

Aleutians East Borough Assembly Meeting



Workshop: Thursday, December 10, 2015 – 10:00 a.m.

Meeting: Thursday, December 10, 2015 – 2:00 p.m.

Workshop

INVESTMENT REVIEW

for period ending October 31, 2015

Aleutians East Borough



Account Summary as of October 31, 2015

Aleutians East Borough Permanent Fund

Account Inception	July 1993
Total Contributions	\$18,886,422
Cumulative Withdrawals	\$9,713,249
Current Market Value <i>October 31, 2015</i>	\$39,210,634
Account Return Since Inception <i>July 31, 1993 – October 31, 2015; Gross of Fees</i>	+6.33%
Current Allocation	66% Equity / 34% Bonds

2015 Asset Allocation Review and Secular Outlook

Portfolio Review

Market Value

\$39,210,634

as of October 31, 2015

Performance

+2.39%

prior year ending October 31, 2015

Current Allocation

**66% Equity /
34% Fixed Income**

Annual Asset Review

Fund Review: Benchmark change for international developed ETF

Asset Classes: Portfolio is well diversified – no changes at this time

Expected Returns: Incremental reductions in bonds and a small increase for developed int'l

Strategic Asset Allocation

Based upon APCM's 2015 assumptions the current allocation is expected to provide an annual return of

+6.55% over a 7-year horizon.

Is the return sufficient to meet the account's goals or objectives?

Secular Outlook

Modest Global Growth and Low Inflation

Debt and Demographics vs. Technological Innovation

Expected Returns Remain Subdued

Portfolio Review

as of October 31, 2015

Historical Market Value as of October 31, 2015

Aleutians East Borough Permanent Fund

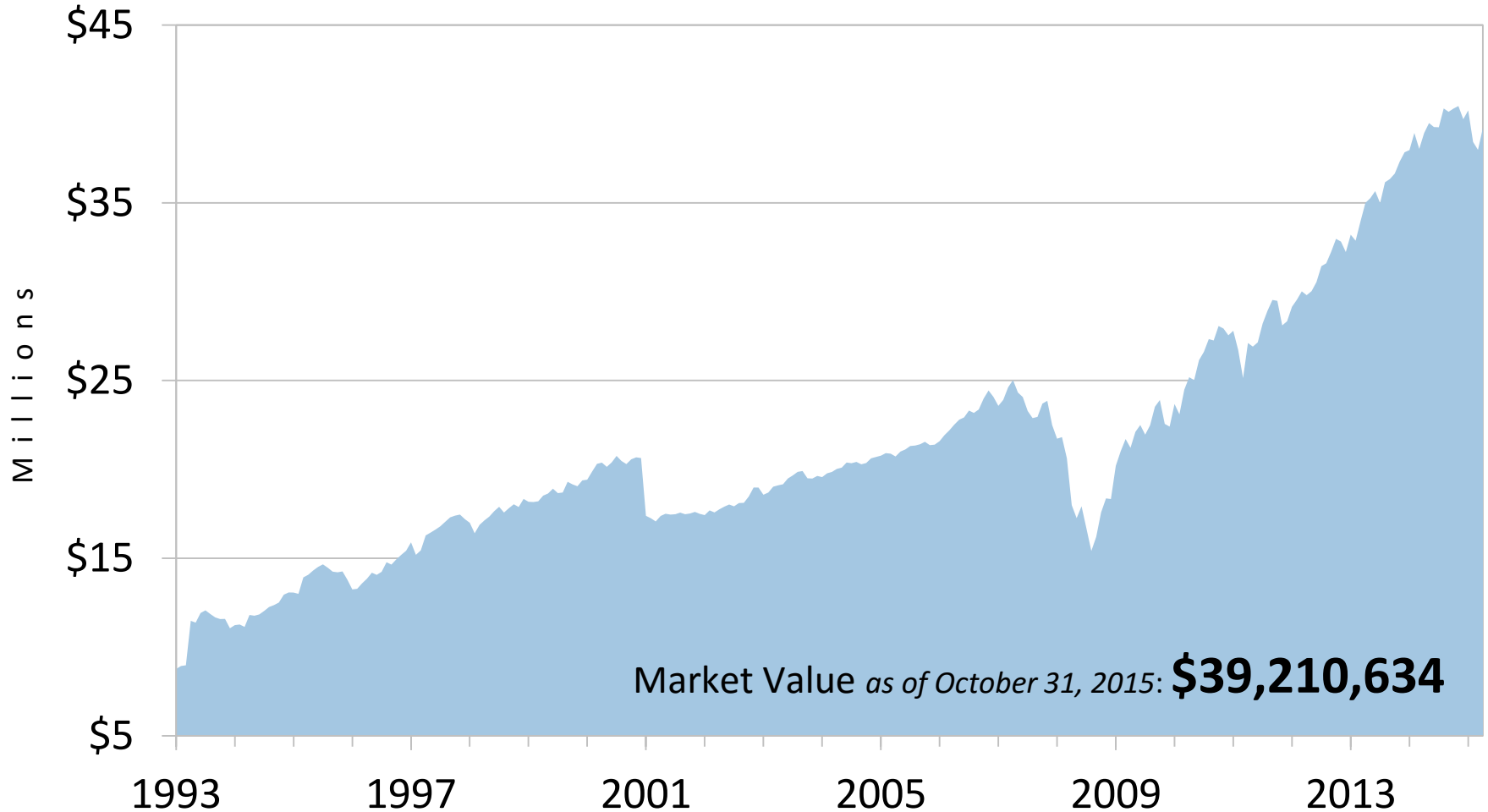


Chart shows month-end portfolio market value from July 1993 to October 2015.

PORTFOLIO
REVIEW

Historical Asset Allocation Since Inception

Aleutians East Borough Permanent Fund

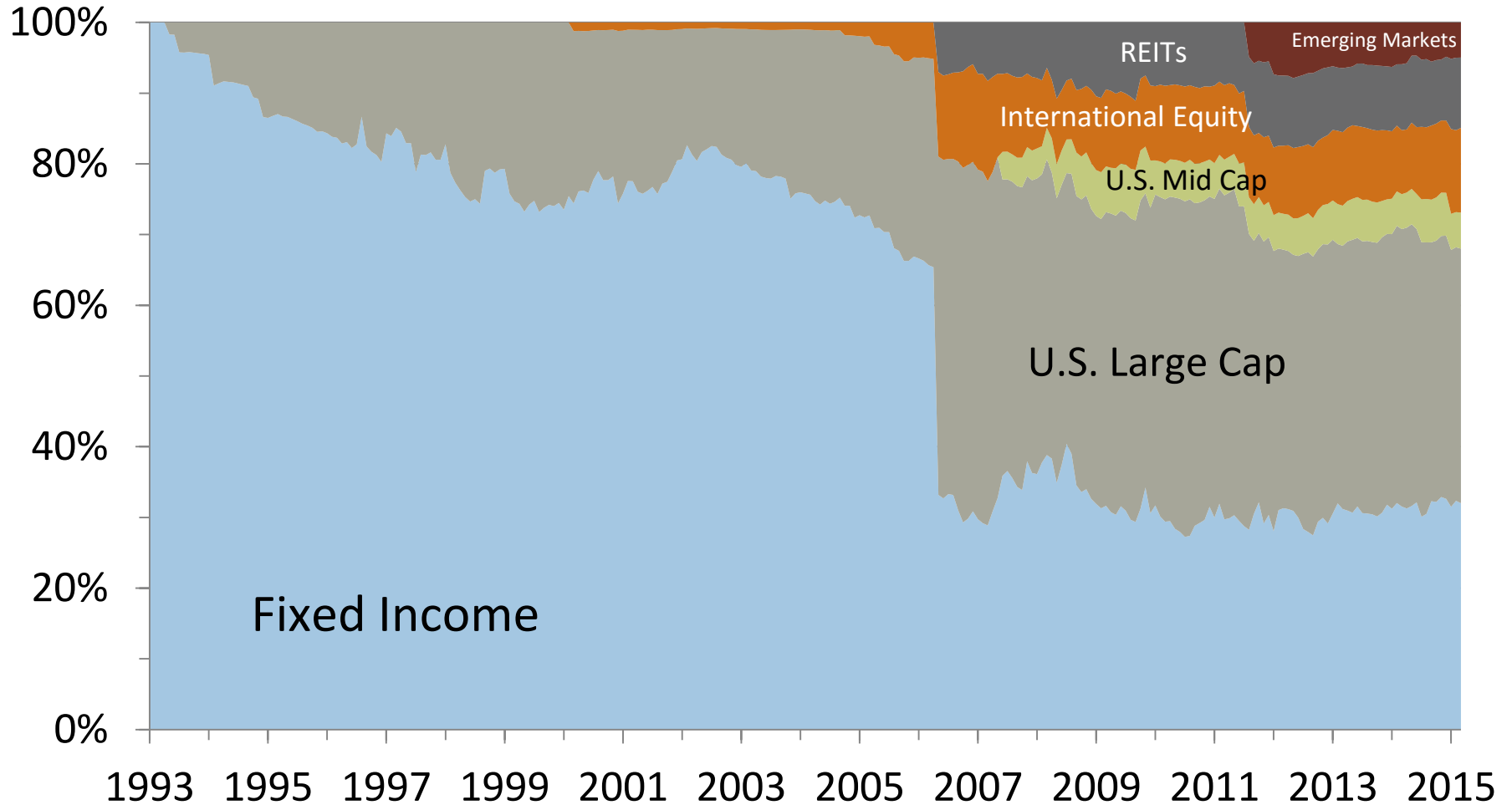
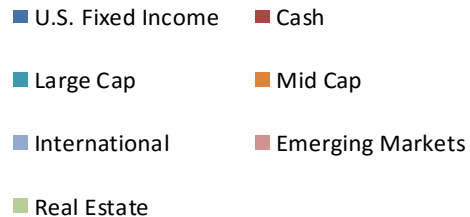
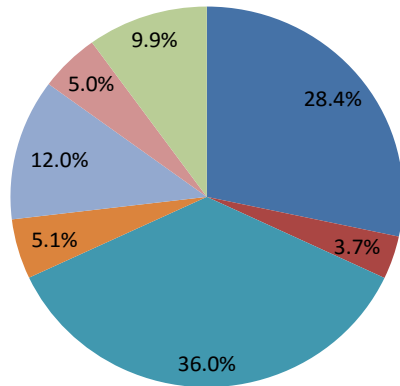


Chart shows actual month end portfolio allocation from August 31, 1993 to October 31, 2015

PORTFOLIO REVIEW

Asset Allocation as of October 31, 2015

Aleutians East Borough Permanent Fund

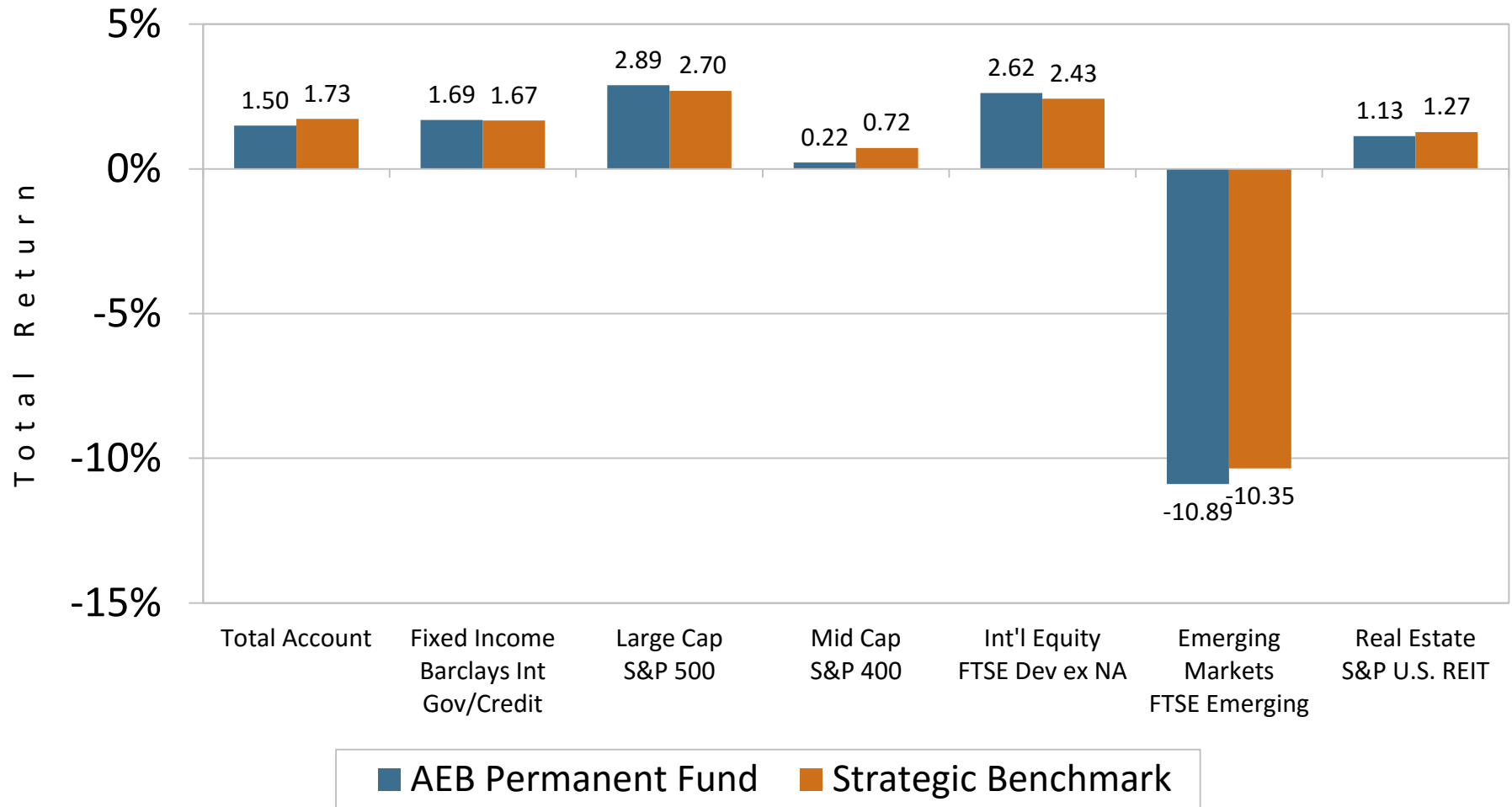


Asset Class	% Assets	Strategic Benchmark	Range	Market Value
Fixed Income	32.0%	34%	25-60%	\$12,550,869
U.S. Fixed Income	28.4%			\$11,116,547
Cash	3.7%			\$1,434,322
Equities	68.0%	66%		\$26,659,765
Large Cap	36.0%	36	30-50%	\$14,120,123
Mid Cap	5.1%	5	0-10	\$1,995,434
International	12.0%	10	5-15	\$4,698,891
Emerging Markets	5.0%	5	0-10	\$1,946,685
Real Estate	9.9%	10	5-15	\$3,898,632
Total				\$39,210,634

**PORTFOLIO
REVIEW**

Account Performance YTD as of October 31, 2015

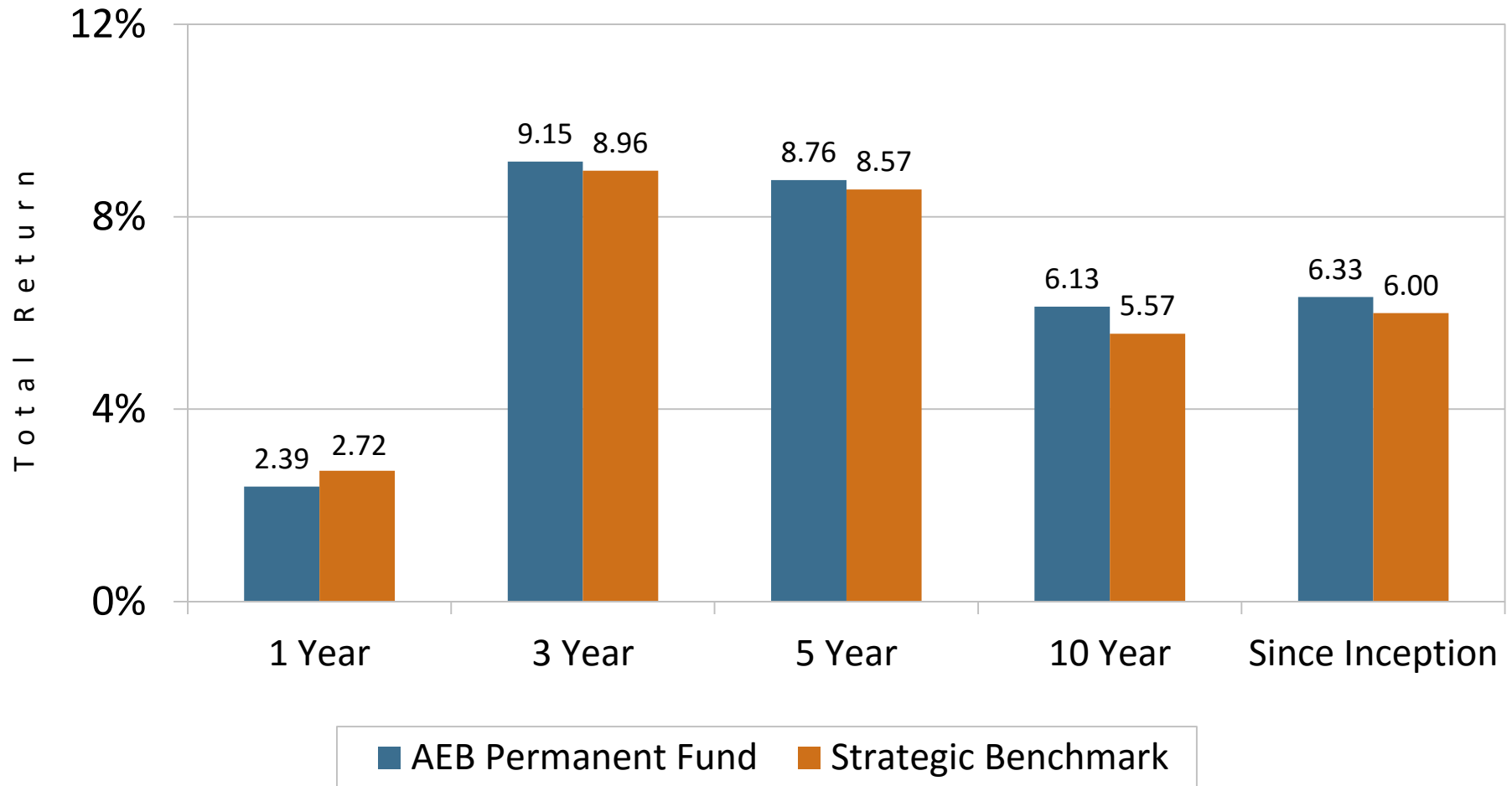
Aleutians East Borough Permanent Fund



Performance is gross of fees. Total account benchmark is a blended return of the account's target allocation.

Account Performance as of October 31, 2015

Aleutians East Borough Permanent Fund



Performance is gross of fees and annualized for periods greater than one year. Inception performance begins on July 31, 1993. Strategic benchmark is a blended return of the account's target allocation.

Outlook and Positioning

Modest overweight to equities funded by international bonds and commodities.

Economic Growth

Global GDP has been slow by historical standards but should continue to expand at a tepid although uneven pace amid low inflation.

- In the developed world, growth has been led by the U.S. while Japan and Europe slowly improve. China's opaque economy is slowing as it transitions to a new growth model. The slowdown has hurt other emerging markets and commodities.
- In the U.S., manufacturing has weakened but the more important service sector is fine. Job growth is decent with unemployment at 5.1%. Presidential election hijinks, federal budget negotiations and debt ceiling dynamics create uncertainty.
- Headline inflation is very low throughout the world. In the U.S. it's well below the Fed's 2% target, but the "core" is +1.9% year over year.
- The dramatic decline in commodity prices (and collapse in oil) is bad for producers (Russia, Canada, and Alaska) but good for consumers (Japan, Europe, and the U.S.).

Monetary Policy

Central Bank policies are beginning to diverge as the Fed considers raising rates.

- Federal Reserve dithering has exacerbated uncertainty. A liftoff is possible by year end – the first increase since 2006.
- The ECB and BoJ are likely to be dovish for several more years and have reiterated their "whatever it takes" mantra given sluggish growth and disinflation.
- Dollar strength (driven by interest rate differentials) has raised concerns about dollar denominated EM debt and capital flight. The dollar is somewhat overvalued on a PPP basis.

Fundamental Valuations

Valuations (i.e. P/E ratios) have improved, but remain elevated and thus still pose challenges going forward.

- Domestic earnings have flattened due to dollar strength and energy sector woes. However, low interest rates and inflation help justify valuations.
- Stocks are "cheaper" overseas. European and Japanese stocks are far from their all-time highs and earnings have improved. China's stock market bubble, high debt and slowing economy remain a risk.
- Interest rates in the U.S. should begin to rise, but gradually at the front end of the curve. Bonds are insurance in diversified portfolios, but they're expensive.

AEB Summary of Accounts

Account Name <i>Benchmark</i>	Market Value <i>as of October 31, 2015</i>	2015 Performance <i>as of October 31, 2015</i>
AEB Permanent Fund <i>Balanced Account – Blended Benchmark</i>	\$39,210,634	1.50 1.73
AEB 2010 Series A <i>50% Barclays 1-3 Gov / 50% 90 Day T-Bill</i>	\$1,015,575	0.17 0.47
AEB 2010 Series B <i>50% Barclays 1-3 Gov / 50% 90 Day T-Bill</i>	\$2,023,044	0.17 0.47
AEB-Akutan Harbor 2006 <i>90 Day T-Bill</i>	\$1,505,564	0.29 0.02
AEB Series E <i>90 Day T-Bill</i>	\$2,460,574	0.16 0.02
AEB Operating Fund <i>90 Day T-Bill</i>	\$2,519,673	0.16 0.02

Annual Asset Review

Prudent Investment Management Process

Annual Review

- 1 ETF/Mutual Fund Review
- 2 Consider additions to or a reduction in the currently invested asset classes
- 3 Update capital market return and risk projections

Review w/ client and affirm or change allocation as necessary

Determine investment goals and objectives; Approve an appropriate asset allocation strategy

Plan

Develop optimal portfolios that capitalize on investment philosophy

Analyze

*Collaborative Process
Led by Assigned
Portfolio Managers*

Review

*Regular reporting and communication with client;
Annual review of asset allocation and capital market assumptions*

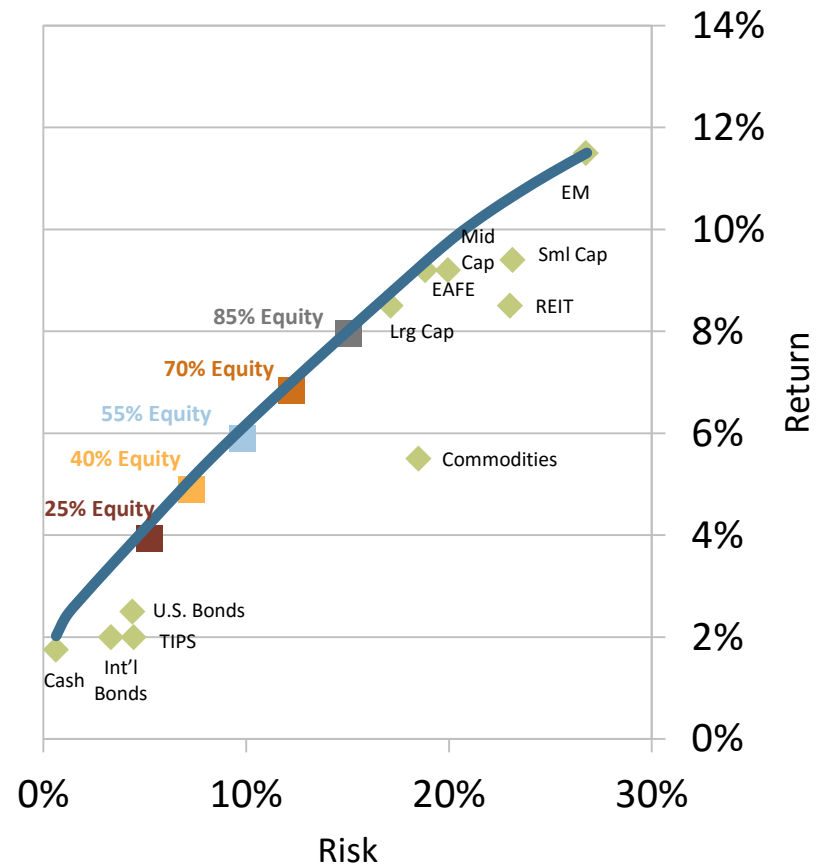
Implement

Invest funds and manage based on client needs with modest tilts given market environment

2015 Assumptions and Efficient Frontier

APCM Annualized Return and Risk Assumptions		
7 Year Horizon	Return	Risk
U.S. Large Cap Equities	8.5%	17.1%
U.S. Mid Cap Equities	9.2%	20.0%
U.S. Small Cap Equities	9.4%	23.1%
Int'l Developed Equities	9.2%	18.8%
Emerging Market Equities	11.5%	26.7%
REITs	8.5%	23.0%
U.S. Fixed Income	2.5%	4.4%
U.S. TIPS	2.0%	4.5%
International Bonds	2.0%	3.3%
Commodities	5.5%	18.5%
Cash	1.8%	0.6%

Efficient Frontier



Shaded color in the table above represents the direction of change from APCM's 2014 assumptions.
Red = Lower, Green = Higher, Gray = Unchanged

ETF/Mutual Fund Review

E FFICIENCY	Efficiency describes both how well a fund delivers on the promises its issuers have made to investors, and how well the fund conforms to industry best practices.	Can I trust it?
T RADABILITY	Tradability accounts for the expense and uncertainty that an investor might encounter in buying or selling a fund in the open market	Can I trade it?
F IT	While Efficiency measures how well a fund tracks its own index, Fit signals how closely a fund resembles the broader asset class segment as a whole.	Can I do better?

There are currently over **1,600 ETFs available to investors.**

More than **180 new ETFs** came to market last year.

ETF assets surpassed **\$2 trillion** in 2014.

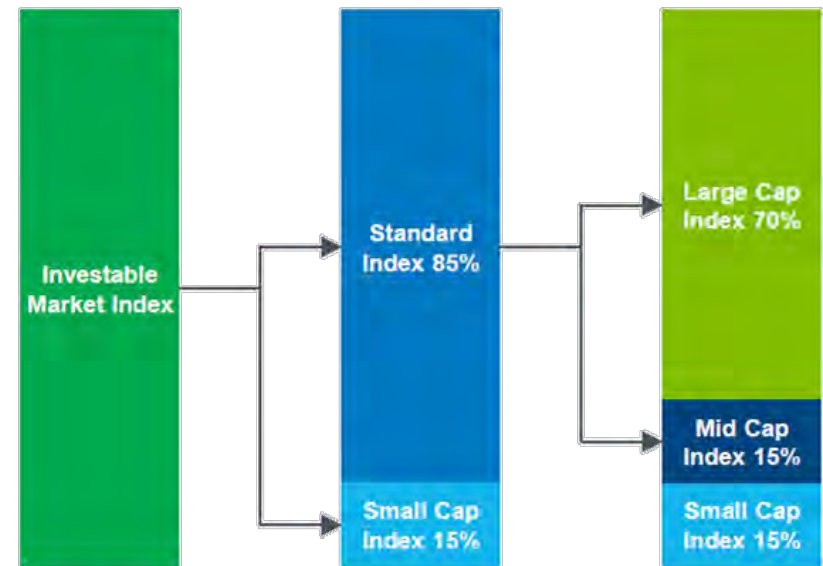
International Fund Benchmarks

- Previously in **2013 Vanguard changed the benchmarks** for the **international developed & emerging market equity ETFs** held in the AEB Permanent Fund. The benchmark was moved to a FTSE index which required an IPS change.
- Vanguard has announced that the **benchmark on these funds will be changing again**, which has implications for portfolio holdings.
- APCM has evaluated these changes and is recommending that the **two international Vanguard funds be replaced with Investable Market Index (IMI) products** managed by iShares.
- **APCM is proposing an ordinance update** which would allow the purchase of the IMI products as well as **update the respective performance benchmarks**. The proposed language will maintain prudent investment limitations and reduce the need for further changes in the future.

Investable Market Indices (IMI)

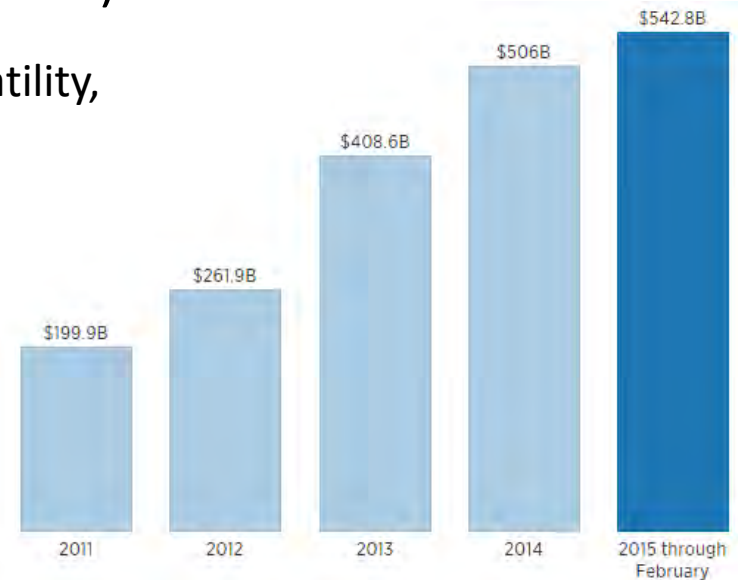
- The **IMI products** from iShares select securities from a **slightly broader universe** than the standard MSCI indices and provide **15% exposure to small cap companies**.
- As the **IMI and standard index are materially similar**, APCM recommends using the standard index as the performance benchmark.
- The **fees are three basis points higher** than the funds being replaced at 0.12% for developed and 0.18% for emerging.

IMI Index Composition



What is *Smart Beta*?

- ETFs have **traditionally** tracked indices that weight holdings by **market capitalization**.
- “**Smart Beta**” is a broad term that covers a wide range of different strategies (**anything that is not cap weighted**).
 - Some of them include: factor-based, low volatility, fundamentally-weighted, momentum, etc.
- Many of **these strategies aren’t new**, but they are now easily accessible in a liquid ETF.
- APCM is currently evaluating if these funds offer excess returns **net of fees** and will publish its results shortly.



Assets in “Smart Beta” Funds

Chart Data: Morningstar

Strategic Asset Allocation

Observations on Asset Allocation

Aleutians East Borough Permanent Fund

- The strategic asset allocation of the fund is on or **very close to the efficient frontier.**
- Portfolio is **diversified** across many asset classes and has **ample liquidity** given its current holdings.
- Over an approximate **seven year time horizon**, the portfolio is **expected** to earn an average of **6.6% per year.**
- The Permanent Fund has **exceeded its current goal** of achieving a **\$20MM balance.** Current policy allows for **annual distributions of up to 8% per year**, while withdrawals have been modest in recent years (\$1.1MM W/D 10/2015).
- Given the current asset allocation's expected return of 6.6% per year, **distributing at the maximum allowed rate would erode the current balance of the fund over time.**
- If the Borough wants to **maintain the current purchasing power** of the fund, **distributions should be limited to less than 5%** or changes to the asset allocation should be considered.

Asset Class		66% Equity / Current
Large Cap Equity		36.0%
Mid Cap Equity		5.0%
International Equity		10.0%
Emerging Markets Equity		5.0%
REITs		10.0%
U.S. Fixed Income		34.0%
APCM's Forward Looking Assumptions	Return	6.6%
	Risk	11.5%
	Ratio	0.57

6.6% Expected Return - 5% Distribution - 2% Expected Inflation = - 0.4%

Asset Allocation

Aleutians East Borough Permanent Fund

Asset Class

Large Cap Equity

Mid Cap Equity

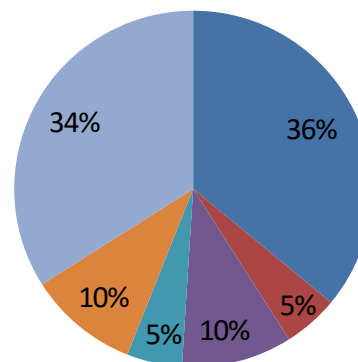
International Equity

Emerging Markets Equity

REITs

U.S. Fixed Income

66% Equity



APCM's Forward Looking Assumptions

Return

6.6%

Risk

11.5%

Ratio

0.57

Annualized Historical Returns

Return

7.1%

Risk

10.7%

Ratio

0.66

9/1997 - 12/2014

Best 12 Month Period

34.4%

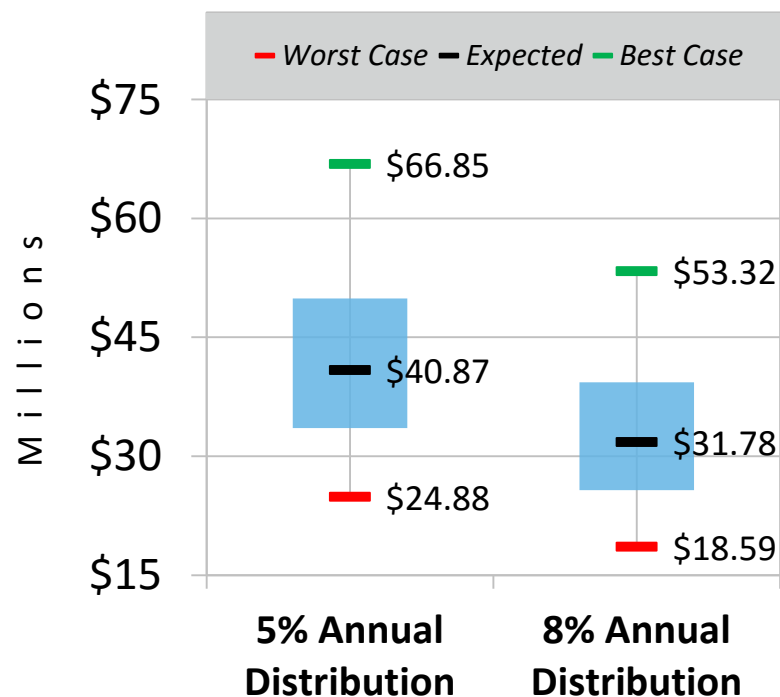
Worst 12 Month Period

-30.0%

Risk and return data from Windham Portfolio Advisor.

Wealth Simulation 7 Year Horizon

Aleutians East Borough Permanent Fund



Confidence Level <i>Likelihood of Achieving this Market Value or Better Out of 5,000 Trials</i>			66% Equity / Current	
			5% Annual Distribution	8% Annual Distribution
Best Case	5%	250/5,000	\$66,848,980	\$53,322,220
	25%	1,250/5,000	\$49,891,540	\$39,318,210
Expected	50%	2,500/5,000	\$40,871,440	\$31,783,380
	75%	3,750/5,000	\$33,557,580	\$25,737,600
Worst Case	95%	4,750/5,000	\$24,880,080	\$18,590,780

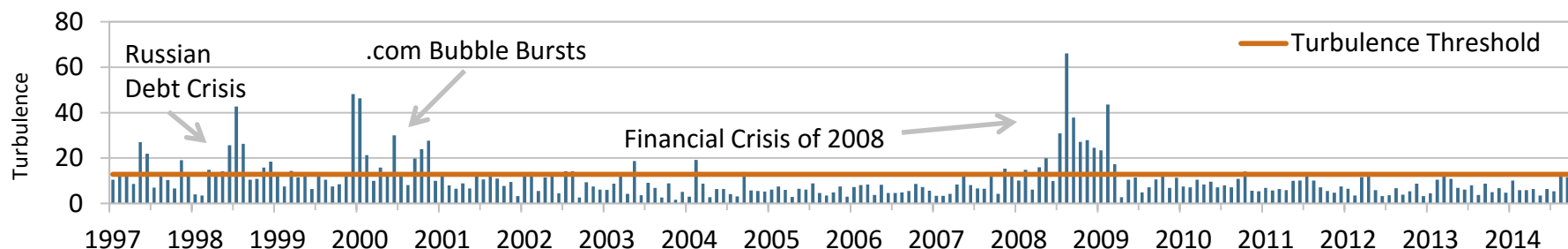
66% Equity / Current	2015	2016	2017	2018	2019	2020	2021
5% Annual Distribution	\$1,960,532	\$1,964,250	\$1,973,265	\$1,976,765	\$1,981,486	\$1,992,898	\$2,008,249
8% Annual Distribution	\$3,136,851	\$3,093,146	\$3,056,851	\$3,013,429	\$2,968,646	\$2,885,132	\$2,799,553

Data: Windham Portfolio Advisor. Simulation method: Monte Carlo. Portfolio starting value of \$39.2 MM.
Cash flows are at the 50% confidence level. Distributions smoothed over a 5 year moving average.

Probability of Loss

Aleutians East Borough Permanent Fund

Historical returns can be characterized as arising from **turbulent periods or quiet periods**. The turbulence index identifies turbulent periods and quiet periods from 9/1997 through 12/2014.



This separation allows us to **estimate risk parameters for each regime** and to **stress test the selected portfolios** by substituting the risk parameters from the turbulent regimes. The probability measures below are presented for a normal regime, in which the risk parameters are based on the entire sample of returns, and for a turbulent regime, which uses a turbulent sub-sample of returns

Probability of 15% Loss (\$5.9MM)

66% Equity / Current	Normal Times 7-Year Horizon		Turbulent Times 1-Year Horizon	
	End of Period	Within Period	End of Period	Within Period
	2.1%	17.0%	3.8%	9.7%

Data: Windham Portfolio Advisor. Assumes a portfolio starting value of \$39.2 MM.

Asset Allocation Considerations

Factors

AEB Permanent Fund

T	Time Horizon	Perpetual
R	Risk Tolerance	Commensurate with Return Objective
E	Expected Return	Commensurate with Distribution Rate <i>Maximum of 8% Per Year</i>
A	Asset Class Preference	Domestic Equity (large/mid), International Equity (developed/emerging), REITs, U.S. Fixed Income
T	Tax Status	Tax Exempt

- Given the current asset allocation's expected return of 6.6% per year, **distributing at the maximum allowed rate would erode the current balance of the fund over time.**
- If the Borough wants to **maintain the current purchasing power** of the fund, **distributions should be limited to less than 5%** or changes to the asset allocation should be considered.
- 6.6%** Expected Return - **5%** Distribution - **2%** Expected Inflation = **- 0.4%**

Appendix

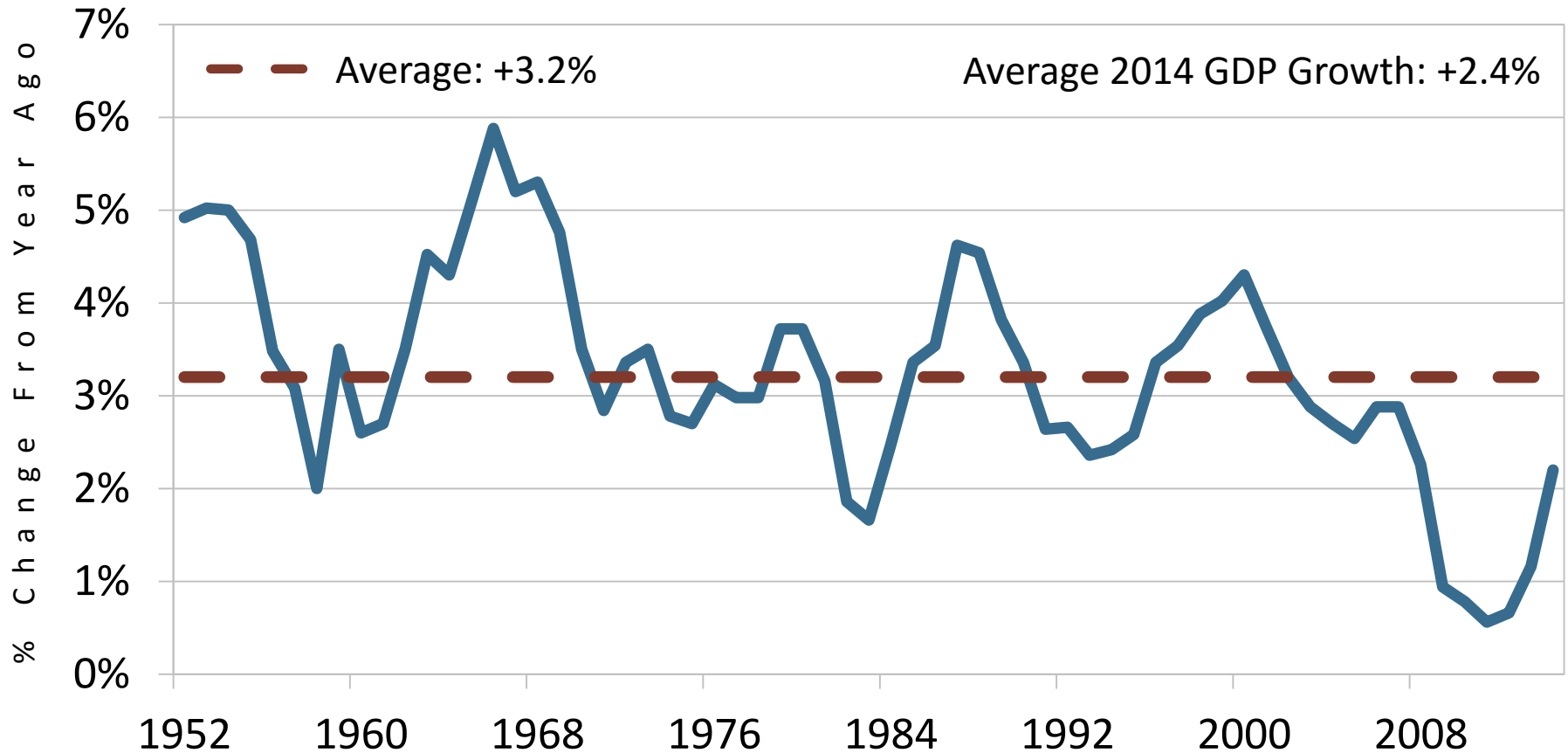
Secular Economic and Capital Market Outlook

Market Themes Over The Next 7 Years

- **Modest Global Growth and Low Inflation**
 - U.S. expansion entering its sixth year as growth rate subpar, but getting better
 - Lack of inflationary pressures throughout the world
 - “Normalization” of monetary policy will likely be slow and bumpy
- **Debt and Demographic Headwinds Remain**
 - Global debt continues to rise as developed nations face unfavorable demographics
 - U.S. Federal budget deficits improving, but long-term entitlement problems persist
 - Productivity increases and technological innovation through BRAIN will be key
- **Expected Returns Remain Subdued**
 - Modest returns expected from fixed income as rates gradually rise
 - U.S. equities fully valued vs. developed and emerging markets

U.S. GDP Growth Sluggish, But Persistent

U.S. Real GDP 5 Year Moving Average



Data: FRB of St. Louis

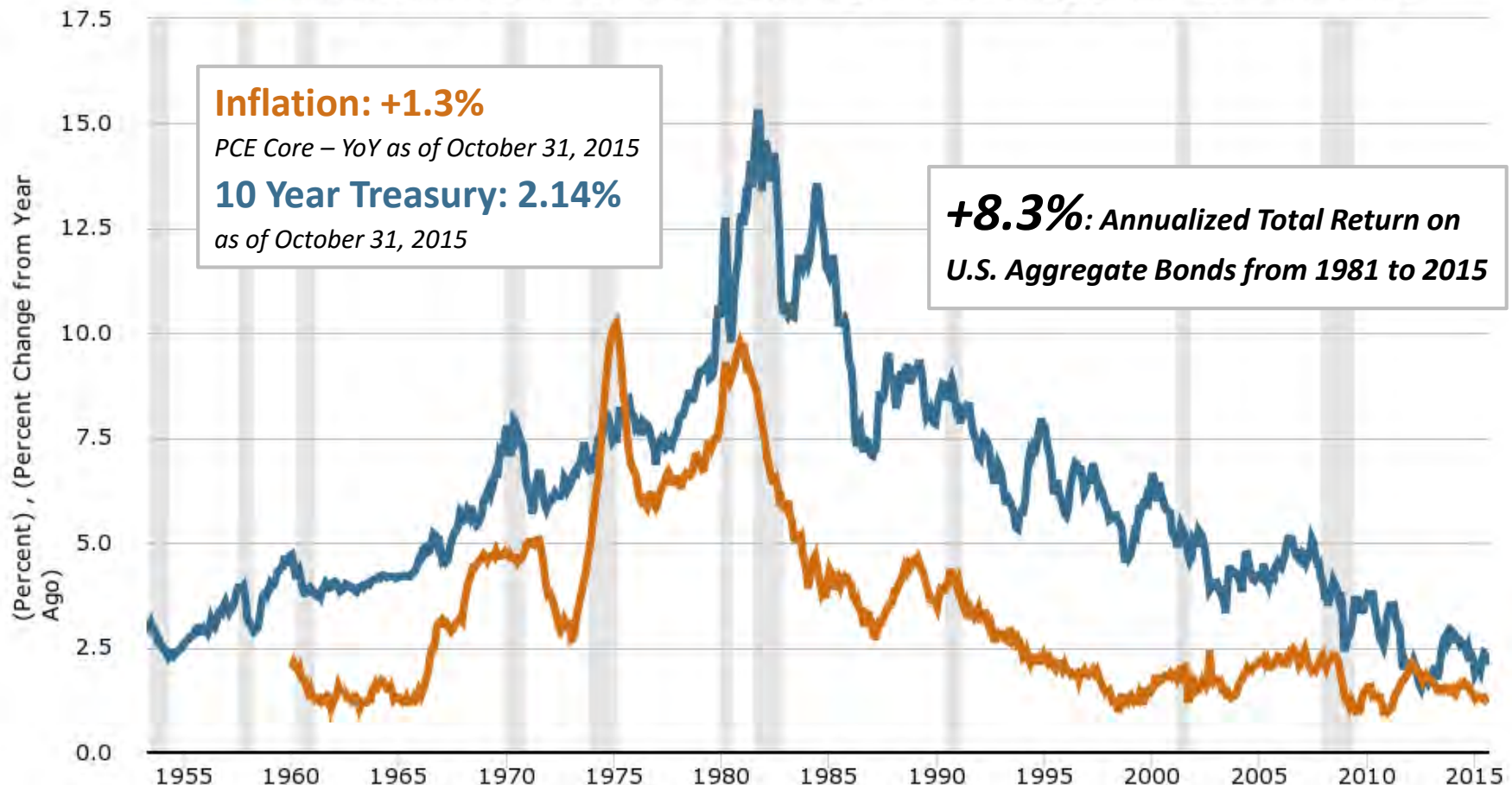
MARKET REVIEW

Modest Global Growth and Low Inflation:

10 Year U.S. Treasury Rate and Core Inflation

FRED

— 10-Year Treasury Constant Maturity Rate
— Personal Consumption Expenditures Excluding Food and Energy (Chain-Type Price Index)

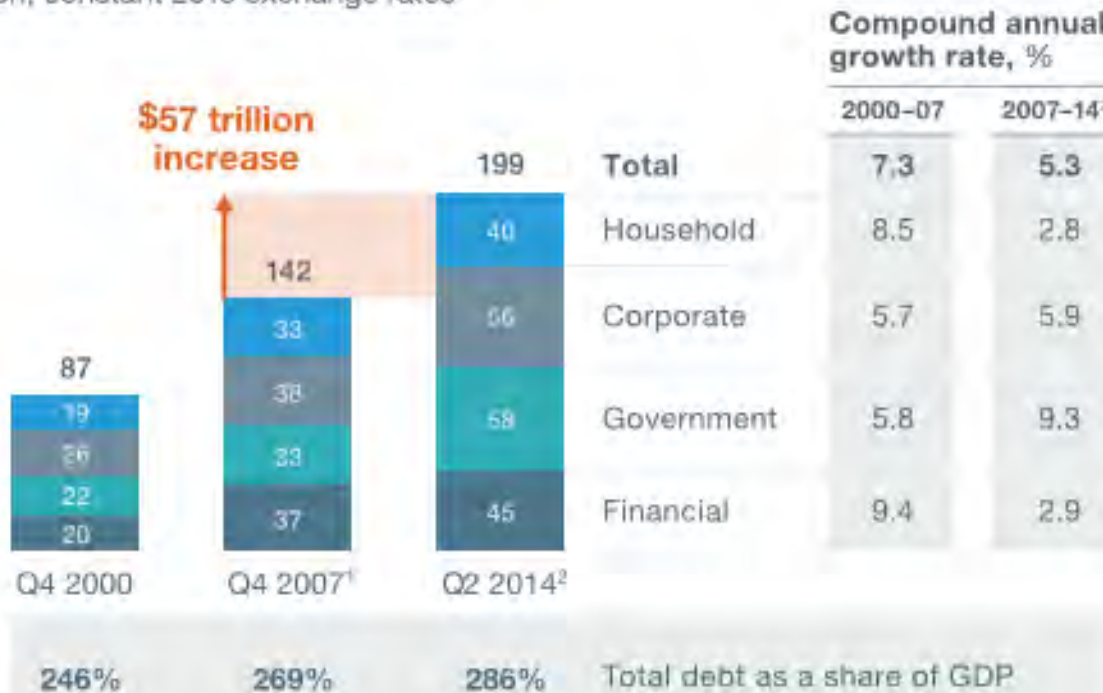


Source: FRB of St. Louis. Shaded areas indicate U.S. recessions.

Debt and Demographic Headwinds Remain:

Global Debt Levels Continue to Increase

Global stock of debt outstanding,
\$ trillion, constant 2013 exchange rates



¹ Figures do not sum to total, because of rounding.

² Q2 2014 data for advanced economies and China; Q4 2013 data for other developing countries.

Source: Bank for International Settlements; Haver Analytics; International Monetary Fund *World Economic Outlook*; national sources; McKinsey Global Institute analysis

Debt and Demographic Headwinds Remain:
Productivity to the Rescue?

■ **Secular stagnation**

theorists (just like Malthus)
believe technological change is
fizzling and expect little growth
and stagnant living standards.

*“Of all the scientists that
ever lived, more than 90%
are alive today.”*

OECD - March 2000

■ **Rational optimists**

argue we are on the cusp of a
new era of great progress and
innovation:

Biototechnology

Robotics

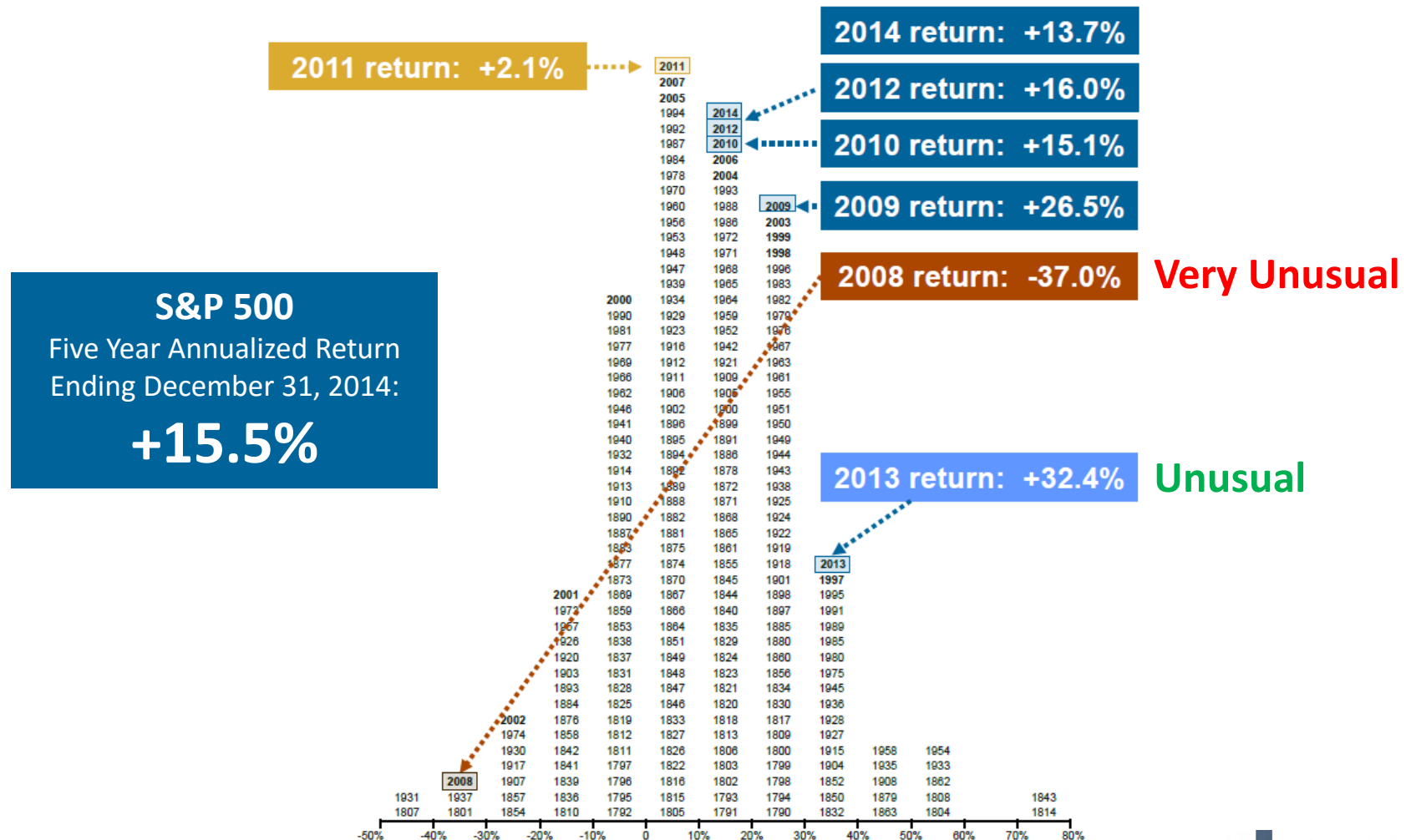
Artificial

Intelligence

Nanotechnology

SECULAR OUTLOOK

Expected Returns Remain Subdued: U.S. Equity Market Perspective



Source: Callan

SECULAR OUTLOOK

Expected Returns Remain Subdued:

Asset Allocation Smooths the Ride

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	4Q14	10-yrs. '05 - '14	
											Cum.	Ann.
MSCI EME 34.5%	REITs 35.1%	MSCI EME 39.8%	Barclays Agg 5.2%	MSCI EME 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Russell 2000 38.8%	REITs 28.0%	REITs 12.9%	MSCI EME 132.0%	MSCI EME 8.8%
Berg Cmdty 21.4%	MSCI EME 32.6%	Berg Cmdty 16.2%	Cash 1.8%	MSCI EAFE 32.5%	Russell 2000 26.9%	Barclays Agg 7.8%	MSCI EME 18.6%	S&P 500 32.4%	S&P 500 13.7%	Russell 2000 9.7%	REITs 122.3%	REITs 8.3%
MSCI EAFE 14.0%	MSCI EAFE 26.9%	MSCI EAFE 11.6%	Market Neutral 1.1%	REITs 28.0%	MSCI EME 19.2%	Market Neutral 4.5%	MSCI EAFE 17.9%	MSCI EAFE 23.3%	Barclays Agg 6.0%	S&P 500 4.9%	Russell 2000 111.3%	Russell 2000 7.8%
REITs 12.2%	Russell 2000 18.4%	Market Neutral 9.3%	Asset Alloc. -24.0%	Russell 2000 27.2%	Berg Cmdty 16.8%	S&P 500 2.1%	Russell 2000 16.3%	Asset Alloc. 15.0%	Asset Alloc. 5.2%	Asset Alloc. 2.0%	S&P 500 109.5%	S&P 500 7.7%
Asset Alloc. 8.3%	S&P 500 15.8%	Asset Alloc. 7.4%	Russell 2000 -33.8%	S&P 500 26.5%	S&P 500 15.1%	Cash 0.1%	S&P 500 16.0%	Market Neutral 9.3%	Russell 2000 4.9%	Barclays Agg 1.8%	Asset Alloc. 91.7%	Asset Alloc. 6.7%
Market Neutral 6.1%	Asset Alloc. 15.2%	Barclays Agg 7.0%	Berg Cmdty -35.6%	Asset Alloc. 22.2%	Asset Alloc. 12.5%	Asset Alloc. -0.6%	Asset Alloc. 11.3%	REITs 2.9%	Cash 0.0%	Market Neutral 1.0%	MSCI EAFE 61.5%	MSCI EAFE 4.9%
S&P 500 4.9%	Market Neutral 11.2%	S&P 500 5.5%	S&P 500 -37.0%	Berg Cmdty 18.9%	MSCI EAFE 8.2%	Russell 2000 -4.2%	Barclays Agg 4.2%	Cash 0.0%	Market Neutral -0.5%	Cash 0.0%	Barclays Agg 58.4%	Barclays Agg 4.7%
Russell 2000 4.6%	Cash 4.8%	Cash 4.8%	REITs -37.7%	Barclays Agg 5.9%	Barclays Agg 6.5%	MSCI EAFE -11.7%	Market Neutral 0.9%	Barclays Agg -2.0%	MSCI EME -1.8%	MSCI EAFE -3.5%	Market Neutral 54.0%	Market Neutral 4.4%
Cash 3.0%	Barclays Agg 4.3%	Russell 2000 -1.6%	MSCI EAFE -43.1%	Market Neutral 4.1%	Cash 0.1%	Berg Cmdty -13.3%	Cash 0.1%	MSCI EME -2.3%	MSCI EAFE -4.5%	MSCI EME -4.4%	Cash 15.7%	Cash 1.5%
Barclays Agg 2.4%	Berg Cmdty 2.1%	REITs -15.7%	MSCI EME -53.2%	Cash 0.1%	Market Neutral -0.8%	MSCI EME -18.2%	Berg Cmdty -1.1%	Berg Cmdty -9.5%	Berg Cmdty -17.0%	Berg Cmdty -12.1%	Berg Cmdty -17.1%	Berg Cmdty -1.9%

Source: J.P. Morgan Asset Management. Data as of December 31, 2014.
Balanced portfolio assumes 70% equity allocation and annual rebalancing.

Portfolio Appraisal

ALEUTIANS EAST BOROUGH

October 31, 2015



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
250,000	US TREASURY NOTES 0.625% Due 05-31-17	99.52	248,799	99.97	249,925	0.64	1,562	657	0.64
250,000	US TREASURY NOTES 1.875% Due 09-30-17	103.03	257,568	102.15	255,377	0.65	4,687	410	0.74
350,000	US TREASURY NOTES 1.125% Due 06-15-18	100.11	350,396	100.39	351,368	0.90	3,937	1,495	0.97
550,000	US TREASURY NOTES 3.500% Due 05-15-20	108.73	597,996	108.77	598,218	1.53	19,250	8,893	1.50
950,000	US TREASURY NOTES 1.375% Due 05-31-20	98.87	939,262	99.49	945,155	2.41	13,062	5,496	1.49
300,000	US TREASURY NOTES 1.625% Due 06-30-20	99.38	298,137	100.59	301,758	0.77	4,875	1,643	1.49
1,225,000	U S TREASURY NOTES 2.125% Due 08-15-21	99.13	1,214,287	102.19	1,251,803	3.19	26,031	5,517	1.73
625,000	US TREASURY NOTES 2.000% Due 10-31-21	101.35	633,457	101.33	633,319	1.62	12,500	34	1.77
700,000	US TREASURY NOTES 1.750% Due 03-31-22	100.32	702,242	99.45	696,171	1.78	12,250	1,071	1.84
400,000	US TREASURY NOTES 2.500% Due 08-15-23	99.00	395,982	103.77	415,072	1.06	10,000	2,120	1.98
450,000	US TREASURY NOTES 2.375% Due 08-15-24	100.23	451,020	102.24	460,089	1.17	10,687	2,265	2.09
	Accrued Interest				29,602	0.08			
			6,089,146		6,187,858	15.78		29,602	
AGENCIES									
400,000	FHLB 4.875% Due 05-17-17	99.74	398,946	106.40	425,592	1.09	19,500	8,883	0.70
	Accrued Interest				8,883	0.02			
			398,946		434,475	1.11		8,883	
FNMA & FHLMC									
43,146	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	104.56	45,114	106.61	45,997	0.12	1,726	144	1.47
	Accrued Interest				144	0.00			
			45,114		46,141	0.12		144	

* Callable security

Portfolio Appraisal

ALEUTIANS EAST BOROUGH

October 31, 2015



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CORPORATE BONDS									
150,000	PPG INDUSTRIES INC 1.900% Due 01-15-16	98.62	147,937	100.25	150,379	0.38	2,850	839	0.65
150,000	BRITISH COLUMBIA PROV OF 2.100% Due 05-18-16	99.98	149,971	100.83	151,252	0.39	3,150	1,426	0.57
150,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	117.91	176,866	104.40	156,595	0.40	8,437	375	0.99
150,000	JOHN DEERE CAPITAL CORP 2.000% Due 01-13-17	102.52	153,774	101.33	151,995	0.39	3,000	900	0.88
200,000	KELLOGG CO 1.750% Due 05-17-17	100.70	201,400	100.57	201,138	0.51	3,500	1,594	1.37
150,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	103.68	155,515	101.20	151,801	0.39	2,953	1,075	1.22
150,000	STATOIL ASA 3.125% Due 08-17-17	107.07	160,599	103.50	155,244	0.40	4,687	964	1.15
150,000	ASTRAZENECA PLC 5.900% Due 09-15-17	101.14	151,711	108.67	163,009	0.42	8,850	1,131	1.20
150,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	117.17	175,749	106.97	160,455	0.41	9,300	775	2.45
250,000	UNITED PARCEL SERVICE 5.500% Due 01-15-18	118.60	296,495	109.43	273,582	0.70	13,750	4,049	1.15
150,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	149,358	108.99	163,485	0.42	8,625	2,156	1.66
200,000	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	121.46	242,916	109.91	219,828	0.56	12,000	2,533	1.57
150,000	BANK OF AMERICA CORP 5.650% Due 05-01-18	83.68	125,521	108.79	163,183	0.42	8,475	4,237	2.02
150,000	COMMONWEALTH EDISON 6.950% Due 07-15-18	123.20	184,800	112.54	168,814	0.43	10,425	3,070	2.15
150,000	TOYOTA MOTOR CREDIT CORP 2.100% Due 01-17-19	100.48	150,718	101.08	151,624	0.39	3,150	910	1.75
150,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	116.51	174,771	116.55	174,822	0.45	11,250	2,375	2.25
150,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	119.15	178,728	110.01	165,019	0.42	7,050	1,488	1.56
150,000	VERIZON COMMUNICATIONS 6.350% Due 04-01-19	125.02	187,530	113.65	170,481	0.43	9,525	794	2.18
150,000	MICROSOFT CORP 4.200% Due 06-01-19	117.24	175,854	108.92	163,377	0.42	6,300	2,625	1.63

* Callable security

Portfolio Appraisal

ALEUTIANS EAST BOROUGH

October 31, 2015



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
200,000	TORONTO-DOMINION BANK 2.250% Due 09-25-19	101.89	203,782	100.00	200,000	0.51	4,500	450	2.25
150,000	HSBC USA INC 2.375% Due 11-13-19	99.61	149,412	99.83	149,746	0.38	3,562	1,662	2.42
200,000	ENTERPRISE PRODUCTS 5.200% Due 06-01-20	112.75	225,494	109.94	219,876	0.56	10,400	1,733	2.87
100,000	MORGAN STANLEY 5.500% Due 07-28-21	114.98	114,982	113.19	113,191	0.29	5,500	1,421	2.98
139,788	SOUTHWEST AIRLS 2007-1 PASS 6.150% Due 08-01-22	102.36	143,090	112.00	156,563	0.40	8,597	2,149	4.09
150,000	JPMORGAN CHASE & CO 3.875% Due 02-01-24	105.18	157,771	103.73	155,589	0.40	5,812	1,453	3.35
150,000	PRUDENTIAL FINANCIAL INC 3.500% Due 05-15-24	103.15	154,719	101.61	152,413	0.39	5,250	2,421	3.28
	Accrued Interest				44,606	0.11			
			4,489,466		4,448,073	11.34		44,606	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
74,238	VANGUARD INST'L S&P500 INDEX FUND	103.02	7,647,746	190.20	14,120,123	36.01	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
13,837	ISHARES CORE S&P MIDCAP 400 ETF	84.71	1,172,156	144.21	1,995,434	5.09	NA		
INTERNATIONAL EQUITY FUNDS/ETF									
123,525	VANGUARD FTSE DEVELOPED MARKETS ETF	37.96	4,688,570	38.04	4,698,891	11.98	NA		
EMERGING MARKET FUNDS/ETF									
55,875	VANGUARD FTSE EMERGING MARKETS ETF	42.05	2,349,727	34.84	1,946,685	4.96	NA		
REAL ESTATE									
48,800	VANGUARD REIT ETF	55.52	2,709,232	79.89	3,898,632	9.94	NA		
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		775,377		775,377	1.98	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		658,946		658,946	1.68			
	VICTORY MONEY MARKET FUND		0		0	0.00			
			1,434,322		1,434,322	3.66			
TOTAL PORTFOLIO			31,024,427		39,210,634	100	948,238	83,235	

* Callable security



PERFORMANCE HISTORY

GROSS OF FEES

ALEUTIANS EAST BOROUGH

Gross of Fees

Time Period	Percent Return Per Period														
	Total Account	BLEND	Fixed Income	BARC INT G/C BENCH	Domestic Large Cap Equity	S&P 500 LARGE CAPS BENCH	Domestic Mid Cap Equity	S&P 400 MIDCAP BENCH	Int'l Equity	FTSE DEVELOPED EX NA BENCH	Real Estate	S&P US REIT BENCH	Emerging Market Equity	FTSE EMERGIN MARKET BENCH	
10-31-14 to 11-30-14	1.45	1.51	0.57	0.50	2.69	2.69	1.89	1.85	0.00	1.18	2.00	2.02	-1.10	-0.74	
11-30-14 to 12-31-14	-0.56	-0.53	-0.18	-0.32	-0.26	-0.25	0.84	0.82	-3.65	-3.34	1.91	1.94	-5.34	-4.73	
12-31-14 to 01-31-15	-0.04	0.20	1.61	1.66	-3.00	-3.00	-1.13	-1.12	0.71	0.62	6.85	6.70	-0.20	0.75	
01-31-15 to 02-28-15	2.71	2.47	-0.72	-0.70	5.82	5.75	4.79	5.12	6.11	5.76	-3.67	-3.51	4.47	3.17	
02-28-15 to 03-31-15	-0.47	-0.39	0.45	0.49	-1.58	-1.58	1.34	1.32	-1.21	-1.30	1.74	1.74	-2.06	-1.98	
03-31-15 to 04-30-15	0.45	0.49	-0.17	-0.04	1.03	0.96	-1.42	-1.49	3.87	4.19	-5.85	-5.87	7.41	7.91	
04-30-15 to 05-31-15	0.35	0.30	0.04	0.01	1.29	1.29	1.67	1.78	-0.05	-0.62	-0.30	-0.23	-3.55	-3.38	
05-31-15 to 06-30-15	-1.83	-1.82	-0.58	-0.60	-1.93	-1.94	-1.22	-1.32	-2.88	-2.83	-4.67	-4.54	-2.54	-2.30	
06-30-15 to 07-31-15	1.25	1.26	0.46	0.36	2.10	2.10	0.02	0.14	1.46	1.60	5.77	5.61	-6.26	-6.88	
07-31-15 to 08-31-15	-4.41	-4.29	0.02	-0.08	-6.03	-6.03	-5.70	-5.58	-7.19	-7.19	-6.45	-6.22	-9.83	-9.44	
08-31-15 to 09-30-15	-1.15	-1.18	0.79	0.67	-2.48	-2.47	-3.16	-3.22	-4.09	-4.76	3.06	3.06	-2.90	-3.72	
09-30-15 to 10-31-15	4.90	4.96	-0.20	-0.10	8.50	8.44	5.56	5.63	6.73	7.94	5.83	5.65	5.31	6.38	
Date to Date															
10-31-14 to 10-31-15	2.39	2.72	2.08	1.86	5.39	5.20	2.98	3.42	-1.12	0.18	5.11	5.32	-16.57	-15.22	

Portfolio Appraisal

AEB 2010 SERIES A GO BOND/KCAP

October 31, 2015



**ALASKA PERMANENT
CAPITAL MANAGEMENT**

Registered Investment Adviser

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
150,000	US TREASURY NOTES 0.375% Due 02-15-16	100.06	150,088	100.06	150,088	14.78	562	119	0.17
325,000	US TREASURY NOTES 2.000% Due 04-30-16	101.50	329,888	100.83	327,694	32.27	6,500	18	0.34
225,000	US TREASURY NOTES 0.625% Due 07-15-16	100.35	225,791	100.17	225,385	22.19	1,406	417	0.38
	Accrued Interest				554	0.05			
			705,767		703,721	69.29		554	
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		303,625		303,625	29.90	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		8,229		8,229	0.81			
			311,854		311,854	30.71			
TOTAL PORTFOLIO			1,017,621		1,015,575	100	8,469	554	

Portfolio Appraisal

AEB 2010 SERIES B BOND/AKUTAN AIR

October 31, 2015



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
200,000	US TREASURY N/B 0.250% Due 11-30-15	100.08	200,164	100.01	200,016	9.89	500	210	0.15
500,000	US TREASURY NOTE 0.375% Due 01-31-16	100.20	500,996	100.05	500,265	24.73	1,875	474	0.16
400,000	US TREASURY NOTES 0.375% Due 03-15-16	100.05	400,203	100.06	400,260	19.79	1,500	194	0.20
475,000	US TREASURY NOTES 2.000% Due 04-30-16	101.50	482,144	100.83	478,938	23.67	9,500	26	0.34
200,000	US TREASURY NOTES 0.375% Due 05-31-16	100.11	200,211	100.02	200,036	9.89	750	316	0.34
225,000	US TREASURY NOTES 0.625% Due 07-15-16	100.35	225,791	100.17	225,385	11.14	1,406	417	0.38
	Accrued Interest				1,636	0.08			
			2,009,509		2,006,536	99.18		1,636	
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		4,750		4,750	0.23	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		11,759		11,759	0.58			
			16,509		16,509	0.82			
TOTAL PORTFOLIO			2,026,018		2,023,044	100	15,531	1,636	

Portfolio Appraisal

AEB/AKUTAN HARBOR - 2006 A

October 31, 2015



**ALASKA PERMANENT
CAPITAL MANAGEMENT**

Registered Investment Adviser

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
250,000	US TREASURY NOTES 2.125% Due 12-31-15	100.62	251,562	100.31	250,787	16.66	5,312	1,790	0.22
340,000	US TREASURY NOTES 0.375% Due 02-15-16	100.06	340,199	100.06	340,201	22.60	1,275	270	0.17
75,000	US TREASURY NOTES 0.500% Due 06-15-16	100.01	75,006	100.10	75,072	4.99	375	142	0.35
200,000	US TREASURY NOTES 1.000% Due 08-31-16	100.91	201,820	100.47	200,940	13.35	2,000	341	0.43
225,000	US TREASURY NOTES 0.375% Due 10-31-16	99.70	224,332	99.92	224,822	14.93	844	2	0.45
150,000	US TREASURY NOTES 0.625% Due 12-15-16	100.28	150,422	100.14	150,213	9.98	937	356	0.50
250,000	US TREASURY NOTES 0.500% Due 02-28-17	100.04	250,088	99.91	249,772	16.59	1,250	213	0.57
	Accrued Interest				3,115	0.21			
			1,493,430		1,494,923	99.29		3,115	
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		422		422	0.03	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		10,219		10,219	0.68			
			10,641		10,641	0.71			
TOTAL PORTFOLIO			1,504,071		1,505,564	100	11,994	3,115	

Portfolio Appraisal

ALEUTIANS EAST BOROUGH SERIES E BOND

October 31, 2015



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
400,000	US TREASURY N/B 0.250% Due 11-30-15	100.08	400,328	100.01	400,032	16.26	1,000	421	0.15
400,000	US TREASURY NOTE 0.375% Due 01-31-16	100.20	400,797	100.05	400,212	16.26	1,500	379	0.16
495,000	US TREASURY NOTES 0.375% Due 03-15-16	100.11	495,554	100.06	495,322	20.13	1,856	240	0.20
250,000	US TREASURY NOTES 5.125% Due 05-15-16	104.78	261,943	102.55	256,382	10.42	12,812	5,919	0.39
240,000	US TREASURY NOTES 0.250% Due 05-15-16	99.94	239,859	99.95	239,887	9.75	600	277	0.34
400,000	US TREASURY NOTES 0.500% Due 06-15-16	100.18	400,719	100.10	400,384	16.27	2,000	760	0.35
250,000	US TREASURY NOTES 0.625% Due 07-15-16	100.35	250,879	100.17	250,427	10.18	1,562	463	0.38
	Accrued Interest				8,458	0.34			
			2,450,080		2,451,105	99.62		8,458	
CASH AND EQUIVALENTS									
	FEDERATED PRIME CASH OBLIGATIONS FUND		9,469		9,469	0.38			
TOTAL PORTFOLIO			2,459,548		2,460,574	100	21,331	8,458	

* Callable security

Portfolio Appraisal

AEB OPERATING FUND

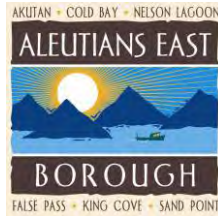
October 31, 2015



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
300,000	US TREASURY N/B 0.250% Due 11-30-15	100.08	300,246	100.01	300,024	11.91	750	316	0.15
350,000	US TREASURY NOTE 0.375% Due 01-31-16	100.20	350,697	100.05	350,185	13.90	1,312	332	0.16
350,000	US TREASURY NOTES 0.375% Due 03-15-16	100.17	350,602	100.06	350,227	13.90	1,312	169	0.20
300,000	US TREASURY NOTES 2.625% Due 04-30-16	101.37	304,125	101.15	303,462	12.04	7,875	22	0.31
300,000	US TREASURY NOTES 5.125% Due 05-15-16	104.78	314,332	102.55	307,659	12.21	15,375	7,103	0.39
300,000	US TREASURY NOTES 0.625% Due 07-15-16	100.35	301,055	100.17	300,513	11.93	1,875	555	0.38
295,000	US TREASURY NOTES 0.875% Due 09-15-16	100.46	296,360	100.37	296,094	11.75	2,581	333	0.45
295,000	US TREASURY NOTES 0.625% Due 11-15-16	100.18	295,530	100.16	295,466	11.73	1,844	852	0.47
	Accrued Interest				9,681	0.38			
			2,512,946		2,513,313	99.75		9,681	
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		3,937		3,937	0.16	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		2,423		2,423	0.10			
			6,360		6,360	0.25			
TOTAL PORTFOLIO			2,519,307		2,519,673	100	32,925	9,681	

Roll Call & Establishment of a Quorum

Adoption of Agenda



Agenda

Assembly Meeting

(packet available on website www.aleutianseast.org)

Date: Thursday, December 10, 2015

Time Workshop: 10:00 a.m. Meeting: 2:00 p.m.

Location: Anchorage office building (3380 C St)
And by teleconference in each community location below:
Sand Point – AEB office King Cove-AEB office
False Pass City office Akutan City office
Cold Bay City office - library Nelson Lagoon Corp. office

All communities will be provided with conference calling information for the designated location in your community. Public comments on agenda items will take place immediately after the adoption of the agenda. Additional public comments can be made at the end of the meeting.

WORKSHOP

1. Presentation - Alaska Permanent Capital Management, Borough investments.
2. Presentation - Newhouse & Vogler, AEB draft audit report.
3. Assembly Meeting Agenda Items.

ASSEMBLY MEETING AGENDA

1. Roll Call & Establishment of Quorum.
2. Adoption of the Agenda.
3. Community Roll Call and Public Comment on Agenda Items.
4. Minutes
 - November 12, 2015 Minutes.
5. Financial Reports
 - Financial Reports, November, 2015.
 - Investment Report, October, 2015.
6. Consent Agenda
 - Resolution 16-10, a resolution authorizing the Mayor to negotiate and execute a contract with Unit Company for the King Cove School Repairs Project in an amount not to exceed \$2,679,655.00.
 - Resolution 16-11, a resolution of the Aleutians East Borough authorizing the Mayor to negotiate and enter into a long-term lease with APICDA Joint Venture.

7. Public Hearing
 - Public Hearing Ordinance 16-03, amending Title 6, Chapter 6.04, Section 6.04.041, Subsection (F) of the Aleutians East Borough Code of Ordinances.
8. Old Business
9. New Business
 - 2016 Advisory Appointments.
 - False Pass Capital Project Funding Request-Hydro Assessment of Unga Man and Waterfall Creek.
10. Reports and Updates.
11. Assembly Comments.
12. Public Comments.
13. Executive Session. The Assembly may motion to go into Executive Session to discuss litigation tactics and strategies regarding the following cases:
 - (1) Aleutians East Borough v. ASRC SKW Eskimos, Inc., Safeco Insurance Co. and Kumin Associates, Inc., Case No. 3AN-13-06305CI re: King Cove High School Construction Litigation.
 - (2) Appeal of Kelly-Ryan, Inc., ASBCA No. 57168 re: False Pass Navigational Improvements claim for equitable adjustment.
 - (3) Appeal of Decision in AGDASAGUX Tribe of King Cove and State of Alaska v. Sally Jewell and Friends of Alaska National Wildlife Refuges, No. 3:14-cv-0110-HRH re: King Cove Access Road denial.
14. Next Meeting Date.
15. Adjournment.

Community Roll Call & Public Comment on Agenda Items

Minutes

Aleutians East Borough Assembly Minutes
November 12, 2015

CALL TO ORDER

Mayor Mack called the Regular Assembly meeting to order by teleconference in each community on November 12, 2015 at 3:00 p.m.

ROLL CALL

Mayor Stanley Mack	Present
Chris Babcock	Present
Carol Foster	Present
Warren Wilson	Present
Alvin D. Osterback	Present
Ken McHugh	Present
Joe Bereskin, Sr.	Present
Brenda Wilson	Present

Advisory Members:

Nikki Hoblet, False Pass	Resigned
Paul Schaack, Cold Bay	Absent-excused
Justine Gundersen, Nelson Lagoon	Present

A quorum was present.

Staff Present:

Rick Gifford, Administrator
Roxann Newman, Finance Director
Tina Anderson, Clerk
Anne Bailey, Administrator Assistant
Ernie Weiss, Resource Director
Laura Tanis, Communications Director

Adoption of Agenda:

Introduction Ordinance 16-03, moved to New Business.

MOTION

Brenda moved to approve the agenda with the change and second by Ken. Hearing no objections, MOTION PASSED.

Community Roll Call and Public Comments on Agenda Items:

The communities of King Cove, Cold Bay, False Pass, Sand Point, Akutan and the Anchorage office were participating.

Henry Mack, City of King Cove Mayor, supports Resolution 16-08 recognizing Paul Gronholdt's service as an Assembly Member. On behalf of community of King Cove he wants to thank Paul for his service saying that Paul is always present and that he has enjoyed his questions. Even though we didn't always agree with Paul he appreciates him very much.

Minutes, September and October, 2015:

Brenda moved to approve the September and October, 2015 Minutes as presented and second by Ken. Hearing no objection MOTION PASSED.

Financial Reports, September. October:

MOTION

Brenda moved to approve the September and October, 2015 Financial Reports and second by Ken.

ROLL CALL

Carol-yes, Brenda-yes, Alvin-yes, Joe-yes, Warren-yes, Ken-yes, Chris-yes. Advisory: Justine-yes. MOTION PASSED.

September Investment Report:

Available in packet. APCM will provide a presentation at our December meeting to review our investments.

CONSENT AGENDA

- Resolution 16-07, supporting the full funding for the State of Alaska Harbor Facility Grant Program in the FY 2017 State Capital Budget.
- Resolution 16-08, recognizing Paul Gronholdt for his many years of service as an Assembly Member.
- Resolution 16-09, Disposal of Cold Bay duplex.

MOTION

Chris moved to approve the Consent Agenda and second by Carol.

DISCUSSION

The Administrator reviewed Resolution 16-09 saying he discussed with Eastern Aleutian Tribes of owning the duplex. Their policy is to not own buildings because of difficulty to maintain. It is his and Mayor Mack's recommendation to dispose of the duplex. There is limited housing in Cold Bay so would allow it to go out to the public. If approved, the duplex will go out to bid.

Mayor Mack read Resolution 16-08, recognizing Paul Gronholdt for his many years of service as an Assembly Member and presented the Resolution to Paul Gronholdt.

Paul thanked the Assembly saying it has been a privilege to serve.

ROLL CALL

Joe-yes, Ken-yes, Brenda-yes, Alvin-yes, Warren-yes, Chris-yes. Carol-yes. Advisory: Justine-yes. MOTION PASSED.

ORDINANCE

Introduction Ordinance 16-03, amending Title 6, Chapter 6.04, Section 6.04.041, Subsection (F) of the Aleutians East Borough Code of Ordinances.

MOTION

Brenda moved to consider at the next Assembly meeting and set for Public Hearing. Second by Ken.

ROLL CALL

Brenda-yes, Alvin-yes, Ken-yes, Joe-yes, Carol-yes, Warren-yes, Chris-yes. Adviosry: Justine-yes. MOTION PASSED.

PUBLIC HEARING

Public Hearing Ordinance 16-02, an ordinance amending the operating and capital budget for the Aleutians East Borough Fiscal Year 2016 by appropriating an additional \$200,000 from the General Fund, Fund Balance to the School District contribution.

Mayor Mack opened for Public Hearing. Hearing none Public Hearing closed.

MOTION

Ken moved to approve Ordinance 16-02 and second by Warren.

ROLL CALL

Alvin-yes, Chris-yes, Ken-yes, Joe-yes, Warren-yes, Carol-yes, Brenda-yes. Advisory: Justine-yes. MOTION PASSED.

NEW BUSINESS

Donation Requests:

- Aleutian Peninsula Broadcasting donation request - \$5,000.
- King Cove Clinic-annual health fair carnival donation request - \$250.

MOTION

Chris moved to approve the donation requests and second by Ken.

ROLL CALL

Carol-yes, Warren-yes, Ken-yes, Alvin-yes, Joe-yes, Chris-yes, Brenda-yes. Advisory: Justine-yes. MOTION PASSED.

REPORTS AND UPDATES

Reports are in packet.

Harbor Master Conference: Bailey and Alvin attended the Harbor Master Conference and Tanis prepared a harbors slideshow for Alvin's presentation, which was very much appreciated.

ASSEMBLY COMMENTS

Joe Bereskin, Sr. said at a parent/teacher school conference he discussed video conferencing, bringing in classes from other sites for subjects teachers at small sites are not qualified to teach. Some of the funding just approved with Ordinance 16-02 is specifically for increasing bandwidth. He hopes Akutan will get more and encourages the School District to do more distance learning over the internet. Superintendent Seifert said the additional funding is to increase the bandwidth which will allow the School District to deliver classes. The School District plans to improve distance learning, at the present bandwidth they are not capable of doing that.

PUBLIC COMMENTS

Superintendent Mike Seifert thanked the Assembly for the increased contribution on behalf of himself, staff and the students. The School District is doing a lot of things and unfortunately it takes money. He appreciates the Mayor and Assembly for their service.

Austin Roof, Aleutian Peninsula Broadcasting (KSDP) Manager, thanked the Assembly for the radio station support and to let KSDP know how they can serve Aleutians East Borough, that is what the public radio is here for.

Andy Varner, City of Sand Point Administrator, said Monday is the State of Alaska Marine Transportation Board meeting that will be discussing ferry service to the Aleutians. Certain legislatures have said the ferry service funding might be on the chopping block. The Board is giving an update on M/V Tustamena as well as the proposed service levels.

Varner added that he is glad the AEB has a resolution of support for the harbor program. He has discussed with Anne Bailey about finishing the floats in the Sand Point harbor and feels it is an important project for the betterment of Sand Point. If the AEB is going to Washington D.C., he suggested visiting the U.S. Dept. of Transportation. He can provide information or possibly accompany AEB.

Varner also said SWAMC, APICDA, AEBSD are trying to bring better internet connection into the region with fiber optic. He has attended meeting with GCI and plans to meet with experts on e-rate and other federal subsidized programs to bring fiber from Kodiak or Bristol Bay into the Aleutian area. He suggested AEB lobby for funding while in Washington D.C. He feels a lot of things can be done with these types of funding programs.

Varner said he discussed with Mayor Mack about a community joint meeting. The Administrator said we are looking at March. Mayor Mack said we haven't had one in many years. He feels it is time to see what direction the AEB wants to go.

Henry Mack, City of King Cove Mayor, provided a King Cove update on the new hydro project saying they got a road to the top of Waterfall Creek, foundation is in for the turbine operation. Looking forward to this time next year to have in operation a new hydro of 450 KW. He voiced his appreciation for the Borough's help in funding the project.

NEXT MEETING

December 10 in Anchorage.

ADJOURNMENT

MOTION

Carol moved to adjourn. Hearing no objections, the meeting adjourned at 3:40 p.m.

Mayor

Date _____

Clerk

Date

Financial Report

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 01 GENERAL FUND						
Active	R 01-201 INTEREST REVENUE	\$35,000.00	-\$1,339.48	(\$1,339.48)	\$36,339.48	-3.83%
Active	R 01-203 OTHER REVENUE	\$35,000.00	\$30,964.63	\$7,200.00	\$4,035.37	88.47%
Active	R 01-206 AEBSD Fund Balance Refun	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-218 AEB RAW FISH TAX	\$3,200,779.00	\$1,934,298.63	\$709,913.75	\$1,266,480.37	60.43%
Active	R 01-229 Southwest Cities LLC	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-233 STATE PERS ON-BEHALF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-265 STATE RAW FISH TAX	\$1,769,277.75	\$0.00	\$0.00	\$1,769,277.75	0.00%
Active	R 01-266 STATE EXTRATERRITORIA	\$101,298.80	\$0.00	\$0.00	\$101,298.80	0.00%
Active	R 01-267 STATE FISH LANDING TAX	\$35,217.22	\$0.00	\$0.00	\$35,217.22	0.00%
Active	R 01-268 State"Loss" Of Raw Fish Tax	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-270 STATE REVENUE OTHER	\$396,981.95	\$389,288.00	\$0.00	\$7,693.95	98.06%
Active	R 01-276 AEB SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-277 STATE BOND REBATE	\$1,045,464.00	\$436,155.00	\$0.00	\$609,309.00	41.72%
Active	R 01-291 PLO-95 PAYMNT IN LIEU O	\$559,000.00	\$41,718.00	\$0.00	\$517,282.00	7.46%
Active	R 01-292 USFWS LANDS	\$36,256.00	\$0.00	\$0.00	\$36,256.00	0.00%
	Total Fund 01 GENERAL FUND	\$7,214,274.72	\$2,831,084.78	\$715,774.27	\$4,383,189.94	39.24%

ALEUTIANS EAST BOROUGH

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 01 GENERAL FUND						
DEPT 100 MAYORS OFFICE						
Active	E 01-100-000-300 SALARIES	\$77,712.35	\$32,380.10	\$6,476.02	\$45,332.25	41.67%
Active	E 01-100-000-350 FRINGE BENEFITS	\$28,592.00	\$14,454.24	\$2,904.02	\$14,137.76	50.55%
Active	E 01-100-000-400 TRAVEL AND PER	\$36,000.00	\$8,638.94	\$4,036.00	\$27,361.06	24.00%
Active	E 01-100-000-425 TELEPHONE	\$2,400.00	\$580.47	\$118.92	\$1,819.53	24.19%
Active	E 01-100-000-475 SUPPLIES	\$1,000.00	\$100.17	\$100.00	\$899.83	10.02%
Active	E 01-100-000-554 AK LOBBIST	\$45,000.00	\$17,500.00	\$3,500.00	\$27,500.00	38.89%
Active	E 01-100-000-555 FEDERAL LOBBIS	\$75,600.00	\$25,200.00	\$0.00	\$50,400.00	33.33%
	SUBDEPT 000	<u>\$266,304.35</u>	<u>\$98,853.92</u>	<u>\$17,134.96</u>	<u>\$167,450.43</u>	<u>37.12%</u>
	Total DEPT 100 MAYORS OFFICE	\$266,304.35	\$98,853.92	\$17,134.96	\$167,450.43	37.12%
DEPT 105 ASSEMBLY						
Active	E 01-105-000-300 SALARIES	\$25,000.00	\$9,000.00	\$2,100.00	\$16,000.00	36.00%
Active	E 01-105-000-350 FRINGE BENEFITS	\$56,000.00	\$56,720.70	\$14,156.85	-\$720.70	101.29%
Active	E 01-105-000-400 TRAVEL AND PER	\$40,000.00	\$20,419.84	\$12,282.00	\$19,580.16	51.05%
Active	E 01-105-000-425 TELEPHONE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-105-000-475 SUPPLIES	\$3,000.00	\$1,675.00	\$0.00	\$1,325.00	55.83%
	SUBDEPT 000	<u>\$124,000.00</u>	<u>\$87,815.54</u>	<u>\$28,538.85</u>	<u>\$35,080.46</u>	<u>70.82%</u>
	Total DEPT 105 ASSEMBLY	\$124,000.00	\$87,815.54	\$28,538.85	\$35,080.46	70.82%
DEPT 150 PLANNING/CLERKS DEPARMENT						
Active	E 01-150-000-300 SALARIES	\$91,059.00	\$36,847.56	\$7,055.78	\$54,211.44	40.47%
Active	E 01-150-000-350 FRINGE BENEFITS	\$34,306.00	\$15,656.28	\$3,116.60	\$18,649.72	45.64%
Active	E 01-150-000-400 TRAVEL AND PER	\$12,500.00	\$5,280.18	\$3,402.18	\$7,219.82	42.24%
Active	E 01-150-000-425 TELEPHONE	\$7,500.00	\$2,035.52	\$509.58	\$5,464.48	27.14%
Active	E 01-150-000-450 POSTAGE/SPEED	\$1,500.00	\$98.03	\$0.00	\$1,401.97	6.54%
Active	E 01-150-000-475 SUPPLIES	\$9,000.00	\$1,142.70	\$34.49	\$7,857.30	12.70%
Active	E 01-150-000-526 UTILITIES	\$20,000.00	\$5,240.38	\$168.00	\$14,759.62	26.20%
Active	E 01-150-000-530 DUES AND FEES	\$5,000.00	\$3,375.00	\$525.00	\$1,625.00	67.50%
Active	E 01-150-000-650 ELECTION	\$8,000.00	\$4,550.00	\$0.00	\$3,450.00	56.88%
	SUBDEPT 000	<u>\$188,865.00</u>	<u>\$74,225.65</u>	<u>\$14,811.63</u>	<u>\$114,517.61</u>	<u>39.30%</u>
	Total DEPT 150 PLANNING/CLERKS DEPARMENT	\$188,865.00	\$74,225.65	\$14,811.63	\$114,517.61	39.30%
DEPT 151 Planning Commission						
Active	E 01-151-000-300 SALARIES	\$20,000.00	\$300.00	\$300.00	\$19,700.00	1.50%
Active	E 01-151-000-350 FRINGE BENEFITS	\$0.00	\$22.95	\$22.95	-\$22.95	0.00%
Active	E 01-151-000-380 CONTRACT LABO	\$25,000.00	\$0.00	\$0.00	\$25,000.00	0.00%
Active	E 01-151-000-400 TRAVEL AND PER	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0.00%
Active	E 01-151-000-406 Permitting	\$25,000.00	\$11,258.75	\$0.00	\$13,741.25	45.04%
Active	E 01-151-000-425 TELEPHONE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-151-000-450 POSTAGE/SPEED	\$2,500.00	\$0.00	\$0.00	\$2,500.00	0.00%
	SUBDEPT 000	<u>\$92,500.00</u>	<u>\$11,581.70</u>	<u>\$322.95</u>	<u>\$78,685.80</u>	<u>12.52%</u>
	Total DEPT 151 Planning Commission	\$92,500.00	\$11,581.70	\$322.95	\$78,685.80	12.52%
DEPT 200 ADMINISTRATION						
Active	E 01-200-000-300 SALARIES	\$187,152.72	\$83,612.66	\$16,718.50	\$103,540.06	44.68%
Active	E 01-200-000-350 FRINGE BENEFITS	\$65,798.00	\$40,068.93	\$8,236.03	\$25,729.07	60.90%
Active	E 01-200-000-380 CONTRACT LABO	\$7,500.00	\$0.00	\$0.00	\$7,500.00	0.00%
Active	E 01-200-000-381 ENGINEERING	\$25,000.00	\$0.00	\$0.00	\$25,000.00	0.00%
Active	E 01-200-000-382 ANCHORAGE OFFI	\$0.00	\$11,835.44	(\$2,869.60)	-\$11,835.44	0.00%
Active	E 01-200-000-400 TRAVEL AND PER	\$25,500.00	\$9,910.66	(\$3,271.94)	\$15,589.34	38.87%
Active	E 01-200-000-425 TELEPHONE	\$7,100.00	\$3,017.89	\$1,841.10	\$4,082.11	42.51%
Active	E 01-200-000-450 POSTAGE/SPEED	\$2,500.00	\$0.00	\$0.00	\$2,500.00	0.00%
Active	E 01-200-000-475 SUPPLIES	\$18,120.00	\$5,682.98	\$814.32	\$12,437.02	31.36%

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Active	E 01-200-000-525 RENTAL/LEASE	\$23,404.00	\$9,301.68	\$2,339.02	\$14,102.32	39.74%
Active	E 01-200-000-530 DUES AND FEES	\$2,500.00	\$625.00	\$0.00	\$1,875.00	25.00%
	SUBDEPT 000	\$364,574.72	\$164,055.24	\$23,807.43	\$190,698.53	45.00%
	Total DEPT 200 ADMINISTRATION	\$364,574.72	\$164,055.24	\$23,807.43	\$190,698.53	45.00%
DEPT 201 Assistant Administrator						
Active	E 01-201-000-300 SALARIES	\$92,700.00	\$38,625.00	\$7,725.00	\$54,075.00	41.67%
Active	E 01-201-000-350 FRINGE BENEFITS	\$30,782.00	\$16,358.14	\$3,284.80	\$14,423.86	53.14%
Active	E 01-201-000-400 TRAVEL AND PER	\$10,000.00	\$4,104.00	\$556.50	\$5,896.00	41.04%
Active	E 01-201-000-425 TELEPHONE	\$4,000.00	\$199.32	\$104.89	\$3,800.68	4.98%
Active	E 01-201-000-450 POSTAGE/SPEED	\$200.00	\$0.00	\$0.00	\$200.00	0.00%
Active	E 01-201-000-475 SUPPLIES	\$2,500.00	\$1,891.49	\$563.60	\$608.51	75.66%
Active	E 01-201-000-525 RENTAL/LEASE	\$8,903.00	\$3,100.59	\$779.68	\$5,802.41	34.83%
	SUBDEPT 000	\$149,085.00	\$64,278.54	\$13,014.47	\$84,806.46	43.12%
	Total DEPT 201 Assistant Administrator	\$149,085.00	\$64,278.54	\$13,014.47	\$84,806.46	43.12%
DEPT 250 FINANCE DEPARTMENT						
Active	E 01-250-000-300 SALARIES	\$130,848.09	\$55,778.60	\$10,115.06	\$75,069.49	42.63%
Active	E 01-250-000-350 FRINGE BENEFITS	\$52,725.00	\$25,090.47	\$4,965.47	\$27,634.53	47.59%
Active	E 01-250-000-400 TRAVEL AND PER	\$7,000.00	\$1,616.50	\$1,643.50	\$5,383.50	23.09%
Active	E 01-250-000-425 TELEPHONE	\$5,000.00	\$2,994.70	\$771.64	\$2,005.30	59.89%
Active	E 01-250-000-450 POSTAGE/SPEED	\$2,500.00	\$500.00	\$500.00	\$2,000.00	20.00%
Active	E 01-250-000-475 SUPPLIES	\$7,500.00	\$7,035.97	\$828.69	\$464.03	93.81%
Active	E 01-250-000-526 UTILITIES	\$5,000.00	\$1,131.93	\$172.80	\$3,868.07	22.64%
Active	E 01-250-000-550 AUDIT	\$45,000.00	\$43,723.12	\$0.00	\$1,276.88	97.16%
	SUBDEPT 000	\$255,573.09	\$137,871.29	\$18,997.16	\$117,566.33	53.95%
	Total DEPT 250 FINANCE DEPARTMENT	\$255,573.09	\$137,871.29	\$18,997.16	\$117,566.33	53.95%
DEPT 650 RESOURCE DEPARTMENT						
Active	E 01-650-000-300 SALARIES	\$89,516.28	\$37,298.60	\$7,459.72	\$52,217.68	41.67%
Active	E 01-650-000-350 FRINGE BENEFITS	\$30,822.00	\$16,031.94	\$3,219.56	\$14,790.06	52.01%
Active	E 01-650-000-380 CONTRACT LABO	\$31,250.00	\$14,200.00	\$0.00	\$17,050.00	45.44%
Active	E 01-650-000-400 TRAVEL AND PER	\$35,000.00	\$3,882.63	\$1,303.80	\$31,117.37	11.09%
Active	E 01-650-000-402 NPFMC Meetings	\$15,000.00	\$3,104.00	\$0.00	\$11,896.00	20.69%
Active	E 01-650-000-403 BOF Meetings	\$30,000.00	\$0.00	\$0.00	\$30,000.00	0.00%
Active	E 01-650-000-425 TELEPHONE	\$3,000.00	\$154.54	\$125.60	\$2,845.46	5.15%
Active	E 01-650-000-475 SUPPLIES	\$7,000.00	\$214.83	\$30.70	\$6,785.17	3.07%
Active	E 01-650-000-525 RENTAL/LEASE	\$8,903.00	\$3,100.59	\$779.68	\$5,802.41	34.83%
	SUBDEPT 000	\$250,491.28	\$77,987.13	\$12,919.06	\$172,501.15	31.13%
	Total DEPT 650 RESOURCE DEPARTMENT	\$250,491.28	\$77,987.13	\$12,919.06	\$172,501.15	31.13%
DEPT 651 COMMUNICATION DIRECTOR						
Active	E 01-651-011-300 SALARIES	\$95,707.50	\$43,865.91	\$7,975.62	\$51,841.59	45.83%
Active	E 01-651-011-350 FRINGE BENEFITS	\$33,518.00	\$11,568.94	\$2,278.55	\$21,949.06	34.52%
Active	E 01-651-011-400 TRAVEL AND PER	\$15,000.00	\$5,057.43	\$1,597.87	\$9,942.57	33.72%
Active	E 01-651-011-425 TELEPHONE	\$2,400.00	\$647.86	\$85.09	\$1,752.14	26.99%
Active	E 01-651-011-450 POSTAGE/SPEED	\$250.00	\$0.00	\$0.00	\$250.00	0.00%
Active	E 01-651-011-475 SUPPLIES	\$4,500.00	\$127.35	\$34.46	\$4,372.65	2.83%
Active	E 01-651-011-525 RENTAL/LEASE	\$10,016.00	\$3,488.13	\$877.13	\$6,527.87	34.83%
Active	E 01-651-011-532 ADVERTISING	\$15,000.00	\$6,724.35	\$2,661.48	\$8,275.65	44.83%
	SUBDEPT 011 PUBLIC INFORMATION	\$176,391.50	\$71,479.97	\$15,510.20	\$104,776.55	40.52%
	Total DEPT 651 COMMUNICATION DIRECTOR	\$176,391.50	\$71,479.97	\$15,510.20	\$104,776.55	40.52%
DEPT 700 PUBLIC WORKS DEPARTMENT						
Active	E 01-700-000-300 SALARIES	\$82,231.84	\$35,890.80	\$6,852.66	\$46,341.04	43.65%
Active	E 01-700-000-350 FRINGE BENEFITS	\$30,384.00	\$15,344.61	\$3,053.22	\$15,039.39	50.50%

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Active	E 01-700-000-400 TRAVEL AND PER	\$11,000.00	\$7,847.55	\$0.00	\$3,152.45	71.34%
Active	E 01-700-000-425 TELEPHONE	\$1,500.00	\$430.50	\$96.45	\$1,069.50	28.70%
Active	E 01-700-000-475 SUPPLIES	\$3,000.00	\$2,889.69	\$160.61	\$110.31	96.32%
Active	E 01-700-000-500 EQUIPMENT	\$1,500.00	\$0.00	\$0.00	\$1,500.00	0.00%
Active	E 01-700-000-526 UTILITIES	\$2,000.00	\$1,188.76	\$0.00	\$811.24	59.44%
SUBDEPT 000		<u>\$131,615.84</u>	<u>\$63,591.91</u>	<u>\$10,162.94</u>	<u>\$67,965.94</u>	<u>48.32%</u>
Total DEPT 700 PUBLIC WORKS DEPARTMENT		<u>\$131,615.84</u>	<u>\$63,591.91</u>	<u>\$10,162.94</u>	<u>\$67,965.94</u>	<u>48.32%</u>
DEPT 844 KCAP						
Active	E 01-844-000-300 SALARIES	\$2,500.00	\$150.00	\$0.00	\$2,350.00	6.00%
Active	E 01-844-000-350 FRINGE BENEFITS	\$5,000.00	\$6,349.79	\$0.00	-\$1,349.79	127.00%
Active	E 01-844-000-400 TRAVEL AND PER	\$4,000.00	\$0.00	\$0.00	\$4,000.00	0.00%
Active	E 01-844-000-425 TELEPHONE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-844-000-475 SUPPLIES	\$1,000.00	\$946.80	\$187.00	\$53.20	94.68%
Active	E 01-844-000-525 RENTAL/LEASE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-844-000-603 MAINTENANCE	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
SUBDEPT 000		<u>\$112,500.00</u>	<u>\$7,446.59</u>	<u>\$187.00</u>	<u>\$105,053.41</u>	<u>6.62%</u>
Total DEPT 844 KCAP		<u>\$112,500.00</u>	<u>\$7,446.59</u>	<u>\$187.00</u>	<u>\$105,053.41</u>	<u>6.62%</u>
DEPT 850 EDUCATION						
Active	E 01-850-000-700 LOCAL SCHOOL C	\$800,000.00	\$200,000.00	\$0.00	\$600,000.00	25.00%
Active	E 01-850-000-701 SCHOOL SCHOLA	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0.00%
Active	E 01-850-000-756 STUDENT TRAVEL	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0.00%
SUBDEPT 000		<u>\$840,000.00</u>	<u>\$200,000.00</u>	<u>\$0.00</u>	<u>\$640,000.00</u>	<u>23.81%</u>
Total DEPT 850 EDUCATION		<u>\$840,000.00</u>	<u>\$200,000.00</u>	<u>\$0.00</u>	<u>\$640,000.00</u>	<u>23.81%</u>
DEPT 900 OTHER						
Active	E 01-900-000-500 EQUIPMENT	\$35,000.00	\$5,082.31	\$1,299.92	\$29,917.69	14.52%
Active	E 01-900-000-515 AEB VEHICLES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-900-000-525 RENTAL/LEASE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-900-000-526 UTILITIES	\$25,000.00	\$7,173.50	\$1,632.55	\$17,826.50	28.69%
Active	E 01-900-000-527 Aleutia Crab	\$58,522.00	\$0.00	\$0.00	\$58,522.00	0.00%
Active	E 01-900-000-551 LEGAL	\$175,000.00	\$17,378.00	\$6,731.50	\$157,622.00	9.93%
Active	E 01-900-000-552 INSURANCE	\$150,000.00	\$145,724.00	\$0.00	\$4,276.00	97.15%
Active	E 01-900-000-600 REPAIRS	\$2,500.00	\$9,654.17	\$6,804.33	-\$7,154.17	386.17%
Active	E 01-900-000-727 BANK FEES	\$2,000.00	\$4,724.55	\$869.46	-\$2,724.55	236.23%
Active	E 01-900-000-752 CONTRIBUTION T	\$150,000.00	\$37,500.00	\$0.00	\$112,500.00	25.00%
Active	E 01-900-000-753 MISC EXPENSE	\$96,000.00	\$140.84	\$0.00	\$95,859.16	0.15%
Active	E 01-900-000-757 DONATIONS	\$23,500.00	\$4,250.00	\$250.00	\$19,250.00	18.09%
Active	E 01-900-000-760 REVENUE SHARIN	\$32,000.00	\$0.00	\$0.00	\$32,000.00	0.00%
Active	E 01-900-000-943 WEB SERVICE	\$40,000.00	\$11,949.00	\$2,719.00	\$28,051.00	29.87%
SUBDEPT 000		<u>\$789,522.00</u>	<u>\$243,576.37</u>	<u>\$20,306.76</u>	<u>\$487,721.17</u>	<u>30.85%</u>
Total DEPT 900 OTHER		<u>\$789,522.00</u>	<u>\$243,576.37</u>	<u>\$20,306.76</u>	<u>\$487,721.17</u>	<u>30.85%</u>
Total Fund 01 GENERAL FUND		<u>\$3,741,422.78</u>	<u>\$1,302,763.85</u>	<u>\$175,713.41</u>	<u>\$2,366,823.84</u>	<u>34.82%</u>

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 20 GRANT PROGRAMS						
Active	R 20-201 INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-203 OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-207 AEB Grant Revenue	\$726,000.00	\$0.00	\$0.00	\$726,000.00	0.00%
Active	R 20-209 AEB Grants	\$2,015,000.00	\$808,000.00	\$0.00	\$1,207,000.00	40.10%
Active	R 20-287 KCAP/09-DC-359	\$1,745,156.39	\$214,903.11	\$63,267.47	\$1,530,253.28	12.31%
Active	R 20-424 EDA/Akutan Harbor Floats	\$997,427.68	\$0.00	\$0.00	\$997,427.68	0.00%
Active	R 20-426 DCCED/Akutan Harbor Float	\$271,592.37	\$0.00	\$0.00	\$271,592.37	0.00%
Active	R 20-427 Akutan Harbor Contribution	\$350,000.00	\$350,000.00	\$0.00	\$0.00	100.00%
Active	R 20-499 Cold Bay Airport-Apron&Taxi	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
Active	R 20-503 CDBG-Nelson Lagoon Erosi	\$532,000.00	\$0.00	\$0.00	\$532,000.00	0.00%
Active	R 20-504 Nelson Lagoon Erosion10CI	\$33,174.27	\$0.00	\$0.00	\$33,174.27	0.00%
Active	R 20-518 CIAP-Create A Resource La	\$28,874.78	\$0.00	\$0.00	\$28,874.78	0.00%
Active	R 20-521 Nelson Lagoon Contribution	\$50,000.00	\$50,000.00	\$0.00	\$0.00	100.00%
Active	R 20-813 Akutan Airport/CIP Trident	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-876 National Fish & Wildlife Gran	\$95,000.00	\$0.00	\$0.00	\$95,000.00	0.00%
Total Fund 20 GRANT PROGRAMS		\$8,844,225.49	\$1,422,903.11	\$63,267.47	\$7,421,322.38	16.09%

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Current Period: NOVEMBER 15-16

	15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 20 GRANT PROGRAMS					
DEPT 424 EDA/Akutan Harbor Floats					
Active E 20-424-000-850 CAPITAL CONSTR	\$997,761.95	\$0.00	\$0.00	\$997,761.95	0.00%
SUBDEPT 000	\$997,761.95	\$0.00	\$0.00	\$997,761.95	0.00%
Total DEPT 424 EDA/Akutan Harbor Floats	\$997,761.95	\$0.00	\$0.00	\$997,761.95	0.00%
DEPT 426 DCCED/Akutan Harbor Floats					
Active E 20-426-000-850 CAPITAL CONSTR	\$271,592.37	\$423.32	\$0.00	\$271,169.05	0.16%
SUBDEPT 000	\$271,592.37	\$423.32	\$0.00	\$271,169.05	0.16%
Total DEPT 426 DCCED/Akutan Harbor Floats	\$271,592.37	\$423.32	\$0.00	\$271,169.05	0.16%
DEPT 427 Akutan Harbor Contribution					
Active E 20-427-000-850 CAPITAL CONSTR	\$350,000.00	\$0.00	\$0.00	\$350,000.00	0.00%
SUBDEPT 000 NO DESCR	\$350,000.00	\$0.00	\$0.00	\$350,000.00	0.00%
Total DEPT 427 Akutan Harbor Contribution	\$350,000.00	\$0.00	\$0.00	\$350,000.00	0.00%
DEPT 499 Cold Bay Airport-Apron&Taxiway					
Active E 20-499-049-850 CAPITAL CONSTR	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
SUBDEPT 049 DCCED-13-DC-501	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
Total DEPT 499 Cold Bay Airport-Apron&Taxiway	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
DEPT 504 Nelson Lagoon Erosion					
Active E 20-504-000-850 CAPITAL CONSTR	\$33,174.27	\$6,321.66	\$0.00	\$26,852.61	19.06%
SUBDEPT 000	\$33,174.27	\$6,321.66	\$0.00	\$26,852.61	19.06%
Active E 20-504-208-380 CONTRACT LABO	\$436,000.00	\$0.00	\$0.00	\$436,000.00	0.00%
Active E 20-504-208-500 EQUIPMENT	\$96,000.00	\$0.00	\$0.00	\$96,000.00	0.00%
SUBDEPT 208 CDBG /Nelson Lagoon Erosion	\$532,000.00	\$0.00	\$0.00	\$532,000.00	0.00%
Active E 20-504-209-850 CAPITAL CONSTR	\$108,000.00	\$60,195.46	\$618.92	\$47,804.54	55.74%
SUBDEPT 209 AEB Grant	\$108,000.00	\$60,195.46	\$618.92	\$44,238.36	55.74%
Total DEPT 504 Nelson Lagoon Erosion	\$673,174.27	\$66,517.12	\$618.92	\$603,090.97	9.88%
DEPT 513 COLD BAY APRON PROJECT					
Active E 20-513-000-850 CAPITAL CONSTR	\$225,000.00	\$0.00	\$0.00	\$225,000.00	0.00%
SUBDEPT 000	\$225,000.00	\$0.00	\$0.00	\$225,000.00	0.00%
Total DEPT 513 COLD BAY APRON PROJECT	\$225,000.00	\$0.00	\$0.00	\$225,000.00	0.00%
DEPT 518 CIAP-Create A Resource LandUse					
Active E 20-518-000-850 CAPITAL CONSTR	\$28,874.78	\$0.00	\$0.00	\$28,874.78	0.00%
SUBDEPT 000	\$28,874.78	\$0.00	\$0.00	\$28,874.78	0.00%
Total DEPT 518 CIAP-Create A Resource LandUse	\$28,874.78	\$0.00	\$0.00	\$28,874.78	0.00%
DEPT 520 Cold Bay Clinic					
Active E 20-520-000-850 CAPITAL CONSTR	\$494,973.00	\$4,032.00	\$0.00	\$490,941.00	0.81%
SUBDEPT 000	\$494,973.00	\$4,032.00	\$0.00	\$490,941.00	0.81%
Active E 20-520-209-850 CAPITAL CONSTR	\$1,137,000.00	\$0.00	\$0.00	\$1,137,000.00	0.00%
SUBDEPT 209 AEB Grant	\$1,137,000.00	\$0.00	\$0.00	\$1,137,000.00	0.00%
Total DEPT 520 Cold Bay Clinic	\$1,631,973.00	\$4,032.00	\$0.00	\$1,627,941.00	0.25%
DEPT 521 Nelson Lagoon Contribution					
Active E 20-521-000-850 CAPITAL CONSTR	\$50,000.00	\$50,000.00	\$0.00	\$0.00	100.00%
SUBDEPT 000 NO DESCR	\$50,000.00	\$50,000.00	\$0.00	\$0.00	100.00%
Total DEPT 521 Nelson Lagoon Contribution	\$50,000.00	\$50,000.00	\$0.00	\$0.00	100.00%
DEPT 802 CAPITAL - COLD BAY					
Active E 20-802-000-850 CAPITAL CONSTR	\$60,000.00	\$0.00	\$0.00	\$60,000.00	0.00%
SUBDEPT 000	\$60,000.00	\$0.00	\$0.00	\$60,000.00	0.00%
Total DEPT 802 CAPITAL - COLD BAY	\$60,000.00	\$0.00	\$0.00	\$60,000.00	0.00%

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	15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
DEPT 803 CAPITAL - FALSE PASS					
Active E 20-803-000-850 CAPITAL CONSTR	\$11,460.13	\$0.00	\$0.00	\$11,460.13	0.00%
SUBDEPT 000	\$11,460.13	\$0.00	\$0.00	\$11,460.13	0.00%
Total DEPT 803 CAPITAL - FALSE PASS	\$11,460.13	\$0.00	\$0.00	\$11,460.13	0.00%
DEPT 813 Akutan Airport/CIP Trident					
Active E 20-813-000-850 CAPITAL CONSTR	\$339,884.36	\$0.00	\$0.00	\$339,884.36	0.00%
SUBDEPT 000	\$339,884.36	\$0.00	\$0.00	\$339,884.36	0.00%
Total DEPT 813 Akutan Airport/CIP Trident	\$339,884.36	\$0.00	\$0.00	\$339,884.36	0.00%
DEPT 867 KCC Alternative Road					
Active E 20-867-000-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-380 CONTRACT LABO	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-381 ENGINEERING	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-475 SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-168-300 SALARIES	\$13,600.00	\$1,050.00	\$0.00	\$12,550.00	7.72%
Active E 20-867-168-350 FRINGE BENEFITS	\$332.06	\$17.47	\$0.00	\$314.59	5.26%
Active E 20-867-168-381 ENGINEERING	\$879,500.00	\$8,987.51	\$0.00	\$870,512.49	1.02%
Active E 20-867-168-400 TRAVEL AND PER	\$5,926.49	\$0.00	\$0.00	\$5,926.49	0.00%
Active E 20-867-168-850 CAPITAL CONSTR	\$845,797.84	\$0.00	\$0.00	\$845,797.84	0.00%
SUBDEPT 168 KCAP/09-DC-359	\$1,745,156.39	\$10,054.98	\$0.00	\$1,735,101.41	0.58%
Active E 20-867-209-850 CAPITAL CONSTR	\$725,000.00	\$3,246.94	\$0.00	\$721,753.06	0.45%
SUBDEPT 209 AEB Grant	\$725,000.00	\$3,246.94	\$0.00	\$721,753.06	0.45%
Total DEPT 867 KCC Alternative Road	\$2,470,156.39	\$13,301.92	\$0.00	\$2,456,854.47	0.54%
DEPT 875 King Cove WaterfallCreek Power					
Active E 20-875-209-850 CAPITAL CONSTR	\$500,000.00	\$100,000.00	\$0.00	\$400,000.00	20.00%
SUBDEPT 209 AEB Grant	\$500,000.00	\$100,000.00	\$0.00	\$400,000.00	20.00%
Total DEPT 875 King Cove WaterfallCreek Power	\$500,000.00	\$100,000.00	\$0.00	\$400,000.00	20.00%
DEPT 876 National Fish & Wildlife Grant					
Active E 20-876-000-300 SALARIES	\$3,990.00	\$0.00	\$0.00	\$3,990.00	0.00%
Active E 20-876-000-380 CONTRACT LABO	\$82,425.00	\$2,222.67	\$2,222.67	\$80,202.33	2.70%
Active E 20-876-000-400 TRAVEL AND PER	\$8,585.00	\$0.00	\$0.00	\$8,585.00	0.00%
SUBDEPT 000 NO DESCR	\$95,000.00	\$2,222.67	\$2,222.67	\$92,777.33	2.34%
Total DEPT 876 National Fish & Wildlife Grant	\$95,000.00	\$2,222.67	\$2,222.67	\$92,777.33	2.34%
DEPT 900 OTHER					
Active E 20-900-000-753 MISC EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-900-000-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total DEPT 900 OTHER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 20 GRANT PROGRAMS	\$9,704,877.25	\$236,497.03	\$2,841.59	\$9,464,814.04	2.44%

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		15-16	15-16	NOVEMBER	15-16	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 22 OPERATIONS						
Active	R 22-203 OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-221 COLD BAY TERMINAL LEA	\$139,620.00	\$48,961.10	\$6,792.22	\$90,658.90	35.07%
Active	R 22-222 COLD BAY TERMINAL OTH	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-301 HELICOPTER/TICKETS	\$500,000.00	\$100,430.70	\$12,850.00	\$399,569.30	20.09%
Active	R 22-302 HELICOPTER/FREIGHT	\$85,000.00	\$33,276.60	\$10,500.00	\$51,723.40	39.15%
Total Fund 22 OPERATIONS		\$724,620.00	\$182,668.40	\$30,142.22	\$541,951.60	25.21%

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 22 OPERATIONS						
DEPT 802 CAPITAL - COLD BAY						
Active	E 22-802-200-300 SALARIES	\$26,300.00	\$11,265.20	\$2,253.04	\$15,034.80	42.83%
Active	E 22-802-200-350 FRINGE BENEFITS	\$3,617.00	\$999.10	\$199.82	\$2,617.90	27.62%
Active	E 22-802-200-380 CONTRACT LABO	\$10,000.00	\$0.00	\$0.00	\$10,000.00	0.00%
Active	E 22-802-200-400 TRAVEL AND PER	\$3,000.00	\$0.00	\$0.00	\$3,000.00	0.00%
Active	E 22-802-200-425 TELEPHONE	\$4,500.00	\$1,392.26	\$277.92	\$3,107.74	30.94%
Active	E 22-802-200-475 SUPPLIES	\$7,500.00	\$1,091.95	\$5.19	\$6,408.05	14.56%
Active	E 22-802-200-525 RENTAL/LEASE	\$5,335.00	\$0.00	\$0.00	\$5,335.00	0.00%
Active	E 22-802-200-526 UTILITIES	\$24,000.00	\$4,775.22	\$1,002.51	\$19,224.78	19.90%
Active	E 22-802-200-576 GAS	\$1,500.00	\$0.00	\$0.00	\$1,500.00	0.00%
Active	E 22-802-200-577 FUEL	\$15,000.00	\$4,066.10	\$0.00	\$10,933.90	27.11%
SUBDEPT 200 COLD BAY TERMINAL		\$100,752.00	\$23,589.83	\$3,738.48	\$75,658.71	23.41%
Total DEPT 802 CAPITAL - COLD BAY		\$100,752.00	\$23,589.83	\$3,738.48	\$75,658.71	23.41%
DEPT 845 HELICOPTER OPERATIONS						
Active	E 22-845-300-300 SALARIES	\$100,000.00	\$39,917.00	\$8,004.75	\$60,083.00	39.92%
Active	E 22-845-300-350 FRINGE BENEFITS	\$23,000.00	\$11,365.93	\$3,159.43	\$11,634.07	49.42%
Active	E 22-845-300-380 CONTRACT LABO	\$1,350,000.00	\$445,160.50	\$100,357.85	\$904,839.50	32.97%
Active	E 22-845-300-400 TRAVEL AND PER	\$5,000.00	\$0.00	\$0.00	\$5,000.00	0.00%
Active	E 22-845-300-425 TELEPHONE	\$2,000.00	\$560.69	\$112.15	\$1,439.31	28.03%
Active	E 22-845-300-475 SUPPLIES	\$40,000.00	\$3,692.01	\$755.86	\$36,307.99	9.23%
Active	E 22-845-300-500 EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-845-300-525 RENTAL/LEASE	\$18,000.00	\$3,000.00	\$1,500.00	\$15,000.00	16.67%
Active	E 22-845-300-526 UTILITIES	\$5,000.00	\$5,085.00	\$200.00	-\$85.00	101.70%
Active	E 22-845-300-552 INSURANCE	\$18,200.00	\$0.00	\$0.00	\$18,200.00	0.00%
Active	E 22-845-300-576 GAS	\$7,500.00	\$3,550.44	\$222.75	\$3,949.56	47.34%
Active	E 22-845-300-577 FUEL	\$200,000.00	\$44,674.55	\$85.50	\$155,325.45	22.34%
SUBDEPT 300 HELICOPTER OPERATIONS		\$1,768,700.00	\$557,006.12	\$114,398.29	\$1,183,301.10	31.49%
Total DEPT 845 HELICOPTER OPERATIONS		\$1,768,700.00	\$557,006.12	\$114,398.29	\$1,183,301.10	31.49%
Total Fund 22 OPERATIONS		\$1,869,452.00	\$580,595.95	\$118,136.77	\$1,258,959.81	31.06%

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		15-16	15-16	NOVEMBER	15-16	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 24 BOND CONSTRUCTION						
Active	R 24-201 INTEREST REVENUE	\$0.00	-\$1,273.25	(\$1,273.25)	\$1,273.25	0.00%
Active	R 24-203 OTHER REVENUE	\$5,000,000.00	\$0.00	\$0.00	\$5,000,000.00	0.00%
Active	R 24-227 COE-HARBOR PROJECTS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-259 BOND PROCEEDS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-270 STATE REVENUE OTHER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-277 STATE BOND REBATE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 24 BOND CONSTRUCTION		\$5,000,000.00	-\$1,273.25	-\$1,273.25	\$5,001,273.25	-0.03%

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Current Period: NOVEMBER 15-16

	15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 24 BOND CONSTRUCTION					
DEPT 809 Akutan Airport/Grant					
Active E 24-809-000-850 CAPITAL CONSTR	\$525,177.42	\$0.00	\$0.00	\$525,177.42	0.00%
SUBDEPT 000	\$525,177.42	\$0.00	\$0.00	\$525,177.42	0.00%
Total DEPT 809 Akutan Airport/Grant	\$525,177.42	\$0.00	\$0.00	\$525,177.42	0.00%
DEPT 833 FALSE PASS HARBOR					
Active E 24-833-000-850 CAPITAL CONSTR	\$347,796.24	\$4,998.65	\$0.00	\$342,797.59	1.44%
SUBDEPT 000	\$347,796.24	\$4,998.65	\$0.00	\$342,797.59	1.44%
Total DEPT 833 FALSE PASS HARBOR	\$347,796.24	\$4,998.65	\$0.00	\$342,797.59	1.44%
DEPT 839 AKUTAN HARBOR					
Active E 24-839-000-850 CAPITAL CONSTR	\$1,008,775.22	\$0.00	\$0.00	\$1,008,775.22	0.00%
SUBDEPT 000	\$1,008,775.22	\$0.00	\$0.00	\$1,008,775.22	0.00%
Total DEPT 839 AKUTAN HARBOR	\$1,008,775.22	\$0.00	\$0.00	\$1,008,775.22	0.00%
DEPT 900 OTHER					
Active E 24-900-000-380 CONTRACT LABO	\$0.00	\$10,323.90	\$0.00	-\$10,323.90	0.00%
Active E 24-900-000-725 BOND INTEREST	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 24-900-000-745 Bond Sale Expense	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 24-900-000-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$0.00	\$10,323.90	\$0.00	-\$10,323.90	0.00%
Total DEPT 900 OTHER	\$0.00	\$10,323.90	\$0.00	-\$10,323.90	0.00%
Total Fund 24 BOND CONSTRUCTION	\$1,881,748.88	\$15,322.55	\$0.00	\$1,866,426.33	0.81%

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		15-16	15-16	NOVEMBER	15-16	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 30 BOND FUND						
Active	R 30-201 INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 30-203 OTHER REVENUE	\$1,597,433.00	\$0.00	\$0.00	\$1,597,433.00	0.00%
Active	R 30-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 30-259 BOND PROCEEDS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 30 BOND FUND		\$1,597,433.00	\$0.00	\$0.00	\$1,597,433.00	0.00%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 30 BOND FUND						
DEPT 900 OTHER						
Active	E 30-900-000-725 BOND INTEREST	\$934,433.00	\$646,255.63	\$435,968.75	\$288,177.37	69.16%
Active	E 30-900-000-726 BOND PRINCIPAL	\$663,000.00	\$1,335,000.00	\$75,000.00	-\$672,000.00	201.36%
Active	E 30-900-000-745 Bond Sale Expense	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000		\$1,597,433.00	\$1,981,255.63	\$510,968.75	-\$383,822.63	124.03%
Total DEPT 900 OTHER		\$1,597,433.00	\$1,981,255.63	\$510,968.75	-\$383,822.63	124.03%
Total Fund 30 BOND FUND		\$1,597,433.00	\$1,981,255.63	\$510,968.75	-\$383,822.63	124.03%

ALEUTIANS EAST BOROUGH

*Revenue Guideline©

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Current Period: NOVEMBER 15-16

		15-16	15-16	NOVEMBER	15-16	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 40 PERMANENT FUND						
Active	R 40-201 INTEREST REVENUE	\$0.00	-\$1,654,668.01	(\$1,654,668.01)	\$1,654,668.01	0.00%
Active	R 40-203 OTHER REVENUE	\$350,000.00	\$0.00	\$0.00	\$350,000.00	0.00%
Active	R 40-230 LAND SALES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 40 PERMANENT FUND		\$350,000.00	-\$1,654,668.01	-\$1,654,668.01	\$2,004,668.01	-472.76%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

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Current Period: NOVEMBER 15-16

	15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 40 PERMANENT FUND					
DEPT 900 OTHER					
Active E 40-900-000-380 CONTRACT LABO	\$35,000.00	\$10,323.88	\$0.00	\$24,676.12	29.50%
Active E 40-900-000-751 OPERATING TRAN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$35,000.00	\$10,323.88	\$0.00	\$24,676.12	29.50%
Total DEPT 900 OTHER	\$35,000.00	\$10,323.88	\$0.00	\$24,676.12	29.50%
Total Fund 40 PERMANENT FUND	\$35,000.00	\$10,323.88	\$0.00	\$24,676.12	29.50%

ALEUTIANS EAST BOROUGH

*Revenue Guideline©

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 41 MAINTENANCE RESERVE FUND						
Active	R 41-201 INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 41-203 OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 41-276 AEB SCHOOL	\$3,132,800.00	\$320,000.00	\$0.00	\$2,812,800.00	10.21%
Total Fund 41 MAINTENANCE RESERVE FUND		\$3,132,800.00	\$320,000.00	\$0.00	\$2,812,800.00	10.21%

ALEUTIANS EAST BOROUGH

*Expenditure Guideline©

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Fund 41 MAINTENANCE RESERVE FUND						
DEPT 800 CAPITAL - SCHOOL						
Active	E 41-800-000-461 Sand Point Playgro	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	SUBDEPT 000 NO DESCR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-857-300 SALARIES	\$0.00	\$15,265.63	\$0.00	-\$15,265.63	0.00%
Active	E 41-800-857-350 FRINGE BENEFITS	\$0.00	\$1,354.08	\$0.00	-\$1,354.08	0.00%
Active	E 41-800-857-380 CONTRACT LABO	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-857-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-857-475 SUPPLIES	\$0.00	\$1,447.88	\$0.00	-\$1,447.88	0.00%
Active	E 41-800-857-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	SUBDEPT 857 FALSE PASS SCHOOL	\$0.00	\$18,067.59	\$0.00	-\$18,067.59	0.00%
Active	E 41-800-865-300 SALARIES	\$0.00	\$500.00	\$0.00	-\$500.00	0.00%
Active	E 41-800-865-350 FRINGE BENEFITS	\$0.00	\$44.35	\$0.00	-\$44.35	0.00%
Active	E 41-800-865-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-865-475 SUPPLIES	\$0.00	\$3,108.16	\$0.00	-\$3,108.16	0.00%
	SUBDEPT 865 Akutan School	\$0.00	\$3,652.51	\$0.00	-\$3,652.51	0.00%
Active	E 41-800-866-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-866-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-866-380 CONTRACT LABO	\$0.00	\$3,000.00	\$0.00	-\$3,000.00	0.00%
Active	E 41-800-866-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-866-425 TELEPHONE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-866-475 SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-866-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	SUBDEPT 866 NELSON LAGOON SCHOOL	\$0.00	\$3,000.00	\$0.00	-\$3,000.00	0.00%
Active	E 41-800-867-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-867-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-867-380 CONTRACT LABO	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-867-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-867-460 Sand Point Pool Pro	\$157,771.16	\$0.00	\$0.00	\$157,771.16	0.00%
Active	E 41-800-867-461 Sand Point Playgro	\$151,000.00	\$151,000.00	\$0.00	\$0.00	100.00%
Active	E 41-800-867-475 SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-867-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	SUBDEPT 867 Sand Point School	\$308,771.16	\$151,000.00	\$0.00	\$157,771.16	48.90%
Active	E 41-800-868-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-380 CONTRACT LABO	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-400 TRAVEL AND PER	\$0.00	\$460.00	\$460.00	-\$460.00	0.00%
Active	E 41-800-868-475 SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-551 LEGAL	\$0.00	\$5,069.22	\$971.25	-\$5,069.22	0.00%
Active	E 41-800-868-577 FUEL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-850 CAPITAL CONSTR	\$2,785,000.00	\$8,165.00	\$2,070.00	\$2,776,835.00	0.29%
Active	E 41-800-868-852 ASPHALT PAVING	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	SUBDEPT 868 King Cove School	\$2,785,000.00	\$13,694.22	\$3,501.25	\$2,771,305.78	0.49%
Active	E 41-800-869-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-869-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-869-380 CONTRACT LABO	\$0.00	\$1,240.00	\$0.00	-\$1,240.00	0.00%
Active	E 41-800-869-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-869-475 SUPPLIES	\$0.00	\$17,341.86	\$1,097.72	-\$17,341.86	0.00%
Active	E 41-800-869-942 PROPERTY LEASE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	SUBDEPT 869 COLD BAY SCHOOL	\$0.00	\$18,581.86	\$1,097.72	-\$18,581.86	0.00%
Total DEPT 800 CAPITAL - SCHOOL		\$3,093,771.16	\$207,996.18	\$4,598.97	\$2,885,774.98	6.72%
DEPT 900 OTHER						

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

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Current Period: NOVEMBER 15-16

		15-16 YTD Budget	15-16 YTD Amt	NOVEMBER MTD Amt	15-16 YTD Balance	% of YTD Budget
Active	E 41-900-000-753 MISC EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-900-000-880 LAND	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	SUBDEPT 000	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
	Total DEPT 900 OTHER	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
	Total Fund 41 MAINTENANCE RESERVE FUND	<u>\$3,093,771.16</u>	<u>\$207,996.18</u>	<u>\$4,598.97</u>	<u>\$2,885,774.98</u>	<u>6.72%</u>

INVESTMENT REPORT

ALEUTIANS EAST BOROUGH

Account Statement - Period Ending October 31, 2015

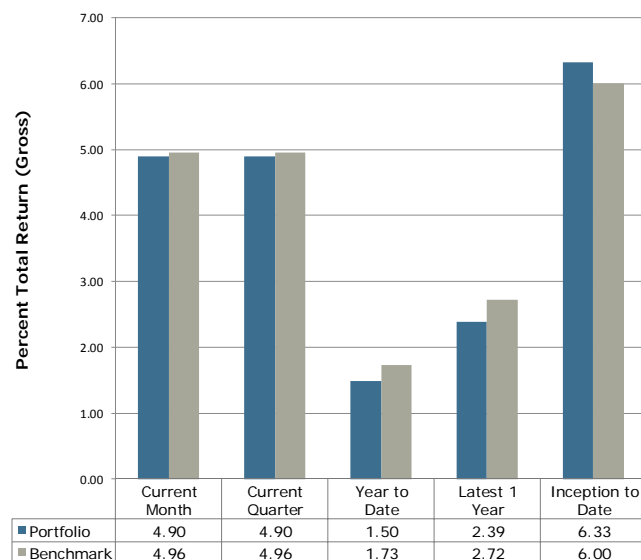


ACCOUNT ACTIVITY

Portfolio Value on 09-30-15	37,984,448
Contributions	500,000
Withdrawals	-1,128,956
Change in Market Value	1,827,538
Interest	27,604
Dividends	0
Portfolio Value on 10-31-15	39,210,634

INVESTMENT PERFORMANCE

Current Account Benchmark:
Equity Blend

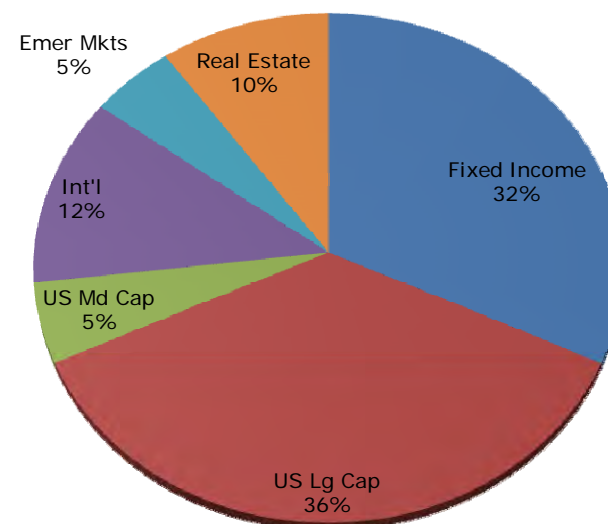


Performance is Annualized for Periods Greater than One Year

MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Jason Roth
Contact Phone Number:	907/272 -7575

PORTFOLIO COMPOSITION



Alaska Permanent Capital Management Co.
PORTFOLIO SUMMARY AND TARGET
ALEUTIANS EAST BOROUGH
October 31, 2015

Asset Class & Target	Market Value	% Assets	Range
FIXED INCOME (34%)			
US Fixed Income (34.0%)	11,116,547	28.4	25% to 60%
Cash (0.0%)	1,434,322	3.7	na
Subtotal:	12,550,870	32.0	
EQUITY (66%)			
US Large Cap (36.0%)	14,120,123	36.0	30% to 50%
US Mid Cap (5.0%)	1,995,434	5.1	0% to 10%
Developed International Equity (10.0%)	4,698,891	12.0	5% to 15%
Emerging Markets (5.0%)	1,946,685	5.0	0% to 10%
Real Estate (10.0%)	3,898,632	9.9	5% to 15%
Subtotal:	26,659,764	68.0	
TOTAL PORTFOLIO	39,210,634	100	

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
October 31, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
250,000	US TREASURY NOTES 0.625% Due 05-31-17	99.52	248,799	99.97	249,925	0.64	1,562	657	0.64
250,000	US TREASURY NOTES 1.875% Due 09-30-17	103.03	257,568	102.15	255,377	0.65	4,687	410	0.74
350,000	US TREASURY NOTES 1.125% Due 06-15-18	100.11	350,396	100.39	351,368	0.90	3,937	1,495	0.97
550,000	US TREASURY NOTES 3.500% Due 05-15-20	108.73	597,996	108.77	598,218	1.53	19,250	8,893	1.50
950,000	US TREASURY NOTES 1.375% Due 05-31-20	98.87	939,262	99.49	945,155	2.41	13,062	5,496	1.49
300,000	US TREASURY NOTES 1.625% Due 06-30-20	99.38	298,137	100.59	301,758	0.77	4,875	1,643	1.49
1,225,000	U S TREASURY NOTES 2.125% Due 08-15-21	99.13	1,214,287	102.19	1,251,803	3.19	26,031	5,517	1.73
625,000	US TREASURY NOTES 2.000% Due 10-31-21	101.35	633,457	101.33	633,319	1.62	12,500	34	1.77
700,000	US TREASURY NOTES 1.750% Due 03-31-22	100.32	702,242	99.45	696,171	1.78	12,250	1,071	1.84
400,000	US TREASURY NOTES 2.500% Due 08-15-23	99.00	395,982	103.77	415,072	1.06	10,000	2,120	1.98
450,000	US TREASURY NOTES 2.375% Due 08-15-24	100.23	451,020	102.24	460,089	1.17	10,687	2,265	2.09
	Accrued Interest				29,602	0.08			
			6,089,146		6,187,858	15.78		29,602	
AGENCIES									
400,000	FHLB 4.875% Due 05-17-17	99.74	398,946	106.40	425,592	1.09	19,500	8,883	0.70
	Accrued Interest				8,883	0.02			
			398,946		434,475	1.11		8,883	
FNMA & FHLMC									
43,146	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	104.56	45,114	106.61	45,997	0.12	1,726	144	1.47
	Accrued Interest				144	0.00			
			45,114		46,141	0.12		144	
CORPORATE BONDS									
150,000	PPG INDUSTRIES INC 1.900% Due 01-15-16	98.62	147,937	100.25	150,379	0.38	2,850	839	0.65

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
October 31, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
150,000	BRITISH COLUMBIA PROV OF 2.100% Due 05-18-16	99.98	149,971	100.83	151,252	0.39	3,150	1,426	0.57
150,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	117.91	176,866	104.40	156,595	0.40	8,437	375	0.99
150,000	JOHN DEERE CAPITAL CORP 2.000% Due 01-13-17	102.52	153,774	101.33	151,995	0.39	3,000	900	0.88
200,000	KELLOGG CO 1.750% Due 05-17-17	100.70	201,400	100.57	201,138	0.51	3,500	1,594	1.37
150,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	103.68	155,515	101.20	151,801	0.39	2,953	1,075	1.22
150,000	STATOIL ASA 3.125% Due 08-17-17	107.07	160,599	103.50	155,244	0.40	4,687	964	1.15
150,000	ASTRAZENECA PLC 5.900% Due 09-15-17	101.14	151,711	108.67	163,009	0.42	8,850	1,131	1.20
150,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	117.17	175,749	106.97	160,455	0.41	9,300	775	2.45
250,000	UNITED PARCEL SERVICE 5.500% Due 01-15-18	118.60	296,495	109.43	273,582	0.70	13,750	4,049	1.15
150,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	149,358	108.99	163,485	0.42	8,625	2,156	1.66
200,000	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	121.46	242,916	109.91	219,828	0.56	12,000	2,533	1.57
150,000	BANK OF AMERICA CORP 5.650% Due 05-01-18	83.68	125,521	108.79	163,183	0.42	8,475	4,237	2.02
150,000	COMMONWEALTH EDISON 6.950% Due 07-15-18	123.20	184,800	112.54	168,814	0.43	10,425	3,070	2.15
150,000	TOYOTA MOTOR CREDIT CORP 2.100% Due 01-17-19	100.48	150,718	101.08	151,624	0.39	3,150	910	1.75
150,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	116.51	174,771	116.55	174,822	0.45	11,250	2,375	2.25
150,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	119.15	178,728	110.01	165,019	0.42	7,050	1,488	1.56
150,000	VERIZON COMMUNICATIONS 6.350% Due 04-01-19	125.02	187,530	113.65	170,481	0.43	9,525	794	2.18
150,000	MICROSOFT CORP 4.200% Due 06-01-19	117.24	175,854	108.92	163,377	0.42	6,300	2,625	1.63
200,000	TORONTO-DOMINION BANK 2.250% Due 09-25-19	101.89	203,782	100.00	200,000	0.51	4,500	450	2.25
150,000	HSBC USA INC 2.375% Due 11-13-19	99.61	149,412	99.83	149,746	0.38	3,562	1,662	2.42
200,000	ENTERPRISE PRODUCTS 5.200% Due 06-01-20	112.75	225,494	109.94	219,876	0.56	10,400	1,733	2.87

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
October 31, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
100,000	MORGAN STANLEY 5.500% Due 07-28-21	114.98	114,982	113.19	113,191	0.29	5,500	1,421	2.98
139,788	SOUTHWEST AIRLS 2007-1 PASS 6.150% Due 08-01-22	102.36	143,090	112.00	156,563	0.40	8,597	2,149	4.09
150,000	JPMORGAN CHASE & CO 3.875% Due 02-01-24	105.18	157,771	103.73	155,589	0.40	5,812	1,453	3.35
150,000	PRUDENTIAL FINANCIAL INC 3.500% Due 05-15-24	103.15	154,719	101.61	152,413	0.39	5,250	2,421	3.28
	Accrued Interest				44,606	0.11			
			4,489,466		4,448,073	11.34		44,606	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
74,238	VANGUARD INST'L S&P500 INDEX FUND	103.02	7,647,746	190.20	14,120,123	36.01	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
13,837	ISHARES CORE S&P MIDCAP 400 ETF	84.71	1,172,156	144.21	1,995,434	5.09	NA		
INTERNATIONAL EQUITY FUNDS/ETF									
123,525	VANGUARD FTSE DEVELOPED MARKETS ETF	37.96	4,688,570	38.04	4,698,891	11.98	NA		
EMERGING MARKET FUNDS/ETF									
55,875	VANGUARD FTSE EMERGING MARKETS ETF	42.05	2,349,727	34.84	1,946,685	4.96	NA		
REAL ESTATE									
48,800	VANGUARD REIT ETF	55.52	2,709,232	79.89	3,898,632	9.94	NA		
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		775,377		775,377	1.98	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		658,946		658,946	1.68			
	VICTORY MONEY MARKET FUND		0		0	0.00			
			1,434,322		1,434,322	3.66			
TOTAL PORTFOLIO			31,024,427		39,210,634	100	948,238	83,235	

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
CORPORATE BONDS				
10-27-15	10-30-15	TORONTO-DOMINION BANK 2.250% Due 09-25-19	200,000	203,782.00
				203,782.00
DEPOSITS AND EXPENSES				
CASH AND EQUIVALENTS				
10-16-15	10-16-15	FEDERATED PRIME CASH OBLIGATIONS FUND		500,000.00
MANAGEMENT FEES				
10-31-15	10-31-15	MANAGEMENT FEES		5,571.80
				505,571.80
INTEREST				
CASH AND EQUIVALENTS				
10-01-15	10-01-15	FEDERATED PRIME CASH OBLIGATIONS FUND		19.44
CORPORATE BONDS				
10-01-15	10-01-15	EXELON GENERATION CO LLC 6.200% Due 10-01-17		4,650.00
10-01-15	10-01-15	VERIZON COMMUNICATIONS 6.350% Due 04-01-19		4,762.50
10-15-15	10-15-15	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16		4,218.75
				<hr/> 13,631.25

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
FNMA & FHLMC				
10-15-15	10-15-15	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26		147.89
U.S. TREASURY				
10-31-15	11-02-15	US TREASURY NOTES 2.000% Due 10-31-21		6,250.00
				20,048.58
PRINCIPAL PAYDOWNS				
FNMA & FHLMC				
10-15-15	10-15-15	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,222.37	1,222.37
				1,222.37
PURCHASED ACCRUED INTEREST				
CORPORATE BONDS				
10-27-15	10-30-15	TORONTO-DOMINION BANK 2.250% Due 09-25-19		437.50
				437.50
SALES, MATURITIES, AND CALLS				
DOMESTIC LARGE CAP EQUITY FUNDS/ETF				
10-29-15	10-29-15	VANGUARD INST'L S&P500 INDEX FUND	3,401.0050	650,000.00
EMERGING MARKET FUNDS/ETF				
10-29-15	11-03-15	VANGUARD FTSE EMERGING MARKETS ETF	1,325.0000	46,275.44
REAL ESTATE				
10-29-15	11-03-15	VANGUARD REIT ETF	2,732.0000	219,726.35

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
U.S. TREASURY				
10-21-15	10-21-15	US TREASURY NOTES 1.125% Due 06-15-18	100,000	100,765.63
10-21-15	10-21-15	US TREASURY NOTES 3.375% Due 11-15-19	275,000	298,568.36
10-31-15	11-02-15	US TREASURY NOTES 1.250% Due 10-31-15	500,000	500,000.00
				899,333.99
				1,815,335.78

SOLD ACCRUED INTEREST

U.S. TREASURY				
10-21-15	10-21-15	US TREASURY NOTES 1.125% Due 06-15-18		393.44
10-21-15	10-21-15	US TREASURY NOTES 3.375% Due 11-15-19		4,010.11
10-31-15	11-02-15	US TREASURY NOTES 1.250% Due 10-31-15		3,125.00
				7,528.55
				7,528.55

WITHDRAW

CASH AND EQUIVALENTS				
10-01-15	10-01-15	DIVIDEND ACCRUAL		7,324.28
10-01-15	10-01-15	DIVIDEND ACCRUAL		25,740.00
10-01-15	10-01-15	DIVIDEND ACCRUAL		19,269.90
10-15-15	10-15-15	FEDERATED PRIME CASH OBLIGATIONS FUND		955.82

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
10-21-15	10-21-15	FEDERATED PRIME CASH OBLIGATIONS FUND		1,128,000.00
				1,181,290.00
				1,181,290.00

* Callable security

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
ALEUTIANS EAST BOROUGH
From 10-01-15 Through 10-31-15

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
10-15-15	1,222.37	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,278.14	1,222.37	-55.77
10-21-15	100,000	US TREASURY NOTES 1.125% Due 06-15-18	100,113.28	100,765.63	652.35
10-21-15	275,000	US TREASURY NOTES 3.375% Due 11-15-19	268,490.23	298,568.36	30,078.13
10-29-15	3,401.0050	VANGUARD INST'L S&P500 INDEX FUND	350,358.60	650,000.00	299,641.40
10-29-15	1,325.0000	VANGUARD FTSE EMERGING MARKETS ETF	55,720.61	46,275.44	-9,445.17
10-29-15	2,732.0000	VANGUARD REIT ETF	151,672.60	219,726.35	68,053.75
10-31-15	500,000	US TREASURY NOTES 1.250% Due 10-31-15	487,610.68	500,000.00	12,389.32
TOTAL GAINS					410,814.95
TOTAL LOSSES					-9,500.94
			1,415,244.14	1,816,558.15	401,314.01

Alaska Permanent Capital Management Co.

CASH LEDGER

ALEUTIANS EAST BOROUGH

From 10-01-15 To 10-31-15

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
CASH RECEIVABLE					
10-01-15			Beginning Balance		0.00
10-29-15	11-03-15	dp	Sale	VANGUARD FTSE EMERGING MARKETS ETF	46,275.44
10-29-15	11-03-15	dp	Sale	VANGUARD REIT ETF	219,726.35
10-31-15	11-02-15	dp	Interest	US TREASURY NOTES 2.000% Due 10-31-21	6,250.00
10-31-15	11-02-15	dp	Accrued Interest	US TREASURY NOTES 1.250% Due 10-31-15	3,125.00
10-31-15	11-02-15	dp	Sale	US TREASURY NOTES 1.250% Due 10-31-15	500,000.00
10-31-15			Ending Balance		775,376.79
DIVIDEND ACCRUAL					
10-01-15			Beginning Balance		52,334.18
10-01-15	10-01-15	wd	Transfer to	FEDERATED PRIME CASH OBLIGATIONS FUND	-7,324.28
10-01-15	10-01-15	wd	Transfer to	FEDERATED PRIME CASH OBLIGATIONS FUND	-25,740.00
10-01-15	10-01-15	wd	Transfer to	FEDERATED PRIME CASH OBLIGATIONS FUND	-19,269.90
10-31-15			Ending Balance		0.00
FEDERATED PRIME CASH OBLIGATIONS FUND					
10-01-15			Beginning Balance		371,028.32
10-01-15	10-01-15	dp	Transfer from	DIVIDEND ACCRUAL	7,324.28
10-01-15	10-01-15	dp	Transfer from	DIVIDEND ACCRUAL	25,740.00
10-01-15	10-01-15	dp	Transfer from	DIVIDEND ACCRUAL	19,269.90

* Callable security

Alaska Permanent Capital Management Co.

CASH LEDGER

ALEUTIANS EAST BOROUGH

From 10-01-15 To 10-31-15

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
10-01-15	10-01-15	dp	Interest	EXELON GENERATION CO LLC 6.200% Due 10-01-17	4,650.00
10-01-15	10-01-15	dp	Interest	VERIZON COMMUNICATIONS 6.350% Due 04-01-19	4,762.50
10-01-15	10-01-15	dp	Interest	FEDERATED PRIME CASH OBLIGATIONS FUND	19.44
10-15-15	10-15-15	wd	Withdrawal	from Portfolio	-955.82
10-15-15	10-15-15	dp	Interest	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	147.89
10-15-15	10-15-15	dp	Paydown	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,222.37
10-15-15	10-15-15	dp	Interest	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	4,218.75
10-16-15	10-16-15	dp	Addition	to Portfolio	500,000.00
10-21-15	10-21-15	dp	Sale	US TREASURY NOTES 1.125% Due 06-15-18	100,765.63
10-21-15	10-21-15	dp	Accrued Interest	US TREASURY NOTES 1.125% Due 06-15-18	393.44
10-21-15	10-21-15	dp	Sale	US TREASURY NOTES 3.375% Due 11-15-19	298,568.36
10-21-15	10-21-15	dp	Accrued Interest	US TREASURY NOTES 3.375% Due 11-15-19	4,010.11
10-21-15	10-21-15	wd	Withdrawal	from Portfolio	-1,128,000.00
10-27-15	10-30-15	wd	Purchase	TORONTO-DOMINION BANK 2.250% Due 09-25-19	-203,782.00
10-27-15	10-30-15	wd	Accrued Interest	TORONTO-DOMINION BANK 2.250% Due 09-25-19	-437.50

* Callable security

Alaska Permanent Capital Management Co.

CASH LEDGER

ALEUTIANS EAST BOROUGH

From 10-01-15 To 10-31-15

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
10-29-15	10-29-15	dp	Sale	VANGUARD INST'L S&P500 INDEX FUND	650,000.00
10-31-15			Ending Balance		658,945.67
VICTORY MONEY MARKET FUND					
10-01-15			Beginning Balance		0.00
10-31-15			Ending Balance		0.00

* Callable security

AEB/AKUTAN HARBOR - 2006 A

Account Statement - Period Ending October 31, 2015



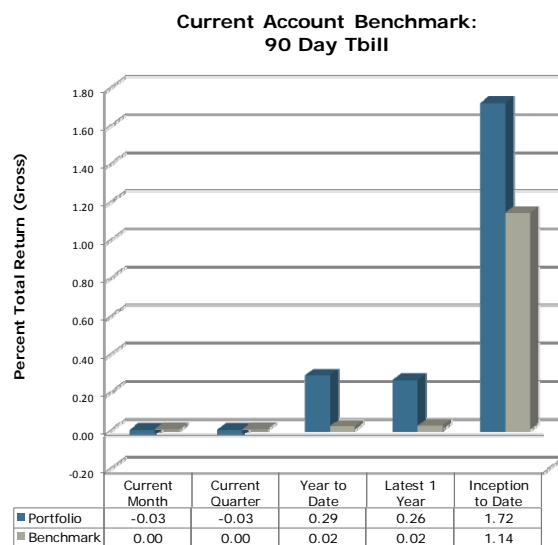
ACCOUNT ACTIVITY

Portfolio Value on 09-30-15	1,506,084
Contributions	0
Withdrawals	-78
Change in Market Value	-1,416
Interest	973
Dividends	0
Portfolio Value on 10-31-15	1,505,564

MANAGEMENT TEAM

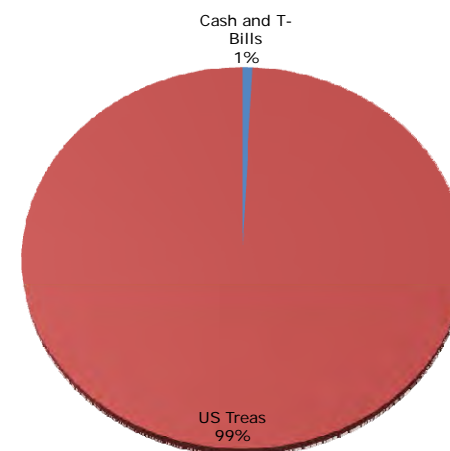
Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Jason Roth
Contact Phone Number:	907/272 -7575

INVESTMENT PERFORMANCE



Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 0.36% Average Maturity: 0.72 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB/AKUTAN HARBOR - 2006 A
October 31, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
250,000	US TREASURY NOTES 2.125% Due 12-31-15	100.62	251,562	100.31	250,787	16.66	5,312	1,790	0.22
340,000	US TREASURY NOTES 0.375% Due 02-15-16	100.06	340,199	100.06	340,201	22.60	1,275	270	0.17
75,000	US TREASURY NOTES 0.500% Due 06-15-16	100.01	75,006	100.10	75,072	4.99	375	142	0.35
200,000	US TREASURY NOTES 1.000% Due 08-31-16	100.91	201,820	100.47	200,940	13.35	2,000	341	0.43
225,000	US TREASURY NOTES 0.375% Due 10-31-16	99.70	224,332	99.92	224,822	14.93	844	2	0.45
150,000	US TREASURY NOTES 0.625% Due 12-15-16	100.28	150,422	100.14	150,213	9.98	937	356	0.50
250,000	US TREASURY NOTES 0.500% Due 02-28-17	100.04	250,088	99.91	249,772	16.59	1,250	213	0.57
	Accrued Interest				3,115	0.21			
			1,493,430		1,494,923	99.29		3,115	
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		422		422	0.03	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		10,219		10,219	0.68			
			10,641		10,641	0.71			
TOTAL PORTFOLIO			1,504,071		1,505,564	100	11,994	3,115	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB/AKUTAN HARBOR - 2006 A
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
10-20-15	10-21-15	US TREASURY NOTES 0.500% Due 02-28-17	250,000	250,087.89
				250,087.89
DEPOSITS AND EXPENSES				
MANAGEMENT FEES				
10-31-15	10-31-15	MANAGEMENT FEES		213.94
				213.94
INTEREST				
CASH AND EQUIVALENTS				
10-01-15	10-01-15	FEDERATED PRIME CASH OBLIGATIONS FUND		3.71
U.S. TREASURY				
10-15-15	10-15-15	US TREASURY NOTES 0.250% Due 10-15-15		312.50
10-31-15	11-02-15	US TREASURY NOTES 0.375% Due 10-31-16		421.88
				<hr/> 734.38
				738.09
PURCHASED ACCRUED INTEREST				
U.S. TREASURY				
10-20-15	10-21-15	US TREASURY NOTES 0.500% Due 02-28-17		175.14
				175.14

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB/AKUTAN HARBOR - 2006 A
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
SALES, MATURITIES, AND CALLS				
U.S. TREASURY				
10-15-15	10-15-15	US TREASURY NOTES 0.250% Due 10-15-15	250,000	250,000.00
				250,000.00
WITHDRAW				
CASH AND EQUIVALENTS				
10-15-15	10-15-15	FEDERATED PRIME CASH OBLIGATIONS FUND		77.64
				77.64

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB/AKUTAN HARBOR - 2006 A
From 10-01-15 Through 10-31-15

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
10-15-15	250,000	US TREASURY NOTES 0.250% Due 10-15-15	249,433.59	250,000.00	566.41
TOTAL GAINS					566.41
TOTAL LOSSES					0.00
			249,433.59	250,000.00	566.41

Alaska Permanent Capital Management Co.

CASH LEDGER***AEB/AKUTAN HARBOR - 2006 A****From 10-01-15 To 10-31-15*

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
CASH RECEIVABLE					
10-01-15			Beginning Balance		0.00
10-31-15	11-02-15	dp	Interest	US TREASURY NOTES 0.375% Due 10-31-16	421.88
10-31-15			Ending Balance		421.88
FEDERATED PRIME CASH OBLIGATIONS FUND					
10-01-15			Beginning Balance		10,243.92
10-01-15	10-01-15	dp	Interest	FEDERATED PRIME CASH OBLIGATIONS FUND	3.71
10-15-15	10-15-15	wd	Withdrawal	from Portfolio	-77.64
10-15-15	10-15-15	dp	Interest	US TREASURY NOTES 0.250% Due 10-15-15	312.50
10-15-15	10-15-15	dp	Sale	US TREASURY NOTES 0.250% Due 10-15-15	250,000.00
10-20-15	10-21-15	wd	Purchase	US TREASURY NOTES 0.500% Due 02-28-17	-250,087.89
10-20-15	10-21-15	wd	Accrued Interest	US TREASURY NOTES 0.500% Due 02-28-17	-175.14
10-31-15			Ending Balance		10,219.46

AEB OPERATING FUND

Account Statement - Period Ending October 31, 2015



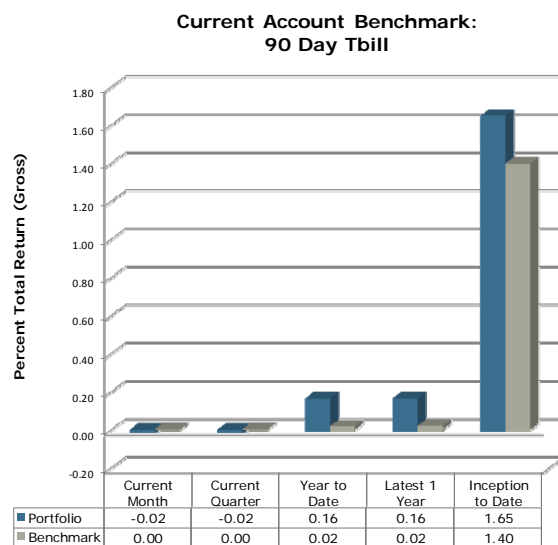
ACCOUNT ACTIVITY

Portfolio Value on 09-30-15	2,520,302
Contributions	500,000
Withdrawals	-500,120
Change in Market Value	-3,138
Interest	2,629
Dividends	0
Portfolio Value on 10-31-15	2,519,673

MANAGEMENT TEAM

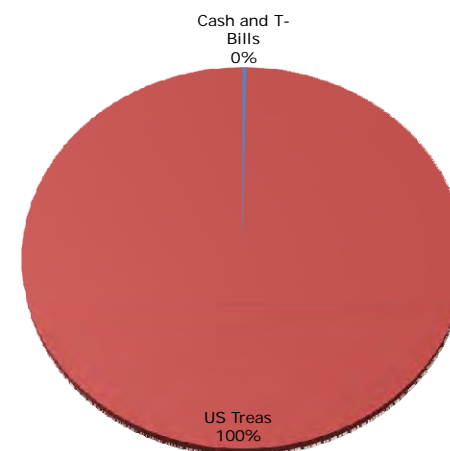
Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Jason Roth
Contact Phone Number:	907/272 -7575

INVESTMENT PERFORMANCE



Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 0.32% Average Maturity: 0.53 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB OPERATING FUND
October 31, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
300,000	US TREASURY N/B 0.250% Due 11-30-15	100.08	300,246	100.01	300,024	11.91	750	316	0.15
350,000	US TREASURY NOTE 0.375% Due 01-31-16	100.20	350,697	100.05	350,185	13.90	1,312	332	0.16
350,000	US TREASURY NOTES 0.375% Due 03-15-16	100.17	350,602	100.06	350,227	13.90	1,312	169	0.20
300,000	US TREASURY NOTES 2.625% Due 04-30-16	101.37	304,125	101.15	303,462	12.04	7,875	22	0.31
300,000	US TREASURY NOTES 5.125% Due 05-15-16	104.78	314,332	102.55	307,659	12.21	15,375	7,103	0.39
300,000	US TREASURY NOTES 0.625% Due 07-15-16	100.35	301,055	100.17	300,513	11.93	1,875	555	0.38
295,000	US TREASURY NOTES 0.875% Due 09-15-16	100.46	296,360	100.37	296,094	11.75	2,581	333	0.45
295,000	US TREASURY NOTES 0.625% Due 11-15-16	100.18	295,530	100.16	295,466	11.73	1,844	852	0.47
	Accrued Interest				9,681	0.38			
			2,512,946		2,513,313	99.75		9,681	
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		3,937		3,937	0.16	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		2,423		2,423	0.10			
			6,360		6,360	0.25			
TOTAL PORTFOLIO			2,519,307		2,519,673	100	32,925	9,681	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB OPERATING FUND
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
10-07-15	10-08-15	US TREASURY NOTES 2.625% Due 04-30-16	300,000	304,125.00
				304,125.00
DEPOSITS AND EXPENSES				
CASH AND EQUIVALENTS				
10-15-15	10-15-15	FEDERATED PRIME CASH OBLIGATIONS FUND		500,000.00
MANAGEMENT FEES				
10-31-15	10-31-15	MANAGEMENT FEES		358.04
				500,358.04
INTEREST				
CASH AND EQUIVALENTS				
10-01-15	10-01-15	FEDERATED PRIME CASH OBLIGATIONS FUND		0.75
U.S. TREASURY				
10-31-15	11-02-15	US TREASURY NOTES 2.625% Due 04-30-16		3,937.50
				3,938.25
PURCHASED ACCRUED INTEREST				
U.S. TREASURY				
10-07-15	10-08-15	US TREASURY NOTES 2.625% Due 04-30-16		3,445.31
				3,445.31

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB OPERATING FUND
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
WITHDRAW				
CASH AND EQUIVALENTS				
10-15-15	10-15-15	FEDERATED PRIME CASH OBLIGATIONS FUND		119.70
10-16-15	10-16-15	FEDERATED PRIME CASH OBLIGATIONS FUND		500,000.00
				500,119.70
				500,119.70

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB OPERATING FUND
From 10-01-15 Through 10-31-15

<u>Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Avg. Cost Basis</u>	<u>Proceeds</u>	<u>Gain Or Loss</u>
TOTAL GAINS					0.00
TOTAL LOSSES					0.00
			0.00	0.00	0.00

Alaska Permanent Capital Management Co.

CASH LEDGER***AEB OPERATING FUND****From 10-01-15 To 10-31-15*

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
CASH RECEIVABLE					
10-01-15			Beginning Balance		0.00
10-31-15	11-02-15	dp	Interest	US TREASURY NOTES 2.625% Due 04-30-16	3,937.50
10-31-15			Ending Balance		3,937.50
FEDERATED PRIME CASH OBLIGATIONS FUND					
10-01-15			Beginning Balance		310,111.82
10-01-15	10-01-15	dp	Interest	FEDERATED PRIME CASH OBLIGATIONS FUND	0.75
10-07-15	10-08-15	wd	Purchase	US TREASURY NOTES 2.625% Due 04-30-16	-304,125.00
10-07-15	10-08-15	wd	Accrued Interest	US TREASURY NOTES 2.625% Due 04-30-16	-3,445.31
10-15-15	10-15-15	wd	Withdrawal	from Portfolio	-119.70
10-15-15	10-15-15	dp	Addition	to Portfolio	500,000.00
10-16-15	10-16-15	wd	Withdrawal	from Portfolio	-500,000.00
10-31-15			Ending Balance		2,422.56

ALEUTIANS EAST BOROUGH SERIES E BOND

Account Statement - Period Ending October 31, 2015



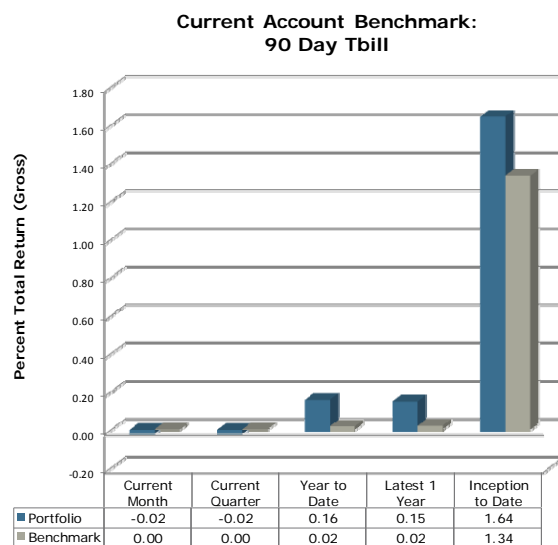
ACCOUNT ACTIVITY

Portfolio Value on 09-30-15	2,461,451
Contributions	0
Withdrawals	-367
Change in Market Value	-2,273
Interest	1,763
Dividends	0
Portfolio Value on 10-31-15	2,460,574

MANAGEMENT TEAM

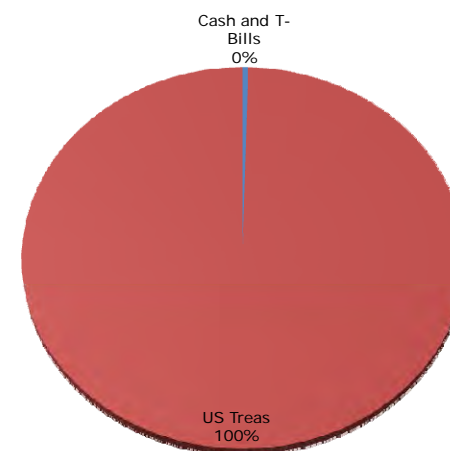
Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Jason Roth
Contact Phone Number:	907/272 -7575

INVESTMENT PERFORMANCE



Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 0.26% Average Maturity: 0.41 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH SERIES E BOND
October 31, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
400,000	US TREASURY N/B 0.250% Due 11-30-15	100.08	400,328	100.01	400,032	16.26	1,000	421	0.15
400,000	US TREASURY NOTE 0.375% Due 01-31-16	100.20	400,797	100.05	400,212	16.26	1,500	379	0.16
495,000	US TREASURY NOTES 0.375% Due 03-15-16	100.11	495,554	100.06	495,322	20.13	1,856	240	0.20
250,000	US TREASURY NOTES 5.125% Due 05-15-16	104.78	261,943	102.55	256,382	10.42	12,812	5,919	0.39
240,000	US TREASURY NOTES 0.250% Due 05-15-16	99.94	239,859	99.95	239,887	9.75	600	277	0.34
400,000	US TREASURY NOTES 0.500% Due 06-15-16	100.18	400,719	100.10	400,384	16.27	2,000	760	0.35
250,000	US TREASURY NOTES 0.625% Due 07-15-16	100.35	250,879	100.17	250,427	10.18	1,562	463	0.38
	Accrued Interest				8,458	0.34			
			2,450,080		2,451,105	99.62		8,458	
CASH AND EQUIVALENTS									
	FEDERATED PRIME CASH OBLIGATIONS FUND		9,469		9,469	0.38			
TOTAL PORTFOLIO			2,459,548		2,460,574	100	21,331	8,458	

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH SERIES E BOND
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
10-07-15	10-08-15	US TREASURY NOTES 0.500% Due 06-15-16	400,000	400,718.75
				400,718.75
DEPOSITS AND EXPENSES				
MANAGEMENT FEES				
10-31-15	10-31-15	MANAGEMENT FEES		349.65
				349.65
INTEREST				
CASH AND EQUIVALENTS				
10-01-15	10-01-15	FEDERATED PRIME CASH OBLIGATIONS FUND		0.89
				0.89
PURCHASED ACCRUED INTEREST				
U.S. TREASURY				
10-07-15	10-08-15	US TREASURY NOTES 0.500% Due 06-15-16		628.42
				628.42
WITHDRAW				
CASH AND EQUIVALENTS				
10-15-15	10-15-15	FEDERATED PRIME CASH OBLIGATIONS FUND		366.92
				366.92

* Callable security

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
ALEUTIANS EAST BOROUGH SERIES E BOND
From 10-01-15 Through 10-31-15

<u>Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Avg. Cost Basis</u>	<u>Proceeds</u>	<u>Gain Or Loss</u>
TOTAL GAINS					0.00
TOTAL LOSSES					0.00
			0.00	0.00	0.00

Alaska Permanent Capital Management Co.
CASH LEDGER
ALEUTIANS EAST BOROUGH SERIES E BOND
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
FEDERATED PRIME CASH OBLIGATIONS FUND					
10-01-15			Beginning Balance		411,182.13
10-01-15	10-01-15	dp	Interest	FEDERATED PRIME CASH OBLIGATIONS FUND	0.89
10-07-15	10-08-15	wd	Purchase	US TREASURY NOTES 0.500% Due 06-15-16	-400,718.75
10-07-15	10-08-15	wd	Accrued Interest	US TREASURY NOTES 0.500% Due 06-15-16	-628.42
10-15-15	10-15-15	wd	Withdrawal	from Portfolio	-366.92
10-31-15			Ending Balance		9,468.93

* Callable security

AEB 2010 SERIES A GO BOND/KCAP

Account Statement - Period Ending October 31, 2015



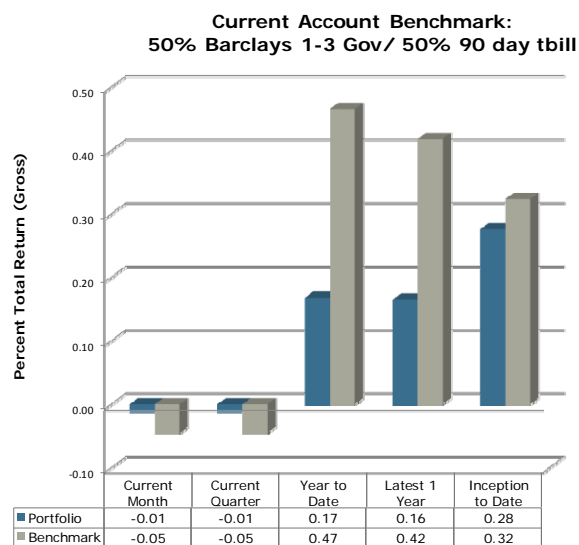
ACCOUNT ACTIVITY

Portfolio Value on 09-30-15	1,015,725
Contributions	0
Withdrawals	-42
Change in Market Value	-883
Interest	775
Dividends	0
Portfolio Value on 10-31-15	1,015,575

MANAGEMENT TEAM

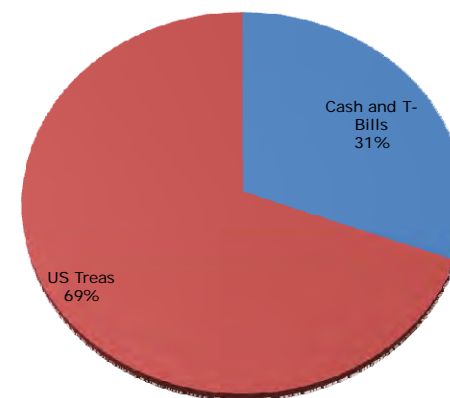
Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Jason Roth
Contact Phone Number:	907/272-7575

INVESTMENT PERFORMANCE



Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 0.21% Average Maturity: 0.52 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES A GO BOND/KCAP
October 31, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
150,000	US TREASURY NOTES 0.375% Due 02-15-16	100.06	150,088	100.06	150,088	14.78	562	119	0.17
325,000	US TREASURY NOTES 2.000% Due 04-30-16	101.50	329,888	100.83	327,694	32.27	6,500	18	0.34
225,000	US TREASURY NOTES 0.625% Due 07-15-16	100.35	225,791	100.17	225,385	22.19	1,406	417	0.38
	Accrued Interest				554	0.05			
			705,767		703,721	69.29		554	
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		303,625		303,625	29.90	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		8,229		8,229	0.81			
			311,854		311,854	30.71			
TOTAL PORTFOLIO			1,017,621		1,015,575	100	8,469	554	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB 2010 SERIES A GO BOND/KCAP
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
DEPOSITS AND EXPENSES				
MANAGEMENT FEES				
10-31-15	10-31-15	MANAGEMENT FEES		144.31
				144.31
INTEREST				
CASH AND EQUIVALENTS				
10-01-15	10-01-15	FEDERATED PRIME CASH OBLIGATIONS FUND		0.61
U.S. TREASURY				
10-31-15	11-02-15	US TREASURY NOTES 2.000% Due 04-30-16		3,250.00
				3,250.61
SALES, MATURITIES, AND CALLS				
U.S. TREASURY				
10-31-15	11-02-15	US TREASURY NOTES 0.250% Due 10-31-15	300,000	300,000.00
				300,000.00
SOLD ACCRUED INTEREST				
U.S. TREASURY				
10-31-15	11-02-15	US TREASURY NOTES 0.250% Due 10-31-15		375.00
				375.00
WITHDRAW				
CASH AND EQUIVALENTS				
10-15-15	10-15-15	FEDERATED PRIME CASH OBLIGATIONS FUND		42.18
				42.18

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB 2010 SERIES A GO BOND/KCAP
From 10-01-15 Through 10-31-15

<u>Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Avg. Cost Basis</u>	<u>Proceeds</u>	<u>Gain Or Loss</u>
10-31-15	300,000	US TREASURY NOTES 0.250% Due 10-31-15	300,234.38	300,000.00	-234.38
TOTAL GAINS					0.00
TOTAL LOSSES					-234.38
			300,234.38	300,000.00	-234.38

Alaska Permanent Capital Management Co.
CASH LEDGER
AEB 2010 SERIES A GO BOND/KCAP
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
CASH RECEIVABLE					
10-01-15			Beginning Balance		0.00
10-31-15	11-02-15	dp	Interest	US TREASURY NOTES 2.000% Due 04-30-16	3,250.00
10-31-15	11-02-15	dp	Accrued Interest	US TREASURY NOTES 0.250% Due 10-31-15	375.00
10-31-15	11-02-15	dp	Sale	US TREASURY NOTES 0.250% Due 10-31-15	300,000.00
10-31-15			Ending Balance		303,625.00
FEDERATED PRIME CASH OBLIGATIONS FUND					
10-01-15			Beginning Balance		8,270.47
10-01-15	10-01-15	dp	Interest	FEDERATED PRIME CASH OBLIGATIONS FUND	0.61
10-15-15	10-15-15	wd	Withdrawal	from Portfolio	-42.18
10-31-15			Ending Balance		8,228.90

AEB 2010 SERIES B BOND/AKUTAN AIR

Account Statement - Period Ending October 31, 2015



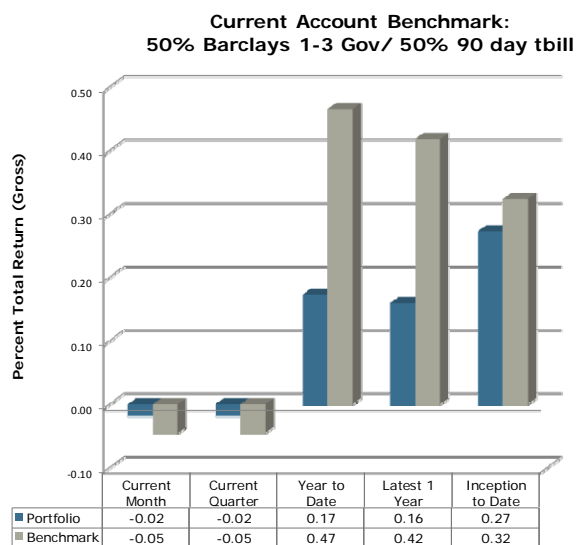
ACCOUNT ACTIVITY

Portfolio Value on 09-30-15	2,023,516
Contributions	0
Withdrawals	-99
Change in Market Value	-1,670
Interest	1,297
Dividends	0
Portfolio Value on 10-31-15	2,023,044

MANAGEMENT TEAM

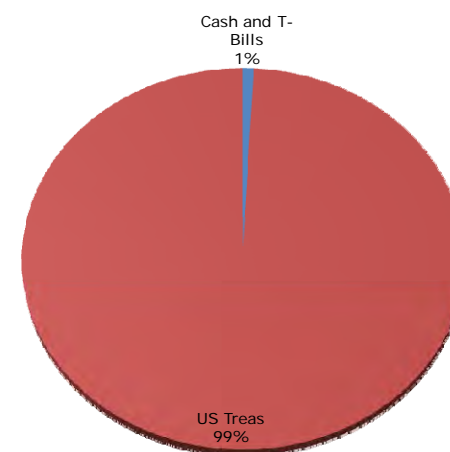
Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Jason Roth
Contact Phone Number:	907/272-7575

INVESTMENT PERFORMANCE



Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 0.24% Average Maturity: 0.40 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES B BOND/AKUTAN AIR
October 31, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
200,000	US TREASURY N/B 0.250% Due 11-30-15	100.08	200,164	100.01	200,016	9.89	500	210	0.15
500,000	US TREASURY NOTE 0.375% Due 01-31-16	100.20	500,996	100.05	500,265	24.73	1,875	474	0.16
400,000	US TREASURY NOTES 0.375% Due 03-15-16	100.05	400,203	100.06	400,260	19.79	1,500	194	0.20
475,000	US TREASURY NOTES 2.000% Due 04-30-16	101.50	482,144	100.83	478,938	23.67	9,500	26	0.34
200,000	US TREASURY NOTES 0.375% Due 05-31-16	100.11	200,211	100.02	200,036	9.89	750	316	0.34
225,000	US TREASURY NOTES 0.625% Due 07-15-16	100.35	225,791	100.17	225,385	11.14	1,406	417	0.38
	Accrued Interest				1,636	0.08			
			2,009,509		2,006,536	99.18		1,636	
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		4,750		4,750	0.23	NA		
	FEDERATED PRIME CASH OBLIGATIONS FUND		11,759		11,759	0.58			
			16,509		16,509	0.82			
TOTAL PORTFOLIO			2,026,018		2,023,044	100	15,531	1,636	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB 2010 SERIES B BOND/AKUTAN AIR
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
10-07-15	10-08-15	US TREASURY NOTES 0.375% Due 05-31-16	200,000	200,210.94
				200,210.94
DEPOSITS AND EXPENSES				
MANAGEMENT FEES				
10-31-15	10-31-15	MANAGEMENT FEES		287.47
				287.47
INTEREST				
CASH AND EQUIVALENTS				
10-01-15	10-01-15	FEDERATED PRIME CASH OBLIGATIONS FUND		0.99
U.S. TREASURY				
10-31-15	11-02-15	US TREASURY NOTES 2.000% Due 04-30-16		4,750.00
				4,750.99
PURCHASED ACCRUED INTEREST				
U.S. TREASURY				
10-07-15	10-08-15	US TREASURY NOTES 0.375% Due 05-31-16		266.39
				266.39
WITHDRAW				
CASH AND EQUIVALENTS				
10-15-15	10-15-15	FEDERATED PRIME CASH OBLIGATIONS FUND		99.11
				99.11

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB 2010 SERIES B BOND/AKUTAN AIR
From 10-01-15 Through 10-31-15

<u>Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Avg. Cost Basis</u>	<u>Proceeds</u>	<u>Gain Or Loss</u>
TOTAL GAINS					0.00
TOTAL LOSSES					0.00
			0.00	0.00	0.00

Alaska Permanent Capital Management Co.
CASH LEDGER
AEB 2010 SERIES B BOND/AKUTAN AIR
From 10-01-15 To 10-31-15

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
CASH RECEIVABLE					
10-01-15			Beginning Balance		0.00
10-31-15	11-02-15	dp	Interest	US TREASURY NOTES 2.000% Due 04-30-16	4,750.00
10-31-15			Ending Balance		4,750.00
FEDERATED PRIME CASH OBLIGATIONS FUND					
10-01-15			Beginning Balance		212,334.22
10-01-15	10-01-15	dp	Interest	FEDERATED PRIME CASH OBLIGATIONS FUND	0.99
10-07-15	10-08-15	wd	Purchase	US TREASURY NOTES 0.375% Due 05-31-16	-200,210.94
10-07-15	10-08-15	wd	Accrued Interest	US TREASURY NOTES 0.375% Due 05-31-16	-266.39
10-15-15	10-15-15	wd	Withdrawal	from Portfolio	-99.11
10-31-15			Ending Balance		11,758.77

Consent Agenda



Agenda Statement

Date: December 2, 2015
To: Mayor Mack and Assembly
From: Anne Bailey, Assistant Borough Administrator *ab*

Re: A Resolution 16-10 authorizing the Mayor to negotiate and execute a contract with UNIT Company for the King Cove School Repairs in an amount not to exceed \$2,679,655.00

The King Cove School was designed by architect Kumin Associates, and built by SKW/Eskimos, Inc. for the Aleutians East Borough. The school was designated as substantially completed in June 2007 BY Kumin, and the Operations and Maintenance Manual submitted to the Borough by SKW in August 2007. Since completion there have been numerous water leakage issues related to the design and construction of the roof and walls of the School.

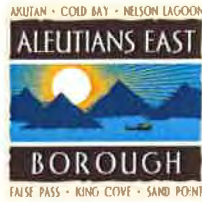
It is the Aleutians East Borough's responsibility to maintain the schools and have decided to proceed with repairs on the building. The Borough went out to bid on October 8, 2015; a pre-proposal meeting was held on October 22, 2015 and the proposals were due on November 12, 2015. Two proposals were received prior to the due date and time and one proposal was received late, deemed non-compliant and returned to the proposer. The Borough, design2LAST, and DOWL met on November 13, 2015 and evaluated the proposals. Based off of the evaluation UNIT Company was the most responsive bidder with a base bid amount of \$2,296,050 and \$140,000 for the additive alternate totaling \$2,436,050.00. A Notice of Intent to Award was issued on November 13, 2015.

In order to proceed the Borough requests the Assembly's authorization for the mayor to negotiate and execute the contract with UNIT Company in an amount not to exceed \$2,679,655, which includes UNIT Company's base bid, additive alternate and a ten percent contingency fund. A draft contract is attached for your review.

If the Assembly passes this resolution the Borough will enter into contract with UNIT Company and the project is scheduled to begin in January 2016 and should reach substantial completion no later than September 1, 2016.

STAFF RECOMMENDATION

Approve Resolution 16-10, Authorizing the Mayor to negotiate and execute a Contract with UNIT Company for the King Cove School Repairs Project in an amount not to exceed \$2,679,655.00.



Resolution 16-10

A RESOLUTION AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A CONTRACT WITH UNIT COMPANY FOR THE KING COVE SCHOOL REPAIRS PROJECT IN AN AMOUNT NOT TO EXCEED \$2,679,655.00

WHEREAS, the City of King Cove is located on the pacific side of the Alaska Peninsula, 625 miles southwest of Anchorage; and

WHEREAS, the King Cove School was designed by architect Kumin Associates, and built by SKW/Eskimos, Inc. for the Aleutians East Borough. The school was designated as substantially completed in June 2007 by Kumin, and the Operations and Maintenance Manual submitted to the Borough by SKW in August 2007; and

WHEREAS, since completion the King Cove School facility has had numerous water leakage issues related to the design and construction of the roof and walls; and

WHEREAS, the Aleutians East Borough's responsibility is to maintain the schools and understands that the school is in need of major repairs; and

WHEREAS, on October 8, 2015 the Borough issued a request for proposal, which included a base bid that included removing most of the existing horizontally oriented insulated metal panels and replacing them with a new rain screen exterior wall assembly and Alternate #1 that included replacing water damaged finish materials; and

WHEREAS, a pre-proposal meeting was held on October 22, 2015; and

WHEREAS, addendums for this project were issued on October 26, 2015 and November 5, 2015; and

WHEREAS, the proposals were due on November 12, 2015 at 11:00 a.m.; and

WHEREAS, two proposals were received prior to the due date and time and one proposal was received late, deemed non-compliant and returned to the proposer; and

WHEREAS, on November 13, 2015 the Borough, design2LAST and DOWL reviewed the two proposals and determined that UNIT Company was the most responsive proposer with a proposed offer of \$2,296,050.00 for the base bid and \$140,000.00 for the additive alternate totaling \$2,436,050.00; and

WHEREAS, a Notice of Intent to Award was issued on November 13, 2015; and

WHEREAS, the Borough requests the Assembly's authorization for the Mayor to negotiate and execute the contract with UNIT COMPANY in an amount not to exceed \$2,679,655.00, which includes UNIT Company's base bid, additive alternate and a ten percent contingency fund; and

WHEREAS, the King Cove School Repairs Project is tentatively scheduled to begin in January 2015 and shall be substantially complete no later than September 1, 2016.

NOW THEREFORE, BE IT RESOLVED, the Aleutians East Borough Assembly authorizes the Borough Mayor to negotiate and execute a contract with UNIT Company in an amount not to exceed \$2,679,655.00.

PASSED AND APPROVED by the Aleutians East Borough on this day December 10, 2015.

Stanley Mack, Mayor

ATTEST:

Tina Anderson, Borough Clerk

AIA[®] Document A101[™] – 2007

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the tenth day of December
in the year Two thousand fifteen
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

Aleutians East Borough
3380 C Street, Suite 205
Anchorage, AK 99503

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AIA Document A201[™]–2007, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

and the Contractor:
(Name, legal status, address and other information)

TBD
TBD
TBD

UNIT Company, General Ctr, 620 E. Whitney Road, Anchorage, AK 99501

for the following Project:
(Name, location and detailed description)

King Cove School repairs
King Cove, Alaska
Interior and exterior repairs to the finishes and envelope of the school building.

The Architect:
(Name, legal status, address and other information)

design2 LAST, inc
21903 42nd Place W
Mountlake Terrace, WA 98043
Owner's Representative: DOWL, 4041 B Street, Anchorage, AK 99503

The Owner and Contractor agree as follows.

Init.

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TABLE OF ARTICLES

1	THE CONTRACT DOCUMENTS
2	THE WORK OF THIS CONTRACT
3	DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
4	CONTRACT SUM
5	PAYMENTS
6	DISPUTE RESOLUTION
7	TERMINATION OR SUSPENSION
8	MISCELLANEOUS PROVISIONS
9	ENUMERATION OF CONTRACT DOCUMENTS
10	INSURANCE AND BONDS

ARTICLE 1 THE CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement and Modifications issued after execution of this Agreement, all of which form the Contract, and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. An enumeration of the Contract Documents, other than a Modification, appears in Article 9.

ARTICLE 2 THE WORK OF THIS CONTRACT

The Contractor shall fully execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others.

ARTICLE 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 3.1 The date of commencement of the Work shall be the date of this Agreement unless a different date is stated below or provision is made for the date to be fixed in a notice to proceed issued by the Owner.

(Insert the date of commencement if it differs from the date of this Agreement or, if applicable, state that the date will be fixed in a notice to proceed.)

See date of this Agreement.

If, prior to the commencement of the Work, the Owner requires time to file mortgages and other security interests, the Owner's time requirement shall be as follows:

§ 3.2 The Contract Time shall be measured from the date of commencement.

§ 3.3 The Contractor shall achieve Substantial Completion of the entire Work not later than September 1, 2016. () days from the date of commencement, or as follows: *(Insert number of calendar days. Alternatively, a calendar date may be used when coordinated with the date of commencement. If appropriate, insert requirements for earlier Substantial Completion of certain portions of the Work.)*

Portion of the Work

Substantial Completion Date

, subject to adjustments of this Contract Time as provided in the Contract Documents.

(Insert provisions, if any, for liquidated damages relating to failure to achieve Substantial Completion on time or for bonus payments for early completion of the Work.)

The Contractor and the Contractor's surety, if any, shall be liable for and shall pay the Owner the sums hereinafter stipulated as liquidated damages for each calendar day of delay until the Work is substantially complete: One Thousand Dollars (\$1,000.00).

ARTICLE 4 CONTRACT SUM

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be

Two million four hundred thirty six thousand fifty and 00/100 Dollars
(\$ 2,436,050.00), subject to additions and deductions as provided in the Contract Documents.

§ 4.2 The Contract Sum is based upon the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If the bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date when that amount expires.)

Alternate No. 01: Interior Damage Repair, (\$140,000.00)

§ 4.3 Unit prices, if any:

(Identify and state the unit price; state quantity limitations, if any, to which the unit price will be applicable.)

Item	Units and Limitations	Price per Unit (\$0.00)
N/A		

§ 4.4 Allowances included in the Contract Sum, if any:
(Identify allowance and state exclusions, if any, from the allowance price.)

Item
N/A

Price (\$0.00)

ARTICLE 5 PAYMENTS

§ 5.1 PROGRESS PAYMENTS

§ 5.1.1 Based upon Applications for Payment submitted to the Architect by the Contractor and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

§ 5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the fifteenth day of a month, the Owner shall make payment of the certified amount to the Contractor not later than the fifteenth day of the following month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than thirty (30) days after the Architect receives the Application for Payment.
(Federal, state or local laws may require payment within a certain period of time.)

§ 5.1.4 Each Application for Payment shall be based on the most recent schedule of values submitted by the Contractor in accordance with the Contract Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Architect may require. This schedule, unless objected to by the Architect, shall be used as a basis for reviewing the Contractor's Applications for Payment.

§ 5.1.5 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment.

§ 5.1.6 Subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

- .1 Take that portion of the Contract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Work by the share of the Contract Sum allocated to that portion of the Work in the schedule of values, less retainage of ten percent (10 %). Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 7.3.9 of AIA Document A201™-2007, General Conditions of the Contract for Construction;
- .2 Add that portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction (or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing), less retainage of zero percent (0 %);
- .3 Subtract the aggregate of previous payments made by the Owner; and
- .4 Subtract amounts, if any, for which the Architect has withheld or nullified a Certificate for Payment as provided in Section 9.5 of AIA Document A201-2007.

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§ 5.1.7 The progress payment amount determined in accordance with Section 5.1.6 shall be further modified under the following circumstances:

- .1 Add, upon Substantial Completion of the Work, a sum sufficient to increase the total payments to the full amount of the Contract Sum, less such amounts as the Architect shall determine for incomplete Work, retainage applicable to such work and unsettled claims; and
(Section 9.8.5 of AIA Document A201–2007 requires release of applicable retainage upon Substantial Completion of Work with consent of surety, if any.)
- .2 Add, if final completion of the Work is thereafter materially delayed through no fault of the Contractor, any additional amounts payable in accordance with Section 9.10.3 of AIA Document A201–2007.

§ 5.1.8 Reduction or limitation of retainage, if any, shall be as follows:

(If it is intended, prior to Substantial Completion of the entire Work, to reduce or limit the retainage resulting from the percentages inserted in Sections 5.1.6.1 and 5.1.6.2 above, and this is not explained elsewhere in the Contract Documents, insert here provisions for such reduction or limitation.)

The Owner, at his sole discretion, may elect to reduce any retainage amounts as required by Section 5.1.6 to zero percent (0%).

§ 5.1.9 Except with the Owner's prior approval, the Contractor shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

§ 5.2 FINAL PAYMENT

§ 5.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Contractor when

- .1 the Contractor has fully performed the Contract except for the Contractor's responsibility to correct Work as provided in Section 12.2.2 of AIA Document A201–2007, and to satisfy other requirements, if any, which extend beyond final payment; and
- .2 a final Certificate for Payment has been issued by the Architect.

§ 5.2.2 The Owner's final payment to the Contractor shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows:

ARTICLE 6 DISPUTE RESOLUTION

§ 6.1 INITIAL DECISION MAKER

The Architect will serve as Initial Decision Maker pursuant to Section 15.2 of AIA Document A201–2007, unless the parties appoint below another individual, not a party to this Agreement, to serve as Initial Decision Maker.

(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)

DOWL (Owner's Representative), Stephen Schwicht, P.E., PMP

4041 B Street

Anchorage, Alaska 99503

(907) 562-2000

§ 6.2 BINDING DISPUTE RESOLUTION

For any Claim subject to, but not resolved by, mediation pursuant to Section 15.3 of AIA Document A201–2007, the method of binding dispute resolution shall be as follows:

(Check the appropriate box. If the Owner and Contractor do not select a method of binding dispute resolution below, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.)

- ☐ Arbitration pursuant to Section 15.4 of AIA Document A201–2007
- ☒ Litigation in a court of competent jurisdiction
- ☐ Other: *(Specify)*

ARTICLE 7 TERMINATION OR SUSPENSION

§ 7.1 The Contract may be terminated by the Owner or the Contractor as provided in Article 14 of AIA Document A201–2007.

§ 7.2 The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2007.

ARTICLE 8 MISCELLANEOUS PROVISIONS

§ 8.1 Where reference is made in this Agreement to a provision of AIA Document A201–2007 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 8.2 Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located. *(Insert rate of interest agreed upon, if any.)*

Prevailing rates per annum.

§ 8.3 The Owner's representative:
(Name, address and other information)
DOWL

Stephen Schwicht, P.E., PMP
4041 B Street
Anchorage, AK 99503

§ 8.4 The Contractor's representative:
(Name, address and other information)
UNIT Company

Michael J. Fall, President
620 East Whitney Road
Anchorage, AK 99501

§ 8.5 Neither the Owner's nor the Contractor's representative shall be changed without ten days written notice to the other party.

§ 8.6 Other provisions:

ARTICLE 9 ENUMERATION OF CONTRACT DOCUMENTS

§ 9.1 The Contract Documents, except for Modifications issued after execution of this Agreement, are enumerated in the sections below.

§ 9.1.1 The Agreement is this executed AIA Document A101–2007, Standard Form of Agreement Between Owner and Contractor.

§ 9.1.2 The General Conditions are AIA Document A201–2007, General Conditions of the Contract for Construction.

§ 9.1.3 The Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages
	Supplementary General Conditions	8-OCT-2015	15

§ 9.1.4 The Specifications:

(Either list the Specifications here or refer to an exhibit attached to this Agreement.)

The specifications are those contained in the Project Manual and dated 8 October 2015.

Section	Title	Date	Pages
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§ 9.1.5 The Drawings:

(Either list the Drawings here or refer to an exhibit attached to this Agreement.)

The drawings are entitled "King Cove School Repairs" and are dated 8 October 2015.

Number	Title	Date
--------	-------	------

§ 9.1.6 The Addenda, if any:

Number	Date	Pages
1	10/26/15	
2	11/05/15	

Portions of Addenda relating to bidding requirements are not part of the Contract Documents unless the bidding requirements are also enumerated in this Article 9.

§ 9.1.7 Additional documents, if any, forming part of the Contract Documents:

.1 AIA Document E201™–2007, Digital Data Protocol Exhibit, if completed by the parties, or the following:

.2 Other documents, if any, listed below:

(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201–2007 provides that bidding requirements such as advertisement or invitation to bid, Instructions to Bidders, sample forms and the Contractor's bid are not part of the Contract Documents unless enumerated in this Agreement. They should be listed here only if intended to be part of the Contract Documents.)

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ARTICLE 10 INSURANCE AND BONDS

The Contractor shall purchase and maintain insurance and provide bonds as set forth in Article 11 of AIA Document A201–2007.

(State bonding requirements, if any, and limits of liability for insurance required in Article 11 of AIA Document A201–2007.)

Type of Insurance or Bond	Limit of Liability or Bond Amount (\$0.00)
Performance Bond	100% of contract amount
Payment Bond	100% of contract amount

This Agreement entered into as of the day and year first written above.

OWNER *(Signature)*

CONTRACTOR *(Signature)*

Rick Gifford, Aleutians East Borough Administrator
(Printed name and title)

(Printed name and title)

AIA® Document A201™ – 2007

General Conditions of the Contract for Construction

for the following PROJECT:

(Name and location or address)

King Cove School Repairs
King Cove, Alaska

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification

THE OWNER:

(Name, legal status and address)

Aleutians East Borough
3380 C Street, Suite 205
Anchorage, AK 99503

THE ARCHITECT:

(Name, legal status and address)

design2 LAST, inc
543 Main St, Suite 101
Edmonds, WA 98020

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ARTICLE 1 GENERAL PROVISIONS

§ 1.1 BASIC DEFINITIONS

§ 1.1.1 THE CONTRACT DOCUMENTS

The Contract Documents are enumerated in the Agreement between the Owner and Contractor (hereinafter the Agreement) and consist of the Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of the Contract, other documents listed in the Agreement and Modifications issued after execution of the Contract. A Modification is (1) a written amendment to the Contract signed by both parties, (2) a Change Order, (3) a Construction Change Directive or (4) a written order for a minor change in the Work issued by the Architect. Unless specifically enumerated in the Agreement, the Contract Documents do not include the advertisement or invitation to bid, Instructions to Bidders, sample forms, other information furnished by the Owner in anticipation of receiving bids or proposals, the Contractor's bid or proposal, or portions of Addenda relating to bidding requirements.

§ 1.1.2 THE CONTRACT

The Contract Documents form the Contract for Construction. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. The Contract may be amended or modified only by a Modification. The Contract Documents shall not be construed to create a contractual relationship of any kind (1) between the Contractor and the Architect or the Architect's consultants, (2) between the Owner and a Subcontractor or a Sub-subcontractor, (3) between the Owner and the Architect or the Architect's consultants or (4) between any persons or entities other than the Owner and the Contractor. The Architect shall, however, be entitled to performance and enforcement of obligations under the Contract intended to facilitate performance of the Architect's duties.

§ 1.1.3 THE WORK

The term "Work" means the construction and services required by the Contract Documents, whether completed or partially completed, and includes all other labor, materials, equipment and services provided or to be provided by the Contractor to fulfill the Contractor's obligations. The Work may constitute the whole or a part of the Project.

§ 1.1.4 THE PROJECT

The Project is the total construction of which the Work performed under the Contract Documents may be the whole or a part and which may include construction by the Owner and by separate contractors.

§ 1.1.5 THE DRAWINGS

The Drawings are the graphic and pictorial portions of the Contract Documents showing the design, location and dimensions of the Work, generally including plans, elevations, sections, details, schedules and diagrams.

§ 1.1.6 THE SPECIFICATIONS

The Specifications are that portion of the Contract Documents consisting of the written requirements for materials, equipment, systems, standards and workmanship for the Work, and performance of related services.

§ 1.1.7 INSTRUMENTS OF SERVICE

Instruments of Service are representations, in any medium of expression now known or later developed, of the tangible and intangible creative work performed by the Architect and the Architect's consultants under their respective professional services agreements. Instruments of Service may include, without limitation, studies, surveys, models, sketches, drawings, specifications, and other similar materials.

§ 1.1.8 INITIAL DECISION MAKER

The Initial Decision Maker is the person identified in the Agreement to render initial decisions on Claims in accordance with Section 15.2 and certify termination of the Agreement under Section 14.2.2.

§ 1.2 CORRELATION AND INTENT OF THE CONTRACT DOCUMENTS

§ 1.2.1 The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work by the Contractor. The Contract Documents are complementary, and what is required by one shall be as binding as if required by all; performance by the Contractor shall be required only to the extent consistent with the Contract Documents and reasonably inferable from them as being necessary to produce the indicated results.

§ 1.2.2 Organization of the Specifications into divisions, sections and articles, and arrangement of Drawings shall not control the Contractor in dividing the Work among Subcontractors or in establishing the extent of Work to be performed by any trade.

§ 1.2.3 Unless otherwise stated in the Contract Documents, words that have well-known technical or construction industry meanings are used in the Contract Documents in accordance with such recognized meanings.

§ 1.3 CAPITALIZATION

Terms capitalized in these General Conditions include those that are (1) specifically defined, (2) the titles of numbered articles or (3) the titles of other documents published by the American Institute of Architects.

§ 1.4 INTERPRETATION

In the interest of brevity the Contract Documents frequently omit modifying words such as "all" and "any" and articles such as "the" and "an," but the fact that a modifier or an article is absent from one statement and appears in another is not intended to affect the interpretation of either statement.

§ 1.5 OWNERSHIP AND USE OF DRAWINGS, SPECIFICATIONS AND OTHER INSTRUMENTS OF SERVICE

§ 1.5.1 The Architect and the Architect's consultants shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and will retain all common law, statutory and other reserved rights, including copyrights. The Contractor, Subcontractors, Sub-subcontractors, and material or equipment suppliers shall not own or claim a copyright in the Instruments of Service. Submittal or distribution to meet official regulatory requirements or for other purposes in connection with this Project is not to be construed as publication in derogation of the Architect's or Architect's consultants' reserved rights.

§ 1.5.2 The Contractor, Subcontractors, Sub-subcontractors and material or equipment suppliers are authorized to use and reproduce the Instruments of Service provided to them solely and exclusively for execution of the Work. All copies made under this authorization shall bear the copyright notice, if any, shown on the Instruments of Service. The Contractor, Subcontractors, Sub-subcontractors, and material or equipment suppliers may not use the Instruments of Service on other projects or for additions to this Project outside the scope of the Work without the specific written consent of the Owner, Architect and the Architect's consultants.

§ 1.6 TRANSMISSION OF DATA IN DIGITAL FORM

If the parties intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions, unless otherwise already provided in the Agreement or the Contract Documents.

ARTICLE 2 OWNER

§ 2.1 GENERAL

§ 2.1.1 The Owner is the person or entity identified as such in the Agreement and is referred to throughout the Contract Documents as if singular in number. The Owner shall designate in writing a representative who shall have express authority to bind the Owner with respect to all matters requiring the Owner's approval or authorization. Except as otherwise provided in Section 4.2.1, the Architect does not have such authority. The term "Owner" means the Owner or the Owner's authorized representative.

§ 2.1.2 The Owner shall furnish to the Contractor within fifteen days after receipt of a written request, information necessary and relevant for the Contractor to evaluate, give notice of or enforce mechanic's lien rights. Such information shall include a correct statement of the record legal title to the property on which the Project is located, usually referred to as the site, and the Owner's interest therein.

§ 2.2 INFORMATION AND SERVICES REQUIRED OF THE OWNER

§ 2.2.1 Prior to commencement of the Work, the Contractor may request in writing that the Owner provide reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Contract. Thereafter, the Contractor may only request such evidence if (1) the Owner fails to make payments to the Contractor as the Contract Documents require; (2) a change in the Work materially changes the Contract Sum; or (3) the Contractor identifies in writing a reasonable concern regarding the Owner's ability to make payment when due. The Owner shall furnish such evidence as a condition precedent to commencement or continuation of the Work or the portion of the Work affected by a material change. After the Owner furnishes the evidence, the Owner shall not materially vary such financial arrangements without prior notice to the Contractor.

§ 2.2.2 Except for permits and fees that are the responsibility of the Contractor under the Contract Documents, including those required under Section 3.7.1, the Owner shall secure and pay for necessary approvals, easements, assessments and charges required for construction, use or occupancy of permanent structures or for permanent changes in existing facilities.

§ 2.2.3 The Owner shall furnish surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a legal description of the site. The Contractor shall be entitled to rely on the accuracy of information furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

§ 2.2.4 The Owner shall furnish information or services required of the Owner by the Contract Documents with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Contractor's performance of the Work with reasonable promptness after receiving the Contractor's written request for such information or services.

§ 2.2.5 Unless otherwise provided in the Contract Documents, the Owner shall furnish to the Contractor one copy of the Contract Documents for purposes of making reproductions pursuant to Section 1.5.2.

§ 2.3 OWNER'S RIGHT TO STOP THE WORK

If the Contractor fails to correct Work that is not in accordance with the requirements of the Contract Documents as required by Section 12.2 or repeatedly fails to carry out Work in accordance with the Contract Documents, the Owner may issue a written order to the Contractor to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, the right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right for the benefit of the Contractor or any other person or entity, except to the extent required by Section 6.1.3.

§ 2.4 OWNER'S RIGHT TO CARRY OUT THE WORK

If the Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents and fails within a ten-day period after receipt of written notice from the Owner to commence and continue correction of such default or neglect with diligence and promptness, the Owner may, without prejudice to other remedies the Owner may have, correct such deficiencies. In such case an appropriate Change Order shall be issued deducting from payments then or thereafter due the Contractor the reasonable cost of correcting such deficiencies, including Owner's expenses and compensation for the Architect's additional services made necessary by such default, neglect or failure. Such action by the Owner and amounts charged to the Contractor are both subject to prior approval of the Architect. If payments then or thereafter due the Contractor are not sufficient to cover such amounts, the Contractor shall pay the difference to the Owner.

ARTICLE 3 CONTRACTOR

§ 3.1 GENERAL

§ 3.1.1 The Contractor is the person or entity identified as such in the Agreement and is referred to throughout the Contract Documents as if singular in number. The Contractor shall be lawfully licensed, if required in the jurisdiction where the Project is located. The Contractor shall designate in writing a representative who shall have express authority to bind the Contractor with respect to all matters under this Contract. The term "Contractor" means the Contractor or the Contractor's authorized representative.

§ 3.1.2 The Contractor shall perform the Work in accordance with the Contract Documents.

§ 3.1.3 The Contractor shall not be relieved of obligations to perform the Work in accordance with the Contract Documents either by activities or duties of the Architect in the Architect's administration of the Contract, or by tests, inspections or approvals required or performed by persons or entities other than the Contractor.

§ 3.2 REVIEW OF CONTRACT DOCUMENTS AND FIELD CONDITIONS BY CONTRACTOR

§ 3.2.1 Execution of the Contract by the Contractor is a representation that the Contractor has visited the site, become generally familiar with local conditions under which the Work is to be performed and correlated personal observations with requirements of the Contract Documents.

§ 3.2.2 Because the Contract Documents are complementary, the Contractor shall, before starting each portion of the Work, carefully study and compare the various Contract Documents relative to that portion of the Work, as well as the information furnished by the Owner pursuant to Section 2.2.3, shall take field measurements of any existing conditions related to that portion of the Work, and shall observe any conditions at the site affecting it. These obligations are for the purpose of facilitating coordination and construction by the Contractor and are not for the purpose of discovering errors, omissions, or inconsistencies in the Contract Documents; however, the Contractor shall promptly report to the Architect any errors, inconsistencies or omissions discovered by or made known to the Contractor as a request for information in such form as the Architect may require. It is recognized that the Contractor's review is made in the Contractor's capacity as a contractor and not as a licensed design professional, unless otherwise specifically provided in the Contract Documents.

§ 3.2.3 The Contractor is not required to ascertain that the Contract Documents are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Contractor shall promptly report to the Architect any nonconformity discovered by or made known to the Contractor as a request for information in such form as the Architect may require.

§ 3.2.4 If the Contractor believes that additional cost or time is involved because of clarifications or instructions the Architect issues in response to the Contractor's notices or requests for information pursuant to Sections 3.2.2 or 3.2.3, the Contractor shall make Claims as provided in Article 15. If the Contractor fails to perform the obligations of Sections 3.2.2 or 3.2.3, the Contractor shall pay such costs and damages to the Owner as would have been avoided if the Contractor had performed such obligations. If the Contractor performs those obligations, the Contractor shall not be liable to the Owner or Architect for damages resulting from errors, inconsistencies or omissions in the Contract Documents, for differences between field measurements or conditions and the Contract Documents, or for nonconformities of the Contract Documents to applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities.

§ 3.3 SUPERVISION AND CONSTRUCTION PROCEDURES

§ 3.3.1 The Contractor shall supervise and direct the Work, using the Contractor's best skill and attention. The Contractor shall be solely responsible for, and have control over, construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under the Contract, unless the Contract Documents give other specific instructions concerning these matters. If the Contract Documents give specific instructions concerning construction means, methods, techniques, sequences or procedures, the Contractor shall evaluate the jobsite safety thereof and, except as stated below, shall be fully and solely responsible for the jobsite safety of such means, methods, techniques, sequences or procedures. If the Contractor determines that such means, methods, techniques, sequences or procedures may not be safe, the Contractor shall give timely written notice to the Owner and Architect and shall not proceed with that portion of the Work without further written instructions from the Architect. If the Contractor is then instructed to proceed with the required means, methods, techniques, sequences or procedures without acceptance of changes proposed by the Contractor, the Owner shall be solely responsible for any loss or damage arising solely from those Owner-required means, methods, techniques, sequences or procedures.

§ 3.3.2 The Contractor shall be responsible to the Owner for acts and omissions of the Contractor's employees, Subcontractors and their agents and employees, and other persons or entities performing portions of the Work for, or on behalf of, the Contractor or any of its Subcontractors.

§ 3.3.3 The Contractor shall be responsible for inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.

§ 3.4 LABOR AND MATERIALS

§ 3.4.1 Unless otherwise provided in the Contract Documents, the Contractor shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

§ 3.4.2 Except in the case of minor changes in the Work authorized by the Architect in accordance with Sections 3.12.8 or 7.4, the Contractor may make substitutions only with the consent of the Owner, after evaluation by the Architect and in accordance with a Change Order or Construction Change Directive.

§ 3.4.3 The Contractor shall enforce strict discipline and good order among the Contractor's employees and other persons carrying out the Work. The Contractor shall not permit employment of unfit persons or persons not properly skilled in tasks assigned to them.

§ 3.5 WARRANTY

The Contractor warrants to the Owner and Architect that materials and equipment furnished under the Contract will be of good quality and new unless the Contract Documents require or permit otherwise. The Contractor further warrants that the Work will conform to the requirements of the Contract Documents and will be free from defects, except for those inherent in the quality of the Work the Contract Documents require or permit. Work, materials, or equipment not conforming to these requirements may be considered defective. The Contractor's warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by the Contractor, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage. If required by the Architect, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment.

§ 3.6 TAXES

The Contractor shall pay sales, consumer, use and similar taxes for the Work provided by the Contractor that are legally enacted when bids are received or negotiations concluded, whether or not yet effective or merely scheduled to go into effect.

§ 3.7 PERMITS, FEES, NOTICES AND COMPLIANCE WITH LAWS

§ 3.7.1 Unless otherwise provided in the Contract Documents, the Contractor shall secure and pay for the building permit as well as for other permits, fees, licenses, and inspections by government agencies necessary for proper execution and completion of the Work that are customarily secured after execution of the Contract and legally required at the time bids are received or negotiations concluded.

§ 3.7.2 The Contractor shall comply with and give notices required by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities applicable to performance of the Work.

§ 3.7.3 If the Contractor performs Work knowing it to be contrary to applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, the Contractor shall assume appropriate responsibility for such Work and shall bear the costs attributable to correction.

§ 3.7.4 CONCEALED OR UNKNOWN CONDITIONS

If the Contractor encounters conditions at the site that are (1) subsurface or otherwise concealed physical conditions that differ materially from those indicated in the Contract Documents or (2) unknown physical conditions of an unusual nature that differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Contract Documents, the Contractor shall promptly provide notice to the Owner and the Architect before conditions are disturbed and in no event later than 21 days after first observance of the conditions. The Architect will promptly investigate such conditions and, if the Architect determines that they differ materially and cause an increase or decrease in the Contractor's cost of, or time required for, performance of any part of the Work, will recommend an equitable adjustment in the Contract Sum or Contract Time, or both. If the Architect determines that the conditions at the site are not materially different from those indicated in the Contract Documents and that no change in the terms of the Contract is justified, the Architect shall promptly notify the Owner and Contractor in writing, stating the reasons. If either party disputes the Architect's determination or recommendation, that party may proceed as provided in Article 15.

§ 3.7.5 If, in the course of the Work, the Contractor encounters human remains or recognizes the existence of burial markers, archaeological sites or wetlands not indicated in the Contract Documents, the Contractor shall immediately suspend any operations that would affect them and shall notify the Owner and Architect. Upon receipt of such notice, the Owner shall promptly take any action necessary to obtain governmental authorization required to resume the operations. The Contractor shall continue to suspend such operations until otherwise instructed by the Owner but shall continue with all other operations that do not affect those remains or features. Requests for adjustments in the Contract Sum and Contract Time arising from the existence of such remains or features may be made as provided in Article 15.

§ 3.8 ALLOWANCES

§ 3.8.1 The Contractor shall include in the Contract Sum all allowances stated in the Contract Documents. Items covered by allowances shall be supplied for such amounts and by such persons or entities as the Owner may direct, but the Contractor shall not be required to employ persons or entities to whom the Contractor has reasonable objection.

§ 3.8.2 Unless otherwise provided in the Contract Documents:

- .1** Allowances shall cover the cost to the Contractor of materials and equipment delivered at the site and all required taxes, less applicable trade discounts;
- .2** Contractor's costs for unloading and handling at the site, labor, installation costs, overhead, profit and other expenses contemplated for stated allowance amounts shall be included in the Contract Sum but not in the allowances; and
- .3** Whenever costs are more than or less than allowances, the Contract Sum shall be adjusted accordingly by Change Order. The amount of the Change Order shall reflect (1) the difference between actual costs and the allowances under Section 3.8.2.1 and (2) changes in Contractor's costs under Section 3.8.2.2.

§ 3.8.3 Materials and equipment under an allowance shall be selected by the Owner with reasonable promptness.

§ 3.9 SUPERINTENDENT

§ 3.9.1 The Contractor shall employ a competent superintendent and necessary assistants who shall be in attendance at the Project site during performance of the Work. The superintendent shall represent the Contractor, and communications given to the superintendent shall be as binding as if given to the Contractor.

§ 3.9.2 The Contractor, as soon as practicable after award of the Contract, shall furnish in writing to the Owner through the Architect the name and qualifications of a proposed superintendent. The Architect may reply within 14 days to the Contractor in writing stating (1) whether the Owner or the Architect has reasonable objection to the proposed superintendent or (2) that the Architect requires additional time to review. Failure of the Architect to reply within the 14 day period shall constitute notice of no reasonable objection.

§ 3.9.3 The Contractor shall not employ a proposed superintendent to whom the Owner or Architect has made reasonable and timely objection. The Contractor shall not change the superintendent without the Owner's consent, which shall not unreasonably be withheld or delayed.

§ 3.10 CONTRACTOR'S CONSTRUCTION SCHEDULES

§ 3.10.1 The Contractor, promptly after being awarded the Contract, shall prepare and submit for the Owner's and Architect's information a Contractor's construction schedule for the Work. The schedule shall not exceed time limits current under the Contract Documents, shall be revised at appropriate intervals as required by the conditions of the Work and Project, shall be related to the entire Project to the extent required by the Contract Documents, and shall provide for expeditious and practicable execution of the Work.

§ 3.10.2 The Contractor shall prepare a submittal schedule, promptly after being awarded the Contract and thereafter as necessary to maintain a current submittal schedule, and shall submit the schedule(s) for the Architect's approval. The Architect's approval shall not unreasonably be delayed or withheld. The submittal schedule shall (1) be coordinated with the Contractor's construction schedule, and (2) allow the Architect reasonable time to review submittals. If the Contractor fails to submit a submittal schedule, the Contractor shall not be entitled to any increase in Contract Sum or extension of Contract Time based on the time required for review of submittals.

§ 3.10.3 The Contractor shall perform the Work in general accordance with the most recent schedules submitted to the Owner and Architect.

§ 3.11 DOCUMENTS AND SAMPLES AT THE SITE

The Contractor shall maintain at the site for the Owner one copy of the Drawings, Specifications, Addenda, Change Orders and other Modifications, in good order and marked currently to indicate field changes and selections made during construction, and one copy of approved Shop Drawings, Product Data, Samples and similar required submittals. These shall be available to the Architect and shall be delivered to the Architect for submittal to the Owner upon completion of the Work as a record of the Work as constructed.

§ 3.12 SHOP DRAWINGS, PRODUCT DATA AND SAMPLES

§ 3.12.1 Shop Drawings are drawings, diagrams, schedules and other data specially prepared for the Work by the Contractor or a Subcontractor, Sub-subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Work.

§ 3.12.2 Product Data are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Contractor to illustrate materials or equipment for some portion of the Work.

§ 3.12.3 Samples are physical examples that illustrate materials, equipment or workmanship and establish standards by which the Work will be judged.

§ 3.12.4 Shop Drawings, Product Data, Samples and similar submittals are not Contract Documents. Their purpose is to demonstrate the way by which the Contractor proposes to conform to the information given and the design concept expressed in the Contract Documents for those portions of the Work for which the Contract Documents require submittals. Review by the Architect is subject to the limitations of Section 4.2.7. Informational submittals upon which the Architect is not expected to take responsive action may be so identified in the Contract Documents. Submittals that are not required by the Contract Documents may be returned by the Architect without action.

§ 3.12.5 The Contractor shall review for compliance with the Contract Documents, approve and submit to the Architect Shop Drawings, Product Data, Samples and similar submittals required by the Contract Documents in accordance with the submittal schedule approved by the Architect or, in the absence of an approved submittal schedule, with reasonable promptness and in such sequence as to cause no delay in the Work or in the activities of the Owner or of separate contractors.

§ 3.12.6 By submitting Shop Drawings, Product Data, Samples and similar submittals, the Contractor represents to the Owner and Architect that the Contractor has (1) reviewed and approved them, (2) determined and verified materials, field measurements and field construction criteria related thereto, or will do so and (3) checked and coordinated the information contained within such submittals with the requirements of the Work and of the Contract Documents.

§ 3.12.7 The Contractor shall perform no portion of the Work for which the Contract Documents require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been approved by the Architect.

§ 3.12.8 The Work shall be in accordance with approved submittals except that the Contractor shall not be relieved of responsibility for deviations from requirements of the Contract Documents by the Architect's approval of Shop Drawings, Product Data, Samples or similar submittals unless the Contractor has specifically informed the Architect in writing of such deviation at the time of submittal and (1) the Architect has given written approval to the specific deviation as a minor change in the Work, or (2) a Change Order or Construction Change Directive has been issued authorizing the deviation. The Contractor shall not be relieved of responsibility for errors or omissions in Shop Drawings, Product Data, Samples or similar submittals by the Architect's approval thereof.

§ 3.12.9 The Contractor shall direct specific attention, in writing or on resubmitted Shop Drawings, Product Data, Samples or similar submittals, to revisions other than those requested by the Architect on previous submittals. In the absence of such written notice, the Architect's approval of a resubmission shall not apply to such revisions.

§ 3.12.10 The Contractor shall not be required to provide professional services that constitute the practice of architecture or engineering unless such services are specifically required by the Contract Documents for a portion of the Work or unless the Contractor needs to provide such services in order to carry out the Contractor's responsibilities for construction means, methods, techniques, sequences and procedures. The Contractor shall not be required to provide professional services in violation of applicable law. If professional design services or certifications by a design professional related to systems, materials or equipment are specifically required of the Contractor by the Contract Documents, the Owner and the Architect will specify all performance and design criteria that such services must satisfy. The Contractor shall cause such services or certifications to be provided by a properly licensed design professional, whose signature and seal shall appear on all drawings, calculations, specifications, certifications, Shop Drawings and other submittals prepared by such professional. Shop Drawings and other submittals related to the Work designed or certified by such professional, if prepared by others, shall bear such professional's written approval when submitted to the Architect. The Owner and the Architect shall be entitled

to rely upon the adequacy, accuracy and completeness of the services, certifications and approvals performed or provided by such design professionals, provided the Owner and Architect have specified to the Contractor all performance and design criteria that such services must satisfy. Pursuant to this Section 3.12.10, the Architect will review, approve or take other appropriate action on submittals only for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. The Contractor shall not be responsible for the adequacy of the performance and design criteria specified in the Contract Documents.

§ 3.13 USE OF SITE

The Contractor shall confine operations at the site to areas permitted by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities and the Contract Documents and shall not unreasonably encumber the site with materials or equipment.

§ 3.14 CUTTING AND PATCHING

§ 3.14.1 The Contractor shall be responsible for cutting, fitting or patching required to complete the Work or to make its parts fit together properly. All areas requiring cutting, fitting and patching shall be restored to the condition existing prior to the cutting, fitting and patching, unless otherwise required by the Contract Documents.

§ 3.14.2 The Contractor shall not damage or endanger a portion of the Work or fully or partially completed construction of the Owner or separate contractors by cutting, patching or otherwise altering such construction, or by excavation. The Contractor shall not cut or otherwise alter such construction by the Owner or a separate contractor except with written consent of the Owner and of such separate contractor; such consent shall not be unreasonably withheld. The Contractor shall not unreasonably withhold from the Owner or a separate contractor the Contractor's consent to cutting or otherwise altering the Work.

§ 3.15 CLEANING UP

§ 3.15.1 The Contractor shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations under the Contract. At completion of the Work, the Contractor shall remove waste materials, rubbish, the Contractor's tools, construction equipment, machinery and surplus materials from and about the Project.

§ 3.15.2 If the Contractor fails to clean up as provided in the Contract Documents, the Owner may do so and Owner shall be entitled to reimbursement from the Contractor.

§ 3.16 ACCESS TO WORK

The Contractor shall provide the Owner and Architect access to the Work in preparation and progress wherever located.

§ 3.17 ROYALTIES, PATENTS AND COPYRIGHTS

The Contractor shall pay all royalties and license fees. The Contractor shall defend suits or claims for infringement of copyrights and patent rights and shall hold the Owner and Architect harmless from loss on account thereof, but shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer or manufacturers is required by the Contract Documents; or where the copyright violations are contained in Drawings, Specifications or other documents prepared by the Owner or Architect. However, if the Contractor has reason to believe that the required design, process or product is an infringement of a copyright or a patent, the Contractor shall be responsible for such loss unless such information is promptly furnished to the Architect.

§ 3.18 INDEMNIFICATION

§ 3.18.1 To the fullest extent permitted by law the Contractor shall indemnify and hold harmless the Owner, Architect, Architect's consultants, and agents and employees of any of them from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the Work, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), but only to the extent caused by the negligent acts or omissions of the Contractor, a Subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge, or reduce

other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Section 3.18.

§ 3.18.2 In claims against any person or entity indemnified under this Section 3.18 by an employee of the Contractor, a Subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under Section 3.18.1 shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Contractor or a Subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

ARTICLE 4 ARCHITECT

§ 4.1 GENERAL

§ 4.1.1 The Owner shall retain an architect lawfully licensed to practice architecture or an entity lawfully practicing architecture in the jurisdiction where the Project is located. That person or entity is identified as the Architect in the Agreement and is referred to throughout the Contract Documents as if singular in number.

§ 4.1.2 Duties, responsibilities and limitations of authority of the Architect as set forth in the Contract Documents shall not be restricted, modified or extended without written consent of the Owner, Contractor and Architect. Consent shall not be unreasonably withheld.

§ 4.1.3 If the employment of the Architect is terminated, the Owner shall employ a successor architect as to whom the Contractor has no reasonable objection and whose status under the Contract Documents shall be that of the Architect.

§ 4.2 ADMINISTRATION OF THE CONTRACT

§ 4.2.1 The Architect will provide administration of the Contract as described in the Contract Documents and will be an Owner's representative during construction until the date the Architect issues the final Certificate for Payment. The Architect will have authority to act on behalf of the Owner only to the extent provided in the Contract Documents.

§ 4.2.2 The Architect will visit the site at intervals appropriate to the stage of construction, or as otherwise agreed with the Owner, to become generally familiar with the progress and quality of the portion of the Work completed, and to determine in general if the Work observed is being performed in a manner indicating that the Work, when fully completed, will be in accordance with the Contract Documents. However, the Architect will not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. The Architect will not have control over, charge of, or responsibility for, the construction means, methods, techniques, sequences or procedures, or for the safety precautions and programs in connection with the Work, since these are solely the Contractor's rights and responsibilities under the Contract Documents, except as provided in Section 3.3.1.

§ 4.2.3 On the basis of the site visits, the Architect will keep the Owner reasonably informed about the progress and quality of the portion of the Work completed, and report to the Owner (1) known deviations from the Contract Documents and from the most recent construction schedule submitted by the Contractor, and (2) defects and deficiencies observed in the Work. The Architect will not be responsible for the Contractor's failure to perform the Work in accordance with the requirements of the Contract Documents. The Architect will not have control over or charge of and will not be responsible for acts or omissions of the Contractor, Subcontractors, or their agents or employees, or any other persons or entities performing portions of the Work.

§ 4.2.4 COMMUNICATIONS FACILITATING CONTRACT ADMINISTRATION

Except as otherwise provided in the Contract Documents or when direct communications have been specially authorized, the Owner and Contractor shall endeavor to communicate with each other through the Architect about matters arising out of or relating to the Contract. Communications by and with the Architect's consultants shall be through the Architect. Communications by and with Subcontractors and material suppliers shall be through the Contractor. Communications by and with separate contractors shall be through the Owner.

§ 4.2.5 Based on the Architect's evaluations of the Contractor's Applications for Payment, the Architect will review and certify the amounts due the Contractor and will issue Certificates for Payment in such amounts.

§ 4.2.6 The Architect has authority to reject Work that does not conform to the Contract Documents. Whenever the Architect considers it necessary or advisable, the Architect will have authority to require inspection or testing of the

Work in accordance with Sections 13.5.2 and 13.5.3, whether or not such Work is fabricated, installed or completed. However, neither this authority of the Architect nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of the Architect to the Contractor, Subcontractors, material and equipment suppliers, their agents or employees, or other persons or entities performing portions of the Work.

§ 4.2.7 The Architect will review and approve, or take other appropriate action upon, the Contractor's submittals such as Shop Drawings, Product Data and Samples, but only for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. The Architect's action will be taken in accordance with the submittal schedule approved by the Architect or, in the absence of an approved submittal schedule, with reasonable promptness while allowing sufficient time in the Architect's professional judgment to permit adequate review. Review of such submittals is not conducted for the purpose of determining the accuracy and completeness of other details such as dimensions and quantities, or for substantiating instructions for installation or performance of equipment or systems, all of which remain the responsibility of the Contractor as required by the Contract Documents. The Architect's review of the Contractor's submittals shall not relieve the Contractor of the obligations under Sections 3.3, 3.5 and 3.12. The Architect's review shall not constitute approval of safety precautions or, unless otherwise specifically stated by the Architect, of any construction means, methods, techniques, sequences or procedures. The Architect's approval of a specific item shall not indicate approval of an assembly of which the item is a component.

§ 4.2.8 The Architect will prepare Change Orders and Construction Change Directives, and may authorize minor changes in the Work as provided in Section 7.4. The Architect will investigate and make determinations and recommendations regarding concealed and unknown conditions as provided in Section 3.7.4.

§ 4.2.9 The Architect will conduct inspections to determine the date or dates of Substantial Completion and the date of final completion; issue Certificates of Substantial Completion pursuant to Section 9.8; receive and forward to the Owner, for the Owner's review and records, written warranties and related documents required by the Contract and assembled by the Contractor pursuant to Section 9.10; and issue a final Certificate for Payment pursuant to Section 9.10.

§ 4.2.10 If the Owner and Architect agree, the Architect will provide one or more project representatives to assist in carrying out the Architect's responsibilities at the site. The duties, responsibilities and limitations of authority of such project representatives shall be as set forth in an exhibit to be incorporated in the Contract Documents.

§ 4.2.11 The Architect will interpret and decide matters concerning performance under, and requirements of, the Contract Documents on written request of either the Owner or Contractor. The Architect's response to such requests will be made in writing within any time limits agreed upon or otherwise with reasonable promptness.

§ 4.2.12 Interpretations and decisions of the Architect will be consistent with the intent of, and reasonably inferable from, the Contract Documents and will be in writing or in the form of drawings. When making such interpretations and decisions, the Architect will endeavor to secure faithful performance by both Owner and Contractor, will not show partiality to either and will not be liable for results of interpretations or decisions rendered in good faith.

§ 4.2.13 The Architect's decisions on matters relating to aesthetic effect will be final if consistent with the intent expressed in the Contract Documents.

§ 4.2.14 The Architect will review and respond to requests for information about the Contract Documents. The Architect's response to such requests will be made in writing within any time limits agreed upon or otherwise with reasonable promptness. If appropriate, the Architect will prepare and issue supplemental Drawings and Specifications in response to the requests for information.

ARTICLE 5 SUBCONTRACTORS

§ 5.1 DEFINITIONS

§ 5.1.1 A Subcontractor is a person or entity who has a direct contract with the Contractor to perform a portion of the Work at the site. The term "Subcontractor" is referred to throughout the Contract Documents as if singular in number and means a Subcontractor or an authorized representative of the Subcontractor. The term "Subcontractor" does not include a separate contractor or subcontractors of a separate contractor.

§ 5.1.2 A Sub-subcontractor is a person or entity who has a direct or indirect contract with a Subcontractor to perform a portion of the Work at the site. The term "Sub-subcontractor" is referred to throughout the Contract Documents as if singular in number and means a Sub-subcontractor or an authorized representative of the Sub-subcontractor.

§ 5.2 AWARD OF SUBCONTRACTS AND OTHER CONTRACTS FOR PORTIONS OF THE WORK

§ 5.2.1 Unless otherwise stated in the Contract Documents or the bidding requirements, the Contractor, as soon as practicable after award of the Contract, shall furnish in writing to the Owner through the Architect the names of persons or entities (including those who are to furnish materials or equipment fabricated to a special design) proposed for each principal portion of the Work. The Architect may reply within 14 days to the Contractor in writing stating (1) whether the Owner or the Architect has reasonable objection to any such proposed person or entity or (2) that the Architect requires additional time for review. Failure of the Owner or Architect to reply within the 14-day period shall constitute notice of no reasonable objection.

§ 5.2.2 The Contractor shall not contract with a proposed person or entity to whom the Owner or Architect has made reasonable and timely objection. The Contractor shall not be required to contract with anyone to whom the Contractor has made reasonable objection.

§ 5.2.3 If the Owner or Architect has reasonable objection to a person or entity proposed by the Contractor, the Contractor shall propose another to whom the Owner or Architect has no reasonable objection. If the proposed but rejected Subcontractor was reasonably capable of performing the Work, the Contract Sum and Contract Time shall be increased or decreased by the difference, if any, occasioned by such change, and an appropriate Change Order shall be issued before commencement of the substitute Subcontractor's Work. However, no increase in the Contract Sum or Contract Time shall be allowed for such change unless the Contractor has acted promptly and responsively in submitting names as required.

§ 5.2.4 The Contractor shall not substitute a Subcontractor, person or entity previously selected if the Owner or Architect makes reasonable objection to such substitution.

§ 5.3 SUBCONTRACTUAL RELATIONS

By appropriate agreement, written where legally required for validity, the Contractor shall require each Subcontractor, to the extent of the Work to be performed by the Subcontractor, to be bound to the Contractor by terms of the Contract Documents, and to assume toward the Contractor all the obligations and responsibilities, including the responsibility for safety of the Subcontractor's Work, which the Contractor, by these Documents, assumes toward the Owner and Architect. Each subcontract agreement shall preserve and protect the rights of the Owner and Architect under the Contract Documents with respect to the Work to be performed by the Subcontractor so that subcontracting thereof will not prejudice such rights, and shall allow to the Subcontractor, unless specifically provided otherwise in the subcontract agreement, the benefit of all rights, remedies and redress against the Contractor that the Contractor, by the Contract Documents, has against the Owner. Where appropriate, the Contractor shall require each Subcontractor to enter into similar agreements with Sub-subcontractors. The Contractor shall make available to each proposed Subcontractor, prior to the execution of the subcontract agreement, copies of the Contract Documents to which the Subcontractor will be bound, and, upon written request of the Subcontractor, identify to the Subcontractor terms and conditions of the proposed subcontract agreement that may be at variance with the Contract Documents. Subcontractors will similarly make copies of applicable portions of such documents available to their respective proposed Sub-subcontractors.

§ 5.4 CONTINGENT ASSIGNMENT OF SUBCONTRACTS

§ 5.4.1 Each subcontract agreement for a portion of the Work is assigned by the Contractor to the Owner, provided that

- .1 assignment is effective only after termination of the Contract by the Owner for cause pursuant to Section 14.2 and only for those subcontract agreements that the Owner accepts by notifying the Subcontractor and Contractor in writing; and
- .2 assignment is subject to the prior rights of the surety, if any, obligated under bond relating to the Contract.

When the Owner accepts the assignment of a subcontract agreement, the Owner assumes the Contractor's rights and obligations under the subcontract.

§ 5.4.2 Upon such assignment, if the Work has been suspended for more than 30 days, the Subcontractor's compensation shall be equitably adjusted for increases in cost resulting from the suspension.

§ 5.4.3 Upon such assignment to the Owner under this Section 5.4, the Owner may further assign the subcontract to a successor contractor or other entity. If the Owner assigns the subcontract to a successor contractor or other entity, the Owner shall nevertheless remain legally responsible for all of the successor contractor's obligations under the subcontract.

ARTICLE 6 CONSTRUCTION BY OWNER OR BY SEPARATE CONTRACTORS

§ 6.1 OWNER'S RIGHT TO PERFORM CONSTRUCTION AND TO AWARD SEPARATE CONTRACTS

§ 6.1.1 The Owner reserves the right to perform construction or operations related to the Project with the Owner's own forces, and to award separate contracts in connection with other portions of the Project or other construction or operations on the site under Conditions of the Contract identical or substantially similar to these including those portions related to insurance and waiver of subrogation. If the Contractor claims that delay or additional cost is involved because of such action by the Owner, the Contractor shall make such Claim as provided in Article 15.

§ 6.1.2 When separate contracts are awarded for different portions of the Project or other construction or operations on the site, the term "Contractor" in the Contract Documents in each case shall mean the Contractor who executes each separate Owner-Contractor Agreement.

§ 6.1.3 The Owner shall provide for coordination of the activities of the Owner's own forces and of each separate contractor with the Work of the Contractor, who shall cooperate with them. The Contractor shall participate with other separate contractors and the Owner in reviewing their construction schedules. The Contractor shall make any revisions to the construction schedule deemed necessary after a joint review and mutual agreement. The construction schedules shall then constitute the schedules to be used by the Contractor, separate contractors and the Owner until subsequently revised.

§ 6.1.4 Unless otherwise provided in the Contract Documents, when the Owner performs construction or operations related to the Project with the Owner's own forces, the Owner shall be deemed to be subject to the same obligations and to have the same rights that apply to the Contractor under the Conditions of the Contract, including, without excluding others, those stated in Article 3, this Article 6 and Articles 10, 11 and 12.

§ 6.2 MUTUAL RESPONSIBILITY

§ 6.2.1 The Contractor shall afford the Owner and separate contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities, and shall connect and coordinate the Contractor's construction and operations with theirs as required by the Contract Documents.

§ 6.2.2 If part of the Contractor's Work depends for proper execution or results upon construction or operations by the Owner or a separate contractor, the Contractor shall, prior to proceeding with that portion of the Work, promptly report to the Architect apparent discrepancies or defects in such other construction that would render it unsuitable for such proper execution and results. Failure of the Contractor so to report shall constitute an acknowledgment that the Owner's or separate contractor's completed or partially completed construction is fit and proper to receive the Contractor's Work, except as to defects not then reasonably discoverable.

§ 6.2.3 The Contractor shall reimburse the Owner for costs the Owner incurs that are payable to a separate contractor because of the Contractor's delays, improperly timed activities or defective construction. The Owner shall be responsible to the Contractor for costs the Contractor incurs because of a separate contractor's delays, improperly timed activities, damage to the Work or defective construction.

§ 6.2.4 The Contractor shall promptly remedy damage the Contractor wrongfully causes to completed or partially completed construction or to property of the Owner or separate contractors as provided in Section 10.2.5.

§ 6.2.5 The Owner and each separate contractor shall have the same responsibilities for cutting and patching as are described for the Contractor in Section 3.14.

§ 6.3 OWNER'S RIGHT TO CLEAN UP

If a dispute arises among the Contractor, separate contractors and the Owner as to the responsibility under their respective contracts for maintaining the premises and surrounding area free from waste materials and rubbish, the Owner may clean up and the Architect will allocate the cost among those responsible.

ARTICLE 7 CHANGES IN THE WORK

§ 7.1 GENERAL

§ 7.1.1 Changes in the Work may be accomplished after execution of the Contract, and without invalidating the Contract, by Change Order, Construction Change Directive or order for a minor change in the Work, subject to the limitations stated in this Article 7 and elsewhere in the Contract Documents.

§ 7.1.2 A Change Order shall be based upon agreement among the Owner, Contractor and Architect; a Construction Change Directive requires agreement by the Owner and Architect and may or may not be agreed to by the Contractor; an order for a minor change in the Work may be issued by the Architect alone.

§ 7.1.3 Changes in the Work shall be performed under applicable provisions of the Contract Documents, and the Contractor shall proceed promptly, unless otherwise provided in the Change Order, Construction Change Directive or order for a minor change in the Work.

§ 7.2 CHANGE ORDERS

§ 7.2.1 A Change Order is a written instrument prepared by the Architect and signed by the Owner, Contractor and Architect stating their agreement upon all of the following:

- .1 The change in the Work;
- .2 The amount of the adjustment, if any, in the Contract Sum; and
- .3 The extent of the adjustment, if any, in the Contract Time.

§ 7.3 CONSTRUCTION CHANGE DIRECTIVES

§ 7.3.1 A Construction Change Directive is a written order prepared by the Architect and signed by the Owner and Architect, directing a change in the Work prior to agreement on adjustment, if any, in the Contract Sum or Contract Time, or both. The Owner may by Construction Change Directive, without invalidating the Contract, order changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions, the Contract Sum and Contract Time being adjusted accordingly.

§ 7.3.2 A Construction Change Directive shall be used in the absence of total agreement on the terms of a Change Order.

§ 7.3.3 If the Construction Change Directive provides for an adjustment to the Contract Sum, the adjustment shall be based on one of the following methods:

- .1 Mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation;
- .2 Unit prices stated in the Contract Documents or subsequently agreed upon;
- .3 Cost to be determined in a manner agreed upon by the parties and a mutually acceptable fixed or percentage fee; or
- .4 As provided in Section 7.3.7.

§ 7.3.4 If unit prices are stated in the Contract Documents or subsequently agreed upon, and if quantities originally contemplated are materially changed in a proposed Change Order or Construction Change Directive so that application of such unit prices to quantities of Work proposed will cause substantial inequity to the Owner or Contractor, the applicable unit prices shall be equitably adjusted.

§ 7.3.5 Upon receipt of a Construction Change Directive, the Contractor shall promptly proceed with the change in the Work involved and advise the Architect of the Contractor's agreement or disagreement with the method, if any, provided in the Construction Change Directive for determining the proposed adjustment in the Contract Sum or Contract Time.

§ 7.3.6 A Construction Change Directive signed by the Contractor indicates the Contractor's agreement therewith, including adjustment in Contract Sum and Contract Time or the method for determining them. Such agreement shall be effective immediately and shall be recorded as a Change Order.

§ 7.3.7 If the Contractor does not respond promptly or disagrees with the method for adjustment in the Contract Sum, the Architect shall determine the method and the adjustment on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including, in case of an increase in the Contract Sum, an amount for overhead and profit as set forth in the Agreement, or if no such amount is set forth in the Agreement, a reasonable amount. In such case, and also under Section 7.3.3.3, the Contractor shall keep and present, in such form as the Architect may prescribe, an itemized accounting together with appropriate supporting data. Unless otherwise provided in the Contract Documents, costs for the purposes of this Section 7.3.7 shall be limited to the following:

- .1 Costs of labor, including social security, old age and unemployment insurance, fringe benefits required by agreement or custom, and workers' compensation insurance;
- .2 Costs of materials, supplies and equipment, including cost of transportation, whether incorporated or consumed;
- .3 Rental costs of machinery and equipment, exclusive of hand tools, whether rented from the Contractor or others;
- .4 Costs of premiums for all bonds and insurance, permit fees, and sales, use or similar taxes related to the Work; and
- .5 Additional costs of supervision and field office personnel directly attributable to the change.

§ 7.3.8 The amount of credit to be allowed by the Contractor to the Owner for a deletion or change that results in a net decrease in the Contract Sum shall be actual net cost as confirmed by the Architect. When both additions and credits covering related Work or substitutions are involved in a change, the allowance for overhead and profit shall be figured on the basis of net increase, if any, with respect to that change.

§ 7.3.9 Pending final determination of the total cost of a Construction Change Directive to the Owner, the Contractor may request payment for Work completed under the Construction Change Directive in Applications for Payment. The Architect will make an interim determination for purposes of monthly certification for payment for those costs and certify for payment the amount that the Architect determines, in the Architect's professional judgment, to be reasonably justified. The Architect's interim determination of cost shall adjust the Contract Sum on the same basis as a Change Order, subject to the right of either party to disagree and assert a Claim in accordance with Article 15.

§ 7.3.10 When the Owner and Contractor agree with a determination made by the Architect concerning the adjustments in the Contract Sum and Contract Time, or otherwise reach agreement upon the adjustments, such agreement shall be effective immediately and the Architect will prepare a Change Order. Change Orders may be issued for all or any part of a Construction Change Directive.

§ 7.4 MINOR CHANGES IN THE WORK

The Architect has authority to order minor changes in the Work not involving adjustment in the Contract Sum or extension of the Contract Time and not inconsistent with the intent of the Contract Documents. Such changes will be effected by written order signed by the Architect and shall be binding on the Owner and Contractor.

ARTICLE 8 TIME

§ 8.1 DEFINITIONS

§ 8.1.1 Unless otherwise provided, Contract Time is the period of time, including authorized adjustments, allotted in the Contract Documents for Substantial Completion of the Work.

§ 8.1.2 The date of commencement of the Work is the date established in the Agreement.

§ 8.1.3 The date of Substantial Completion is the date certified by the Architect in accordance with Section 9.8.

§ 8.1.4 The term "day" as used in the Contract Documents shall mean calendar day unless otherwise specifically defined.

§ 8.2 PROGRESS AND COMPLETION

§ 8.2.1 Time limits stated in the Contract Documents are of the essence of the Contract. By executing the Agreement the Contractor confirms that the Contract Time is a reasonable period for performing the Work.

§ 8.2.2 The Contractor shall not knowingly, except by agreement or instruction of the Owner in writing, prematurely commence operations on the site or elsewhere prior to the effective date of insurance required by Article 11 to be

furnished by the Contractor and Owner. The date of commencement of the Work shall not be changed by the effective date of such insurance.

§ 8.2.3 The Contractor shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the Contract Time.

§ 8.3 DELAYS AND EXTENSIONS OF TIME

§ 8.3.1 If the Contractor is delayed at any time in the commencement or progress of the Work by an act or neglect of the Owner or Architect, or of an employee of either, or of a separate contractor employed by the Owner; or by changes ordered in the Work; or by labor disputes, fire, unusual delay in deliveries, unavoidable casualties or other causes beyond the Contractor's control; or by delay authorized by the Owner pending mediation and arbitration; or by other causes that the Architect determines may justify delay, then the Contract Time shall be extended by Change Order for such reasonable time as the Architect may determine.

§ 8.3.2 Claims relating to time shall be made in accordance with applicable provisions of Article 15.

§ 8.3.3 This Section 8.3 does not preclude recovery of damages for delay by either party under other provisions of the Contract Documents.

ARTICLE 9 PAYMENTS AND COMPLETION

§ 9.1 CONTRACT SUM

The Contract Sum is stated in the Agreement and, including authorized adjustments, is the total amount payable by the Owner to the Contractor for performance of the Work under the Contract Documents.

§ 9.2 SCHEDULE OF VALUES

Where the Contract is based on a stipulated sum or Guaranteed Maximum Price, the Contractor shall submit to the Architect, before the first Application for Payment, a schedule of values allocating the entire Contract Sum to the various portions of the Work and prepared in such form and supported by such data to substantiate its accuracy as the Architect may require. This schedule, unless objected to by the Architect, shall be used as a basis for reviewing the Contractor's Applications for Payment.

§ 9.3 APPLICATIONS FOR PAYMENT

§ 9.3.1 At least ten days before the date established for each progress payment, the Contractor shall submit to the Architect an itemized Application for Payment prepared in accordance with the schedule of values, if required under Section 9.2, for completed portions of the Work. Such application shall be notarized, if required, and supported by such data substantiating the Contractor's right to payment as the Owner or Architect may require, such as copies of requisitions from Subcontractors and material suppliers, and shall reflect retainage if provided for in the Contract Documents.

§ 9.3.1.1 As provided in Section 7.3.9, such applications may include requests for payment on account of changes in the Work that have been properly authorized by Construction Change Directives, or by interim determinations of the Architect, but not yet included in Change Orders.

§ 9.3.1.2 Applications for Payment shall not include requests for payment for portions of the Work for which the Contractor does not intend to pay a Subcontractor or material supplier, unless such Work has been performed by others whom the Contractor intends to pay.

§ 9.3.2 Unless otherwise provided in the Contract Documents, payments shall be made on account of materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work. If approved in advance by the Owner, payment may similarly be made for materials and equipment suitably stored off the site at a location agreed upon in writing. Payment for materials and equipment stored on or off the site shall be conditioned upon compliance by the Contractor with procedures satisfactory to the Owner to establish the Owner's title to such materials and equipment or otherwise protect the Owner's interest, and shall include the costs of applicable insurance, storage and transportation to the site for such materials and equipment stored off the site.

§ 9.3.3 The Contractor warrants that title to all Work covered by an Application for Payment will pass to the Owner no later than the time of payment. The Contractor further warrants that upon submittal of an Application for Payment all Work for which Certificates for Payment have been previously issued and payments received from the

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Owner shall, to the best of the Contractor's knowledge, information and belief, be free and clear of liens, claims, security interests or encumbrances in favor of the Contractor, Subcontractors, material suppliers, or other persons or entities making a claim by reason of having provided labor, materials and equipment relating to the Work.

§ 9.4 CERTIFICATES FOR PAYMENT

§ 9.4.1 The Architect will, within seven days after receipt of the Contractor's Application for Payment, either issue to the Owner a Certificate for Payment, with a copy to the Contractor, for such amount as the Architect determines is properly due, or notify the Contractor and Owner in writing of the Architect's reasons for withholding certification in whole or in part as provided in Section 9.5.1.

§ 9.4.2 The issuance of a Certificate for Payment will constitute a representation by the Architect to the Owner, based on the Architect's evaluation of the Work and the data comprising the Application for Payment, that, to the best of the Architect's knowledge, information and belief, the Work has progressed to the point indicated and that the quality of the Work is in accordance with the Contract Documents. The foregoing representations are subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, to results of subsequent tests and inspections, to correction of minor deviations from the Contract Documents prior to completion and to specific qualifications expressed by the Architect. The issuance of a Certificate for Payment will further constitute a representation that the Contractor is entitled to payment in the amount certified. However, the issuance of a Certificate for Payment will not be a representation that the Architect has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work, (2) reviewed construction means, methods, techniques, sequences or procedures, (3) reviewed copies of requisitions received from Subcontractors and material suppliers and other data requested by the Owner to substantiate the Contractor's right to payment, or (4) made examination to ascertain how or for what purpose the Contractor has used money previously paid on account of the Contract Sum.

§ 9.5 DECISIONS TO WITHHOLD CERTIFICATION

§ 9.5.1 The Architect may withhold a Certificate for Payment in whole or in part, to the extent reasonably necessary to protect the Owner, if in the Architect's opinion the representations to the Owner required by Section 9.4.2 cannot be made. If the Architect is unable to certify payment in the amount of the Application, the Architect will notify the Contractor and Owner as provided in Section 9.4.1. If the Contractor and Architect cannot agree on a revised amount, the Architect will promptly issue a Certificate for Payment for the amount for which the Architect is able to make such representations to the Owner. The Architect may also withhold a Certificate for Payment or, because of subsequently discovered evidence, may nullify the whole or a part of a Certificate for Payment previously issued, to such extent as may be necessary in the Architect's opinion to protect the Owner from loss for which the Contractor is responsible, including loss resulting from acts and omissions described in Section 3.3.2, because of

- .1 defective Work not remedied;
- .2 third party claims filed or reasonable evidence indicating probable filing of such claims unless security acceptable to the Owner is provided by the Contractor;
- .3 failure of the Contractor to make payments properly to Subcontractors or for labor, materials or equipment;
- .4 reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
- .5 damage to the Owner or a separate contractor;
- .6 reasonable evidence that the Work will not be completed within the Contract Time, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay; or
- .7 repeated failure to carry out the Work in accordance with the Contract Documents.

§ 9.5.2 When the above reasons for withholding certification are removed, certification will be made for amounts previously withheld.

§ 9.5.3 If the Architect withholds certification for payment under Section 9.5.1.3, the Owner may, at its sole option, issue joint checks to the Contractor and to any Subcontractor or material or equipment suppliers to whom the Contractor failed to make payment for Work properly performed or material or equipment suitably delivered. If the Owner makes payments by joint check, the Owner shall notify the Architect and the Architect will reflect such payment on the next Certificate for Payment.

§ 9.6 PROGRESS PAYMENTS

§ 9.6.1 After the Architect has issued a Certificate for Payment, the Owner shall make payment in the manner and within the time provided in the Contract Documents, and shall so notify the Architect.

§ 9.6.2 The Contractor shall pay each Subcontractor no later than seven days after receipt of payment from the Owner the amount to which the Subcontractor is entitled, reflecting percentages actually retained from payments to the Contractor on account of the Subcontractor's portion of the Work. The Contractor shall, by appropriate agreement with each Subcontractor, require each Subcontractor to make payments to Sub-subcontractors in a similar manner.

§ 9.6.3 The Architect will, on request, furnish to a Subcontractor, if practicable, information regarding percentages of completion or amounts applied for by the Contractor and action taken thereon by the Architect and Owner on account of portions of the Work done by such Subcontractor.

§ 9.6.4 The Owner has the right to request written evidence from the Contractor that the Contractor has properly paid Subcontractors and material and equipment suppliers amounts paid by the Owner to the Contractor for subcontracted Work. If the Contractor fails to furnish such evidence within seven days, the Owner shall have the right to contact Subcontractors to ascertain whether they have been properly paid. Neither the Owner nor Architect shall have an obligation to pay or to see to the payment of money to a Subcontractor, except as may otherwise be required by law.

§ 9.6.5 Contractor payments to material and equipment suppliers shall be treated in a manner similar to that provided in Sections 9.6.2, 9.6.3 and 9.6.4.

§ 9.6.6 A Certificate for Payment, a progress payment, or partial or entire use or occupancy of the Project by the Owner shall not constitute acceptance of Work not in accordance with the Contract Documents.

§ 9.6.7 Unless the Contractor provides the Owner with a payment bond in the full penal sum of the Contract Sum, payments received by the Contractor for Work properly performed by Subcontractors and suppliers shall be held by the Contractor for those Subcontractors or suppliers who performed Work or furnished materials, or both, under contract with the Contractor for which payment was made by the Owner. Nothing contained herein shall require money to be placed in a separate account and not commingled with money of the Contractor, shall create any fiduciary liability or tort liability on the part of the Contractor for breach of trust or shall entitle any person or entity to an award of punitive damages against the Contractor for breach of the requirements of this provision.

§ 9.7 FAILURE OF PAYMENT

If the Architect does not issue a Certificate for Payment, through no fault of the Contractor, within seven days after receipt of the Contractor's Application for Payment, or if the Owner does not pay the Contractor within seven days after the date established in the Contract Documents the amount certified by the Architect or awarded by binding dispute resolution, then the Contractor may, upon seven additional days' written notice to the Owner and Architect, stop the Work until payment of the amount owing has been received. The Contract Time shall be extended appropriately and the Contract Sum shall be increased by the amount of the Contractor's reasonable costs of shut-down, delay and start-up, plus interest as provided for in the Contract Documents.

§ 9.8 SUBSTANTIAL COMPLETION

§ 9.8.1 Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work for its intended use.

§ 9.8.2 When the Contractor considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Contractor shall prepare and submit to the Architect a comprehensive list of items to be completed or corrected prior to final payment. Failure to include an item on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents.

§ 9.8.3 Upon receipt of the Contractor's list, the Architect will make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the Architect's inspection discloses any item, whether or not included on the Contractor's list, which is not sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work or designated portion thereof for its intended use, the Contractor shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Architect. In such case, the Contractor shall then submit a request for another inspection by the Architect to determine Substantial Completion.

§ 9.8.4 When the Work or designated portion thereof is substantially complete, the Architect will prepare a Certificate of Substantial Completion that shall establish the date of Substantial Completion, shall establish responsibilities of the Owner and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance, and shall fix the time within which the Contractor shall finish all items on the list accompanying the Certificate. Warranties required by the Contract Documents shall commence on the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Certificate of Substantial Completion.

§ 9.8.5 The Certificate of Substantial Completion shall be submitted to the Owner and Contractor for their written acceptance of responsibilities assigned to them in such Certificate. Upon such acceptance and consent of surety, if any, the Owner shall make payment of retainage applying to such Work or designated portion thereof. Such payment shall be adjusted for Work that is incomplete or not in accordance with the requirements of the Contract Documents.

§ 9.9 PARTIAL OCCUPANCY OR USE

§ 9.9.1 The Owner may occupy or use any completed or partially completed portion of the Work at any stage when such portion is designated by separate agreement with the Contractor, provided such occupancy or use is consented to by the insurer as required under Section 11.3.1.5 and authorized by public authorities having jurisdiction over the Project. Such partial occupancy or use may commence whether or not the portion is substantially complete, provided the Owner and Contractor have accepted in writing the responsibilities assigned to each of them for payments, retainage, if any, security, maintenance, heat, utilities, damage to the Work and insurance, and have agreed in writing concerning the period for correction of the Work and commencement of warranties required by the Contract Documents. When the Contractor considers a portion substantially complete, the Contractor shall prepare and submit a list to the Architect as provided under Section 9.8.2. Consent of the Contractor to partial occupancy or use shall not be unreasonably withheld. The stage of the progress of the Work shall be determined by written agreement between the Owner and Contractor or, if no agreement is reached, by decision of the Architect.

§ 9.9.2 Immediately prior to such partial occupancy or use, the Owner, Contractor and Architect shall jointly inspect the area to be occupied or portion of the Work to be used in order to determine and record the condition of the Work.

§ 9.9.3 Unless otherwise agreed upon, partial occupancy or use of a portion or portions of the Work shall not constitute acceptance of Work not complying with the requirements of the Contract Documents.

§ 9.10 FINAL COMPLETION AND FINAL PAYMENT

§ 9.10.1 Upon receipt of the Contractor's written notice that the Work is ready for final inspection and acceptance and upon receipt of a final Application for Payment, the Architect will promptly make such inspection and, when the Architect finds the Work acceptable under the Contract Documents and the Contract fully performed, the Architect will promptly issue a final Certificate for Payment stating that to the best of the Architect's knowledge, information and belief, and on the basis of the Architect's on-site visits and inspections, the Work has been completed in accordance with terms and conditions of the Contract Documents and that the entire balance found to be due the Contractor and noted in the final Certificate is due and payable. The Architect's final Certificate for Payment will constitute a further representation that conditions listed in Section 9.10.2 as precedent to the Contractor's being entitled to final payment have been fulfilled.

§ 9.10.2 Neither final payment nor any remaining retained percentage shall become due until the Contractor submits to the Architect (1) an affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Work for which the Owner or the Owner's property might be responsible or encumbered (less amounts withheld by Owner) have been paid or otherwise satisfied, (2) a certificate evidencing that insurance required by the Contract Documents to remain in force after final payment is currently in effect and will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Owner, (3) a written statement that the Contractor knows of no substantial reason that the insurance will not be renewable to cover the period required by the Contract Documents, (4) consent of surety, if any, to final payment and (5), if required by the Owner, other data establishing payment or satisfaction of obligations, such as receipts, releases and waivers of liens, claims, security interests or encumbrances arising out of the Contract, to the extent and in such form as may be designated by the Owner. If a Subcontractor refuses to furnish a release or waiver required by the Owner, the Contractor may furnish a bond satisfactory to the Owner to indemnify the Owner against such lien. If such lien remains unsatisfied after payments are made, the Contractor shall refund to the Owner all money that the Owner may be compelled to pay in discharging such lien, including all costs and reasonable attorneys' fees.

§ 9.10.3 If, after Substantial Completion of the Work, final completion thereof is materially delayed through no fault of the Contractor or by issuance of Change Orders affecting final completion, and the Architect so confirms, the Owner shall, upon application by the Contractor and certification by the Architect, and without terminating the Contract, make payment of the balance due for that portion of the Work fully completed and accepted. If the remaining balance for Work not fully completed or corrected is less than retainage stipulated in the Contract Documents, and if bonds have been furnished, the written consent of surety to payment of the balance due for that portion of the Work fully completed and accepted shall be submitted by the Contractor to the Architect prior to certification of such payment. Such payment shall be made under terms and conditions governing final payment, except that it shall not constitute a waiver of claims.

§ 9.10.4 The making of final payment shall constitute a waiver of Claims by the Owner except those arising from

- .1 liens, Claims, security interests or encumbrances arising out of the Contract and unsettled;
- .2 failure of the Work to comply with the requirements of the Contract Documents; or
- .3 terms of special warranties required by the Contract Documents.

§ 9.10.5 Acceptance of final payment by the Contractor, a Subcontractor or material supplier shall constitute a waiver of claims by that payee except those previously made in writing and identified by that payee as unsettled at the time of final Application for Payment.

ARTICLE 10 PROTECTION OF PERSONS AND PROPERTY

§ 10.1 SAFETY PRECAUTIONS AND PROGRAMS

The Contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the performance of the Contract.

§ 10.2 SAFETY OF PERSONS AND PROPERTY

§ 10.2.1 The Contractor shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to

- .1 employees on the Work and other persons who may be affected thereby;
- .2 the Work and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody or control of the Contractor or the Contractor's Subcontractors or Sub-subcontractors; and
- .3 other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not designated for removal, relocation or replacement in the course of construction.

§ 10.2.2 The Contractor shall comply with and give notices required by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities bearing on safety of persons or property or their protection from damage, injury or loss.

§ 10.2.3 The Contractor shall erect and maintain, as required by existing conditions and performance of the Contract, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations and notifying owners and users of adjacent sites and utilities.

§ 10.2.4 When use or storage of explosives or other hazardous materials or equipment or unusual methods are necessary for execution of the Work, the Contractor shall exercise utmost care and carry on such activities under supervision of properly qualified personnel.

§ 10.2.5 The Contractor shall promptly remedy damage and loss (other than damage or loss insured under property insurance required by the Contract Documents) to property referred to in Sections 10.2.1.2 and 10.2.1.3 caused in whole or in part by the Contractor, a Subcontractor, a Sub-subcontractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable and for which the Contractor is responsible under Sections 10.2.1.2 and 10.2.1.3, except damage or loss attributable to acts or omissions of the Owner or Architect or anyone directly or indirectly employed by either of them, or by anyone for whose acts either of them may be liable, and not attributable to the fault or negligence of the Contractor. The foregoing obligations of the Contractor are in addition to the Contractor's obligations under Section 3.18.

§ 10.2.6 The Contractor shall designate a responsible member of the Contractor's organization at the site whose duty shall be the prevention of accidents. This person shall be the Contractor's superintendent unless otherwise designated by the Contractor in writing to the Owner and Architect.

§ 10.2.7 The Contractor shall not permit any part of the construction or site to be loaded so as to cause damage or create an unsafe condition.

§ 10.2.8 INJURY OR DAMAGE TO PERSON OR PROPERTY

If either party suffers injury or damage to person or property because of an act or omission of the other party, or of others for whose acts such party is legally responsible, written notice of such injury or damage, whether or not insured, shall be given to the other party within a reasonable time not exceeding 21 days after discovery. The notice shall provide sufficient detail to enable the other party to investigate the matter.

§ 10.3 HAZARDOUS MATERIALS

§ 10.3.1 The Contractor is responsible for compliance with any requirements included in the Contract Documents regarding hazardous materials. If the Contractor encounters a hazardous material or substance not addressed in the Contract Documents and if reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance, including but not limited to asbestos or polychlorinated biphenyl (PCB), encountered on the site by the Contractor, the Contractor shall, upon recognizing the condition, immediately stop Work in the affected area and report the condition to the Owner and Architect in writing.

§ 10.3.2 Upon receipt of the Contractor's written notice, the Owner shall obtain the services of a licensed laboratory to verify the presence or absence of the material or substance reported by the Contractor and, in the event such material or substance is found to be present, to cause it to be rendered harmless. Unless otherwise required by the Contract Documents, the Owner shall furnish in writing to the Contractor and Architect the names and qualifications of persons or entities who are to perform tests verifying the presence or absence of such material or substance or who are to perform the task of removal or safe containment of such material or substance. The Contractor and the Architect will promptly reply to the Owner in writing stating whether or not either has reasonable objection to the persons or entities proposed by the Owner. If either the Contractor or Architect has an objection to a person or entity proposed by the Owner, the Owner shall propose another to whom the Contractor and the Architect have no reasonable objection. When the material or substance has been rendered harmless, Work in the affected area shall resume upon written agreement of the Owner and Contractor. By Change Order, the Contract Time shall be extended appropriately and the Contract Sum shall be increased in the amount of the Contractor's reasonable additional costs of shut-down, delay and start-up.

§ 10.3.3 To the fullest extent permitted by law, the Owner shall indemnify and hold harmless the Contractor, Subcontractors, Architect, Architect's consultants and agents and employees of any of them from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the Work in the affected area if in fact the material or substance presents the risk of bodily injury or death as described in Section 10.3.1 and has not been rendered harmless, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), except to the extent that such damage, loss or expense is due to the fault or negligence of the party seeking indemnity.

§ 10.3.4 The Owner shall not be responsible under this Section 10.3 for materials or substances the Contractor brings to the site unless such materials or substances are required by the Contract Documents. The Owner shall be responsible for materials or substances required by the Contract Documents, except to the extent of the Contractor's fault or negligence in the use and handling of such materials or substances.

§ 10.3.5 The Contractor shall indemnify the Owner for the cost and expense the Owner incurs (1) for remediation of a material or substance the Contractor brings to the site and negligently handles, or (2) where the Contractor fails to perform its obligations under Section 10.3.1, except to the extent that the cost and expense are due to the Owner's fault or negligence.

§ 10.3.6 If, without negligence on the part of the Contractor, the Contractor is held liable by a government agency for the cost of remediation of a hazardous material or substance solely by reason of performing Work as required by the Contract Documents, the Owner shall indemnify the Contractor for all cost and expense thereby incurred.

§ 10.4 EMERGENCIES

In an emergency affecting safety of persons or property, the Contractor shall act, at the Contractor's discretion, to prevent threatened damage, injury or loss. Additional compensation or extension of time claimed by the Contractor on account of an emergency shall be determined as provided in Article 15 and Article 7.

ARTICLE 11 INSURANCE AND BONDS

§ 11.1 CONTRACTOR'S LIABILITY INSURANCE

§ 11.1.1 The Contractor shall purchase from and maintain in a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located such insurance as will protect the Contractor from claims set forth below which may arise out of or result from the Contractor's operations and completed operations under the Contract and for which the Contractor may be legally liable, whether such operations be by the Contractor or by a Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

- .1 Claims under workers' compensation, disability benefit and other similar employee benefit acts that are applicable to the Work to be performed;
- .2 Claims for damages because of bodily injury, occupational sickness or disease, or death of the Contractor's employees;
- .3 Claims for damages because of bodily injury, sickness or disease, or death of any person other than the Contractor's employees;
- .4 Claims for damages insured by usual personal injury liability coverage;
- .5 Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- .6 Claims for damages because of bodily injury, death of a person or property damage arising out of ownership; maintenance or use of a motor vehicle;
- .7 Claims for bodily injury or property damage arising out of completed operations; and
- .8 Claims involving contractual liability insurance applicable to the Contractor's obligations under Section 3.18.

§ 11.1.2 The insurance required by Section 11.1.1 shall be written for not less than limits of liability specified in the Contract Documents or required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from the date of commencement of the Work until the date of final payment and termination of any coverage required to be maintained after final payment, and, with respect to the Contractor's completed operations coverage, until the expiration of the period for correction of Work or for such other period for maintenance of completed operations coverage as specified in the Contract Documents.

§ 11.1.3 Certificates of insurance acceptable to the Owner shall be filed with the Owner prior to commencement of the Work and thereafter upon renewal or replacement of each required policy of insurance. These certificates and the insurance policies required by this Section 11.1 shall contain a provision that coverages afforded under the policies will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Owner. An additional certificate evidencing continuation of liability coverage, including coverage for completed operations, shall be submitted with the final Application for Payment as required by Section 9.10.2 and thereafter upon renewal or replacement of such coverage until the expiration of the time required by Section 11.1.2. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the Contractor with reasonable promptness.

§ 11.1.4 The Contractor shall cause the commercial liability coverage required by the Contract Documents to include (1) the Owner, the Architect and the Architect's consultants as additional insureds for claims caused in whole or in part by the Contractor's negligent acts or omissions during the Contractor's operations; and (2) the Owner as an additional insured for claims caused in whole or in part by the Contractor's negligent acts or omissions during the Contractor's completed operations.

§ 11.2 OWNER'S LIABILITY INSURANCE

The Owner shall be responsible for purchasing and maintaining the Owner's usual liability insurance.

§ 11.3 PROPERTY INSURANCE

§ 11.3.1 Unless otherwise provided, the Owner shall purchase and maintain, in a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located, property insurance written on a builder's

risk "all-risk" or equivalent policy form in the amount of the initial Contract Sum, plus value of subsequent Contract Modifications and cost of materials supplied or installed by others, comprising total value for the entire Project at the site on a replacement cost basis without optional deductibles. Such property insurance shall be maintained, unless otherwise provided in the Contract Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of such insurance, until final payment has been made as provided in Section 9.10 or until no person or entity other than the Owner has an insurable interest in the property required by this Section 11.3 to be covered, whichever is later. This insurance shall include interests of the Owner, the Contractor, Subcontractors and Sub-subcontractors in the Project.

§ 11.3.1.1 Property insurance shall be on an "all-risk" or equivalent policy form and shall include, without limitation, insurance against the perils of fire (with extended coverage) and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, falsework, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for Architect's and Contractor's services and expenses required as a result of such insured loss.

§ 11.3.1.2 If the Owner does not intend to purchase such property insurance required by the Contract and with all of the coverages in the amount described above, the Owner shall so inform the Contractor in writing prior to commencement of the Work. The Contractor may then effect insurance that will protect the interests of the Contractor, Subcontractors and Sub-subcontractors in the Work, and by appropriate Change Order the cost thereof shall be charged to the Owner. If the Contractor is damaged by the failure or neglect of the Owner to purchase or maintain insurance as described above, without so notifying the Contractor in writing, then the Owner shall bear all reasonable costs properly attributable thereto.

§ 11.3.1.3 If the property insurance requires deductibles, the Owner shall pay costs not covered because of such deductibles.

§ 11.3.1.4 This property insurance shall cover portions of the Work stored off the site, and also portions of the Work in transit.

§ 11.3.1.5 Partial occupancy or use in accordance with Section 9.9 shall not commence until the insurance company or companies providing property insurance have consented to such partial occupancy or use by endorsement or otherwise. The Owner and the Contractor shall take reasonable steps to obtain consent of the insurance company or companies and shall, without mutual written consent, take no action with respect to partial occupancy or use that would cause cancellation, lapse or reduction of insurance.

§ 11.3.2 BOILER AND MACHINERY INSURANCE

The Owner shall purchase and maintain boiler and machinery insurance required by the Contract Documents or by law, which shall specifically cover such insured objects during installation and until final acceptance by the Owner; this insurance shall include interests of the Owner, Contractor, Subcontractors and Sub-subcontractors in the Work, and the Owner and Contractor shall be named insureds.

§ 11.3.3 LOSS OF USE INSURANCE

The Owner, at the Owner's option, may purchase and maintain such insurance as will insure the Owner against loss of use of the Owner's property due to fire or other hazards, however caused. The Owner waives all rights of action against the Contractor for loss of use of the Owner's property, including consequential losses due to fire or other hazards however caused.

§ 11.3.4 If the Contractor requests in writing that insurance for risks other than those described herein or other special causes of loss be included in the property insurance policy, the Owner shall, if possible, include such insurance, and the cost thereof shall be charged to the Contractor by appropriate Change Order.

§ 11.3.5 If during the Project construction period the Owner insures properties, real or personal or both, at or adjacent to the site by property insurance under policies separate from those insuring the Project, or if after final payment property insurance is to be provided on the completed Project through a policy or policies other than those insuring the Project during the construction period, the Owner shall waive all rights in accordance with the terms of Section 11.3.7 for damages caused by fire or other causes of loss covered by this separate property insurance. All separate policies shall provide this waiver of subrogation by endorsement or otherwise.

§ 11.3.6 Before an exposure to loss may occur, the Owner shall file with the Contractor a copy of each policy that includes insurance coverages required by this Section 11.3. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project. Each policy shall contain a provision that the policy will not be canceled or allowed to expire, and that its limits will not be reduced, until at least 30 days' prior written notice has been given to the Contractor.

§ 11.3.7 WAIVERS OF SUBROGATION

The Owner and Contractor waive all rights against (1) each other and any of their subcontractors, sub-subcontractors, agents and employees, each of the other, and (2) the Architect, Architect's consultants, separate contractors described in Article 6, if any, and any of their subcontractors, sub-subcontractors, agents and employees, for damages caused by fire or other causes of loss to the extent covered by property insurance obtained pursuant to this Section 11.3 or other property insurance applicable to the Work, except such rights as they have to proceeds of such insurance held by the Owner as fiduciary. The Owner or Contractor, as appropriate, shall require of the Architect, Architect's consultants, separate contractors described in Article 6, if any, and the subcontractors, sub-subcontractors, agents and employees of any of them, by appropriate agreements, written where legally required for validity, similar waivers each in favor of other parties enumerated herein. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

§ 11.3.8 A loss insured under the Owner's property insurance shall be adjusted by the Owner as fiduciary and made payable to the Owner as fiduciary for the insureds, as their interests may appear, subject to requirements of any applicable mortgagee clause and of Section 11.3.10. The Contractor shall pay Subcontractors their just shares of insurance proceeds received by the Contractor, and by appropriate agreements, written where legally required for validity, shall require Subcontractors to make payments to their Sub-subcontractors in similar manner.

§ 11.3.9 If required in writing by a party in interest, the Owner as fiduciary shall, upon occurrence of an insured loss, give bond for proper performance of the Owner's duties. The cost of required bonds shall be charged against proceeds received as fiduciary. The Owner shall deposit in a separate account proceeds so received, which the Owner shall distribute in accordance with such agreement as the parties in interest may reach, or as determined in accordance with the method of binding dispute resolution selected in the Agreement between the Owner and Contractor. If after such loss no other special agreement is made and unless the Owner terminates the Contract for convenience, replacement of damaged property shall be performed by the Contractor after notification of a Change in the Work in accordance with Article 7.

§ 11.3.10 The Owner as fiduciary shall have power to adjust and settle a loss with insurers unless one of the parties in interest shall object in writing within five days after occurrence of loss to the Owner's exercise of this power; if such objection is made, the dispute shall be resolved in the manner selected by the Owner and Contractor as the method of binding dispute resolution in the Agreement. If the Owner and Contractor have selected arbitration as the method of binding dispute resolution, the Owner as fiduciary shall make settlement with insurers or, in the case of a dispute over distribution of insurance proceeds, in accordance with the directions of the arbitrators.

§ 11.4 PERFORMANCE BOND AND PAYMENT BOND

§ 11.4.1 The Owner shall have the right to require the Contractor to furnish bonds covering faithful performance of the Contract and payment of obligations arising thereunder as stipulated in bidding requirements or specifically required in the Contract Documents on the date of execution of the Contract.

§ 11.4.2 Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Contract, the Contractor shall promptly furnish a copy of the bonds or shall authorize a copy to be furnished.

ARTICLE 12 UNCOVERING AND CORRECTION OF WORK

§ 12.1 UNCOVERING OF WORK

§ 12.1.1 If a portion of the Work is covered contrary to the Architect's request or to requirements specifically expressed in the Contract Documents, it must, if requested in writing by the Architect, be uncovered for the Architect's examination and be replaced at the Contractor's expense without change in the Contract Time.

§ 12.1.2 If a portion of the Work has been covered that the Architect has not specifically requested to examine prior to its being covered, the Architect may request to see such Work and it shall be uncovered by the Contractor. If such Work is in accordance with the Contract Documents, costs of uncovering and replacement shall, by appropriate Change Order, be at the Owner's expense. If such Work is not in accordance with the Contract Documents, such costs and the cost of correction shall be at the Contractor's expense unless the condition was caused by the Owner or a separate contractor in which event the Owner shall be responsible for payment of such costs.

§ 12.2 CORRECTION OF WORK

§ 12.2.1 BEFORE OR AFTER SUBSTANTIAL COMPLETION

The Contractor shall promptly correct Work rejected by the Architect or failing to conform to the requirements of the Contract Documents, whether discovered before or after Substantial Completion and whether or not fabricated, installed or completed. Costs of correcting such rejected Work, including additional testing and inspections, the cost of uncovering and replacement, and compensation for the Architect's services and expenses made necessary thereby, shall be at the Contractor's expense.

§ 12.2.2 AFTER SUBSTANTIAL COMPLETION

§ 12.2.2.1 In addition to the Contractor's obligations under Section 3.5, if, within one year after the date of Substantial Completion of the Work or designated portion thereof or after the date for commencement of warranties established under Section 9.9.1, or by terms of an applicable special warranty required by the Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, the Contractor shall correct it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition. The Owner shall give such notice promptly after discovery of the condition. During the one-year period for correction of Work, if the Owner fails to notify the Contractor and give the Contractor an opportunity to make the correction, the Owner waives the rights to require correction by the Contractor and to make a claim for breach of warranty. If the Contractor fails to correct nonconforming Work within a reasonable time during that period after receipt of notice from the Owner or Architect, the Owner may correct it in accordance with Section 2.4.

§ 12.2.2.2 The one-year period for correction of Work shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual completion of that portion of the Work.

§ 12.2.2.3 The one-year period for correction of Work shall not be extended by corrective Work performed by the Contractor pursuant to this Section 12.2.

§ 12.2.3 The Contractor shall remove from the site portions of the Work that are not in accordance with the requirements of the Contract Documents and are neither corrected by the Contractor nor accepted by the Owner.

§ 12.2.4 The Contractor shall bear the cost of correcting destroyed or damaged construction, whether completed or partially completed, of the Owner or separate contractors caused by the Contractor's correction or removal of Work that is not in accordance with the requirements of the Contract Documents.

§ 12.2.5 Nothing contained in this Section 12.2 shall be construed to establish a period of limitation with respect to other obligations the Contractor has under the Contract Documents. Establishment of the one-year period for correction of Work as described in Section 12.2.2 relates only to the specific obligation of the Contractor to correct the Work, and has no relationship to the time within which the obligation to comply with the Contract Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Contractor's liability with respect to the Contractor's obligations other than specifically to correct the Work.

§ 12.3 ACCEPTANCE OF NONCONFORMING WORK

If the Owner prefers to accept Work that is not in accordance with the requirements of the Contract Documents, the Owner may do so instead of requiring its removal and correction, in which case the Contract Sum will be reduced as appropriate and equitable. Such adjustment shall be effected whether or not final payment has been made.

ARTICLE 13 MISCELLANEOUS PROVISIONS

§ 13.1 GOVERNING LAW

The Contract shall be governed by the law of the place where the Project is located except that, if the parties have selected arbitration as the method of binding dispute resolution, the Federal Arbitration Act shall govern Section 15.4.

§ 13.2 SUCCESSORS AND ASSIGNS

§ 13.2.1 The Owner and Contractor respectively bind themselves, their partners, successors, assigns and legal representatives to covenants, agreements and obligations contained in the Contract Documents. Except as provided in Section 13.2.2, neither party to the Contract shall assign the Contract as a whole without written consent of the other. If either party attempts to make such an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Contract.

§ 13.2.2 The Owner may, without consent of the Contractor, assign the Contract to a lender providing construction financing for the Project, if the lender assumes the Owner's rights and obligations under the Contract Documents. The Contractor shall execute all consents reasonably required to facilitate such assignment.

§ 13.3 WRITTEN NOTICE

Written notice shall be deemed to have been duly served if delivered in person to the individual, to a member of the firm or entity, or to an officer of the corporation for which it was intended; or if delivered at, or sent by registered or certified mail or by courier service providing proof of delivery to, the last business address known to the party giving notice.

§ 13.4 RIGHTS AND REMEDIES

§ 13.4.1 Duties and obligations imposed by the Contract Documents and rights and remedies available thereunder shall be in addition to and not a limitation of duties, obligations, rights and remedies otherwise imposed or available by law.

§ 13.4.2 No action or failure to act by the Owner, Architect or Contractor shall constitute a waiver of a right or duty afforded them under the Contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach there under, except as may be specifically agreed in writing.

§ 13.5 TESTS AND INSPECTIONS

§ 13.5.1 Tests, inspections and approvals of portions of the Work shall be made as required by the Contract Documents and by applicable laws, statutes, ordinances, codes, rules and regulations or lawful orders of public authorities. Unless otherwise provided, the Contractor shall make arrangements for such tests, inspections and approvals with an independent testing laboratory or entity acceptable to the Owner, or with the appropriate public authority, and shall bear all related costs of tests, inspections and approvals. The Contractor shall give the Architect timely notice of when and where tests and inspections are to be made so that the Architect may be present for such procedures. The Owner shall bear costs of (1) tests, inspections or approvals that do not become requirements until after bids are received or negotiations concluded, and (2) tests, inspections or approvals where building codes or applicable laws or regulations prohibit the Owner from delegating their cost to the Contractor.

§ 13.5.2 If the Architect, Owner or public authorities having jurisdiction determine that portions of the Work require additional testing, inspection or approval not included under Section 13.5.1, the Architect will, upon written authorization from the Owner, instruct the Contractor to make arrangements for such additional testing, inspection or approval by an entity acceptable to the Owner, and the Contractor shall give timely notice to the Architect of when and where tests and inspections are to be made so that the Architect may be present for such procedures. Such costs, except as provided in Section 13.5.3, shall be at the Owner's expense.

§ 13.5.3 If such procedures for testing, inspection or approval under Sections 13.5.1 and 13.5.2 reveal failure of the portions of the Work to comply with requirements established by the Contract Documents, all costs made necessary by such failure including those of repeated procedures and compensation for the Architect's services and expenses shall be at the Contractor's expense.

§ 13.5.4 Required certificates of testing, inspection or approval shall, unless otherwise required by the Contract Documents, be secured by the Contractor and promptly delivered to the Architect.

§ 13.5.5 If the Architect is to observe tests, inspections or approvals required by the Contract Documents, the Architect will do so promptly and, where practicable, at the normal place of testing.

§ 13.5.6 Tests or inspections conducted pursuant to the Contract Documents shall be made promptly to avoid unreasonable delay in the Work.

§ 13.6 INTEREST

Payments due and unpaid under the Contract Documents shall bear interest from the date payment is due at such rate as the parties may agree upon in writing or, in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.

§ 13.7 TIME LIMITS ON CLAIMS

The Owner and Contractor shall commence all claims and causes of action, whether in contract, tort, breach of warranty or otherwise, against the other arising out of or related to the Contract in accordance with the requirements of the final dispute resolution method selected in the Agreement within the time period specified by applicable law, but in any case not more than 10 years after the date of Substantial Completion of the Work. The Owner and Contractor waive all claims and causes of action not commenced in accordance with this Section 13.7.

ARTICLE 14 TERMINATION OR SUSPENSION OF THE CONTRACT

§ 14.1 TERMINATION BY THE CONTRACTOR

§ 14.1.1 The Contractor may terminate the Contract if the Work is stopped for a period of 30 consecutive days through no act or fault of the Contractor or a Subcontractor, Sub-subcontractor or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Contractor, for any of the following reasons:

- .1 Issuance of an order of a court or other public authority having jurisdiction that requires all Work to be stopped;
- .2 An act of government, such as a declaration of national emergency that requires all Work to be stopped;
- .3 Because the Architect has not issued a Certificate for Payment and has not notified the Contractor of the reason for withholding certification as provided in Section 9.4.1, or because the Owner has not made payment on a Certificate for Payment within the time stated in the Contract Documents; or
- .4 The Owner has failed to furnish to the Contractor promptly, upon the Contractor's request, reasonable evidence as required by Section 2.2.1.

§ 14.1.2 The Contractor may terminate the Contract if, through no act or fault of the Contractor or a Subcontractor, Sub-subcontractor or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Contractor, repeated suspensions, delays or interruptions of the entire Work by the Owner as described in Section 14.3 constitute in the aggregate more than 100 percent of the total number of days scheduled for completion, or 120 days in any 365-day period, whichever is less.

§ 14.1.3 If one of the reasons described in Section 14.1.1 or 14.1.2 exists, the Contractor may, upon seven days' written notice to the Owner and Architect, terminate the Contract and recover from the Owner payment for Work executed, including reasonable overhead and profit, costs incurred by reason of such termination, and damages.

§ 14.1.4 If the Work is stopped for a period of 60 consecutive days through no act or fault of the Contractor or a Subcontractor or their agents or employees or any other persons performing portions of the Work under contract with the Contractor because the Owner has repeatedly failed to fulfill the Owner's obligations under the Contract Documents with respect to matters important to the progress of the Work, the Contractor may, upon seven additional days' written notice to the Owner and the Architect, terminate the Contract and recover from the Owner as provided in Section 14.1.3.

§ 14.2 TERMINATION BY THE OWNER FOR CAUSE

§ 14.2.1 The Owner may terminate the Contract if the Contractor

- .1 repeatedly refuses or fails to supply enough properly skilled workers or proper materials;
- .2 fails to make payment to Subcontractors for materials or labor in accordance with the respective agreements between the Contractor and the Subcontractors;
- .3 repeatedly disregards applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority; or
- .4 otherwise is guilty of substantial breach of a provision of the Contract Documents.

§ 14.2.2 When any of the above reasons exist, the Owner, upon certification by the Initial Decision Maker that sufficient cause exists to justify such action, may without prejudice to any other rights or remedies of the Owner and after giving the Contractor and the Contractor's surety, if any, seven days' written notice, terminate employment of the Contractor and may, subject to any prior rights of the surety:

- .1 Exclude the Contractor from the site and take possession of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Contractor;
- .2 Accept assignment of subcontracts pursuant to Section 5.4; and
- .3 Finish the Work by whatever reasonable method the Owner may deem expedient. Upon written request of the Contractor, the Owner shall furnish to the Contractor a detailed accounting of the costs incurred by the Owner in finishing the Work.

§ 14.2.3 When the Owner terminates the Contract for one of the reasons stated in Section 14.2.1, the Contractor shall not be entitled to receive further payment until the Work is finished.

§ 14.2.4 If the unpaid balance of the Contract Sum exceeds costs of finishing the Work, including compensation for the Architect's services and expenses made necessary thereby, and other damages incurred by the Owner and not expressly waived, such excess shall be paid to the Contractor. If such costs and damages exceed the unpaid balance, the Contractor shall pay the difference to the Owner. The amount to be paid to the Contractor or Owner, as the case may be, shall be certified by the Initial Decision Maker, upon application, and this obligation for payment shall survive termination of the Contract.

§ 14.3 SUSPENSION BY THE OWNER FOR CONVENIENCE

§ 14.3.1 The Owner may, without cause, order the Contractor in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the Owner may determine.

§ 14.3.2 The Contract Sum and Contract Time shall be adjusted for increases in the cost and time caused by suspension, delay or interruption as described in Section 14.3.1. Adjustment of the Contract Sum shall include profit. No adjustment shall be made to the extent

- .1 that performance is, was or would have been so suspended, delayed or interrupted by another cause for which the Contractor is responsible; or
- .2 that an equitable adjustment is made or denied under another provision of the Contract.

§ 14.4 TERMINATION BY THE OWNER FOR CONVENIENCE

§ 14.4.1 The Owner may, at any time, terminate the Contract for the Owner's convenience and without cause.

§ 14.4.2 Upon receipt of written notice from the Owner of such termination for the Owner's convenience, the Contractor shall

- .1 cease operations as directed by the Owner in the notice;
- .2 take actions necessary, or that the Owner may direct, for the protection and preservation of the Work; and
- .3 except for Work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

§ 14.4.3 In case of such termination for the Owner's convenience, the Contractor shall be entitled to receive payment for Work executed, and costs incurred by reason of such termination, along with reasonable overhead and profit on the Work not executed.

ARTICLE 15 CLAIMS AND DISPUTES

§ 15.1 CLAIMS

§ 15.1.1 DEFINITION

A Claim is a demand or assertion by one of the parties seeking, as a matter of right, payment of money, or other relief with respect to the terms of the Contract. The term "Claim" also includes other disputes and matters in question between the Owner and Contractor arising out of or relating to the Contract. The responsibility to substantiate Claims shall rest with the party making the Claim.

§ 15.1.2 NOTICE OF CLAIMS

Claims by either the Owner or Contractor must be initiated by written notice to the other party and to the Initial Decision Maker with a copy sent to the Architect, if the Architect is not serving as the Initial Decision Maker.

Claims by either party must be initiated within 21 days after occurrence of the event giving rise to such Claim or within 21 days after the claimant first recognizes the condition giving rise to the Claim, whichever is later.

§ 15.1.3 CONTINUING CONTRACT PERFORMANCE

Pending final resolution of a Claim, except as otherwise agreed in writing or as provided in Section 9.7 and Article 14, the Contractor shall proceed diligently with performance of the Contract and the Owner shall continue to make payments in accordance with the Contract Documents. The Architect will prepare Change Orders and issue Certificates for Payment in accordance with the decisions of the Initial Decision Maker.

§ 15.1.4 CLAIMS FOR ADDITIONAL COST

If the Contractor wishes to make a Claim for an increase in the Contract Sum, written notice as provided herein shall be given before proceeding to execute the Work. Prior notice is not required for Claims relating to an emergency endangering life or property arising under Section 10.4.

§ 15.1.5 CLAIMS FOR ADDITIONAL TIME

§ 15.1.5.1 If the Contractor wishes to make a Claim for an increase in the Contract Time, written notice as provided herein shall be given. The Contractor's Claim shall include an estimate of cost and of probable effect of delay on progress of the Work. In the case of a continuing delay, only one Claim is necessary.

§ 15.1.5.2 If adverse weather conditions are the basis for a Claim for additional time, such Claim shall be documented by data substantiating that weather conditions were abnormal for the period of time, could not have been reasonably anticipated and had an adverse effect on the scheduled construction.

§ 15.1.6 CLAIMS FOR CONSEQUENTIAL DAMAGES

The Contractor and Owner waive Claims against each other for consequential damages arising out of or relating to this Contract. This mutual waiver includes

1. damages incurred by the Owner for rental expenses, for losses of use, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons; and
2. damages incurred by the Contractor for principal office expenses including the compensation of personnel stationed there, for losses of financing, business and reputation, and for loss of profit except anticipated profit arising directly from the Work.

This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with Article 14. Nothing contained in this Section 15.1.6 shall be deemed to preclude an award of liquidated damages, when applicable, in accordance with the requirements of the Contract Documents.

§ 15.2 INITIAL DECISION

§ 15.2.1 Claims, excluding those arising under Sections 10.3, 10.4, 11.3.9, and 11.3.10, shall be referred to the Initial Decision Maker for initial decision. The Architect will serve as the Initial Decision Maker, unless otherwise indicated in the Agreement. Except for those Claims excluded by this Section 15.2.1, an initial decision shall be required as a condition precedent to mediation of any Claim arising prior to the date final payment is due, unless 30 days have passed after the Claim has been referred to the Initial Decision Maker with no decision having been rendered. Unless the Initial Decision Maker and all affected parties agree, the Initial Decision Maker will not decide disputes between the Contractor and persons or entities other than the Owner.

§ 15.2.2 The Initial Decision Maker will review Claims and within ten days of the receipt of a Claim take one or more of the following actions: (1) request additional supporting data from the claimant or a response with supporting data from the other party, (2) reject the Claim in whole or in part, (3) approve the Claim, (4) suggest a compromise, or (5) advise the parties that the Initial Decision Maker is unable to resolve the Claim if the Initial Decision Maker lacks sufficient information to evaluate the merits of the Claim or if the Initial Decision Maker concludes that, in the Initial Decision Maker's sole discretion, it would be inappropriate for the Initial Decision Maker to resolve the Claim.

§ 15.2.3 In evaluating Claims, the Initial Decision Maker may, but shall not be obligated to, consult with or seek information from either party or from persons with special knowledge or expertise who may assist the Initial Decision Maker in rendering a decision. The Initial Decision Maker may request the Owner to authorize retention of such persons at the Owner's expense.

§ 15.2.4 If the Initial Decision Maker requests a party to provide a response to a Claim or to furnish additional supporting data, such party shall respond, within ten days after receipt of such request, and shall either (1) provide a response on the requested supporting data, (2) advise the Initial Decision Maker when the response or supporting data will be furnished or (3) advise the Initial Decision Maker that no supporting data will be furnished. Upon receipt of the response or supporting data, if any, the Initial Decision Maker will either reject or approve the Claim in whole or in part.

§ 15.2.5 The Initial Decision Maker will render an initial decision approving or rejecting the Claim, or indicating that the Initial Decision Maker is unable to resolve the Claim. This initial decision shall (1) be in writing; (2) state the reasons therefor; and (3) notify the parties and the Architect, if the Architect is not serving as the Initial Decision Maker, of any change in the Contract Sum or Contract Time or both. The initial decision shall be final and binding on the parties but subject to mediation and, if the parties fail to resolve their dispute through mediation, to binding dispute resolution.

§ 15.2.6 Either party may file for mediation of an initial decision at any time, subject to the terms of Section 15.2.6.1.

§ 15.2.6.1 Either party may, within 30 days from the date of an initial decision, demand in writing that the other party file for mediation within 60 days of the initial decision. If such a demand is made and the party receiving the demand fails to file for mediation within the time required, then both parties waive their rights to mediate or pursue binding dispute resolution proceedings with respect to the initial decision.

§ 15.2.7 In the event of a Claim against the Contractor, the Owner may, but is not obligated to, notify the surety, if any, of the nature and amount of the Claim. If the Claim relates to a possibility of a Contractor's default, the Owner may, but is not obligated to, notify the surety and request the surety's assistance in resolving the controversy.

§ 15.2.8 If a Claim relates to or is the subject of a mechanic's lien, the party asserting such Claim may proceed in accordance with applicable law to comply with the lien notice or filing deadlines.

§ 15.3 MEDIATION

§ 15.3.1 Claims, disputes, or other matters in controversy arising out of or related to the Contract except those waived as provided for in Sections 9.10.4, 9.10.5, and 15.1.6 shall be subject to mediation as a condition precedent to binding dispute resolution.

§ 15.3.2 The parties shall endeavor to resolve their Claims by mediation which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its Construction Industry Mediation Procedures in effect on the date of the Agreement. A request for mediation shall be made in writing, delivered to the other party to the Contract, and filed with the person or entity administering the mediation. The request may be made concurrently with the filing of binding dispute resolution proceedings but, in such event, mediation shall proceed in advance of binding dispute resolution proceedings, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order. If an arbitration is stayed pursuant to this Section 15.3.2, the parties may nonetheless proceed to the selection of the arbitrator(s) and agree upon a schedule for later proceedings.

§ 15.3.3 The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the Project is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

§ 15.4 ARBITRATION

§ 15.4.1 If the parties have selected arbitration as the method for binding dispute resolution in the Agreement, any Claim subject to, but not resolved by, mediation shall be subject to arbitration which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its Construction Industry Arbitration Rules in effect on the date of the Agreement. A demand for arbitration shall be made in writing, delivered to the other party to the Contract, and filed with the person or entity administering the arbitration. The party filing a notice of demand for arbitration must assert in the demand all Claims then known to that party on which arbitration is permitted to be demanded.

§ 15.4.1.1 A demand for arbitration shall be made no earlier than concurrently with the filing of a request for mediation, but in no event shall it be made after the date when the institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitations. For statute of limitations purposes, receipt of a written demand for arbitration by the person or entity administering the arbitration shall constitute the institution of legal or equitable proceedings based on the Claim.

§ 15.4.2 The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

§ 15.4.3 The foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by parties to the Agreement shall be specifically enforceable under applicable law in any court having jurisdiction thereof.

§ 15.4.4 CONSOLIDATION OR JOINDER

§ 15.4.4.1 Either party, at its sole discretion, may consolidate an arbitration conducted under this Agreement with any other arbitration to which it is a party provided that (1) the arbitration agreement governing the other arbitration permits consolidation, (2) the arbitrations to be consolidated substantially involve common questions of law or fact, and (3) the arbitrations employ materially similar procedural rules and methods for selecting arbitrator(s).

§ 15.4.4.2 Either party, at its sole discretion, may include by joinder persons or entities substantially involved in a common question of law or fact whose presence is required if complete relief is to be accorded in arbitration, provided that the party sought to be joined consents in writing to such joinder. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent.

§ 15.4.4.3 The Owner and Contractor grant to any person or entity made a party to an arbitration conducted under this Section 15.4, whether by joinder or consolidation, the same rights of joinder and consolidation as the Owner and Contractor under this Agreement.

DOCUMENT 008000 - SUPPLEMENTARY GENERAL CONDITIONS

1.1 SUPPLEMENTARY GENERAL CONDITIONS

- A. The "General Conditions of the Contract for Construction," AIA Document A201 – 2007, ("General Conditions") bound into this document constitutes the General Conditions of this Contract. The following "Supplementary General Conditions" modify, change, delete from, and add to, the General Conditions. The General Conditions and Supplementary General Conditions are applicable to all of the Work under this Contract and shall apply to the Contractor, Architect, all Subcontractors, Sub-subcontractors, and Material Suppliers and Vendors. Prospective Bidders are advised to carefully review, coordinate and integrate these Supplementary General Conditions with the General Conditions. Where these Supplementary General Conditions alter the existing language of the General Conditions, the unaltered portions of the Paragraph or Subparagraph of the General Conditions shall remain in effect.

1.2 ARTICLE 1 - GENERAL PROVISIONS

- A. Insert the following after the word "Sub-subcontractor" in the fifth line of Section 1.1.2:

except as set forth at Paragraphs 5.3 and 5.4,

- B. Add the following new Section 1.1.9:

§ 1.1.9 KNOWLEDGE

The terms "knowledge," "recognize," and "discover," their respective derivatives, and similar terms in the Contract Documents, as used in reference to the Contractor, shall be interpreted to mean that which the Contractor knows, recognizes or discovers, or should know, recognize or discover in exercising the care, skill and diligence required of a contractor performing the specific Work required by the Contract Documents.

- C. Add the following to the end of Section 1.2.1:

In the event of inconsistencies within or between parts of the Contract Documents, or between the Contract Documents and applicable standards, codes, and ordinances, the Contractor shall: (i) provide the better quality or greater quantity of Work; or, (ii) comply with the more stringent requirement, either or both in accordance with the Architect's interpretation. However, the terms and conditions of Section 1.2.1 shall not relieve the Contractor of any of the obligations set forth in Sections 3.2 and 3.7 herein.

- D. Add the following new Section 1.2.4:

If any portion of the Contract Documents conflict with any other portion, the various documents comprising the Contract Documents shall govern in the following order of precedence: The Owner-Contractor Agreement; Modifications; Addenda; Supplementary Conditions; General Conditions; Specifications; Drawings; as between schedules and

information given on Drawings, the schedules shall govern; as between figures given on the Drawings and the scaled measurements, the figures shall govern; as between large-scale Drawings and small-scale drawings, the larger scale shall govern; Performance Bond; Labor and Material Payment Bond; Bid Form; Instructions to Bidders; Invitation to Bid. All such conflicts shall be reported, in writing, to the Owner and the Architect immediately upon discovery by the Contractor. Schedules, lists, indexes, tables, inventories, written instruction, written descriptions, summaries, statements, classifications, specifications, written selections, or written designations, although appearing on the Drawings, are deemed to be and are "Specifications" as defined by this Section 1.2.4. The principles set forth herein shall not alter the provisions of Section 1.2.1. In the event there is a conflict between or among any provision within one of the component parts of the Contract Documents, the higher standard or more stringent requirement shall govern.

1.3 ARTICLE 2 - OWNER

- A. Delete Section 2.1.2 in its entirety.
- B. Delete Section 2.2.1 in its entirety.
- C. Add the following new Section 2.5:

§ 2.5 EXTENT OF OWNER'S RIGHTS

§ 2.5.1 The rights stated in this Article 2 and elsewhere in the Contract Documents are cumulative and not in limitation of any rights of the Owner: (i) granted in the Contract Documents; (ii) at law; or, (iii) in equity.

§ 2.5.2 In no event shall the Owner have control over, charge of, or any responsibility for construction means, methods, techniques, sequences, or procedures, or for safety precautions and programs in connection with the Work, notwithstanding any of the rights and authority granted to the Owner in the Contract Documents.

1.4 ARTICLE 3 - CONTRACTOR

- A. Add the following to the end of Section 3.2.1:

Specifically, the Contractor acknowledges that it has taken steps reasonably necessary to ascertain the nature and location of the work, and that it has investigated and satisfied itself as to the general and local conditions which can affect the work or its cost, including but not limited to: (i) conditions bearing upon transportation, disposal, handling, and storage of materials; (ii) the availability of labor, water, electric power, and roads; (iii) uncertainties of weather, river stages, tides, or similar physical conditions at the sites; (iv) the conformation and conditions of the grounds; (v) the character of equipment and facilities needed preliminary to and during work performance. The Contractor also acknowledges that it has satisfied itself as to the character, quality, and quantity of surface and subsurface materials or obstacles to be encountered insofar as this information is reasonably ascertainable from an inspection of the site, including all exploratory work done by the Owner, as well as from the

drawings and specifications made a part of this Contract. Any failure of the Contractor to take the actions described and acknowledges in this paragraph will not relieve the Contractor from responsibility for estimating properly the difficulty and cost of successfully performing the Work or for proceeding to successfully perform the Work without additional expense to the Owner.

- B. Strike the period at, and add the following to, the end of the first sentence in Section 3.2.3:

Unless such laws, statutes, ordinances, building codes, and rules and regulations bear upon the performance of the Work.

- C. Delete the last sentence from Section 3.3.1.

- D. Create a new Section 3.5.1, remove all text from current Section 3.5, and add it to new Section 3.5.1.

- E. Delete the word "may" and replace with the word "shall" in the fifth line of new Section 3.5.1.

- F. Add the following new Section 3.5.2:

§ 3.5.2 The Contractor agrees to perform the Work in such manner as to preserve any and all manufacturer's warranties relating to materials and labor used in the Work and further agrees to assign to the Owner at the time of final completion of the Work any and all such manufacturer's warranties.

- G. Add the following new Section 3.10.4:

§ 3.10.4 The Contractor's Construction Schedule as required by Section 3.10.1 and the General Requirements, shall establish the Contractor's actual plan for performance of the Work. In addition to other requirements specified in the Contract Documents, the Contractor's schedule shall identify dates that are critical in ensuring the timely and orderly completion of the Work in accordance with the requirements of the Contract Documents. Following submission of the Contractor's initial schedule submittal, the Owner and Architect will review the submittal for compliance with the technical requirements specified in the General Requirements and for conformity with other Contract requirements, including the dates specified for Substantial and Final Completion of the Work. The Owner will thereafter accept the schedule or return the schedule with responses identifying why the Contractor's schedule cannot be accepted.

- H. Add the following new Section 3.10.5:

§ 3.10.5 As set forth in Section 3.10.1 and in the General Requirements, or if requested by either the Owner or the Architect, the accepted construction schedule shall be updated to reflect actual conditions. In the event any schedule update indicates any delays, the Contractor shall propose and affirmative plan to correct the delay, including overtime and/or additional labor, if necessary. In no event shall any schedule update constitute an adjustment in the Contract Time, any Milestone Date, or the Contract Sum unless any such adjustment is agreed to by the Owner and authorized pursuant to Change Order.

- I. Add the following new Section 3.10.6:

§ 3.10.6 In the event the Owner determines that the performance of the Work, as of a specified Milestone Date, or as reflected on the Contractor's most current updated schedule, has not progressed or reached the level of completion required by the Contract Documents, the Owner shall have the right to order the Contractor to take corrective measures necessary to expedite the progress of construction, including, without limitation, (i) working additional shifts or overtime; (ii) supplying additional manpower, equipment, and facilities; and, (iii) other similar measures (hereinafter collectively referred to as "Extraordinary Measures"). Such Extraordinary Measures shall continue until the progress of the Work complies with the stage of completion required by the Contract Documents. The Owner's right to require Extraordinary Measures is solely for the purpose of ensuring the Contractor's compliance with the construction schedule.

- J. Insert the following after the word "professional" in the ninth line of Section 3.12.10:

who shall comply with the reasonable requirements of the Owner regarding qualifications and insurance, and

- K. Insert a period after the word "professionals" in the fourteenth line of Section 3.12.10, and delete the remainder of the sentence.

- L. Delete the text of Section 3.18.1 in its entirety and replace as follows:

§ 3.18.1 To the fullest extent permitted by law, the Contractor shall, at its sole cost and expense, indemnify, hold harmless and defend the Aleutians East Borough and its School District, the Architect and the Architect's consultants, and the administrators, representatives, agents and employees of any of them, from and against all claims, actions, judgments, costs, liabilities, penalties, damages, losses, and expenses, including but not limited to attorneys' fees, which may arise out of or result from the performance of the Work, and which are:

1. attributable to bodily injury, sickness, disease or death, or to injury to or pollution or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom; and,
2. caused by any default or negligent act or omission of the Contractor, any Subcontractor, Sub-subcontractor, Materials Supplier or Vendor, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be held liable.

The Contractor shall be liable for the indemnity obligation as set forth in this Paragraph regardless of whether or not such claims, actions, judgments, costs, liabilities, penalties, damages, losses, and expenses are caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Section 3.18.

- M. Add the following new Section 3.18.3:

§ 3.18.3 The Contractor shall indemnify and hold harmless all of the Indemnitees named in this Section 3.18 from and against any costs and expenses, including reasonable attorneys'

fees, incurred by any of the Indemnitees in enforcing any of the Contractor's defense, indemnity, and hold-harmless obligations under this Contract.

1.5 ARTICLE 4 - ADMINISTRATION OF THE CONTRACT

- A. Delete the words "as to whom the Contractor has no reasonable objection and" from Section 4.1.3.
- B. Delete the first two sentences of Section 4.2.2 and replace as follows:

The Architect, as a representative of the Owner, and its consulting engineers (including but not limited to the structural, mechanical, and electrical disciplines) will perform on-site inspections of the Work at intervals appropriate to the stage of construction to: (i) review the progress and quality of the Work completed; (ii) determine if the Work is proceeding and being performed in accordance with the requirements of the Contract Documents; and, (iii) guard the Owner against defects and deficiencies in the Work. Unless otherwise provided in the Owner-Architect Agreement, the Architect and its consulting engineers will not be required to make exhaustive or continuous on-site inspections or observations to check the quality or quantity of the Work performed; however, they shall make as many on-site inspections and observations as may reasonably be required to fulfill the Architect's independent obligations to the Owner.

- C. Add the following Section 4.2.2.1:

§4.2.2.1 The Contractor shall reimburse the Owner for compensation paid to the Architect for additional site visits made necessary by the fault, neglect, or request of the Contractor.

- D. Insert the following after the word "effect" in Section 4.2.13:

, during or in connection with the administration of the Contract,

1.6 ARTICLE 7 - CHANGES IN THE WORK

- A. Delete the period at the end of Section 7.1.2 and replace with the following:

subject to the restrictions set forth at Section 7.4 of this document.
- B. Add the following to the beginning of Section 7.4:

Following consultation with and approval by the Owner,

1.7 ARTICLE 8 - TIME

- A. Add the following language after the words "prior to" in the second line of Section 8.2.2:

The Owner's issuance of a Notice to Proceed and

- B. Delete the language of Section 8.3.1 in its entirety and replace with the following:

The Contractor shall be entitled to extensions in the time required for performance of the Work as specifically provided in the Contract. Except as otherwise specifically provided under Article 7 or Section 14.3, the Contractor shall not be entitled to payment or compensation of any kind from the Owner for direct, indirect, impact or consequential damages, including but not limited to costs of acceleration because of hindrance or delay or loss of labor or equipment efficiency or productivity arising out of any hindrance, interference, obstruction, disruption or delay from any source or cause whatsoever, whether such hindrance, interference, obstruction, disruption or delays be reasonable or unreasonable, foreseeable or unforeseeable, or avoidable or unavoidable.

- C. Add the following new Section 8.3.2:

§ 8.3.2 The Contract Time may be adjusted only for changes pursuant to Article 7, suspension of Work pursuant to Section 14.3, and delays pursuant to Section 8.3.3.

- D. Add the following new Section 8.3.3:

§ 8.3.3 For the purposes of Section 8.3, delays shall be defined as follows:

1. Actions or inactions of the Owner, or events for which the Owner has assumed contractual responsibility, which would independently delay the date of Substantial Completion beyond the current contractually established date of Substantial Completion, shall be designated as Compensable delays.
2. Events which are outside the control of, and without the fault or negligence of either the Owner or the Contractor, which would independently delay the date of Substantial Completion beyond the current Contract Completion Date, shall be designated as Excusable delays, as follows:
 - a. Labor disputes and strikes (including strikes affecting transportation) that directly and critically affect the progress of the Work; however, any extension of Contract Time on account of an individual labor strike shall not exceed the number of days of said strike.
 - b. An act of God, tornado, fire, hurricane, blizzard, earthquake, typhoon, or flood that damages completed work or stored materials.
 - c. The Contract Time will not be extended due to normal inclement weather. Unless the Contractor can substantiate to the satisfaction of the Owner that the weather actually encountered by the Contractor was unusually severe considering the full term of the Contract time using a ten (10) year average of accumulated record mean values from climatological data compiled by the U.S. Department of Commerce, National Oceanic and Atmospheric Administration for the locale of the Project and that such alleged substantially greater than normal inclement weather actually delayed the Work or portions thereof which had an effect upon the Contract Time, the Contractor shall not be entitled to an extension of time.
 - d. Acts of the public enemy, acts of the state, federal or local government in its sovereign capacity, and acts of another contractor in the performance of a contract with the Owner relating to the Project.

3. Actions or inactions of the Contractor, or events for which the Contractor has assumed contractual responsibility, which would independently delay the date of Substantial Completion beyond the current Contract Completion Date shall be designated as Non-Excusable delays.
4. Concurrent delay is any combination of the above three types of delay occurring on a calendar date, except in cases where the combination consists of two or more instances of the same type of delay occurring on a calendar date.
5. A delay to the Contractor caused by the acts of another contractor under contract to the Owner will be classified as a Compensable delay to the extent said delay meets the requirements of compensable delay as set forth under Section 8.3.3.1. Also, it is the Owner's belief that the definitions of delay as included in this paragraph comply with all applicable laws of the State of Alaska.

E. Add the following new Section 8.3.4:

§ 8.3.4 Any claim for extension of time shall be made in writing to the Project Manager not more than seven (7) calendar days after commencement of the delay, or shall be waived. The Contractor shall also provide an estimate of the probable effect of such delay on the progress of the Work. In the case of a continuing delay only one claim is necessary. Any event, action, inaction, or other cause which may give rise to a delay shall constitute a basis for adjustment in:

1. Contract Time, only if it can be demonstrated that the date of Substantial Completion will be delayed beyond the current Contract Completion Date and that the delay is classified as only a Compensable, Excusable, or Concurrent Delay. The Contract Time shall be adjusted by Change Order pursuant to the requirements of Article 7; or
2. Contract Amount, only if it can be demonstrated that the Contractor's time-related costs to complete the Work will be increased and the delay is classified as only a Compensable Delay. The Contract Sum shall be adjusted by Change Order pursuant to the requirements of Article 7.

F. Renumber the existing Section 8.3.2 as Section 8.3.5.

G. Renumber the existing Section 8.3.3 as Section 8.3.6.

1.8 ARTICLE 9 - PAYMENTS AND COMPLETION

- A. Delete Section 9.6.7 in its entirety.
- B. Delete Section 9.7 in its entirety.
- C. Delete section 9.10.4 in its entirety.
- D. Renumber Section 9.10.5 as Section 9.10.4.
- E. Change 9.10.2 to read "...until at least 30 days (**where allowed**) prior..." [AD-2]

1.9 ARTICLE 10 PROTECTION OF PERSONS AND PROPERTY

- A. Delete the fourth sentence in Section 10.3.2, which begins with the words, "If either the Contractor...."
- B. Delete Section 10.3.3 in its entirety.
- C. Delete Section 10.3.6 in its entirety.

1.10 ARTICLE 11 INSURANCE AND BONDS

- A. Add the following language to make it the first sentence of Section 11.1.1:

The Contractor shall procure and maintain until all of its obligations (including any obligations during applicable warranty periods) under this Contract are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the Work by the Contractor, its agents, representatives, employees, subcontractors, or sub-subcontractors.

- B. Add the following new Section 11.1.5:

§ 11.1.5 The Contractor shall not commence work under this Contract until it has obtained all the insurance required under this Section 11.1 and such insurance has been approved by the Owner's Representative. The Owner reserves the right to reject coverage written by insurers which the Owner, in its sole discretion, finds are unacceptable. The Contractor shall not allow any Subcontractor of any tier to commence Work on its subcontract until the insurance required has been obtained and approved.

- C. Add the following new Section 11.1.6:

§ 11.1.6 MINIMUM REQUIREMENTS AND LIMITS

- 1. .1 The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants set forth in the Contract.
- 2. .2 The Owner in no way warrants that the minimum limits established by this Contract are sufficient to protect the Contractor from liabilities that might arise out of the performance of the Work under this Contract by the Contractor, its agents, representatives, employees, subcontractors or sub-subcontractors, and Contractor is free to purchase such additional insurance as may be deemed necessary.

- D. Add the following new Section 11.1.7:

§ 11.1.7 MINIMUM SCOPE AND LIMITS OF LIABILITY INSURANCE

- 1. .1 The Contractor shall provide coverage at least as broad and with limits of liability not less than those stated herein as follows:
- 2. .2 Commercial general Liability – Occurrence Form

- a. General Aggregate Limit \$2,000,000
- b. Products—Completed Operations Aggregate Limit \$2,000,000
- c. Personal and Advertising Injury Limit \$1,000,000
- d. Each Occurrence Limit \$1,000,000
- e. Fire Damage Limit (Any One Fire) \$ 50,000
- f. Medical Expense Limit (Any One Person) \$ 5,000

g. Liability insurance may be layered in any manner of primary and umbrella/excess policies to reach required limits; however, there shall not be any unfunded self-insured retention.

3. .3 Automobile Liability – Any Owned, Hired, or Non-Owned Vehicles

a. Automobile liability insurance on owned, non-owned and hired vehicles used on the site(s) or in conjunction therewith for bodily injury and property damage shall be as follows:

- 1) Combined Single Limit Per Accident for Bodily Injury and Property Damage \$1,000,000

4. .4 Umbrella or Excess Liability

a. If the Contractor is unable to secure primary liability insurance limits that meet the minimum requirements of this Section 11.1.7, it must obtain and maintain Umbrella or Excess Liability coverage in the following amounts:

- 1) \$2,000,000 over primary insurance for the General Contractor
- 2) \$1,000,000 over primary insurance for Subcontractors

E. Add the following new Section 11.1.8:

§ 11.1.8 OTHER REQUIREMENTS

The Contractor's Commercial General Liability and Automobile policies are to contain, or be endorsed to contain, the following provisions:

- 1. .1 The Owner, its officers, directors, officials, agents and employees are to be listed as additional insureds with respect to liability arising out of: (i) activities performed by, or on behalf of, the Contractor, including Owner's general supervision of the Contractor; (ii) products and completed operations of the Contractor; and, (iii) automobiles owned, leased, hired or borrowed by the Contractor.
- 2. .2 The Contractor's insurance shall contain broad form contractual liability coverage and shall not exclude XCU coverage.
- 3. .3 The policies shall contain a waiver of subrogation against the Owner, its officers, directors, officials, agents and employees for losses arising from work performed by the Contractor for the Owner.

F. Delete Section 11.2 in its entirety and replace with the following new Section 11.2:

§ 11.2 WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

§11.2.1 The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants set forth in the Contract.

§11.2.2 The Owner in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the Work under this Contract by the Contractor, its agents, representatives, employees, subcontractors, or sub-subcontractors, and Contractor is free to purchase such additional insurance as may be deemed necessary.

§11.2.3 Contractor shall provide coverage at least as broad and with limits of liability not less than those stated below:

- | | | |
|----|-------------------------|-----------|
| 1. | Workers' Compensation | Statutory |
| 2. | Employers' Liability: | |
| a. | Each Accident | \$100,000 |
| b. | Disease – Each Employee | \$100,000 |
| c. | Disease – Policy Limit | \$500,000 |

§11.2.4 The Contractor shall not commence work under this Contract until it has obtained all the insurance required under this Section 11.2 and such insurance has been approved by the Owner's Representative. The Owner reserves the right to reject coverage written by insurers which the Owner, in its sole discretion, finds are unacceptable. The Contractor shall not allow any Subcontractor of any tier to commence Work on its subcontract until the insurance required has been obtained and approved.

§11.2.5 WAIVER OF SUBROGATION. The Contractor's Workers' Compensation and Employers' Liability policies are to contain, or be endorsed to contain, the following provision:

The insurer shall agree to waive all rights of subrogation against the Aleutians East Borough, its School District, its officers, directors, officials, agents and employees for losses arising from work performed by the Contractor for the Owner.

- G. Delete Section 11.3.1 in its entirety and replace with the following new Section 11.3.1:

§11.3.1 BUILDERS' RISK INSURANCE (Course of Construction)

The Contractor shall purchase and maintain, in a company (or companies) that are financially responsible and lawfully authorized to do business in the State of Alaska, property insurance written on a Builder's Risk "all-risk" or equivalent policy form (to include perils of fire, earthquake, flood, and extended coverage) in the amount of the initial Contract Sum, plus value of subsequent Contract Modifications and cost of materials supplied or installed by others, comprising total value for the entire Project at the site on a replacement cost basis without optional deductibles. ALL RISK PERILS DEDUCTIBLE NOT TO EXCEED \$25,000" and "EARTHQUAKE AND FLOOD DEDUCTIBLES NOT TO EXCEED 5% VALUES AT RISK SUBJECT TO \$100,000 Minimum"[AD-2] Such property insurance shall be maintained, unless otherwise provided in the Contract Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of such insurance, until final payment has been made as provided in Section 9.10, or until no person or entity other than the Owner has an insurable interest in the property for which coverage is required under this Section 11.3, whichever is

later. This insurance shall include interests of the Owner, the Contractor, Subcontractors, Sub-subcontractors, and/or others with an insurable interest in the Project.

- H. Delete Section 11.3.1.2 in its entirety, and replace with the following new Section 11.3.1.2:

§ 11.3.1.2 If the Owner is damaged by the failure or neglect of the Contractor to purchase and maintain the Builders' Risk Insurance required by this Contract, then the Contractor shall bear all reasonable costs attributable thereto.

- I. Replace the word "Owner" with the word "Contractor" in Section 11.3.1.3.

- J. Add the following new Section 11.3.1.6:

§ 11.3.1.6 ADDITIONAL REQUIREMENTS. The Contractor's Builders' Risk Insurance policy or policies are to contain, or be endorsed to contain, the following provisions:

1. .1 The insurer shall agree to waive all rights of subrogation against the Aleutians East Borough, its School District, its officers, directors, officials, agents and employees for losses arising from work performed by the Contractor for the Owner.
2. .2 The policy shall contain a standard loss payee clause naming the Owner as Loss Payee.
3. .3 The policy shall provide coverage from the time any covered property becomes the Contractor's responsibility, and continuing without interruption during construction, renovation, or installation, including any time during which the covered property is being transported to the construction or installation site, and while on the construction or installation site awaiting installation. Permission to occupy shall be granted/endorsed onto the policy so that partial occupancy does not invalidate coverage.
4. .4 If not fully covered by the Builders Risk policy, the contractor shall secure and maintain cargo insurance coverage as necessary to fully insure all materials furnished and delivered under this contract, whether furnished and delivered to the Contractor, or to a Subcontractor, a Sub-subcontractor, or another person or entity under contract with or responsible to the contractor, in an amount equal to the initial Contract Amount plus the value of subsequent Contract Modifications. Such insurance shall insure, or be expressly endorsed to insure, all materials on a full replacement cost basis with deductibles acceptable to the Borough. The cargo insurance may be provided by the contractor or through the shipper or through a combination of shipper and contractor coverages. [AD-2]
 - a. The CARGO POLICY [AD-2] or policies must provide coverage from the time any covered property becomes the Contractor's responsibility, and continuing without interruption during the purchase, manufacture, storage, consolidation, loading, shipment, and delivery of the covered property to the Project Site at King Cove, Alaska, and until the covered property is offloaded, delivered, and accepted by the Contractor. Such acceptance by the Contractor shall be by formal written notice to the Supplier or Suppliers, with a copy or copies to the Owner, and the insurance coverage required herein shall be maintained until receipt of such formal written notice by the Owner.

- b. THE CARGO POLICY [AD-2] or policies shall name the Aleutians East Borough and its School District as an additional insured. Prior to the shipment of any materials required to be insured under this contract and/or this Section 11.3.1.6, the Contractor shall provide the Owner with a certificate or certificates of insurance evidencing proof of the insurance required by these provisions.

K. [AD-2]Delete the second sentence of Section 11.3.3.

L. Delete Section 11.3.4 in its entirety.

M. Delete Section 11.3.6 and replace with the following new Section 11.3.6:

§ 11.3.6 Before an exposure to loss may occur, the Contractor shall file with the Owner a copy of each policy that includes insurance coverages required by this Section 11.3. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project. Each policy shall contain a provision that the policy will not be canceled or allowed to expire, and that its limits will not be reduced, until at least 30 days' prior written notice has been given to the Owner.

N. Delete the first sentence of Section 11.3.8 and replace as follows:

A loss insured under the Builder's Risk Policy shall be adjusted by the Insurer, or by the Owner as fiduciary, and made payable to the Owner as fiduciary for the insureds, as their interests may appear, subject to requirements of any applicable mortgagee clause and of Section 11.3.10.

O. Delete the last two sentences of Section 11.3.10 and replace as follows:

The Owner as fiduciary shall, in the case of mediation or litigation, make settlement with insurers in accordance with a final mediated settlement agreement or final court order or judgment, as applicable. If distribution of insurance proceeds by final mediated settlement agreement or final court order or judgment is required, the mediator or court will order such distribution.

P. Add the following new Section 11.4:

§ 11.4 ADDITIONAL INSURANCE REQUIREMENTS FOR ALL POLICIES

§11.4.1 Verification of Coverage. Prior to commencing any Work under this Contract, the Contractor shall furnish certificates issued to the Owner showing the type, amount, class of operations covered, effective dates, and dates of expiration of such policies. These certificates and the insurance policies required by this Article 11 shall contain a provision that coverages afforded under the policies will not be canceled, materially altered, or allowed to expire until at least 30 days' prior notice has been given to the Owner.

All original certificates required by this contract shall be sent directly to: Rick Gifford, Aleutians East Borough, 3380 C Street, Suite 205, Anchorage, Alaska 99503. All certificates and policies shall contain the project title. By requiring insurance, the Owner makes no representation that the required coverage or limits are necessarily adequate. Such coverage

and limits requirements shall not be construed as a limit on the Contractor's liability or duties of indemnity.

§ 11.4.2 Acceptability of Insurers. All insurance coverage procured by the Contractor shall be provided by insurance companies having policy holder ratings no lower than "A" and financial ratings no lower than "XII" in the Best's Insurance Guide, latest edition in effect as of the date of the Contract, and subsequently in effect at the time of renewal of any policies required by the Contract Documents.

§ 11.4.3 Continuation of Coverage. If any of the foregoing insurance coverages are required to remain in force after final payment and are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the final Application for Payment. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the Contractor with reasonable promptness in accordance with the Contractor's information and belief. If this insurance is written on a Commercial General Liability policy form, the certificates shall be ACORD form 25-S.

§ 11.4.4 Failure to Comply. If the Owner or the Contractor is damaged by the failure of the other party to purchase or maintain insurance required by the Contract Documents, then the party who failed to purchase or maintain the insurance shall bear all reasonable costs (including attorneys' fees and court and settlement expenses) attributable thereto.

§ 11.4.5 Notice of Cancellation. Each insurance policy required by the insurance provisions in this contract shall provide the required coverage and shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior notice has been given to the Owner. Such notice shall be sent to: Rick Gifford, Aleutians East Borough, 3380 C Street, Suite 205, Anchorage, Alaska 99503, and shall be sent by certified mail, return receipt requested.

§ 11.4.6 Additional Insureds/Subrogation/Cross-Liability. All certificates and policies of insurance shall include the Owner, its agents and employees as additional insureds, waive subrogation against the Owner, its agents and employees, provide that no act or omission of the Owner, its agents or employees shall be a condition to coverage, and shall provide for cross-liability coverage.

- Q. Renumber existing Section 11.4 as Section 11.5.
- R. Renumber existing Section 11.4.1 as Section 11.5.1.
- S. Renumber existing Section 11.4.2 as Section 11.5.2.

1.11 ARTICLE 13 MISCELLANEOUS PROVISIONS

- A. Delete Section 13.2.2 in its entirety.
- B. Delete Section 13.7 in its entirety.

1.12 ARTICLE 14 TERMINATION OR SUSPENSION OF THE CONTRACT

- A. Delete Section 14.1.1 in its entirety.
- B. Delete Section 14.1.2 in its entirety.
- C. Delete Section 14.1.3 in its entirety.
- D. Delete Section 14.1.4 in its entirety.
- E. Delete the second sentence of Section 14.3.2.
- F. Insert a period after the word "termination" in the second line of Section 14.4.3, and delete the remaining portion of the Section.

1.13 ARTICLE 15 CLAIMS AND DISPUTES

- A. Add the following at the end of the first sentence in Section 15.1.2:

; provided, however, that the claimant shall cooperate with the Architect and the party against whom the Claim is made in any effort to mitigate the alleged or potential damages, delay, or other adverse consequences arising out of the condition that is the cause of such a Claim.
- B. Add the following so that it is the last sentence of Section 15.1.2:

Claims may also be reserved in writing within the time limits set forth in this Section 15.1.2. If a Claim is reserved, the Resolution of Claims and Disputed procedures described in Sections 15.2 and 15.3 shall not commence until a written notice from the Claimant is received by the Initial Decision Maker. Any notice of Claim or reservation of Claim must clearly identify the alleged cause and the nature of the Claim and include all data and information then available to the Claimant that will facilitate prompt verification and evaluation of the Claim.
- C. Delete Section 15.1.6 in its entirety.
- D. Delete the words "Sections 10.3, 10.4, 11.3.9" from the first sentence of Section 15.2.1, and replace them with the words "Section"
- E. Add the following language to the end of Section 15.2.2:

In the event the Initial Decision Maker advises the parties that it is unable to evaluate the merits of a Claim or unable to resolve a Claim, the Owner will administratively evaluate or resolve the Claim and issue a decision either rejecting or approving the Claim in whole or in part.
- F. Delete the period from, and add the following language to the end of the last sentence of Section 15.2.5:

, by means of a civil action filed in a Superior Court in the State of Alaska, Third Judicial District, at Anchorage.

- G. Delete existing Section 15.2.6.1 in its entirety, and replace with the following new Section 15.2.6.1:

§ 15.2.6.1 Either party may request mediation by submitting a formal written request for mediation to the other party to the Contract, and provide a copy of that request to the Initial Decision Maker.

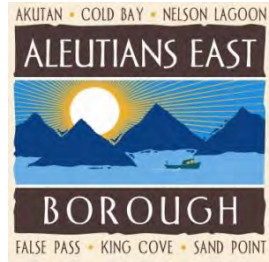
- H. Delete Section 15.2.8 in its entirety.

- I. Delete existing Section 15.3.1 in its entirety, and replace with the following new Section 15.3.1:

§ 15.3.1 Claims, disputes, or other matters in controversy arising out of or related to the Contract, except those waived as provided for in Sections 9.10.5, shall be subject to mediation as a condition precedent to initiating a civil action for the purpose of enforcing any right or obligation under this Contract.

- J. Delete Section 15.4 in its entirety.

END OF DOCUMENT 008000



Agenda Statement

Date of Meeting: December 10, 2015

To: Mayor and Assembly Members

From: Rick Gifford, Administrator

Re: Sandy River Leases

The State of Alaska, Department of Natural Resources granted Lease ADL No. 218167 to Melvin B. Gillis on June 9, 1989 and Lease ADL No. 228276 to Melvin B. Gillis on August 16, 2004. These leases are located in the Sandy River area. The Aleutians East Borough selected the parcels that are the subjects of these leases as part of its General Land Grant Entitlement (Municipal Entitlements) pursuant to A.S. 29.65 et seq., and was subsequently transferred title to those parcels by the State of Alaska, and thus acquired as part of that transfer Lease ADL No. 218167 and Lease ADL No. 228276. The leases permitted Mr. Gillis to assign his rights and obligations under these leases to a third party, subject to the Borough's approval. APICDA Joint Ventures purchased from Mr. Gillis all the improvements located on the properties that are subject to the leases, for the purpose of expanding its recreational business activities in the Borough. The Assembly approved the Assignment to APICDA Joint Ventures and extended the leases to June 30, 2015 on September 10, 2014. APICDA Joint Ventures requested that the Borough grant it a long-term lease in the properties that are the subjects of Lease ADL No. 218167 and Lease No. 228276. The Assembly authorized the Mayor to negotiate a long-term lease with APICDA Joint Ventures on March 3, 2015 and extended the leases on May 28, 2015 to December 31, 2015 in order for the lease expansion area to be surveyed during the summer.

The lease expansion required a survey which was completed this summer that has provided the legal description for the new lease and includes the requested expansion of the amount of land to be leased to APICDA Joint Ventures.

The Administration has met with APICDA Joint Ventures and we are in the final negotiation of terms and lease amount.

The Administration recommends approval of Resolution No. 16-11 authorizing the Mayor to negotiate and enter into a long-term lease with APICDA Joint Ventures within the parameters of the draft lease attached to the Resolution. Said lease, once executed, will be presented to the Assembly as an informational item at the next Regular Assembly meeting.

RESOLUTION NO. 16-11

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH, ALASKA, AUTHORIZING THE MAYOR TO NEGOTIATE AND ENTER INTO A LONG-TERM LEASE WITH APICDA JOINT VENTURES.

WHEREAS, AS 29.35.010(8) grants the Aleutians East Borough the authority to “acquire, manage, control, use, and dispose of real and personal property, whether the property is situated inside or outside the municipal boundaries”; and,

WHEREAS, the State of Alaska, Department of Natural Resources granted Lease ADL No. 218167 to Melvin B. Gillis on June 9, 1989; and,

WHEREAS, the State of Alaska, Department of Natural Resources granted Lease ADL No. 228276 to Melvin B. Gillis on August 16, 2004; and,

WHEREAS, the Aleutians East Borough selected the parcels that are the subjects of these leases as part of its General Land Grant Entitlement (Municipal Entitlements) pursuant to A.S. 29.65 et seq., was subsequently transferred title to those parcels by the State of Alaska, and thus acquired as part of that transfer Lease ADL No. 218167 and Lease ADL No. 228276; and,

WHEREAS, the leases permitted Mr. Gillis to assign his rights and obligations under these leases to a third party, subject to the Borough’s approval; and,

WHEREAS, an Agreement was approved by the Aleutians East Borough Assembly on September 10, 2014 assigning Mr. Gillis’s interests under the leases to APICDA Joint Ventures; and,

WHEREAS, APICDA Joint Ventures has purchased from Mr. Gillis all the improvements located on the properties that are subject to the leases, for the purpose of expanding its recreational business activities in the Borough; and,

WHEREAS, APICDA Joint Ventures has requested that the Borough grant it a long-term lease in the properties that are the subjects of Lease ADL No. 218167 and Lease No. 228276 and to increase the lease acres; and,

WHEREAS, on September 10, 2014 the Aleutians East Borough Assembly approved amendments to the leases extending them to June 30, 2015; and,

WHEREAS, the Aleutians East Borough Assembly has concluded that it would be in the Borough’s best interests to negotiate a long-term lease with APICDA Joint Ventures; and

WHEREAS, in order to conduct a land survey to expand the leases and negotiate the new lease, the Aleutians East Borough Assembly approved a lease extension to December 31, 2015 on May 28, 2015;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE ALEUTIANS EAST BOROUGH, ALASKA, that:

Section 1. The Aleutians East Borough Assembly hereby authorizes the Mayor to negotiate and enter into a long-term lease with APICDA Joint Ventures within the parameters of the draft lease attached to the Resolution. Said lease, once executed, will be presented to the Assembly as an informational item at the next Regular Assembly meeting.

Section 2. Effective Date. This Resolution shall take effect immediately.

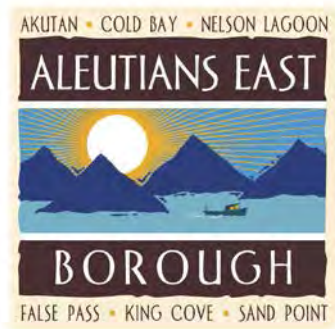
ADOPTED BY THE ASSEMBLY OF THE ALEUTIANS EAST BOROUGH, on this _____ day of _____, 2015.

ALEUTIANS EAST BOROUGH, ALASKA

Stanley Mack, Mayor

ATTEST:

Tina Anderson, Borough Clerk



GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (the “Lease”) is made and entered into and effective as of the 1st day of January, 2016 by and between **APICDA JOINT VENTURES, INC.**, (hereinafter “Lessee”), whose address is 302 Gold Street, Suite 202, Juneau, Alaska 99801, and **THE ALEUTIANS EAST BOROUGH**, a Municipal Corporation, (hereinafter “Lessor”), whose address is P.O. Box 349, Sand Point, Alaska 99661.

RECITALS

WHEREAS, Lessor is the owner of the surface estate of certain real property located in the vicinity of Sandy River within the Aleutians East Borough, Alaska, which Lessee desires to lease for use as a commercial recreation site; and

WHEREAS, the parties have agreed to the terms and conditions of the lease;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. Demise; Description of Premises. Lessee leases from Lessor the following real property:

(a) Parcel Number 1, APIDCA Joint Venture Sandy River Lodge lease parcel, which includes ASLS 87-130 (Plat 88-19, Aleutian Islands Recording District), and is located within a portion of

Section S, T. 46 S., R. 69 W., S.M., Aleutian Islands Recording District, Alaska,

more particularly described as:

Commencing at the Northeast corner of Section 5, Township 46 South, Range 69 West, Seward Meridian, Alaska, a 3 1/4" brass cap monument; thence S89°38'04"W, 2065.78 feet to Corner 1 of the Sandy River Lodge lease parcel, marked with a 2" aluminum cap on rebar, and the **True Point of Beginning**; thence along the boundary of said parcel N89°59'51"E, 226.29 feet to Corner 2, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel S22°03'18"E, 410.46 feet to Corner 3, also Corner 1 of ASLS 87-130, marked with a 2 1/4" aluminum pipe with aluminum cap; thence along the boundary of said parcel S82°53'09"E, 535.62 feet to Corner 4, also Corner 2 of ASLS 87-130, marked with a 2 1/4" aluminum pipe with aluminum cap; thence along the boundary of said parcel S13°32'42"W, 468.87 feet to Corner 5, also Corner 3 of ASLS 87-130, marked with a 2 1/4" aluminum pipe with aluminum cap; thence along the boundary of said parcel S28°22'45"E, 1160.34 feet to Corner 6, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel S61°37'15"W, 326.81 feet to Corner 7, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel N28°22'45"W, 1171.69 feet to Corner 8, also corner 4 of ASLS 87-130, marked with a 2 1/4" aluminum pipe with aluminum cap; thence along the boundary of said parcel S28°37'50"W, 1035.27 feet to Corner 9, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel N61°02'02"W, 112.96 feet to the witness corner to Meander Corner 10, marked with a 2" aluminum cap on rebar; thence continuing along the boundary of said parcel N61°02'02"W, 83.77 feet to Meander Corner 10 on the easterly bank of the Sandy River; thence continuing along the easterly bank of the Sandy River N57°24'43"E, 41.59 feet; thence continuing along the easterly bank of the Sandy River N34°35'05"E, 114.01 feet to Meander Corner 11 on the easterly bank of the Sandy River; thence along the boundary of said parcel S61°02'02"E, 5.00 feet to the witness corner to Meander Corner 11, marked with a 2" aluminum cap on rebar; thence continuing along the boundary of said parcel S61°02'02"E, 42.98 feet to Corner 12, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel N28°37'50"E, 1020.17 feet to Corner 13, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel N28°22'45"W, 992.11 feet to Corner 1 of said parcel and the **True Point of Beginning**.

Subject to a 100 foot wide riparian buffer along the ordinary high

water line of the Sandy River and to a 25 foot wide Public Access Easement around the inside boundary of ASLS 87-130 as provided for in Plat 88- 19, Aleutian Islands Recording District. Containing 20.00 acres, more or less, and generally conforming to Attachment B.

(b) Parcel Number 2, APIDCA Joint Ventures Sandy River Big Strip lease parcel, located within a portion of

Section S, T. 46 S., R. 70 W., S.M., Aleutian Islands Recording District, Alaska,

more particularly described as:

Commencing at the witness point between Sections 4 and 33, Townships 45 and 46 South, Range 70 West, Seward Meridian, Alaska, a 3 1/4" brass cap monument; thence S51°14'58"W, 1140.11 feet to Corner 1 of the Sandy River Big Strip lease parcel, marked with a 2" aluminum cap on rebar, and the **True Point of Beginning**; thence along the boundary of said parcel S25°26'11"E, 787.29 feet to Corner 2, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel S54°55'29"W, 1559.50 feet to Corner 3, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel N35°04'31"W, 200.00 feet to Corner 4, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel N54°55'29"E, 1390.60 feet to Corner 5, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel N25°26'11"W, 618.39 feet to Corner 6, marked with a 2" aluminum cap on rebar; thence along the boundary of said parcel N64°33'49"E, 200.00 feet to Corner 1 of said parcel and the **True Point of Beginning**.

Containing 10.00 acres, more or less, and generally conforming to Attachment C.

(such real property hereinafter referred to as the "Premises"). The rights granted under this Lease are all subject to all exceptions, agreements, easements, rights-of-way, conditions, covenants, reservations, terms, conditions, and restrictions of record against the real property and Attachment A Special Stipulations.

2. Use of Premises. Subject to the terms and conditions of this Lease, Lessee shall use the Premises solely for the purpose of operating a commercial recreation (hunting and fishing) business.

3. **Term.** The term of this Lease shall be for ten (10) years, commencing on the effective date of this Lease ("Term"), January 1, 2016 and ending December 31, 2025, with an option to renew and extend as described in Section 4. Unless the option to extend as described herein below is exercised, Lessee shall surrender the premises to Lessor immediately upon the termination of this Lease. This Lease shall supersede any existing lease.

4. **Option to Renew.** Lessor grants to Lessee the right to extend this lease for three (3) additional ten (10) year terms, commencing the 1st day of January, 2026, at an annual rental to be negotiated at the time of renewal, with all other terms and conditions of the renewal lease to be the same as those herein.

To exercise this option to renew, Lessee must deliver to Lessor written notice of intention to do so at least six (6) months before the expiration of this Lease, and on or before July 1, 2025. If Lessor does not receive such written notification of Lessee's intent to exercise its option to renew, this Lease shall terminate at midnight, December 31, 2025.

Holdover by Lessee shall not be construed as an exercise of this option by Lessee, but shall be deemed a tenancy from month to month only, at the same rental per month, and upon the same terms, conditions and provisions of this lease, or upon such other terms, conditions and provisions as may be imposed by Lessor by giving not less than thirty (30) days advance written notice thereof. Such holding over shall include any time employed by Lessee to remove improvements.

5. **Rental.** Lessee agrees to pay Lessor the annual rental fee of Twenty Two Thousand and Five Hundred Dollars (\$22,500) on or before January 1, 2016, and each anniversary year thereafter. The annual rental fee shall increase to Thirty Thousand Dollars after five years and then increase five percent (5%) every five (5) years thereafter. The parties shall retain the right to reappraise the leased property to determine the present FMV at the end of the second five (5) years of the term and every five (5) years thereafter during the remainder of the term of the Lease.

(a) Payments due under this Lease must be made by check, bank draft, or postal money order made payable to the AEB, P.O. Box 49, King Cove, AK 99612, or on an internet site designated by the Lessor or any other address the Lessor may designate in writing.

(b) Beginning the day payment is due, all unpaid rents, charges, and fees required under this Lease will accrue interest at the rate of 10.5% per annum. Interest on disputed amounts will not be charged to the Lessee if the dispute is resolved in the Lessee's favor.

(c) In addition to the interest, the Lessor will charge an administrative fee of \$50.00 each time the Lessor issues a late notice to the Lessee for failure to pay when due a payment of rent by the date required in the Lease.

(d) Any rent, charge, fee, or other consideration which is due and unpaid at the expiration, termination, or cancellation of this Lease will be a lien against the Lessee's property, real or personal.

6. Utilities. All costs for utilities and other activities necessary for the operation of the Premises, improvements thereon, and Lessee's activities thereon, shall be provided by Lessee at Lessee's sole cost and expense. Lessee shall be responsible for necessary utility hook-ups and connection, including without limitation, those necessary for water and sewer. All onsite water and sewer systems shall comply with the Alaska Department of Environmental Conservation ("ADEC"). See: Section 9(d).

7. Acceptance of Premises. Lessee has inspected the Premises and Lessee accepts the same "AS IS WITH ALL FAULTS." Lessor makes no specific warranties, expressed or implied, concerning the title or condition of the Premises, including survey, access, utility availability, or suitability for use, including those uses authorized by this Lease. Lessor shall have no liability or obligation with respect to the condition, maintenance or use of the Premises or any improvements thereon.

8. Improvements. Improvements shall include, but not be limited to, above or below-ground tanks, transportable buildings, structures, equipment, machinery, tools, buildings, gravel pads, foundations, slabs, fixtures. Improvements shall expressly include those that were in existence on the property prior to the Lessee's use, including but not limited to, those purchased by the Lessee from the former Lessee or the Lessor. If any new improvements are projected, the following procedures shall be followed:

(a) Within ninety (90) days after completion of construction or placement of improvements upon the Premises, the Lessee will deliver to the Lessor 1) photographs (digital format preferred) of all aboveground improvements and 2) a copy of an as-built drawing, acceptable to the Lessor, showing the location and dimensions of the improvements, giving distances to all Premises' boundaries. If the Lessee constructs underground improvements, the Lessee will appropriately mark the surface of the land with adequate surface markers. The type, quantity, and distance between such markers will be subject to written approval of the Lessor.

(b) The Lessee agrees to complete a survey and submit a plat of the survey to the Lessor prior to the commencement of any construction or development on the Premises.

(c) The Lessee must first obtain the Lessor's written approval before beginning any land development, construction or demolition of any improvements on the Premises, or before beginning any alterations, modifications, or renovation of existing structures on the Premises. The Lessee must submit to the Lessor drawings of the proposed development, alteration, modification, or renovation in sufficient detail for the Lessor to understand and evaluate the project and its scope.

(d) Prior to any demolition of any structure(s) on the Premises, Lessee will deliver to Lessor a scope of work that, at a minimum, lists the structure(s) that are to be

demolished and the timeframe for demolition and removal of the debris. Lessor will review Lessee's scope for demolition and issue Lessee written approval for the work to be done.

(e) The Lessee is solely responsible for compliance with all local, state, and federal laws and requirements. The Lessor's approval of any construction, alteration, modification, renovation, or demolition shall not constitute a warranty by the Lessor that the Lessee has complied with all such laws or requirements.

(f) If Lessee's improvements are damaged or destroyed, Lessee will cause the improvements to be repaired or rebuilt, and restored to normal function within two (2) years of the destruction or damage. Failure of the Lessee to rebuild or restore the improvements will be cause for Lessor to:

(1) unilaterally reduce the term of the Lease so that the total term from the beginning of the Lease is consistent with the cost or value of the undamaged improvements remaining on the Premises; or

(2) grant an extension of time for the Lessee to complete the repair, reconstruction, or replacement of damaged or destroyed improvements on the Premises for good cause shown by the Lessee and upon a finding by Lessor that the action would be consistent with the best interest of the state.

(g) If Lessee's improvements are damaged to the extent that more than 50% of the space is unusable and the damage occurs within five years of the expiration of the term of this Lease, Lessee may terminate this Lease by giving thirty (30) days written notice, after removing the damaged improvements and restoring the Premises to a clean and neat physical condition acceptable to the Lessor.

9. Indemnification.

(a) **General.** Lessee shall save, protect, hold harmless, indemnify and defend Lessor, and Lessor's officers, directors, employees, and shareholders, of, from and against any and all liability, damages, demands, penalties, fines, causes of action, losses, costs, or expenses, including attorneys fees, arising from any act, omission, or negligence of Lessee or the officers, contractors, subcontractors, licensees, agents, servants, employees, sublessees, guests, invitees, visitors, or trespassers of Lessee in or about the Premises or improvements located thereon, or arising from any accident, injury or damages howsoever and by whomsoever caused, to any person or property, including but not limited to damage to the Premises itself, improvements thereon, or injury to or death of persons, occurring in or about the Premises or improvements located thereon, or in any manner arising out of Lessee's use and occupation of the Premises or improvements thereon, or as a result of the condition of the Premises or improvements thereon.

(b) **Environmental.** Lessee shall abide by, and shall cause its employees, agents, any contractors or subcontractors it employs, and any sublessees, and its and all of their invitees and guests to abide by, all applicable rules and regulations related to fire, safety, health and environmental protection. Without limiting the duty to indemnify as provided in (a) above, Lessee shall save, protect, defend, indemnify and hold harmless Lessor from and against any and all demands, claims, causes of action (whether in the nature of an action for damages, indemnity, contribution, government cost recovery or otherwise), lawsuits, settlements, actions, damages, fines, penalties, judgements, costs and expenses (including without limitation costs of defense, settlement, and reasonable attorney's fees), charges, forfeitures, liens, liabilities or losses of any nature and kind whatsoever, which arise during or after the Term of this Lease from or in connection with the presence or suspected presence of Hazardous Substances in the soil, groundwater, or otherwise on, above or in the Premises, or otherwise generating from the Premises, or operations or activities thereon, or from Lessee (or its employees, affiliates, parents, agents, contractors, subcontractors, sublessees, guests, invitees, or assigns, and their respective employees, agents, contractors, subcontractors, or subusers), or from any alleged or actual violation of an Environmental Law. This indemnification includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, or restoration work. For purposes of this Lease, the term "Hazardous Substance" means any flammables, explosives, radioactive materials, crude or refined petroleum, pollutants, contaminants, or any hazardous, toxic, or dangerous waste, substance, or material, including asbestos, defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C.A. Sec. 9601 *et. seq.*), any so-called "Superfund" or "Superlien" law, or any other Environmental Law, including, but not limited to, Alaska Statutes Title 46, Chapters .03, .08 and .09, as now or at any time hereafter in effect. For purposes of this Lease, the term "Environmental Law" means any Federal, state, or local laws, ordinances, codes, regulations, rules, orders, or decrees, relating to, or imposing liability or standards of conduct concerning the treatment, storage, use or disposal of any Hazardous Substances.

(c) All of the foregoing indemnification defense and hold harmless obligations in (a) and (b) above shall survive the expiration or early termination of this Lease.

10. **Environmental Provisions.**

(a) **Hazardous Substances.**

(1) Lessee will provide notification to the Lessor of any Hazardous Substance stored, dispensed or handled on the Premises.

(2) If Hazardous Substances are stored, dispensed or handled on the Premises, the Lessee agrees to have properly trained personnel and adequate procedures for safely storing, dispensing, and otherwise handling Hazardous Substances in accordance with all applicable federal, state, and local laws.

(3) Lessee will promptly give the Lessor notice of proceedings to abate or discussions with federal or state regulatory agencies relating to the presence or release of a Hazardous Substance on the Premises. The Lessee will allow the Lessor to participate in such proceedings or discussions.

(4) If Lessee provides annual reporting to the Environmental Protection Agency (EPA) as a small or large quantity hazardous waste generator, or if a Notification of Regulated Waste Activities form is submitted to EPA, Lessee shall provide Lessor with a copy of the EPA submission.

(b) **Environmental Liability Baseline.**

(1) The Lessee has the sole responsibility under this Lease to ascertain the environmental condition and presence of hazardous substance existing in, on, and under the surface of the Premises, and is conclusively presumed to have caused or materially contributed to any contamination of or originating on the Premises except as identified in an Environmental Liability Baseline accepted by the Lessor.

(2) The Lessee assumes financial responsibility to the Lessor for any contamination in, on, and under the Premises and any property affected by a release of a hazardous substance from the Lessee's operations (Affected Property), except for contamination that is identified in an Environmental Liability Baseline. This is without prejudice to the Lessee's right to seek contribution or indemnity from either prior lessees of the Premises and Affected Property, or other potentially responsible parties except for the Lessor.

(3) The procedures for establishing an Environmental Liability Baseline shall be as follows:

(a) If the Lessee wants to establish an Environmental Liability Baseline for all or any portion of the Premises, the Lessee shall provide the Lessor with an Environmental Assessment for that portion of the Premises. The Environmental Assessment shall be performed according to standard industry procedures.

(b) If the Lessee discovers contamination in, on, or under the surface of the Premises, for any portion of the contamination to be considered for inclusion in the Environmental Liability Baseline, the Lessee must demonstrate by clear and convincing evidence to the satisfaction of the Lessor that the contamination proposed for inclusion was not caused or materially contributed to by the Lessee or the Lessee's operations or activities nor assumed by the Lessee by reason of assignment. In light of the Lessee's responsibility under this Lease for the acts of its sublessees, contractors, and guests on the Premises, contamination

caused or materially contributed to by activities of the Lessee's sublessees, contractors, and guests on the Premises are deemed to be materially contributed to by the Lessee.

(c) Only that portion of contamination not caused or materially contributed to by the Lessee or the Lessee's operations or activities, nor assumed by the Lessee by reason of assignment, shall be included in the Environmental Liability Baseline.

(4) The procedures for adding to an existing Environmental Liability Baseline shall be as follows:

(a) If, after an Environmental Liability Baseline is established for any portion of the Premises, Lessee discovers contamination in, on, or under the surface of that portion of the Premises having an Environmental Liability Baseline, which contamination Lessee's operations or activities did not cause or materially contribute to, and which Lessee did not assume by reason of assignment, Lessee may, at its own cost, submit an additional Environmental Assessment reflecting that information to Lessor for Lessor's consideration to add to the Environmental Liability Baseline. Lessee's additional Environmental Assessment must demonstrate by clear and convincing evidence to the satisfaction of Lessor which portion of the additional contamination on the Premises was not caused or materially contributed to by Lessee's operations or activities nor assumed by Lessee by reason of assignment. When the Lessor receives the Lessee's Environmental Assessment to establish the Environmental Liability Baseline, the Lessor, in its sole discretion, will either accept or reject the findings of the Lessee's Environmental Assessment for that portion of the Premises being assessed and offer the Lessee the opportunity to perform additional environmental testing if the Lessor determines in writing that the findings of the Environmental Assessment are inadequate to develop an Environmental Liability Baseline. The Lessor's written rejection of the Lessee's submittal(s) will be based on failure of the Lessee's Environmental Assessment to either:

(i) follow rules and regulations for site assessment in determining the environmental condition of the Premises and the presence of contamination in, on, or under the surface of the Premises; or

(ii) demonstrate the portion of the contamination that was not caused or materially contributed to by the Lessee or the Lessee's operations or activities, nor assumed by the Lessee by reason of assignment.

(b) Perform additional environmental testing at the Lessor's expense to verify the environmental condition of that portion of the Premises being assessed. If the results of the Lessor's tests conflict with the Lessee's Environmental Assessment, the Lessor and the Lessee will negotiate in good faith an Environmental Liability Baseline for that portion of the Premises being assessed. To the extent the Lessor and Lessee are unable to agree, the Lessor's testing shall control in establishing the Environmental Liability Baseline.

(5) If, after the Environmental Liability Baseline for any portion of the Premises is established, it is discovered that the presence of a Hazardous Substance identified in the Environmental Liability Baseline was caused or Materially Contributed To by the Lessee or its operations, or assumed by the Lessee by reason of assignment, the Environmental Liability Baseline shall be amended to delete that portion of the Contamination. The Lessor will have the burden of proof in establishing that the Lessee caused or materially contributed to this contamination or that the contamination was assumed by the Lessee by reason of assignment.

11. Remediation.

(a) In the event of a hazardous substance spill on the Premises, the Lessee will immediately notify the Lessor and the Alaska Department of Environmental Conservation and act promptly, at its sole expense, to contain the spill, repair any damage, absorb and clean up the spill area, and restore the Premises to a condition satisfactory to the Lessor.

(b) In addition to any notices required by this Lease, the Lessee will immediately notify and copy the Lessor in writing of any of the following:

(1) any permit, enforcement, clean up, lien, removal or other governmental or regulatory action instituted, completed, or threatened pursuant to any Environmental Law;

(2) any claim made or threatened by any person against the Lessee or arising from the Lessee's operations authorized by this Lease, relating to damage, contribution, compensation, loss or injury resulting from, or claimed to result from, any hazardous substances in, on, or under the Premises; or

(3) any report made to any environmental agency arising out of or in connection with any hazardous substances in, on, or removed from the Premises, including any complaints, notices, warnings or asserted violation.

(c) The Lessor is under no obligation to remediate contamination identified in an Environmental Assessment, except the Lessor agrees to remediate, or have responsible parties remediate, the contamination identified in the Environmental Liability Baseline if the Lessee or Lessor is required to remediate by an agency with such authority. In the event of such required remediation, the Lessor will make a reasonable effort to coordinate the remediation with the Lessee to minimize disruption of the Lessee's operations and damage to the Lessee's improvements and property. The Lessee releases and holds the Lessor harmless for all costs associated with damage to, relocation and removal of, loss of use of, and the repair of Lessee's improvements and property that results from this remediation.

(d) Remediation and restoration of the affected area must meet all applicable state and federal laws and regulations and must meet the requirements of all governing regulatory authorities.

12. Condemnation. If all of the Premises or such portion as may be required for the reasonable use of the Premises, are taken by eminent domain, this Lease shall automatically terminate as of the date Lessee is required to vacate the Premises, and all rent shall be paid which is due and owing through that date. In the case of a taking of less than that portion of the Premises required for the reasonable use of the Premises, then this Lease shall continue in full force and effect, and the rent shall be equitably reduced based upon the proportion of the square footage by which the Premises is reduced, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority. Lessor reserves all rights to just compensation and/or damage for any taking of the Premises, and Lessee hereby assigns to Lessor, and Lessee shall make no claim against Lessor, for damages arising out of the condemnation, provided, Lessee shall have the right to claim and recover from the condemning authority, to the extent permitted by law, compensation for any loss to which Lessee may be put for the improvements, for Lessee's moving expenses or for the interruption of or damage to Lessee's business, to the extent such damages may be claimed and awarded separately from the damages and/or compensation awarded to Lessor.

13. Use, Occupancy and Care of the Leased Premises. At all times during the Term hereof, Lessee shall, at Lessee's sole cost and expense:

(a) keep the Premises and improvements constructed thereon clean, safe, orderly, and compatible with the use of the Premises as determined by the Lessor;

(b) conduct activities upon and generally maintain the Premises and improvements in such a manner and with such care that injury to persons and damage to property does not result therefrom;

(c) not use or permit any part of the Premises or improvements to be used for any unlawful or unauthorized purpose nor perform, permit or suffer any act or omission upon or about the Premises or improvements which would result in a nuisance or a violation of any applicable laws, ordinances or regulations;

(d) comply with city, borough, state, federal and other governmental laws, statutes, ordinances, rules, orders, and regulations of whatever type and nature, including but not limited to, zoning ordinances, land use permits, health, fire, safety and environmental laws and regulations which in any manner affect the leased Premises, improvements, or activities thereon;

(e) not cause or permit any waste, damage or injury to the Premises or improvements;

(f) promptly notify the Lessor of any claim, demand or lawsuit arising out of the Lessee's occupation or use of the Premises. Upon the Lessor's request, the Lessee will cooperate and assist in the investigation and litigation of any claim, demand or lawsuit affecting the premises; and;

(g) not vacate or abandon the Premises at any time during the Term hereof.

14. Maintenance and Repair. Lessee covenants throughout the term hereof, at Lessee's sole cost and expense, to properly keep the Premises and improvements in good maintenance, repair, order and condition. Lessee acknowledges that Lessor has no responsibility to maintain the Premises or improvements during the Term hereof.

15. Disposition of Improvements and Chattels after Termination. In accordance with AS 38.05.090, unless the Lessor and Lessee otherwise agreed in writing, when this Lease expires, terminates, or is cancelled and is neither extended nor followed by a successive lease:

(a) Lessee shall remove from a leasehold

(1) all personal property, including above-ground tanks, transportable buildings, equipment, machinery, tools, and other goods, not belonging to the Lessor, within 30 days after termination of the Lease; and

(2) all buildings and fixtures, including gravel pads, and below-ground tanks, foundations, and slabs, not belonging to the Lessor within 60 days after termination of the Lease.

(b) Lessee shall remediate any contamination for which the Lessee is responsible within 60 days after the termination of this lease, and restore the leasehold to a good and marketable condition, acceptable to the Lessor within 120 days after termination of the Lease.

(c) If the Lessee does not remove personal property, buildings, and fixtures as required within the time specified under (a) of this section, title to the personal property, buildings, and fixtures that remain automatically vest in the Lessor. Lessor may assess upon the Lessee the cost of removing and disposing of personal property, buildings, and fixtures remaining upon the land.

(d) If the Lessee does not restore the land within the time period specified under (b) of this section, Lessor may have the land restored and assess the costs upon the Lessee.

(e) As part of a Lease agreement, and in order to protect the public interest, Lessor may require terms for removal or reversion of improvements additional to those specified in (a)-(d) of this section.

(f) The Lessor will, by written notice, direct the departing Lessee to remove Lessee-owned permanent improvements from the Premises, to remediate, consistent with applicable law, any contamination for which the Lessee is responsible and to restore the Premises to a clean and neat physical condition acceptable to the Lessor .

(g) If the departing Lessee does not timely remove or sell the Lessee-owned permanent improvements on the Premises in accordance with the requirements of this Section, any remaining permanent improvements and any remaining personal property of the departing Lessee will be considered permanently abandoned. The Lessor may sell, lease, demolish, dispose of, remove, or retain the abandoned property as the Lessor determines is in the best interest of the Borough. The departing Lessee shall, within 30 days after being billed by the Lessor, reimburse the Lessor for any costs reasonably incurred by the Lessor, including legal and administrative costs, to demolish, remove, dispose, clear title to, or sell the abandoned property and to remediate and restore the Premises.

(h) After the expiration, termination, or cancellation of the Lease, including any holdover, the departing Lessee loses all right to occupy or use the premises without the express or implied consent of the Lessor. Except as the Lessor notifies the departing Lessee otherwise in writing, the Lessor consents to the departing Lessee's continued use and occupancy of the Premises to diligently accomplish the requirements of this Section. Until the departing Lessee relinquishes possession of and completely vacates the Premises under Paragraph 9 of this Section and notifies the Lessor in writing that it has relinquished and vacated the Premises, the departing Lessee shall perform the following as if the lease were still in effect:

- (1) pay rent to the Lessor;
- (2) maintain the premises;
- (3) provide the Lessor with evidence of each insurance coverage, if any, required under the Lease; and
- (4) cease using the premises other than to diligently accomplish the requirements of this Section, and to comply with the other requirements of the Lease.

16. Surrender of Premises. Lessee on the last day of the Term, or upon earlier termination of this Lease, shall peaceably and quietly leave and surrender the Premises in as clean, safe and orderly condition as on commencement of the Term, as determined by the Lessor. A departing Lessee will not be considered to have relinquished possession and completely vacated the Premises until the departing Lessee has remediated, consistent with applicable law, any contamination for which the Lessee is responsible under this Lease; and restored the Premises to a clean and neat physical condition acceptable to the Lessor; and either removed all of the Lessee's permanent improvements and personal property from the premises or sold the permanent improvements and personal property to a succeeding Lessee under the provisions of

this Lease; or transferred title to the Lessee's permanent improvements and personal property that remain on the premises to the Lessor, in accordance with AS 38.05.090.

17. Access. Lessor, Lessor's agents, employees, officers, and designees shall have the right to enter the Premises at all reasonable times to inspect the same, to post "Notices of Non-Responsibility", and to preserve and protect the Premises. Lessee's historical access to and from the premises is unchanged during the term of this Lease.

18. Liens. Lessee shall keep the Premises and any part thereof free from liens for labor or materials ordered or supplied upon the express or implied request of Lessee. Should any such lien be recorded or should a lien be recorded by Lessee, Lessee shall forthwith and within ten (10) days of learning of such recording cause the same to be cancelled and discharged of record at Lessee's sole cost and expense. The Lessor does not recognize that it is in any way liable for any liens on the Premises or improvements placed on the Premises. This restriction does not prohibit the assignment of interest for security purposes if the Lessor approves the assignment in writing.

19. Taxes and Assessments. Lessee shall be responsible for and shall pay promptly when due any and all general, special, real property, sales, personal property, and possessory interest taxes and assessments levied against the Premises and/or the improvements thereon.

20. Compliance with Law.

(a) This Lease is issued subject to all applicable requirements of state statutes, regulations and ordinances in effect during the term of this Lease, including those related to the leasing of lands and facilities. All references to regulations contained in this Lease shall be construed to incorporate any amendments to those regulations. In the event any regulation referred to in this Lease shall be repealed, the reference shall be construed to incorporate any contemporaneously or subsequently adopted regulation addressing the same or similar subject matter.

(b) At no expense to the Lessor, the Lessee will obtain all necessary licenses and permits, pay all taxes and special assessments lawfully imposed upon the Premises, and pay other fees and charges assessed under applicable law. Nothing in this Lease prevents the Lessee from challenging any taxes or special assessments to the appropriate authority under applicable procedures.

21. Holding Over. If Lessee shall remain in possession of said Premises after the termination of this Lease or after the expiration of said Term without a proper extension or renewal of this Lease, Lessee shall be deemed to occupy the Premises as a Lessee from month-to-month.

22. Insurance.

(a) Secure or purchase at Lessee's own expense, and maintain in full force at all times during the term of the Lease, adequate insurance policies and coverage levels recommended by an insurance professional, licensed to transact the business of insurance under Alaska Statute, Title 21, and acceptable to the Lessor. Lessor will expect to see at a minimum, the following types of coverage:

Commercial General Liability Insurance

\$1,000,000 Combined Single Limit. The policy shall be written on an "occurrence" form and shall not be written as a "claims-made" form unless specifically reviewed and agreed to by the Lessor. Lessor to be additional insured and policy shall contain waiver of subrogation against Lessor.

Automobile Liability Insurance

\$1,000,000 Combined Single Limit. The policy shall cover all owned, hired, leased and non-owned vehicles. Lessor to be additional insured and policy shall contain waiver of subrogation against Lessor.

Workers' Compensation Insurance.

The Lessee shall provide and maintain, for all its employees, Workers' Compensation Insurance at the statutory amounts as required by AS 23.30.045. Where applicable, coverage must comply with any other statutory obligations, whether Federal (i.e. U.S.L. & H or Jones Act) or other state laws in which employees are engaged in work on the leased premises. The insurance policy must contain a waiver of subrogation clause in favor of the Lessor.

Aircraft Liability Insurance. Bodily Injury and Property Damage, \$1,000,000 combined single limit, each occurrence, subject to \$150,000 per passenger seat.

(b) Ensure that the Lessor is included as an additional insured on all liability policies held by the Lessee that provide coverage for liabilities connected to the operations of the Lessee on or in conjunction with the leased premises.

(c) Provide proof of insurance to the Lessor on a yearly basis. The certificate must provide for a 30-day prior notice to the Lessor in the event of cancellation, non-renewal or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy are material breaches of the lease and shall be grounds, at the option of the Lessor, for termination of the lease. Generally, the Lessor will rely upon the best professional judgment of the licensed insurance agent and, at renewal, the agent's annual reassessment of the insured's liability exposure for determination of adequate levels of coverage. The Lessor reserves the right to require additional coverage if, in its discretion, it determines that it may be warranted. Any changes in the

approved lease development and operations plan, or the existence of significant claims against the liability coverage, would warrant examination of the insurance by the Lessor to determine adequacy.

(d) In the event the Lessee becomes aware of a claim against any of its liability coverage, the Lessee shall notify, and provide documentation and full disclosure of the claim to the Lessor within 20 days.

23. Notices. Any and all notices required or permitted under this Lease, unless otherwise specified in writing by the party whose address is changed, shall be as follows:

Lessor: Aleutians East Borough
P.O. Box 349
Sand Point, Alaska 99661
Attn: Administrator

Lessee: APICDA Joint Ventures
302 Gold Street, Suite 202
Juneau, Alaska 99801
Attn: CEO

24. Default.

(a) The occurrence of one or more of the following events shall constitute a default and breach of this Lease by Lessee:

(i) Violation or breach or failure to keep or perform any covenant, agreement, term or condition of this Lease which shall continue or not be remedied within fifteen (15) days (or if no default in payment of rent is involved within thirty (30) days) after notice thereof is given by Lessor to Lessee specifying the matter or matters claimed to be in default.

(ii) Filing by the Lessee in any court pursuant to any statute, either of the United States or any state, a petition in bankruptcy or insolvency, or for reorganization or for the appointment of a receiver or trustee of all or a portion of the Lessee's property, or an assignment by the Lessee for the benefit of creditors.

(iii) The taking possession of the property of Lessee by any governmental office or agency pursuant to statutory authority for the dissolution or liquidation of the Lessee.

(iv) An abandonment or vacation of the Premises by Lessee prior to the

expiration of the Term of this Lease.

(v) The use of the Premises for any purpose other than those specified in Section 2.

(vi) Encroaching onto the Lessor's property without written permission from Lessor.

(vii) Constructing any additional improvements without written permission from Lessor.

(b) Upon the occurrence of a default as defined in (a) above, Lessor may at Lessor's option, declare Lessee's rights terminated and may re-enter the Premises and improvements, using such force as is necessary, and without further notice, remove all persons and property from the Premises and repossess Lessor of Lessor's former estate. In such case, Lessor shall be deemed to have an immediate right to possession of the Premises and improvements (if Lessor so desires) and Lessee shall peacefully surrender the same. No judicial action shall be necessary to effect such termination.

(c) Such re-entry and termination notwithstanding, the liability of Lessee for payment of all amounts required to be paid by Lessee under this Lease, including payment of the full rental provided herein for what would otherwise have constituted the balance of the Term of this Lease shall not be extinguished and Lessee shall make good to Lessor the expenses and damages suffered by Lessor as a result of the default, repossession and reletting, including without limitation, legal expenses, renovation expense, alteration expense, and any rental deficiency resulting from the inability to relet the Premises or reletting at a lesser rate.

Lessor may, but shall not be obligated to, relet the Premises or any part thereof in the name of the Lessor, or otherwise, for such term (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease) and on such conditions as Lessor may determine appropriate, and may collect and receive the rent therefrom; Lessor shall not be responsible or liable for any failure to relet the Premises, or any part thereof, or for any failure to collect any rent due upon any such reletting.

(d) In the event of default, as defined in subparagraph (a), Lessor shall have such further and additional rights as are provided by law or equity.

25. Cure of Default by Lessor. Lessor may, at the expense of Lessee, cure any default by Lessee hereunder, but shall not be required to do so. Lessee shall reimburse Lessor for all amounts expended in connection therewith, including attorney's fees and other incidental expenses. Such amounts, together with interest at the maximum lawful rate of interest, shall be deemed additional rent payable within thirty (30) days of notification that such amount is due.

26. Costs Upon Default. In the event a party shall be in default in the performance of any of its obligations under this Lease and an action shall be brought for the enforcement thereof, the losing party shall pay to the prevailing party all the expenses incurred therefor, including reasonable attorney's fees.

27. Attorneys' Fees, Costs and Expenses. In the event either party brings or commences legal proceedings to enforce any of the terms of this Lease, the prevailing party in such action shall receive from the other, in every action commenced, a reasonable sum for attorneys' fees and costs to be fixed by the court in the same action.

28. Rights and Remedies. No right or remedy herein conferred upon or reserved to a party hereunder is intended to be exclusive of any other right or remedy, and such and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute. In addition to any other remedy allowed by law, if any default by Lessee is not cured within 30 days of Lessee's receipt of written notice from Lessor, Lessor shall be entitled to pursue any or all of the following remedies:

- (a) Terminate this lease, in which case Lessee shall immediately vacate the Premises;
- (b) Without further notice to Lessee and without prejudice to any other remedies Lessor may have, enter and take possession of the Premises;
- (c) Commence legal proceedings to evict Lessee from the Premises; and
- (d) Recover from Lessee, by any legal means, all amounts owed by Lessee to Lessor under the terms of this Lease, with interest thereon at the rate provided for in AS 45.45.010(a).

29. Assignment and Subletting. Except as provided below, Lessee shall not sublet, mortgage, pledge or assign its rights under this Lease without the prior written consent of Lessor, which consent shall not be unreasonably withheld, and any purported sublease, mortgage, pledge or assignment without such consent shall be null and void and of no force or effect. Furthermore, Lessor shall have the right of first refusal during the term of this Lease regarding assignment and subletting and purchase of the building, buildings or improvements constructed on the land by Lessee on the same terms and conditions as those offered by Lessee to any party or parties, and Lessee shall immediately notify Lessor in writing of the identity of the party or parties making or receiving the same and the terms and conditions of such offer. Lessor, within thirty (30) days after receipt of such notice, may exercise this right by written notice to Lessee. An assignee or sublessee may not occupy the Premises before the Lessor consents to the assignment or sublease in writing. In the event of a conflict between this Lease and an assignment or a sublease, the terms of this

Lease govern. A provision stating this priority must be included in each assignment, but is implied in all assignments whether stated or not. Consent to a sublease by the Lessor does not relieve or otherwise alter the obligations of the Lessee under this Lease.

30. Waiver and Forbearance. No waiver by a party hereto of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver by the first party of its rights or remedies with respect to such breach.

31. Successors in Interest. This Lease shall be binding upon and inure to the benefit of the respective heirs, successors and permitted sublessees and assigns of the parties hereto.

32. Applicable Law. This Lease Agreement shall be construed and enforced in accordance with the laws of the State of Alaska.

33. Authority. Lessee covenants and acknowledges that it has the full, complete and absolute authority to enter into this Lease; this Lease has been duly authorized by its governing body; this Lease is a binding and enforceable agreement of and against Lessee; and the person executing the Lease on Lessee's behalf is duly and properly authorized to do so.

34. No Partnership, Joint Venture, Etc. Nothing in this Lease shall be intended or deemed to create a partnership, joint venture, association, or other similar relationship between the parties hereto.

35. No Third Party Beneficiaries. This Lease does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Lease.

36. Severability. If any provision of this Lease or any application thereof shall be held invalid, illegal or unenforceable, the remainder of this Lease or any other application of such provision shall not be affected thereby.

37. Miscellaneous Provisions.

(a) This Lease constitutes all of the agreements and conditions made between the parties and may not be modified orally or in any manner other than by an agreement in writing signed by both parties or their respective successors in interest.

(b) Each term and such provision of this Lease shall be construed to be both a covenant and a condition of this Lease.

(c) Time is of the essence in each term and provision of this Lease.

(d) This Lease may be executed in any number of counterparts, including by electronic signature, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the undersigned have caused this Ground Lease Agreement to be executed effective as of the date and year hereinabove first written.

LESSEE:

APICDA Joint Ventures

By: _____

Its: _____

Date: _____

LESSOR:

THE ALEUTIANS EAST BOROUGH

By: _____

Its: _____

Date: _____

Special Stipulation

Attachment A

1. Use of the site will be limited to commercial purpose in conjunction with hunting, fishing and other similar purposes. Residential use is prohibited.
2. No new upland facilities shall be constructed within 100 feet of the ordinary high water mark on the Sandy River.
3. Public use of and access to surrounding public owned lands shall not be restricted.
4. No new facilities shall be constructed without written approval of the Aleutians East Borough.
5. No preference right to a subsequent long-term lease, permit or sale is granted or implied by issuance of this lease.
6. The Lessee will post a performance guaranty or other form of surety in the amount of \$300,000 to secure faithful performance of the terms and conditions of the lease and to insure site restoration and will remain in effect for the duration of the lease. The performance guaranty or other surety will be released upon expiration of the lease provided that all terms and conditions of the lease have been met, including leaving the site in a safe and clean condition.
7. Use of any property owned by the Aleutians East Borough which is not included in the Ground Lease Agreement for Lessee's commercial recreation business is prohibited.
8. Any runway located on Aleutians East Borough property is deemed closed and abandoned by the Borough. Any use of the runway is done so at the sole risk of Lessee or public.

Public Hearings



To: Rick Gifford, Administrator, Aleutians East Borough

From: Brandy Niclai, Portfolio Manager, Alaska Permanent Capital Management

Re: Proposed changes to international equity exposure

The Aleutians East Borough Permanent Fund currently has a 10% strategic allocation to international developed market equities and a 5% strategic allocation to emerging market equities. Currently, exposure to these asset classes is accessed through two separate exchange traded funds (ETFs) issued by Vanguard.

Each year, APCM carefully analyzes the ETFs it recommends to clients. APCM is agnostic to ETF and mutual fund providers and receives no compensation for any fund recommendations. APCM's primary goals during this research process are to ensure that the recommended ETFs provide appropriate exposure to the asset class, offer good tracking versus the performance benchmark, and maintain a low expense ratio relative to other comparable products.

This year, Vanguard has announced that the benchmarks for both of the international ETFs currently held in the AEB Permanent Fund will be changing based upon Vanguard's desire to modify country and market capitalization exposure. APCM has evaluated these changes and is recommending that the two international Vanguard funds be replaced with Investable Market Index (IMI) products managed by iShares.

The IMI products issued by iShares will provide the desired exposure to international and emerging market equities. APCM is proposing an ordinance update which would allow the purchase of the IMI products as well as update the respective performance benchmarks. The proposed language changes will maintain prudent investment limitations and reduce the need for further changes in the future.

Brandy Niclai, CFA
Portfolio Manager

ORDINANCE SERIAL NO. 16-03

AN ORDINANCE AMENDING TITLE 6, CHAPTER 6.04, SECTION 6.04.041,
SUBSECTION (F) OF THE ALEUTIANS EAST BOROUGH
CODE OF ORDINANCES

WHEREAS, the legislative power of the Aleutians East Borough (“Borough”) is vested in its Borough Assembly under Alaska State Statute Sec. 29.20.050; and

WHEREAS, the Borough’s Permanent Fund was created by the Borough Assembly in 1990 and

WHEREAS, Sec. 6.08.010 of the Code of the Aleutians East Borough of Alaska sets forth the investment policy and objectives for Borough monies; and

WHEREAS, under Sec. 6.08.010(C) of the Code, all Borough “investments shall be diversified to minimize the risk of loss”; and

WHEREAS, Sec. 6.04.041(F)(1) currently says fund assets may be invested in the instruments and securities set out in Code Section 6.08.030 and in the following securities:

(a) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor’s 500 Index, including both mutual funds and exchange traded funds (ETF’s).

(b) International Equities, which taken as a whole, attempt to replicate the FTSE Developed ex North America Index, including both mutual funds and exchange traded funds (ETF’s).

(c) Equities, which taken as a whole, attempt to replicate the universe of domestic real estate investment trusts as represented by the S&P REIT Index or the Cohen & Steers Realty Majors Portfolio Index, including both mutual funds and exchange traded funds (ETF’s).

(d) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor’s 400 Mid Cap Index, including both mutual funds and exchange traded funds (ETF’s).

(e) Emerging markets equity index funds, which taken as a whole, attempt to replicate the FTSE Emerging Market Index, including both mutual funds and exchange traded funds (ETF’s).

WHEREAS, Sec. 6.04.041(F)(3) Currently the Performance of the investment advisors will be measured as follows:

- (a) Performance measurement for the Domestic Equity Allocation will be measured against the Target Weighting, using the Standard & Poor's 500 as the Benchmark.
- (b) Performance measurement for the Mid/Small Cap Equity Allocation will be measured against the Target Weighting, using the Standard & Poor's 400 Mid Cap Index as the Benchmark.
- (c) Performance measurement for the International Equity Allocation will be measured against the Target weighting using the FTSE Developed ex North America Index for the Benchmark.
- (d) Performance measurement for the Real Estate Allocation will be measured against the Target weighting using the Standard & Poor's REIT Index for the Benchmark.
- (e) Performance measurement for the Fixed Income Allocation will be measured against the Target weighing using the Lehman Intermediate Gov/Credit Index for the Benchmark. The duration of the Fixed Income Allocation should be maintained between 80% and 120% of the duration of the Benchmark.
- (f) Performance measurement for the Emerging Market Allocation will be measured against the Target weighting using the FTSE Emerging Market Index for the Benchmark.

WHEREAS, pursuant to Sec. 6.04.041(F) “[n]otwithstanding the objectives of the Borough policy for the investment of its operating and other funds set out in Code Section 6.08.010(C), the investment of permanent fund assets shall be made to maintain safety of principle while maximizing total return”; and

WHEREAS, this amendment to Sec. 6.04.041(F) is consistent with Sec. 6.08.010(C) and Sec. 06.04.041(F) and is intended to ensure Borough permanent fund account investments be made to maintain safety of principle while maximizing total return.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. That Section 6.04.041 (F) of the Borough Municipal Code is hereby amended to read as follows:

F. Investments – Purpose and Limitations.

A purpose of the permanent fund is growth through prudent investment of fund assets. Notwithstanding the objectives of the Borough policy for the investment of its operating and other funds set out in Code Section 6.08.010(C), the investment of permanent fund assets shall be made to maintain safety of principal while maximizing total return. Investments shall be diversified to minimize the risk of loss resulting from a concentration of investments in a specific maturity, issuer, class of security, financial institution or, with respect to equity investments, in a specific company, industry or investment sector. Fund assets may be

invested in the instruments and securities set out in Code Section 6.08.030 and in the following securities:

- (1)
 - (a) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor's 500 Index, including both mutual funds and exchange traded funds (ETF's).
 - (b) International Equities, which taken as a whole, attempt to replicate the Morgan Stanley Capital International Europe Australasia and Far East (MSCI EAFE) or a substantial similar Index, including both mutual fund and exchange traded funds (ETF's).
 - (c) Equities, which taken as a whole, attempt to replicate the universe of domestic real estate investment trusts as represented by the S&P REIT Index or the Cohen & Steers Realty Majors Portfolio Index, including both mutual funds and exchange traded funds (ETF's).
 - (d) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor's 400 Mid Cap Index, including both mutual funds and exchange traded funds (ETF's).
 - (e) Emerging markets equity index funds, which taken as a whole, attempt to replicate the Morgan Stanley Capital International Emerging Markets or a substantially similar Index, including both mutual funds and exchange traded funds (ETF's).
- (2) Permanent Fund asset allocation plan and performance measurement targets.

The asset allocation targets and ranges are as follows:

Asset Class	Target % Weighting	Range %
Domestic Equity	36	30-50
Mid / Cap. Equity	5	0-10
International Equity	10	5-15
Real Estate Equity	10	5-15
Fixed Income	34	25-60
Emerging Markets	5	0-10

- (3) The Performance of the investment advisors will be measured as follows:
 - (a) Performance measurement for the Domestic Equity Allocation will be measured against the Target

Weighting, using the Standard & Poor's 500 as the Benchmark.

(b) Performance measurement for the Mid/Small Cap Equity Allocation will be measured against the Target Weighting, using the Standard & Poor's 400 Mid Cap Index as the Benchmark.

(c) Performance measurement for the International Equity Allocation will be measured against the Target weighting using the Morgan Stanley Capital International Europe Australasia and Far East (MSCI EAFE) or a substantially similar Index for the Benchmark.

(d) Performance measurement for the Real Estate Allocation will be measured against the Target weighting using the Standard & Poor's REIT Index for the Benchmark.

(e) Performance measurement for the Fixed Income Allocation will be measured against the Target weighing using the Lehman Intermediate Gov/Credit Index for the Benchmark. The duration of the Fixed Income Allocation should be maintained between 80% and 120% of the duration of the Benchmark.

(f) Performance measurement for the Emerging Market Allocation will be measured against the Target weighting using the Morgan Stanley Capital International Emerging Market (MSCI Emerging) or a substantially similar Index for the Benchmark.

Section 2. **Classification.** This ordinance is of a general and permanent nature and shall become part of the Borough Code.

Section 3. **Severability.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 4: **Effectiveness.** This ordinance shall become effective upon adoption.

Section 5: **Adoption of Sections.** Code Section 6.04.041(F) is hereby repealed and Code Section 6.04.041(F) as annexed hereto as part of this ordinance is hereby adopted as Code Section 6.04.041(F) of the Code of Ordinances of the Aleutians East Borough.

INTRODUCED: _____

ADOPTED: _____

Stanley Mack, Mayor

Date: _____

ATTEST:

CLERK

Date: _____

F. **Investments – Purpose and Limitations.** A purpose of the permanent fund is growth through prudent investment of fund assets. Notwithstanding the objectives of the Borough policy for the investment of its operating and other funds set out in Code Section 6.08.010(C), the investment of permanent fund assets shall be made to maintain safety of principal while maximizing total return. Investments shall be diversified to minimize the risk of loss resulting from a concentration of investments in a specific maturity, issuer, class of security, financial institution or, with respect to equity investments, in a specific company, industry or investment sector. Fund assets may be invested in the instruments and securities set out in Code Section 6.08.030 and in the following securities:

- (1)
 - (a) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor's 500 Index, including both mutual funds and exchange traded funds (ETF's).
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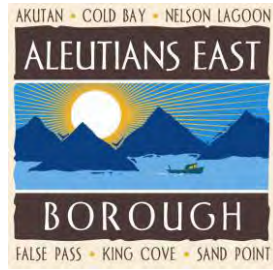
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- (f) Performance measurement for the Emerging Market Allocation will be measured against the Target weighting using the Morgan Stanley Capital International Emerging Market (MSCI Emerging) or a substantially similar Index for the Benchmark.

OLD BUSINESS

None

New Business



To: Mayor Mack and Assembly
From: Tina Anderson, Clerk
Date: December 10, 2015
Re: 2016 Advisory Appointments

The term of an advisory member is one year and begins on January 1st of each year. A person appointed holds office until a successor has been appointed and seated.

I requested letters of recommendation from the communities that do not have a voting Assembly seat, which are False Pass, Cold Bay and Nelson Lagoon.

Nelson Lagoon Tribal Council

P.O. Box 13
Nelson Lagoon, Alaska 99571

November 24, 2015

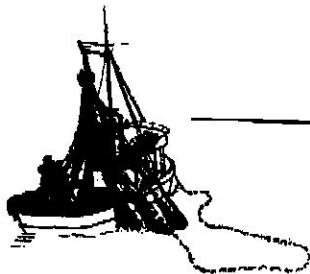
Mayor Stanley Mack
Aleutians East Borough
PO Box 349
Sand Point, Alaska
99661

Dear Mayor Mack:

The Council has voted to retain Justine Gundersen as an advisory member for the Assembly.

Sincerely,


Paul E. Gundersen
President



City of False Pass

P.O. Box 50 • False Pass, Alaska 99583-0050
Telephone (907) 548-2319 • Fax (907) 548-2214

Wednesday, October 21, 2015

To Mayor Stanley Mack and Borough Assembly Members,

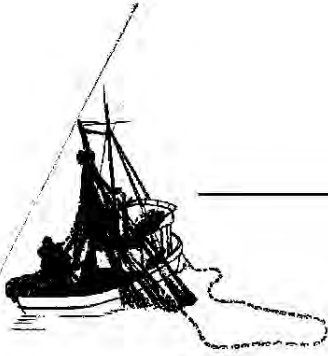
I Nikki Hoblet would like to resign from my position as Aleutians East Borough Assembly Advisory Seat. The City of False Pass would like to appoint Christopher Emrich for this Seat, as soon as possible. I have thoroughly enjoyed my time and thank the Borough for the opportunity to serve my community.

Thanks,

A handwritten signature in black ink that reads "Nikki Hoblet". The signature is fluid and cursive.

Nikki Hoblet

Mayor, City of False Pass



City of False Pass

P.O. Box 50 • False Pass, Alaska 99583-0050
Telephone (907) 548-2319 • Fax (907) 548-2214

Wednesday, October 21, 2015

Mayor Mack & Borough Assembly Members,

The City of False Pass is requesting financial help with the City's recent Hydro Assessment of Unga Man and Waterfall Creek. This Hydro Assessment provided for the Reconnaissance step of the Round IX Alaska Energy Authority's Renewable Energy Fund, and allowed for the City to pursue a Feasibility and Preconstruction design.

The City of False Pass is actively looking towards Renewable Energy to meet its long term energy needs. The Marsh Creek's wind power assessment of False Pass came back with information that wind power is not feasible: the wind is too turbulent. The City is also pursuing Tidal Power, as this technology might also be beneficial to the City and Region. Funding sources are getting scarce, and aggressively pursuing these alternative energy needs will take the City one step closer to becoming financially independent.

The last 2 years the City has had to expend \$150,000 to reface the dock, and another \$160,000 to pay for the installation of the dock anodes, both of these expenditures were necessary, as the City Dock is the lifeline to the Alaska Marine Highway System, and an important facility to support fishermen, freight, groceries and crab pots.

The City received an estimate of from Polar Consult of \$5980-\$11,960 plus travel and lodging. Any financial help in paying for this assessment would be greatly appreciated by the residents of False Pass.

Regards,

Nikki Hoblet

Mayor, City of False Pass

REPORTS AND UPDATES



Memorandum

Date: December 4, 2015

To: The Honorable Mayor Mack and Borough Assembly

From: Rick Gifford, Administrator

Re: **Administrator's Report**

King Cove Access Road

On June 16, 2015 Senator Murkowski introduced an appropriations bill that would direct an equal-value land transfer for the short, single-lane, non-commercial road between King Cove and the nearby all-weather Cold Bay Airport. The bill has been approved by the Senate Appropriations Subcommittee on Interior, Environment and Related Agencies and the full committee. We are encouraged by this legislation and the strong support of Senator Murkowski and her work to get this legislation to the Senate floor. The Mayor and I, along with others in the King Cove Group, traveled to Washington D.C. during the week of September 14th to visit with 21 key Democratic Senators' staff to advocate and encourage their support for Murkowski's bill. We continue to work hard with Senator Murkowski and the other Alaska delegation to get approval of the appropriations bill. We continue to hope for and pursue this legislative solution which might happen within the next two weeks.

In order to reserve our appeal rights, the King Cove Group (which includes AEB) and the State of Alaska filed an appeal of Judge Holland's decision in the lawsuit with the Department of Interior (DOI) on November 4, 2015. We are filing the appeal because we just felt the decision was not correctly decided. The people of King Cove continue to suffer from dangerous weather and too many medivacs. Since Secretary Jewell denied our land exchange and road, we have had 36 medivacs including 13 involving the Coast Guard. That has put dozens of patients, medical personnel and the brave Coast Guard and other pilots and crew at risk.

We know that our Congressional Delegation, the Alaska Legislature, and the last four Governors, including Governor Walker support us as do the people of Alaska. We need to continue fighting in all available venues until we get the road we need for the health, safety, and quality of life our people deserve.

We plan to provide the Assembly an update on the lawsuit appeal at the December 10, 2015 Assembly meeting in Anchorage.

MEMORANDUM

Borough Administrator's Report

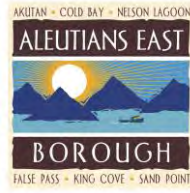
Page 2

Sale of Hovercraft

We continue to work with Kvichak to market and sell the hovercraft. There continues to be interest in the hovercraft and Kvichak is providing information about the hovercraft to each party as requested. We are currently working with two interested parties who want to travel to Akutan after the first of the year to see the hovercraft and take a short test run.

Fish Expo

I attended the Fish Expo in Seattle with the Mayor and attended meetings with Peter Pan and Trident Seafoods. Both entities expressed concern over the world wide economy, but have hopeful optimism for 2016. We continue to have a good working relationship and good communication with both entities. We will be working with Peter Pan on solutions to the Port Moller property encroachment issue and we are working with Trident Seafoods to improve the Akutan Airport Transportation link.



To: Honorable Mayor Mack and AEB Assembly

From: Anne Bailey, Assistant Borough Administrator

Subject: Assembly Report

Date: December 3, 2015

Land Use Permitting System Project

Permit Applications: To date, the Borough has received 10 Commercial Recreation Permits, one Onshore Seafood Processing Permit and one Mineral & Coal Exploration Permit. All 12 permits have been approved.

Nelson Lagoon Erosion Project

On November 9, 2015, an amendment went into effect allocating an addition \$307,000 from the State of Alaska for a total CDBG allocation of \$532,000. Therefore, the Borough and the Nelson Lagoon Tribal Council have \$794,000 for Nelson Lagoon erosion mitigation project. This includes \$532,000 in CDBG funds, \$108,000 in Borough funds, \$50,000 in Nelson Lagoon Corporation funds, \$50,000 in APICDA funds and \$54,000 in equipment rental fees from the Nelson Lagoon Corporation.

Akutan Helicopter Operations

- Akutan Airport Operations Support Services Assistant – I posted a job opening in Akutan on November 24, 2015 for an Akutan Airport Operations Support Services Assistant. This individual will act as a “ticket agent” and the mail agent in Akutan. Applications are due on December 8, 2015 or until the position is filled. If you know of anyone that is interested in applying please let me know.
- Helipad Hangar- We are still working with DOWL on developing a design and cost estimate for a hangar on the helipad in Akutan. Rick Gifford has sent a letter to the State of Alaska and the City of Akutan requesting funds from the Co-Sponsorship Agreement to pay for the costs related to the hangar design and permitting.

Cold Bay Clinic

Began researching the possibility of remodeling the Cold Bay School into a clinic. On December 1 and 2, 2015, ANTHC staff conducted an assessment of the Cold Bay School to see if it can be renovated into a clinic.

King Cove School Rehabilitation Project

The King Cove School Rehabilitation Project proposals were due on November 20, 2015. Two proposals were received by the deadline and one was received afterward the deadline and deemed non-compliant and their proposals was returned. DOWL, design2LAST, Rick Gifford and I reviewed the proposal and found UNIT Company to be the most responsive bidder. A Notice of Intent to Award was issued to UNIT and a resolution and agenda statement will be presented to the Assembly at the December 10, 2015 requesting that the Assembly authorize the mayor to negotiate and execute a contract with UNIT Company for the King Cove School Repairs in an amount not to exceed \$2,679,655.00.

Contract Information

A list of active contracts that I am involved in are listed below:

- URS
Akutan Harbor Floats
- Harvey Consulting
Planning Commission Contract Labor \$20,000
- HDR, Alaska
Nelson Lagoon Coastal Erosion Project \$238,492
- HDR, Alaska
Nelson Lagoon Erosion Engineering and Support Services \$62,000

Other Items

- I attended the Fish Expo in Seattle and had meetings with Peter Pan and Trident while we were there.
- I am also working on an employee handbook update to include marijuana in our drug policies; on the Akutan Harbor Management Agreement and many other items.
- I am continuously conducting other day to day operations.

If you have any questions, comments or concerns please contact me at (907) 274-7580 or abailey@aeboro.org.

To: The Honorable Mayor Mack, Aleutians East Borough Assembly
From: Ernie Weiss, Natural Resources Director
Subj: Report to the Assembly
Date: December 3, 2015

I'll be at a NPFMC Advisory Panel meeting all next week. It is unlikely that I will be able to attend the Assembly meeting or workshop Dec 10th, but I will try. Please consider stopping by the NPFMC meeting at the Hilton if you get the chance. The Mayor, Assembly and staff are always welcome at fishery management meetings. ☺

Board of Fisheries

The Board met Monday and Tuesday at the Egan center to consider 21 Pacific Cod proposals; 9 for the Chignik area, 4 for the South Peninsula area and 8 proposals for the Bering Sea Aleutian Islands area. Several AEB fishermen participated during public testimony and the Committee process. I testified in favor of Proposal 16; the Board took no action on 16, but passed the similar Proposal 15 that not only increases the GHL but also expands the fishing grounds of the Dutch Harbor Sub-district state-waters Pacific cod fishery.

Here are some highlights of the Board of Fisheries actions from the Pacific Cod meeting this week:

- Proposal 9 - Reduce waters closed for the protection of Steller sea lions during the parallel Pacific cod fishery in the Chignik Area. (Aaron Anderson) Amended by substitute language found in RC 30, agree to communicate Board's intent to NMFS. Tabled until response from NMFS received.
- Proposal 10 - Increase the South Alaska Peninsula Pacific cod fishery GHL from 30% to 35% of the WGOA ABC. (King Cove Advisory Committee) Failed.
- Proposal 11 - Increase the South Alaska Peninsula Pacific cod fishery GHL from 30% to 40% of the WGOA ABC. (False Pass Advisory Committee) No action.
- Proposal 12 - Apportion the South Alaska Peninsula Pacific cod allocation for pot vessels by vessel length. (Ken Mack) No action.
- Proposal 13 - Resolve conflict in pot storage regulations for the SAP Pacific cod pot gear fishery. (ADF&G) Carried as amended with substitute language found in Record Copy (RC) 32.
- Proposal 14 - Calculate GHLS for BSAI state-waters Pacific cod fisheries based on federal ABC for subareas of the federal BSAI area. (ADF&G) Carried as amended with substitute language found in RC 40.
- Proposal 15 - Expand the Dutch Harbor Sub-district state-waters Pacific cod fishery boundaries and increase the state-waters fishery GHL from 3% to 9% of the federal BSAI ABC. (Buck Laukitis, Todd Hoppe, Andrew Wilder) Carried as amended: increase to 6.4%, expanded area excludes haul-outs.
- Proposal 16 - Increase GHL for the Dutch Harbor Sub-district state-waters Pacific cod fishery from 3% to 7% of the federal BSAI ABC. (Buck Laukitis, Todd Hoppe, Andrew Wilder) No action.
- Proposal 17 - Increase the vessel size limit from 58 to 125 feet LOA for the Dutch Harbor Sub-district state-waters Pacific cod fishery. (Jeff Steele) Failed.
- Proposal 18 - Align Aleutian Islands District state-waters Pacific cod season opening and closing dates with recent changes to federal Pacific cod management. (ADF&G) Carried.
- Proposal 20 - Define waters between 175° W long to 178° W long as the Adak District in the Aleutian Islands District state-waters Pacific cod fishery. (ADF&G) Carried.
- Proposal 21 - Update state-waters Pacific cod management plans of the BSAI with current federal references for Steller sea lion protection. (ADF&G) Carried as amended with substitute language found in RC 27.

The Board's Bristol Bay finfish meeting is Dec 2-8 at the Egan. I testified on the first day of that meeting in opposition to proposals #22, 23 & 24 that would reduce the Area M fishery management area by moving the Northern boundary with Area T down the beach. These proposals will be heard again and deliberated at the Area M meeting in February. Fisheries consultant Liza Mack and I are continuing to meet with key stakeholders, study documents and develop our strategy in preparation for the February meeting.

Pacific Marine Expo

At the AEB Fishermen's meeting in Seattle we heard from Senator Hoffman about budget cuts and the importance of protecting fisheries. Representative Edgmon also spoke about the budget crisis, protecting ferry service in Southwest Alaska and the LNG pipeline project. Commissioner Sam Cotten talked about the goings-on in the ADF&G, NPFMC and Board of Fish issues, and the budget. Denby Lloyd, Executive Director of the North Pacific Research Board spoke about NPRB grant opportunities. NOAA Fisheries Enforcement Agent Brent Pristas answered questions about observed fishing trips and other issues. Fisheries attorney Joe Sullivan spoke to the group and answered questions about the AEB grant to develop a Community Fishing Association. We will coordinate a meeting time with Joe Sullivan and WGOA trawl fishermen sometime during the NPFMC meeting.

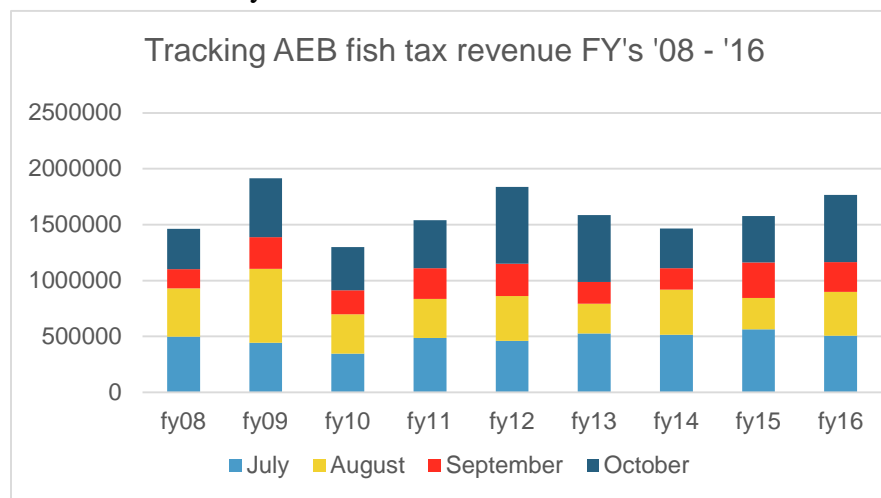
During the Expo week AEB administration met with PPSF and Trident managers at their respective Seattle offices. Mayor Mack and I met separately with CAMF leaders to discuss Area M proposals. I also attended the annual University of Washington's Alaska Salmon Program Symposium while in Seattle.

North Pacific Fishery Management Council

The NPFMC meetings start Monday Dec 7 with the Science & Statistical Committee, Tuesday the Advisory Panel convenes and the Council meeting runs through Dec 15. Major items on the [agenda](#) include:

- Halibut - abundance based management and a management framework, charter halibut measures and charter halibut Recreational Quota Entity (RQE), halibut retention in sablefish pots, halibut leasing options for CDQ groups and beginning the process for a comprehensive review of the IFQ program.
- GOA Chinook Salmon PSC Reapportionment
- Bering Sea Fishery Ecosystem Plan
- Gulf of Alaska Trawl Bycatch Management work plan
- Spec setting process - the groundfish harvest specifications, Total Allowable Catch (TAC) and Allowable Biological Catch (ABC), for the GOA and BSAI are set each year in December.

The NPFMC Groundfish Plan Team recommended an increase in the 2016 GOA ABC of 33% over the 2015 ABC, however recruitment of younger fish into the GOA fishery appears to be dropping off. Bering Sea Aleutian Islands pollock surveys also indicate abundance is up for 2016. BSAI pollock is managed under a 2 million metric ton cap with all other groundfish in the BSAI. Pollock accounts for a third of all raw fish tax revenue for the Aleutians East Borough.



Meeting attendance

Meetings recently attended:

- | | | |
|------------------------------|---|-----------------------|
| • Nov 18 | AEB Fishermen's Meeting | Seattle |
| • Nov 18-20 | Pacific Marine Expo/associated meetings | Seattle |
| • Nov30/Dec1 | Board of Fish Pacific Cod meeting | Anchorage Egan Center |
| • Dec 2(to 8 th) | Board of Fish Bristol Bay finfish | Anchorage Egan Center |

Plan to attend:

- | | | |
|-------------|--|---------------------|
| • Dec 7-15 | NPFMC/associated meetings | Anchorage Hilton |
| • Dec 29 | AEB Fishermen's winter enforcement meeting teleconference | 10AM |
| • Jan 12-13 | Fisheries Access for Alaska SeaGrant workshop | Anchorage LIO |
| • Jan 25-29 | Alaska Marine Science Symposium | Anchorage Capt Cook |

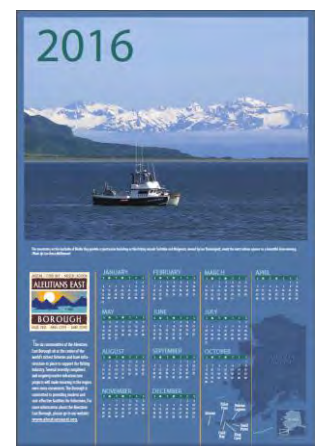
Please don't hesitate to contact me if you have any questions or concerns.

To: Honorable Mayor Mack and Aleutians East Borough Assembly
From: Laura Tanis, AEB Communications Director
Through: Rick Gifford, AEB Administrator
Subject: Communications Director's Report to the Assembly
Date: Dec. 3, 2015

Following the last Assembly meeting, I was busy working on last-minute details associated with Fish Expo and the AEB Fishermen's Meeting in Seattle. Both went very well. As of the writing of this report, I'm working on another edition of In the Loop for this month. I also plan to work with Ernie on another Fish News. Below are some of the details on the projects I've been working on:

Fish Expo (Pacific Marine Expo) – Nov. 18 – 20, 2015

- AEB's booth at The Pacific Marine Expo at the CenturyLink Center received numerous visitors. We promoted our harbors, harbor amenities and other infrastructure with flyers and other promotional materials.
- We passed out 250 copies of the 2016 Borough calendar. By the last day and within the last hour of the show, all of the calendars that we brought along were gone. They were a big hit! The calendar features a photo of two fishing vessels, Surfrider and Malyremi, owned by Leo Pendergraft, awaiting the next salmon opener on a June evening. The photo was taken by Lee Anne McDermott. (250 additional calendars will be mailed out to the communities for those interested in getting a copy.)
- Those who worked shifts at the expo booth include: Bonnie Folz, Tina Anderson, Alvin Osterback, Andy Varner, Glen Gardner Jr., Joe Bereskin, Tuna Scanlan, Danny Cumberlidge and myself. Thank you, everyone, for helping out. Also, a big thanks to Bonnie Folz for helping me with set up and tear down. Thanks also to Mayor Stanley Mack, Anne Bailey and Dave Bash for stopping by to help with tear down. It was a big help and very much appreciated!



AEB Fishermen's Meeting in Seattle – Nov. 18, 2015

- The AEB Fishermen's meeting at the Silver Cloud was well-attended. More than 30 people were there. At one point, we had to request additional chairs from hotel staff for several people who were standing up at the back of the room.
- The meeting, organized by Ernie Weiss, featured several notable speakers, including ADF&G Commissioner Sam Cotten, Alaska Senator Lyman Hoffman, Alaska Representative Bryce Edgmon, North Pacific Research Board Executive Director Denby Lloyd, NOAA Fisheries Enforcement Special Agent Brent Pristas, and Attorney Joe Sullivan, AEB CFA grant consultant. My role was to secure the meeting space and promote the meeting via Fish News, In the Loop & Facebook.



Miscellaneous projects include:

- Updates to the Borough website, included the addition of a subsection for Nelson Lagoon, titled Coastal Erosion Study. It contains a 152-page document titled, "Nelson Lagoon Coastal Erosion Study 20 % Preliminary Design", by HDR.
- I also added a job description the Borough is promoting via the website and on AEB's Facebook page for the position of the Akutan Airport Operations Support Services Assistant. This person would act as the Borough's ticket agent for helicopter travel between Akutan and Akun.
- Additionally, I updated and inputted important dates onto the website calendar, including the Assembly meetings and workshops, NPFMC meetings and BOF meetings.
- Posting stories and information of interest to AEB's and King Cove's Facebook pages.

Upcoming projects include: December edition of In the Loop and Fish News.

As always, I'm happy to help get the word out about an event or issue in your community. Please call or email me any time with information. ltanis@aeboro.org.

To: The Honorable Stanley Mack
The Aleutians East Borough Assembly
Rick Gifford, Borough Administrator

From: Brad Gilman & Sebastian O'Kelly

Re: Washington Update

Date: November 17, 2015

1. FY 2016 Federal Budget/Appropriations: Last month's two year bipartisan budget deal has cleared the way for Congress to move forward with an Omnibus Appropriations Bill to fund Federal agencies and programs for remainder of the fiscal year. The budget agreement provides an additional \$50 billion in Federal appropriations for FY 2016, split equally between defense and non-defense programs. The current Continuing Resolution is keeping Federal agencies operating and expires on December 11th. While there are a number of contentious issues to resolve, mostly concerning policy riders such as defunding of Planned Parenthood and some of the Administration's environmental initiatives, there is cautious optimism that an Omnibus Appropriations Bill will be enacted prior to year-end.

2. King Cove Road: The Omnibus Appropriations Bill is the potential legislative vehicle for obtaining a legislative provision to reverse the Secretary of Interior's decision on the King Cove-Cold Bay Access Project. Senator Murkowski included a provision in the Senate version of the Interior Appropriations bill earlier in the year to require an equal value land exchange for the road easement through the Izembek Refuge. She is leading the negotiations for the Senate Republicans on the Interior funding bill, which will provide her with some leverage to try and hold a King Cove road provision in the final package.

3. King Cove Harbor: We have had some preliminary discussions with the Army Corps about a new project to eliminate the swell coming into the King Cove Harbor. If a stub breakwater can be considered a new project (and not an extension of the last breakwater project), it would be eligible under the Section 107 Small Navigation Projects Continuing Authorities Program. Senator Murkowski is seeking to double the annual appropriation for Section 107, making it an ideal federal revenue source for small Alaskan navigation projects.

4. Payment-In-Lieu-Of-Taxes (PILT): A second PILT payment has been made (totaling about 8.5 percent of the summer payment) recently. During the last PILT extension Congress split the FY 2015 payment for budget accounting reasons. This is the last PILT payment until Congress either extends or reauthorizes the program. The FY 2016 House Interior Appropriations Bill includes full funding for PILT next year. There is a strong push by PILT advocates to push for that funding to be included in the Omnibus Appropriations Bill. Interior Subcommittee Chairwoman Murkowski has

indicated that PILT funding is a top priority for the Interior Appropriations title of the Omnibus.

5. EPA's "Waters of the U.S" (WOTUS) Rule: The 6th Circuit Court of Appeals in Ohio has ordered a nationwide hold on the rule amid disparate findings by courts around the country about whether the EPA's WOTUS rule properly defines what waters fall under the Clean Water Act. The stay will remain in effect as further litigation on the rule continues. Separately, the Senate moved to consider legislation that would require issuance of a new rule done in close consultation with State and local governments but the bill was blocked by a filibuster. The Senate also passed a resolution of disapproval overturning the entire rule but the Administration has said it will be vetoed. There may be an effort to further modify the rule as part of the Omnibus Appropriations Bill. All three Alaska Delegation Members have been very active and vocal in opposing the WOTUS rule.

6. Highway Bill Reauthorization: Both the House and Senate have passed six year reauthorization bills for the Federal highway and transportation programs, although only three of those years have financing. While the Congress has rejected an increase in the Federal gas tax, both bills have incremental annual increases in Federal funding. From Alaska's perspective, the bills maintain the State's formula rate; extend the Federal Lands and Tribal Transportation Programs; and increase funding for the ferry program. The current extension expires November 20. It is possible we may see another short-term extension if the House and Senate have not completed negotiations on a final bill by then. Both bills passed their respective bodies with significant bi-partisan majorities so prospects for enactment of a final bill by year end look positive.

7. Fisheries and Oceans:

- **Illegal, Unreported, and Unregulated Fishing:** The President has just signed into law legislation to strengthen monitoring and enforcement against pirate and illegal fishing, including granting the Federal government the right to deny port of entry into the U.S. of any foreign vessel suspected of engaging in illegal fishing; seizing imports of illegally harvested fish; and applying new sanctions, penalties and enforcement actions against violations of international fishing agreements. Senators Murkowski, Sullivan and Representative Young were the primary authors of the House and Senate bills.
- **NPDES Incidental Discharge Moratorium:** The House and Senate are considering making the moratorium permanent for commercial fishing and small passenger fishing vessels as part of negotiations on a final Coast Guard Reauthorization Bill. Its fate remains intertwined with efforts by large vessel operators to pre-empt State regulation of ballast water discharges in favor of a uniform international standard. These efforts are controversial and strongly opposed by the States of California, Oregon and Washington. Regardless of the disposition of the legislation, the current moratorium will be in effect for an additional two years, with no permit required until December 19, 2017.

- **Fishing Vessel Classification:** The House-passed Coast Guard Reauthorization Bill (H.R. 1987) includes a provision authored by Rep. Young that would create an alternative vessel classification compliance program for the construction of new fishing vessels and tenders from 50 to 79 feet in length. The bill is currently in conference with the Senate.
- **Maritime Lien Relief On Fishing Permits:** This provision authored by Rep. Young to prohibit maritime liens from being imposed on commercial fishing permits also awaits the outcome of Senate-House negotiations on a final Coast Guard Bill.
- **Genetically-Modified Salmon:** We will be watching to see if the Omnibus includes funding earlier secured in the FY 2016 Senate Agriculture Appropriations Bill by Senator Murkowski for the FDA to develop a labeling standard for GM salmon.
- **Magnuson-Stevens Act (“MSA”):** There has been no significant movement of either the House or Senate MSA Reauthorization Bills since our last report. There is a possibility that the Senate Commerce Committee will hold a hearing on the MSA before adjournment this year.
- **North Pacific Fisheries Convention:** The Senate Commerce Committee has reported out legislation authored by Senator Sullivan (S. 1335) to carry out U.S. responsibilities for fishery management in North Pacific international waters as established by the Convention and agreed to by the U.S., Russia, Japan, and South Korea in 2012 and ratified by the Senate in 2014. These waters extend from the EEZ south of Alaska to Hawaii and across to Asia. The bill has yet to move to the Senate floor.
- **Pollock Naming Legislation:** Senator Murkowski along with Senator Cantwell (D-WA) has introduced legislation changing the name “Alaska pollock” to “Pollock” under the Federal Food, Drug, and Cosmetic Act. Rep. Young has introduced the counterpart bill in the House. The Russians have exploited the name to misrepresent their sales of imported pollock into the U.S. market. Senator Sullivan is a cosponsor of the Senate bill.
- **Sockeye Buy:** The Department of Agriculture has announced that it will buy up to \$30 million in surplus canned sockeye salmon for its emergency food assistance program.

8. Rural Subsistence Management: The Departments of Interior and Agriculture have finalized rules governing subsistence harvest of fish and game on Federal lands and waters in Alaska. The Departments have followed the recommendations of the Federal Rural Subsistence Board from earlier in the year and decided to reinstate the rural status of communities that had lost that status under the 2007 rules and did not add any new

communities to the non-rural list. Furthermore, the Departments have scratched the requirement for a decennial review and rule-making. The bills introduced by Representative Young and Senator Murkowski are still pending but given the final outcome of the rules, it is likely they will not progress further.

9. “Cadillac” Tax On Local Health Care Plans: Under the Affordable Care Act (ACA), many local governments in Alaska will face a costly excise tax on their health plans because their cost crosses the tax’s threshold. All employer-based health plans with an annual benefit above \$10,200 for individuals and \$27,500 for families will be subject to a 40% tax for every dollar over those amounts, starting January 1, 2018. Legislation has been introduced in the House and Senate to repeal the Cadillac Tax (along with other controversial provisions of the Affordable Care Act) but have run into strong Democratic and Obama Administration opposition. Bills (HR. 2050 and S. 2045) that deal with just with repeal of the Cadillac Tax have gained greater bi-partisan support. Senators Murkowski, Sullivan and Young are all cosponsors of the two bills. While most modifications or changes to the ACA continue to be partisan and gridlocked, Congress and the President were able to reach agreement on legislation last month on HR 1624 -- Protecting Affordable Coverage for Employees (PACE Act) that prevented certain ACA mandates and restrictions from going into effect for small business employers with 51 to 100 employees. Advocates for repealing the Cadillac tax are hoping that enactment of the PACE bill sets a precedent for bi-partisan progress on their proposal.

10. Miscellaneous

- **Native American Energy Legislation:** The House has passed Rep. Young’s bill (HR 538, “the Native American Energy Act”). The bill seeks to promote greater energy development on tribal lands by limiting judicial review of Federal permitting; empowering greater decision-making on energy projects by tribal governments; and streamlining existing processes to authorize tribes to enter into energy resource agreements with the Dept. of Interior.
- **Resilient Forests Legislation:** Earlier in the summer, the House passed HR 2647 – The Resilient Federal Forests Act of 2015. The bill would place some limitations on judicial review of Federal timber sales, as well provide exclusions from environmental reviews on harvesting of salvage, diseased, or fire-hazard timber. The Senate has not moved counterpart legislation although there is an effort to include it in the Omnibus. If that effort is not successful, the bill is likely to be considered next year.
- **NOAA Arctic Charting Plan:** NOAA is updating its nautical charts for the Arctic region, which includes the Aleutian Islands. In creating these charts, NOAA hydrographic survey ships scan the seafloor to identify navigational hazards and obstructions while also acquiring water depth data. NOAA took public comments on its plans this fall, with final plans expected to come out early 2016.

- **Unrecognized Southeast Alaska Native Communities Legislation:** The Alaska Delegation has introduced bills in the House and Senate that would confer recognition to five Southeast Alaska Native communities in Haines, Tenakee, Ketchikan, Petersburg, and Wrangell. The bills would authorize the formation of Native village or urban corporations under ANSCA and establish a process for the five communities to negotiate land withdrawals. Rep. Young held a subcommittee hearing in June and Senator Murkowski followed with her own hearing by the Senate Energy & Natural Resources Committee in October.
- **Wetlands Mitigation Bill:** Rep. Young has introduced legislation that would allow State, local and tribal governments to use preservation leases to set aside wetland areas to be protected as mitigation measures needed for the granting of Section 404 Clean Water Act permits to move forward with infrastructure and other projects. The bill has been referred to the Transportation & Infrastructure Committee and awaits further consideration.
- **Red Tape Reduction:** Senator Sullivan has introduced legislation (S. 1944) that would require a Federal agency to remove a regulation from the Federal Register for every new one promulgated. If the Federal agency does not comply, the cost of living adjustment for its personnel will be withheld. Senator Murkowski is a cosponsor.
- **Volcano Warning Measure:** Senator Murkowski has teamed up with Senator Cantwell (D-WA) to introduce S. 2056 – “The National Volcano Early Warning and Monitoring Program Act” – which would establish a National Volcano Early Warning and Monitoring System. The system would link with the work done by Alaska Volcano Observatory which currently monitors 29 active volcanoes in Alaska.

Assembly Comments

Public Comments

Executive Session

Date & Location of Next Meeting

Adjournment