we have the expertise and depth of resources within our firm to offer you exceptional service while maintaining a sincere and honest relationship. We understand the work, we are committed to meeting your deadlines, and we would like the opportunity to be your auditors. We also commit to meeting or exceeding your expectations.

Thank you once again for the opportunity to present our qualifications. If you have any questions about our offerings, please do not hesitate to contact me.

Sincerely,



Paul J. Kaymark, CPA
Audit Services Partner

FIRM QUALIFICATIONS & EXPERIENCE

Experience

Nigro & Nigro team members are highly trained in governmental accounting and auditing, which sets us apart as being able to add value beyond the basic attest engagement. We are comfortable working with clients of various sizes. Within the past five years, we have worked with numerous governmental clients with revenues ranging from \$200,000 to over \$300 million.

Prior to any audit engagement, our engagement team leader will meet with the Board, Audit Committee and Management to gain a full understanding of the philosophy, objectives and policies for operating the organization, as well as to discuss significant business, regulatory and accounting matters that will affect the audit. At the conclusion of the audit, we will communicate the results of the audit with the Board, Audit Committee and Management.

Areas of specialization include:

- Audit and Review Services
- Government Auditing Standards & Single Audits
- Annual Report of Financial Transactions
- Agreed Upon Procedures Engagements
- Comprehensive Annual Financial Report (CAFR) development

License to Practice in California

The firm and its entire CPA staff hold licenses to practice in the State of California. The Firm's CPA's are all members in good standing with the California Society of CPA's and the AICPA. We will assign a California licensed CPA as the auditor in charge of the audit.

Statement of Independence

Our standards require that we be without bias with respect to your operations. The Firm is independent of all entities listed in the RFP, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's "Governmental Auditing Standards". In addition, the Firm shall give the District written notice of any relevant professional relationships entered into during the period of this agreement.

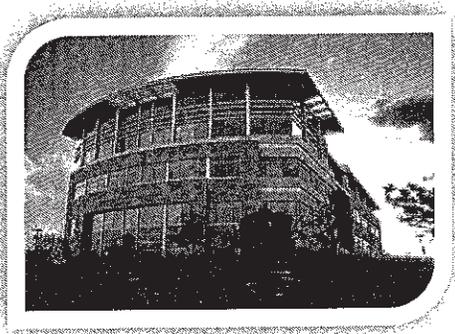
The Firm has had no prior engagements with the District, nor are there any personal or organizational conflicts of interest as prohibited by law.

FIRM QUALIFICATIONS & EXPERIENCE (CONTINUED)

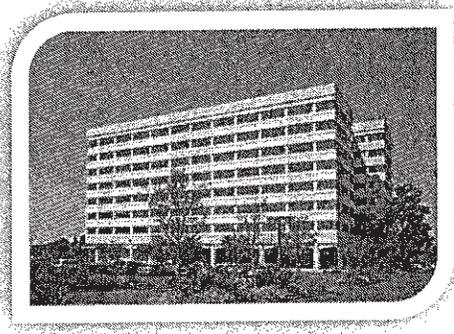
Size and Location of Offices

The firm was originally established in 1999. In 2013, we opened our second office in Northern California in order to better serve our growing client base of school districts in the San Francisco Bay Area. The Firm now has five partners and a professional staff of 19 accountants and expects to add more in the coming years as we continue to grow. We are a full service firm, providing audit and review, tax, consulting, and accounting services to local government, non-profit organizations, charter schools, commercial businesses and homeowners' associations. The office serves clients of all sizes and industries, however, we focus on government agencies, just like yours.

We are prepared to do what it takes to provide the extra level of service required to maintain a long-term business relationship.



MURRIETA OFFICE



OAKLAND OFFICE

Size of Our Firm

Firm-wide, we have the following staffing for our governmental audit services:

Position	Number of Employees	Number of Licensed CPA's
Partner*	5	5
Supervisor	3	1
Senior	7	-
Associates	3	-
Support Staff	2	-
Total	20	6

**Although the term "partner" is used throughout this proposal to avoid confusion, the firm is organized as a Professional Corporation, and the firm's owners are "shareholders."*

Range of Activities Performed

- Audit services for more than 60+ governmental agencies
 - Includes special districts, JPAs, and school districts
- Financial and performance audits under Prop. 39 for school districts
- Consulting and other services for numerous other agencies and not-for-profits
- Tax services for individuals, corporations, and non-profit organizations

PARTNER/SUPERVISORY/STAFF QUALIFICATIONS & EXPERIENCE

Meet Your Audit Leadership Team

Listed on the following pages are the resumes of the management team that will be assigned to your audit. As mentioned previously, our staff members have considerable governmental audit experience. This gives us a pool to draw on in addition to the group listed.

Name	Role	Years of Experience in Audits
Paul J. Kaymark, CPA	Lead Partner	24
Peter Glenn, CPA	Review Partner	11
Faith Kondrit	Audit Supervisor	3

Paul J. Kaymark, CPA

Lead Audit Partner

Paul recently joined the firm after more than 24 years of previous public accounting and auditing governmental entities experience. Paul is our choice for new governmental audit clients, having extensive experience in the areas of governmental entities. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

Audit Services:

Mr. Kaymark has been working on audit engagements of governmental agencies, not-for-profit organizations, as well as for-profit corporations and companies. His previous experience includes audit and consulting work for large and small businesses with a focus on client service. Paul strives to build strong relationships with his clients by assisting them with any emerging issues and being available as a resource.

Consulting Services:

Mr. Kaymark has experience in a variety of governmental issues, garnered from his auditing experience over the years. He regularly consults with clients in areas of:

Special District Accounting:

- Internal controls
- Financial reporting
- Annual report of financial transactions

Financial Reporting:

- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections
- Pension and OPEB accounting

Some Agencies Served:

- Santa Maria Public Airport District
- Big Bear City Airport District
- Monterey One Water District (formerly known as Monterey Regional Water Pollution Control Agency)
- Soquel Creek Water District
- Scotts Valley Water District



Education:

Bachelor of Science, Business Administration, Accountancy
California State University, Long Beach
1994

Licenses and Certifications:

- Certified Public Accountant, California
- GFOA Certificate for Excellence in Financial Reporting - Reviewer

Professional Affiliations:

- Government Finance Officers Association (GFOA)
- California Society of Municipal Finance Officers (CSMFO)
- California Special District Association (CSDA)

Continuing Education:

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation including:

- Governmental and Nonprofit Annual Update
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates



Peter Glenn, CPA

Review Partner

Peter joined the firm in 2011 after nearly three years of previous public accounting and auditing experience. Peter will work under the general direction of the partner. Peter is our choice for new governmental audit clients, having successfully worked on each of the Firm's clients since beginning with the Firm. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

Audit Services:

Peter Glenn began his auditing career with Nigro & Nigro in 2011, participating in audits of special districts, LEAs, other governmental audits, and agreed-upon procedure engagements. Prior to joining the firm, he worked for three years at another public accounting firm, developing his auditing skills. He has previously been the in-charge accountant for some of the firm's largest clients.

Consulting Services:

Mr. Glenn has experience in a variety of governmental accounting issues, derived from his auditing experience at the firm. He regularly consults with clients in areas of:

Special District Accounting:

- Internal controls
- Financial reporting & GASB 34
- Annual report of financial transactions

Financial Reporting:

- Uniform Guidance
- Performance Audits
- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections

Other Agencies Served:

- Riverside County Open Space and Park District
- Cahuilla Band of Indians
- Murrieta Valley Cemetery District



Education:

Bachelor of Science, Business Administration, Accounting
California State University,
San Marcos, 2008, Magna Cum Laude

Licenses and Certifications:

- Certified Public Accountant, California

Continuing Education:

- CASBO Annual Conference
- SSC Finance & Management Conferences
- Government Accounting & Auditing Conference
- In-house training for audit staff (presenter)

Faith Kondrit

Audit Supervisor

Faith joined the firm in 2015 after interning with Nigro and Nigro, PC while still in college. She continues to hone her skills and expand her knowledge on the ever-changing world of accounting by staying up-to-date on new pronouncements and their effects. In 2018, she was promoted to the position of Audit Supervisor. Faith will work under the general direction of the partner and manager.

Audit Services:

Faith began her auditing career with Nigro & Nigro in 2015, participating in audits of LEAs, other governmental audits and agreed-upon procedure engagements. She has successfully navigated her way to becoming one of the most knowledgeable members of our audit team, and has earned her the respect of clients and colleagues. Her friendly demeanor puts her clients at ease, but her customer-oriented approach to the audit is what her clients have come to appreciate the most.

Consulting Services:

Ms. Kondrit has experience in a variety of governmental accounting issues, derived from his auditing and consulting experience at the Firm. She regularly consults with clients in areas of:

Financial Reporting:

- Capital assets and depreciation schedules
- Agreed upon procedures
- Prop. 39 Bond Performance audits

Governmental Agencies Recently Served:

- Elsinore Valley Cemetery District
- Lake Cuyamaca Recreation and Park District
- Antelope Valley Schools Transportation Agency



Education:

Bachelor of Science, Accounting
California Baptist University, 2015

Professional Affiliations:

- American Institute of Certified Public Accountants (AICPA)

Continuing Education:

- School District Conference
- CASBO Annual Conference
- In-house training for audit staff (presenter)

PARTNER/SUPERVISORY/STAFF QUALIFICATIONS & EXPERIENCE

Training & Resources

The Firm is committed to a continuing professional education program, which emphasizes the areas of expertise of each member of our professional staff. The Firm is required to comply with the *Government Auditing Standards* for each professional practicing in the area of governmental accounting and auditing. We are committed to follow those standards, which result in quality audit services, including continuing education for all staff of 60-80 hours each year, specifically in school districts and governmental auditing. As required by *Government Auditing Standards*, all governmental audit staff receives the required continuing education in the area of governmental auditing and accounting. These policies are monitored internally, reviewed annually and certified periodically by independent peer review.

Library facilities are maintained which include current professional literature and specific information for the industries that we serve. The Firm library is also reviewed as part of the external quality review program. The Firm has in-house training programs specific to our school district clients. We also perform auditing and accounting updates for our clients that are organized by our staff. These practices ensure the quality of our staff over the term of the engagement.

Our staff participates in activities relating to government accounting and reporting issues through our membership and involvement with the following organizations:

- a. American Institute of CPA's Governmental Audit Quality Center
- b. California Society of CPAs
- c. Government Finance Officers Association (GFOA)
- d. California Special Districts Association (CSDA)
- e. Government Accounting Standards Board (GASB)
- f. Association of Certified Fraud Examiners (ACFE)

We recognize that our most important product is prompt and effective service.

Through our participation in these organizations and continuing education provided by them, the Firm continues to stay abreast of all current governmental accounting and reporting issues. Some of the professional education our audit team members have either presented at or attended in the last two years include:

- SSC Annual Finance and Management Conference
- SSC Governor's Budget Workshop
- CSDA Annual Conference
- CSMFO Conference
- GFOA Annual Conference
- Various other governmental workshops

We recognize that our most important product is prompt and effective service. We believe the District should work with its CPA firm throughout the entire year. We are available at any time throughout the year to provide any assistance you may need.

REFERENCES

We currently conduct over 60+ government audits each year and have well rounded experience with local governmental agencies. We are excited for the opportunity to devote our attention to you and your specific needs. Below is a partial list of some similar governmental clients we have audited within the past three years.

Organization Name:	Santa Maria Public Airport District
Contact Person:	Veroneka Reade, Finance Manager
Address:	3249 Terminal Drive Santa Maria, CA 93455
Phone:	(805) 922-1726
Scope of Work:	Financial Statement Audits

Organization Name:	Casitas Municipal Water District
Contact Person:	Denise Collin, CFO
Address:	1055 N. Ventura Ave. Oak View, CA 93022
Phone:	(805) 649-2251 x 103
Project(s):	Financial Statement Audits

Organization Name:	Big Bear City Community Services District
Contact Person:	Shari Strain, Finance Officer
Address:	139 East Big Bear Boulevard Big Bear City, CA 92314
Phone:	(909) 584-4010
Project(s):	Financial Statement Audits

Organization Name:	Pauma Valley Community Services District
Contact Person:	Bobby Graziano, Administrator
Address:	33129 Cole Grade Road Pauma Valley, CA 92061
Phone:	(760) 742-6900
Project(s):	Financial Statement Audits

In addition to the valued clients listed above, we work with many more governmental clients. Our client retention history has been excellent and several of the clients have been clients for more than ten years.

SPECIFIC AUDIT APPROACH

We will audit the basic financial statements of the District for the year ended June 30, 2019, in accordance with the following standards:

- Auditing Standards Generally Accepted in the United States of America
- *Government Auditing Standards*, issued by the Comptroller General of the United States
- Minimum Audit Requirements and Reporting Guidelines for Special Districts

Our audit will be for the purpose of expressing an opinion on the basic financial statements, and will include such auditing procedures as considered necessary to accomplish this purpose. We will also provide an "in-relation-to" opinion on any other supplemental information and statistical schedules. We anticipate issuing the following reports:

- Independent Auditors' Report on the basic financial statements.
- Independent Auditors' 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*.

In addition, we will provide the District with a management letter that will give written appraisals of its accounting and related systems. This letter will identify any control deficiencies, significant control deficiencies or material weaknesses that are identified during the audit. We will work with management before audit fieldwork and during the course of the audit to assess internal controls and review mitigating controls in place in an effort to reduce the control deficiencies, significant control deficiencies and material weaknesses that need to be reported to management in writing, assuming there are mitigating controls in place. The letter will also offer recommendations for the elimination of weaknesses that we identify, and we will suggest any methods we discover to help improve efficiency and effectiveness.

We will schedule an appearance with the Board and the Audit Committee that allows an opportunity for us to present the audit and management letter. This is an excellent time for the District to resolve any questions it has regarding our audit or management letter. As mentioned earlier, the value in hiring our Firm comes from not only the audit, but from our experience and the education, we can provide. We hope that as questions or concerns arise throughout the year, the District staff will contact us and draw on our knowledge and experience.

Non-significant deficiencies discovered during the audit process shall be reported in a separate letter to management, the Board and the Audit Committee, which shall be referred to in the report(s) on internal controls. This separate letter also informs the Board and the Audit Committee of the following:

- 1) The auditor's responsibility under auditing standards generally accepted in the United States of America.
- 2) Significant accounting policies.
- 3) Management judgments and accounting estimates.
- 4) Significant audit adjustments.
- 5) Other information in documents containing audited financial statements.
- 6) Disagreements with management.
- 7) Management consultation with other accountants.
- 8) Major issues discussed with management prior to retention.
- 9) Difficulties encountered in performing the audit.

All working papers and reports will be retained at the Firm's expense for a minimum of seven (7) years, unless the Firm is notified in writing by the District of the need to extend the retention period.

SPECIFIC AUDIT APPROACH (CONTINUED)

Segmentation of Engagement

STEP 1: Planning

Our goal in preliminary fieldwork is to gain a thorough understanding of your internal controls, processes and procedures. Our goal is to accomplish as much interim fieldwork as possible so that our stay during final fieldwork is kept to a minimum. Our preliminary work focuses on planning and internal control documentation.

STEP 2: Interim Field Work

Internal Control Documentation

Our internal control documentation usually occurs during interim fieldwork. Our documentation process will be as follows:

- 1) Gather or update documentation for significant processes defined in our preliminary fieldwork.
- 2) Perform a "walk-through" of these significant processes.
- 3) Ask "what can go wrong" questions.
- 4) Identify controls in place. This will include both preventative and detective controls.
- 5) Evaluate the design of internal controls.
- 6) Decide whether to test and rely on controls.
- 7) Summarize preliminary fieldwork and submit management letter of all areas of concern.

STEP 3: Final Fieldwork

We assess risks, design procedures and obtain evidence to support financial statement amounts and disclosures during final fieldwork. Our Firm utilizes a methodology designed specifically for special districts. Our process emphasizes continuous communication with our staff.

Assess Risks and Design Procedures

As outlined in the risk based statements of audit standards (SAS 104 to 111), our Firm uses a risk-based approach to the audit. Our procedures to assess risks and design procedures are as follows:

- 1) Assess risk of material misstatement from errors or fraud based on internal controls combined with inherent risk of significant accounts.
- 2) Design procedures to test controls if considered necessary.
- 3) Design procedures to test details of account balances and classes of transactions based on risk.

Interim and Year End Testing

- 1) Perform tests of controls if considered necessary.
- 2) Perform tests of details of account balances and classes of transactions.
- 3) Evaluate quality and sufficiency of audit evidence.
- 4) Evaluate misstatements.

STEP 4: Audit Completion

Preparation of Audit Report and Management Letter

After reviewing the financial statements, notes and required supplementary schedules, we will agree the data to our working papers and provide a thorough review of all information by using written Firm standards and checklists. We will also review and incorporate any statistical data. This will verify appropriate presentation and disclosure. We will also at this time prepare our management letter that identifies financial trends and recommendations for improvement, reports required communications to the governing board, and discusses change in the environment in which the District operates.

AUDIT FEES

2018-19, 2019-20, and 2020-21 Financial Statement Audit per year	\$	12,500
Annual state controller report		500
Single audit of Federal Awards (when required)		2,500
 Total without single audit (including SCO report)		 \$ 13,000
 Total with single audit		 \$ 15,500

ADDITIONAL INFORMATION

Testimonial

"Few people have the opportunity to work with someone who was a coach and a mentor-but I did when I worked with Paul. I had the pleasure working directly under Paul's supervision and I was particularly impressed by his ability to handle even the toughest clients -and effortlessly. That skill often takes years to develop, but it seemed to come perfectly natural to him. Paul was one of those rare partners who also naturally serve as an inspiring mentor for the whole staff and I was grateful to learn a lot from him."

*Deana Miller
Accounting Manager
PolyCera, Inc.*

Fraud Hotline



Throughout the audit process, we will make available our fraud hotline reporting service at no additional charge over the period of the contract to ensure the District has an effective anti-fraud program.

Agenda Report



Date: March 13, 2019
To: Board of Directors
From: Jack Roberts, General Manager
Subject: Establishing Fuel Pricing

Background:

Currently there is no flexibility in fuel sales. The Board Adopted Resolution 2014-03 adopted the current practice of \$0.40 over cost for AVGAS (100LL) and \$0.60 above cost for Jet A. This limits staff's ability to make adjustments based on market factors. Right now, the District is the fourth lowest price for 100LL in the state. Two of those lower priced locations are not Competitors, but one of them is Apple Valley with only a \$0.02 difference. Not that long ago, we were able to purchase fuel in greater volume due to our new fuel farm and we were the lowest in the state by approximately \$0.30. At that time, it would have been a smart move to adjust fuel prices to be just a few cents lower than the nearest competitor.

By setting a price range for fuel rather than a set markup, the board would give staff the ability to adjust prices to positively impact revenue. Resolution 2019-X is drafted to allow a minimum per gallon markup of \$0.20 for 100LL and \$0.50 for Jet A and a maximum per gallon markup of \$1.00 for 100LL and \$1.50 for Jet A and allows the General Manager to apply the rates within that range with consideration given to the market and revenue.

Resolution 2019-X also is drafted to allow the manager to apply discounts for prepaid fuel account (cash or check) and bulk fuel rates for large Jet A purchasers with a minimum per gallon markup of \$0.40 and a maximum per gallon markup of \$1.50.

Financial Impact:

Unknown.

Recommendation:

Adopt Resolution 2019-XX, giving the GM a range for fuel pricing and rescinding Resolution 2014-03.

RESOLUTION NO. 2019-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BIG BEAR AIRPORT DISTRICT ESTABLISHING FUEL PRICING

WHEREAS, pursuant to the provisions of state law, the District may adopt various fees and charges, including those for fuel sold at the airport; and

WHEREAS, such fees are for a produce and service voluntarily requested by members of the public, are not property-related fees or charges as defined by Proposition; and

WHEREAS, the District is establishing fuel pricing; and

WHEREAS, the District Board finds that the establishment of this fuel pricing is for the purpose of meeting operating expenses, including wage rates and fringe benefits, in that these rates, fees and charges directly reimburse the District for expenses required to provide the fuel, and that this action therefore is statutorily exempt from CEQA under Public Resources Code Section 21080(b) and Section 15273 of the CEQA guidelines; and

WHEREAS, the Board further finds that the pricing for fuel is the reasonable cost of the product and service provided plus direct and indirect overhead, with consideration given to the market and revenue and that the pricing must fluctuate based upon the market and thus the prices will be determined by the General Manager within the pricing range set out.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the District as follows:

SECTION 1. RECITALS

The Recitals set forth above are true and correct.

SECTION 2. CEQA EXEMPTION

The adoption of fees as set out here is statutorily exempt from CEQA and staff is directed to take all necessary actions to carry out such exemption.

SECTION 3. GUIDELINES ESTABLISHED AND ADOPTED:

- A. The minimum per gallon cost per fuel will be the price of fuel plus \$0.20 for 100LL and \$0.50 for Jet A fuel, with a maximum per gallon addition of \$1.00 for 100LL and \$1.50 for Jet A.
- B. Discounts: Discounts will be given for prepaid fuel accounts (whether paid by cash or check) and bulk fuel rates for Jet A purchases of more than 100 in the

amount of no less than the cost of fuel plus \$0.35 for Jet A fuel [in what volume?]
and a maximum of the cost of fuel plus \$1.50.

B. The General Manager shall administer fuel pricing as frequently as necessary to maintain competitive pricing and apply discounts.

PASSED, APPROVED AND ADOPTED this 13th day of March, 2019.

AYES:

NOES:

ABSENT:

ABSTAIN:

Steve Castillo, Board President

ATTEST:

Diane Cartwright, Board Secretary

Agenda Report



Date: March 13, 2019
To: Board of Directors
From: Jack Roberts, General Manager

Subject: Terminal Building Update

Background:

At the December 14, 2018 Special Meeting, the Board made the decision to stop progress on renovating the current terminal building and start the process of constructing a new building. The Board authorized staff to develop an RFP to solicit bids for a design-build contract for a new terminal building.

Through research and consultation with professional builders, staff came across Sourcewell as an alternative to a local RFP process. Sourcewell is a public agency that conducts the procurement process for public and non-profit agencies with over 50,000 agency members nationwide. Attachment A provides an explanation of how using Sourcewell for public works project in California meets legal requirements for the procurement process.

Through the Sourcewell process, agencies work with Sourcewell to find a solution that works for their procurement needs. Staff signed the District up to be a Sourcewell member and looked for a pre-engineered building solution for the terminal building, based on the positive response from building tours of the Bear Mountain facility with Directors.

BlueScope Steel Construction, Inc. is the manufacturer for the building recently built at Bear Mountain ski resort with Knight Building Systems as the general contractor. BlueScope is a RFP selected provider through Sourcewell. Through Sourcewell, BlueScope has gone through the competitive bidding process to offer Design-Built projects that essentially provide agencies with turn-key building solutions. BlueScope would act as the manufacturer and general contractor. They would hire Knight Building Systems to work as the sub-contractor overseeing the construction project and the selection of local trades for the project.

BlueScope, in coordination with Knight Building Systems, has provided a rough estimate of the cost to construct a new 8,000 square foot terminal building, as outlined in Attachment H. John Knight, of Knight Building Systems, indicated that he is certain this rough estimate is high and the project will come in under budget. Additionally, in Attachment H the timeline for the project with permits/planning is right at a year or less.

Financial Impact:

The rough estimate cost is \$5.9M.

Agenda Report

Recommendation:

Authorize staff to start the process of procuring a new terminal building through the Sourcewell process. Authorize staff to request the cost of adding 2,000 and 4,000 square feet to the building for future use due to it being significantly cheaper to add the square footage during construction. By the April 2019 Board Meeting, staff will have a greater information and potentially a contract for consideration.



To: Corey Jensen, Contract Administrator
From: Dan Listug, Government Relations Associate
Date: March 2019
RE: Use of Sourcewell Contracts in California

California Authority:

Eligible public agencies in California may utilize the Joint Powers Act, Cal. Gov. Code § 6502, to enter into joint powers agreements with Sourcewell to purchase goods and services without further competitive bidding.

Sourcewell Formation & Purpose:

Sourcewell, formerly National Joint Powers Alliance, is a service cooperative created by the Minnesota legislature.ⁱ Sourcewell was established with the statutory purpose to assist members in meeting specific needs which are more efficiently delivered cooperatively than by an entity individually,ⁱⁱ including cooperative purchasing services.ⁱⁱⁱ

Sourcewell is a local government agency established pursuant to the Minnesota Constitution.^{iv} All Sourcewell employees are government employees.^v Sourcewell is governed by an eight-member board made up of local elected officials including county commissioners, city council members, mayors, and school board members.^{vi} Member agencies include eligible government, education, and non-profit entities.^{vii}

Sourcewell cooperative purchasing contracts are made available to its members through the Minnesota joint exercise of powers law.^{viii} Sourcewell members outside of Minnesota may use its cooperative purchasing contracts under authority of joint powers^{ix} or intergovernmental cooperation laws.

Sourcewell's Procurement Process:

Sourcewell follows Minnesota's competitive solicitation and contract laws to solicit, evaluate and award cooperative purchasing contracts for goods and services.^x Features of the request for proposal process include:

Award Standard

Sourcewell follows an open, transparent, and fair procurement process utilizing competitive sealed proposals. Sourcewell solicitations are not based on detailed specifications. Rather, each request for proposal (RFP) is solutions-based to encourage vendors to offer the best overall quality and selection of products and services to meet the needs of Sourcewell's members.

Solicitation

Upon approval to solicit from the Board of Directors, Sourcewell's Procurement Department will develop an RFP based on the category of goods or services and the scope of the desired contract(s). The solicitation is then publicly noticed and advertised in several sources including, the Sourcewell website, USA Today, MERX, PublicPurchase.com, Biddingo and Onvia. Notice is also sent to all fifty states' procurement offices. Response deadlines are established in the RFP, and all responses are time-stamped

to ensure compliance with the deadline. Upon opening of all timely received responses, the Procurement Department begins its evaluation process.

Evaluation Criteria

All proposals received are reviewed to ensure two (2) levels of responsiveness:

- Level one includes a determination of whether the proposal was submitted in a timely manner, substantially conforms to submittal instructions, and contains all necessary forms, including pricing.
- Level two includes a scored, objective review of specific criteria, which may include an evaluation of pricing, depth of offerings, payment, delivery and warranty terms, responses to industry-specific questions, and company performance, financials, and government marketplace presence.

Sourcewell's evaluation committee assesses each proposal based on a 1,000-point scoring system. Evaluation criteria and relative weight designations are included on Form G of the published RFP.

Pricing will include at least a plurality of points for every RFP, which in part may be awarded based on pricing clarity and ease of use. In addition, the committee may assess factors affecting costs, including life-cycle costs, total cost of ownership, quality, and the suitability to member needs.

Sourcewell may award an exclusive contract or award contracts to multiple vendors. Because cooperative purchasing contracts are indefinite in quantity, Sourcewell reserves the right to make multiple awards to best meet the needs of its members.

Award Procedure

After completing evaluation and scoring, Sourcewell's proposal evaluation committee recommends contract award(s) to the Chief Procurement Officer (CPO). Acting under delegated authority from the Sourcewell Board of Directors, the CPO will then offer contract awards to vendors determined to be the most responsive and most able to serve the needs of current and potential Sourcewell members. All solicitation and contract documents are then made available upon request to Sourcewell members.

ⁱ Minn. Stat. § 123A.21 (2018).

ⁱⁱ *Id.* at subd. 2.

ⁱⁱⁱ *Id.* at subd.7(a)(23).

^{iv} Minn. Const. art. XII, sec. 3. Minn. Stat. §§ 123A.21.

^{vv} Minn. Stat. § 353.01, subd. 6(b) (2018).

^{vi} *Id.* at subd.

^{vii} *Id.* at subd. 3.

^{viii} Minn. Stat. § 471.59 (2018).

^{ix} Cal. Gov. Code § 6502 (2018).

^x Minn. Stat. § 471.345 (2018).

Solicitation Process

While it is the desire of Sourcewell to meet our members' procurement requirements, it is ultimately our members' responsibility to interpret local purchasing laws to determine their own ability to access and utilize Sourcewell contracts.

Our rigorous request for proposal (RFP) process is continuously being refined to meet the changing needs of our members. The desired result is a national, competitively solicited procurement and contract process that is not only valued by members but meets or exceeds their requirements—offering exceptional products and services from nationally acclaimed vendors.

1. Identify Member Needs and Research Solutions

Sourcewell identifies areas of need through daily member interactions and advisory committees, then researches the best approach for each offering.

2. Seek Authorization from Sourcewell's Board of Directors

After establishing the existence of member needs and a viable industry solution, permission from the publicly elected Sourcewell Board of Directors is sought to officially begin the development of the solicitation and overall procurement process.

3. Draft Solicitation, Public Advertisement, and Notice

Our solicitation document is the cornerstone of cooperative contract purchasing. The consistency of the solicitation document, its response forms and evaluation criteria, are some of our greatest assets.

Sourcewell advertises each RFP:

- In print and online: [Salt Lake News](#) (Utah), [USA Today](#) (National), [Daily Journal of Commerce](#) (Oregon), [The State](#) (South Carolina)
- On the Sourcewell website
- On e-commerce sites: [Biddingo](#), [MERX](#), [Onvia](#), [PublicPurchase](#)

We also notify each state procurement department for re-posting of the solicitation within their system at their option.

4. Conduct Pre-Proposal Conference, Followed by Receipt of Responses

Proposers are typically given five to six weeks from the advertisement of the RFP to respond. A Pre-Proposal Conference is conducted to answer questions and provide clarification. An addendum may be issued as necessary.

For accuracy, Sourcewell time and date stamps each Proposal immediately upon receipt at our office in Staples, MN. Sourcewell conducts a public opening of the proposals received at the time, date, and place specified in the RFP.

5. Evaluate Responses

Evaluation begins at the proposal opening by determining the responsiveness of each proposal. The final evaluation is conducted using the "Proposal Evaluation" form defined in the RFP (Form G). [Click here for an example.](#)

6. Provide Recommendation to Chief Procurement Officer (CPO)

Recommendations of the evaluation committee are presented to the CPO for final review and possible award. The CPO has the final authority to issue or deny a procurement contract.

7. Award Vendors

Upon approval by the CPO, the recommended vendor is awarded a four-year contract term with the potential for an additional one-year extension at the discretion of Sourcewell. The Procurement Department sends Notice of Award or Non-Award to all respondents via email.

8. Posting and Reviewing Approved Contract Documents

A complete procurement file is maintained by Sourcewell, and contract documentation is posted on our website for review by our members and are periodically reviewed for compliance and effectiveness. Vendors are allowed to seek price and product changes upon the approval from Sourcewell.



March 5, 2019

Mr. Jack Roberts
Big Bear Lake Airport
501 Valley Boulevard
Big Bear City, CA 92314

BlueScope Construction, Inc.
1540 Genessee Street
Kansas City, MO 64102
P. O. Box 419917
Kansas City, MO 64141
Telephone (816) 245-6000
Facsimile (816) 245-6099
www.bluescopeconstruction.com

Re: Potential Facility Sourcewell Due Diligence
Design Build Institute of America (DBIA) - Industry Standard Agreement

Dear Jack,

First and foremost, thank you for considering our team and our Sourcewell contract solution for your needs. We greatly appreciate the opportunity to work with you and your team throughout your due diligence efforts.

We are often asked by our Sourcewell customers, following approval of the scope and price, for a sample agreement. We have learned that it is mutually beneficial to offer a possible recommendation for those entities who do not have a standard agreement to use. If you have an agreement, that you would prefer to use, please share that contract and the terms and conditions so that we can ensure any all such requirements are included in our proposal. If you do not have a standard agreement, the attached sample agreement package is offered for your review and consideration.

This document is the DBIA template Agreement and associated Terms and Conditions. Again, this is not a BlueScope Construction document, it is merely an offer of a form contract document indicative of the type of scope of work similar to your opportunity.

The DBIA describes itself as "The Design-Build Institute of America is the only organization that defines, teaches and promotes best practices in design-build. Design-build is an integrated approach that delivers design and construction services under one contract with a single point of responsibility. Owners select design-build to achieve best value while meeting schedule, cost and quality goals". More information on the DBIA can be found at its website at www.dbia.org.

Within the attached package there are a few items that you, the "Owner" shall be responsible for, so please review these items in detail during your review:

- 1) Liability - Commercial General Liability, including a Builder's Risk Insurance naming BlueScope Construction as the additionally insured.
- 2) Geotechnical investigations and recommendations
- 3) Quality Control Inspection and testing services

Please let me know if you have any questions or if you require any additional information.

Thank you again for this opportunity. We look forward to those next steps with you and your team.

Respectfully,

Gary Kahle
Business Development Manager

FORM P: PROPOSER QUESTIONNAIRE

Payment Terms, Warranty, Products/Equipment/Services, Pricing and Delivery, Industry Specific

Payment Terms and Financing Options

1. What are your payment terms (e.g. net 10, net 30)?

BlueScope Construction, Inc. (BSC) payment terms are Net 30 or applicable prompt payment act requirements.

2. Do you provide leasing or financing options, especially those options that schools and government entities may need to use in order to make certain acquisitions?

We have and will team with other Sourcewell vendors such as National Cooperative Leasing to provide leasing and finance options to our Sourcewell members.

3. Briefly describe your proposed order process. Please include enough detail to support your ability to report quarterly sales to Sourcewell. For example, indicate whether your dealer network is included in your response and whether each dealer (or some other entity) will process the Sourcewell Members' purchase orders.

BSC will work with the Sourcewell Member to identify needs and provide guidance on decisions that can affect design, performance and cost to establish a Scope of Work. BSC will engage our local Builder to determine any special regional or site-specific considerations. These steps ensure all expectations are developed and agreed to in advance, ensuring a quick and easy step into the contract award and execution phases.

All Sourcewell contracts are executed through our main BSC office using our local brand builders as our prime subcontractor for the local execution of work. BSC, as general contractor, teams with our BlueScope Buildings local Builder (either Butler or Varco Pruden) in the role of prime subcontractor. We believe this approach provides the best value: national experience and oversight from BSC and local execution of the work through our local Builder. This is our standard execution model, detailed in Form A. Our internal Finance Department maintains all accounting services roles and responsibilities for each and every project including the reporting and payment of Sourcewell fees accurately and in a timely fashion providing quarterly sales Sourcewell desires. BSC is Sourcewell's single source for contact with execution of work locally, utilizing our national network of over 2,200 qualified Butler, Varco Pruden and Lester builders (dealerships).

4. Do you accept the P-card procurement and payment process? If so, is there any additional cost to Sourcewell Members for using this process?

BSC accepts the P-card procurement and payment process subject to modification as a result of fees imposed by the individual P-card requirements for specific aspects of our offering such as material only sales. Due to the nature of design-build construction, utilization of the P-card should be identified upfront during the contract scope

Warranty

5. Describe, in detail, your manufacturer warranty program, including conditions and requirements to qualify, claims procedure, and overall structure. You may include in your response a copy of your warranties, but at a minimum please also answer the following questions.

BSC provides the industry standard, one-year construction warranty against defects in materials and workmanship when we also provide the installation. Additional extended warranties are often granted by vendors/subcontractors, including Butler, Varco Pruden (VP), Lester and many HVAC and other product suppliers. Extended warranties offered by Butler and VP are processed by BSC. Extended warranties for other

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

products are processed directly with the vendor/manufacturer of the product. Please refer to the Butler, VP, Lester and Erect-A-Tube Warranty Guides in the Appendix for detailed information on those products.

a) **Do all warranties cover all products, parts and labor?**

The BSC one-year construction warranty covers all product, parts and labor for the entire facility. There are additional manufacturer's warranties specific to each product. For example, an HVAC supplier will offer a standard manufacturer's warranty for supplied products which typically exceeds the one-year construction warranty. BlueScope Construction will supply copies of these warranties to Sourcewell Members and will assist in facilitating local response and enforcement of said warranties. These warranties typically cover all products parts and labor, protecting the Sourcewell Member's investment.

Butler

The standard 3-year warranty against material and workmanship defects for all manufactured products is automatically provided. Metal paint finishes on BlueScope product are warranted to 25 years. Additional extended warranties for items such as weather-tightness can be provided up to 25 years. Specific warranty programs are based on the Sourcewell Member's needs.

Varco Pruden

The standard 3-year warranty against material and workmanship defects for all manufactured products is automatically provided. Metal paint finishes on BlueScope product are warranted to 25 years. Additional extended warranties for items such as weather-tightness can be provided up to 25 years. Specific warranty programs are based on the Sourcewell Member's needs.

Lester Building Systems (LBS) Products

The lifetime warranty against structural failure is combined with the 50-year warranty for preservative-treated materials. The steel panel paint system is warranted up to 40 years. Please refer to LBS warranty for specifics.

Erect-A-Tube, Inc.

The Erect-A-Tube warranty states all materials of its own manufacture are free from defects in materials and workmanship. In addition, a "pass-through" warranty exists for items purchased from other manufacturers, such as windows, entry doors, fasteners, motors, contactors, gearboxes and push button controls—many of these are warranted for 25-35 years. Secondary framing, panels and trims, although supplied by Erect-A-Tube, also are supported by "pass-through" warranties. Please refer to EAT warranty for specifics.

b) **Do your warranties impose usage restrictions or other limitations that adversely affect coverage?**

Other than corrosive environment activities, there are no usage restrictions. All warranties are subject to industry-standard exclusions contained in the manufacturer's warranty document. Please refer to the attached warranties.

c) **Do your warranties cover the expense of technicians' travel time and mileage to perform warranty repairs?**

Yes, under the BSC one-year construction warranty, technicians travel time and mileage to perform warranty repairs is covered.

d) **Are there any geographic regions of the United States for which you cannot provide a certified technician to perform warranty repairs? How will Sourcewell Members in these regions be provided service for warranty repair?**

BSC does not have a geographic limitations region within the United States and its territories or Canada where we install a facility that we would not provide the construction warranty. For warranty service in any region, Sourcewell Members can simply contact BSC for an immediate response.

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

e) **Will you cover warranty service for items made by other manufacturers that are a part of your proposal, or are these warranties issues typically passed onto the original equipment manufacturer?**
All warranty service items shall be performed by the original manufacturer as a pass through. BSC will also act as the liaison to ensure the that Sourcewell Member is satisfied with the appropriate level of service.

f) **What are your proposed return and exchange programs?**
Unlike manufactured goods provided in the majority of the Sourcewell offerings to its numerous Members, design-build construction and renovations are customer-specific goods and services which cannot be returned and placed back onto a shelf. Due to the collaborative design-build process changes and/or problems are caught prior to delivery and installation, we respectfully do not incur return or exchanges. Sourcewell Members receive the facility they expect.

6. **Describe any service contract options for the items included in your proposal.**

Due to the nature of design-build construction and renovation specific to each Sourcewell Member's unique solution, we do not have a blanket listing of service contract options. As we work through the collaborative design-build solution, we identify any elements or appurtenances which require service contract and offer those specific services for the Member's choice.

Pricing, Delivery, Audits and Administration Fee

7. **Provide a general narrative description of the equipment/products and related services you are offering in your proposal.**

BSC provides a broad range of design-build turnkey services, structural building types and renovation solutions for any facility type the Sourcewell Member may require fully described in Form A. To provide Sourcewell Members with this broad range of solutions, we employ several systems to develop competitive, accurate, best value pricing specific to each Sourcewell Member's facility needs. We are offering the following construction and renovation solutions and related services:

- **Construction and Renovation Solutions Offering**

- Traditional brick and mortar construction solutions
- Concrete and Tilt-wall construction solutions
- Structural Steel construction solutions
- Wood frame construction solutions

- **Equipment/Product Offering**

- Butler® Steel Frame Pre-engineered Building, Roofing Systems and complete product line.
- Varco Pruden® Steel Frame Pre-engineered Buildings, Roofing Systems and complete product line.
- Post Frame (wood) Lester® Pre-engineered Building Systems: Post Frame (wood) Structure and complete product line.
- Conventional and Hybrid Butler® and Varco Pruden® Steel Framed Building Solutions.
- Erect-A-Tube aircraft T-hangar solutions of custom pre-engineered steel hangars and hangar doors.

- **Ancillary Services.** BlueScope's Ancillary Services are defined as any and all design and entitlement processes necessary for the successful completion of a design-build turnkey project. These include but are not limited to all engineering design disciplines, site/infrastructure, mechanical, electrical, plumbing, fire suppression, geotechnical investigations, analysis of in situ soils conditions, foundation system and paving recommendations, landscaping, utility and storm water and site drainage designs. These services also include entitlement process requirements including zoning, development plan, platting and local government

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

approval process management, plus the Architectural design services necessary for the successful completion of all building systems and finishes.

- **Site Preparation and Installation.** While some customers may only want BSC to furnish the pre-engineered building (i.e., the structural shell) materials, most customers want BSC to provide any and all associated design-build construction and/or renovation services necessary to complete the design-build turnkey facility. Site Preparation and Installation fulfills the Sourcewell Member's needs to receive a full installed product offering. *fully*

8. Describe your pricing model (e.g., line-item discounts or product-category discounts). Provide detailed pricing data (including standard or list pricing and the Sourcewell discounted price) on all of the items you want Sourcewell to consider as part of your RFP response. If applicable, provide a SKU for each item in your proposal. (Keep in mind that reasonable price and product adjustments can be made during the term of an awarded Contract. See the body of the RFP and the Price and Product Change Request Form for more detail).

The pricing for our offering is a transparent, collaborative process for the Sourcewell Member. The Member is always involved in the scope development and finalization of the current price for each project and is aware of both throughout the process.

Due to the vast number of variables such as: Sourcewell Members' numerous specific facility needs, facility shapes and sizes, colors, function, design criteria, local codes, local conditions, local infrastructure, project requirements, etc. and the nature of the design-build collaborative process of achieving the three primary customer benefits of saving time and money while ensuring a quality project cannot be summarized in a "price list". BSC has incorporated the industry standard, two price model, ensuring the Sourcewell Member receives a best value price which is competitive while allowing the Sourcewell Member to determine price reasonableness.

Our pricing model is broken down into two elements; the Ceiling Price and the Firm Fixed Price. Under this section, we shall succinctly define both price elements and provide an example so that Sourcewell Members can understand our design-build solution and associated pricing necessary for determining price reasonableness.

The Ceiling Price

Our Ceiling Price is established using a mix of our proprietary product pricing software for the building shell and the industry standard RS Means pricing database.

Computerized material pricing systems: Pre-engineered Structural Steel Shell

BSC uses computerized pricing systems to calculate the price for a pre-engineered structural shell (primary and secondary frame members, bracing and paneling). These systems provide computerized pricing for an exceptionally wide variety of pre-engineered building systems. The materials needed for the structural shell for many variations of single-story commercial, industrial and community buildings can be fully priced using these computerized pricing systems. The systems utilized to price the various pre-engineered buildings are:

- **Butler Advantage**—Butler® Steel Frame Pre-engineered Building and Roofing Systems. BSC is the sister company of Butler Manufacturing and enjoys significant pricing discounts. As such, we offer this building system to the Sourcewell Member as a [factory-direct purchase](#) saving time and money, ensuring the necessary quality while allowing the customer to avoid the double markup. This unique market offering allows us to provide a range of 10% to 15% discount off the MSRP or Book price of the building shell, based upon the product solution.
- **VP Command**—Varco Pruden® Steel Frame Pre-engineered Buildings and Roofing Systems. BSC is the sister company of Varco Pruden and enjoys significant pricing discounts. As such, we offer this building system to the Sourcewell Member as a [factory-direct purchase](#) saving time and money, ensuring the

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

Response to SOURCEWELL RFP Pre-Engineered Buildings, Installation & Ancillary Services

necessary quality while allowing the customer to avoid the double markup. This unique market offering allows us to provide a range of 10% to 15% discount off the MSRP or Book price of the building shell, based upon the mix of product necessary for the customer's desired needs.

- *Fast and Furious* - Conventional and Hybrid Butler® and Varco Pruden® Steel Frame Members and Components. This solution incorporates conventional steel and/or our hybrid steel solutions, a combination of conventional and our brand solution, as a direct purchase with the very same benefits described above in this section.
- *Lester Improv™* - Post Frame (Wood) Lester® Pre-engineered Building Systems Pricing System. BSC is a licensed Lester dealer offering wood frame and overhead door solutions. BSC shall receive dealer pricing from Lester. The ceiling price shall be calculated using the Lester dealer pricing plus a coefficient of 1.10.
- *Erect-A-Tube* - BSC is an exclusive marketing partner of Erect-A-Tube and is able to offer their proven designs of aircraft hangars and doors systems under this design-build turnkey solution. BSC shall receive special pricing from Erect-A-Tube. The ceiling price shall be calculated using the Erect-A-Tube dealer pricing plus a coefficient of 1.10.

These computerized pricing systems are used in our commercial practices to calculate wholesale/distributor level pricing. Pricing is updated periodically, and new versions are issued when pricing or other changes occur. In most cases, the software is typically updated 2-3 times per year. Versions of these programs are included as our price list in the electronic RFP response as requested.

Ceiling Price for Site Preparation, Installation, and Design-Build Turnkey Solutions

While some customers may only want BSC to furnish the pre-engineered building materials, most customers want BSC to provide all the associated design, construction and renovations services necessary to furnish and complete a turnkey facility.

For these services as described above in Question 7, BSC utilizes RS Means Online Square Foot Costs. This online pricing/estimating tool is a database service where users input building requirements and the pricing is returned. This process protects RS Means pricing to ensure it cannot be manipulated in determining price reasonableness. It will be used to generate a design-build "base" ceiling price for the specific facility need. We are providing a CD of this database for the price list requested in the RFP. BlueScope Construction, however, utilizes the on-line service which is updated quarterly.

RSMeans data
from GORDIAN®

PROLOG ▶

wine**st**
WinEstimator, Inc.

BSC will use the RS Means pricing data as follows:

- Since many, if not most, government projects are done under prevailing wage conditions, the "prevailing wage" unit prices and/or adjustments will be used per the Sourcwell Member's needs.
- All RS Means prices will be adjusted to the actual location of the project using the RS Means adjustment factors. A multiplier of 0.95 will be applied against the location-adjusted RS Means price to calculate BSC's ceiling price.
- The RS Means pricing for the structural shell will be replaced with discounted MSRP structural shell price calculated as noted above.

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

Response to SOURCEWELL RFP
Pre-Engineered Buildings, Installation & Ancillary Services

Firm Fixed Price

This ceiling price establishes the maximum price for any desired facility a Sourcewell Member may require utilizing industry pricing standards. This process is utilized by both commercial and government agencies. We work closely with the Sourcewell Member to generate a specific scope, utilize our local network builder and their local team: Architectural and Engineering design teams, vendors, suppliers and subcontractors. This team will work with BlueScope and the Sourcewell Member to provide a firm fixed price proposal and that price will be **below** the Ceiling Price described above. This firm fixed price is a best value solution resulting from the collaborative effort with the Sourcewell Member. As such, our Sourcewell Members avoid the usual number of change orders as they've been fully engaged throughout this process.

PRICING MODEL / MSRP DISCOUNT	
Ceiling Price RS Means with	\$1,603,503.33
Discounted Shell Price	Discounted MSRP pricing for building shell with discount plus RS Means pricing with 0.95 multiplier for remainder of scope to establish price reasonableness
Firm Fixed -	\$1,460,422.00
Best Value Price	Discounted MSRP pricing for building shell plus local market pricing for remainder of scope

CUSTOMER-DRIVEN SCOPE & PRICING

Refer to East Brunswick Aquatic Center project pricing example in Appendix.

- Please quantify the discount range presented in this response. For example, indicate that the pricing in your response represents a 50% discount from the MSRP or your published list.

Structural System Pricing

As detailed above in question number 8, BSC provides wholesale pricing to the Sourcewell Member for the various building shell solutions. For further savings:

- A discount range of 10% to 15% will be applied against the Butler and Varco Pruden Steel Frame Pre-engineered Building and Roofing Systems Wholesale Price List to establish a Ceiling Price for Sourcewell Members.
- The Ceiling Price for the Fast and Furious Conventional Steel, Lester Building Systems and Erect-A-Tube solutions will be calculated utilizing the manufacturer price plus a coefficient of 1.10

Site Preparation, Installation, and Design-Build Turnkey Solutions

A coefficient of 0.95 will be applied against the location-adjusted RS Means price to calculate BSC's ceiling price for this work.

Design-build Construction Delivery Savings

Sourcewell Members who have lived through the traditional design-bid-build model only to realize that they cannot get their facility needs fulfilled because of the lengthy, expensive process of soliciting design firms. We have Sourcewell Members come to us because they have utilized the traditional Design-Bid-Build process only to learn after several months of two or more rounds of bidding, that they cannot get anyone award a contract because the design and/or bids are above their budgets.

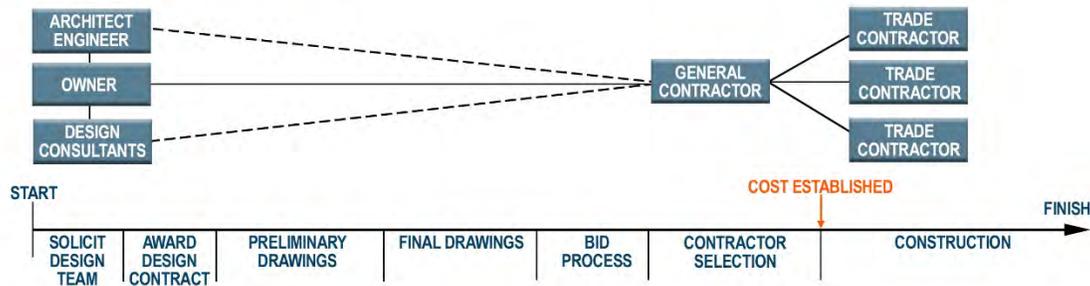
The design-build process with BlueScope Construction is a single sourced delivery method including both design and construction under one contract. BlueScope Construction collaborates with the Sourcewell Member, the local team of design disciplines, subcontractors and vendors to provide a best value solution for member's needs. Our team saves the Sourcewell Members time, money, and unwanted risk as they remain in control of the cost early on in project development and throughout the entire process.

Sourcewell Members tell us that our Design Build, turnkey solution utilizing local BlueScope brand builders over the traditional Design – Bid – Build contract method results a in time savings of several months and up to an additional 15% to 12% overall cost savings

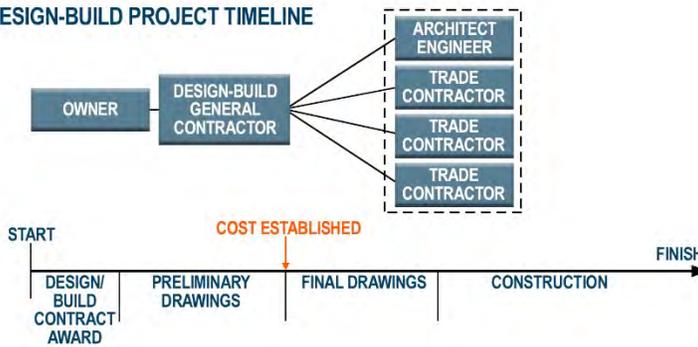
Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

Design-Build Savings over the Traditional Design-Bid-Build Method

DESIGN-BID-BUILD PROJECT TIMELINE



DESIGN-BUILD PROJECT TIMELINE



10. The pricing offer in this proposal is

- a. the same as the Proposer typically offers to an individual municipality, university, or school district.
- b. the same as the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.
- c. better than the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.
- d. other than what the Proposer typically offers (please describe).

This offer is significantly lower than pricing we would provide state and local government, education and non-profits under our commercial practices. Additionally, we do not have any relationships with other cooperative procurement organizations or state purchasing departments. We have a GSA Contract for Federal Government agencies which does not apply to the same market segments currently offered by Sourcewell.

11. Describe any quantity or volume discounts or rebate programs that you offer.

In addition to the discounts described previously, BSC has developed a building standardized program as an additional benefit to Sourcewell Members. The standardized building program offers an additional 6-8% discount over a single building purchase through elimination of repetitive design costs, engineering and detailing for identical buildings. Variations to the building features such as electrical, plumbing, non-bearing walls, sidewalks, parking areas, etc. that do not affect the structural design of the building can be added to the building

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

standardization program scope and can be individually quoted without affecting lead times. BSC does not offer volume rebate programs. However, BSC offers a Standardized Building Program for Sourcewell Members that procure an identical building for multiple locations. It has been a cost savings that we've provided to other entities in the past and will promote to Sourcewell Members. One such example is our work with a state agency and Sourcewell Member. We have provided standardized pricing for multiple building types throughout the state for a total of 27 buildings resulting in significant cost savings.

- 12. Propose a method of facilitating "sourced" products or related services, which may be referred to as "open market" items or "nonstandard options". For example, you may supply such items "at cost" or "at cost plus a percentage," or you may supply a quote for each such request.

Any such items will be identified and itemized to the Sourcewell Member and priced on a Cost Plus a percentage basis. The actual quantity of services provided by BSC on a particular project or order will depend entirely upon the extent of services desired by the Sourcewell Member and the complexity of the project. Sourcewell Members may desire to include a multitude of other options and accessories within our design-build solutions tailored to each Sourcewell Member. In such cases, BSC will obtain current, local prices for the building, ancillary services, site preparation, and installation necessary for facility completion.

- 13. Identify any total cost of acquisition costs that are NOT included in the pricing submitted with your response. For example, list costs for items like installation, set up, mandatory training, or initial inspection. Identify any parties that impose such costs and their relationship to Proposer.

There are no acquisition costs which are not included in our detailed firm fixed pricing. As discussed above in the answer to question number 7, the Sourcewell Member is provided detailed pricing and we do not subject Sourcewell Members to hidden costs.

- 14. If travel expense, delivery or shipping is an additional cost to the Sourcewell member, describe in detail the complete travel expense, shipping and delivery program.

Our domestic building shell freight is quoted at the time of the Firm Fixed Pricing.

BSC buildings are custom designed and manufactured for each project and as such are not able to be returned. If a portion of the building was not shipped or was damaged in shipping, BSC will remedy the situation at no additional cost to the Sourcewell Member.

- 15. Specifically describe those travel expenses, shipping and delivery programs for Alaska, Hawaii, Canada and any off-shore delivery.

Off-shore delivery will follow the same pricing procedure as answered above. There will be some variation in shipping methods due to off-shore destinations.

a factory direct discounted purchase ...

- 16. Describe any unique distribution and/or delivery methods or options offered in your proposal.

BlueScope's unique offering saves the Sourcewell Member time and money while ensuring they receive the quality facility they desire. Unlike anyone else in the industry, we are both the manufacturer and General Contractor which executes work at the local level through a national network of over 2,200 authorized, licensed brand builders strategically aligned to our BlueScope North American enterprise. The benefit to the Sourcewell Member is they get national contractor purchasing power, a factory-direct discounted purchasing on the BlueScope building components, but a local execution and presence before, during and after construction.

As contractor and manufacturer, we offer a unique sourcing and delivery method that is unmatched in the market. This single source solution eliminates finger-pointing and blame between construction / designer / manufacturer / trades. We have utilized this execution tool successfully for our first three and one-half years on our current Sourcewell contract. For over 25 years as a supplier via the GSA Contract, we have successfully

Building Trades

General Contractor

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

executed over 1,100 design-build turnkey projects for over forty different agencies without litigation, termination or liquidated damages.

17. Please specifically describe any self-audit process or program that you plan to employ to verify compliance with your proposed Contract with Sourcewell. This process includes ensuring that Sourcewell Members obtain the proper pricing, that the Vendor reports all sales under the Contract each quarter, and that the Vendor remits the proper administrative fee to Sourcewell.

The verification process/policy ensuring proposal pricing, quarterly fee payments and necessary reporting are in compliance with the Sourcewell Contract is described as follows:

- **Pricing**

- Once the Sourcewell Member's expectations and due diligence as described above are completed, the BSC Brand Material estimator teams with the BSC Construction Project Manager to finalize the necessary scope of work, including the incorporation of the required loads and codes, delivery costs, and other requirements. The Ceiling Pricing estimate is completed using the applicable pricing tools/software generating the pricing summary document and a scope of work letter for the specific priced materials.
- When Firm Fixed Pricing proposal is completed, all material proposal information is given to the Engineering Manager for verification of scope and that all material and engineering are priced according to the Sourcewell contract requirements.
- The Ceiling Price, the Final Fixed Price and supporting proposal documents are filed for future access ready for an audit.
- **Award.** As described above, there is a due diligence period when BSC and the Sourcewell Member work together to establish all scope requirements including contract terms. Prior to award, a final internal review is conducted by the BSC execution team, including the legal review of the contact documents. Each division: engineering, execution, accounting and legal will make a final review to ensure all requirements are included. Such examples are contract terms, scope, freight costs, taxes, fees, contractor licenses, bonding, insurance, the Sourcewell fee, etc.
- **Execution.** The BSC Project Manager is responsible for the execution portion of the project with the Sourcewell Member. In addition to having all responsibility of the progress of work, the BSC Project Manager facilitates the actions of our internal team: accounting, engineering, manufacturing, legal, etc. The BSC Project Manager will process the Progress Payment Applications to the Sourcewell Member pursuant to the Sourcewell Contract terms. In addition, BSC's internal accounting and legal departments will have additional oversight through BSC's existing processes.
- **Payments.** BSC Project Manager will process all Progress Payment Applications and invoicing to the Sourcewell Member pursuant to the Sourcewell Contract terms. Each approved Progress Payment Application and invoice will be filed for future audit. The actual oversight of any and all payments, including fees, taxes, licenses and the Sourcewell quarterly fee payments per the Sourcewell agreement terms will be by BlueScope Financial Group. Quarterly fee payments are accompanied by the appropriate Sourcewell documentation. The BlueScope Financial Group will reconcile and close out the project, creating an audit document that will be on file for use in a future audit.

18. Identify a proposed administrative fee that you will pay to Sourcewell for facilitating, managing, and promoting the Sourcewell Contract in the event that you are awarded a Contract. This fee is typically calculated as a percentage of Vendor's sales under the Contract or as a per-unit fee; it is not a line-item addition to the Member's cost of goods. (See RFP Section 6.29 and following for details.)

We will continue our Sourcewell contract fee of 2%.

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

Industry Specific Items

19. Specifically describe any manufacturing processes or material specification-related attributes (wind speed or snow-load specifications) that differentiate your offering from your competitors.

Besides achieving IAS472 accreditation in all plants, BlueScope Buildings brands of Varco Pruden and Butler have obtained many attributes that separate us from our competitors. For instance, BlueScope roofs can meet all Factory Mutual requirements for windstorm classifications 1-60, 1-90 and 1-120. In fact, when the Hurricane Test Laboratory in Riviera Beach, Florida, built their new testing facility, they specified a BlueScope Building roof. And, during hurricane Katrina in the New Orleans area, the Saints football practice facility (a BlueScope Building) had survived the storm safely and utilized as a headquarters for military emergency rescue personnel.

Although we can't guarantee that all our facilities will survive hurricanes undamaged, the Butler Research Center has specific wind uplift testing equipment to ensure our roofs can survive 120 mph winds meeting all FM, Corps of Engineers, Underwriters Laboratories, and ASTM E 1592 standards. It also tests BlueScope products for load capacity, sulfur dioxide resistance, thermal performance, exterior exposure and even dew cycle weathering. This additional testing on our products ensures that we can stand behind our 20-and 25-year warranties—our buildings are designed and built to last.

BlueScope uses the latest building modeling software that is downloaded to robotic plasma fabrication equipment. This technology ensures efficiency and accuracy from estimation to fabrication, even with the most complex structural designs.



Our standard paint finishes consist of a full strength 70% Kynar 500® or Hylar 5000® PVDF resin-base fluoropolymer finish. This system resists the chalking and fading that often leaves a metal building looking drab and dated. Our 25-year warranty guarantees that, on BlueScope roof and wall panel standard colors, chalking will not exceed a rating of #8 and fading will not exceed 5ΔE color difference units. The warranty also covers peeling, cracks or chipping of the paint finish. This is one of the best warranties in the business—a full 25 years with no prorating. A testament to our high-performance standards.

"Batch Processing" unique to BlueScope manufacturing combines matching structural materials during fabrication from multiple sale orders which improves production throughput and lowers costs, saving additional monies for Sourcewell Members.

Cold-formed secondaries are coated with a galvanized G-30 acrylic coated finish. This special coating has better corrosion-control resistance and results in a more attractive appearance.



Our safety standards have allowed us to achieve one of the lowest OSHA injury rates in the business. These safety practices have also resulted in increased efficiencies at our plants and results in keeping costs down for our Sourcewell Members.

20. What types of applications could our members use your solutions for?

BlueScope Buildings have been utilized for a multitude of facilities. Here are some typical applications.

- Office and headquarters buildings
- Maintenance facilities
- Agricultural facilities
- Commodity / Bulk Storage
- Dormitories
- Staff housing
- Police Stations
- Fire Stations
- Evidence storage
- Sally ports

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

Response to SOURCEWELL RFP Pre-Engineered Buildings, Installation & Ancillary Services

- Community centers
- Sports facilities and support buildings
- Homeless shelters
- Prison buildings / correctional facilities
- Shops and manufacturing
- Garage
- Vehicle maintenance
- Fitness centers
- Equestrian facilities
- Performing arts and amphitheatres
- Laboratories
- Storage/Warehouse
- Livestock facilities
- Fairgrounds
- Visitor centers
- Natatoriums and aquatic facilities
- Ice rinks
- Transfer station, refuse & recycling
- Community kitchens
- Waste water/water treatment facilities
- Museums
- Youth/recreational facilities
- National Guard armories, buildings
- Canopies
- Vehicle wash facilities
- Training facilities and classrooms
- Practice facilities
- Animal shelters / kennels
- Schools and gymnasiums
- Aircraft hangars and door systems
- Auditoriums/Multi-purpose buildings
- Transportation terminals
- Computer data centers
- Day-care center
- Observation towers
- Civil defense facilities
- Storm shelters
- Emergency operation centers
- Fusion centers
- Public facilities
- Guard shacks
- Park and campground facilities
- Marinas
- Retail stores / shops
- Strip center / shopping facilities
- Fueling islands
- Boat storage
- Self-storage
- Cold storage
- Distribution centers
- Nature centers / arboretums
- Observatories / planetariums
- Firearm ranges / training facilities
- Skate parks / playgrounds
- Community health centers
- Libraries
- Churches and other religious facilities
- Medical and assisted care facilities
- Vehicle storage
- DOT Bulk Storage
- Concession stands
- Park Shelters and Canopies
- Tennis facilities
- Renovations and additions
- Historic renovations and restorations
- Re-roofing & re-skin of facilities

Because of the scope of our offering, the building types are virtually unlimited.



Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

21. What unique attributes do your offered solutions contain? What makes your proposed solutions unique in your industry as it related to Sourcewell Members?

Please refer to our industry-unique distribution and manufacturing standards explained above (in questions 16 & 19) for solutions to benefit the Sourcewell Member.

We created the Pre-Engineered Building Design-Build Turnkey solution on the GSA Schedule and have pioneered this solution for purchasing cooperatives through the Sourcewell Contract. We have unique experience in providing design-build solutions to government agencies, education and non-profits. We help Sourcewell Members utilize this type of procurement in their agencies, showing them how it saves them time and money in construction and finally gets them the quality facilities they need.

Our top builder networks of over 2,100 BlueScope Builders gives us complete coverage of the United States and Canada as well as US territories such as Puerto Rico and the Virgin Islands. We have successfully completed projects in all these locations and not only does this ensure the facilities will be built by local companies, it also ensures that there will be local help in case of any service needs after the facility is complete.

We believe our offering is one of the most diverse you'll see—everything from aircraft T-hangars and wood-framed buildings to multi-story facilities via our BlueScope Conventional Steel Services option. We will be able to provide nearly any type of facility any Sourcewell Member would desire.

22. Does your company hold an International Accreditation Service (IAS) accreditation or similar accreditation from a program that supports metal building systems? (AC472, AC743, AC478)

Yes, all BlueScope Buildings plants and engineering offices have obtained AC472 accreditation. The IAS accreditation program recognizes manufacturers who design and fabricate safe, high-quality structures and assures quality and consistency in metal building manufacturing.

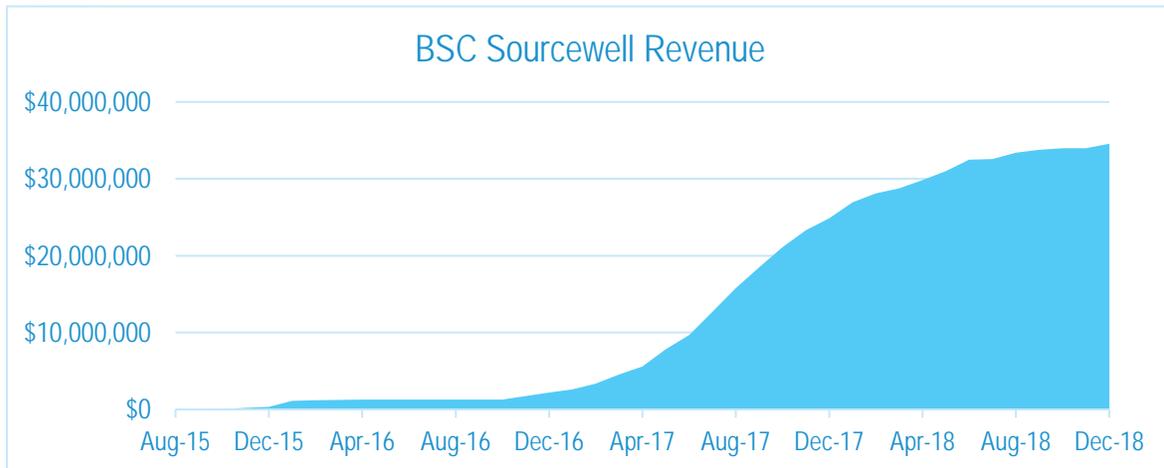
23. If you are awarded a contract, provide a few examples of internal metrics that will be tracked to measure whether you are having success with the contract.

We utilize internal metrics to measure our success of this contract offering. We evaluate achievements against our annual marketing and business goals. Our internal sales force is also measured against their individual Sourcewell goals. We are finalizing a customer satisfaction survey and a survey for our network builders.

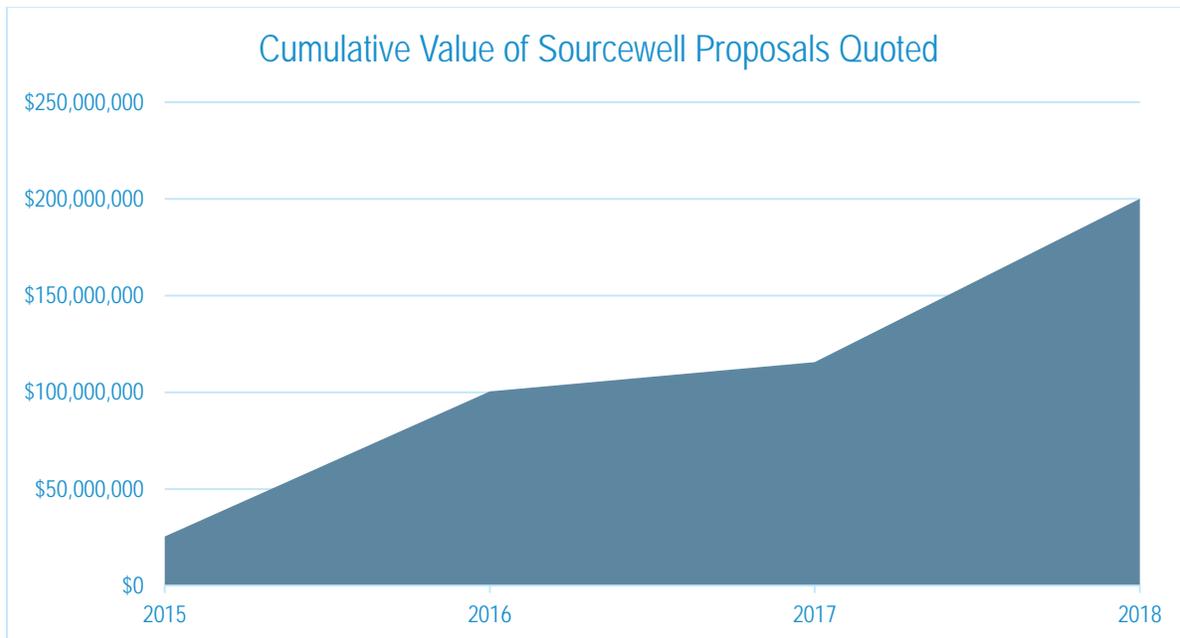
Butler and Varco Pruden also track metrics surrounding Sourcewell leads and sales. Their sales forces are incented to promote Sourcewell sales.

Our enterprise, including Butler and VP, utilizes Sales Force CRM across the company to track our Sourcewell opportunities and success rates. We have begun conversations with Sourcewell to share information between our Sales Force databases to improve communication and collaboration.

Additionally, we track ~~number of~~ ^{the} proposals: quantity and dollar amounts, contract awards or "orders entered" and revenue. Examples of some of these charts follow.



The Revenue chart above denotes cumulative invoicing to Sourcewell Members, but does not include Backlog not yet billed.





 Signature

Jan 25, 2019
 Date

Copyright: BlueScope Construction, Inc. 2019. This Proposal contains information confidential and proprietary to BlueScope Construction, Inc. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.



STANDARD FORM OF GENERAL CONDITIONS OF CONTRACT BETWEEN OWNER AND DESIGN-BUILDER

Document No. 535

Second Edition, 2010
© Design-Build Institute of America
Washington, DC

TABLE OF CONTENTS

Article	Name	Page
Article 1	General	1
Article 2	Design-Builder's Services and Responsibilities	2
Article 3	Owner's Services and Responsibilities	6
Article 4	Hazardous Conditions and Differing Site Conditions	8
Article 5	Insurance and Bonds	9
Article 6	Payment	11
Article 7	Indemnification	13
Article 8	Time	15
Article 9	Changes to the Contract Price and Time	15
Article 10	Contract Adjustments and Disputes	17
Article 11	Stop Work and Termination for Cause	18
Article 12	Electronic Data	21
Article 13	Miscellaneous	22

Article 1

General

1.1 Mutual Obligations

1.1.1 *Owner and Design-Builder* commit at all times to cooperate fully with each other, and proceed on the basis of trust and good faith, to permit each party to realize the benefits afforded under the Contract Documents.

1.2 Basic Definitions

1.2.1 *Agreement* refers to the executed contract between Owner and Design-Builder under either DBIA Document No. 525, *Standard Form of Agreement Between Owner and Design-Builder - Lump Sum* (2010 Edition).

1.2.2 *Basis of Design Documents* are as follows: For DBIA Document No. 525, *Standard Form of Agreement Between Owner and Design-Builder – Lump Sum*, the Basis of Design Documents are the Owner's Project Criteria, Design-Builder's Proposal and the Deviation List, if any.

1.2.3 *Construction Documents* are the documents, consisting of Drawings and Specifications, to be prepared or assembled by the Design-Builder consistent with the Basis of Design Documents unless a deviation from the Basis of Design Documents is specifically set forth in a Change Order executed by both the Owner and Design-Builder, as part of the design review process contemplated by Section 2.4 of these General Conditions of Contract.

1.2.4 *Day or Days* shall mean calendar days unless otherwise specifically noted in the Contract Documents.

1.2.5 *Design-Build Team* is comprised of the Design-Builder, the Design Consultant, and key Subcontractors identified by the Design-Builder.

1.2.6 *Design Consultant* is a qualified, licensed design professional who is not an employee of Design-Builder, but is retained by Design-Builder, or employed or retained by anyone under contract with Design-Builder, to furnish design services required under the Contract Documents. A Design Sub-Consultant is a qualified, licensed design professional who is not an employee of the Design Consultant, but is retained by the Design Consultant or employed or retained by anyone under contract to Design Consultant, to furnish design services required under the Contract Documents.

1.2.7 *Final Completion* is the date on which all Work is complete in accordance with the Contract Documents, including but not limited to, any items identified in the punch list prepared under Section 6.6.1 and the submission of all documents set forth in Section 6.7.2.

1.2.8 *Force Majeure Events* are those events that are beyond the control of both Design-Builder and Owner, including the events of war, floods, labor disputes, earthquakes, epidemics, adverse weather conditions not reasonably anticipated, and other acts of God.

1.2.9 *General Conditions of Contract* refer to this DBIA Document No. 535, *Standard Form of General Conditions of Contract Between Owner and Design-Builder* (2010 Edition).

1.2.10 *Hazardous Conditions* are any materials, wastes, substances and chemicals deemed to be hazardous under applicable Legal Requirements, or the handling, storage, remediation, or disposal of which are regulated by applicable Legal Requirements.

1.2.11 *Legal Requirements* are all applicable federal, state and local laws, codes, ordinances, rules, regulations, orders and decrees of any government or quasi-government entity having

jurisdiction over the Project or Site, the practices involved in the Project or Site, or any Work.

1.2.12 *Owner's Project Criteria* are developed by or for Owner to describe Owner's program requirements and objectives for the Project, including use, space, price, time, site and expandability requirements, as well as submittal requirements and other requirements governing Design-Builder's performance of the Work. Owner's Project Criteria may include conceptual documents, design criteria, design performance specifications, design specifications, and LEED® or other sustainable design criteria and other Project-specific technical materials and requirements.

1.2.13 *Site* is the land or premises on which the Project is located.

1.2.14 *Subcontractor* is any person or entity retained by Design-Builder as an independent contractor to perform a portion of the Work and shall include materialmen and suppliers.

1.2.15 *Sub-Subcontractor* is any person or entity retained by a Subcontractor as an independent contractor to perform any portion of a Subcontractor's Work and shall include materialmen and suppliers.

1.2.16 *Substantial Completion* or *Substantially Complete* means the date on which the Work, or an agreed upon portion of the Work, is sufficiently complete in accordance with the Contract Documents so that Owner can occupy and use the Project or a portion thereof for its intended purposes.

1.2.17 *Work* is comprised of all Design-Builder's design, construction and other services required by the Contract Documents, including procuring and furnishing all materials, equipment, services and labor reasonably inferable from the Contract Documents.

Article 2

Design-Builder's Services and Responsibilities

2.1 General Services.

2.1.1 Design-Builder's Representative shall be reasonably available to Owner and shall have the necessary expertise and experience required to supervise the Work. Design-Builder's Representative shall communicate regularly with Owner and shall be vested with the authority to act on behalf of Design-Builder. Design-Builder's Representative may be replaced only with the mutual agreement of Owner and Design-Builder.

2.1.2 Design-Builder shall provide Owner with a monthly status report detailing the progress of the Work, including (i) whether the Work is proceeding according to schedule, (ii) whether discrepancies, conflicts, or ambiguities exist in the Contract Documents that require resolution, (iii) whether health and safety issues exist in connection with the Work; and (iv) other items that require resolution so as not to jeopardize Design-Builder's ability to complete the Work for the Contract Price and within the Contract Time(s).

2.1.3 Unless a schedule for the execution of the Work has been attached to the Agreement as an exhibit at the time the Agreement is executed, Design-Builder shall prepare and submit, at least three (3) days prior to the meeting contemplated by Section 2.1.4 hereof, a schedule for the execution of the Work for Owner's review and response. The schedule shall indicate the dates for the start and completion of the various stages of Work, including the dates when Owner information and approvals are required to enable Design-Builder to achieve the Contract Time(s). The schedule shall be revised as required by conditions and progress of the Work, but such revisions shall not relieve Design-Builder of its obligations to complete the Work within the Contract Time(s), as such dates may be adjusted in accordance with the Contract Documents. Owner's review of, and

response to, the schedule shall not be construed as relieving Design-Builder of its complete and exclusive control over the means, methods, sequences and techniques for executing the Work.

2.1.4 The parties will meet within seven (7) days after execution of the Agreement to discuss issues affecting the administration of the Work and to implement the necessary procedures, including those relating to submittals and payment, to facilitate the ability of the parties to perform their obligations under the Contract Documents.

2.2 Design Professional Services.

2.2.1 Design-Builder shall, consistent with applicable state licensing laws, provide through qualified, licensed design professionals employed by Design-Builder, or procured from qualified, independent licensed Design Consultants, the necessary design services, including architectural, engineering and other design professional services, for the preparation of the required drawings, specifications and other design submittals to permit Design-Builder to complete the Work consistent with the Contract Documents. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Design Consultant.

2.3 Standard of Care for Design Professional Services.

2.3.1 The standard of care for all design professional services performed to execute the Work shall be the care and skill ordinarily used by members of the design profession practicing under similar conditions at the same time and locality of the Project.

2.4 Design Development Services.

2.4.1 Design-Builder and Owner shall, consistent with any applicable provision of the Contract Documents, agree upon any interim design submissions that Owner may wish to review, which interim design submissions may include design criteria, drawings, diagrams and specifications setting forth the Project requirements. Interim design submissions shall be consistent with the Basis of Design Documents, as the Basis of Design Documents may have been changed through the design process set forth in this Section 2.4.1. On or about the time of the scheduled submissions, Design-Builder and Owner shall meet and confer about the submissions, with Design-Builder identifying during such meetings, among other things, the evolution of the design and any changes to the Basis of Design Documents, or, if applicable, previously submitted design submissions. Changes to the Basis of Design Documents, including those that are deemed minor changes under Section 9.3.1, shall be processed in accordance with Article 9. Minutes of the meetings, including a full listing of all changes, will be maintained by Design-Builder and provided to all attendees for review. Following the design review meeting, Owner shall review and approve the interim design submissions and meeting minutes in a time that is consistent with the turnaround times set forth in Design-Builder's schedule.

2.4.2 Design-Builder shall submit to Owner Construction Documents setting forth in detail drawings and specifications describing the requirements for construction of the Work. The Construction Documents shall be consistent with the latest set of interim design submissions, as such submissions may have been modified in a design review meeting and recorded in the meetings minutes. The parties shall have a design review meeting to discuss, and Owner shall review and approve, the Construction Documents in accordance with the procedures set forth in Section 2.4.1 above. Design-Builder shall proceed with construction in accordance with the approved Construction Documents and shall submit one set of approved Construction Documents to Owner prior to commencement of construction.

2.4.3 Owner's review and approval of interim design submissions, meeting minutes, and the Construction Documents is for the purpose of mutually establishing a conformed set of Contract Documents compatible with the requirements of the Work. Neither Owner's review nor approval of any interim design submissions, meeting minutes, and Construction Documents shall be deemed to transfer any design liability from Design-Builder to Owner.

2.4.4 To the extent not prohibited by the Contract Documents or Legal Requirements, Design-Builder may prepare interim design submissions and Construction Documents for a portion of the Work to permit construction to proceed on that portion of the Work prior to completion of the Construction Documents for the entire Work.

2.5 Legal Requirements.

2.5.1 Design-Builder shall perform the Work in accordance with all Legal Requirements and shall provide all notices applicable to the Work as required by the Legal Requirements.

2.5.2 The Contract Price and/or Contract Time(s) shall be adjusted to compensate Design-Builder for the effects of any changes in the Legal Requirements enacted after the date of the Agreement affecting the performance of the Work. Such effects may include, without limitation, revisions Design-Builder is required to make to the Construction Documents because of changes in Legal Requirements.

2.6 Government Approvals and Permits.

2.6.1 Except as identified in an Owner's Permit List attached as an exhibit to the Agreement, Design-Builder shall obtain and pay for all necessary permits, approvals, licenses, government charges and inspection fees required for the prosecution of the Work by any government or quasi-government entity having jurisdiction over the Project.

2.6.2 Design-Builder shall provide reasonable assistance to Owner in obtaining those permits, approvals and licenses that are Owner's responsibility.

2.7 Design-Builder's Construction Phase Services.

2.7.1 Unless otherwise provided in the Contract Documents to be the responsibility of Owner or a separate contractor, Design-Builder shall provide through itself or Subcontractors the necessary supervision, labor, inspection, testing, start-up, material, equipment, machinery, temporary utilities and other temporary facilities to permit Design-Builder to complete construction of the Project consistent with the Contract Documents.

2.7.2 Design-Builder shall perform all construction activities efficiently and with the requisite expertise, skill and competence to satisfy the requirements of the Contract Documents. Design-Builder shall at all times exercise complete and exclusive control over the means, methods, sequences and techniques of construction.

2.7.3 Design-Builder shall employ only Subcontractors who are duly licensed and qualified to perform the Work consistent with the Contract Documents. Owner may reasonably object to Design-Builder's selection of any Subcontractor, provided that the Contract Price and/or Contract Time(s) shall be adjusted to the extent that Owner's decision impacts Design-Builder's cost and/or time of performance.

2.7.4 Design-Builder assumes responsibility to Owner for the proper performance of the Work of Subcontractors and any acts and omissions in connection with such performance. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Subcontractor or Sub-Subcontractor, including but not limited to any third-party beneficiary rights.

2.7.5 Design-Builder shall coordinate the activities of all Subcontractors. If Owner performs other work on the Project or at the Site with separate contractors under Owner's control, Design-Builder agrees to reasonably cooperate and coordinate its activities with those of such separate contractors so that the Project can be completed in an orderly and coordinated manner without unreasonable disruption.

2.7.6 Design-Builder shall keep the Site reasonably free from debris, trash and construction wastes to permit Design-Builder to perform its construction services efficiently, safely and without interfering with the use of adjacent land areas. Upon Substantial Completion of the Work, or a portion of the Work, Design-Builder shall remove all debris, trash, construction wastes, materials, equipment, machinery and tools arising from the Work or applicable portions thereof to permit Owner to occupy the Project or a portion of the Project for its intended use.

2.8 Design-Builder's Responsibility for Project Safety.

2.8.1 Design-Builder recognizes the importance of performing the Work in a safe manner so as to prevent damage, injury or loss to (i) all individuals at the Site, whether working or visiting, (ii) the Work, including materials and equipment incorporated into the Work or stored on-Site or off-Site, and (iii) all other property at the Site or adjacent thereto. Design-Builder assumes responsibility for implementing and monitoring all safety precautions and programs related to the performance of the Work. Design-Builder shall, prior to commencing construction, designate a Safety Representative with the necessary qualifications and experience to supervise the implementation and monitoring of all safety precautions and programs related to the Work. Unless otherwise required by the Contract Documents, Design-Builder's Safety Representative shall be an individual stationed at the Site who may have responsibilities on the Project in addition to safety. The Safety Representative shall make routine daily inspections of the Site and shall hold weekly safety meetings with Design-Builder's personnel, Subcontractors and others as applicable.

2.8.2 Design-Builder and Subcontractors shall comply with all Legal Requirements relating to safety, as well as any Owner-specific safety requirements set forth in the Contract Documents, provided that such Owner-specific requirements do not violate any applicable Legal Requirement. Design-Builder will immediately report in writing any safety-related injury, loss, damage or accident arising from the Work to Owner's Representative and, to the extent mandated by Legal Requirements, to all government or quasi-government authorities having jurisdiction over safety-related matters involving the Project or the Work.

2.8.3 Design-Builder's responsibility for safety under this Section 2.8 is not intended in any way to relieve Subcontractors and Sub-Subcontractors of their own contractual and legal obligations and responsibility for (i) complying with all Legal Requirements, including those related to health and safety matters, and (ii) taking all necessary measures to implement and monitor all safety precautions and programs to guard against injuries, losses, damages or accidents resulting from their performance of the Work.

2.9 Design-Builder's Warranty.

2.9.1 Design-Builder warrants to Owner that the construction, including all materials and equipment furnished as part of the construction, shall be new unless otherwise specified in the Contract Documents, of good quality, in conformance with the Contract Documents and free of defects in materials and workmanship. Design-Builder's warranty obligation excludes defects caused by abuse, alterations, or failure to maintain the Work in a commercially reasonable manner. Nothing in this warranty is intended to limit any manufacturer's warranty which provides Owner with greater warranty rights than set forth in this Section 2.9 or the Contract Documents. Design-Builder will provide Owner with all manufacturers' warranties upon Substantial Completion.

2.10 Correction of Defective Work.

2.10.1 Design-Builder agrees to correct any Work that is found to not be in conformance with the Contract Documents, including that part of the Work subject to Section 2.9 hereof, within a period of one year from the date of Substantial Completion of the Work or any portion of the Work, or within such longer period to the extent required by any specific warranty included in the Contract Documents.

2.10.2 Design-Builder shall, within seven (7) days of receipt of written notice from Owner that the Work is not in conformance with the Contract Documents, take meaningful steps to commence correction of such nonconforming Work, including the correction, removal or replacement of the nonconforming Work and any damage caused to other parts of the Work affected by the nonconforming Work. If Design-Builder fails to commence the necessary steps within such seven (7) day period, Owner, in addition to any other remedies provided under the Contract Documents, may provide Design-Builder with written notice that Owner will commence correction of such nonconforming Work with its own forces. If Owner does perform such corrective Work, Design-Builder shall be responsible for all reasonable costs incurred by Owner in performing such correction. If the nonconforming Work creates an emergency requiring an immediate response, the seven (7) day period identified herein shall be deemed inapplicable.

2.10.3 The one-year period referenced in Section 2.10.1 above applies only to Design-Builder's obligation to correct nonconforming Work and is not intended to constitute a period of limitations for any other rights or remedies Owner may have regarding Design-Builder's other obligations under the Contract Documents.

Article 3

Owner's Services and Responsibilities

3.1 Duty to Cooperate.

3.1.1 Owner shall, throughout the performance of the Work, cooperate with Design-Builder and perform its responsibilities, obligations and services in a timely manner to facilitate Design-Builder's timely and efficient performance of the Work and so as not to delay or interfere with Design-Builder's performance of its obligations under the Contract Documents.

3.1.2 Owner shall provide timely reviews and approvals of interim design submissions and Construction Documents consistent with the turnaround times set forth in Design-Builder's schedule.

3.1.3 Owner shall give Design-Builder timely notice of any Work that Owner notices to be defective or not in compliance with the Contract Documents.

3.2 Furnishing of Services and Information.

3.2.1 Unless expressly stated to the contrary in the Contract Documents, Owner shall provide, at its own cost and expense, for Design-Builder's information and use the following, all of which Design-Builder is entitled to rely upon in performing the Work:

3.2.1.1 Surveys describing the property, boundaries, topography and reference points for use during construction, including existing service and utility lines;

3.2.1.2 Geotechnical studies describing subsurface conditions, and other surveys describing other latent or concealed physical conditions at the Site;

3.2.1.3 Temporary and permanent easements, zoning and other requirements and encumbrances affecting land use, or necessary to permit the proper design and construction of the Project and enable Design-Builder to perform the Work;

3.2.1.4 A legal description of the Site;

3.2.1.5 To the extent available, record drawings of any existing structures at the Site; and

3.2.1.6 To the extent available, environmental studies, reports and impact statements describing the environmental conditions, including Hazardous Conditions, in existence at the Site.

3.2.2 Owner is responsible for securing and executing all necessary agreements with adjacent land or property owners that are necessary to enable Design-Builder to perform the Work. Owner is further responsible for all costs, including attorneys' fees, incurred in securing these necessary agreements.

3.3 Financial Information.

3.3.1 At Design-Builder's request, Owner shall promptly furnish reasonable evidence satisfactory to Design-Builder that Owner has adequate funds available and committed to fulfill all of Owner's contractual obligations under the Contract Documents. If Owner fails to furnish such financial information in a timely manner, Design-Builder may stop Work under Section 11.3 hereof or exercise any other right permitted under the Contract Documents.

3.3.2 Design-Builder shall cooperate with the reasonable requirements of Owner's lenders or other financial sources. Notwithstanding the preceding sentence, after execution of the Agreement Design-Builder shall have no obligation to execute for Owner or Owner's lenders or other financial sources any documents or agreements that require Design-Builder to assume obligations or responsibilities greater than those existing obligations Design-Builder has under the Contract Documents.

3.4 Owner's Representative.

3.4.1 Owner's Representative shall be responsible for providing Owner-supplied information and approvals in a timely manner to permit Design-Builder to fulfill its obligations under the Contract Documents. Owner's Representative shall also provide Design-Builder with prompt notice if it observes any failure on the part of Design-Builder to fulfill its contractual obligations, including any errors, omissions or defects in the performance of the Work. Owner's Representative shall communicate regularly with Design-Builder and shall be vested with the authority to act on behalf of Owner.

3.5 Government Approvals and Permits.

3.5.1 Owner shall obtain and pay for all necessary permits, approvals, licenses, government charges and inspection fees set forth in the Owner's Permit List attached as an exhibit to the Agreement.

3.5.2 Owner shall provide reasonable assistance to Design-Builder in obtaining those permits, approvals and licenses that are Design-Builder's responsibility.

3.6 Owner's Separate Contractors.

3.6.1 Owner is responsible for all work performed on the Project or at the Site by separate contractors under Owner's control. Owner shall contractually require its separate contractors to cooperate with, and coordinate their activities so as not to interfere with, Design-Builder in order to enable Design-Builder to timely complete the Work consistent with the Contract Documents.

(Remainder of page intentionally left blank)

Article 4

Hazardous Conditions and Differing Site Conditions

4.1 Hazardous Conditions.

4.1.1 Unless otherwise expressly provided in the Contract Documents to be part of the Work, Design-Builder is not responsible for any Hazardous Conditions encountered at the Site. Upon encountering any Hazardous Conditions, Design-Builder will stop Work immediately in the affected area and duly notify Owner and, if required by Legal Requirements, all government or quasi-government entities with jurisdiction over the Project or Site.

4.1.2 Upon receiving notice of the presence of suspected Hazardous Conditions, Owner shall take the necessary measures required to ensure that the Hazardous Conditions are remediated or rendered harmless. Such necessary measures shall include Owner retaining qualified independent experts to (i) ascertain whether Hazardous Conditions have actually been encountered, and, if they have been encountered, (ii) prescribe the remedial measures that Owner must take either to remove the Hazardous Conditions or render the Hazardous Conditions harmless.

4.1.3 Design-Builder shall be obligated to resume Work at the affected area of the Project only after Owner's expert provides it with written certification that (i) the Hazardous Conditions have been removed or rendered harmless and (ii) all necessary approvals have been obtained from all government and quasi-government entities having jurisdiction over the Project or Site.

4.1.4 Design-Builder will be entitled, in accordance with these General Conditions of Contract, to an adjustment in its Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance have been adversely impacted by the presence of Hazardous Conditions.

4.1.5 To the fullest extent permitted by law, Owner shall indemnify, defend and hold harmless Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them, and their officers, directors, employees and agents, from and against any and all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from the presence, removal or remediation of Hazardous Conditions at the Site.

4.1.6 Notwithstanding the preceding provisions of this Section 4.1, Owner is not responsible for Hazardous Conditions introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable. To the fullest extent permitted by law, Design-Builder shall indemnify, defend and hold harmless Owner and Owner's officers, directors, employees and agents from and against all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from those Hazardous Conditions introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable.

4.2 Differing Site Conditions.

4.2.1 Concealed or latent physical conditions or subsurface conditions at the Site that (i) materially differ from the conditions indicated in the Contract Documents or (ii) are of an unusual nature, differing materially from the conditions ordinarily encountered and generally recognized as inherent in the Work are collectively referred to herein as "Differing Site Conditions." If Design-Builder encounters a Differing Site Condition, Design-Builder will be entitled to an adjustment in the Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance are adversely impacted by the Differing Site Condition.

4.2.2 Upon encountering a Differing Site Condition, Design-Builder shall provide prompt written notice to Owner of such condition, which notice shall not be later than fourteen (14) days after such

condition has been encountered. Design-Builder shall, to the extent reasonably possible, provide such notice before the Differing Site Condition has been substantially disturbed or altered.

Article 5

Insurance and Bonds

5.1 Design-Builder's Insurance Requirements.

5.1.1 Design-Builder is responsible for procuring and maintaining the insurance for the coverage amounts as set forth below.

Commercial General Liability:	\$1MIL/Each Occurrence \$2MIL/General Aggregate
Worker's Compensation	Statutory limits
Employer's Liability	\$1MIL/Each Accident
Automobile Liability	\$1MIL/Combined Single Limit
Professional Errors & Omissions	\$1MIL/Each Occ. / Annual Aggregate

Design-Builder shall furnish Owner with certificates of insurance evidencing such coverage prior to commencing the services under this Agreement.

5.1.2 Design-Builder's insurance shall specifically delete any design-build or similar exclusions that could compromise coverages because of the design-build delivery of the Project.

5.1.3 Prior to commencing any construction services hereunder, Design-Builder shall provide Owner with certificates evidencing that (i) all insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect for the duration required by the Contract Documents and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Owner. If any of the foregoing insurance coverages are required to remain in force after final payment are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the Final Application for Payment. If any information concerning reduction of coverage is not furnished by the insurer, it shall be furnished by the Design-Builder with reasonable promptness according to the Design-Builder's information and belief.

5.2 Owner's Liability Insurance.

5.2.1 Owner shall procure and maintain from insurance companies authorized to do business in the state in which the Project is located liability insurance to protect Owner from claims which may arise from the performance of Owner's obligations under the Contract Documents or Owner's conduct during the course of the Project.

5.3 Owner's Property Insurance.

5.3.1 Unless otherwise provided in the Contract Documents, Owner shall procure and maintain from insurance companies authorized to do business in the state in which the Project is located property insurance upon the entire Project to the full insurable value of the Project, including professional fees, overtime premiums and all other expenses incurred to replace or repair the

insured property. The property insurance obtained by Owner shall be the broadest coverage commercially available, and shall include as additional insureds the interests of Owner, Design-Builder, Design Consultants and Subcontractors of any tier. Such insurance shall include but not be limited to the perils of fire and extended coverage, theft, vandalism, malicious mischief, collapse, flood, earthquake, debris removal, named and un-named windstorms, and other perils or causes of loss as called for in the Contract Documents. The property insurance shall include physical loss or damage to the Work, including materials and equipment in transit, at the Site or at another location as may be indicated in Design-Builder's Application for Payment and approved by Owner. The Owner is responsible for the payment of any deductibles under the insurance required by this Section 5.3.1. Any sub-limits for any insured perils under the Builder's risk coverage secured for the Project shall be disclosed to Design-Builder prior to commencement of any work.

5.3.2 Unless the Contract Documents provide otherwise, Owner shall procure and maintain boiler and machinery insurance that will include the interests of Owner, Design-Builder, Design Consultants, and Subcontractors of any tier. The Owner is responsible for the payment of any deductibles under the insurance required by this Section 5.3.2.

5.3.3 Prior to Design-Builder commencing any Work, Owner shall provide Design-Builder with certificates evidencing that (i) all Owner's insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect until Design-Builder has completed all of the Work and has received final payment from Owner and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Design-Builder. Owner's property insurance shall not lapse or be canceled if Owner occupies a portion of the Work pursuant to Section 6.6.3 hereof. Owner shall provide Design-Builder with the necessary endorsements from the insurance company prior to occupying a portion of the Work.

5.3.4 Any loss covered under Owner's property insurance shall be adjusted with Owner and Design-Builder and made payable to both of them as trustees for the insureds as their interests may appear, subject to any applicable mortgage clause. All insurance proceeds received as a result of any loss will be placed in a separate account and distributed in accordance with such agreement as the interested parties may reach. Any disagreement concerning the distribution of any proceeds will be resolved in accordance with Article 10 hereof.

5.3.5 Owner and Design-Builder waive against each other and Owner's separate contractors, Design Consultants, Subcontractors, agents and employees of each and all of them, all damages covered by property insurance provided herein, except such rights as they may have to the proceeds of such insurance. Design-Builder and Owner shall, where appropriate, require similar waivers of subrogation from Owner's separate contractors, Design Consultants and Subcontractors and shall require each of them to include similar waivers in their contracts. These waivers of subrogation shall not contain any restriction or limitation that will impair the full and complete extent of its applicability to any person or entity unless agreed to in writing prior to the execution of this Agreement.

5.4 Bonds.

5.4.1 If Owner requires Design-Builder to obtain performance and labor and material payment bonds, the amount, form and other conditions of such security shall be as set forth in the Agreement.

5.4.2 All bonds furnished by Design-Builder shall be in a form satisfactory to Owner. The surety shall be a company qualified and registered to conduct business in the state in which the Project is located.

Article 6

Payment

6.1 Schedule of Values.

6.1.1 Unless required by the Owner upon execution of this Agreement, within ten (10) days of execution of the Agreement, Design-Builder shall submit for Owner's review and approval a schedule of values for all of the Work. The Schedule of Values will (i) subdivide the Work into its respective parts, (ii) include values for all items comprising the Work and (iii) serve as the basis for monthly progress payments made to Design-Builder throughout the Work.

6.1.2 The Owner will timely review and approve the schedule of values so as not to delay the submission of the Design-Builder's first application for payment. The Owner and Design-Builder shall timely resolve any differences so as not to delay the Design-Builder's submission of its first application for payment.

6.2 Monthly Progress Payments.

6.2.1 On or before the date established in the Agreement, Design-Builder shall submit for Owner's review and approval its Application for Payment requesting payment for all Work performed as of the date of the Application for Payment. The Application for Payment shall be accompanied by all supporting documentation required by the Contract Documents and/or established at the meeting required by Section 2.1.4 hereof.

6.2.2 The Application for Payment may request payment for equipment and materials not yet incorporated into the Project, provided that (i) Owner is satisfied that the equipment and materials are suitably stored at either the Site or another acceptable location, (ii) the equipment and materials are protected by suitable insurance and (iii) upon payment, Owner will receive the equipment and materials free and clear of all liens and encumbrances.

6.2.3 All discounts offered by Subcontractor, Sub-Subcontractors and suppliers to Design-Builder for early payment shall accrue one hundred percent to Design-Builder to the extent Design-Builder advances payment. Unless Owner advances payment to Design-Builder specifically to receive the discount, Design-Builder may include in its Application for Payment the full undiscounted cost of the item for which payment is sought.

6.2.4 The Application for Payment shall constitute Design-Builder's representation that the Work described herein has been performed consistent with the Contract Documents, has progressed to the point indicated in the Application for Payment, and that title to all Work will pass to Owner free and clear of all claims, liens, encumbrances, and security interests upon the incorporation of the Work into the Project, or upon Design-Builder's receipt of payment, whichever occurs earlier.

6.3 Withholding of Payments.

6.3.1 On or before the date established in the Agreement, Owner shall pay Design-Builder all amounts properly due. If Owner determines that Design-Builder is not entitled to all or part of an Application for Payment as a result of Design-Builder's failure to meet its obligations hereunder, it will notify Design-Builder in writing at least five (5) days prior to the date payment is due. The notice shall indicate the specific amounts Owner intends to withhold, the reasons and contractual basis for the withholding, and the specific measures Design-Builder must take to rectify Owner's concerns. Design-Builder and Owner will attempt to resolve Owner's concerns prior to the date payment is due. If the parties cannot resolve such concerns, Design-Builder may pursue its rights under the Contract Documents, including those under Article 10 hereof.

6.3.2 Notwithstanding anything to the contrary in the Contract Documents, Owner shall pay Design-Builder all undisputed amounts in an Application for Payment within the times required by the Agreement.

6.4 Right to Stop Work and Interest.

6.4.1 If Owner fails to pay timely Design-Builder any amount that becomes due, Design-Builder, in addition to all other remedies provided in the Contract Documents, may stop Work pursuant to Section 11.3 hereof. All payments due and unpaid shall bear interest at the rate set forth in the Agreement.

6.5 Design-Builder's Payment Obligations.

6.5.1 Design-Builder will pay Design Consultants and Subcontractors, in accordance with its contractual obligations to such parties, all the amounts Design-Builder has received from Owner on account of their work. Design-Builder will impose similar requirements on Design Consultants and Subcontractors to pay those parties with whom they have contracted. Design-Builder will indemnify and defend Owner against any claims for payment and mechanic's liens as set forth in Section 7.3 hereof.

6.6 Substantial Completion.

6.6.1 Design-Builder shall notify Owner when it believes the Work, or to the extent permitted in the Contract Documents, a portion of the Work, is Substantially Complete. Within five (5) days of Owner's receipt of Design-Builder's notice, Owner and Design-Builder will jointly inspect such Work to verify that it is Substantially Complete in accordance with the requirements of the Contract Documents. If such Work is Substantially Complete, Owner shall prepare and issue a Certificate of Substantial Completion that will set forth (i) the date of Substantial Completion of the Work or portion thereof, (ii) the remaining items of Work that have to be completed before final payment, (iii) provisions (to the extent not already provided in the Contract Documents) establishing Owner's and Design-Builder's responsibility for the Project's security, maintenance, utilities and insurance pending final payment, and (iv) an acknowledgment that warranties commence to run on the date of Substantial Completion, except as may otherwise be noted in the Certificate of Substantial Completion.

6.6.2 Upon Substantial Completion of the entire Work or, if applicable, any portion of the Work, Owner shall release to Design-Builder all retained amounts relating, as applicable, to the entire Work or completed portion of the Work, less an amount equal to the reasonable value of all remaining or incomplete items of Work as noted in the Certificate of Substantial Completion.

6.6.3 Owner, at its option, may use a portion of the Work which has been determined to be Substantially Complete, provided, however, that (i) a Certificate of Substantial Completion has been issued for the portion of Work addressing the items set forth in Section 6.6.1 above, (ii) Design-Builder and Owner have obtained the consent of their sureties and insurers, and to the extent applicable, the appropriate government authorities having jurisdiction over the Project, and (iii) Owner and Design-Builder agree that Owner's use or occupancy will not interfere with Design-Builder's completion of the remaining Work.

6.7 Final Payment.

6.7.1 After receipt of a Final Application for Payment from Design-Builder, Owner shall make final payment by the time required in the Agreement, provided that Design-Builder has achieved Final Completion.

6.7.2 At the time of submission of its Final Application for Payment, Design-Builder shall provide the following information:

6.7.2.1 An affidavit that there are no claims, obligations or liens outstanding or unsatisfied for labor, services, material, equipment, taxes or other items performed, furnished or incurred for or in connection with the Work which will in any way affect Owner's interests;

6.7.2.2 A general release executed by Design-Builder waiving, upon receipt of final payment by Design-Builder, all claims, except those claims previously made in writing to Owner and remaining unsettled at the time of final payment;

6.7.2.3 Consent of Design-Builder's surety, if any, to final payment;

6.7.2.4 All operating manuals, warranties and other deliverables required by the Contract Documents; and

6.7.2.5 Certificates of insurance confirming that required coverages will remain in effect consistent with the requirements of the Contract Documents.

6.7.3 Upon making final payment, Owner waives all claims against Design-Builder except claims relating to (i) Design-Builder's failure to satisfy its payment obligations, if such failure affects Owner's interests, (ii) Design-Builder's failure to complete the Work consistent with the Contract Documents, including defects appearing after Substantial Completion and (iii) the terms of any special warranties required by the Contract Documents.

6.7.4 Deficiencies in the Work discovered after Substantial Completion, whether or not such deficiencies would have been included on the Punch List if discovered earlier, shall be deemed warranty Work. Such deficiencies shall be corrected by Design-Builder under Sections 2.9 and 2.10 herein, and shall not be a reason to withhold final payment from Design-Builder, provided, however, that Owner shall be entitled to withhold from the Final Payment the reasonable value of completion of such deficient work until such work is completed.

Article 7

Indemnification

7.1 Patent and Copyright Infringement.

7.1.1 Design-Builder shall defend any action or proceeding brought against Owner based on any claim that the Work, or any part thereof, or the operation or use of the Work or any part thereof, constitutes infringement of any United States patent or copyright, now or hereafter issued. Owner shall give prompt written notice to Design-Builder of any such action or proceeding and will reasonably provide authority, information and assistance in the defense of same. Design-Builder shall indemnify and hold harmless Owner from and against all damages and costs, including but not limited to attorneys' fees and expenses awarded against Owner or Design-Builder in any such action or proceeding. Design-Builder agrees to keep Owner informed of all developments in the defense of such actions.

7.1.2 If Owner is enjoined from the operation or use of the Work, or any part thereof, as the result of any patent or copyright suit, claim, or proceeding, Design-Builder shall at its sole expense take reasonable steps to procure the right to operate or use the Work. If Design-Builder cannot so procure such right within a reasonable time, Design-Builder shall promptly, at Design-Builder's option and at Design-Builder's expense, (i) modify the Work so as to avoid infringement of any such patent or copyright or (ii) replace said Work with Work that does not infringe or violate any such patent or copyright.

7.1.3 Sections 7.1.1 and 7.1.2 above shall not be applicable to any suit, claim or proceeding based on infringement or violation of a patent or copyright (i) relating solely to a particular process or product of a particular manufacturer specified by Owner and not offered or recommended by Design-Builder to Owner or (ii) arising from modifications to the Work by Owner or its agents after acceptance of the Work. If the suit, claim or proceeding is based upon events set forth in the preceding sentence, Owner shall defend, indemnify and hold harmless Design-Builder to the same extent Design-Builder is obligated to defend, indemnify and hold harmless Owner in Section 7.1.1 above.

7.1.4 The obligations set forth in this Section 7.1 shall constitute the sole agreement between the parties relating to liability for infringement or violation of any patent or copyright.

7.2 Tax Claim Indemnification.

7.2.1 If, in accordance with Owner's direction, an exemption for all or part of the Work is claimed for taxes, Owner shall indemnify, defend and hold harmless Design-Builder from and against any liability, penalty, interest, fine, tax assessment, attorneys' fees or other expenses or costs incurred by Design-Builder as a result of any action taken by Design-Builder in accordance with Owner's directive. Owner shall furnish Design-Builder with any applicable tax exemption certificates necessary to obtain such exemption, upon which Design-Builder may rely.

7.3 Payment Claim Indemnification.

7.3.1 Provided that Owner is not in breach of its contractual obligation to make payments to Design-Builder for the Work, Design-Builder shall indemnify, defend and hold harmless Owner from any claims or mechanic's liens brought against Owner or against the Project as a result of the failure of Design-Builder, or those for whose acts it is responsible, to pay for any services, materials, labor, equipment, taxes or other items or obligations furnished or incurred for or in connection with the Work. Within three (3) days of receiving written notice from Owner that such a claim or mechanic's lien has been filed, Design-Builder shall commence to take the steps necessary to discharge said claim or lien, including, if necessary, the furnishing of a mechanic's lien bond. If Design-Builder fails to do so, Owner will have the right to discharge the claim or lien and hold Design-Builder liable for costs and expenses incurred, including attorneys' fees.

7.4 Design-Builder's General Indemnification.

7.4.1 Design-Builder, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Owner, its officers, directors, and employees from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction (other than to the Work itself) to the extent resulting from the negligent acts or omissions of Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable.

7.4.2 If an employee of Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable has a claim against Owner, its officers, directors, employees, or agents, Design-Builder's indemnity obligation set forth in Section 7.4.1 above shall not be limited by any limitation on the amount of damages, compensation or benefits payable by or for Design-Builder, Design Consultants, Subcontractors, or other entity under any employee benefit acts, including workers' compensation or disability acts.

7.5 Owner's General Indemnification.

7.5.1 Owner, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Design-Builder and any of Design-Builder's officers, directors, and employees, from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction (other than to the Work itself) to the extent resulting from the negligent acts or omissions of Owner's separate contractors or anyone for whose acts any of them may be liable.

Article 8

Time

8.1 Obligation to Achieve the Contract Times.

8.1.1 Design-Builder agrees that it will commence performance of the Work and achieve the Contract Time(s) in accordance with Article 5 of the Agreement.

8.2 Delays to the Work.

8.2.1 If Design-Builder is delayed in the performance of the Work due to acts, omissions, conditions, events, or circumstances beyond its control and due to no fault of its own or those for whom Design-Builder is responsible, the Contract Time(s) for performance shall be reasonably extended by Change Order. By way of example, events that will entitle Design-Builder to an extension of the Contract Time(s) include acts or omissions of Owner or anyone under Owner's control (including separate contractors), changes in the Work, Differing Site Conditions, Hazardous Conditions, and Force Majeure Events.

8.2.2 In addition to Design-Builder's right to a time extension for those events set forth in Section 8.2.1 above, Design-Builder shall also be entitled to an appropriate adjustment of the Contract Price.

Article 9

Changes to the Contract Price and Time

9.1 Change Orders.

9.1.1 A Change Order is a written instrument issued after execution of the Agreement signed by Owner and Design-Builder, stating their agreement upon all of the following:

9.1.1.1 The scope of the change in the Work;

9.1.1.2 The amount of the adjustment to the Contract Price; and

9.1.1.3 The extent of the adjustment to the Contract Time(s).

9.1.2 All changes in the Work authorized by applicable Change Order shall be performed under the applicable conditions of the Contract Documents. Owner and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for such changes.

9.1.3 If Owner requests a proposal for a change in the Work from Design-Builder and subsequently elects not to proceed with the change, a Change Order shall be issued to reimburse Design-Builder for reasonable costs incurred for estimating services, design services and services involved in the preparation of proposed revisions to the Contract Documents.

9.2 Work Change Directives.

9.2.1 A Work Change Directive is a written order prepared and signed by Owner directing a change in the Work prior to agreement on an adjustment in the Contract Price and/or the Contract Time(s).

9.2.2 Owner and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for the Work Change Directive. Upon reaching an agreement, the parties shall prepare and execute an appropriate Change Order reflecting the terms of the agreement.

9.3 Minor Changes in the Work.

9.3.1 Minor changes in the Work do not involve an adjustment in the Contract Price and/or Contract Time(s) and do not materially and adversely affect the Work, including the design, quality, performance and workmanship required by the Contract Documents. Design-Builder may make minor changes in the Work consistent with the intent of the Contract Documents, provided, however, that Design-Builder shall promptly inform Owner, in writing, of any such changes and record such changes on the documents maintained by Design-Builder.

9.4 Contract Price Adjustments.

9.4.1 The increase or decrease in Contract Price resulting from a change in the Work shall be determined by one or more of the following methods:

9.4.1.1 Unit prices set forth in the Agreement or as subsequently agreed to between the parties;

9.4.1.2 A mutually accepted lump sum, properly itemized and supported by sufficient substantiating data to permit evaluation by Owner;

9.4.1.3 Costs, fees and any other markups set forth in the Agreement; or

9.4.1.4 If an increase or decrease cannot be agreed to as set forth in items 9.4.1.1 through 9.4.1.3 above and Owner issues a Work Change Directive, the cost of the change of the Work shall be determined by the reasonable expense and savings in the performance of the Work resulting from the change, including a reasonable overhead and profit, as may be set forth in the Agreement.

9.4.2 If unit prices are set forth in the Contract Documents or are subsequently agreed to by the parties, but application of such unit prices will cause substantial inequity to Owner or Design-Builder because of differences in the character or quantity of such unit items as originally contemplated, such unit prices shall be equitably adjusted.

9.4.3 If Owner and Design-Builder disagree upon whether Design-Builder is entitled to be paid for any services required by Owner, or if there are any other disagreements over the scope of Work or proposed changes to the Work, Owner and Design-Builder shall resolve the disagreement pursuant to Article 10 hereof. As part of the negotiation process, Design-Builder shall furnish Owner with a good faith estimate of the costs to perform the disputed services in accordance with Owner's interpretations. If the parties are unable to agree and Owner expects Design-Builder to perform the services in accordance with Owner's interpretations, Design-Builder shall proceed to perform the disputed services, conditioned upon Owner issuing a written order to Design-Builder (i) directing Design-Builder to proceed and (ii) specifying Owner's interpretation of the services that are to be performed. If this occurs, Design-Builder shall be entitled to submit in its Applications for Payment an amount equal to fifty percent (50%) of its reasonable estimated direct cost to perform the services, and Owner agrees to pay such amounts, with the express understanding that (i) such payment by Owner does not prejudice Owner's right to argue that it has no responsibility to pay for such services and (ii) receipt of such payment by Design-Builder does not prejudice Design-Builder's right to seek full payment of the disputed services if Owner's order is deemed to be a change to the Work.

9.5 Emergencies.

9.5.1 In any emergency affecting the safety of persons and/or property, Design-Builder shall act, at its discretion, to prevent threatened damage, injury or loss. Any change in the Contract Price and/or Contract Time(s) on account of emergency work shall be determined as provided in this Article 9.

Article 10

Contract Adjustments and Disputes

10.1 Requests for Contract Adjustments and Relief.

10.1.1 If either Design-Builder or Owner believes that it is entitled to relief against the other for any event arising out of or related to the Work or Project, such party shall provide written notice to the other party of the basis for its claim for relief. Such notice shall, if possible, be made prior to incurring any cost or expense and in accordance with any specific notice requirements contained in applicable sections of these General Conditions of Contract. In the absence of any specific notice requirement, written notice shall be given within a reasonable time, not to exceed twenty-one (21) days, after the occurrence giving rise to the claim for relief or after the claiming party reasonably should have recognized the event or condition giving rise to the request, whichever is later. Such notice shall include sufficient information to advise the other party of the circumstances giving rise to the claim for relief, the specific contractual adjustment or relief requested and the basis of such request.

10.2 Dispute Avoidance and Resolution.

10.2.1 The parties are fully committed to working with each other throughout the Project and agree to communicate regularly with each other at all times so as to avoid or minimize disputes or disagreements. If disputes or disagreements do arise, Design-Builder and Owner each commit to resolving such disputes or disagreements in an amicable, professional and expeditious manner so as to avoid unnecessary losses, delays and disruptions to the Work.

10.2.2 Design-Builder and Owner will first attempt to resolve disputes or disagreements at the field level through discussions between Design-Builder's Representative and Owner's Representative which shall conclude within fourteen (14) days of the written notice provided for in Section 10.1.1 unless the Owner and Design-Builder mutually agree otherwise.

10.2.3 If a dispute or disagreement cannot be resolved through Design-Builder's Representative and Owner's Representative, Design-Builder's Senior Representative and Owner's Senior Representative, upon the request of either party, shall meet as soon as conveniently possible, but in no case later than thirty (30) days after such a request is made, to attempt to resolve such dispute or disagreement. Five (5) days prior to any meetings between the Senior Representatives, the parties will exchange relevant information that will assist the parties in resolving their dispute or disagreement.

10.2.4 If after meeting the Senior Representatives determine that the dispute or disagreement cannot be resolved on terms satisfactory to both parties, the parties shall submit within thirty (30) days of the conclusion of the meeting of Senior Representatives the dispute or disagreement to non-binding mediation. The mediation shall be conducted by a mutually agreeable impartial mediator, or if the parties cannot so agree, a mediator designated by the American Arbitration Association ("AAA") pursuant to its Construction Industry Mediation Rules. The mediation will be governed by and conducted pursuant to a mediation agreement negotiated by the parties or, if the parties cannot so agree, by procedures established by the mediator. Unless otherwise mutually agreed by the Owner and Design-Builder and consistent with the mediator's schedule, the

mediation shall commence within ninety (90) days of the submission of the dispute to mediation.

10.3 Arbitration.

10.3.1 Any claims, disputes or controversies between the parties arising out of or relating to the Agreement, or the breach thereof, which have not been resolved in accordance with the procedures set forth in Section 10.2 above, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the AAA then in effect, unless the parties mutually agree otherwise.

10.3.2 The award of the arbitrator(s) shall be final and binding upon the parties without the right of appeal to the courts. Judgment may be entered upon it in accordance with applicable law by any court having jurisdiction thereof.

10.3.3 Design-Builder and Owner expressly agree that any arbitration pursuant to this Section 10.3 may be joined or consolidated with any arbitration involving any other person or entity (i) necessary to resolve the claim, dispute or controversy, or (ii) substantially involved in or affected by such claim, dispute or controversy. Both Design-Builder and Owner will include appropriate provisions in all contracts they execute with other parties in connection with the Project to require such joinder or consolidation.

10.3.4 The prevailing party in any arbitration, or any other final, binding dispute proceeding upon which the parties may agree, shall be entitled to recover from the other party reasonable attorneys' fees and expenses incurred by the prevailing party.

10.4 Duty to Continue Performance.

10.4.1 Unless provided to the contrary in the Contract Documents, Design-Builder shall continue to perform the Work and Owner shall continue to satisfy its payment obligations to Design-Builder, pending the final resolution of any dispute or disagreement between Design-Builder and Owner.

10.5 CONSEQUENTIAL DAMAGES.

10.5.1 NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY (EXCEPT AS SET FORTH IN SECTION 10.5.2 BELOW), NEITHER DESIGN-BUILDER NOR OWNER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL LOSSES OR DAMAGES, WHETHER ARISING IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSSES OF USE, PROFITS, BUSINESS, REPUTATION OR FINANCING.

10.5.2 The consequential damages limitation set forth in Section 10.5.1 above is not intended to affect the payment of liquidated damages or lost early completion bonus, if any, set forth in Article 5 of the Agreement, which both parties recognize has been established, in part, to reimburse Owner or reward Design-Builder for some damages that might otherwise be deemed to be consequential.

Article 11

Stop Work and Termination for Cause

11.1 Owner's Right to Stop Work.

11.1.1 Owner may, without cause and for its convenience, order Design-Builder in writing to stop and suspend the Work. Such suspension shall not exceed sixty (60) consecutive days or aggregate more than ninety (90) days during the duration of the Project.

11.1.2 Design-Builder is entitled to seek an adjustment of the Contract Price and/or Contract Time(s) if its cost or time to perform the Work has been adversely impacted by any suspension of stoppage of the Work by Owner.

11.2 Owner's Right to Perform and Terminate for Cause.

11.2.1 If Design-Builder persistently fails to (i) provide a sufficient number of skilled workers, (ii) supply the materials required by the Contract Documents, (iii) comply with applicable Legal Requirements, (iv) timely pay, without cause, Design Consultants or Subcontractors, (v) prosecute the Work with promptness and diligence to ensure that the Work is completed by the Contract Time(s), as such times may be adjusted, or (vi) perform material obligations under the Contract Documents, then Owner, in addition to any other rights and remedies provided in the Contract Documents or by law, shall have the rights set forth in Sections 11.2.2 and 11.2.3 below.

11.2.2 Upon the occurrence of an event set forth in Section 11.2.1 above, Owner may provide written notice to Design-Builder that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Design-Builder's receipt of such notice. If Design-Builder fails to cure, or reasonably commence to cure, such problem, then Owner may give a second written notice to Design-Builder of its intent to terminate within an additional seven (7) day period. If Design-Builder, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Owner may declare the Agreement terminated for default by providing written notice to Design-Builder of such declaration.

11.2.3 Upon declaring the Agreement terminated pursuant to Section 11.2.2 above, Owner may enter upon the premises and take possession, for the purpose of completing the Work, of all materials, equipment, scaffolds, tools, appliances and other items thereon, which have been purchased or provided for the performance of the Work, all of which Design-Builder hereby transfers, assigns and sets over to Owner for such purpose, and to employ any person or persons to complete the Work and provide all of the required labor, services, materials, equipment and other items. In the event of such termination, Design-Builder shall not be entitled to receive any further payments under the Contract Documents until the Work shall be finally completed in accordance with the Contract Documents. At such time, if the unpaid balance of the Contract Price exceeds the cost and expense incurred by Owner in completing the Work, such excess shall be paid by Owner to Design-Builder. Notwithstanding the preceding sentence, if the Agreement establishes a Guaranteed Maximum Price, Design-Builder will only be entitled to be paid for Work performed prior to its default. If Owner's cost and expense of completing the Work exceeds the unpaid balance of the Contract Price, then Design-Builder shall be obligated to pay the difference to Owner. Such costs and expense shall include not only the cost of completing the Work, but also losses, damages, costs and expense, including attorneys' fees and expenses, incurred by Owner in connection with the procurement and defense of claims arising from Design-Builder's default, subject to the waiver of consequential damages set forth in Section 10.5 hereof.

11.2.4 If Owner improperly terminates the Agreement for cause, the termination for cause will be converted to a termination for convenience in accordance with the provisions of Article 8 of the Agreement.

11.3 Design-Builder's Right to Stop Work.

11.3.1 Design-Builder may, in addition to any other rights afforded under the Contract Documents or at law, stop the Work for the following reasons:

11.3.1.1 Owner's failure to provide financial assurances as required under Section 3.3 hereof; or

11.3.1.2 Owner's failure to pay amounts properly due under Design-Builder's Application for Payment.

11.3.2 Should any of the events set forth in Section 11.3.1 above occur, Design-Builder has the right to provide Owner with written notice that Design-Builder will stop the Work unless said event is cured within seven (7) days from Owner's receipt of Design-Builder's notice. If Owner does not cure the problem within such seven (7) day period, Design-Builder may stop the Work. In such case, Design-Builder shall be entitled to make a claim for adjustment to the Contract Price and Contract Time(s) to the extent it has been adversely impacted by such stoppage.

11.4 Design-Builder's Right to Terminate for Cause.

11.4.1 Design-Builder, in addition to any other rights and remedies provided in the Contract Documents or by law, may terminate the Agreement for cause for the following reasons:

11.4.1.1 The Work has been stopped for sixty (60) consecutive days, or more than ninety (90) days during the duration of the Project, because of court order, any government authority having jurisdiction over the Work, or orders by Owner under Section 11.1.1 hereof, provided that such stoppages are not due to the acts or omissions of Design-Builder or anyone for whose acts Design-Builder may be responsible.

11.4.1.2 Owner's failure to provide Design-Builder with any information, permits or approvals that are Owner's responsibility under the Contract Documents which result in the Work being stopped for sixty (60) consecutive days, or more than ninety (90) days during the duration of the Project, even though Owner has not ordered Design-Builder in writing to stop and suspend the Work pursuant to Section 11.1.1 hereof.

11.4.1.3 Owner's failure to cure the problems set forth in Section 11.3.1 above after Design-Builder has stopped the Work.

11.4.2 Upon the occurrence of an event set forth in Section 11.4.1 above, Design-Builder may provide written notice to Owner that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Owner's receipt of such notice. If Owner fails to cure, or reasonably commence to cure, such problem, then Design-Builder may give a second written notice to Owner of its intent to terminate within an additional seven (7) day period. If Owner, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Design-Builder may declare the Agreement terminated for default by providing written notice to Owner of such declaration. In such case, Design-Builder shall be entitled to recover in the same manner as if Owner had terminated the Agreement for its convenience under Article 8 of the Agreement.

11.5 Bankruptcy of Owner or Design-Builder.

11.5.1 If either Owner or Design-Builder institutes or has instituted against it a case under the United States Bankruptcy Code (such party being referred to as the "Bankrupt Party"), such event may impair or frustrate the Bankrupt Party's ability to perform its obligations under the Contract Documents. Accordingly, should such event occur:

11.5.1.1 The Bankrupt Party, its trustee or other successor, shall furnish, upon request of the non-Bankrupt Party, adequate assurance of the ability of the Bankrupt Party to perform all future material obligations under the Contract Documents, which assurances shall be provided within ten (10) days after receiving notice of the request; and

11.5.1.2 The Bankrupt Party shall file an appropriate action within the bankruptcy court to seek assumption or rejection of the Agreement within sixty (60) days of the institution of the bankruptcy filing and shall diligently prosecute such action.

If the Bankrupt Party fails to comply with its foregoing obligations, the non-Bankrupt Party shall be entitled to request the bankruptcy court to reject the Agreement, declare the Agreement terminated and pursue any other recourse available to the non-Bankrupt Party under this Article 11.

11.5.2 The rights and remedies under Section 11.5.1 above shall not be deemed to limit the ability of the non-Bankrupt Party to seek any other rights and remedies provided by the Contract Documents or by law, including its ability to seek relief from any automatic stays under the United States Bankruptcy Code or the right of Design-Builder to stop Work under any applicable provision of these General Conditions of Contract.

Article 12

Electronic Data

12.1 Electronic Data.

12.1.1 The parties recognize that Contract Documents, including drawings, specifications and three-dimensional modeling (such as Building Information Models) and other Work Product may be transmitted among Owner, Design-Builder and others in electronic media as an alternative to paper hard copies (collectively "Electronic Data").

12.2 Transmission of Electronic Data.

12.2.1 Owner and Design-Builder shall agree upon the software and the format for the transmission of Electronic Data. Each party shall be responsible for securing the legal rights to access the agreed-upon format, including, if necessary, obtaining appropriately licensed copies of the applicable software or electronic program to display, interpret and/or generate the Electronic Data.

12.2.2 Neither party makes any representations or warranties to the other with respect to the functionality of the software or computer program associated with the electronic transmission of Work Product. Unless specifically set forth in the Agreement, ownership of the Electronic Data does not include ownership of the software or computer program with which it is associated, transmitted, generated or interpreted.

12.2.3 By transmitting Work Product in electronic form, the transmitting party does not transfer or assign its rights in the Work Product. The rights in the Electronic Data shall be as set forth in Article 4 of the Agreement. Under no circumstances shall the transfer of ownership of Electronic Data be deemed to be a sale by the transmitting party of tangible goods.

12.3 Electronic Data Protocol.

12.3.1 The parties acknowledge that Electronic Data may be altered or corrupted, intentionally or otherwise, due to occurrences beyond their reasonable control or knowledge, including but not limited to compatibility issues with user software, manipulation by the recipient, errors in transcription or transmission, machine error, environmental factors, and operator error. Consequently, the parties understand that there is some level of increased risk in the use of Electronic Data for the communication of design and construction information and, in consideration of this, agree, and shall require their independent contractors, Subcontractors and Design Consultants to agree, to the following protocols, terms and conditions set forth in this Section 12.3.

12.3.2 Electronic Data will be transmitted in the format agreed upon in Section 12.2.1 above, including file conventions and document properties, unless prior arrangements are made in advance in writing.

12.3.3 The Electronic Data represents the information at a particular point in time and is subject to change. Therefore, the parties shall agree upon protocols for notification by the author to the recipient of any changes which may thereafter be made to the Electronic Data, which protocol shall

also address the duty, if any, to update such information, data or other information contained in the electronic media if such information changes prior to Final Completion of the Project.

12.3.4 The transmitting party specifically disclaims all warranties, expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose, with respect to the media transmitting the Electronic Data. However, transmission of the Electronic Data via electronic means shall not invalidate or negate any duties pursuant to the applicable standard of care with respect to the creation of the Electronic Data, unless such data is materially changed or altered after it is transmitted to the receiving party, and the transmitting party did not participate in such change or alteration.

Article 13

Miscellaneous

13.1 Confidential Information.

13.1.1 Confidential Information is defined as information which is determined by the transmitting party to be of a confidential or proprietary nature and: (i) the transmitting party identifies as either confidential or proprietary; (ii) the transmitting party takes steps to maintain the confidential or proprietary nature of the information; and (iii) the document is not otherwise available in or considered to be in the public domain. The receiving party agrees to maintain the confidentiality of the Confidential Information and agrees to use the Confidential Information solely in connection with the Project.

13.2 Assignment.

13.2.1 Neither Design-Builder nor Owner shall, without the written consent of the other assign, transfer or sublet any portion or part of the Work or the obligations required by the Contract Documents.

13.3 Successorship.

13.3.1 Design-Builder and Owner intend that the provisions of the Contract Documents are binding upon the parties, their employees, agents, heirs, successors and assigns.

13.4 Governing Law.

13.4.1 The Agreement and all Contract Documents shall be governed by the laws of the place of the Project, without giving effect to its conflict of law principles.

13.5 Severability.

13.5.1 If any provision or any part of a provision of the Contract Documents shall be finally determined to be superseded, invalid, illegal, or otherwise unenforceable pursuant to any applicable Legal Requirements, such determination shall not impair or otherwise affect the validity, legality, or enforceability of the remaining provision or parts of the provision of the Contract Documents, which shall remain in full force and effect as if the unenforceable provision or part were deleted.

13.6 No Waiver.

13.6.1 The failure of either Design-Builder or Owner to insist, in any one or more instances, on the performance of any of the obligations required by the other under the Contract Documents shall

not be construed as a waiver or relinquishment of such obligation or right with respect to future performance.

13.7 Headings.

13.7.1 The headings used in these General Conditions of Contract, or any other Contract Document, are for ease of reference only and shall not in any way be construed to limit or alter the meaning of any provision.

13.8 Notice.

13.8.1 Whenever the Contract Documents require that notice be provided to the other party, notice will be deemed to have been validly given (i) if delivered in person to the individual intended to receive such notice, (ii) four (4) days after being sent by registered or certified mail, postage prepaid to the address indicated in the Agreement, or (iii) if transmitted by facsimile, by the time stated in a machine generated confirmation that notice was received at the facsimile number of the intended recipient.

13.9 Amendments.

13.9.1 The Contract Documents may not be changed, altered, or amended in any way except in writing signed by a duly authorized representative of each party.

-- END OF DOCUMENT --



BlueScope Construction, Inc.
 1540 Genessee Street
 Kansas City, MO 64102
 P. O. Box 419917
 Kansas City, MO 64141
 Telephone (816) 245-6000
 Facsimile (816) 245-6099
www.bluescopeconstruction.com

8 March 2019

Mr. Jack Roberts
 Big Bear City Airport
 501 Valley Boulevard
 Big Bear City, CA 92314

Re: Rough Order Magnitude
 Airport Replacement Building Due Diligence Feasibility
 Big Bear Lake Airport

Dear Jack,

BlueScope Construction (BSC) is pleased to present our Rough Order Magnitude (ROM) for the above referenced opportunity. Of the 1,100 projects we built directly for government owners none have had any litigation, liquidated damages or terminations. We hope this type of service history will be part of your evaluation as you review our best value proposal for this project.

Under this Sourcwell (Formerly NJPA) Contract solution, you will be able to take advantage of factory direct purchasing of the Varco Pruden Building System, saving you time while eliminating quality concerns. BSC holds the Sourcwell contract and functions as the manufacturer and Design/Build contractor. For your project, we have teamed with John Knight and his team at Knight Building Systems, Inc. our local BlueScope Buildings' Varco Pruden Builder as our prime subcontractor. As our prime subcontractor, Knight Building Systems will leverage their local relationships for the various designer disciplines, trades, and vendors to incorporate into our team to deliver your project on time, within budget and at the level of quality you expect. We have enjoyed this successful best value solution for several decades with a variety of customers through teaming with our qualified local builders, such as Knight Building Systems.

Our best value proposal is based on the following:

- BSC is the **preeminent supplier** of pre-engineered buildings (PEB) with 8 North American manufacturing plants. BlueScope Buildings a member of the Metal Building Manufacturers Association, Design-Build Institute, and US Green Building Council.
- BlueScope Building PEB brands, including Varco Pruden Buildings, are the **world's most popular brands** with more total in-place square footage than any other manufacturer.
- The Varco Pruden standard finishing system on metal panels has a 25-year warranty guaranteeing **resistance to chalking and fading** of the paint. This includes blistering, peeling, cracks or chipping.
- BSC is a **national contractor with** a direct connection to a local general contractor network giving you a **local presence and small business participation** on your project.
- Our **experienced team** has successfully completed over 1,000 government projects.
- We offer **unparalleled customer service** with more than 85% of our business each year from repeat customers.
- BSC and Varco Pruden Buildings have **outstanding quality control** and the capability to build to the highest levels of construction performance.

Please refer to the attached documents for this project:

Attachment A – Scope of Work
Attachment B – Schedule of Values

This offer is based on a design-build solution and the Scope of Work defines our intent within this proposal to provide this project for the price stated within the attached Schedule of Values pursuant to our Sourcewell Contract.

Please contact me should you require any additional information.

Thank you again for your consideration of our group, John Knight's team and our Sourcewell Contract for your facility needs.

Respectfully,



Brian Aldrich
Director, Government Services
Phone: 816.245.6886
bnaldrich@bluescopeconstruction.com

ATTACHMENT A

SCOPE OF WORK

VARCO PRUDEN BUILDING MATERIALS

Division 13—SPECIAL CONSTRUCTION



Building Structural System

General

The Building Structural System furnished by Varco Pruden / BlueScope Construction shall be as follows:

Unit	Width	Length	Eave Height	Structural Type	Slope	Bays	Comments
Unit 1	60'-0"	134'-0"	16'-0"	PEB	4:12	6	VPC File Provided 3-6-19

Structural Type Description—General

Pre-engineered Building Systems (PEB)

The design of the **Rigid Frame System (RF)** (a clear span structural system), shall consist of a rigid frame with straight exterior columns and tapered or straight roof beams. Roof beams will be solid web sections.

One endwall of the structural systems will not be “expandable”. One endwall will have load capacity included for future building expansion.

In the longitudinal direction of these structural systems, rod bracing, fixed base columns or a combination of these may be used to resist lateral loads. Sidewalls will utilize “Portal Frames” and Roof areas will utilize “Rod Bracing”.

This primary framework supports roof structurals and wall structurals, which, in turn, support the roof panels and wall panels, respectively. Roof structurals and wall structurals consist of cold form Z’s or C’s designed to resist horizontal loads from the walls.

Unless specified otherwise, BlueScope Construction will determine the structural system and the type and configuration of components that make up the structural system that satisfy the requirements necessary to meet codes, loads, building layout and clearances.

Design Criteria

Building Code	IBC CBC
Edition (Year)	2015 2016
Use Category	Category II
Roof Loads/Other Building Shell Loads	
Live Load	20 psf (non-reducible per code)
Structural Dead Load	8 psf (Estimated Roof IMP, Secondary and Framing)
Ground Snow Load	85 psf
Collateral Load - Basic	5 psf
Wind Speed	115 mph Exposure C
Wind Enclosure	Enclosed
Seismic Acceleration	$S_s = 184.3\%$ $S_1 = 72.3\%$
Factory Mutual (FM) requirement	None
Deflection/Sidesway Criteria	
Deflection-roof beams	L/180 (Live load)
Sidesway frames	L/60 (10 year wind)
Deflection-roof structurals	L/240 (Live load)
Deflection-wall structurals	L/90 (10 year wind)

Structural Steel Design

All structural mill sections or welded-up plate sections shall be designed in accordance with the 13th Edition of the AISC Specifications for the Structural Steel Buildings. Cold-formed steel structural members shall be designed in accordance with AISI Specification for the Design of Cold-Formed Steel Structural Members. Steel bar joists shall comply with specifications of the Steel Joist Institute.

Welding

Welding procedures shall be in accordance with the American Welding Society Structural Welding Code.

Structural Painting

All Varco Pruden structural steel components shall be factory cleaned to remove all loose mill scale and other foreign material generally conforming to SSPC-SP 2 (Hand Tool Cleaning). The parts are shop coated with a single coat of gray corrosion inhibiting primer keeping with Steel Structures Painting Council (SSPC) Paint Specification 15. This primer is considered a temporary and provisional coating. This single coat primer is not an intermediate or finish coat.

Cold formed Z's and C's will be G-30 galvanized and clear acrylic coated.

If and when applicable:

All other structural steel components and subassembly parts shall be spray painted.

Anchor Bolts and Miscellaneous Steel

Unless requested by client, anchor bolts, embedded plates, handrail, pipe bollards, and other miscellaneous steel components are excluded from the building shell unless specifically included in our proposal.

Exceptions/Clarifications

Use of ESFR sprinkler systems will require coordination of the sprinkler heads and the roof secondary members. If this coordination does not occur during the design of the steel building, field modifications may be required. The engineering and any field modifications required will be billed as a change order.



SSR Metal Roof System

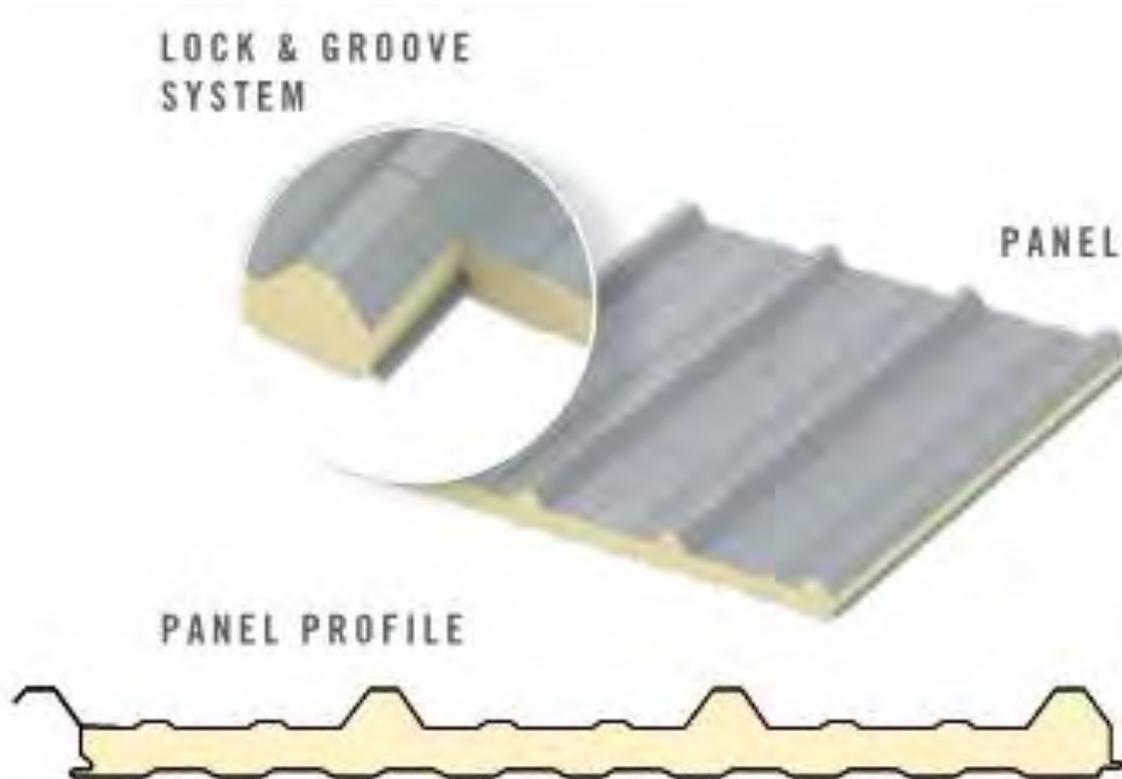
General

The roof shall be 3" Metal Span LS-36 IMP roof system as furnished by VP Buildings as follows:

Panels shall be factory roll-formed, 36" wide, with 3 major corrugations.

Panel Material and Finish

Panel material and finish shall be 24 gauge galvanized exterior side and 26-gauge interior side (G-90 coating), per ASTM specification A 653 (G90), and painted with exterior color of a KXL™ finish system, a full strength, 70% Kynar 500® or Hylar 5000® fluoropolymer (PVDF) coating. Manufacturer shall warrant that coating shall not peel, crack or chip for 25 years. For a period of 25 years chalking shall not exceed ASTM D4214 #8 rating and will not fade more than 5 color difference units per ASTM D2244. Interior color shall be white polyester color coat not formulated for exterior weathering. Colors shall be chosen from Manufacturer's standard color offerings.



Roof Accessories and Flashings

All accessories (gutters, downspouts, gable and eave trims) and roof flashings are VP standard materials.

VEE Rib™ Wall System

General

Precision roll-formed VEE Rib™ wall panels shall be as furnished by Varco Pruden. Panels shall be 36" wide

Panel Design

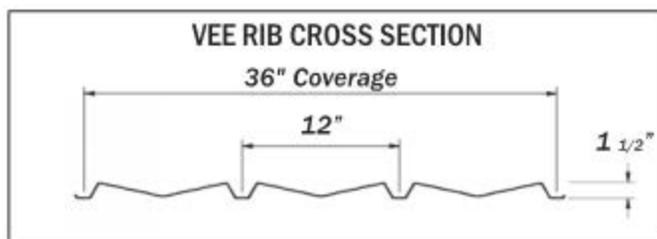
Panel design shall be in accordance with *AISI Specifications for the Design of Light-Gauge, Cold Formed Steel Structural Members*, CAN/CSA-S136 *Cold-Formed Steel Structural Members* – latest editions, and in accordance with sound engineering methods and practices.

Panel Material and Finish

Panel material and finish shall be 24-gauge painted Galvalume® aluminum-zinc alloy as per ASTM Specification A-792 with exterior colors of a KXL™ full strength, 70% Kynar 500® or Hylar 5000® fluoropolymer (PVDF) coating. Manufacturer shall warrant that coating shall not peel, crack or chip for 25 years. For a period of 25 years chalking shall not exceed ASTM D4214 #8 rating and will not fade more than 5 color difference units per ASTM D2244. Interior color shall be light gray polyester color coat not formulated for exterior weathering. Colors shall be chosen from Manufacturer's standard color offerings.

Fasteners

VEE Rib wall panel to base and eave connections shall be made with self-drilling screws at the intermediate wall girts. Panel-to-panel connections shall be made with self-drilling screws. All exposed fasteners shall be pre-painted to match wall color.



Copyright: BlueScope Construction, Inc. 2019. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

Wall Accessories

Framed and Trimmed Wall Openings

Framed and trimmed wall openings shall be provided as follows:

- Storefront Framed Personnel Door Openings
- Storefront Framed Window Openings

Sub-framing and trims shall be provided for louvers, windows, and personnel doors that are located in the VP metal walls as per standard VP design.

Insulation

General

Roof: 3" Insulated Metal Panels

Wall: WMP-50 6" white reinforced face all walls with 6" tabs one side.

Insulation

Fiberglass shall be as outlined in the North American Insulation Manufacturing Association (NAIMA 202-96) specification, or equal. The fiberglass shall be faced with WMP-50 on one side. The composite of fiberglass and facing shall have surface burning characteristics not to exceed 25 flame spread and 50 smoke developed when tested in accordance with U.L. 723 test method or ASTM E84 test method.

Facing

The facing shall be WMP-50. WMP-50 is composed of PSKP, white polypropylene film, fiberglass and polyester scrim, 30# natural Kraft, metallized polyester. The resulting facing shall have a water vapor transmission rate of 0.02 US perm (ASTM E96).

ANCILLARY SERVICES

Site Specific Soils Testing, Report, and Building Foundation/Slab Recommendations
Soils Tech (Footing Inspections and Compaction Testing)
Existing Utilities Locating to within 50-ft of the New Building Pad
Deputy Inspection (Concrete, Bolting, Welding)
Fire Sprinkler Flush

Survey and Staking to within 50-ft of the New Building Pad:
Site Topo and Structures to within 50-ft of the New Building Pad
Site Utilities to within 50-ft of the New Building Pad
Pad Corner Staking and Set-backs
Blue-top
Anchor Bolts In-Place
Anchor Bolts As-Built

DESIGN SERVICES

Design Services for the project shall include the following....

San Bernardino plan checking and permitting services allowance
Civil / Site / Utility (to within 50-ft of new building pad)

Architectural Floor Plans, Building Sections, Building Elevations, Details, Notes
Architectural New Building Exterior Rendering
Architectural Kitchen Design, Kitchen Consulting, and Kitchen Plans
Structural Foundation / Footing / Slab Plans
Mechanical Building Plans and Calculations
Electrical Building Plans and Phone / Data layout only
Plumbing Building Plans
Fire Sprinkler System Building and Underground Plans
Fire Alarm Building Plans

Metal Building Plans and Calculations
Design submittals at 50% / 95%
Metal building erection drawing detailing does not initiate until approval of 95% design

Blueprint Reproductions (Field, Submittal)

EXCLUSIONS: Does not include additional scopes of work beyond description, future changes requested by Owner, changes per plan check or permitting processes (if applicable), changes per County and/or Health Department review (if applicable), or any related to changes requested by local utility companies and representatives. SWPPP or erosion control design and plans. Landscaping and Irrigation design and plans. Design or plans to satisfy or submit to sanitation or industrial waste agencies. Health Department Plans.

ARCHITECTURAL PLANS

INCLUDED: Work per basis of design plans to be created. Non-Bearing interior partition walls, interior furring walls per plan. Hard lid ceilings and soffits per plan. Batt Insulation at interior walls only. Acoustical Ceilings in specific rooms per plan as budgeted. Metal stud framing of walls, ceilings, and backing. Drywall and FRP as required for wall finish. Level 4 drywall finish all interior walls exposed and to receive paint. Specialized Coatings, Carpet, and Base as

required for flooring finishes. Interior solid core doors in standard finish Timely Frames. Exterior Hollow metal doors and frames. Exterior Storefront glazing Doors and Windows. (4) interior restrooms to be located at common core plumbing chase wall. (1) janitors closet / mop room. (1) electrical room. Millwork as per accepted allowances. Interior building code required signage. All applicable finishes to be standard selection. Box out of columns not to exceed 8ft above finished floor. Roof drainage to be conducted via surface runoff only.

EXCLUDED: Exterior flatwork or ramps or other than 5-ft width walkways at new building perimeter, ADA access beyond 5-ft outside of building line (e.g. further paths of travel), roll up doors, fire rated interior walls / exterior walls / and ceilings, exterior building signage, any and all low voltage system design beyond electrical section descriptions, any and all low voltage system equipment/devices, security systems, PA and clock systems, Phone and Data systems, millwork beyond accepted allowances, stainless steel serving counters, ceramic tile flooring or wall coverings, operable windows, equipment screens, pass-through doors or windows, POS systems, or any furnishings.

PEMB (Pre-Engineered Metal Building)

INCLUDED: Complete Pre-Engineered Metal Building Shell to accommodate spaces and operations as per proposal documents and descriptions. Insulated roof panels per Code. R-19 exterior wall blanket type insulation. 5-ft width Canopy overhangs as described in project proposal. Wall panels, soffit panels, trim, gutters, downspouts. Door and Window openings with trim. Roof Eave Overhangs as shown and described in project proposal. Roof Snow Dam system 2-Rows. Building primary and secondary steel framing. All primary steel members to come with one coat shop primer. All secondary steel members to be G-30 galvanized galvalume with clear coat finish. Roof curbs, vent flashings, and penetrations as required. Mechanical wall louvers as required.

EXCLUDED: Anything beyond exterior building walls, roof lines, and/or roof or wall canopy extensions. Fire rated design or construction of any PEMB elements and assemblies is not included. Finish painting of any exposed steel members.

STRUCTURAL PLANS

INCLUDED: All below grade perimeter footings, tie footings, and pier footings as required to support described building. 10mil moisture barrier and 4" sand section between building pad and building slab. 5" thick building slab. All associated rebar, concrete, finishing, and control joints per plan. Interior wall to PEMB / Foundation connections.

EXCLUDED: Any unexpected conditions. Any unknown conditions requiring increased footing / foundation / slab design or sizing. Caissons or Piles. Trash enclosure and site work footings / foundations / slabs. Waterproofing or sub drains at footings and foundation.

ELECTRICAL PLANS

INCLUDED: Electrical design to feed building from existing electrical service 50-ft maximum to existing building. Underground, step-down transformer, conduits, wiring, breakers, panels, disconnects, lighting fixtures, lighting controls, emergency lights as required, exit signs as required, exterior building wall pack lighting, outlets, switches, final connections to kitchen equipment. Title 24 compliance. Low voltage phone and data layout of conduits, boxes, J Hooks. Phone and Data cabling to leave drops for owner final connection to devices and server. Includes outlets and heat tape at all low eave gutters continuous. Includes allowance to provide owner's request for (2) separate electrical meters (one for the restaurant and one for the balance of the building) and switchgear for separate metering as required.

EXCLUDED: Electrical design or work related to alterations of existing power service on site. Electrical design or work related to new utility services, alternate utility locations, and/or power utility transformers and vaults. Electrical design or power to any location outside of building footprint (other than main building feeders. Does not include design or install of a switch gear for new building. Light standards / light poles at exterior. Power circuits and wiring for scopes /

items / equipment / fixtures yet to be described/designed and/or required/requested. Power circuits for low voltage systems not included in scope of work. Security, clock, PA, speaker systems. Under canopy lighting. Existing back-up generator assumed to be tied into existing main switchgear.

MECHANICAL PLANS

INCLUDED: All mechanical systems to adequately heat, cool, vent building and spaces as described in project proposal. Mechanical units to be hung/attached to roof structure. All ductwork to be exposed and non-painted. All HVAC system balancing and startup. T stats and T stat wiring. (1) kitchen hood over proposed range/oven alcove.

EXCLUDED: Any mechanical outside of building. Screening of any mechanical equipment interior or exterior. Hard Lid or platform mounted equipment. Finished coatings or paint on exposed ducting. Dehumidifiers. Hood over any dishwashers.

PLUMBING PLANS:

INCLUDED: All plumbing systems to adequately provide hot and cold water, waste/drain lines, venting for building and spaces as described in project proposal. Plumbing fixtures to be as proposed in floor plan to accommodate (4) restrooms located back to back adjacent to kitchen. Overhead piping in exposed ceiling areas to be non-painted. (1) 100-gallon water heater. Final connections, supply lines, waste/drain for kitchen equipment as proposed in floor plan. Associated underground piping under building. Sewer, Grease, domestic water existing Point of Connection assumed to be within 50-ft of new building location. One connection for sewer, grease, gas, and domestic and fire water. (1) 1,200-gallon grease interceptor. Exterior wall hose bibs. Floor drains as required in restrooms and kitchen. (1) domestic backflow preventer located inside building janitor's closet. Mop sink at janitor's closet. Mop sink in kitchen. Includes allowance to provide owner's request for (2) separate gas meters (one for the restaurant and one for the balance of the building).

EXCLUDED: Any plumbing outside of building not described in proposal or inclusions. Septic tanks and/or leaching fields. Storm drain piping. Roof or canopy drain piping systems. Booster pumps. Pressure reducing assemblies. Double detector check valves. Well drilling or water storage solutions. New water meters or services associated with water service not being of adequate size or pressure for new building design. Gas piping outside of building line.

INSTALLATION AND SITE PREPARATION

Division 1 - GENERAL REQUIREMENTS

General Conditions

- Project management
- Site supervision
- Site maintenance during construction
- Site Safety Program
- Temporary utilities: water, electricity and sanitary facilities as required
- Temporary site office trailer
- Site Storage Container
- Site Reachlift Equipment
- Temporary partial site fencing
- Final clean up – all work to be “broom clean” unless noted otherwise
- All applicable taxes. Sales Taxes apply to total of Material Only scope of work
- Insurance – General Liability Builder's Risk, Worker's Compensation and Automobile and Performance and Payment Bonds (if required)
- Closeout Package

Copyright: BlueScope Construction, Inc. 2019. Any information, data and drawings included in this Proposal are supplied to you with the understanding that they will be held confidentially, used only for the purpose of evaluating this Proposal, and will not be disclosed to third parties without the prior written consent of BlueScope Construction, Inc.

Division 2 - SITE CONSTRUCTION

Demolition

Saw-Cut existing asphalt pavement 5-ft beyond perimeter of new building pad
Demolish and remove existing asphalt pavement 5-ft beyond perimeter of new building pad
Debris to be hauled off-site and disposed of.

Saw-Cut existing asphalt pavement 3-ft width x (4) x 50-LF total maximum for utility trenches
Demolish and remove existing asphalt pavement 3-ft width x (4) x 50-LF
Debris to be hauled off-site and disposed of.

Saw-Cut existing asphalt pavement for (1) 1,200 gallon grease interceptor and U.G. waste piping up to 50-LF
Demolish and remove existing asphalt pavement for grease interceptor and piping up to 50-LF
Debris to be hauled off-site and disposed of.

Site Concrete & Paving

Asphalt paving patching at excavated underground utilities 600-sf allowed
Asphalt paving patching at excavated grease interceptor and piping 250-sf allowed
3,000 PSI walkway concrete
Concrete landings at exit doors (incorporated into bldg. perimeter flatwork)
2,000 square feet allowed Sidewalks 4" thick and reinforced per engineer's design requirements
Pre-fabricated concrete splash blocks at base of downspouts

Division 3 - CONCRETE

Footings & Foundations

Spread footings and continuous grade beam at building perimeter,
Per foundation design by registered engineer
3,000 PSI concrete, reinforced per engineer's design requirements
Bottom of footings below normal frost depth for geographical area

Slab on Grade

Floor slab preparation
4" clean fill sand (2" above and below Vapor Barrier)
10-MIL Vapor Barrier throughout
Slab on grade – five inches (5") thick
3,000 PSI concrete reinforced per engineer's design requirements
One coat of curing compound / sealer at areas without floor finishes

Division 4 - MASONRY

None.

Division 5 - METALS

(24) Sets Assembled Anchor bolts and steel templates for all new columns.

Division 6 - WOOD & PLASTICS

Finish Carpentry

- (2) Small Kiosk Desks
- (1) Administration Counter
- Plastic laminate countertops
- Vanity countertops in Rest Rooms

Division 7 - THERMAL & MOISTURE PROTECTION

- See VP Building materials for roof and wall insulation
- Installation labor under Division 13
- Rigid board insulation at perimeter grade beam to below frost line
- Fire Stopping Material
- Sound attenuation batts in interior office partitions at the following locations
 - Rest Room walls
 - Board Room Full-Height Partition Wall
 - Office walls
- Fiberglass batt insulation (R-13) above the ceiling in the following areas:
 - Rest Room Hard Lid Stud Spaces
 - Above All ACT Ceilings

Division 8 - DOORS & WINDOWS

- Exterior Wall Doors
 - Standard Aluminum Frame Storefront Doors
 - Standard Hardware and Finishes.
 - All glazing to be Title 24 compliant.
- Interior Wall Doors
 - Solid Core Wood Doors and Hollow Metal Timely Door Frames.
 - Standard Hardware.
- Exterior Wall Windows
 - Standard Aluminum Frame Storefront Fixed Windows
 - Standard Finishes.
 - All glazing to be Title 24 compliant.
- Interior Windows
 - None.

Division 9 – INTERIOR FINISHES

Interior Partitions

- Furnish and install metal stud framing and 5/8" interior gypsum board systems for interior partitions and soffits
- All perimeter interior exposed walls to receive interior side metal hat channel to wall girts at drywall locations.
- All drywall to receive primer and finish painting to be Level 4 finish.
- 20-gauge metal backing (or wood blocking) for all wall hung accessories
- Furnish and install moisture-resistant gyp board system in Rest Rooms and FRP to 4-ft AFF all walls.
- Furnish and install moisture-resistant gyp board system in Kitchen with FRP walls full height.

Interior Column Box-Out Framing and Drywall to 10-ft AFF

Ceilings

Open Space, Boardroom/MPR, Restaurant Seating areas shall be open to structure above (no ceiling)
 Suspended acoustical lay-in ceiling tile system at Admin Offices, Flight Plan Room, and Kitchen
 ACT 2-ft x 4-ft panels – 9 ft ceiling height
 Moisture-resistant gyp board ceiling in Rest Room areas with plywood top lid.

Floor Coverings

Commercial grade carpet tiles in Open Space, Admin Offices, Board Room/MPR, and Flight Plan areas.
 Safety slip coefficient epoxy flooring materials in the following areas and up walls 6":
 Rest Rooms
 Mop Closet
 Kitchen
 Restaurant

Painting

The following items shall receive one (1) coat of primer and one (1) finish coat of paint:
 Interior drywall partitions
 Interior Metal Personnel Door Frames

Wall Coverings

Stainless Steel Wall Covering Sheets to 4-ft AFF Selective Kitchen Walls

Division 10 - SPECIALTIES

Toilet Compartments
 Toilet Accessories
 Fire Extinguishers and Cabinets
 Signage

Division 11 - EQUIPMENT

Kitchen Equipment (2) Ovens (2) Griddles, Hoods, SS Tables, Sinks Misc.

Division 12 – FURNISHINGS

None.

Division 13 – INSTALLATION OF VP BUILDING & SPECIAL CONSTRUCTION

Installation of VP Building Materials, Summarized below. Complies with BlueScope Construction Safety practices
 60'-0" width x 134'-0" length x 16'-0" low eave height
 6 Bays
 Endwall Frames and Endwall Posts
 Interior Clear span Rigid Frame with Straight Profile Columns
 8-1/2" Wall Girts and Roof Purlins
 Purlin Blocking
 (2) Bays Portal Frames each sidewall
 (2) Bays Roof X-Rod Bracing
 5-ft width roof extension canopies all walls
 4:12 Roof Pitch
 +5-psf additional collateral loading
 24-ga VEE Rib Metal Wall Panels and Trims
 Metl-Span 4" Insulated Roof Panels and Trims

Walk Door and Window exterior wall framed openings and trims
Sidewall low canopy eave gutters and downspouts

6" WMP-50 Exterior Wall White Vinyl Faced Blanket Insulation Full-Height All Walls

Roof Curbs for Kitchen Ventilators and Exhaust Fans
Roof Flashings for Pipe Penetrations

(2) Rows, each side of peak, 536-LF Sno-Guard Roof System

Division 14 – CONVEYING SYSTEMS

None.

Division 21 – FIRE SUPPRESSION

Ansul System at (1) Kitchen Hood

Fire Suppression System

8-inch Riser Flange at 12 inches above finished floor in Fire/Mechanical Room
PIV, Backflow Preventer and FDC through wall

Wet Pipe System

Includes electric unit heater with thermostat to prevent freezing at riser

Exterior BFP Thermal Electric Cover

Pull Stations

NOTE: Assumes existing supply of water pressure and volume is adequate

FIRE SPRINKLER AND ALARM SYSTEMS

INCLUDED: Complete "Wet" only building fire sprinkler system (owner to maintain building temperature and connection to backup power), (1) Fire Riser assembly, underground piping from fire water backflow device into building, underground to existing point of connection assumed to be within 50ft of building, supply piping, main line piping, branch line piping, drops, heads, flow switch, exterior wall bell, complete design build fire alarm system. All testing and inspection required for system approval during construction. Exterior BFP heated enclosure.

EXCLUDED: Dry, Antifreeze, or Glycol based systems OR ANY OTHER THAN "Wet System". Specialized enclosures for double detector check valve, hydrants, underground piping beyond existing point of connection within 50ft of building, fire flow reporting or outside services, fire flow pumps.

Division 22 – PLUMBING

Underground Plumbing and Connection to Existing Utilities with 50-ft Maximum beyond Building Pad

Underground Gas Service and Connection to Existing Utilities (2-meters)

Water Heater (1) 100-gallon

Exterior Wall Hose Bibs and Lock Boxes (2)

Vent Pipes and Traps

Floor Drains (Bathrooms and Kitchen) and UG piping and connections up to 50-ft beyond bldg. pad

Finish Plumbing

Bathrooms

Kitchen

Mop Sink

Interceptor / Grease Trap with 50-ft Maximum UG Piping beyond Building Pad

Division 23 – MECHANICAL

Provide Interior Suspended HVAC System with exposed non-painted Spiral Ducting
T-stats and T-stat Wiring
Exhaust Fans
Kitchen Hood over Kitchen Range/Oven

Division 26 – ELECTRICAL

Electrical Service to Building from Existing Transformer and Switchgear
Provide 2-meter service (Restaurant separate metering from balance of building)
Panel Board; 400A, 120/208 V, 3-phase
Circuit main breaker, with power disconnect
Sub-panels and breakers
All exposed wiring to be encased in rigid conduit
Concealed (not exposed to view) wiring to be encased in flex conduit
Trenching and cable splicing for the building site
Furnish and install all fixtures, second switchgear for separate metering, and devices
Wiring connections to HVAC equipment
Duplex outlets – (50) spaced at building perimeter
Outlets at exterior walls and for gutter elements to be GFCI rated
Exterior Wall Pac Lighting
(10) Operate with dusk / dawn photocell
Interior Lighting
xx – 4 ft fixtures LED Title 24 with lens
xx – ACT ceiling drop-in LED Title 24 with lens
xx – Health Dept compliant ceiling lights and lens in all kitchen areas
xx – Exit / Emergency light fixture combinations at Personnel Doors
Two-zone fire alarm system, with outside fire alarm
Fire alarm pull stations
Grounding
Buss bar and ground rods will be provided at the panel

Division 27 – COMMUNICATIONS

Low voltage phone and data layout of conduits, boxes, J Hooks. Phone and Data cabling to leave drops for owner final connection to devices and server.

Division 28 – ELECTRONIC SAFETY AND SECURITY

Addressable Fire Alarm control panel (FACP) system, with transceiver to fire department;
Provide drawing for installation that complies with most current base standards
Monaco system, antenna, surge arrester, grounding, cable, connections and conduit
Include addressable audible notification capabilities
Pull stations, horns, and strobes shall be provided at each personnel door
Heat detectors shall be installed with redundant wiring loops to each detector ensuring complete operational capability
Layout drawing to be stamped by NICET Level III or greater
Provide Knox Box attached to exterior wall panel at personnel door nearest FACP

Division 31 – EARTHWORK

Building Pad

Over-excavate, minimum 3 ft depth (and 3-ft below bottom of footings) new building pad +5-ft beyond
Backfill and Compaction in 6-inch lifts
Lime import mixed with native soils on-site
Minimum bearing pressure, 1500 PSF assumed
Building slab elevation established to provide for positive drainage away from building
Excess excavated spoils to remain onsite and used by owner

Trenching

Excavation of 3' width x (4) x 50-LF x 3-ft depth maximum utility trenching
Backfill and Compaction
Excess excavated spoils to remain onsite and used by owner

Excavation for (1) 1,200 gallon grease interceptor and U.G. waste piping up to 50-LF
Backfill and Compaction
Excess excavated spoils to remain onsite and used by owner

*EXCLUDED: Import or Export of soil and/or fill material. Assumed foundation excavation spoils to be utilized on-site by owner. Export / Remove / Disposal of any unknown material / debris that may be below existing surfaces and unknown or hazardous. Site or Storm Drain piping and connections to private or public storm drainage systems. Utility connections beyond 50-LF from new building pad. No rough grading, fine grading, or site work beyond 5ft outside of building line. Fencing / Gates / Hardscaping / Mechanical Pads / or Concrete Flatwork other than sidewalk inclusions. Permeable surfaces at the site are excluded. Trash Enclosure locations, design, installation. Any unknown buried conditions. Light poles outside of building. Specialized enclosures for exterior equipment and devices. Any relocation of existing utilities, unknowns, encasements, piping, culverts, that may exist within the proposed building pad area or within 5-ft beyond. Canopies and/or enclosures for exterior dining, seating, or waiting areas. Hazardous / Contaminated soil removals, disposal, and remediations. Capping or barriers to mitigate soils conditions. Does not include any shoring of building pad **excavation outside typical safety standards (doesn't include shoring per existing soils conditions, soil engineer request, owner request, and/or local agency request)**. Infiltration or retention areas and devices. Oil and grease interceptor for existing site or parking areas.*

Division 32 – UTILITIES

Tie-in of new building POC for domestic water, fire water (and thrust block), electrical, sewer, interceptor, and natural gas to service up to a maximum of 50-ft beyond new building pad POC.

*EXCLUDED: distances beyond 50-ft from new building POC. Slurry fill for any trenching. Lime remediation for any trenching back-fill and compaction. Hot-Tap only into existing services. No upgrades, repairs, new added primary services, alterations to any existing utilities, or other included. Sizes of existing services assumed adequate to accept new service tie-ins and perform adequately. Any pot-holing or video verification of existing utility services shall be at additional cost and is not included. **If 'switch-over" from adjacent building utility services, to new building utility services, cannot be performed or if both facilities will be required to operate simultaneously, no additional provisions or associated costs or verification of service adequacies to handle both facilities has been determined and additional costs may be incurred for possible operation of back-up generator and tie-in, and use or service feed upgrades.***

ASSUMPTIONS, CLARIFICATIONS AND EXCLUSIONS

Assumptions

A Standard VP Color will be specified
 Geotechnical Report not provided, assume allowable soil bearing of 1,500 PSF
 Davis-Bacon Prevailing Wages; General Decision Number C-20-X-1-2018, Mod 2
 Ironwork labor classifications used for Metal Building Erection activity
 Delivery date 240 days (Excludes permitting and plan check time periods. Assume 91-120 additional days)
 Warranty; Includes one (1) Year Materials and Installation, per NJPA Contract
 Connection to existing utilities, will be within 5 feet of building slab perimeter
 Utilities have adequate capacity for building needs
 Progress Payment Invoicing, according to Schedule of Values, submitted with no more than one invoice per month

Clarifications

This offer is based on a design/build solution and this proposal supersedes all other plans and specifications related to this project. If there is a discrepancy between plans or specifications provided for this project and this proposal, the descriptions included in this Scope of Work shall take precedence. If there are any questions regarding clarity of our proposal, please contact us prior to issuance of a Purchase Order.

General Exclusions

1. Special Site Conditions, which could not be anticipated at time of bid
2. Winter conditions for site work and concrete placement
3. Permits (including schedule allowance for permit approval process)
4. Compliance with LEED Certification or Air Infiltration requirements
5. All Materials and Labor not specified above
6. Plan check and permit fees with any and all agencies for any and all aspects of design and construction.
7. Asbestos, hazardous materials, Phase I investigation or reporting, EIR mitigation, membranes, capping of underground soils, remediation (other than as described in this proposal), unknown buried conditions.
8. Work to correct, improve, or make compliant any existing conditions outside of the building.
9. Any additional work per any unknown or unforeseen conditions presented during design or construction.
10. Design, labor, materials, time, costs, installations per any planning conditions, planning department, FAA, owner, local agency, state agency, building departments, public works departments. Owner is directing path forward on approvals, permitting, and acceptance of project design and construction.
11. Any costs associated with any changes required or requested during design and construction.
12. All finishes, colors, materials, fixtures, equipment to be per standard selection, pricing, and availability.
13. Ladders to access spaces above ceilings and/or roof of building.
14. SWPPP plans, design, compliance, QSD services, QSP services, monitoring, or erosion control installations during construction and/or to become permanent.
15. No tie in of any storm drainage or building runoff included, to be conducted via existing site surfaces only.
16. No hydrology, storm, or LID calculations, design, or implementation. No infiltration pits or mitigation.
17. Screening for exterior and roof mounted equipment.
18. ADA complaint work, ramps, access 5-ft beyond building line and/or to and from existing site and parking areas.
19. Pipe bollards, fencing, gates, trash enclosure, truncated domes, stairs, curbs, gutters, railings.
20. Costs of providing external safety monitoring and compliance.
21. Understanding, knowledge, approval of anything concerning design / construction / plan checks / approvals / permits and oversight that may be desired / requested or required per the FAA or owners funding methods.

22. Gas utility service assumed to be of adequate size and close proximity to building. The gas utility company to extend main line and locate meter adjacent to proposed new building location.
23. Sleeving or encasement of any and all interior and exterior underground utilities.
24. Awnings or structures outside of proposed canopies in PEMB proposal.
25. Slab depression for walk in coolers, restrooms, or other.
26. Floor mounted power and data outlets.
27. Fusible links, rated doors, and/or building wide fire life safety shutdown of mechanical systems.
28. Any schedule acceleration or overtime costs.
29. Costs and delays associated with weather.
30. Costs and delays associated with future requested changes.
31. Any changes to project cost, schedule, design, or construction per unforeseen conditions related to unsuitable soil conditions, unsuitable utility locations and sizing, unforeseen or excluded approval and permit processes.
32. Trash enclosure.
33. Work or materials related to the adjacent building, utilities for same, or switch-over of services and coordination.

Owner Provided Items

1. Owner to provide access to temporary water, power, internet services during construction within reasonable distance of proposed building site.
2. Owner to provide unrestricted access to building site.
3. Owner to provide final confirmations on requirements of permits and plan check for proposed project.
4. Owner to provide reimbursements for all items described as reimbursable.
5. Owner to provide reimbursements for all items, fee's, assessments, permits, costs associated with future permit and plan check processes, and/or by local utilities or municipalities, under state and local agency jurisdiction if required. (\$148,210.00 Plan Check and Permit Fee Allowance included in this ROM)
6. Owner to pay for any Utility Service Upgrades Required and for Tie-In Fees or Assessments for same for adding additional services. Owner to pay costs for any and all new utility services and upgrades if deemed necessary during design and construction.
7. Owner to pay costs to accelerate construction schedule if required or requested.
8. FFE items such as tables, chairs, phones/server/Wi-Fi devices, final connections of phone data systems, lockers, exterior seating furniture, exterior seating area delineation or protection by owner and not included.
9. Owner to pay for costs associated with any unknown conditions found or described in proposal, inclusions, and exclusions.
10. Owner to pay for costs of any monitoring, oversight, inspectors, processes, assurances that owner may require to inspect, monitor, validate, quality control, document construction processes to satisfy any requirements set forth should project not be permitted or plan checker by state and local agencies.

ROM SCHEDULE OF VALUES		
Airport Building		Proposal No.: 19661
Big Bear Lake		Date 8 March 2019
Schedule of Values Line Item Number	Description	Price
1	General Requirements	\$751,035
1A	Design & Ancillary Services	\$714,472
1B	Payment & Performance Bond	\$32,129
2	Site Work	\$484,321
2A	Demolition	\$68,976
3	Concrete	\$219,606
4	Masonry	\$0
5	Miscellaneous Steel/Metals	\$6,901
6	Wood & Plastics (Carpentry)	\$81,813
7	Thermal & Moisture Protection	\$0
8	Doors & Windows	\$253,022
9	Interior Finishes	\$771,497
10	Miscellaneous Specialties	\$47,849
11	Equipment	\$200,299
12	Furnishings	\$0
13	Special Construction (PEMB Installation)	\$437,344
13A	Special Construction (Varco Pruden Materials)	\$182,826
13B	Special Construction (Other)	\$96,521
14	Conveying Equipment	\$0
15	Mechanical	\$0
15A	Mechanical - HVAC	\$386,568
15B	Mechanical - Plumbing	\$395,913
15C	Mechanical - Fire Protection	\$199,712
16	Electrical	\$592,517
16A	Electrical - Communications	\$67,012
		\$0
Total PO Price		\$5,990,332

Agenda Report



Date: March 13, 2019
To: Board of Directors
From: Jack Roberts, General Manager
Prepared By: Diane Cartwright
Subject: Manager Report – Administration

- Administrative Projects

We received a \$1,000 reimbursement from the CSDA for our annual purchase of safety-related items and I've submitted a credit disbursement request from the California Aid to Airports Program for reimbursement of \$10,000 for airport utilities.

- Personnel

A new job description has been created for the Administrative Analyst position to include Board Secretary duties that will be presented at the April meeting for the Board's consideration.

Agenda Report



Date: March 13, 2019
To: Board of Directors
From: Jack Roberts, General Manager
Prepared By: Ryan Goss, Operations and Maintenance Manager

Operations/Maintenance:

- The storm that occurred on February 14, 2019 wreaked havoc on the Big Bear Airport property. Large amounts of flooding and debris collected on taxiways with portions of the taxiway under 3 feet of water. Maintenance staff worked to keep drains open, clearing large amounts of debris by hand or by tractors to allow the water to flow freely. Winds hampered our efforts. High winds 75+mph gusts also caused a large amount of damage to hangar doors and roofing. 10 hangar doors were damaged and 12 roof panels blew off. The maintenance staff repaired many of the doors and well as the roof panels. Some doors are damaged beyond repair and we are waiting on materials to build new doors. The maintenance carport located behind our maintenance building was damaged beyond repair. The 40'x40' now sits atop of our maintenance hangar. Staff looked at options to remove the structure but found it would be safer for a crane to lift it off the building to reduce the damage to the maintenance building and reduce risk to staff. With the rain, wind and then the snow the maintenance staff hung in there and did an amazing job. Thank you for all your hard work.
- Gate access system is currently back online with the exception of Gate 8A. Problems with connectivity via the internet has been down because of the adverse weather. Troubleshooting has made it difficult because of the weather.
- Annual inspection of our AWOS was completed on March 9, 2019. The AWOS receives 4 inspections per year from a third party to comply with the FAA requirements.
- Air Methods had their one-year anniversary on Wednesday March 6, 2019. It was held in the airport terminal. We had 50-60 invited guests attend. Since Helicopter 285 has been based at Big Bear Airport 346 operations have occurred. The airport looks forward the continued partnership with all who are involved.

Agenda Report



Date: March 13, 2019
To: Board of Directors
From: Jack Roberts, General Manager

Subject: GM Report

Outreach:

1. I attended the general manager's luncheon with six other valley GMs. This luncheon is a good networking opportunity for the administrators of the valley agencies.
2. The District hosted Big Bear Fire and Mercy Air for the one-year anniversary open house. Thank you for all of the Directors being present for the open house and supporting the emergency helicopter operations.

Capital Projects:

1. I coordinated with BBMR for a tour of the new learning center at Bear Mountain ski resort as a potential option for a like building as the District's new terminal building. All Directors were able to see the building and get a better understanding of the type of construction that is available.
2. As approved at the February meeting, staff installed two offices for the Administration Manager and the Operations and Maintenance Manager.
3. The Valentine's Day storm caused some damage and debris on District property. Maintenance staff contacted a local crane service to help remove the carport type structure that was behind the maintenance hangar covering equipment, which blew on top of the maintenance hangar during the storm. Staff removed debris that mostly washed down from the neighborhoods and created blockages at the culverts going under Division, Greenway, and near the museum.