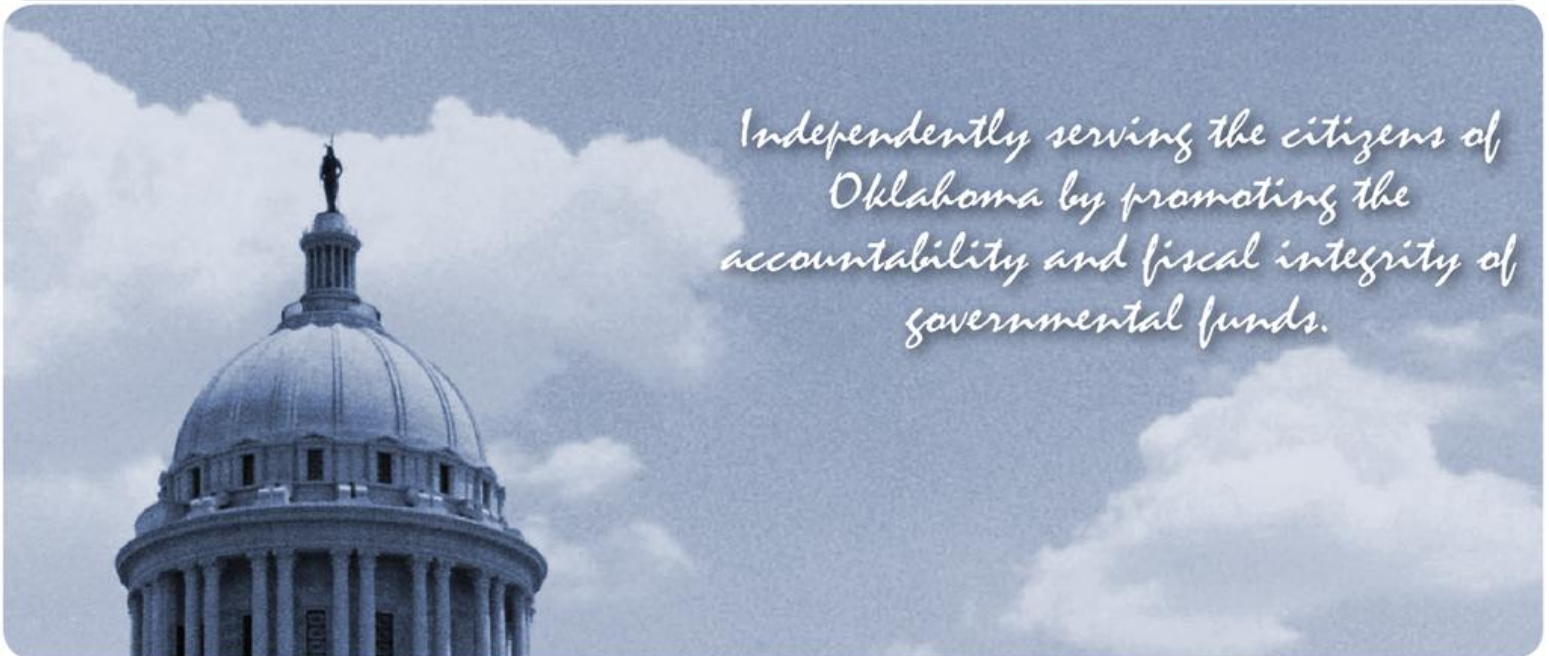


OPERATIONAL AUDIT

**OKLAHOMA AERONAUTICS COMMISSION  
OKLAHOMA CITY AIRPORT TRUST  
PROJECT NUMBER PWA-10-S  
INSTALLATION OF INSTRUMENT LANDING SYSTEM  
AND MEDIUM INTENSITY APPROACH LIGHTING  
SYSTEM WITH RAIL**

For the period March 4, 2010 through April 10, 2014



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**Audit Report of the  
Oklahoma Aeronautics Commission  
Oklahoma City Airport Trust - Project Number PWA-10-S  
Installation of Instrument Landing System and Medium Intensity  
Approach Lighting System with Rail**

**For the Period  
March 4, 2010 through April 10, 2014**



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

August 14, 2014

## TO THE OKLAHOMA AERONAUTICS COMMISSION

At management's request, we have conducted an audit of the Oklahoma Aeronautics Commission (Commission) – Oklahoma City Airport Trust (state project number PWA-10-S) for the period March 4, 2010 through April 10, 2014. The objective of the audit was to determine whether expenditures paid to the Oklahoma City Airport Trust were in accordance with *Exhibit B-1 – Program Narrative* and *Exhibit B-2 – Project Costs* of the airport construction agreement.

According to Exhibit B-1 and Exhibit B-2, the project consisted of installation of an instrument landing system on runway 35R, a medium intensity approach lighting system with rail, and associated accessories. The project was budgeted at \$2,010,402. The Commission's share of the budget was \$1,809,362 and the Oklahoma City Airport Trust's share was \$201,040.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit procedures included inquiries of appropriate Commission personnel, the assistant director of airports, the airport operations officer, and the airport financial analyst; inspection of all invoices and supporting documentation related to project reimbursements; and a physical inspection of the completed project conducted on August 8, 2014. **These procedures indicated that costs paid to the Oklahoma City Airport Trust by the Commission appeared to be in accordance with the *Program Narrative* and the *Project Costs*.**

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

## APPENDIX

**Oklahoma Aeronautics Commission  
Operational Audit  
Appendix- Project Costs (unaudited) and  
Close Out Documentation**

The following information has been presented at the request of management. Therefore, we did not conclude upon the data presented in the following schedules.

Category	Budget	Actual	Variance
Engineering	146,612.50	106,987.50	39,625.00
Other (FAA Reimbursable Agreement)	244,971.82	244,971.82	-
Base Bid	<u>1,618,817.68</u>	<u>1,791,589.97</u>	<u>(172,772.29)</u>
Project Costs Associated with B-1 and B-2	<u>\$ 2,010,402.00</u>	<u>\$ 2,143,549.29</u>	<u>\$ (133,147.29)</u>

	Budget Amount	Actual	Percentage of Total Cost	Variance
City's Share of Costs	\$ 201,040.00	\$ 369,849.99	17.25%	(168,809.99)
OAC's Share of Costs	<u>1,809,362.00</u>	<u>1,773,699.30</u>	82.75%	<u>35,662.70</u>
	<u>\$ 2,010,402.00</u>	<u>\$ 2,143,549.29</u>		<u>\$ (133,147.29)</u>

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**MEMORANDUM**

The City of  
**OKLAHOMA CITY**

OCAT Agenda  
Item No.V.A.  
10/26/11

APPROVED

OCT 26 2011

By The  
Oklahoma City Airport Trust

TO: Trustees, Oklahoma City Airport Trust

FROM: Mark Kranenburg, Director of Airports

Resolution ratifying the action of the Trust Chairman and Director of Airports in approving and executing a Transfer Agreement with Federal Aviation Administration (FAA) for a Category 1 Instrument Landing System (ILS) with Medium Intensity Approach Lights to Runway 35R.

Location: Wiley Post Airport

Purpose: Adopt a Resolution ratifying the action of the Trust Chairman and Director of Airports in approving and executing a Transfer Agreement with the FAA to transfer ownership and maintenance responsibility for a newly installed Category 1 ILS system to Runway 35R. The agreement was reviewed by the Trust Attorney and Director of Airports.

Background: The Trust originally entered into a Professional Services Agreement on August 27, 2008 with Thales ATM, Inc. for the Purchase and Installation of a Category 1 Instrument Landing System to Runway 35R. Various amendments to the contract followed with Amendment No. 5 being approved by the Trust on August 24, 2011. The project has been completed and the FAA and Department of Airport staff has inspected and agree that the ILS system and associated items were installed and constructed properly to FAA standards.

Pursuant to the Reimbursable Agreement with the FAA approved by the Trust February 24, 2010, ownership of the equipment is to be transferred to the FAA upon completion of installation through a standard FAA Transfer Agreement in order for the FAA to assume the sole responsibility for operation and maintenance of the ILS system. The FAA submitted the Transfer Agreement for OCAT approval and it was executed by the Trust Chairman and Director of Airports.

**Oklahoma Aeronautics Commission  
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**RESOLUTION RATIFYING THE ACTION OF THE TRUST'S  
CHAIRMAN AND DIRECTOR OF AIRPORTS IN APPROVING AND  
EXECUTING A TRANSFER AGREEMENT WITH THE FEDERAL  
AVIATION ADMINISTRATION FOR A CATEGORY I INSTRUMENT  
LANDING SYSTEM WITH MEDIUM INTENSITY APPROACH  
LIGHTS FOR RUNWAY 35R.**

WHEREAS, the Oklahoma City Airport Trust (Trust) is a public trust, created pursuant to its Trust Indenture under the authority of laws of the State of Oklahoma with the City of Oklahoma City as its sole beneficiary; and

WHEREAS, the Trust leases and operates certain real estate, the property of the City of Oklahoma City, more commonly known as Wiley Post Airport (Airport), which is located in Oklahoma County, Oklahoma; and

WHEREAS, the Trust entered into a contract to construct and install a Category I Instrument Landing System (ILS) with Medium Intensity Approach Lights for Runway 35R; and

WHEREAS, the Trust entered into a Reimbursable Agreement with the Federal Aviation Administration (FAA) in 2010 that authorized the FAA to enter into a Transfer Agreement with the Trust once the ILS system was complete; and

WHEREAS, the ILS system is now complete and ready to become operational for use; and

WHEREAS, the FAA submitted a Transfer Agreement for Trust approval, that transfers sole responsibility to the FAA for operation and maintenance of the ILS system; and

WHEREAS, on September 28, 2011 the Trust authorized the Trust's Chairman, General Manager and Director of Airports, to sign and execute a Transfer Agreement with the FAA upon review by the Trust's legal counsel.

Oklahoma Aeronautics Commission  
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NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES of the Oklahoma City Airport Trust ratifying the action of the Trust's Chairman, General Manager and Director of Airports, on behalf of the Trust, in approving and executing the FAA Transfer Agreement for Category 1 Instrument Landing System (ILS) with Medium Intensity Approach Lights to Runway 35R.

ADOPTED and APPROVED by the Trustees of the Oklahoma City Airport Trust this 26<sup>th</sup> day of October, 2011.

Jay M'Attee  
Chairman

Attest: (SEAL)

Maven Kelsey  
Trust Secretary



APPROVED as to form and legality.

Jami Blalock  
Assistant Municipal Counselor/  
Trust Attorney



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TRANSFER AGREEMENT  
BETWEEN THE  
UNITED STATES OF AMERICA  
AND  
OKLAHOMA CITY AIRPORT TRUST

WHEREAS, the UNITED STATES OF AMERICA, acting by and through the Federal Aviation Administration hereinafter referred to as the Government, will accept the transfer of ownership of the Localizer (LOC), Distance Measuring Equipment (DME), Glideslope (GS) and the Medium-Intensity Approach Light System with Runway Alignment Indicator Lights (MALSR) installed to serve Runway 35R, at Wiley Post Airport (PWA) from the Oklahoma City Airport Trust, hereinafter referred to as the Airport; and,

WHEREAS, Section 303 (c) (1) of the Federal Aviation Act of 1958, as amended, authorizes Government acceptance of non-Federal navigational and air traffic control facilities and equipment; and,

WHEREAS, in accordance with Reimbursable Memorandum of Agreement No. AJW-FN-CSA-09-0674 the Airport desires to donate the LOC, DME, GS and MALSR installed on Runway 35R, at Wiley Post Airport, to the Government; and,

WHEREAS, the Government has determined that the installed LOC, DME, GS and MALSR, Runway 35R serves a public safety need; and,

WHEREAS, the Government agrees to operate and maintain the aforesaid facilities for the benefit of air carriers, military, general aviation aircraft personnel, and the standard use by the general public.

NOW, THEREFORE, in consideration of the premises and covenants and agreements contained herein, the Government and the Airport mutually agree as follows:

ARTICLE I - PROPERTY TO BE TRANSFERRED:

A. The Airport, for and in consideration of the assumption by the Government of all obligations, and its covenant to abide by and in agreement of certain conditions, all as set forth hereinafter, does hereby remise and release unto the Government, its transferees, successors, and assigns, under the conditions set forth hereinafter, all the Airport's rights, title, and interest in and to the personal property and improvements listed in Exhibit "A," attached hereto and made a part hereof.

**Oklahoma Aeronautics Commission  
Operational Audit  
Appendix- Project Costs (unaudited) and  
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Transfer Agreement  
LOC/DME/GS/MALSR  
Runway 35R  
Wiley Post Airport  
Oklahoma City, Oklahoma

This conveyance shall not include any right, title, and/or interest in any real properties of the Airport in, under, and around the aforesaid property hereunder transferred to the Government, and located on and within the Wiley Post Airport boundaries.

B. The Airport has entered into Memorandum of Agreement DTFASW-07-L-00021 with the Government for the land rights required for the facilities at no cost to the Government. Said Memorandum of Agreement expires September 30, 2025.

C. The Airport further agrees that the facility structures are being transferred without any encumbrances, liens, or legal liabilities associated with these facilities. Any outstanding encumbrances, liens, or legal liabilities incurred prior to the transfer shall remain the responsibility of the Airport.

**ARTICLE II - SPECIAL CONDITIONS:**

In the event the Government desires cancellation of this Transfer Agreement, the facilities set forth in this agreement shall automatically revert to the Airport, or its successor or assigns. It is agreed and understood that the facilities herein conveyed when reverting back to the Airport or transferred back to the Airport will be in good condition in accordance with the Federal Aviation Act of 1958, Section 303. The relinquishing of the facilities by the Government will also absolve the Government of any further responsibilities for the operation, maintenance, or logistic support of these systems or equipment.

**ARTICLE III - CORRESPONDENCE:**

All correspondence relating to this agreement will be submitted to the following respective offices of the Airport and the Government:

TO AIRPORT: Oklahoma City Airport Trust  
7100 Terminal Drive, Unit 937  
Oklahoma City, Oklahoma 73159

TO GOVERNMENT: Department of Transportation  
Federal Aviation Administration  
Real Estate and Utilities Group, ASW-53  
Fort Worth, TX 76137

Oklahoma Aeronautics Commission  
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Transfer Agreement  
LOC/DME/GS/MALSR  
Runway 35R  
Wiley Post Airport  
Oklahoma City, Oklahoma

ARTICLE IV - EFFECTIVE DATE:

This agreement supersedes any previous agreements between the parties on the subject matter set forth and is effective upon date accepted and executed by the Government.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names.

APPROVAL RECOMMENDED

OKLAHOMA CITY AIRPORT TRUST

By: Mark Kenney  
Title: Airports Director  
Date: 10/18/11

By: Jamy M'Ateo  
Title: Chairman  
Date: 10/20/11

ATTEST (SEAL)

By: [Signature]  
Title: Asst. Secretary

REVIEWED for form and legality  
By: Jami Blocker  
Assistant Municipal Counselor/  
Attorney for the Trust



THE UNITED STATES OF AMERICA

By: Glen D. Batts  
Glen D. Batts  
Title: CONTRACTING OFFICER  
Date: 10/28/11

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WILEY POST RWY 35R MALSR, GS, LOC, DME	
Description of Reimbursable Item:	Total Costs:
<b>Shelters</b>	
RWY 35R LOC/DME Shelter 10 ft X 16 ft with electronics equipment installed	\$70,000.00
RWY 35R GS Shelter 10 ft X 12 ft with electronics equipment installed	\$58,000.00
RWY 35 MALSR Shelter 8 ft X 16 ft with equipment installed	\$85,000.00
<b>Electronics Equipment</b>	
RWY 35R LOCALIZER Equipment with Spares	\$215,000.00
RWY 35R GLIDE SLOPE Equipment with Spares	\$136,000.00
RWY 35R DME Equipment with Spares	\$80,000.00
ILS Interlock System	\$55,000.00
<b>Test Equipment</b>	
Misc equipment, FAA Security, Battery Backup, and training for 2 persons	\$45,000.00
<b>MALSR Equipment</b>	
RWY 35R MALSR Equipment with Radio Control and Spares	\$220,000.00
<b>Total</b>	<b>\$1,000,000.00</b>



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896

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