



Request for Proposals
March 13, 2019

Audit Services

The Eastern Iowa Airport
2515 Arthur Collins Parkway SW
Cedar Rapids, IA 52404

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SIGNIFICANT DATES

The following schedule has been established for this selection process:

| Scheduled Item | Scheduled Date |
|---|-------------------------------------|
| RFP Release Date (flyCID.com/rfp) | Wednesday, March 13, 2019 |
| Deadline for Questions | Friday, March 29, 2019, 4:30 PM CDT |
| Final Addenda, if any, posted on Airport’s website | Monday, April 1, 2019 |
| Proposal Due Date and Time | Friday, April 12, 2019, 4:30 PM CDT |
| Selection and Award by Commission | Monday, May 20, 2019, 7:30 AM CDT |
| Agreement Commencement | May 1, 2019 |

**Request for Proposals
For
Audit Services**

1.0 Description of Project

Proposals will be received at the Administrative Offices of The Eastern Iowa Airport, 2515 Arthur Collins Parkway SW, Cedar Rapids, IA 52404 until 4:30 PM, CDT, April 12, 2019. Interested parties may obtain a copy of the proposal documents on the Airport's website, flyCID.com/rfp. Audit services will be an agreed-upon engagement.

2.0 Background

2.01. Car Rental

Three car rental companies representing six brands operate on-site at The Eastern Iowa Airport. The Agreement term for all three entities is for six (6) years and three (3) months beginning April 1, 2013, and ending June 30, 2019. The car rental companies, however, are required to retain their rental records for three years after the Agreement termination.

Car rental companies pay the Airport a concession fee of 10% of their monthly gross revenue, or a minimum annual guarantee (MAG), whichever is higher. In addition, the companies pay the Airport a Customer Facility Charge (CFC) for each day of each vehicle rental contract entered into by any and all rental car companies operating at The Eastern Iowa Airport. Currently, the CFC rate is \$1.95, which is subject to change each fiscal year. This revenue is collected by the Airport to pay for the costs associated with the construction and maintenance of the joint-use Rental Car Service facility and car-ready lot. The car rental companies are allowed to pass through to their customers both the concession fees and the CFC fees.

Following is a list of the car rental companies with their corresponding number of transactions for calendar year 2018:

| Company | Rental Days |
|---------------------------------|--------------------|
| Hart Leasing Inc. (Avis/Budget) | 78,125 |
| Enterprise Rent-A-Car | 53,491 |
| Hertz Corporation | 98,676 |
| Enterprise (National/Alamo) | 83,646 |
| Total | 313,938 |

Gross revenue for Calendar Year 2018 reported by the car rental companies ranged from a low of \$3,258,401 to a high of \$5,114,641 with a collective grand total of \$15,607,679.

The Agreement signed with each car rental company provides for an all-inclusive definition of gross revenue, specifically listing any acceptable exclusions. A detailed statement of "gross revenue" contained in the Agreement can be found in attached Exhibit A-1. Each car rental company must submit a certified accounting report

performed by an accountant approved by the commission within 90 days after the close of each lease year. The audit report certifies that the fees paid by the car rental company were made in accordance with the terms of the Agreement.

2.02. Retail, Food, and Beverage Concession

One concessionaire, SSP America, Inc. (SSP) operates three food and beverage locations and two retail locations in the Terminal Building. At the completion of the Terminal Modernization project in the fall of 2019, SSP will open a new sports bar and coffee shop in the new and expanded holdroom area in the Terminal Building.

The Lease and Concession Agreement term is for twelve (12) years beginning February 1, 2017, and ending January 31, 2029. SSP entered into a Joint Venture Operating Agreement (JV) with E & K Retail, Inc., a certified airport concession disadvantaged business enterprise (ACDBE) firm. The JV Agreement began July 1, 2017 and ends January 31, 2029. SSP is required to retain their records for the longer of six (6) months after completion of an audit or three (3) years after the end of the Lease Year.

SSP pays the Airport a percentage rent of gross receipts by service category consisting of 15% for food and beverage/non-alcohol, 21% alcohol beverage, 15% news and gift, 10% airline catering, and 10% specialty retail (vending); or a minimum annual guarantee (MAG), whichever is higher.

Gross receipts for Calendar Year 2018 reported by SSP was \$1,854,484 food and beverage/non-alcohol, \$905,588 alcohol beverage, \$609,146 news and gift, \$0 airline catering, and \$6,962 specialty retail (vending).

The SSP Lease and Concession Agreement has an all-inclusive definition of gross receipts, specifically listing any acceptable exclusions. A detailed statement of "gross receipts" contained in the Agreement can be found in attached Exhibit A-2. SSP must submit a certified accounting report performed by an independent certified public accountant within 90 days after the close of each lease year. The audit report certifies that the fees paid by SSP were made in accordance with the terms of the Lease and Concession Agreement.

2.03. Management and Operation of the Airport Public Parking Facilities

One operator, Republic Parking System, Inc. (RPS) manages the public parking facilities at the Airport consisting of a public short-term lot, public long-term lot, and employee parking lot. The initial term of the Management Agreement commenced July 1, 2012 for three (3) years ending June 30, 2015. The Commission has renewed the Agreement for four (4) one (1) year periods ending June 30, 2019. The Commission will issue a Request for Proposals (RFP) from parking management firms interested in operating and managing the public parking facilities. The Commission anticipates issuing a new management agreement with the successful proposer commencing July 1, 2019 for a term of three (3) years with two (2) one (1) year renewal periods.

RPS provides management services and personnel necessary to operate the public parking facilities on a 24-hour basis including the HUB Parking Technology USA, Inc. (HUB) provided parking access and revenue control system (PARCS). All gross receipts

derived from the parking facilities remain the property of the Commission, RPS is required to deposit in the Commission's bank account no later than the next banking day of any gross receipts. Currently, approximately 90 percent of gross receipts are generated from credit card transactions. The Commission reimburses RPS for all operating expenses and management fee as approved by the Commission in the operation of the parking facilities. This consists of the monthly management fee, payroll, employee benefits, payroll taxes, uniforms, credit card processing fees and related equipment, supplies, tools, costs of maintenance and repair to the PARCS equipment, tickets, postage, and armored car service. In addition, RPS submits to the Commission various operating and financial reports on a monthly basis.

RPS must submit a certified accounting report performed by an independent certified public accountant within 90 days after the close of each lease year. The audit report certifies the schedules of gross receipts and reimbursable operating expenses reported by RPS in accordance with the terms of the Agreement. RPS is required to retain their records for three (3) years after the termination of the Agreement.

3.0 Term of Professional Service Agreement

The selected firm shall enter into an Agreement for a period of three years beginning May 1, 2019 and ending April 30, 2022.

4.0 Number of Audits

It is anticipated that the firm chosen will conduct audits of one or two car rental companies each calendar year. The car rental companies to be chosen in each audit cycle will depend upon the anticipated length of time to conduct the audit(s) as well as the amount of funding available in each particular year. It is anticipated that one audit will be completed prior to June 30, 2019. One audit of the retail, food and beverage concession agreement and one audit of the management and operation of the airport public parking facilities agreement will be completed within the three year term of the Professional Service Agreement. The audit schedule will be determined by mutual agreement between the selected firm and Commission.

Because the amount of funding for audit purposes in subsequent years of this Agreement is dependent upon the annual budget process, the Commission provides no guarantee as to the total number of audits that may be funded over the three-year period.

5.0 Audit Scope of Work

5.01. Car Rental

The selected firm will perform financial audits of car rental companies to verify that the car rental companies are paying fees to the Commission per the terms of the Agreement as shown in Exhibit A-1, Section A.

Following are some suggested protocols for conducting the audit. Proposers should describe any additional protocols that the proposer believes are necessary to complete the audit.

1. Review all invoices for a period of 6 to 12 months and verify that the invoiced amount agrees with the schedule of rental fees, CFC, and other charges in the concession and lease agreement.
2. Select a sample of months for testing. For each month selected, review the daily business record and tie it to the amounts reported to the Commission. Reconcile each month's gross revenues and CFC revenues from the daily business record to the general ledger account balances.
3. For each month selected, obtain the Iowa sales tax return and verify that the revenue per the tax return is consistent with the revenue reported to the Commission.
4. Subselect a sample of rental agreements for testing. For each selection, obtain a copy of the rental agreements and tie the amounts per the rental agreement to the amounts reported in the daily business record.
5. For each rental agreement subselected, perform calculations to verify the total fees and taxes are consistent with the rental and return times.
6. Review the daily business report for gaps in rental agreement numbers. Track a sampling of rental agreement numbers not included in the daily business records.
7. Review controls for accounting of rental agreements and the processing of monthly revenue information.

5.02. Retail, Food, and Beverage Concession

The selected firm will perform one financial audit of the retail, food, and beverage concessionaire to verify that the concessionaire is paying fees to the Commission per the terms of the Agreement as shown in Exhibit A-2, Section 1.5.

Following are some suggested protocols for conducting the audit. Proposers should describe any additional protocols that the proposer believes are necessary to complete the audit.

1. Obtain and read the related, signed Concession Agreement for Food and Beverage Operations, and any amendments, from representatives of the (Commission).
2. Discuss with concessionaire management the policies, procedures, and internal controls used to capture Gross Receipts and the classification of receipts, as defined by the Concession Agreement for Food and Beverage Operations. No procedures to test the effectiveness of these policies, procedures, and internal controls will be conducted.
3. Obtain from concessionaire management the Monthly Rental Report, as required by the Concession Agreement for Food and Beverage Operations, submitted to the (Commission) for the period from January 1 through December 31.
 - a. Procedure: Recalculate the total Gross Receipts by month and by quarter, for the quarters ended March 31, June 30, September 30, and December 31.

- b. Procedure: Reconcile the total Gross Receipts by month to the concessionaire's general ledger. Discuss with concession management and document their response, for any reconciling item greater than 5 percent of the monthly Gross Receipts.
 - c. Procedure: Reconcile the quarterly Gross Receipts to the quarterly State of Iowa sales tax return filings. Discuss with concession management, and document their response, for any reconciling item greater than 1 percent of the quarterly Gross Receipts, other than those exclusions specifically described in the Concession Agreement for Food and Beverage Operations.
4. Select a sample of 48 daily Gross Receipts figures, at random, during the aforementioned twelve-month period, from the Monthly Rental Report. The selection of days for review will be agreed upon between audit firm and (Commission) personnel. For each selection obtain a schedule of the days Gross Receipts from the concessionaire's point-of-sale system and perform the following:
 - a. Procedure: Agree the total daily Gross Receipts per the point-of-sale system to the corresponding Monthly Rental Report.
 - b. Procedure: Verify the Gross Receipts per the point-of-sale system are classified as either the sale of alcoholic beverages, vending machine sales, or other food or beverage sales.
 - i. Procedure: Agree the day's classified sales to the supporting schedule used by concession management to prepare the Monthly Rental Report.
 - ii. Procedure: Foot and agree the monthly total classified sales per the supporting schedule to the Monthly Rental Report.
 - c. Agree the exclusions from Gross Receipts, as defined by the Concession Agreement for Food and Beverage Operations, included on the Monthly Rental Report to its respective category from the point-of-sales system report.
5. Procedure: Using the Monthly Rental Report, recalculate the Percentage Fees, as defined by the Concession Agreement for Food and Beverage Operations, earned by the (Commission) during the aforementioned twelve-month period.

5.03. Management and Operation of the Airport Public Parking Facilities

The selected firm will perform one financial audit of the operator that manages and operates the airport parking facilities to verify that the operator is receiving, collecting, depositing, and reporting gross receipts to the Commission as per the terms of the Management Agreement as shown in Exhibit A-3, Article IV. In addition, verify the operator is accurately accounting for and reporting its operating expenditures when seeking reimbursement from the Commission as per the terms of the Management Agreement as shown in Exhibit A-3, Article V.

Following are some suggested protocols for conducting the audit. Proposers should describe any additional protocols that the proposer believes are necessary to complete the audit.

A. General Accounting and Auditing Procedures:

1. Obtain and read the related, signed Management Agreement for operating the Public Parking Facilities, and any amendments, from representatives of the (Commission).
2. Discuss with operator management the policies, procedures, and internal controls used to capture Gross Receipts as defined by the Management Agreement. No procedures to test the effectiveness of these policies, procedures, and internal controls will be conducted.
3. Review the contract provisions documenting operator's significant accounting policies/procedures. Review should document the reporting and control structure used to ensure the recognition of all gross receipts items and that all revenues are deposited in the Commission's account. Document any changes in the accounting policies or procedures.
4. Ensure operator performs a monthly rate structure review noting how this is accomplished and documented.
5. Consider work performed by other auditors. Inquire as to the existence of any recent operator internal audit work and obtain a copy of the most recent audit opinion issued by operator's external CPA firm. Ensure operator is performing all internal audits as required by the management agreements.
6. Assess the condition of the PARCS revenue control equipment by reviewing repair and down time logs or records.

B. Detail Testing – Gross Receipts and Expenses:

1. Credit Cards:
 - a. Select four days during the test month. For the days selected, verify that operator is properly reconciling credit card (CC) totals by day by tying summarized credit card totals on operator's CC reconciliation logs to daily ADS (automated deposits) statements. Tie ADS daily numbers to the individual credit card company monthly statement and the monthly bank statement. Investigate and resolve any discrepancies.
 - b. Select one cashier from each one of the selected days. Tie each individual credit card receipt to credit card register batch tape. Summarize all cashier credit card totals for the day and tie to operator's credit card reconciliation log.
2. Deposits:

- a. On reconciliation of operator's daily actual bank deposit to bank statements and to armored car deposit amount on daily recap reports. Explain any discrepancies
 - b. Obtain the monthly reports of gross receipts and deposit slips, on attest basis agreement between operator's records (G/L) and what was reported to Commission.
3. Gross Receipts:
- a. For the days selected in B.1. Above, check daily shift report for 1 cashier each day and tie to tickets and register tapes. Verify accuracy of the ticket totals by reviewing the daily shift report and foot and cross foot the reports. To verify accuracy of ticket value totals on cashier reports, review cashier sheets and recalculate ticket value totals on cashier reports. Locate tickets and determine revenue represented by the tickets. Agree the tickets counted to the amounts recorded on the cashier sheets. Mark any necessary adjustments of the ticket value on cashier reports. Explain any reconciling items.
 - b. For the days selected above, summarize the gross receipts (cash and credit cards) and ticket information from all daily shift reports and agree that information to each daily master recap report.
 - c. For the month selected, tie daily master recap report totals to monthly revenue report used as support for gross receipts received.

4. Cash Register Tapes:

For the month selected, ensure all cash register serial tapes are accounted for and that an attendant sign on/off report is run for each fee computer each day. Obtain an explanation for any unusual activity.

5. Operating Expenses:

- a. Obtain the monthly reports of operating expenses submitted by operator and verify, on a test basis, agreement between operator records (G/L) and what was reported to the Commission.
- b. On a test basis, verify expenses by tracing to supporting documentation:
 - I. Payroll expense
 - II. Trace monthly journal expense (per the operator F/L or income statement) to the payroll journal.
- c. Judgmentally sample employees from payroll journal:
 - 1. Trace hours worked to timecards. Verify that employee was working at the revenue control plaza.

2. Trace net pay to cancelled payroll checks/bank direct deposit records.
- d. For selected months, determine reasonableness of operator's total payroll expense by determining what the normal level of staffing is (inquire of operator and compare against monthly budget of staffing hours) and compare this to the actual labor hours incurred per the payroll journal. Multiply actual labor hours incurred by the average pay rate to determine the reasonableness of total payroll expense.
- e. Materials and/or Services Expense
 1. Obtain a listing of the expenses charged. Review the listed expenses for reasonableness by comparing against the detail of budgeted expenses provided to Commission.
- d. Judgmentally select a sample of expenses to test by tracing to supporting documentation.
 1. Trace expenditure to an invoice.
 2. Trace payment to a cancelled check.
 3. Verify validity of expenditure.
6. Trend Gross Receipts and Expenses

Evaluate the overall reasonableness of gross receipts and expenses as reported. See if there are any trends or significant fluctuations over the course of the audit period.

C. Detail Testing – Tickets:

1. For the days selected, determine the total number of tickets collected for the day and compare to the monthly summary report. Determine whether operator's process properly identified and took action on any discrepancy.
2. Scan daily ticket report and HUB statistics reports for the days selected above and determine the number of "No Ticket Issued" (NTI's). Conclude on the validation based on the reason for the missing ticket.
3. Exception Transactions:
 - a. Select a random sample of 20 exception transactions (including damaged, canceled and validated tickets). Ensure operator is printing and checking the canceled transaction reports for every cashier on every shift. Ensure these are reviewed for any unusual transactions and initialed by the supervisor who performed the review. If a damaged ticket is involved, ensure the damaged ticket contains the original ticket number. Ensure the original ticket is attached to the damaged ticket. Ensure a copy of the printed receipt is attached to the ticket. Each damage and canceled ticket must have the supervisor's approval code written on the ticket. The supervisor's approval

log must contain a reason for the exception transaction. Validations that reduce a dollar charge to zero must be initialed by the supervisor. They do not get assigned a supervisor approval code. Validations that do not reduce a dollar charge to zero (i.e. under 20 minutes and those that are hand stamped with a validation number, etc.) require no special review or approval.

- b. Ensure each cleared transaction is re-entered into the HUB system by locating the same ticket number on the transactions report. Pay special attention to any ticket that is re-entered for a gross amount that is less than the amount cleared in the original transaction. Ensure operator has reviewed, initialed, and dated all documentation.
 - c. For the days selected above re-run the cleared/canceled transaction report for each day and compare to cleared/canceled transaction reports provided by operator to ensure operator is properly reporting all cleared/canceled transactions.
4. Obtain a Hub count statistics report and verify that tickets issued from each dispenser matches that is reported on daily report. Investigate any discrepancies.
 5. Judgmentally select 10 lost tickets from the audit period and determine rate charges, using inventory sheets to validate the # of days.
 6. Select 10 days from the audit period and verify that license plate vehicle inventories are being performed on a daily basis as required by the management agreement. Reports must be provided on a daily basis and must include information that is accurate, specific, and complete to the extent provided by the software.
 7. Obtain beginning car count figures from the previous end of the month figure. Get end of the month car count figure. To determine the number of missing tickets (unaccounted for), use the following or similar formula:

| | | |
|-------|--|---------|
| | # of cars on the lot at beginning of month | _____ |
| Add: | # of tickets issued during the month | _____ |
| Add: | # of CCIO issued during the month | _____ |
| Add: | # of AVI entries during the month | _____ |
| Less: | # of CCIO exits during the month | (_____) |
| Less: | # of AVI exits during the month | (_____) |
| Less: | # of tickets collected during the month | (_____) |
| Less: | # of cars on the lot at end of month | (_____) |
| Less: | # of damaged tickets | (_____) |
| | # of missing tickets | _____ |

8. Ensure manager is maintaining a blank ticket inventory log, which documents ticket inventory movement. This log should identify the beginning inventory number and the ticket boxes received by the facility. The log should also track ticket issuance on the basis of type, boxes, and sleeves, ticket dispenser usage, and depletion time. Obtain copies of the most recent blank ticket inventory. Select one recent entry for each dispenser and trace to a daily lot report.

Ensure operator performs a physical inventory to check the accuracy of the ticket inventory log at least quarterly and they initial and date the form documenting their review.

9. Review operator's ingress/egress report and verify the accuracy of the numbers reported. For the four days selected for review, ensure the number of gate raises ties closely to the number of tickets.

6.0 Entrance/Exit Conferences

There shall be an entrance and exit conference for each audit conducted. Periodic progress meetings shall be coordinated with Airport staff.

7.0 Audit Reports

The audit report must be presented in accordance with Generally Accepted Auditing Standards (GAAS), as well as audit standards unique to the car rental industry.

The format for the audit report must contain at a minimum the following sections:

1. An executive summary.
2. An objectives, scope and methodology section.
3. Findings and conclusions section.
4. Material weaknesses in internal accounting controls discovered during the audit and recommendations on strengthening the Commission's internal control structure.

8.0 Additional Information

Copies of the actual Agreements between the Commission and the various car rental companies can be viewed at The Eastern Iowa Airport's Administrative Offices at 2515 Arthur Collins Parkway SW, Cedar Rapids, IA 52404, or by contacting Kathy Bell, Deputy Director of Finance and Administration at (319) 731-5714, or K.Bell@flyCID.com.

9.0 Proposals

Proposals must be arranged and numbered in the sequence as described below.

Section 1. Methodology and Engagement Activities

Provide an overall audit methodology based upon the relevant issues and recommended protocols contained in the audit scope of work. Provide a detailed explanation of all proposed activities associated with each audit. Include an estimate of number of hours associated with each activity as well as a proposed timeline for each audit including the submission of the final reports.

Section 2. Experience

Include your firm's experience with concession audits within the past five years. List the name of the car rental company, the governmental entity or airport for which it was performed, a contact name and phone number, the length of the audit in number of hours, and a brief synopsis of the findings.

Include a listing of any audits, accounting, or consulting services you have provided on behalf of any of the car rental companies listed herein over the past five years. Indicate the nature and length of time for any such services you have provided.

Section 3. Resumes

Attach resumes of the key staff members to be assigned to various segments of this engagement. The resumes should include experience and educational information relevant to work proposed. Persons named in the proposal shall not be replaced without the prior written approval of the Commission, which approval shall not be unreasonably withheld.

Section 4. Fees and Billings

Include a spreadsheet listing the per hour rates for all staff assigned to the audit, as well as an estimate of number of hours for each staff person on a per audit basis. Other anticipated costs for clerical support, copying, faxing, travel, or any other cost associated with the audit and delivery of the final report must be detailed in this section.

A total proposal not-to-exceed fee per individual audit must also be included. The not-to-exceed fee shall be all-inclusive; no additional out-of-pocket expenses will be paid.

This section must also include any contemplated hourly percentage increase for years two and three of the Agreement.

Section 5. Airport Staff Involvement

Provide a list of any anticipated Airport employee support required. Airport employees will be available to assist in the audits under the direction of Audit firm. Airport Staff is able to provide monthly statistics on gross revenue, airport concessions, CFC Revenue, number of car rental transactions, as well as names and contact numbers of the companies to be audited. All other documents will need to be requested by the audit firm from the car rental companies.

10.0 Evaluation Of Proposals

The proposals will be evaluated by The Eastern Iowa Airport on the basis of the following criteria:

1. Work plan (30 points) - to include methodology and scope of the audit.
2. Experience (30 points) - to include experience of key staff in the auditing of car rental companies.
3. Fees and billings (30 points) - to include all estimated fees and billable hours.

4. Presentation of proposal (10 points) - clarity and conciseness of the proposal documents.

11.0 Professional Service Contract

The successful audit firm shall enter into a professional service agreement with The Cedar Rapids Airport Commission similar to the one attached as Exhibit B. The contract shall incorporate by reference the audit firm's Proposal and the Airport's Request for Proposal. If there is a variance between these documents, the Airport's Request for Proposal shall govern, unless otherwise provided for in writing.

12.0 Disadvantaged Business Enterprise

The Commission will give consideration to Proposers submitting a Proposal as a Disadvantaged Business Enterprise (DBE). If you are submitting your Proposal as a Disadvantaged Business Enterprise (DBE), you must also complete the DBE Proposer's Form that is attached.

Submission of Proposal Documents

One copy of your Proposal, one compact disk (CD) or Universal Serial Bus portable flash memory card (USB flash drive) containing a copy of the original response in pdf format, must be submitted in an envelope that is completely sealed, bears the name and complete mailing address of the Proposer and be clearly marked, "Proposal for Audit Services" must be received by the Airport no later than:

4:30 PM, CDT on Monday, April 12, 2019

Proposals should be addressed to:

Kathy Bell
Deputy Director of Finance and Administration
The Eastern Iowa Airport
2515 Arthur Collins Parkway SW
Cedar Rapids, IA 52404-8952

13.0 Questions Regarding This Request For Proposal

Written questions regarding the content of this Request for Proposal will be received until 4:30 PM, CDT, March 29, 2019. All questions received will be answered in an addendum to this Request for Proposal and posted on the TEIA web site: flyCID.com/rfp. Questions should be emailed to K.Bell@flyCID.com.

Exhibit A-1

Audit of Rental Car Lease & Concession Agreement

Applicable Provisions of Current Concession Agreement

A. GROSS REVENUE

Section 1.5.1 General Definition

The existing rental car concession and lease agreements at the TEIA defines gross revenue to be "...the total amount due to Company from its customers, whether payment terms are cash, credit, barter, exchange or otherwise, in connection with Company's operation of its car rental business at the Airport. This Gross Revenue shall include amounts due for the rental or delivery of vehicles by Company to customers anywhere on the Airport as well as rental or delivery of vehicles by Company to customers within five miles of the Airport if those customers used the Airport within 24 hours of rental of such vehicles. Company shall not exchange vehicles, modify accounting treatment of revenue or rename or redefine services or products in any manner in an attempt to deprive Commission of revenues that should, under the terms of this Agreement, be payable to Commission. Gross Revenue includes all charges and fees of whatsoever kind, whether billed or unbilled, unless expressly and particularly excluded from Gross Revenue under this Agreement. Gross Revenue includes all charges for the month in which the services are rendered, regardless of when or if payment therefore is received by Company. Company shall not adjust Gross Revenue based on discounts, rebates, refunds, losses, credits or similar items not specifically deducted on the individual customer's rental contract ".

Section 1.5.2 Examples of Gross Revenue

Gross Revenue includes:

1. Charges for the rental or leasing of motor vehicles pursuant to daily or time charges and/or mileage charges;
2. Waiver fees charged by Company to waive insurance deductibles or to waive Company's right to recover from the customer for vehicle or equipment damage (commonly referred to as Collision Damage Waiver (CDW) or Loss Damage Waiver (LDW); or insurance including personal effects coverage (PEC), personal accident insurance (PAI), baggage insurance, supplemental liability insurance, safe trip insurance, extended protection, and any other insurance offered to customers;
3. Inter-city fees and drop charges for the privilege of renting a Vehicle at Concessionaire's Airport location and returning the Vehicle to a different location;
4. Fees generated from valet services;

5. All charges related to vehicle fuel;
6. All charges for vehicle exchange where all charges for car rental contracts entered into at the Airport although the car initially rented is exchanged elsewhere and a new contract is submitted therefore.
7. Payment in Lieu of Rent. Charges to customers for vehicles that are out of service for repairs;
8. Any current or future fees or charges which are not expressly excluded from Gross Revenues by the Commission;
9. Charges for driver's age, additional driver(s), vehicle upgrades, vehicle exchanges, late fees, guaranteed reservations, the rental of mobile telephones, computerized navigation, and other communications and technological equipment, child/infant car seats or restraints, ski racks, bicycle racks and other miscellaneous equipment and services of whatsoever nature offered to customers;
10. Any charges to or amounts commonly referred to as concession recoupment fees, which are received from customers identified separately on rental agreements, contracts or invoices, attributable to rents, fees, and charges payable by Company to Commission under the Agreement unless specifically excluded herein.

Section 1.5.3 Sole Exclusions

Gross Revenue excludes only:

1. The Customer Facility Charge (CFC) collected by the Company and remitted to the Commission;
2. Federal, State, or Local tax collected by the Company and remitted to a government agency;
3. Any amount received from customers or insurance companies for damage done to rental vehicles and other property and/or for liability damage;
4. Amounts received by Company from the sale or disposal of Company-owned vehicles; and
5. Any charges collected from customers for payment of parking tickets, tolls and toll violations, traffic and red light tickets, and towing and storage charges to the extent such collections are paid by Company to satisfy such charges.

B. BOOKS AND RECORDS

Section 5.1 Books and Records

Company shall keep full and accurate books and records showing all of its Gross Revenue hereunder and customarily used in this type of operation, in accordance with Generally Accepted Accounting Principles (GAAP). Commission shall have the right

through its representatives and at reasonable times, to review, inspect, examine, copy and audit such books and records. Books and records shall include without limitation all original accounting source documents detailing transactions relevant to this Agreement including but not limited to original rental agreements, a complete (cumulative) general ledger, monthly sales journals detailing each rental transaction for the month, other sales related documents, local municipalities and State of Iowa sales tax return records, and detailed backup documentation for all exclusions of Gross Revenue claimed by Company.

The rental agreements shall be marked to indicate that The Eastern Iowa Airport is the originating location. All rental agreement forms used by Company in its operations at the Airport shall be sequentially numbered, in a numbering series exclusive to The Eastern Iowa Airport. In the event Company does not maintain exclusive sequential numbering for rental agreements commencing at the Airport, Company shall provide copies of rental agreements from other rental locations included in the nonexclusive sequence to Commission or its auditors for the purposes of testing reporting completeness. Accounting records of Company shall be stored sequentially, or in such other manner approved by Commission, to provide reasonable and expeditious access for audit purposes hereunder. The Commission may waive said requirements if Company's accounting system does not provide for the sequential numbering of contracts.

Section 5.2 Financial Accountability

Company shall maintain an internal control structure designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, that transactions are executed in accordance with management's authority, and that the financial records are reliable for the purposes of preparing financial statements. Company shall prepare financial statements in conformity with Generally Accepted Accounting Principles (GAAP), applying certain estimates and informed judgments, as required. The internal control structure shall be supported by the selection, training and development of qualified personnel, by an appropriate segregation of duties, and by the dissemination of written policies and procedures.

Section 5.3 Record Retention

Company agrees to keep available all books and records of business conducted under this Agreement for the longer of six months after completion of an audit by Commission or three (3) years after the end of the Agreement year to which the books and records pertain. If any audit has been initiated and audit findings have not been resolved at the end of the three (3) years, the books and records shall be retained until resolution of the audit findings.

Section 5.4 Review, Inspection, Copying, Examination or Audit

Company shall make its original books and financial records available for review, inspection, copying, examination or audit by Commission or its authorized agent or

representative, at reasonable times. Company shall either transport the necessary books and records to a location at the Airport for review, inspection, copying, examination or audit, or permit Commission to perform an audit at the location where Company's books and records are located. Commission will provide a written list of required Company books and records prior to beginning an audit and will in good faith attempt to ensure that this list is as comprehensive as possible. If Company fails to transport the books and records, at its sole expense, to a location at the Airport within thirty (30) calendar days after request by Commission, Commission reserves the right to perform the audit at the location where Company maintains the records, subject to Company paying expenses as provided for in this Agreement. If Company's place of business and record keeping is outside of Linn County, Iowa, and if Company elects to have Commission perform an audit at that location, Company shall pay Commission for the audit costs incurred. Audit costs include reasonable air and ground transportation, mileage, food, lodging and other miscellaneous costs associated with the audit. After the audit is completed, Commission shall bill Company for the costs incurred. After an audit has commenced, Commission may find that additional Company books and records are required in order to complete the audit. Company shall provide these additional books and records within fifteen (15) calendar days of Commission's request. Company shall also respond as soon as reasonably possible, but within no more than fifteen (15) calendar days, to Commission's written audit-related questions. Company agrees to reasonably accommodate Commission's representatives by providing adequate workspace (including electrical outlets and phone access), allowing photocopying of any records and documents, and allowing the interviewing of such employees and subcontractors as the representatives deem necessary to conduct and support their audit. The parties recognize Commission will incur additional costs if records requested by Commission's auditor are not provided in a timely manner and that the amount of those costs is difficult to determine with certainty. Consequently, the parties agree Company shall pay Commission one hundred dollars (\$100) per day for each record/retrieval not provided in a records request and in addition to all other contractual financial requirements. Payment will continue until specific performance is accomplished. Payment shall not be offset against any other amount due Commission as detailed in this Agreement.

Section 5.5 GAAS Standards Apply to Audit

It is agreed that examination of the books, ledgers, journals and accounts of Company will be conducted in accordance with Generally Accepted Auditing Standards (GAAS) applicable in the circumstance and that as such, such examinations do not require a detailed audit of all transactions. Testing and sampling methods may be used in verifying reports submitted by Company. Deficiencies ascertained by applying percentages of error, obtained from such testing and sampling, may be applied by Commission to the entire period of reporting under examination and will be binding upon Company, and to that end shall be admissible in any court of law to prove any amounts due Commission.

Exhibit A-2

Audit of Retail, Food, and Beverage Lease & Concession Agreement

Applicable Provisions of Current Concession Agreement

1.5 Gross Receipts

1.5.1 General Definition

The term "Gross Receipts" shall mean the total amount due to Company from its customers, whether payment terms are cash, credit, barter, exchange, or otherwise, in connection with Company's operation of its retail, food, and beverage business at the Airport. Gross Receipts shall include all revenues derived from the sale of merchandise, food, beverages, services, advertising, and promotions on or from the Leased Premises and vending sales, whether delivered on or off the Airport. Company shall not modify accounting treatment of receipts, rename, or redefine services or products in any manner in an attempt to deprive Commission of receipts that should, under the terms of this Agreement, be payable to Commission. Gross Receipts includes all charges and fees of whatsoever kind, whether billed or unbilled, unless expressly and particularly excluded from Gross Receipts under this Agreement. Gross Receipts includes all charges for the month in which the services are rendered or products sold, regardless of when or if payment therefore is received by Company.

Company shall not adjust Gross Receipts based on discounts, rebates, refunds, losses, credits, or similar items not specifically deducted on the individual customer's receipt of sale. In the event Company fails for any reason to charge for or collect the value of any product or service provided hereunder, the amount customarily charged by Company for such product or service provided shall be included in the calculation of "Gross Receipts." Further, no deduction shall be made from Gross Receipts by reason of any credit loss, charge, or deduction that may be incurred by reason of the acceptance or use of credit cards or other credit or charge arrangements.

1.5.2 Sole Exclusions

Excluded from Gross Receipts shall be only:

- a) Receipts from the sale of or the trade-in value of any trade fixtures.
- b) Federal, State, or Local taxes collected by the Company from its customers and remitted to a government agency.
- c) Receipts in the form of refunds from or the value of merchandise, supplies, or equipment returned to shippers, suppliers, or manufacturers.

- d) Receipts from the sales of uniforms or clothing to Company's employees where it is required that such uniforms or clothing be worn by said employees.

5. BOOKS AND RECORDS

5.1 Books and Records

Company shall keep full and accurate books and records showing all of its Gross Receipts hereunder and customarily used in this type of operation, in accordance with Generally Accepted Accounting Principles (GAAP). Commission shall have the right through its representatives and at reasonable times, to review, inspect, examine, copy, and audit such books and records. Books and records shall include without limitation all original accounting source documents detailing transactions relevant to this Agreement including but not limited to original rental agreements, a complete (cumulative) general ledger, monthly sales journals detailing each rental transaction for the month, other sales related documents, local municipalities and State of Iowa sales tax return records, and detailed backup documentation for all exclusions of Gross Receipts claimed by Company.

5.2 Financial Accountability

Company shall maintain an internal control structure designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, that transactions are executed in accordance with management's authority, and that the financial records are reliable for the purposes of preparing financial statements. Company shall prepare financial statements in conformity with Generally Accepted Accounting Principles (GAAP), applying certain estimates and informed judgments, as required. The internal control structure shall be supported by the selection, training, and development of qualified personnel, by an appropriate segregation of duties, and by the dissemination of written policies and procedures.

5.3 Record Retention

Company agrees to keep available all books and records of business conducted under this Agreement for the longer of six (6) months after completion of an audit by Commission or three (3) years after the end of the Lease Year to which the books and records pertain. If any audit has been initiated and audit findings have not been resolved at the end of the three (3) years, the books and records shall be retained until resolution of the audit findings.

5.4 Review, Inspection, Copying, Examination, or Audit

Company shall make its original books and financial records available for review, inspection, copying, examination, or audit by Commission or its authorized agent or representative, at reasonable times. Company shall either transport the necessary books and records to a location at the Airport for review, inspection, copying, examination, or audit, or permit Commission to perform an audit at the location where Company's books and records are located.

Commission will provide a written list of required Company books and records prior to beginning an audit and will in good faith attempt to ensure that this list is as comprehensive as possible. If Company fails to transport the books and records, at its sole expense, to a location specified by the Airport within thirty (30) calendar days after request by Commission, Commission reserves the right to

perform the audit at the location where Company maintains the records, subject to Company paying expenses as provided for in this Agreement. If Company's place of business and record keeping is outside of Linn County, Iowa, and if Company elects to have Commission perform an audit at that location, Company shall pay Commission for the audit costs incurred. Audit costs include reasonable air and ground transportation, mileage, food, lodging, and other miscellaneous costs associated with the audit. After the audit is completed, Commission shall bill Company for the costs incurred. After an audit has commenced, Commission may find that additional Company books and records are required in order to complete the audit. Company shall provide these additional books and records within fifteen (15) calendar days of Commission's request. Company shall also respond as soon as reasonably possible, but within no more than fifteen (15) calendar days, to Commission's written audit-related questions.

Company agrees to reasonably accommodate Commission's representatives by providing adequate workspace (including electrical outlets and phone access), allowing photocopying of any records and documents, and allowing the interviewing of such employees and subcontractors, as the representatives deem necessary to conduct and support their audit.

The parties recognize Commission will incur additional costs if records requested by Commission's auditor are not provided in a timely manner and that the amount of those costs is difficult to determine with certainty. Consequently, the parties agree Company shall pay Commission one hundred dollars (\$100) per day for each record/retrieval not provided in a records request and in addition to all other contractual financial requirements. Payment will continue until specific performance is accomplished. Payment shall not be offset against any other amount due Commission as detailed in this Agreement.

5.5 GAAS Standards Apply to Audit

It is agreed that examination of the books, ledgers, journals, and accounts of Company will be conducted in accordance with Generally Accepted Auditing Standards (GAAS) applicable in the circumstance and that as such; such examinations do not require a detailed audit of all transactions. Testing and sampling methods may be used in verifying reports submitted by Company. Deficiencies ascertained by applying percentages of error, obtained from such testing and sampling, may be applied by Commission to the entire period of reporting under examination and will be binding upon Company, and to that end shall be admissible in any court of law to prove any amounts due Commission.

5.6 Over/Underpayments

If any Commission review, inspection, examination, or audit of Company's books and records discloses a Company underpayment, Company shall pay, within thirty (30) days of the billing date, any underpayment disclosed by the audit plus (i) interest at a rate of eighteen percent (18%) per annum on the delinquent amount from the date such amount should have been paid; and (ii) any actual costs and attorney fees that Commission incurs to collect the underpayment. The failure of Company to make payment to Commission within this ten (10) day period shall constitute a material breach of this Agreement and shall give cause

to Commission for immediate termination hereof. If, as a result of such review, inspection, examination, or audit, it is established that Company has understated the Gross Receipts received from all operations on the Leased Premises by five percent (5%) or more, the entire expense of said examination shall be borne by Company, including salary and benefit costs and allocated overhead of Commission personnel or authorized agents of the Commission at the rate of one hundred twenty-five dollars (\$125.00) per hour. If Commission collects the difference through arbitration, Company shall pay Commission's full costs and attorneys' fees incurred to collect the underpayment. Further, Company is liable for the full costs and attorneys' fees if Commission finds it necessary to take legal action either to liquidate any performance security under Section 14 or take other action deemed necessary to collect money owed to Commission by Company. If the audit establishes that Company has overpaid Commission, then such overpayment shall be credited to Company within thirty (30) days of the approval of such credit by the appropriate Commission representative.

5.7 Additional Supporting Data

Company shall furnish Commission with other financial or statistical reports that Commission may occasionally request regarding the concession. This Section does not require Company to submit data that is either confidential business information or trade secrets unless reasonably related to determining compliance with this Agreement and Commission provides for protection of such information from public disclosure. Commission shall have the right to review, inspect, copy, examine, or audit the books and records of all of Company's operations at the Airport under the terms and conditions as set forth in Section 5.

Exhibit A-3

Audit of Management and Operation of the Airport Public Parking Facilities Lease & Concession Agreement

Applicable Provisions of Current Concession Agreement

4 GROSS REVENUE AND REPORTS

4.01 General

Monies payable by Operator to Commission shall include and reflect adjustments for any and all cashier shortages, overages, undercharges, and uncollected parking fees. Any such shortages, undercharges, and uncollected fees shall be included in Gross Revenues and shall be payable to the Commission. Dishonored checks, uncollectible or uncollected fees and credit card charges, and other bad debts shall not be included in Gross Revenues, provided that such transactions were processed utilizing procedures accepted and approved by the Commission. Monies which might be otherwise due from stolen vehicles or vehicles abandoned in the Facilities shall not be included in Gross Revenues, except to the extent monies are actually collected. Operator will be required to accept major credit cards and other cash cards for payment of any customer charges.

The major credit cards shall include the following: Visa, Master Card, Discover Card, American Express, and such other credit cards as may be requested by the Commission. Credit card surcharges may be assessed as approved by the Commission; such surcharges shall be included in Gross Revenues payable to the Commission. Commission reserves the right to select the financial institution to process said credit card transactions. Operator may accept personal checks for payment under such terms and conditions as may be approved by Commission for handling such payments.

4.02 Deposits

As soon as practical, but no later than the next banking day following receipt of any Gross Revenues hereunder, the Operator shall deposit said Gross Revenues in an account of and to the credit of the Commission, without regard to any adjustments that may ultimately be made, in such bank or other depository as the Commission shall approve, and a penalty of ten percent (10%) per day shall be assessed for each day thereafter in which Gross Revenues are not deposited as specified herein. Said deposits shall be made utilizing an approved delivery company which employs such agents engaged in the business of picking up and delivering of such monies, and within a reasonable time following such deposit, the Operator shall deliver or have delivered to the Commission the duplicate deposit slip, properly certified by a cashier or officer of the bank, covering such deposit. The Operator shall on weekends, holidays, or nights, cause to have deposited Gross Revenues in any Commission-designated night deposit vault, unless otherwise authorized in writing by the Commission. It shall be considered that the Commission has come into possession of the Gross Revenue only when the Operator has received the certified duplicate deposit slip from the bank.

4.03 Reports

Operator shall provide Commission, on or before the twentieth (20th) day of each and every calendar month following the month in which the term of this Management Agreement shall commence, in a form and detail satisfactory to Commission, the following reports including, but not necessarily limited to:

- A. Cashier's daily shift reports.
- B. Daily shift reconciliation.
- C. Daily report of Gross Revenues, overnight vehicle count, and ticket reconciliation in accordance with the approved procedure.
- D. Monthly activity and Gross Revenue summaries and certifications to be reconciled to daily reports.
- E. Monthly summary of operating expenses, net revenue, and net income.
- F. Monthly abandoned vehicle reports showing vehicle tag, registration, days parked, and monies owed.
- G. Monthly summary of license plate inventory.

4.04 Accounting Records

Operator shall keep, throughout the entire term of this Agreement, all books of account and records customarily used in this type of operation, and as from time to time may be required by Commission, in accordance with Generally Accepted (Governmental) Accounting Principals (GAAP). Such books of accounts and records shall be retained and available for such period of time as provided herein unless otherwise approved by the Commission. The Commission, at all times, throughout the term of this Agreement and for up to three (3) years following termination, shall have the right to audit and examine during normal working hours all such records and books of account relating to the Operator's operation hereunder, provided that the Operator shall not be required to retain such books of account and records for more than three (3) years after the end of each year of this Agreement. If the books of account and records are kept at locations other than at the Airport, Operator shall arrange for them to be brought to a location convenient to the auditors for the Commission in order for the Commission to conduct the audits and inspections as set forth in this Article.

4.05 Annual Audited Statement of Net Revenues.

At the close of each of Commission's fiscal years during the term of this Agreement, Commission shall cause an audit to be completed of the Operator's accounting transactions relating to its operations under this Agreement for such fiscal year by an independent Certified Public Accountant selected by the Commission. A report of each said audit shall be delivered to the Commission within ninety (90) calendar days of the close of such fiscal year. The first (1st) such audit report shall commence as of the Operator's first (1st) day of operation and the last said audit report shall cover through Operator's last day of operation pursuant to this Agreement. The cost of such audits is reimbursable as an operating budget item. Such reports as outlined above shall be due on days/dates as specified by the Commission and may be subject to change. All reports shall be computer generated unless otherwise specified or approved by the Commission. If the audit reveals a discrepancy of more than five percent (5%) between the annual revenues deposited, operating expenses incurred, and management fees earned and the revenues, operating expenses and management fees as determined to be due and owing during such period by the audit, Operator will pay the cost of the audit and

the amount of any discrepancy with interest at the rate of eighteen percent (18%) per annum.

4.06 Rights of Inspection and Audit

Should Commission elect from time to time to inspect, and/or audit the books of account and records or any supporting information, Operator shall provide Commission and its representatives, upon ten (10) days prior written notice, unlimited access to all of its books of account and records, Reports and supporting information, all of which may be copied by Commission and its representatives. In those situations where Operator's records have been generated from computerized data, Operator agrees to provide Commission's representative with extracts of data files in a computer readable format on data disk, USB flash drives, or suitable alternative computer data exchange formats at no additional cost. Operator shall make all such information available for such examination at the Airport. If Operator so desires, and Commission concurs, the Commission or its representative may conduct the audit at a location, other than at the Airport, at Operator's expense, including, but not limited to, Operator's reimbursement of Commission's travel expenses. None of the travel expenses shall be included as a reimbursement by Operator under the provisions of this Agreement.

Operator will allow Commission's representative to interview all current or former employees, owners and subcontractors to discuss matters pertinent to the performance of the Agreement. If an audit performed in accordance with this Article reveals business expenses unallowable under the terms of the Agreement by Operator, Operator will, upon written notice from Commission, reimburse Commission any such overpriced or unallowable expenses with thirty (30) days from presentation of Commission's findings to Operator, plus interest thereon, from the date such fees or charges became due to the date of payment, at twelve percent (12%) per annum.

Commission reserves the right to audit the books and records of Operator's parking receipts at any time for the purpose of verifying the Gross Receipts under this Agreement. Any additional monies due as a result of said audit will forthwith be paid by Operator to Commission with interest thereon, from the date such fees or charges became due to the date of payment, at twelve percent (12%) per annum.

5. REIMBURSEMENT AND COMPENSATION TO OPERATOR

5.01 Management Fee

As compensation for Operator providing its services and performing its duties and obligations hereunder, the Commission shall pay to the Operator, in equal monthly installments, a fixed annual management fee. Payment will be paid in arrears on a monthly basis.

The annual management are as follows:

| <u>Management Agreement Term</u> | <u>Annual Management Fee</u> |
|------------------------------------|------------------------------|
| July 1, 2019 through June 30, 2020 | \$ _____ |
| July 1, 2020 through June 30, 2021 | \$ _____ |
| July 1, 2021 through June 30, 2022 | \$ _____ |
| July 1, 2022 through June 30, 2023 | \$ _____ (if term extended) |
| July 1, 2023 through June 30, 2024 | \$ _____ (if term extended) |

For the purposes of this Management Agreement the term "year" or "annual" shall mean a period of twelve (12) months beginning July 1, 2019, and each twelve-month period thereafter.

5.02 Operating Expenses

All budgeted operating expenses incurred by Operator in the operation of the Facilities, which are specifically approved by the Commission in writing, shall be reimbursed by Commission to Operator at the Operator's cost within thirty (30) days from receipt by the Commission of a monthly "Expense Invoice" from the Operator, certified by the Facility Manager, acceptable to Commission. Documentation for operating costs other than payroll and payroll-related expenses must be accompanied and supported by copies of vendor invoices. Payroll and payroll-related expenses must be accompanied with supporting documents acceptable to the Commission to valid said expenses.

Staff of the Commission has the right to use such methods, as they deem necessary and appropriate to verify amounts claimed on Expense Invoices.

Operating expenses shall include, but not be limited to payroll, (any overtime reimbursement requested may require an explanation of the need for such overtime), employee benefits including health insurance, workers' compensation insurance and unemployment insurance, payroll taxes; uniforms; credit card processing fees and related equipment subject to Commission approval; cost of fuel and maintenance of Commission provided vehicles and equipment; supplies and tools; costs of maintenance and repair of the PARCS equipment and tickets; postage; armored car service; advertising and promotional costs, however, these must be approved in advance by Commission in writing, and cost of marketing services to promote the Airport parking and related value added services including Customer Loyalty Program as requested and approved by Commission; utilities; cleaning; snow removal; and other reasonable costs approved in writing and in advance by Commission.

5.03 Non-Reimbursable Expenses and Fees

Non-Reimbursable Expenses is hereby defined as the following expense specifically excluded from operating expenses and will be provided by Operator without reimbursement from Commission (Non-Reimbursable Expenses are deemed included in the management fee): Operator's computer equipment, the cost of furnishings (desks, chairs, book shelves, etc.) for the parking office; salary, costs, and expenses of non-resident or indirect executive, legal, administrative, accounting, auditing, or bookkeeping personnel of Operator; travel expenses related to inspection visits, home office or regional managers travel or entertainment expenses including any travel and entertainment of local personnel; interest charges, fines, penalty charges, late fees, federal, state, and local income and personal property taxes incurred by the Operator; depreciation or amortization charges; the cost of any and all guarantees, bonds, or letters of credit, broker fees, and the cost of insurance requirements including any deductibles; the cost or expense of legal representation; any contract negotiation expense, financing costs associated with Operator's working capital; costs arising or resulting from negligence, disregard, neglect, failure, carelessness or inattention of Operator or Operator's employees or agents; Operator's cost of funds necessary to pay operating expenses prior to reimbursement by Commission; cost of obtaining and maintaining the petty cash fund; any cashier or revenue shortages; federal, state,

and local income, personal, applicable sales and use taxes, and personal property taxes incurred by Operators or individuals of Operator, its agents, and employees in its operations; long distance telephone charges not directly related to services provided under this Agreement, including long distance telephone charges between the local and home/corporate office and personal calls; start up and transition costs related to the commencement of operations under this Agreement; or any other costs not included in the annual approved operating budget. In addition, operating expenses shall not include the following expenses or charges which shall be borne by the Commission: Costs of maintenance and repair by Commission of the Parking Facilities and improvements as required hereunder and real estate taxes, ad valorem taxes, possessory interest taxes or other property taxes assessed upon or levied against the Parking Facilities or any equipment, improvements and other property of the Commission located on the Parking Facilities.

In the event that Commission disputes or contests any specific item of expense or cost to be reimbursed to Operator, Commission shall send Operator written notice stating the item being disputed or contested and the specific reason therefore. However, under no circumstances shall payment for any other items of expense or cost which are not disputed or contested by Commission not be made. Thereupon, the parties hereto shall, in good faith, diligently pursue clarification and resolution or any disputed or contested item within thirty (30) days of the aforementioned notice by Commission.

5.04 Other Facilities

The Commission shall have the right to require the Operator to manage any additional Parking Facilities not contemplated at the time of execution of this Agreement, in which event all costs of operation for such service, including transportation services, shall be reimbursable, and all revenues therefrom shall be included in Gross Revenues.

5.05 Airport Improvements

Commission reserves the right to further develop, improve, rehabilitate, repair, reconstruct, alter and expand the Airport, the Airport Parking Facilities and all roadways, parking areas, and Terminal Facilities, as it may reasonably see fit, free from any and all liability to Operator for loss of business or damages of any nature whatsoever to Operator occasioned during making of such improvements, repairs, alterations, reconstructions, and additions to the Airport.

Exhibit B
Draft
Professional Service Contract
Audit Services

This Contract between the CEDAR RAPIDS AIRPORT COMMISSION, (hereinafter called "Commission"), and _____ (hereinafter called "Consultant") is entered into on _____, 2019.

1. SCOPE OF SERVICES

Consultant shall specifically perform all of the tasks and achieve the objectives set forth in its proposal, dated _____, 2019, which is attached hereto as Exhibit A and incorporated herein by reference, and the Request for Proposal, dated March 12 2019, which is attached hereto as Exhibit B and also incorporated herein by reference. If there is a variance between the Contractor's proposal and the Request for Proposal, the latter shall be controlling, unless otherwise provided for in writing.

2. STAFFING

Consultant's employees listed below are to be assigned to the project and work the approximate hours listed below:

| <u>Name</u> | <u>Position</u> | <u>Est. Hours</u> | <u>Billing Rate</u> |
|-------------|-----------------|-------------------|---------------------|
|-------------|-----------------|-------------------|---------------------|

- 1.
- 2.
- 3.

Consultant shall not replace [**List name(s) and position(s)**] without the prior approval of the Commission. If the successor to said [**List name(s) and position(s)**] cannot be mutually agreed upon, the Commission shall have the right to terminate this Contract upon thirty (30) days' notice. Any replacement of other listed personnel shall be by persons of equal qualifications, which shall be attested to by Consultant. The [**List name(s) and position(s)**] shall be required to give this contractual obligation top priority.

Consultant shall provide, at its own expense, all personnel required in performing the services under this Contract. Such personnel shall not be the employees of, or have any other contractual relationship with, the Airport.

3. DATES OF PERFORMANCE AND SCHEDULE

Consultant shall begin work within ____ days after execution of this Contract, which work shall be completed on or before _____, 20____. The schedule of work is set forth in Exhibit _____.

4. COMPENSATION

Consultant shall be compensated for work performed on an hourly basis at the billing rates listed in Section 2 of this Contract. Any out-of-pocket expenses shall not exceed \$_____. The total compensation to Consultant for services performed under the Contract shall not exceed \$_____ unless agreed to by Commission in writing. As a matter of practice, the Commission attempts to pay all invoices in 30 days. If no disputes arise, and the invoice has not been paid 60 days after it was received by the Commission, the Consultant may file a claim for 15 percent (%) (annual rate) on amounts not paid after the 60th day. 10 percent (%) of each billing will be retained by Commission, and paid upon Consultant's satisfactory completion of all terms of the Contract.

5. BILLING

Consultant shall provide Commission with monthly billings, which shall include, but not be limited to, the following:

- A. Name of employee
- B. Dates and hours worked
- C. General task performed; and
- D. Detail of out-of-pocket expenses, indicating their purpose such as telephone, travel, hotel, graphic reproduction, postage, etc., for these expenditures provided for in the Contract.

6. OWNERSHIP OF DATA

All completed or partially completed data, documents, and electronic media including reports, spreadsheets, basic audit notes, charts, and computations prepared under the terms of the Contract shall be delivered to and become the exclusive property of the Commission. Therefore, any reports, information and data, given to or prepared or assembled by Consultant under this Contract shall not be made available to any individual or organization by Consultant without the prior written approval of Commission. No reports or documents produced in whole or in part under this Contract shall be the subject of an application for copyright by or on behalf of the Consultant. In the event any of the above documents are re-used by the Commission, the nameplates will be removed and the Consultant will be released of subsequent liabilities. There shall be no legal limitations upon the Commission in the subsequent use of data or ideas developed in this project and incorporated in the preliminary or final audit reports.

No reports or documents produced in whole or in part under this Contract shall be the subject of an application for copyright by or on behalf of the Consultant.

7. AUDIT AND INSPECTION OF RECORDS

Consultant shall permit the authorized representatives of Commission, after reasonable notice, to inspect and audit all data and records of Consultant related to carrying out this Contract for a period up to three years after completion of the Contract. The prime consultant must obtain prior written Commission approval for all subconsultants and/or

associates to be used in performing its contractual obligations. There must be a written contractual agreement between the prime consultant and its Commission-approved sub-consultant and/or associates which binds the sub-consultant to the same audit contract terms and conditions as the prime consultant.

8. AFFIRMATIVE ACTION

The consultant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Consultant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Consultant assures that it will require that its covered suborganizations provide assurances to the Consultant that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

9. NON-DISCRIMINATION, EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION PROGRAMS

In the performance of work under this Contract, Consultant shall not discriminate against any employee or applicant for employment because of race, color, national origin, age, sex, or handicap, which shall include, but not be limited to, the following:

Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeships. Consultant will post in conspicuous places, available for employees and applicants for employment, notices to be provided by Commission, setting forth the provisions of the non-discriminatory clause.

Consultant agrees to strive to implement the principles of equal employment opportunity through an effective Affirmative Action program, and has so indicated on the certificate attached hereto as Attachment A and made a part of this Contract. The program shall have as its objective to increase the utilization of women, minorities and handicapped persons, and other protected groups, at all levels of employment, in all divisions of Consultant's work force, where these groups may have been previously underutilized and underrepresented. Consultant also agrees that in the event of any dispute as to compliance with the aforesaid requirements, it shall be its responsibility to show that it has met all such requirements.

When a violation of the non-discrimination, equal opportunity or Affirmative Action provisions of this section has been determined by Airport, Consultant shall immediately be informed of the violation and directed to take all action necessary to halt the violation, as well as such action as may be necessary to correct, if possible, any injustice to any person adversely affected by the violation, and immediately take steps to prevent further violations.

If, after notice of a violation to Consultant, further violations of this section are committed during the term of the Contract, Airport may terminate the Contract without liability for the uncompleted portion or any materials or services purchased or paid for by the Consultant

for use in completing the Contract, or it may permit Consultant to complete the Contract, but, in either event, Consultant shall be ineligible to bid on any future contracts let by Commission.

10. INDEMNITY

The Consultant agrees to the fullest extent permitted by law, to indemnify, defend and hold harmless, the Commission, and its agents, officers and employees, from and against all loss or expense including costs and attorney’s fees by reason of liability for damages including suits at law or in equity, caused by any wrongful, intentional, or negligent act or omission of the Consultant, or its (their) agents which may arise out of or are connected with the activities covered by this agreement.

11. INSURANCE

The Consultant shall purchase and maintain policies of insurance and proof of financial responsibility to cover costs as may arise from claims of tort, statutes, and benefits under Workers’ Compensation laws, as respects damage to persons or property and third parties in such coverages and amounts as required and approved by the Commission Director of Finance and Administration. Acceptable proof of such coverages shall be furnished to the Commission prior to services commenced under this Agreement.

The Consultant shall provide evidence of the following coverages and minimum amounts.

Type of Coverage Minimum Limits

| | |
|---|--|
| Workers Compensation and Employer’s Liability | Statutory |
| Commercial or Comprehensive General Liability | |
| General Aggregate | \$1,000,000 Per Occurrence |
| Bodily Injury & Property Damage | \$1,000,000 Aggregate |
| Personal Injury | \$1,000,000 Per Person |
| Professional Liability Minimum Limits | |
| Errors & Omissions | \$1,000,000 Per Occurrence |
| Automobile Liability | |
| Bodily Injury & Property Damage | \$1,000,000 Per Accident All Autos- Owned, non-owned and/or hired |
| | Uninsured Motorists per Iowa requirements |

The Consultant shall furnish the Commission with a certificate(s) of insurance showing Consultant has complied with this Article and also naming the Cedar Rapids Airport Commission and its officers and employees and the City of Cedar Rapids and its officers and employees as additional insured for general liability.

12. TERMINATION BY CONSULTANT

Consultant may, at its option, terminate this Contract upon the failure of the Commission to pay any amount, which may become due hereunder for a period of seventy-five (75) days following submission of appropriate billing and supporting documentation. Upon said

termination, Consultant shall be paid the compensation due for all services rendered through the date of termination including any retainage.

13. TERMINATION BY COMMISSION FOR VIOLATIONS BY CONSULTANT

If Consultant fails to fulfill its obligations under this Contract in a timely or proper manner, or violates any of its provisions, Commission shall thereupon have the right to terminate it by giving thirty (30) days' written notice of termination of contract, specifying the alleged violations and effective date of termination. It shall not be terminated if, upon receipt of the notice, Consultant promptly cures the alleged violation prior to the end of the thirty (30) day period. In the event of termination, the Commission will only be liable for services rendered through the date of termination and not for the uncompleted portion, or for any materials or services purchased or paid for by Consultant for use in completing the Contract.

14. UNRESTRICTED RIGHT OF TERMINATION BY COMMISSION

Commission further reserves the right to terminate this Contract at any time for any reason by giving Consultant thirty (30) days' written notice by Certified Mail of such termination. In the event of said termination, Consultant shall reduce its activities hereunder as mutually agreed to, upon receipt of said notice. Upon said termination, Consultant shall be paid for all services rendered through the date of termination. This section also applies should the Commission fail to appropriate additional monies required for the completion of the Contract.

15. INDEPENDENT CONSULTANT

Nothing contained in this Contract shall constitute or be construed to create a partnership or joint venture between Commission or its successors or assigns and Consultant or its successors or assigns. In entering into this Contract, and in acting in compliance herewith, Consultant is at all times acting and performing as an independent consultant, duly authorized to perform the acts required of it hereunder.

16. SUBCONTRACTS

Assignment of any portion of the work by subcontract must have the prior written approval of Commission.

17. ASSIGNMENT LIMITATION

This Contract shall be binding upon and inure to the benefit of the parties and their successors and assigns; provided, however, that neither party shall assign its obligations hereunder without the prior written consent of the other.

18. PROHIBITED PRACTICES

Consultant, during the period of this Agreement, shall not hire, retain or utilize for compensation any member, officer, or employee of Commission, or any person who, to the knowledge of Consultant, has a conflict of interest.

19. NOTICES

Notices to Commission provided for in this Contract shall be sufficient if sent by Certified or Registered mail, addressed to Office of the Airport Director, The Eastern Iowa Airport, 2515 Arthur Collins Parkway SW, Cedar Rapids, IA 52404, and notices to Consultant shall be sufficient if sent by Certified or Registered mail, to (name and address), or to

such other respective addresses as the parties may designate to each other in writing from time to time.

20. AIRPORT SECURITY

Consultant covenants and agrees that it will at all times maintain the integrity of the Airport Security Plan and comply with all laws, statutes, rules, regulations and orders, including Federal Rule 49 CFR 1542, promulgated by any Federal, state, or local agency, authority, or officer, including the Federal Aviation Administration (FAA), the Federal Transportation Security Administration (TSA) and the U.S. Department of Justice.

Consultant, its employees, agents or consultants are expressly required at all times to comply with all laws, statues, rules, regulations and orders, including Federal Rules 49 CFR 1542, promulgated by any federal, state or local agency, authority, or officer, including the FAA, the TSA, and the U.S. Department of Justice.

Should a penalty be imposed on Commission for an incident involving Consultant's breach of security, Consultant agrees to reimburse Commission for any and all such penalties including, but not limited to, civil fines which may be imposed upon the Commission by any state, local or federal agency, or officer, including the TSA.

21. CONFIDENTIALITY

All data, including originals, images and reproductions, prepared by, obtained by, or transmitted to Consultant in connection with this Agreement is confidential, proprietary information owned by the Commission. Except as specifically provided in this Agreement, the Consultant shall not disclose data generated in the performance of the Service to any third person without the prior written consent of the Commission. The obligations of Consultant under this section shall survive the termination of this Agreement.

22. MISCELLANEOUS

This Agreement shall be interpreted and enforced under the laws and jurisdiction of the State of Iowa. This Agreement constitutes the entire understanding between the parties and is not subject to amendment unless agreed upon in writing by both parties hereto. Consultant acknowledges and agrees that it will perform its obligations hereunder in compliance with all applicable state, local, or federal law, rules, regulations, and orders.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day, month and year first above written.

CEDAR RAPIDS AIRPORT COMMISSION

COMPANY

By: _____

By: _____

Name: Carroll Reasoner

Name: _____

Title: Chairman

Title: _____

Date: _____

Date: _____

ATTEST: _____

ATTEST: _____

Exhibit A
Company's Proosal

Exhibit B
Request for Proposal

Exhibit C

DBE PROPOSER'S FORM

INFORMATION FOR DETERMINING DISADVANTAGED BUSINESS ENTERPRISE (DBE) ELIGIBILITY FOR AUDITING SERVICES OF CAR RENTAL COMPANIES AT THE EASTERN IOWA AIRPORT.

This schedule must be completed if the firm or person submitting a Proposal (the Proposer) for Auditing services of Car Rental Companies at The Eastern Iowa Airport is submitting a Proposal as a Disadvantaged Business Enterprise.

1. Name of Proposer:

2. Address of Proposer:

3. Telephone number of Proposer: (____)

4. Indicate whether Proposer is sole proprietorship, partnership, joint venture, corporation or other business entity:

5. Nature of Proposer's primary business:

6. Years Proposer has been in business:

7. Ownership of Proposer: Identify those who own an interest of five percent (5%) or more in Proposer:

8. Attach a copy of DBE Certificate.