



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC 20330-1000

OFFICE OF THE ASSISTANT SECRETARY

September 30, 2019

SAF/IE
1665 Air Force Pentagon
Washington, DC 20330-1665

Balfour Beatty Communities
Attn: Mr. Christopher Williams
One Country View Road
Malvern, PA 19355

Dear Mr. Williams:

The purpose of this letter is to express concern on behalf of the United States Air Force for the continued challenges we see with Balfour Beatty Communities (BBC) in its performance under the Air Force military housing privatization program. We appreciate the progress BBC has made working with the Air Force Civil Engineer Center (AFCEC) to accomplish both an independent audit of BBC's maintenance and work order management for its twenty-one Air Force housing sites as well as the internal BBC assessment of its higher-level oversight and quality control processes. However, other problems have since been discovered at our Tinker Air Force Base (AFB) project site that raise concerns with serious life, health, and safety issues.

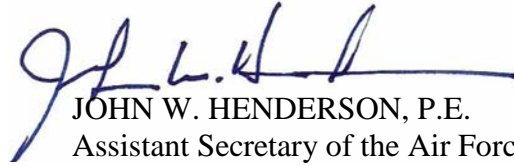
The Air Force recently discovered an issue at Tinker AFB caused by a flooring subcontractor failing to test for asbestos as required prior to disturbing floor tiles in occupied homes. This follows upon the earlier discovery in July of 2019 that BBC failed to construct firewalls as required in certain duplex housing units at Tinker AFB. While we appreciate BBC is now taking action to address these deficiencies, they represent a growing list of serious construction, maintenance, repair, management, and oversight performance failures across BBC's portfolio of Air Force housing projects.

These failures are unacceptable and have seriously eroded confidence by senior Air Force leadership in BBC's ability to provide military families with safe, quality housing. As a result, we require BBC to submit a comprehensive improvement plan ("Performance Improvement Plan") for approval by the end of this calendar year in order to assure safe and healthy living conditions of our Airmen and their families. The Performance Improvement Plan must be a comprehensive integrated plan, with milestones and schedules, to remedy all of BBC's construction, maintenance, repair, management, and oversight performance deficiencies.

Unless the Air Force sees prompt and substantial improvement in BBC's performance at all twenty-one housing privatization project sites, and specifically Tinker Air Force Base, we intend to initiate formal action under the dispute provisions of the project documents for certain BBC projects where serious performance failures have not been resolved or continue to arise.

We are hopeful that we can soon agree on a path forward to address these material issues and avoid a need to initiate a formal dispute process. Please contact me with any questions regarding these matters.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. W. Henderson", with a long horizontal flourish extending to the right.

JOHN W. HENDERSON, P.E.
Assistant Secretary of the Air Force
(Installations, Environment, and Energy)