

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

REQUEST FOR PROPOSALS

to provide

EXTERNAL FINANCIAL AUDIT SERVICES

for

BLUE GRASS AIRPORT

DATED: NOVEMBER 18, 2018

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LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD
REQUEST FOR PROPOSALS
for
EXTERNAL FINANCIAL AUDIT SERVICES
at
BLUE GRASS AIRPORT

NOTICE AND REQUEST FOR PROPOSALS

Notice is hereby given that the Lexington-Fayette Urban County Airport Board (Authority) pursuant to this Request for Proposals (“RFP”) will accept sealed Proposals from Independent Certified Public Accounting firms (the “Firm or Proposer”) to provide external financial auditing services (the “Services”) in accordance with all applicable requirements.

The Proposals will be reviewed and evaluated by the Authority’s Selection Committee. A Firm will be selected by the Authority, based on qualifications as defined by the criteria established in the RFP.

In response to this request, six (6) copies of the Proposal and one (1) electronic version in PDF format must be received at the Authority’s Administrative Office no later than 4 pm, local time, Monday, December 17, 2018, and must be submitted via courier or overnight delivery to:

Don Sever
Director of Finance and Administration
Blue Grass Airport
4000 Terminal Drive, Suite 206
Lexington, KY 40510
*Attn: Request for Proposal for: **External Financial Audit Services***

PROJECT CONTACT

For further information, copies of the RFP packet, and all related documents, contact Don Sever, Director of Finance and Administration, at (859) 425-3150 or dsever@bluegrassairport.com. The Request for Proposal packet is also available on the Airport’s website at <https://bluegrassairport.com/busopps.html>.

To ensure a proper and fair evaluation, the Authority has established a cone of silence applicable to all competitive procurement processes, including this RFP. The cone of silence is designed to protect the integrity of the procurement process by shielding it from undue influences prior to Award of an Agreement by the Authority. The cone of silence will be imposed on the RFP beginning with advertisement for the same and ending with the Authority’s Award of the Agreement.

The cone of silence prohibits any communications regarding this RFP between:

1. A potential Proposer (which includes vendors, service providers, bidders, proposers, lobbyists and consultants) and their representative(s) and Authority staff, except for communications with the Authority's procurement agent or other supporting procurement staff responsible for administering the procurement, provided the communication is strictly limited to procedural matters of the RFP.
2. A potential Proposer and their representative(s) and an Authority member.
3. A potential Proposer and their representative(s) and any member of the Selection Committee.
4. An Authority member and any member of the Selection Committee.

Unless specifically provided otherwise in the RFP, in addition to the exceptions set forth above, the cone of silence does not apply to:

1. Communications with Legal Counsel.
2. Oral communications at the pre-proposal or pre-bid conference.
3. Oral communications during publicly noticed Selection Committee meetings including those specifically for presentations, demonstrations, or interviews.
4. Oral communications during any duly noticed Board meeting.
5. Communications relating to protests.

Any violation of the cone of silence by a Proposer, as well as any of its representatives, will render its response void as well as any Awarded Agreement.

All Proposals shall become the property of the Authority and will not be returned to Proposers unless a written request to withdraw is received prior to 4:00 p.m. local time on Monday, December 17, 2018.

The Authority, in accordance with Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 USC 2000d to 2000d-4) and the Regulations, hereby notifies all Proposers that it will affirmatively insure that in any Award made pursuant to this advertisement, disadvantaged business enterprises will be afforded full opportunity to submit Proposals in response to this invitation and that no Proposer will be discriminated against on the grounds of race, creed, handicap, color, religion, sex or national origin in consideration for an Award.

BY ORDER OF THE LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

DEFINITION OF TERMS

Whenever the following terms are used in these Proposal Documents, or in any other documents or instruments pertaining to the Services where these specifications govern, the intent and meaning shall be interpreted as follows. All terms may not be used/applicable to this document.

ADVERTISEMENT: The Notice and Invitation to Submit Proposals for the provision of the Service to be Awarded.

AGREEMENT: That document to be entered into by the Authority and the Proposer, which together with the Proposal Documents constitutes the basis for providing the Service.

AGREEMENT DOCUMENTS: All written material covering the Service to be provided. The Agreement documents may include, but are not limited to, the following: Cover Page; Invitation to Submit Proposals; Definition of Terms; Instructions to Proposers; General Conditions; Proposal Form; Insurance Certificates; any Attachments; any Addenda; and the Agreement and/or Purchase Order.

AIRPORT: Airport means any and all property and improvements owned, leased, operated or controlled by the Authority, which, for the purposes of these Proposal Documents, shall mean Blue Grass Airport, Kentucky.

AUTHORITY: The Lexington-Fayette Urban County Airport Board acting through its duly authorized representatives.

AWARD: The acceptance by the Authority of the successful Proposer's offer to provide the Service.

CALENDAR DAY: Every day shown on the calendar, including Saturdays, Sundays and Holidays.

FIRM OR PROPOSER: The partnership, professional service corporation, LLP, etc. to which the Award is made, and which is liable for providing the Service in conformance with the Proposal Documents.

PARTNER – For purposes of this proposal document, this will include Partners, Shareholders or Managing members of the proposing firm.

PROPOSAL: All required submissions contained in the written offer of the proposers, submitted on the Authority's Proposal Form, to provide the Services in accordance with the provisions of the Proposal Documents.

PROPOSAL DUE DATE: Shall mean Monday, December 17, 2018 at 4:00 P.M.

SPECIFICATIONS: A part of the Proposal Documents or Agreement Documents that contain the written directions and requirements for qualifying for the Award and providing the Service.

WRITTEN NOTICE: All notices required by the Proposal Documents or Agreement Documents shall be in writing, and shall be sufficient, and shall be deemed delivered, if hand delivered, or sent by certified mail, postage prepaid, by one party to the other at such receiving party's principal place of business or the last business address known to the party giving the notice.

EXTERNAL FINANCIAL AUDIT SERVICES
for the
LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

INSTRUCTIONS TO PROPOSERS

AIRPORT BACKGROUND

I. AIRPORT INFORMATION

The Authority is the owner and operator of the Blue Grass Airport. The Airport is located on and includes nearly 1,076 acres located 6 miles west of the City of Lexington and adjacent to US Highway 60, a major 6 lane east-west highway. It is the only primary commercial service airport located in the central part of the Commonwealth of Kentucky. The Airport has two runways aligned in a northeasterly southwesterly direction, Runway 4/22 of 7,000 feet in length used primarily for commercial air carrier operations and Runway 9/27 of 4,000 feet in length used primarily for general aviation (GA) operations.

FAA personnel operate the air traffic control tower located east of the air carrier terminal 24 hours per day. The Airport is classified as a small-hub under FAA passenger enplanement criteria and is an origin and destination airport. The Airport is served by both mainline and regional airlines. In calendar year 2017 the Airport had 657,250 enplaned passengers.

A copy of the Airport's June 30, 2018 Annual Financial Report and June 30, 2017 Annual Financial Report is available on our website. Go to: <https://bluegrassairport.com/passengerstats.html>.

Proposers are encouraged to thoroughly review the information contained on the website to become familiar with the Authority and its operations.

The Airport uses MIP/Abila software. These records include budgeting, payables, receivables and procurement.

FINANCE AND AUDIT COMMITTEE:

The Authority has a Finance and Audit Committee whose responsibilities include evaluating the Selection Committee's recommendation.

During preliminary fieldwork, the Committee will also meet with the Firm to discuss risk assessment, audit scope and any known potential reporting problems or issues. After the completion of audit fieldwork, the Committee will meet with the Firm to discuss drafts of the financial statements, reports on internal control, and compliance and management letter comments prior to presentation to the Board and issuance.

INTERNAL AUDIT SERVICES:

The Airport has an internal auditor, however this position reports to the Controller and the Director of Finance and performs accounting and compliance work for the Airport. For purposes of this proposal, the successful Proposer should not consider the internal auditor as independent and would not be able to rely on the internally performed audit work.

RFP PROCESS SCHEDULE/TIMELINE

Public Advertisement	Sunday, November 18, 2018
Pre-Proposal Conference 2:00 pm	Thursday, November 29, 2018 at 2:00 pm
Questions due from Proposers	Wednesday, December 5 th – 4:00
Questions and answers posted on Airport website	Tuesday, December 11 th on website by 4:00
Proposals Due to Airport-4:00 pm	Monday, December 17, 2018
Review by Selection Committee	Friday, December 28, 2018
Tentative Date for Interviews	Wednesday, January 9, 2019
Anticipated Notification of Agreement Award	Thursday, January 24, 2019

MANDATORY PRE-PROPOSAL MEETING

On Thursday, November 29, 2018 at 2:00 p.m. in the Board Room of the Blue Grass Airport Terminal Building, 4000 Terminal Drive, Lexington, KY 40510, **a mandatory pre-proposal meeting will be convened.** Attendance by conference call is acceptable. Conference call phone number is: **800.920.7487: (Code) 9823549#**. At the meeting, a representative of the Authority will be present to answer any questions. Any oral interpretations given at that time will be binding upon the Authority only if subsequently confirmed in writing by the Authority. Only those attending, in person or via phone call, will be allowed to submit Responses to this RFP.

RFP DEADLINE FOR SUBMISSIONS

This RFP will be available on the Airport’s website, www.bluegrassairport.com. Proposals must be received at the address below before 4:00 PM on Monday, December 17, 2018. The Authority reserves the right to extend the opening date or time provided no RFP responses have been previously opened. Late responses will NOT be considered and will be returned, unopened, to the Proposer.

All responses shall be sealed and clearly marked with the Proposers name and address and the words “Request for Proposal, External Financial Auditing Services” on the outside of the envelope or container. The Proposer shall allow sufficient time to ensure receipt of the response. It is the sole responsibility of the Proposer to have the response delivered to the Airport at the address (listed on page 1 of this RFP) before the closing hour and date given in this RFP:

Proposers shall prepare responses in compliance with all the instructions outlined in this RFP.

REJECTION OR ACCEPTANCE OF PROPOSALS

At any time, up to the hour and date set for receipt of Proposals, the Proposer may withdraw its Proposal by requesting in writing to the Authority. After the scheduled time of receipt of Proposals, the Proposer will not be permitted to withdraw its Proposal and the submission of a Proposal will constitute a valid offer subject to acceptance by the Authority for a period of 120 calendar days following the due date for Proposals.

- i. The Authority reserves the right to reject any and all Proposals, waive any irregularities in any Proposal, and to negotiate for the modification of any Proposal. The Authority reserves the right to accept the Proposal, which in its sole judgement, is deemed the most desirable and advantageous to it from the standpoint of customer service and value, and concept of operation, even though such Proposal may not on its face appear to be the lowest and best price to the Authority.
- ii. Responsibility and qualifications are to be determined from the information furnished by the Proposer as well as from other sources determined to be appropriate by the Authority. The Authority further reserves the right not to make an Award until after such investigations, as are deemed appropriate, are made regarding the experience, financial responsibility and qualifications of the Proposer.
- iii. Any Proposal which is incomplete, conditional, ambiguous, obscure or which contains additions or alterations not called for, or irregularities of any kind, may be rejected for such reason or reasons.

If the successful Proposer refuses to enter into the Agreement within 30 Calendar Days after the Agreement is given to the successful Proposer for execution, the Authority shall have the right to accept the Proposal(s) of any other qualified Proposer(s) which submitted a bona fide Proposal in response to these Proposal Documents, without re-advertisement.

II. DISQUALIFICATION OF PROPOSAL

Any of the following causes may be considered as sufficient for the disqualification of a Proposal and the rejection of a Proposal.

- i. Submission of more than one Proposal hereunder by a Firm under the same or different names.
- ii. Evidence of collusion among Proposers.
- iii. A Proposer's default or arrearage under any other previous or existing Agreement with the Authority.
- iv. Existence of any unresolved claims between the Proposer and the Authority.

III. INCOMPLETE PROPOSALS

The Authority may consider incomplete any Proposal not prepared and submitted in accordance with the provisions of these Proposal Documents. Any alteration, omission, addition to, or any unauthorized conditions, limitations or provisions attached to a Proposal may render it incomplete and may be sufficient cause for its rejection. The Authority may also consider the Proposal incomplete and may reject it if:

- i. There are alternate Proposals not called for or irregularities of any kind, which may tend to make the Proposal indefinite or ambiguous as to its meaning.
- ii. Any documents necessary for Proposal purposes which are not complete, are improperly executed, or are missing.

IV. BASIS FOR AWARD

Awards will be based on the best Proposal as determined by the Authority in its sole and absolute discretion. Criteria for Awards may include, but will not be limited to: price, quality, delivery, supplier history, previous experience with the Authority, or other municipal or commercial airport experience.

V. NOTICE OF AWARD

It is anticipated that the Authority will give the Notice of Award to the successful Proposer within 60 calendar days after the Proposals are received. However, the Authority reserves a period of 120 calendar days after such receipt during which time the Notice of Award may be given. Proposer to whom an Award is made, shall within seven days of the date of receipt of the Notice of Award acknowledge said Agreement Documents.

GENERAL CONDITIONS

The following general conditions relate to the submission of Proposals and any Award to be made as a result thereof:

- i. The Authority shall not be obligated to respond to any Proposal submitted, nor shall the Authority be legally bound in any manner whatsoever by the submission of a Proposal by any Proposer.
- ii. Any Agreement arising out of any Proposal submitted hereunder, and any negotiations that may follow, shall not be binding or valid against the Authority, its officers, employees or agents, unless reduced to writing and executed by the Authority.
- iii. Statistical information contained in these Proposal Documents is for information purposes only. The Authority is not responsible for any inaccuracies or interpretations of data.
- iv. Under Kentucky's Open Records Act, the Proposal submitted in response to this solicitation will be subject to inspection by the public, unless an exception to the Open

Record Act applies. KRS 61.878(1)(c)(1) excludes from the Act's disclosure requirements "records confidentially disclosed to an agency...generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records." If Proposers response to this solicitation contains information Proposer deems as confidential or proprietary, Proposer shall clearly mark the pages containing such information as "CONFIDENTIAL" or "PROPRIETARY." Proposers may not classify an entire Proposal as proprietary or confidential. Proposers' classifications of information as confidential or proprietary will not be binding upon the Authority.

RFP GENERAL INFORMATION

I. QUESTIONS REGARDING RFP

Questions regarding this RFP must be submitted in written form via email to Don Sever at dsever@bluegrassairport.com. Questions will be accepted until 4:00 PM, Wednesday, December 5, 2018. Responses will be provided by 4:00 PM, Tuesday, December 11, 2018. Responses will be posted only on the Airport's website, www.bluegrassairport.com. Only questions relevant to clarification of the requirements of this RFP or the scope of services will be answered.

II. RFP TO BIND PROPOSER

The response must contain the signature of a duly authorized officer of the Proposer with the legal right to bind the Proposer. All submitted responses shall be binding for a period of one hundred twenty (120) days from the response submission deadline. Further, the successful Proposer will be bound by the response pursuant to the Agreement between the parties, in excess of one hundred twenty (120) days.

III. SOLE RESPONSIBILITY

The successful Proposer, if any, shall assume responsibility for meeting all requirements agreed to in the response to this RFP.

IV. SOLE CONTACT

The Airport will consider the selected Proposer to be the sole point of contact with regard to contractual matters and the payment of any and all charges resulting from the Agreement obligations. Upon award of the Agreement, the selected Proposer will be directly responsible for all of its subcontractors, if any, and the selected Proposer will designate a project manager who will serve as the point of contact for the Authority for billing, additions, deletions, or any other requests or inquiries.

V. RESPONSE COSTS

All costs incurred in preparing the response to this RFP, participating in this process and negotiating with the Airport, whether or not an Agreement is signed, shall be solely the responsibility of the Proposer. All materials and documents submitted by Proposers in response to this RFP become the property of the Airport and shall not be returned to the Proposers.

VI. ADDITIONAL RFP REQUIREMENTS

The top three (3) Proposers will be asked to participate in an interview with the Authority. The Partner and Manager from the proposed engagement team must be present at the interview.

VII. GRATUITIES AND KICKBACKS

The Proposer shall not offer, give or agree to give any Authority employee or former Authority employee a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in other advisory capacity in any proceeding of application, request for ruling, determination, claim or controversy.

PROPOSER MINIMUM QUALIFICATIONS

- i. The Firm is a certified public accounting firm of adequate size and technical resources to ensure that the services provided to the Authority are provided in a manner which adheres to the highest levels of professional standards.
- ii. The management team of the Firm shall be members of the American Institute of Certified Public Accountants.
- iii. The Firm shall be licensed to practice public accounting within the Commonwealth of Kentucky or meet the exemption as outlined in KRS 325.301.
- iv. The Firm shall have performed continuous external financial audit services in the government sector for a minimum of five (5) years in accordance with Governmental Auditing Standards (GAS).

It is mandatory that the Proposer submitting a Proposal have the above minimum qualifications; and if such is found not to be the case, any Proposal submitted will be rejected.

SCOPE OF WORK

Beginning with the fiscal year ending June 30, 2019, the Proposer will perform an audit of the Authority's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

REPORTS

- Independent Auditor's Report on Financial Statements, Required Supplementary Information and Supplementary Information.
- Independent Auditor's Report on Internal Control over Financial Reporting and on

Compliance and Other Matters Based on an Audit or Financial Statements Performed in Accordance with *Government Auditing Standards*.

- Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
- Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance and the Schedule of Passenger Facility Charges Collected and Expended.
- Independent Auditor's Letter of Recommendation or Management Letter

AUDIT TIMING

- i. Each year, the annual audit and the resulting financial statements and disclosures must be completed and ready for presentation to the Finance and Audit Committee of the Authority by the September meeting date (generally held on the 3rd Wednesday of the month) and subsequently presented to the full Authority for final approval at the September BOD meeting (generally held on the fourth Wednesday of the month).
- ii. The Firm may begin preliminary work on the audit with Authority staff approval on May 1 of each year of the Agreement and issue its reports and audited financial statements no later than September 30 of each year of the Agreement. The time schedule is based on anticipated cooperation from Authority personnel and the assumption that unexpected circumstances will not be encountered during the audit.
- iii. At the conclusion of the engagement, the Firm will complete the appropriate sections of, and sign, the Data Collection Form that summarizes its audit findings. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

INSURANCE

I. The Firm shall acquire and maintain all insurance specified hereunder through the term of this Agreement. Such insurance shall be underwritten and issued by a firm or companies acceptable to the Authority and the Firm shall furnish evidence satisfactory to the Authority that such insurance is in effect and will not be cancelled during the term of this Agreement except with not less than 30 days prior written notice of such cancellation to the Authority. Approval of the insurance by the Authority shall not relieve or decrease the liability of the Firm and the Firm shall obtain such approval prior to commencement of Services.

- i. Worker's Compensation and Employer's Liability: The statutory limits for Firm's employees engaged in work under this Agreement shall apply.

- ii. Professional Liability (Errors and Omissions): This insurance shall provide coverage for errors or omissions on the part of Firm arising out of, or resulting from, the performance of this Agreement in the single limit amount of not less than \$3,000,000.00.
- iii. General Liability: This insurance shall provide coverage with a contractual liability endorsement, on an occurrence basis with a minimum single limit of \$1,000,000.00 per occurrence and \$3,000,000.00 in the aggregate.
- iv. Additional Insured: The Authority, and the Authority's members, officers, directors, employees and agents in the course and scope of employment, shall be included as an additional insured on the successful Firm's General Liability with respect to claims or liabilities arising from, or connected with the successful Firm's work or operations.

To the fullest extent permitted by law, the successful Firm agrees to waive all rights of subrogation against the Authority, including the Authority's members, officers, directors, employees and agents and shall cause each of its subcontractors to waive their rights of subrogation against the Authority, including the Authority's members, officers, directors, employees and agents for all costs or expenses, losses, damages, claims, suits or demands, howsoever caused.

AGREEMENT TERMS

I. EXTERNAL FINANCIAL AUDITING SERVICES

The Authority shall contract with a single Firm to provide External Financial Auditing Services.

- i. **Agreement Negotiations**: One Proposer will be selected for Agreement negotiations. Realizing that the final basis for contract between the successful Proposer and the Authority must be an Agreement document, Proposers shall indicate their willingness to negotiate an Agreement acceptable to both Parties. This RFP and specified portions of the successful Proposer's response shall be incorporated into such Agreement. The successful Proposer shall be required to execute a written Agreement with the Authority. The Authority will not execute the Proposer's standard Agreement.
- ii. **Cancellation**: Should the successful Proposer fail to meet the requirements of the Agreement after it is executed, the Authority may cancel the Agreement at once and award the remainder of the Agreement term to the next qualified Proposer. If the Agreement is cancelled, all materials provided to Proposer shall be returned to the Authority.
- iii. **Anticipated Commencement Date**: The Authority anticipates the commencement date of the Agreement to be January 24, 2019.
- iv. **Term of Agreement**: The initial term of the Agreement will be for a period of Five (5) years

commencing on the start date of the Agreement (Agreement Term). The Authority, in its sole discretion, reserves the option to offer to extend the Agreement Term, for up to five (5) additional years, by written notice to the successful Proposer within Ninety (90) days prior to the Agreement Term effective date.

- v. **Termination of Agreement:** Authority may, at any time upon thirty (30) days written notice to successful Proposer specifying the effective date of termination, terminate the Agreement, in whole or in part, when the Authority deems it to be in Authority's best interests. Firm may terminate the Agreement upon thirty (30) days' notice to the Authority if the Authority is in material breach of the Agreement and fails to cure the breach before the end of the 30-day notice period.
- vi. **Assignment:** The successful Proposer shall not assign the Agreement or any part hereof or any monies due or to become due hereunder without the prior written approval of the Authority.
- vii. **No Financial Interest / Consultant Fees:** The successful Proposer understands and agrees that no Airport employee or member of the Authority shall receive or has received any financial benefit arising out of this RFP or its Agreement, either directly or indirectly. Further, any fees paid to any person or entity by the Proposer for assistance in obtaining this Agreement with the Authority must be fully disclosed to the Authority.
- viii. **Jurisdiction:** Any Agreement resulting from the Proposals taken herein shall be interpreted, construed and performance shall be governed by and in accordance with the laws of the Commonwealth of Kentucky. Authority and the successful Proposer irrevocably agree that should any litigation arise out of the Agreement, it shall be brought in the state or federal courts in Frankfort, Kentucky.

II. DEFAULTS AND REMEDIES

- i. **Defaults:** The successful Proposer shall be in default of the Agreement upon the occurrence of any of the following events:
 - (a) If the successful Proposer fails to comply with any of the provisions required of the successful Proposer under the Agreement, and such failure continues for a period of twenty-four (24) hours after written notice thereof is given to the successful Proposer by the Authority; or
 - (b) If, by operation of law or otherwise, the right, title, or interest of the successful Proposer in the Agreement is transferred to, passes to, or devolves upon any other person, Firm, or corporation without prior written consent of the Authority; or
 - (c) Upon the levy of any attachment or execution of any process of a court of competent

jurisdiction which does or will interfere with the successful Proposer's performance under the Agreement, and which attachment, execution, or other process of such court is not enjoined, vacated, dismissed, or set aside within a period of thirty (30) days; or

(d) Upon the suspension, revocation, or termination of any power, license, permit, or authority that has the effect of preventing the successful Proposer from performing under the Agreement;

ii. **Remedies:** Upon the occurrence of any one or more of the events as set forth above, or upon any other default or breach of the Agreement, Authority may, at Authority's option in addition to any other rights or remedies available, exercise concurrently or successively, any one or more of the following rights and remedies without waiving such default:

(a) Interplead funds to a court or pay any sum required to be paid by the successful Proposer to parties other than Authority, and which the successful Proposer has incurred in connection with the Agreement and failed to pay. Any amount so paid in good faith by Authority, together with interest thereon at the maximum rate provided by law from the date of such payment, and all expenses connected therewith shall be repaid by the successful Proposer to Authority on demand; or

(b) Enjoin any breach or threatened breach by the successful Proposer of any covenants, Agreements, terms, provisions, or conditions hereof; or

(c) Bring suit for the performance of any covenant devolving upon the successful Proposer for performance or damage thereof, all without terminating the Agreement or

(d) Terminate the Agreement upon ten (10) days written notice to the successful Proposer, specifying date of termination and upon payment of all fees and expenses incurred prior to termination.

iii. **Actions of Termination:** If the Agreement is terminated prior to the successful Proposer's completion of the services to be performed hereunder, then all finished or unfinished documents or other materials prepared or obtained by the successful Proposer pursuant to the Agreement shall become Authority's property. If the Agreement is terminated prior to the successful Proposer's completion of the services to be performed, the successful Proposer shall return to Authority any sums paid in advance by Authority for services that would otherwise have had to be rendered between the effective date of termination and the original ending date of the Agreement. The successful Proposer shall prepare an accounting of the services performed and money spent by the successful Proposer up to the effective date of termination and shall return to Authority any remaining sums within thirty (30) days of such date.

iv. **Laws, Permits and Licenses:** The successful Proposer shall abide by and observe all laws,

ordinances, and regulations relating to the work to be done. The successful Proposer shall secure all permits and pay all license fees required by the law before beginning the work.

- v. **Notice and Service Thereof:** Any notice to either Authority or the successful Proposer, (individually a “Party” or collectively the “Parties”) relative to any part of the Agreement shall be considered delivered and the service thereof completed when said notice is posted by certified or registered mail to the other Party at its last given address or delivered in person to the other Party or to its authorized representative. Notices to the Authority should be sent to Don Sever at the addresses set forth herein unless and until further written notice of such change from the Authority.

III. INVOICING FOR WORK/PROGRESS BILLING

In consideration of the fees to be generated and the probable length of the audit engagement for each fiscal year, progress billing will be permitted on a percentage of completion basis. To determine progress, the Proposer will prepare as part of the audit plan an estimate of total hours required to complete the engagement. Progress will be determined by comparing the hours incurred to date to the estimated total hours for the engagement. A listing of hours incurred will accompany the invoice in support of this calculation. Progress billing may be rendered monthly during the course of the engagement. The final payment will be paid upon resolution of any open issues or delivery of any remaining items.

IV. WORKING PAPERS

The Proposer will retain all working papers for a period of seven (7) years and will provide the Airport and/or its assignees access, free of charge, to any or all working papers for a period of seven (7) years.

PROPOSAL INFORMATION AND OUTLINE

I. TABLE OF CONTENTS

Each section of the proposal should be TABBED in accordance with the following outline. Include a clear identification of the material by section and each page within each tab should be sequentially numbered. The Firm shall submit the following information:

(i) **Tab 1 - Firm’s information**

- Legal Name
- Phone Number where headquartered and local office
- Address where headquartered and local office.
- E-mail Address
- Ownership: partnership, professional service corporation, LLC, etc. Provide any information necessary to facilitate the RFP reviewers' understanding of the Firm’s ownership structure.
- Information as to any services provided by the Firm to members of the Authority. and to persons employed by the Authority

(ii) Tab 2 - Principal Partner's Contact Information

- Name
- Title
- Office Phone Number
- Office Fax Number
- E-Mail Address
- Office Address

(iii) Tab 3 – Firm Qualifications and Experience

- State whether the Proposer is local, regional, or national.
- Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors and other professional staff employed at that office. Provide the number of CPAs currently employed at that office.
- Describe the experience of the office from which the work is to be done, and the firm in performing audits of governmental entities and commercial service airports, including preparing governmental financial statements in conformance with GASB Pronouncements, Statements and Interpretations and in performing Single Audits.
- Provide a minimum of three references from governmental entities and commercial service airports for which the Firm's office has performed audits. Include name of entity; engagement dates (beginning and end); contact person; contact phone number; and services performed.
- Describe any disciplinary action taken against the Firm or any individual associated with the Firm by the Commonwealth of Kentucky Board of Accountancy within the last three (3) years.
- Provide most recent Peer Review Report and Letter of Comment.
- State that the Firm is licensed to practice public accounting within the Commonwealth of Kentucky or meets the exemption as outlined in KRS 325.301.

(iv) Tab 4 – Team Qualifications and Experience

- Identify the management team that will be responsible for providing the required services. Resumes for each partner, manager and supervisor to be assigned to the audit team must be submitted and should include the following:
 - Formal education.
 - Continuing professional education for the three prior years.
 - Experience in private business or government.
 - Experience in public accounting in general.
 - Experience in auditing governmental entities and commercial service airports, including the position held (i.e. partner, manager, supervisor, senior or other).
 - Membership in various national and state governmental accounting boards, committees or associations (past and present).
 - Professional recognition, such as Certified Public Accounting licenses, awards, etc.

(v) Tab 5 – Audit Approach

- Provide the information below to explain the Firm’s audit approach that will be used on the engagement:
 - A listing of the areas of the audit considered by the Firm to be of higher risk and an indication of the reason why they are considered to be of higher risk.
 - Provide detailed work plan to accomplish the scope defined in this RFP, including information on the timing of field work, estimate of total hours required to complete the audit, and any overview and start up work that would be required in the first audit year.
 - Extent of use of information technology software.
 - Approach to be taken to assist the Airport in implementation of new GASB pronouncements and the proper recording of complicated transactions that may occur from time to time.
 - Approach to be taken to gain and document the understanding of the Authority’s internal control structure.
 - Approach to be taken in determining laws and regulations that will be subject to audit test work.
 - Approach to the audit of the federal grants received by the Authority and indicate how the requirements of the Governmental Auditing Standards will be met.
 - Describe how the requirements of FAA Paragraph 158.67 relating to Passenger Facility Charges Revenue and Customer Facility Charges will be met, if applicable.
 - Discuss your Firm’s approach to principal audit partner rotation.

(vi) Tab 6 – Proposed Fees

- Annual Examination - The Proposer shall provide a firm fixed price for providing the external financial audit services of the Authority according to the following schedule. (Please price all years listed below)

Fiscal Year Ending

June 30, 2019	\$
June 30, 2020	\$
June 30, 2021	\$
June 30, 2022	\$
June 30, 2023	\$

- Additional Services - It is anticipated that the firm would use staff with a variety of skill and experience levels in providing any additional services, depending upon the type and complexity of the services. Therefore, firms should propose a comprehensive hourly rate for each type of staff, using the generic guide below. It is expected that the Authority would authorize additional services on an individual basis. The Authority would jointly determine with the Firm a not-to-exceed price for each project, using the contractually established rates as a guideline.

HOURLY RATES FOR FISCAL YEAR ENDING JUNE 30,

	2019	2020	2021	2022	2023
Partner	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Manager	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Supervisor	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Senior Acct	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Staff	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Paraprofessional	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Specialist	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

(vii) Tab 7- Proposed Agreement

- In this Tab, the Firm should include the Firm's proposed Agreement/engagement letter for providing the services outlined above.

(viii) Tab 8 -Acknowledgement of Proposal Required

- This Tab must contain the following statement, signature and attestation:

The submittal of this proposal is a duly authorized, official act of the Firm and the undersigned officer of the Firm is duly authorized and designated by Resolution of the Firm to execute this proposal on behalf of and as the official act of the Firm, this _____ day of _____, 2018.

BY: _____ (Signature)

_____ **(Printed Name)**

PROPOSAL EVALUATION PROCESS

RFPs are received and opened. Only names of Proposers are read at this time.

The Selection Committee will select the top 3 Firms who will be invited to participate in a verbal presentation/interview with the Selection Committee. A recommendation will be made by the Selection Committee to the Finance and Audit Committee. The Finance and Audit Committee will make the final recommendation to the Authority.

The verbal presentation/interview will consist of:

- i. A verbal presentation by the Firm at a length not to exceed 30 minutes.
- ii. Questions and answers period of approximately 15 minutes.

As stated previously in the RFP, the Partner and Manager from the presenting Firm should be present at and participate in the verbal presentation/interviews.

The Authority reserves the right to award or reject any or all proposal(s).

Evaluation criteria will include the following:

- i. **Qualifications/experience of the proposing Firm**
- ii. **Qualifications/experience of individuals assigned to team**
- iii. **Approach to the Audit**
- iv. **Pricing of Services**
- v. **Compliance with the terms of this RFP**