

**REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
May 10, 2019**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, May 10, 2019 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: Matthew C. Burrell, Chair; K. Ray Bailey, Vice-Chair; Stephanie Pace Brown; George H. Erwin, Jr.; Brad Galbraith; and Carl H. Ricker, Jr.

MEMBERS ABSENT: William L. Moyer

STAFF AND LEGAL COUNSEL PRESENT: Cindy Rice, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; Kevan Smith, Chief of Public Safety; Tina Kinsey, Director of Marketing and Public Relations; Janet Burnette, Director of Finance and Accounting; Shane Stockman, IT Director; John Coon, Director of Operations and Maintenance; Christina Madsen, Airport Properties and Contracts Manager; Samuel Sales, Public Safety Captain; Juan Gonzalez, Public Safety Officer; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: Nick Loder, RS&H; James Moose, Avcon; Jon McCalmont, Parrish & Partners; Hunter Boniface, Parrish & Partners; Patrick Pettit, Haskell; Chuck Buckland, Signature Flight Support

CALL TO ORDER: The Chair called the meeting to order at 8:30 a.m.

EMPLOYEE RECOGNITION: The Director took a moment to recognize Juan Gonzalez for receiving his Intermediate Law Enforcement Certification from the North Carolina Criminal Justice Training and Standards Commission.

PRESENTATIONS: None

FINANCIAL REPORT: The Director reported on the airport activity for the month of March which included enplanements, aircraft operations, and general aviation activity. Janet Burnette reported on the financial activity for the month of March.

A discussion took place regarding comments made by airline flight crews to passengers in delay or diversion situations and their placing blame on closure of the airport. The Director stated that while these conversations have previously taken place with the

airlines, staff will request the airlines give factual information to passengers when there are delays or diversions.

CONSENT ITEMS: The Chair stated that Consent Items B and D, Approval of the Greater Asheville Regional Airport Authority April 5, 2019 Closed Session Minutes and Approval of the Greater Asheville Regional Airport Authority April 12 Closed Session Minutes, would be pulled for review in Closed Session.

A. Approval of the Greater Asheville Regional Airport Authority April 5, 2019 Special Meeting Minutes:

C. Approval of the Greater Asheville Regional Airport Authority April 12, 2019 Regular Meeting Minutes:

E. Approval of Amendment to the FY18/19 Budget: The Director advised the Board that a budget amendment was never done for the repairs to Jet Bridge 2. The final invoice has not yet arrived, but Delta will be billed for the repairs.

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Emergency Repair Costs		\$122,500.00
Totals		\$122,500.00

This will result in a net increase of \$122,500.00 in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash		\$122,500.00
Totals		\$122,500.00

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 10th day of May, 2019.

Matthew Burril, Chair

Attested by:

Ellen Heywood, Clerk to the Board

Mr. Galbraith moved to approve Consent Items A, C and E. Mr. Erwin seconded the motion and it carried unanimously.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Scope of Services No. 1 with Avcon Engineers and Planners, Inc.: Mr. Reisman reminded the Board that staff was directed to proceed with the planning for the addition and/or modification of existing surface parking lots in order to meet increasing passenger parking demands. Scope of Services No. 1 is for the design and engineering services for the additional parking. Mr. Reisman advised the Board that the not to exceed cost for these services is \$189,962.00 and will be funded with airport funds. The following budget amendment will be necessary:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvements		\$189,962.00
Totals	_____	_____
	=====	=====
		\$189,962.00

This will result in a net increase of \$189,962.00 in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvements		\$189,962.00
Totals	<hr/> <hr/>	<hr/> <hr/> \$189,962.00

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 10th day of May, 2019.

Matthew Burril, Chair

Attested by:

Ellen Heywood, Clerk to the Board

Mr. Reisman was asked which parking lots were covered with this scope of services. Mr. Reisman responded that there were four parking areas that would be addressed with this project and reviewed the specifics of the project including locations, type of work to be completed, and timeline.

Mr. Erwin moved to approve Scope of Services No. 1 with Avcon Engineers and Planners, Inc. in the amount of \$189,962.00; authorize the Executive Director to execute the necessary documents; and amend the FY2018/2019 budget by adopting the budget ordinance presented by staff. Mr. Bailey seconded the motion and it carried unanimously.

B. Approval of Scope of Services No. 21 with Avcon Engineers and Planners, Inc.: Mr. Reisman advised the Board that the expenses associated with Scope of Services No. 21 with Avcon Engineers and Planners, Inc. are due to the delays in completion of BP-4 of the Airfield Re-development project. Mr. Reisman stated that the additional work is primarily construction administration services for a not to exceed cost of \$99,271.00 and will require the following budget amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvements		\$99,271.00
Totals	<u>\$0</u>	<u>\$99,271.00</u>

This will result in a net increase of \$99,271.00 in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash		\$99,271.00
Totals	<u>\$0</u>	<u>\$99,271.00</u>

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 10th day of May, 2019.

Matthew Burril, Chair

Attested by:

Ellen Heywood, Clerk to the Board

Mr. Ricker moved to approve Scope of Services No. 21 with Avcon Engineers and Planners, Inc. in an amount not to exceed \$99,271.00; authorize the Executive Director to execute the necessary documents; and amend the FY2018/2019 Budget by adopting the budget ordinance amendment as presented by staff. Mr. Galbraith seconded the motion and it carried unanimously.

C. Approval of Scope of Services No. 16 and 17 with RS&H: Mr. Reisman informed the Board that RS&H performs program management services for the Airfield Re-development project. Mr. Reisman reviewed the background of the Board's approval

of Bid Packages (BP) 3 and 4 and Scope of Services 14 and 15 with RS&H. Mr. Reisman advised the Board that as a result of the delays with the Airfield Re-development project, the funds associated with Scope of Services 14 and 15 have almost been exhausted. To accurately track the expenses and assure ease in accounting, the remaining work for BP 4 Volumes 2 and 3 should be split into separate scopes of work.

Mr. Reisman explained that Scope of Services No. 16 provides funding for the continuation of consulting services through the completion of BP 4, Volume 2 work which is primarily construction of the runway, connector taxiways, and their electrical systems.

Scope of Services No. 17 is for BP 4, Volume 3 work which is primarily the conversion of the temporary runway to a permanent taxiway as well as completion of permanent runway nav aids. Mr. Reisman pointed out that approximately \$400,000 of the fees for BP 4 Volume 3 have not been expended from Scope of Services 14 and these funds have been carried over to Scope of Services 17. This will reduce the final cost of Scope of Services 14 of this agreement by the same amount. Mr. Reisman also advised the Board that the cost for BP 4, Volume 3 work in Scope of Services 17 is substantially higher than what is carried over from Scope of Services 14 due to higher cost of hourly fees, sub-consultants and additional consultant oversight.

Mr. Reisman stated that the not to exceed cost for Scope of Services No. 16 is \$1,460,329.00 and the not to exceed cost for Scope of Services No. 17 is \$1,487,205.00 for a total of \$2,947,534.00. This will require the following budget amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvements		\$2,947,534.00
Totals		\$2,947,534.00

This will result in a net increase of \$2,947,534.00 in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash		\$2,947,534.00
Totals		\$2,947,534.00

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 10th day of May, 2019.

Matthew Burrill, Chair

Attested by:

Ellen Heywood, Clerk to the Board

The Board requested confirmation that this would be part of the conversation that could be held with the surety company at the conclusion of the project. Ms. Rice stated that this would be an additional expense for the Authority, but it could potentially be brought as damages depending on what the Board decides to do with respect to the surety.

Mr. Erwin moved to approve Scope of Services Nos. 16 and 17 with RS&H in the combined total amount of \$2,947,534.00; authorize the Executive Director to execute the necessary documents; and amend the FY2018/2019 Budget by adopting the budget ordinance amendment as presented by staff. Ms. Brown seconded the motion and it carried unanimously.

D. Approval of Purchase of Two Shuttle Buses for Parking Operations: John Coon stated that staff has been directed by the Board to proceed with planning for the addition and/or modification of existing surface parking lots in order to meet increasing passenger parking demands. Some of the parking areas would require shuttling passengers by bus operated by our parking operator, LAZ Parking, to and from the remote parking lots. The shuttle buses should be handicap accessible and able to accommodate luggage. Mr. Coon advised the Board that preliminary costs to purchase a 14-passenger bus that is handicap accessible and has luggage racks is approximately \$75,000.00 with a 12-week lead time to manufacture. It is anticipated that the shuttle operations may be necessary for up to a 5-year time frame making purchase of the buses more cost effective than leasing. Mr. Coon stated that the purchase of the two vehicles in an amount not to exceed \$150,000.00 will be funded from the Equipment and Small Capital Outlay account and will require the following budget amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Equipment and Small Capital Outlay		\$150,000.00
Total		\$150,000.00

This will result in a net increase of \$150,000.00 in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash		\$150,000.00
Totals		\$150,000.00

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 10th day of May 2019.

Matthew Burrill, Chair

Attested by:

Ellen Heywood, Clerk to the Board

Mr. Bailey moved to authorize the purchase of two shuttle buses for the amount not to exceed \$150,000.00; authorize the Executive Director to execute the necessary documents; and amend the FY2018/2019 Budget by adopting the budget ordinance amendment as presented by staff. Mr. Galbraith seconded the motion and it carried unanimously.

DIRECTOR'S REPORT:

A. Items for June: The Director reported that at the June Board meeting staff will have business insurance on the agenda for approval. Funding for the terminal building will also be addressed in a presentation in June. PFM, a bond consultant, has been

retained to analyze the Authority's financials and will provide a report that will be presented to the Board for the terminal expansion project.

B. PFC: The Director reported that he was working on an Op-ed with respect to PFCs that will likely appear in newspapers in the state. The industry is making headway in Washington, DC to increase the PFC, however, the airlines are trying to dispel the need for the increase and the Op-ed will help to counteract the airlines' stance.

INFORMATION SECTION: No comments

PUBLIC AND TENANTS COMMENTS: None

CALL FOR NEXT MEETING: The next regular meeting of the Authority Board will be held on June 14, 2019.

AUTHORITY MEMBER REPORTS: None

CLOSED SESSION: At 9:06 a.m. Mr. Bailey moved to go into Closed Session Pursuant to Subsection 143-318.11 (a)(3) and (4) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege; and to Discuss Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Greater Asheville Regional Airport Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Greater Asheville Regional Airport Authority in Negotiations. Mr. Erwin seconded the motion and it carried unanimously.

The Chair indicated they would break for five minutes at which time the Board would resume in closed session.

Open Session resumed at 10:05 a.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY MAY 10, 2019

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

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY APRIL 5, 2019 CLOSED

SESSION MINUTES: Mr. Bailey moved to approve the minutes for the April 5, 2019 Closed Session and to seal and withhold the minutes for the April 5, 2019 Closed Session from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Galbraith seconded the motion and it carried unanimously.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY APRIL 12, 2019

CLOSED SESSION MINUTES: Mr. Bailey moved to approve the minutes for the April 12, 2019 Closed Session and to seal and withhold the minutes for the April 12, 2019 Closed Session from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Erwin seconded the motion and it carried unanimously.

TAKEOVER AGREEMENT: Cindy Rice stated that the Takeover Agreement was not officially made a part of the meeting minutes following its acceptance and execution on behalf of the Greater Asheville Regional Airport Authority. Ms. Rice asked that a notation be included in the minutes documenting that:

The Greater Asheville Regional Airport Authority made a claim against the Performance Bond in Place for Bid Package 4 – Permanent Runway 17-35 Paving, Lighting and NAVAIDS.

In an attempt to resolve that claim, and after negotiations with Travelers, Board authorized the Authority's entry into Takeover Agreement with Travelers Casualty and Surety Company of America, Cedar Peaks Enterprises, Inc. and the Greater Asheville Regional Airport Authority, whereby:

- Travelers agreed to ensure completion of the Project, utilizing the defaulting contractor, Cedar Peaks Enterprises, Inc., along with project administration provided by WK Dickson and daily oversight and coordination by JS Held.
- Cedar Peaks Enterprises, Inc. agreed to complete the Project.
- The Greater Asheville Regional Airport Authority granted Travelers an extension of the Completion Milestones associated with the Project.
- The Greater Asheville Regional Airport Authority agreed to pay the balance of the contract price to the Travelers.
- The Greater Asheville Regional Airport Authority agreed to waive certain Delay Damages, in exchange for Travelers payment of Delay Costs up to a maximum of \$1.8 million, so long as the permanent runway was opened in 2018.
- Travelers and Cedar Peaks agreed to waive any and all claims they might have had against the Greater Asheville Regional Airport Authority, so long as the Greater Asheville Regional Airport Authority did not seek to recover any damages in addition to the Delay Costs.

Takeover Agreement was finalized and entered into on behalf of the Authority on April 3, 2018.

Ms. Rice asked that a copy of that Takeover Agreement be entered into the minutes of the open session:

[INTENTIONALLY LEFT BLANK]

TAKEOVER AGREEMENT

This Takeover Agreement (the "Agreement") is made and entered into by and among GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY ("Owner"), TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA ("Surety") and CEDAR PEAKS ENTERPRISES, INC. ("Principal") (hereinafter collectively the "Parties") on this 3rd day of April, 2018 ("Effective Date").

WITNESSETH:

WHEREAS, Principal entered into a construction contract with Owner (the "Bonded Contract") with respect to certain construction work on a project known as Bid Package 4—Permanent Runway 17-35 Paving, Lighting, and NAVAIDs (the "Project");

WHEREAS, Surety issued Performance Bond No. 106674877 (the "Performance Bond") and Payment Bond No. 106674877 (the "Payment Bond") (the Performance Bond and the Payment Bond collectively, the "Bonds") on behalf of Principal in relation to the Bonded Contract in their respective penal limits of \$33,703,095.70;

WHEREAS, Surety issued the Bonds on behalf of Principal in the favor of the Owner;

WHEREAS, in accordance with the Bonded Contract, on or about September 28, 2017, RS&H Architects-Engineers-Planners, Inc. ("RS&H"), as an Engineer, Project Manager and Resident Project Representative ("RPR") on the Project issued a Notice of Pending Default to Principal;

WHEREAS, on or about October 30, 2017 Owner declared Principal to be in default under the Bonded Contract;

WHEREAS, Principal disputes that it was in default under the Bonded Contract and asserts that Owner breached the Bonded Contract;

WHEREAS, on or about November 7, 2017 Owner terminated the Bonded Contract;

WHEREAS, Owner has terminated Principal's right to complete the Project and has requested that Surety perform its obligations under the Performance Bond;

WHEREAS, following Owner's termination of the Bonded Contract, remaining and/or remedial work remains to be performed under the Bonded Contract (the "Remaining Work");

WHEREAS, Surety has elected to arrange for completion of the Remaining Work by utilizing WK Dickson & Co., Inc. (the "Construction Administrator") for project administration and JS Held, LLC ("Held") for daily oversight and coordination and Principal as the General Contractor;

WHEREAS, the Bonded Contract called for the new permanent runway to be open by December 7, 2017, and the Owner is currently utilizing a temporary runway;

WHEREAS, in an effort of cooperation with the Surety, and to expedite the progress of completion of the Remaining Work such that the new permanent runway can be opened in 2018, Owner consents to Surety's arrangement for completion of the Remaining Work, subject to the terms and conditions of the Bonded Contract and this Agreement; and

WHEREAS, in an effort of cooperation with Owner, and to expedite the progress of completion of the Remaining Work, and to minimize the costs and inconvenience to those involved, and pursuant to the terms of the Bonds, Surety is willing and desirous of exercising its election to complete the Remaining Work and/or to procure the completion of the Remaining Work, provided it can be assured that in doing so it will receive the total amount payable by Owner to Principal under the Bonded Contract and any amendments thereto, less the amount previously paid by Owner to Principal or to third parties.

NOW, THEREFORE, in consideration of the foregoing, other good and valuable considerations, and the mutual covenants set forth herein, the receipt and sufficiency of all of which are hereby acknowledged, the Parties hereto agree as follows:

1. Recitals. The above Recitals and the following terms and conditions are contractual and not merely recitals.
2. Incorporation of the Bonded Contract. The Bonded Contract, which includes all drawings, specifications, Proposal made by Principal, Instructions to Bidders, Mandatory Contract Provisions, Special Conditions, General Provisions, Technical Specifications, and all addenda and modifications to those documents, and all approved Change Orders and backcharges, is incorporated herein by reference into this Agreement. While the Principal will serve as the General Contractor for the completion of the Remaining Work, for purposes of this Agreement the term "Contractor" as used in the Bonded Contract shall be deemed, after the Effective Date of this Agreement, to refer to the Surety rather than the Principal. Except to the extent modified in this Agreement, Owner shall have all of its rights under the Bonded Contract with respect to Surety, to the same extent and effect as if Surety had executed the Bonded Contract initially as the Contractor instead of Principal.
3. Surety to Perform Remaining Work. Surety agrees to arrange for Principal to perform the Remaining Work in accordance with the terms of the Bonded Contract and this Agreement, and pursuant to and subject to Surety's obligations under the Performance Bond and this Agreement. The Remaining Work shall also include, but shall not be limited to, the work identified on **Exhibit B**, which is attached hereto and incorporated herein by reference. Owner acknowledges and agrees that items 1, 2 and 6 on the attached **Exhibit B** are items that are added to the original scope of work under the Bonded Contract and Owner will issue a change order to Surety for the reasonable price for the performance of the additional work. The Owner further acknowledges that some of the work described in **Exhibit B** has been partially completed. The Owner acknowledges that, as the items listed on **Exhibit B** are performed and accepted by

Owner, it will pay sums due for the related work under the Bonded Contract and in accordance with the terms thereof.

Insofar as Owner has any right, title, or interest in and to any subcontract, purchase order, contract, equipment, materials, inventory, and appurtenances furnished or supplied to Principal for the Bonded Contract, however derived, Owner hereby irrevocably assigns all such rights, title, or interest to Surety and/or agrees that Surety and/or Principal shall have the right to utilize the same without charge. However, nothing in this provision will relieve Surety from the obligation to pay for materials, supplies, equipment or personal property to the extent that such is required by the terms of the Bonded Contract.

Owner and Surety agree to extend the dates for completion of designated milestones pursuant to the revised milestones set forth in **Exhibit A** (the "Revised Completion Milestones"). Surety shall be entitled to further extensions of the Revised Completion Milestones in accordance with the procedures set forth in the Bonded Contract and to the extent provided in the Bonded Contract. Surety acknowledges that, as of the Effective Date, no circumstances exist that would be a proper basis for such further extensions.

Any modifications to the Remaining Work must be addressed by a change order executed in accordance with the Bonded Contract. Surety shall not be responsible for any modifications to the Remaining Work that are not reflected in a change order approved by Owner in accordance with the Bonded Contract. Surety shall not unreasonably withhold approval of any change order submitted.

4. Rights of Surety. By Surety's execution of this Agreement, Owner acknowledges that Surety is acting in its capacity as surety for Principal in making arrangements for the performance and completion of the Remaining Work, and not as a completion contractor, and that Surety is not assuming any obligations or liabilities beyond those set forth in the Bonds or the Bonded Contract or this Agreement. As to the completion of the Remaining Work, Surety is entitled to all rights, title, and interest of Principal in and to the Bonded Contract.

5. Completion by Construction Administrator, Held and Principal. Pursuant to Surety's obligations under the Performance Bond, Surety is making arrangements with the Construction Administrator, Held, and Principal for the performance of the Remaining Work. A copy of the contract between Surety and Held is attached hereto as **Exhibit C** ("Held Contract"). A copy of the contract between Surety and the Construction Administrator is attached hereto as **Exhibit D** ("Administration Agreement").

During the progress of the Remaining Work, Owner shall have the right to deal directly with the Construction Administrator and Held, with the exception that neither the Construction Administrator nor Held shall be authorized, without Surety's prior written approval, to execute or enter into any pay estimates, change orders or extensions or reductions of time, relating to any work within the scope of the Bonded Contract. Surety's representative must execute pay estimates, change orders, and extensions or reductions of time, as may be required under the Bonded Contract, on behalf of Surety. All documents pertaining to pay estimates, progress and

final payments, change orders, extensions or reductions of time, and all other notices shall be sent to the Surety as follows:

SURETY:

Travelers Casualty and Surety Company of America
c/o Ann Marie Donahue
Claim Counsel
Construction Services Claim
Bond & Specialty Insurance
1500 Market Street
29th Floor West Tower (Mail Code 1166)
Philadelphia, PA 19102
ADONAHU2@travelers.com

with a copy to:

Manier & Herod
ATTN: Jeffrey S. Price
2200 One Nashville Place
150 Fourth Avenue North
Nashville, TN 37219
JPrice@manierherod.com

Owner's Engineer, Project Manager, and RPR will work with the Construction Administrator and Held; however, the involvement of the Construction Administrator and Held shall not alter the roles of the Owner's Engineer, Project Manager and RPR in connection with the Project.

Surety is solely responsible for seeing that the Remaining Work is completed by the Revised Completion Milestones and in accordance with the Bonded Contract and this Agreement. In connection with such obligation, Surety shall ensure that:

- a. Principal has adequate equipment and adequate, qualified personnel on site to complete the Remaining Work by the Revised Completion Milestones;
- b. Principal, Construction Administrator, Held and representatives for Surety are onsite for a meeting with Owner and RS&H within three (3) business days of a missed Revised Completion Milestone to discuss how Surety shall make up time lost;
- c. Principal completes the Remaining Work pursuant to the specifications contained in the Bonded Contract and pursuant to the direction and instruction of the Construction Administrator and Surety;
- d. Held is on the Project site daily to observe and coordinate Principal's work and to attend the Project meetings with RS&H, Principal and Owner;

- e. Construction Administrator is on site no less often than weekly to inspect and evaluate the status and quality of the Remaining Work and, when possible, to attend the Project meetings with Held, RS&H, Principal and Owner;
- f. Surety is available for a conference call and/or site meeting if Owner and/or RS&H believe that Principal's work does not comply with the Bonded Contract or the revised project schedule or that Principal's failure to meet a Revised Completion Milestone is likely.
- g. Owner and RS&H are available for a conference call and/or site meeting if Surety believes that Principal's work is being negatively impacted or delayed by Owner and/or RS&H.

6. Principal's Rights & Obligations. Principal agrees to complete the Remaining Work pursuant to the Bonded Contract and this Agreement under the direction and instruction of Surety, the Construction Administrator, and Held. Principal agrees that David Rifenburg shall not be on site at any time or direct Principal's employees regarding completion of the Remaining Work. Principal shall follow the direction of Surety, Construction Administrator and Held in completion of the Remaining Work. Principal will remain responsible for all warranties under the Bonded Contract, which warranties and related obligations are hereby fully ratified by Principal. Surety acknowledges that its financial responsibility for any warranty obligations under the Bonded Contract shall be the same as if the Bonded Contract and Principal were never terminated by Owner. Principal and Owner acknowledge that there are 269 airfield barricades that belong to Owner being used on the Project, as well as airfield barricades that belong to Principal. Principal will leave all of Owner's airfield barricades on the site during the completion of the Project and upon demobilization from the Project.

7. Contract Sum. Owner and Surety acknowledge that the original Bonded Contract sum was in the amount of \$33,703,095.70 and said amount has not been modified by change order. As of the date of this Agreement, Principal has performed, and Owner has approved and accepted work and billings in the amount of \$9,973,049.61, of which the Principal has been paid \$8,343,589.40 and of which \$997,304.96 is presently held as retainage. Pay Application No. 6 in the amount of \$632,155.25 (as revised by the Owner) was submitted pursuant to the Bonded Contract, and will be paid to Surety upon execution of this Agreement (the "Initial Completion Payment"). Owner and Surety further acknowledge that, since termination of the Bonded Contract, Owner has also paid, with the prior authorization of Surety, \$32,275.00 to a third-party and that such payment shall be a credit to Owner and further reduce the contract balance. Owner further acknowledges that the balance of the contract price (after payment of the Initial Completion Payment) available for completion of the Project, including any retainage, is in the amount of \$24,695,076.05, subject to further increases or decreases in accordance with the provisions of the Bonded Contract (the "Balance of the Contract Price"). Surety and Owner acknowledge that the Bonded Contract is based on unit prices and the final amount of the Bonded Contract and, therefore, the Balance of the Contract Price may be adjusted upon a determination of final unit quantities performed and installed in the Project.

8. Payments to Surety. The Balance of the Contract Price shall be paid to Surety as: (i) Principal completes the Remaining Work in accordance with the amounts and procedures of the Bonded Contract, based on the value of the work in place, or stored, calculated in accordance with the unit and/or lump sum prices set forth in the Bonded Contract, less retainage withheld in accordance with the Bonded Contract; and (ii) in a final payment once the Remaining Work is complete, based on Owner's final review, quantification and acceptance of the Remaining Work, in accordance with the procedures of the Bonded Contract and valued in accordance with the unit and/or lump sum prices set forth in the Bonded Contract. In order to meet Federal Aviation Administration ("FAA") requirements, in all pay applications submitted by the Surety to the Owner, whether for the Remaining Work or any change order, the Surety shall invoice the Owner utilizing the unit prices contained in the Bonded Contract. All payments due to Surety shall be sent payable to Travelers Casualty and Surety Company of America and sent to:

Travelers Casualty and Surety Company of America
c/o Ann Marie Donahue
Claim Counsel
Construction Services Claim
Bond & Specialty Insurance
1500 Market Street
29th Floor West Tower (Mail Code 1166)
Philadelphia, PA 19102
ADONAHU2@travelers.com

Surety asserts a right to the Balance of the Contract Price otherwise due from Owner to Principal and makes such assertion by reason of Surety's rights of subrogation as to Principal and Owner, by reason of its contractual assignment contained in a general agreement of indemnity executed by Principal, and pursuant to the Bonds. Owner agrees that it will not acknowledge or honor any claims or charges against the Balance of the Contract Price by Principal and/or its assignees, successors, creditors or transferees, or of any other party making claim to any of such proceeds or balances, without the consent of Surety.

Surety shall submit to Owner whatever information or documentation is required regarding the performance of the Remaining Work in order to conform with the procedures set forth in the Bonded Contract. Owner recognizes that Surety shall be arranging for completion of the Remaining Work through the services of Principal, Construction Administrator, and Held. Accordingly, Surety authorizes Owner to accept the representations and certifications of Principal, Construction Administrator and/or Held (as appropriate and/or applicable) with respect to all aspects of the work, progress of the work, quality of the work, payments to others, warranty and maintenance of the work, and all other matters pertinent to completion of the Remaining Work, as if those representations had been made by Surety.

9. No Offsets. All payments due to Surety pursuant to this Agreement including, without limitation, progress payments, payments for extra work or work performed pursuant to change orders, retention and final payment, for work on behalf of Surety by Principal, shall be made to Surety unconditionally and without offset including, but not limited to, any offset for

claims: (i) made by Principal's creditors; or (ii) made by parties claiming funds due or that may become due in completion of the Remaining Work.

10. Changes in Remaining Work. Owner reserves the right, to the extent appropriate for completion of the Remaining Work, to issue further change orders. The terms of these change orders, including extensions of time and valuation of the change order work, shall be determined as set forth in the Bonded Contract. Surety reserves the right to refuse to perform work pursuant to additional change orders if such work changes the total Bonded Contract cost or the cost of any major Bonded Contract item by more than 25% (total cost being based on unit prices and estimated quantities in the Bonded Contract). Further, in the event Owner seeks the performance of additional work pursuant to change order(s) which is not subject to valuation by application of the unit and/or lump sum prices set forth in the Bonded Contract, Owner and Surety shall negotiate, in good faith, the appropriate, commercially reasonable value for such work.

11. Waiver of Delay Damages. Owner waives all right to assert damages relating to or arising from the failure to timely complete the Project in accordance with the completion dates set forth in the Bonded Contract including, but not limited to, any damages alleged for lost profits, interest, fees assessed by third-parties, and liquidated damages arising prior to the Revised Completion Milestones ("Delay Damages"). Nothing herein is intended to waive any damages for breach of this Takeover Agreement or for liquidated damages arising due to the failure to meet the Revised Completion Milestones.

12. Additional Payments by Surety. Notwithstanding Section 11 above, Surety agrees to reimburse Owner for the actual out of pocket expenses incurred by Owner due to the termination of Principal under the Bonded Contract, which expenses shall include, but shall not be limited to, additional fees for the services of RS&H, additional fees for the services of Avcon, Inc., legal fees incurred by the Owner, and the additional force account expenses and personnel costs of Owner, accruing until the Remaining Work is completed ("Delay Costs"). Surety's payment for Delay Costs shall not exceed the total sum of \$1,800,000. However, in the event the permanent runway is not reopened in 2018 due to inexcusable delay caused by or attributable to Principal and/or Surety, in accordance with the Revised Completion Milestones, the cap on Delay Costs shall be inapplicable (provided that Surety shall be given a credit for any Delay Costs paid against any claims asserted by Owner). Surety shall then be responsible for the full amount of all Delay Costs, subject to the penal limit of the Performance Bond. Surety shall not be liable for any damages it would not be liable for absent the execution of this Agreement. If, and only if, Owner elects to seek damages in addition to the Delay Costs, Principal and Surety reserve all rights and defenses to any such claim including, any and all claims or counterclaims Surety or Principal may have against the Owner including, but not limited to, the right to recoup the Delay Costs paid by the Surety, if it is determined that Owner would not have been entitled to said payment under the Performance Bond.

13. Penal Limit of Bonds and Payments by Surety. Surety shall be solely responsible for all payments to Principal, Construction Administrator, Held and all subcontractors and suppliers for all labor and materials associated with completion of the Remaining Work. To the

extent that Surety expends such of its own funds as may be necessary to pay for completion of the Remaining Work, any and all costs and expenses paid or incurred by Surety in the course of completing the Remaining Work or in the course of paying those sums owed to subcontractors, materialmen and/or suppliers for labor, materials and equipment furnished after Owner's termination of Principal, shall in no event exceed, and it is hereby expressly limited to, the expenditure of the penal amount of the Performance Bond (\$33,703,095.70), which will be further reduced by all amounts expended by Surety including all expenditures made to complete the Remaining Work or to satisfy Surety's obligations under the Performance Bond. A list of sums already paid by Surety and credited against the penal limit of the Bonds, and a list of those sums the Surety forecasts will be paid by Surety and subsequently credited against the penal limit of the Bonds is attached hereto and incorporated herein by reference collectively as **Exhibit E**. The sums listed on **Exhibit E** are estimates based on the information available to Surety at this time and the amounts listed do not represent a cap of the reduction of the penal limit of the Performance Bond.

14. Effect of the Bonds. The Bonds will remain in full force and effect pursuant to the Bonds' terms and conditions, and nothing provided in this Agreement shall waive any right, defense, or obligation the parties may have pursuant to the Bonds or otherwise, other than as set forth herein. Owner acknowledges that Surety's obligations and performance under this Agreement are pursuant to its obligations under the Bonds, and all payments by Surety for labor and/or materials or for the performance of the Remaining Work are in discharge of Surety's obligations under the Bonds. Acceptance of the Remaining Work by Owner in accordance with the Bonded Contract or expenditures by Surety of the penal limit of the Performance Bond, whichever comes first, shall satisfy Surety's performance obligations under the Performance Bond and this Agreement.

15. Payment Bond. Surety agrees to investigate claims made against the Payment Bond, but shall have the right to settle, compromise, defend, appeal, pay, or dispute such claims as it, in its sole and complete discretion, may deem appropriate. In no event shall Owner withhold any portion of the Balance of the Contract Price on account of claims, liens, suits, or demands by persons or entities furnishing or alleging to have furnished labor and/or materials to the Project; provided, however, that Surety shall defend, indemnify, and hold harmless Owner from any loss which may arise by virtue of such claims, liens, suits, and demands, subject to the penal limit of the Bonds, as reduced by the payments made by Surety pursuant thereto.

16. No Third-Party Rights. Nothing in this Agreement shall be deemed to create any rights in favor of, or to inure to the benefit of, any third party or parties, or to waive or release any defense or limitation against third party claims. The Parties each acknowledge that as of the Effective Date of this Agreement there has been no assignment of rights or obligations under the Performance Bond or Bonded Contract to any third party, and the Parties agree that there will be no assignment of rights or obligations under the Performance Bond, Bonded Contract or this Agreement on or after the Effective Agreement, absent the written authorization of all Parties hereto.

17. No Modification Except in Writing. This Agreement contains the entire understanding and agreement among Surety, Owner and Principal with respect to the subject matter contained herein and may not be modified or amended except in writing and signed by all

Parties. As between Principal and Surety, nothing herein supersedes the separate agreements between Surety and Principal including, but not limited to, that certain Term Sheet and that certain General Agreement of Indemnity neither of which are modified by this Agreement.

18. Surety's Role as Surety and not Completion Contractor. Owner agrees and acknowledges: (i) Surety is entering into this Agreement not as a contractor, but as a means of satisfying Surety's obligations under the Bonds and (ii) that Owner hereby forever releases any and all claims that Surety is an unlicensed contractor. All Parties agree that Owner is not a party to the contract between Surety and Principal for completion of the Remaining Work and Owner shall look only to Surety for ensuring completion of the Remaining Work in accordance with the terms of this Agreement and the Bonded Contract, subject to the penal limit of the Bonds.

19. No Admission of Liability. Without limiting the obligations of the Parties as set forth in this Agreement, this Agreement shall not be deemed or construed as an admission or concession of liability of any kind or nature by Principal, Surety, or Owner.

20. Release from Liability. Principal and Surety hereby release and waive any rights, claims, actions or damages against Owner in anyway related to the Project, and arising or accruing up through the Effective Date of this Agreement, including, but not limited to, Principal's claims for damages, additional compensation and/or for wrongful termination of the Bonded Contract (the "Released Claims"). However, if, and only if, Owner elects to seek damages in addition to the Delay Costs, as described in Paragraph 12 above, then this waiver shall be void and Surety and Principal fully reserve all rights, claims, actions or damages against the Owner and defenses under the Bonds, the Bonded Contract, at law or in equity in relation to the Released Claims or otherwise.

21. Severability. The invalidity or enforceability of any particular provision of this Agreement shall not affect the other provisions of this Agreement and the Agreement shall be construed as if the invalid or unenforceable provisions were omitted.

22. Counterparts. This Agreement may be executed in any number of counterparts each of which when executed and delivered shall be deemed to an original with all the counterparts constituting but one and the same Agreement. The execution of this Agreement by any Parties hereto will not become effective until all the counterparts hereof have been executed by all the Parties.

23. Construction. Owner, Surety, and Principal have been represented by counsel who have mutually participated in the authorship of this Agreement. With this understanding, Owner, Surety, and Principal agree that the rule of construction that a written agreement is construed against the party drafting or preparing such an agreement shall not apply to the interpretation of this Agreement.

24. Governing Law. This agreement, including its interpretation and enforcement, shall be governed by the laws of the State of North Carolina.

25. Additional Actions that May be Required. The Parties shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby.

26. Headings. The headings of this Agreement are inserted for convenience only and shall not control or affect the meaning, construction or effect of this Agreement, or any provisions hereof.

27. Authority. Each of the undersigned persons executing this Agreement represents and warrants that: (a) he or she is fully empowered and duly authorized by all necessary action of the respective Parties to execute and deliver this Agreement; (b) he or she has full capacity, power, and authority to enter into and carry out this Agreement; and (c) this Agreement is the legal, valid, and binding obligation of the respective Parties.

28. FAA Approval. The Parties acknowledge that the FAA must approve this Agreement, and that Owner's execution of this Agreement is not effective until such time as FAA approval has been obtained.

WHEREFORE, Surety, Owner, and Principal have executed this Agreement by their authorized representatives.

[SIGNATURE PAGE TO FOLLOW]

OWNER:

**GREATER ASHEVILLE REGIONAL AIRPORT
AUTHORITY**

BY:

Matt C. Banif

ITS:

Vice Chairman

DATE:

April 3, 2018

SURETY:

**TRAVELERS CASUALTY AND SURETY
COMPANY OF AMERICA**

BY: _____

ITS: _____

DATE: _____

PRINCIPAL:

CEDAR PEAKS ENTERPRISES, INC.

BY: _____

ITS: _____

DATE: _____

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

This the 3rd day of April, 2018.

Janet Burnette

Janet Burnette, Finance Officer
Greater Asheville Regional
Airport Authority

OWNER:

**GREATER ASHEVILLE REGIONAL AIRPORT
AUTHORITY**

BY: _____

ITS: _____

DATE: _____

SURETY:

**TRAVELERS CASUALTY AND SURETY
COMPANY OF AMERICA**

BY: Ann Duke

ITS: claim counsel

DATE: 4/3/18

PRINCIPAL:

CEDAR PEAKS ENTERPRISES, INC.

BY: _____

ITS: _____

DATE: _____

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

This the __ day of _____, 2018.

Janet Burnette, Finance Officer
Greater Asheville Regional
Airport Authority

OWNER:

**GREATER ASHEVILLE REGIONAL AIRPORT
AUTHORITY**

BY: _____

ITS: _____

DATE: _____

SURETY:

**TRAVELERS CASUALTY AND SURETY
COMPANY OF AMERICA**

BY: Andrew _____

ITS: CLAIM COUNSEL _____

DATE: April 2, 2018 _____

PRINCIPAL:

CEDAR PEAKS ENTERPRISES, INC.

BY: D. King _____

ITS: President _____

DATE: 4/3/18 _____

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

This the __ day of _____, 2018.

Janet Burnette, Finance Officer
Greater Asheville Regional
Airport Authority

EXHIBIT A

Critical Milestone / Schedule	Liquidated Damages Cost	Allowed Duration
Night Closures	\$1,000 per 30 minute increment (or portion thereof)	12:00 AM – 5:30 AM
Notice of Violation Issued by NCDEQ	\$2,000 per calendar day from issuance of NOV until NOV is formally lifted by NCDEQ in writing	N/A
August 10, 2018 Critical Milestone: Construction of permanent Runway 17-35 and temporary runway markings to allow NAVAIDs flight inspection activities*	\$2,000 per calendar day	N/A
November 8, 2018 Critical Milestone: Runway 17-35 Open, ILS Runway 35 Approach Charted	\$2,000 per calendar day	N/A
November 16, 2018 Critical Milestone: Runway 17 Glide Slope Facility Complete	\$2,000 per calendar day	N/A
January 11, 2019 Critical Milestone: Runway 35 Glide Slope Facility Relocation Complete	\$2,000 per calendar day	N/A
Project Completion	\$2,000 per calendar day	Volume 2 Work: 234 Calendar Days Volume 3 Work: 194 Calendar Days
Project Phases Completion	\$2,000 per calendar day	As shown for on contract phasing plans for each phase.

EXHIBIT B

Additional Work to be Completed as Part of the Remedial Work

- 1) Airport Control Cable - Sheet G-12A
- 2) Drainage improvements on North End - Sheet C-42 & Sheet C-57
 - a. Remove Existing FES
 - b. Remove existing riprap
 - c. Backfill slope
 - d. Seed & mat slope
 - e. Install structures S-44 through s-47
 - f. Demo and re-construct concrete apron in ditch for pipe outfall
- 3) Basin L
 - a. Re-excavate soils
 - b. Remove temporary drainage structures (risers)
 - c. Seal existing pipes abandoned under TW A
 - d. Back fill basin with structural fill
 - e. Back fill around pipe
 - f. Install drainage structures
 - g. Seed & mulch stabilization
- 4) Basin K
 - a. Re-excavate soils
 - b. Remove temporary drainage structures (riser)
 - c. Remove existing pipe abandoned under TW A/ TW P
 - d. Seal existing pipe abandoned under TW A
 - e. Back fill basin with structural fill
 - f. Back fill around pipe
 - g. Install drainage structures
 - h. Seed & mulch stabilization
- 5) TW A/A1/A2/B2
 - a. Mill and replace final lift P-401
 - b. Re-mark TW permanent & Temporary markings
 - c. Temporarily remove TW edge lights
 - d. Finish grade & compact TW shoulders
- 6) FAA MH Adjustment,
 - a. RWY 17 MALSR Threshold MH to be raised to proposed pavement grades
 - b. Sheet C-69 & Sheet C-62 for proposed grades
 - c. Remove box top section and install riser to raise structure

EXHIBIT C



Travelers Bond & Specialty Insurance Surety Claim
CONSULTANT AGREEMENT

Date: 2/28/2018

Consultant: JS Held, LLC
Address: 135 W Central Blvd 720
Orlando FL, 32801
Contact: Richard Sexton, Vice President

Surety: Travelers Casualty & Surety

Legal Counsel for Surety: Manier & Herod, P.C. ("Counsel")

Principal: Cedar Peaks Enterprise, Inc.
Obligee: Greater Asheville Regional Airport Authority
Project(s): New Runway 17-35, Bid Package 4 – Paving, Lighting and Nav aids
Claim No.: **T1711974**
Bond No.: 106674877

1. This Consultant Agreement, Exhibits A through F and related attachments, constitutes the formal Agreement between Surety and Consultant to perform services and meet requirements as defined herein.
2. Consultant shall, within 21 calendar days after receipt of this Agreement, submit a written Budget for review and approval by Surety. The budget shall include a breakdown of estimated work hours, travel hours, lodging, mileage, meals and other expenses and anticipated costs associated with Consultant's work on the Project and shall be submitted to Surety in a format similar to that provided as Exhibit E "Consultant Budget Format".
3. The execution and completion of Consultant's anticipated work activities, as briefly defined in Exhibit A "Scope of Work" shall be in accordance with normal and accepted construction industry practices and principles. Consultant shall not assign this work scope or subcontract any part thereof, without prior written consent of Surety.
4. All available documents, records, specifications and key personnel, directly related with the work, will be made accessible to Consultant, as requested.
5. Consultant shall communicate their observations of the Contract Work to Surety verbally, and will provide communications in writing (reports, correspondence,

emails, etc.) if directed by Surety. Consultant's written communications shall be transmitted in a format as approved by Surety. Written communication, if directed and approved by Surety, shall be transmitted to street address(s), email address(s) and/or fax number(s) which are provided in Exhibit C "Project Information". In some instances it may be required that Consultant communicates with Surety, Principal and/or Oblige through Counsel.

6. This assignment shall commence on or about March 5, 2018, and shall be completed with due diligence. It is currently anticipated that the initial assignment will last through December 2018.
7. Surety reserves its right to terminate this agreement upon twenty-four (24) hours verbal notice from Counsel or Surety to Consultant. In such case, Surety shall pay Consultant for time and expenses incurred up through the time of effective termination, for work completed in accordance with normal and accepted construction industry practices and principles. Within forty-eight (48) hours after termination, the consultant shall surrender to Counsel any and all documents, records, reports, work papers, etc. which have been developed and obtained during this assignment, and are considered part thereof.
8. Consultant shall indemnify and hold Surety harmless from any loss, cost or expense, including attorneys' fees, arising from consultant's negligence, fraud, or breach of contract occurring in relation to or arising out of this agreement.
9. Payment for professional services rendered in the performance of this assignment will be on a rate basis, as per the following approved fee schedule. This fee schedule will remain firm for one year. Travel time portal to portal shall be billed and reimbursed at 50% of the approved professional fee rate, and shall not be included in the daily maximum rate. Any proposed modification to the travel time policy described herein must be approved by the surety prior to the commencement of the assignment. Surety will not reimburse professional fees to any interoffice conferences and/or duplication of effort.

APPROVED FEE SCHEDULE

<u>Consultant</u>	<u>Rate per hour</u>
Sexton	\$170
Field Personnel	\$155

3/2/2018

10. Consultant shall adhere to the requirements of Exhibit D "Travelers Guidelines for Consultant Billings and Expense Reimbursement".
11. Reasonable, out-of-pocket costs, expenses, etc. incurred by the consultant will be reimbursed at cost and should not include any markups. Any invoiced in-house office charges as denoted on Exhibit B "Office Costs" will be reimbursed at the not to exceed amount as indicated. All invoices submitted for payment must be accompanied with appropriate backup (i.e. time sheets, material receipts, vouchers greater than \$10.00, etc.), and shall be submitted for approval and payment to the Surety with each billing. ALL INVOICES must be accompanied by the form provided in Exhibit F "Consultant Invoice Reconciliation Form" filled out in it's entirety by the Consultant. Failure to do so will result in the invoice being returned to the Consultant and a delay in payment.
12. STANDARD OF CARE AND WARRANTY: Consulting services provided by Consultant will be performed, findings obtained, and recommendations prepared in accordance with accepted construction industry principles and practices. THIS WARRANTY IS IN ADDITION TO ALL OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED.
13. CERTIFICATE OF INSURANCE: Surety may require consultant to provide proof of insurance coverage under a general liability, professional errors and assignment, or some other instrument. If such is required, Consultant shall submit a copy of the required policy coverage naming Surety as an additional insured, where applicable.
14. RELATIONSHIP: This Agreement creates a relationship and obligations by and between only the Surety, Counsel and Consultant. This Agreement does not in any way establish or intend to establish a relationship or obligations between Consultant and the Oblige, its designers, consultants or other representatives.
15. CONFIDENTIALITY: Consultant agrees that all work product and communications between Consultant and Counsel and/or Surety shall be considered confidential and any such communications, documents, work materials, etc., shall be disclosed by Consultant only at Surety's request, or pursuant to valid order to judicial process from a properly constituted tribunal, court or administrative entity with full power, authority and jurisdiction to so order such disclosure. Consultant agrees to notify Surety IMMEDIATELY of any such demand upon your receipt of same, so that we may oppose same on behalf of Surety and Consultant as confidential material. Surety agrees to provide or pay for legal representation of Consultant in such event Surety opposes disclosure.

3/2/2018

In order to ensure consistent, accurate delivery of company information and compliance with all applicable laws and regulations, no consulting firm is authorized to speak to the media as a representative of Travelers (or in a circumstance in which the consulting firm might be perceived to be acting in a representative capacity) or disseminate Travelers information to the media, including via online social media forums, without prior approval from Counsel and Travelers Corporate Communications department. This includes requests that may come from partner organizations, associations or companies.

16. If the foregoing is in accordance with Consultant's understanding, please execute and return one original to the Surety address and contact person provided in Exhibit C, "Project Information".

CONSULTANT

TRSP

RICHARD SEXTON - VICE PRESIDENT
Name & Title

Dated: MARCH 2, 2018

SURETY

Ann Donahue

Ann Donahue - Claim Counsel
Name & Title

Dated: March 2, 2018

EXHIBIT A
SCOPE OF WORK

Travelers's Principal, Cedar Peaks Enterprises ("Principal") entered into a Contract with the Greater Asheville Regional Airport Authority ("Obligee") on January 27, 2017 to perform certain paving and runway lighting work in connection with Greater Asheville Regional Airport Authority's New Runway 17-35 Project (Phase 4). Travelers issued a Performance Bond for the Project in the amount of \$33,703,095.70. On or around October 28th, 2017, Obligee formally declared the Principal in default of the Contract and called upon Travelers to perform under the Bond. Travelers opted to complete the Project with Cedar Peaks Enterprises as general contractor.

To that end, Travelers is engaging JS Held, LLC to assist in overseeing the work of the Project to completion. Although the schedule for resumption of the work has not yet been finalized, it is anticipated that two (2) 11-hour shifts will be employed, seven days a week. Travelers anticipates, as a minimum, the following tasks will be required:

- Preliminary visit with completing contractor's personnel for familiarization and discussion;
- Review Project documents for familiarity;
- Provide daily full-time observations of the Contract Work;
- Maintain daily reports and logs;
- Assist in preparation of Project correspondence and Project documentation as required at the request of Travelers;
- Attend weekly Project progress meetings;
- Provide verbal and/or written updates to Travelers as circumstances dictate, but not less than weekly;
- Consultant shall be prepared to provide any additional technical assistance, as requested and/or required by Travelers.

3/2/2018

EXHIBIT B
OFFICE COSTS

- | | | |
|----|-----------------------------------|---|
| 1. | Photocopy: | \$0.10 per page |
| 2. | Mileage: | \$0.515 per mile |
| 3. | Telephone: | Actual long distance telephone line charges local telephone charges are reimbursable. |
| 4. | Postage: | Reimbursable, at cost |
| 5. | Facsimile Charges: | Reimbursable. The Surety is to be charged only the actual telephone line charge for outgoing faxes. |
| 6. | Federal Express/Express Mail/etc. | At invoiced cost |
| 7. | Messenger/Courier Services: | Reimbursable, at cost |
| 8. | Office Supplies: | Non-reimbursable |
| 9. | Plans / Specifications: | At invoiced cost |

3/2/2018

EXHIBIT C
PROJECT INFORMATION

Principal: Cedar Peaks Enterprise
Obligee: Greater Asheville Regional Airport Authority.

Project: New Runway 17-35, Phase 4 – Paving, Lighting and Nav aids
Project Address: 61 Terminal Drive Suite 1
Fletcher, NC 28732

Claim No.: T1711974
Bond No.: 106674877

Surety: Travelers Casualty & Surety
Surety Contact: Kevin J. Kreitzer
Address: 1500 Market Street
West Tower
Philadelphia, PA 19102
Telephone No.: 267-675-3059
Mobile No.: 267-438-9626
Fax No.: 267-675-3107
Email Address: kkreitze@travelers.com

Surety Claim Manager: Ann Marie Donahue
Address: 1500 Market Street
West Tower
Philadelphia, PA 19102
Telephone No.: 267-675-3084
Mobile No.: 215-687-8175
Fax No.: 267-675-3107
Email Address: adonahu2@travelers.com

Legal Counsel for Surety: Manier & Herod, P.C.
Contact: Jeffrey S. Price
Address: 1201 Demonbreun Street
Suite 900
Nashville, TN 37203
Telephone No.: 615-742-9358
Email Address: jprice@manierherod.com

Principal:
Contact: Brian Birdsall, P.E.
Address: 2717 Kearney Road
Wake Forest, NC 27587

3/2/2018

Telephone No.: (919)623-6014
Email Address: BIRDSALL.CEDARPEAKS@gmail.com

Obligee: **Greater Asheville Regional Airport Authority**
Contact: Michael Reisman, Deputy Executive Director
Address: 61 Terminal Drive, Suite 1
Fletcher, NC, 28732
Telephone No.: 828-654-3253

EXHIBIT D

Guidelines for Consultant Billings and Expense Reimbursement

The following guidelines pertain to Consultant expenses, which are or are not considered appropriate for reimbursement:

Air travel is limited to coach class of service. Airport departure taxes paid in connection with the business travel are reimbursable. Excess baggage fees are not reimbursable unless the excess is specifically required for the business equipment. Consultant may retain frequent flier mileage. Airline club memberships are not reimbursable.

Mileage allowance for use of a personal vehicle is as noted in Exhibit B. Incidental expenses (gas, oil, etc.) are not reimbursable; they are factored into the mileage allowance.

Car rentals should be appropriately sized for the number of people to be transported. For 1-2 people, an Intermediate car, or 3-4 people, a Full-Size car. Gas and oil are reimbursable.

Meals are reimbursable in conjunction with overnight stays. Meal expenses cannot be reimbursed when business travel does not require an overnight stay. Spending guidelines are \$45/day. Suggested amounts are breakfast and lunch, \$10 each; dinner, \$25. Beverages are reimbursable only when consumed with meals or directly preceding a meal. Reasonable tips are reimbursable and should be included with the cost of meals on the expense account.

Lodging is reimbursable for a standard room (e.g., non-concierge floor, and suite) Room service is reimbursable, but only at the cost of a normal hotel meal. Mini-bars, health clubs, and movies are not reimbursable. Reasonable tips are reimbursable.

Required attachments to expense billings include:

- Air/train ticket passenger receipts
- Itemized hotel bills marked paid. If not marked paid, submit evidence of payment (e.g., charge card receipt) with the itemized hotel bill
- Car rental agreements
- Original receipts for expenses of \$10 and more

Photography expense, (e.g., film, development, CDs/DVDs) are reimbursable.

Photocopying "in house" is not to exceed \$0.10 a copy. Outside photocopying where necessary is reimbursable at cost.

3/2/2018

Fax transmittals are reimbursable at actual telephone line costs.

No mark up on any expense item is reimbursable.

Any expenses, which are not addressed in the above listing, should be discussed with Surety Contact prior to incurring the expense, if at all possible.

Consultant Billings

The following principles are to be followed in preparing and submitting an Invoice:

Invoices shall be submitted once each month. ALL INVOICES must be accompanied by the form provided in Exhibit F "Consultant Invoice Reconciliation Form" filled out in it's entirety by the Consultant. Failure to do so will result in the invoice being returned to the Consultant and a delay in payment. (Note – This form is an example and may be modified with the approval of the Surety Contact).

Invoices' hourly billings shall be in 1/2 hour increments. Time billed should be recorded contemporaneously with the tasks performed. Time billed should not be reconstructed or "reverse engineered" at the end of the day.

Each task and its associated time must be listed separately on the statement (no standard or block billing).

Individual time sheets (including the time and tasks required for other clients' work) and pre-bills, both handwritten and computer generated, must be retained for at least one year after the closure of the matter. Computer reports of daily, monthly and annual total hours billed by firm personnel must also be retained. Surety reserves the right to conduct audits of the firm's records to assure compliance with these requirements. By accepting assignment of matter, the firm agrees to cooperate with any audit and provide the auditor with access to the above mentioned records.

Surety will not pay for preparation of invoices/billings, secretarial work, word processing, file organization or other overhead costs. Time for individuals assigned to a matter without prior approval by the Surety Contact will not be recompensed. Any reassignment of work must be pre-approved.

No duplicative tasks will be reimbursed. If two or more individuals perform the same task, (e.g., attendance at job meetings) without prior approval of the Surety Contact, the task will be recompensed for only one individual.

3/2/2018

EXHIBIT E
CONSULTANT BUDGET FORMAT

Consultant Budget

Date:

Consultant:

Principal:

Claim No.:

Bond No.:

Project:

<u>Task</u>	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>
Site Visits, Site Investigations			
Attend Meetings			
Review of documents			
Prepare Cost To Complete			
Prepare Bid Packages, Relet Projects, Inventories			
Monitor Project Status, Status Reports			
Drawing Analysis			
Schedule Analysis			
Payment Bond Claim Analysis, Ratifications			
Travel, meals, hotel, telephone, comm.			
Fuel for travel, meals, rental			
Duplication			
TOTALS	<input type="text"/>	<input type="text"/>	<input type="text"/>

3/2/2018

Exhibit F
Consultant Invoice Reconciliation

Consultant Invoice Reconciliation

Consultant: Your Company Name
Obligee Name: Obligee
Principal Name: Principal
Project Name: The Project
Claim File Number: Txxxxxxxxxx
Invoice #: 123456789
Invoice Period through: December 25, 2011

Submitted Consulting Fees:	\$100.00
Submitted Consulting Expenses:	\$50.00
Total Submitted Invoice (A):	<hr/> \$150.00
Previously Submitted and Not Paid Invoice Amounts (B):	\$250.00
Total Outstanding Amount Due (A+B):	<hr/> <u>\$400.00</u>
Total Amount Invoiced to Date:	\$1,500.00
Estimated Budget:	\$6,000.00
Percent Invoiced to date:	25%
Comments:	

3/2/2018

Cc: Brian Fern
Ann Marie Donahue
Kevin Kreitzer
File

EXHIBIT D

CONSTRUCTION ADMINISTRATION AGREEMENT Bid Package 4—Permanent Runway 17-35 Paving, Lighting and NAVAIDs Bond No. 106674877

This Construction Administration Agreement (hereinafter "Agreement") is entered into this _____ day of March, 2018 by and between Travelers Casualty & Surety Company of America (hereinafter "Surety"), a corporation organized and existing under the laws of the State of Connecticut, and WK Dickson & Co., Inc. (hereinafter "Construction Administrator"), a corporation organized and existing under the laws of the State of North Carolina _.

WHEREAS, the Greater Asheville Regional Airport Authority (hereinafter "Obligee" or "Owner") awarded a Contract (hereinafter the "Construction Contract"), for the performance of certain construction work known as Bid Package 4—Permanent Runway 17-35 Paving, Lighting and NAVAIDs (the "Project") to Cedar Peaks Enterprises, Inc. (hereinafter the "Principal" or "Contractor"). As required by the Construction Contract, and pursuant to the request of the Principal, Surety issued a Performance Bond and a Payment Bond with Principal as principal and Owner as obligee in the penal sum of \$33,703,095.70. By letter dated November 7, 2017, Principal was declared in default and subsequently terminated and Owner called upon Surety to perform under the Performance Bond as Surety. Surety has agreed with Owner to complete certain work at the Project (hereinafter the "Remaining Work" or "Work") utilizing Principal. In turn, the Construction Administrator has agreed to administer the completion of the Remaining Work for the Surety subject to the terms and conditions of this Agreement.

WHEREAS, it is the intent of the parties hereto to provide for the prompt and orderly completion of the Construction Contract and the Remaining Work in accordance with the Construction Contract and the Takeover Agreement executed between Surety and Owner.

NOW, THEREFORE, in consideration of the promises and covenants set forth herein and intending to be legally bound thereby, Surety and Construction Administrator agree as follows:

ARTICLE I

Relationship, Duties and Responsibilities

1.1 The Construction Administrator shall furnish its services in a manner consistent with that degree of skill, effort, care and judgment ordinarily exercised by practicing design professionals performing similar services in the same locality and under the same or similar circumstances and conditions in administering the completion of the Construction Contract. The Construction Administrator makes no other representations or warranties, whether express or implied, with respect to the services rendered hereunder.

1.2 The Construction Administrator shall perform the scope of services set forth in the attached Exhibit A, which are hereafter referred to as the "Services."

1.3 All payments from Owner under the Construction Contract shall be paid directly to Travelers, and Construction Administrator shall not have any responsibility relating to the receipt, processing or distribution of any such payments and shall have no obligation to Principal or any of Principal's subcontractor or suppliers regarding payment for their labor, materials or other services.

1.4 Construction Administrator shall be responsible for preparing weekly progress reports and shall attend and participate in weekly Project status meetings as required under the Construction Contract during the completion of the Project.

1.5 The Construction Administrator shall review Contractor's submittals, shop drawings, requests for information and other administrative paperwork required by the Construction Contract for completeness and compliance with the Construction Contract prior to Surety's review and submission to the Owner.

1.6 The Construction Administrator acknowledges its expertise in construction administration and agrees to work with Surety, Principal, and the Surety's scheduling consultant to monitor the project schedules utilized to complete the Construction Contract. Construction Administrator does not assume any responsibility or liability for any liquidated damages or other delay damages arising from Principal's failure to maintain the Project schedule or meet Project milestones or deadlines.

1.7 In consideration for the performance by the Construction Administrator of its obligations hereunder, Surety agrees to pay the Construction Administrator in accordance with the provisions of this Agreement.

1.8 The Construction Administrator and the Surety acknowledge that this Agreement is solely between the signatory parties and in no way creates or intends to create an agreement with the Owner.

ARTICLE II Payment

2.1 Surety shall pay the Construction Administrator its "Fee," which is defined as the sum of (i) the actual hours spent and travel expenses incurred and charged at the rates set forth on **Exhibit B** and (ii) a lump sum (the "**Lump Sum**") intended to compensate the Construction Administrator for its Costs of Services, as defined below. The Fee will be billed by Construction Administrator to Surety on a monthly basis and paid by Surety within thirty (30) days of receipt of the monthly billing. The Lump Sum shall be due and owing to Construction Administrator upon execution of this Agreement by all parties, regardless of whether either party later terminates this Agreement. Notwithstanding the foregoing, Construction Administrator will invoice Surety for the Lump Sum in two equal shares on the first two invoices.

2.2 The term "Cost of the Services" refers to those out-of-pocket costs necessarily incurred by the Construction Administrator in the proper performance of the Services.

ARTICLE III
Miscellaneous

3.1 Indemnity. To the fullest extent permitted by applicable law, the Construction Administrator shall hold harmless and indemnify Surety for claims by third parties for damage (including purely economic loss) or injury of any nature (including death) to persons and property, to the extent arising out of or related to Construction Administrator's breach of its obligations under this Agreement and/or breach of its obligations relating to the Project.

3.2 Insurance. The Construction Administrator shall obtain, pay for and maintain in full force and effect the insurance coverages and limits set forth below:

Employer's Liability	\$1,000,000	Limit Each Accident
	\$1,000,000	Limit Disease Policy Aggregate
	\$1,000,000	Limit Disease Each Employee
General Liability	\$2,000,000	Bodily Injury & Property Damage Liability (Combined Single Limit Each Occurrence and Aggregate)
Automobile Liability	\$2,000,000	Bodily Injury & Property Damage Liability (Combined Single Limit Each Accident)
Umbrella Liability	\$5,000,000	Bodily Injury & Property Damage Liability (Combined Single Limit Each Occurrence and Aggregate)

The Construction Administrator shall provide Surety with insurance certificates demonstrating coverage complying therewith. The Construction Administrator shall add Surety as an additional insured under all applicable policies (except Workers Compensation and Professional Liability) for the purpose of this Project.

3.3 Termination. This Agreement also may be terminated in whole or in part by either party at any time for convenience, provided the terminating party provides the other party no less than seven (7) calendar days written notice of intent to terminate and an opportunity for consultation prior to termination. Upon receipt of a termination notice, the Construction Administrator shall promptly discontinue all Services (unless the notice directs otherwise) and deliver or otherwise make available to the Surety all data, drawings, specifications, reports, estimates, summaries, and such other information and materials that may have been accumulated by the Construction Administrator related to the Project. The termination of the Agreement for any reason, whether for convenience or for cause, shall not relieve the either party of its responsibilities under the Agreement for the Services performed and materials supplied.

3.4 The Construction Administrator represents to Surety that it has the power and authority to execute, deliver and perform this Agreement, and that this Agreement represents its valid, legal and binding obligation to provide the construction services set forth herein. The Construction Administrator represents that it has the financial and technical capacity and ability to fulfill all of the requirements under this Agreement.

3.5 The Construction Administrator represents that it has reviewed all data made available to it related to this Agreement or the Construction Contract. Construction Administrator shall be entitled to rely, without liability, on the accuracy and completeness of any and all information provided by Surety, Oblige, or either of their consultants and contractors, and information from public records, without the need for independent verification.

3.6 Each of the parties hereto is commercially and legally sophisticated regarding construction contracting. Each has been independently advised by counsel and each has cooperated and participated in the drafting and preparation of this Agreement. Accordingly, the parties hereby acknowledge and agree that this Agreement shall not be construed or interpreted in favor of or against any party by virtue of the identity of any alleged preparer.

3.7 Surety and Construction Administrator agree that all disputes of any kind whatsoever relating directly or indirectly to this Agreement or to its execution by either party, whether such a dispute arises in tort, contract(s) or otherwise, including all statutorily based claims of any kind, may, at the discretion of the parties, be submitted to binding arbitration.

3.8 Surety and Construction Administrator waive consequential damages for claims, disputes, or other matters in question, arising out of or relating to this Agreement, the Services or the Project. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination of this Agreement.

3.9 Surety and Construction Administrator agree that the services provided pursuant to this Agreement involve risks of liability which cannot be adequately compensated for by the payments Surety will make under this Agreement, and without this limitation of liability, Construction Administrator would not be willing to enter into this Agreement. Therefore, notwithstanding the policy limits of any insurance carried by Construction Administrator, its total cumulative liability for this Project, the Services and this Agreement shall be limited to the coverage provided under Construction Administrator's errors and omissions policy for damages due to its negligent acts, errors, omissions, breach of contract, or any other cause related to or arising from the Services, this Agreement or the Project.

3.10 The parties hereto agree to execute such other documents and to enter into such other agreements as may be reasonably necessary to carry out the terms of this Agreement.

3.11 All notices, or demands hereunder shall be in writing and shall be addressed to the party of such notice or demand at the address set forth herein and such other addresses as such parties shall furnish in writing:

Travelers Casualty & Surety Company of America
Travelers Bond & Specialty Insurance
1500 Market Street, West Tower
Suite 2900
Philadelphia, PA 19102
Attention: Kevin J. Kreitzer, Senior Construction Manager
Copy to: Ann Marie Donahue, Claims Counsel

WK Dickson
W.K. Dickson & Co., Inc.
720 Corporate Center Drive
Raleigh, NC 27607
Attention: Paul Smith, Vice President
Copy to: David Peeler, President/CEO

3.12 This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

3.13 The failure of either party hereto to insist upon strict performance of any of the terms or conditions of this Agreement shall not constitute a waiver of any of its rights hereunder.

3.14 The Construction Administrator may not assign any of its rights, obligations or duties hereunder without the prior written consent of Surety.

3.15 This Agreement binds, inures to the benefit of, and is enforceable by and against any successors of either party.

3.16 This Agreement is not intended nor shall it be deemed to confer any rights upon any person or entity other than the parties hereto, including specifically, but without limitation, any obligee under Surety bonds, or any party to the Construction Contracts.

3.17 This agreement may be executed in any number of counterparts, all of which taken together, shall constitute one instrument.

3.18 Any materials, tools, equipment, parts and supplies purchased by Construction Administrator on behalf of Surety during the course of the Services for which the cost thereof is reimbursed by Surety are the property of Surety. The Construction Administrator will assist Surety with any necessary relocation, shipment, sale or disposal of such items.

IN WITNESS WHEREOF, intending to be legally bound, the parties have signed this Agreement on the ___ day of March, 2018.

Construction Administrator

Surety

By: 

By: _____

Its: PRESIDENT/CEO

Its: _____

Date: 3-1-18

Date: _____

Exhibit A – Scope of Work

**to CONSTRUCTION ADMINISTRATION AGREEMENT
Bid Package 4 – Permanent Runway 17-35 Paving, Lighting and NAVAIDS
Bond No. 106674877**

The CONSTRUCTION ADMINISTRATOR shall provide the following services:

1. Make weekly visits to the site to observe as an experienced and qualified professional the progress and quality of the executed work of Contractor(s) and to determine in general if such work is proceeding in accordance with the contract documents. CONSTRUCTION ADMINISTRATOR shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of such work. CONSTRUCTION ADMINISTRATOR shall not be responsible for the means, methods, techniques, sequences or procedures of construction selected by Contractor(s) or the safety precautions and programs incident to the work of Contractor(s). CONSTRUCTION ADMINISTRATOR's efforts will be directed toward providing a greater degree of confidence for SURETY that the completed work of Contractor(s) will conform to the contract documents, but CONSTRUCTION ADMINISTRATOR shall not be responsible for the failure of Contractor(s) to perform the work in accordance with the contract documents. During such visits and on the basis of on-site observations, CONSTRUCTION ADMINISTRATOR shall keep SURETY informed of the progress of the work, shall endeavor to guard SURETY against defects and deficiencies in such work and may disapprove or reject work failing to conform to the contract documents.
2. Recommend to SURETY change orders and/or supplemental agreements to the construction contract incidental to existing field conditions or improvements in the project design. Prepare estimates of cost or savings from proposed order(s), prepare change order(s) along with basis for recommendation and negotiate on behalf of SURETY with the Contractor to arrive, if possible, at an appropriate compensation resulting from the proposed revisions. The CONSTRUCTION ADMINISTRATOR is not required by this provision to accomplish extensive design revisions and drawings resulting from a change in project scope or major changes in design concept previously accepted by the SURETY where changes are due to causes beyond the CONSTRUCTION ADMINISTRATOR's control.
3. Advise the SURETY of any needed special services and assist the SURETY in acquisition of such services as appropriate.
4. Based upon CONSTRUCTION ADMINISTRATOR's on site observations as an experienced and qualified professional and on review of applications for payment and the accompanying data and schedules, determine the amounts owing to Contractor(s) and recommend in writing payments to Contractor(s) in such amounts; such recommendations of payment will constitute a representation to SURETY, based on such observation and review, that the work has progressed to the point indicated, that, to the best of CONSTRUCTION ADMINISTRATOR's knowledge, information and belief, the quality of such work is in accordance with the contract documents (subject to an evaluation of such work as a functioning project upon substantial completion, to the results of any subsequent tests called for in the contract documents, and to any qualifications stated in his recommendation),

and that payment of the amount recommended is due Contractor(s); but by recommending any payment CONSTRUCTION ADMINISTRATOR will not thereby be deemed to have represented that continuous or exhaustive examinations have been made by CONSTRUCTION ADMINISTRATOR to check the quality or quantity of the work or to review the means, methods, sequences, techniques or procedures of construction or safety precautions or programs incident thereto or that CONSTRUCTION ADMINISTRATOR has made an examination to ascertain how or for what purposes any Contractor has used the monies paid on account of the contract price, or that title to any of the work, materials or equipment has passed to SURETY free and clear of any lien, claims, security interests or encumbrances, or that Contractor(s) have completed their work exactly in accordance with the contract documents.

5. Conduct an inspection to determine if the Project is substantially complete and a final inspection to determine if the work has been completed in accordance with the contract documents and if each Contractor has fulfilled all of his obligations thereunder so that CONSTRUCTION ADMINISTRATOR may recommend, in writing, final payment to each Contractor and may give written notice to SURETY and the Contractor(s) that the work is acceptable (subject to any conditions therein expressed), but such recommendation and notice shall be subject to the limitations expressed herein.
6. The CONSTRUCTION ADMINISTRATOR shall not be responsible for the acts of omissions of any Contractor, or subcontractor, or any of the Contractor(s) or subcontractor(s)' agents or employees or any other persons (except CONSTRUCTION ADMINISTRATOR's own employees and agents) at the site or otherwise performing any of the contractor(s)' work; however, nothing contained herein shall be construed to release the CONSTRUCTION ADMINISTRATOR from liability for failure to perform properly duties undertaken by the CONSTRUCTION ADMINISTRATOR under this Contract.

Exhibit B - CONSTRUCTION ADMINISTRATOR AND RATES

to CONSTRUCTION ADMINISTRATION AGREEMENT
Bid Package 4 – Permanent Runway 17-35 Paving, Lighting and NAVAIDS
Bond No. 106674877

PERSONNEL

Principal	Paul Smith, PE David Peeler, PE	\$250/hour
Senior Project Manager	Mick Metcalf, PE	\$200/hour
Admin Support	Theresa Bill	\$65/hour

ESTIMATED FEE

Based on 30 weeks of service:

Principal	2 hours/week	\$15,000
Sr Project Manager	10 hours/week	\$60,000
Admin Support	2 hours/week	\$3,900
	Subtotal - Estimated	\$78,900
Expenses (travel)		
	Mileage	\$.545/mile
	Meals	at cost
	Subtotal – Estimated	\$6,000
Cost of Services	Lump Sum	\$9,000
	Estimated Fee	\$93,900

Note: Construction Administrator travel time to be billed at 50% of above rates with the maximum not to exceed 8 hours total (including travel & regular hours) for any individual on any given day without prior approval by the Surety.

EXHIBIT E

Category		Amount
CPE Job Cost To Complete (Excluding Equipment)	\$	23,223,025.00
WK Dickson & JS Held Budget	\$	1,200,000.00
Equipment Costs	\$	3,300,000.00
Material Supplier Costs (Paid to Date)	\$	2,750,000.00
CPE Overhead and Miscellaneous	\$	2,250,000.00
Less Contract Balance	\$	(\$ 24,695,076.05)
Max. Delay Costs	\$	1,800,000.00
Net	\$	\$9,827,948.95

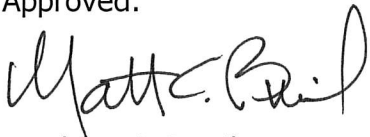
ADJOURNMENT: Mr. Bailey moved to adjourn the meeting at 10:08 a.m. Ms. Brown seconded the motion and it carried unanimously.

Respectfully submitted,



Ellen Heywood
Clerk to the Board

Approved:



Matthew C. Burrell
Chair