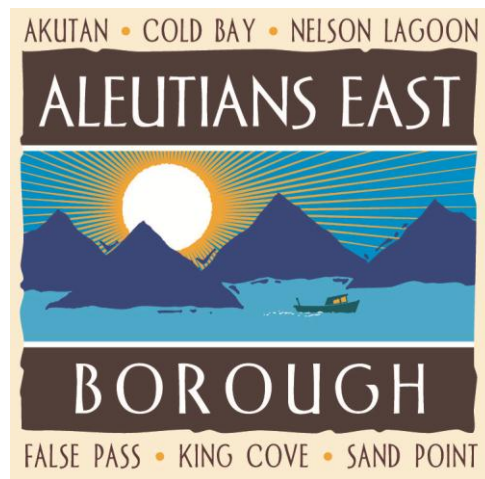


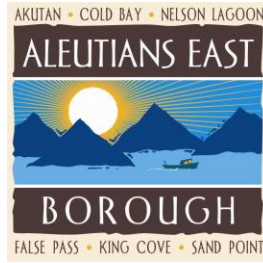
Aleutians East Borough Assembly Meeting



Meeting: Tuesday, May 29, 2012 – 4:00 p.m.

Roll Call & Establishment of a Quorum

Adoption of Agenda



Agenda

Assembly Meeting

(packet available on website www.aleutianseast.org)

Date: May 29, 2012
Time: Meeting: 4:00 p.m.
Location: By teleconference: Locations below:
King Cove -AEB office
Nelson Lagoon -Corp.office
Akutan- city office
Anchorage-AEB office, 3380 C Street
Cold Bay- city library
False Pass- city office
Sand Point-AEB 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.

1. Roll Call & Establishment of Quorum
2. Adoption of the Agenda.
3. Community Roll Call and Public Comment on Agenda Items.
4. Minutes
 - April 23, 2012
5. Financial Reports
 - Financial Reports
 - April 2012
 - Investment Reports
 - April 2012
6. Consent Agenda
 - Resolution 12-15, Electing to participate in the AML/JIA FY2013 Loss Control Incentive Program.
 - Resolution 12-16, Assembly supporting the submittal of harbor facility grant application to State of Alaska, DOT/PF in an amount not to exceed \$3.5M for the project entitled: Akutan Harbor Floats.
 - Resolution 12-17, Assembly adopting plans for the \$2M of GO Bond, Other Transportation or Economic Development Projects to be used on the Sand Point Robert E. Galovin Small Boat Harbor renovations project.
7. Public Hearings
 - Public Hearing Ordinance 12-05, Adopting the Operating and Capital Budget for FY2013.

- Public Hearing, False Pass Harbor Utility Project.

8. Old Business

- Contract for HoverLink (Akutan – Akun Hovercraft Operations)

9. New Business

- Donation Requests:
 - QTT Culture Camp \$7,000 donation request.
 - Sand Pt. Silver Salmon Derby fundraiser \$750 donation request.
 - Cold Bay EMS Silver Salmon Derby fundraiser (no amount) donation request.
 - King Cove Fire & Rescue donation request-scholarship fundraiser.
 - Sand Point Teen Center \$2000 donation request.
 - City of False Pass \$5000 donation request for ARCS TV dish and transmittal repair.
 - AEBSD Tobacco Prevention \$200 donation request.
 - City of Sand Pt. - Annual Clean-Up (no amount) donation request.
 - King Cove Community Center – Annual Clean-up (no amount) donation request.

10. Reports and Updates

11. Assembly Comments

12. Public Comments

13. Next Meeting Date and Time

14. Adjournment

Community Roll Call & Public Comment on Agenda Items

Minutes

Aleutians East Borough
April 23, 2012
7:00 p.m.

CALL TO ORDER

Mayor Mack called the April 23, 2012 Assembly meeting to order at 7:00 p.m. at the AEB office building in Sand Point and by teleconference in each community.

ROLL CALL

Mayor Stanley Mack	Present
Paul Gronholdt	Present
Carol Foster	Present
Marvin Mack	Present
Bill Cumberlidge	Present
Ken McHugh	Absent-Excused
Joe Bereskin, Sr.	Present
Justine Gundersen	Present

Advisory Members:

Nikki Hoblet, False Pass	Present
Harold Kremer III, Cold Bay	Present

A quorum was present.

Staff Present:

Sharon Boyette, Administrator
Roxann Newman, Finance Director
Tina Anderson, Clerk
Ernie Weiss, Resource Director
Laura Tanis, Communications Manager
Anne Bailey, Community Development Director

Agenda Additions:

- Resolution 12-14, Recognizing Sharon Boyette and her years of service to the people and communities of the Aleutians East Borough:

Adoption of Agenda:

Paul moved to adopt the agenda with the addition and second by Bill. There were no objections
MOTION PASSED.

Community Roll Call and Public Comment on Agenda Items:

All AEB communities and the Anchorage office were present.

Richard Kochuten, Sand Point Harbor Master, said an assessment of the Sand Point Robert E. Galovin Small Boat Harbor was done a couple years ago and has been provided to the Assembly. He feels a rebuild of the harbor is needed, but the city has come to a road block with all the funding necessary for the harbor. Majority of funding is there but can't seem to come up with part of it. It is turning into a safety issue and having to turn boats away. Photos in packet were taken for

assessment by URS. We have changed out the hinges of boat harbor over the years. In last 15 years we have changed out close to 30 floats that were obsolete. Right now waiting for word back on a couple of major floats we have to change out. When we go to work on the floats it is like a domino effect. Change one thing and 4-5 other things fall apart. Many sections are on a critical list. This year broke a couple of floats. Piling getting squared off on all the wear and tear and not enough piling for what we support.

Bob Barnett, from the public, asked if for some reason the hovercraft makes original run with hovercraft and AEB finds out it is not feasible, would that \$2M contract be switched over to a different type vessel. Mayor Mack answered yes it could be.

Minutes, March 21, 2012:

MOTION

Carol moved to approve and second by Marvin.

Paul suggested adding Schaack behind Paul under Paul Schaack Public Comments.

Hearing no objections MOTION PASSED.

Financial Reports, March 2012:

MOTION

Justine moved to adopt the March financial report and second by Carol.

ROLL CALL

Bill-yes, Justine-yes, Carol-yes, Paul-yes, Marvin-yes, Joe-yes. Advisory: Harold-yes, Nikki-yes.

MOTION PASSED.

Investment Report, March 2012:

The permanent fund month-end market value of the portfolio is \$29,535,690, which includes \$58,158 in accrued interest.

ORDINANCES

Introduction Ordinance 12-05, Adopting the Operating and Capital Budget for FY2013:

MOTION

Bill moved to adopt and set for Public Hearing and second by Joe.

DISCUSSION

Paul said at workshop discussed items on budget and believes there is room for changes and expects by the next meeting that some might have more priority than others including a way to accommodate Sand Point harbor. He also feels a little optimistic on AEB Fish Tax. Will save possible amendment at Public Hearing, might be necessary to have a second Public Hearing.

ROLL CALL

Marvin-yes, Joe-yes, Carol-yes, Justine-yes, Paul-yes, Bill-yes. Advisory: Harold-yes, Nikki-yes.

MOTION PASSED.

OLD BUSINESS

Tabled-City of Sand Point Robert E. Galovin Small Boat Harbor Funding Request:

MOTION

Paul motioned to remove from table second by Marvin. There were no objections, MOTION PASSED.

DISCUSSION

Bill recommended accepting the \$2M funding request from City of Sand Point for the harbor repairs. Marvin also supported.

Paul said at the workshop there was discussion on using the tentative bond money. There was also some discussion of using the \$1.8M available in the Permanent Fund. He feels using the bond is a good option.

Joe asked what the bond money was tied to currently. Mayor Mack said \$2M bond is tied to transportation or economic development projects. The Administrator further explained when the bonds were ready to be sold, you had to further describe what projects you were going to use it for. \$3M for Akutan airport and \$2M had only been discussed in the past to be used for the King Cove/Cold Bay road construction so that is what the \$2M got described for. In talking to AEB Attorney, Joe Levesque, he thinks we can change it from the King Cove/Cold Bay road construction. She added that bond money can only be used for something that AEB owns. For example, when we build harbors, we have to get land deeded to AEB. Then once the bonds are paid off we can then deed it over. GO Bonds have to be spent on capital projects and on something we own. So, the new AEB Administrator and city of Sand Point Administrator, Paul Day, will need to figure out that solution. Joe said he has no issue, just making sure there is nothing prohibiting us from doing it.

Mayor Mack said the other option of using the \$1.8M available in permanent fund might work better with less strings.

MOTION

Paul moved that it is AEB intent to transfer and allocate the \$2M in GO Bond available to be used specifically for the Robert E. Galovin Boat Harbor project and figure out how to do it. Second by Marvin.

Carol asked if the \$1.8M permanent fund money available can be used if the bond money cannot be transferred or only part of it can be used. If we don't have to use the permanent fund money, suggested giving some to all the communities.

Paul Day said if the AEB agrees to fund the \$2M, it allows the city of Sand Point to not lose the allocated State funding for the project. If the State of Alaska has a promise from city for \$2M and AEB \$2M, it provides assurance to not lose state funding. His plan is to put the harbor renovations project out to bid and fix next summer.

ROLL CALL

Paul-yes, Joe-yes, Justine-yes, Marvin-yes, Carol-yes, Bill-yes. Advisory: Harold-yes, Nikki-yes.
MOTION PASSED.

Contract Approval with Brechan Enterprises-Sand Pt. School Loop/rear parking paving project:

Mayor Mack said the Sand Point School loop paving only is \$243,135. Entire paving package which includes the parking in front is \$401,760. He recommends the Assembly approve full package.

MOTION

Marvin moved to accept the full paving package and second by Bill.

DISCUSSION

Joe asked where the money will be coming from. Mayor Mack said thanks to the Maintenance Director work we will be receiving reimbursements from the State for the Sand Point School gym floor, Akutan School siding, and Sand Point pool repairs. Also have option from permanent fund.

Paul said very lucky to get paving equipment every ten years. Even though it is a chunk of money, he supports since paving equipment won't be around again for a while.

City of Sand Point Mayor, Martin Gundersen, said the School District has asked the city to blade that some times. If it were paved, it is much easier to blade on a paved road and doesn't take much time. Since one time deal and easier to maintain and the city is always willing to help here. If the revenue continues on as good as it has been, feels we will be okay.

Marvin said in King Cove, it saves money when maintaining the pavement.

ROLL CALL

Marvin-yes, Justine-yes, Bill-yes, Joe-yes, Paul-yes, Carol-yes. Advisory: Nikki-yes, Harold-yes.

MOTION PASSED.

NEW BUSINESS

Preliminary Discussion of Contract for Hoverlink (Akutan-Akun Hovercraft Operations):

The Administrator recommended the Assembly review and decide at the next meeting.

Paul said he is not happy with the whole agreement and suggested trying to figure out a way while we have some money. Otherwise there won't be any of these kinds of meetings where we will have money to fund projects. It is important to figure out a sensible solution.

Akutan Harbor Contracts:

- Contract approval with URS and Shannon & Wilson in the amount of \$105,000.
- Contract Approval with Denali Drilling in the amount of \$125,000 for the geotechnical drilling in Akutan Harbor.

MOTION

Paul moved to approve both Akutan harbor contracts and second by Bill

DISCUSSION

Joe said working to thaw out ice in the harbor still and project should start soon.

ROLL CALL

Bill-yes, Marvin-yes, Carol-yes, Joe-yes, Paul-yes, Justine-yes. Advisory: Nikki-yes, Harold-yes.

MOTION PASSED.

Appointment of New Administrator, Rick Gifford:

MOTION

Joe moved to confirm the appointment of Rick Gifford and second by Marvin.

No discussion.

ROLL CALL

Joe-yes, Bill-yes, Marvin-yes, Carol-yes, Justine-yes, Paul-yes. Advisory: Harold-yes, Nikki-yes.

MOTION PASSED.

Resolution 12-14, Recognizing Sharon Boyette and her years of service to the people and communities of the Aleutians East Borough,

MOTION

Bill moved to approve Resolution 12-14 and second by Carol.

Mayor Mack read Resolution 12-14 to the public.

ROLL CALL

Justine-yes, Carol-yes, Paul-yes, Marvin-yes, Joe-yes, Bill-yes. Advisory: Harold-yes, Nikki-yes.

MOTION PASSED.

REPORTS AND UPDATES

Redistricting:

Ernie Weiss gave a redistricting report saying everything is still pending. Deadline is July 1 for legislature office so may need an interim plan if June 1 deadline is not met.

Mayor Mack asked, if we go back does it keep the AEB and western Aleutians intact. Ernie said the amended superior court plan keeps us together, if new interim plan then splits. So someone needs to make the call of what the interim plan will be. There is some discussion of status quo until they come up with something that everyone agrees on.

Paul said he went to 3-4 days of redistricting meetings. Things change so have to keep track of it, but feels things will turn out in our favor.

ASSEMBLY COMMENTS

PUBLIC COMMENTS

NEXT MEETING DATE AND TIME

May 29 by teleconference beginning after 3:30 p.m.

ADJOURNMENT

There was no further discussion. The meeting adjourned at 7:54 p.m.

Mayor

Date

Clerk

Date

UNAPPROVED

Financial Report

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*Revenue Guideline©

Page 1

Current Period: APRIL 11-12

		11-12 YTD Budget	11-12 YTD Amt	APRIL MTD Amt	11-12 YTD Balance	% of Budget
Fund 01 GENERAL FUND						
Active	R 01-201 INTEREST REVENUE	\$35,000.00	-\$4,095.07	\$0.00	\$39,095.07	-11.70%
Active	R 01-203 OTHER REVENUE	\$7,000.00	\$53,328.30	\$0.00	-\$46,328.30	761.83%
Active	R 01-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-206 AEBSD Fund Balance Refun	\$0.00	\$170,735.90	\$0.00	-\$170,735.90	0.00%
Active	R 01-218 AEB RAW FISH TAX	\$2,635,000.00	\$3,759,044.93	\$558,266.37	-\$1,124,044.93	142.66%
Active	R 01-229 Southwest Cities LLC	\$0.00	\$30,000.00	\$0.00	-\$30,000.00	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	\$1,581,128.00	\$1,664,918.79	\$0.00	-\$83,790.79	105.30%
Active	R 01-266 STATE EXTRATERRITORIA	\$108,350.00	\$243,084.49	\$0.00	-\$134,734.49	224.35%
Active	R 01-267 STATE FISH LANDING TAX	\$45,115.00	\$53,571.19	\$0.00	-\$8,456.19	118.74%
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	\$515,752.00	\$542,712.00	\$0.00	-\$26,960.00	105.23%
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	\$334,500.00	\$84,771.00	\$710,964.00	32.00%
Active	R 01-291 PLO-95 PAYMNT IN LIEU O	\$559,000.00	\$0.00	\$0.00	\$559,000.00	0.00%
Active	R 01-292 USFWS LANDS	\$36,256.00	\$0.00	\$0.00	\$36,256.00	0.00%
	Total Fund 01 GENERAL FUND	\$6,568,065.00	\$6,847,800.53	\$643,037.37	-\$279,735.53	104.26%

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05/03/12 3:17 PM

***Expenditure Guideline©**

Page 1

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 01 GENERAL FUND						
DEPT 100 MAYORS OFFICE						
Active	E 01-100-000-300 SALARIES	\$68,985.00	\$57,487.20	\$5,748.72	\$11,497.80	83.33%
Active	E 01-100-000-350 FRINGE BENEFITS	\$27,810.00	\$22,241.00	\$2,224.10	\$5,569.00	79.97%
Active	E 01-100-000-400 TRAVEL AND PER	\$36,000.00	\$23,988.13	\$4,929.00	\$12,011.87	66.63%
Active	E 01-100-000-425 TELEPHONE	\$2,400.00	\$904.67	\$107.19	\$1,495.33	37.69%
Active	E 01-100-000-475 SUPPLIES	\$1,000.00	\$1,928.43	\$0.00	-\$928.43	192.84%
Active	E 01-100-000-554 AK LOBBIST	\$36,000.00	\$32,685.01	\$3,500.00	\$3,314.99	90.79%
Active	E 01-100-000-555 FEDERAL LOBBIS	\$75,600.00	\$63,000.00	\$6,300.00	\$12,600.00	83.33%
SUBDEPT 000		<u>\$247,795.00</u>	<u>\$202,234.44</u>	<u>\$22,809.01</u>	<u>\$45,560.56</u>	<u>81.61%</u>
Total DEPT 100 MAYORS OFFICE		\$247,795.00	\$202,234.44	\$22,809.01	\$45,560.56	81.61%
DEPT 105 ASSEMBLY						
Active	E 01-105-000-300 SALARIES	\$25,000.00	\$17,400.00	\$1,600.00	\$7,600.00	69.60%
Active	E 01-105-000-350 FRINGE BENEFITS	\$56,000.00	\$59,109.86	\$4,751.60	-\$3,109.86	105.55%
Active	E 01-105-000-400 TRAVEL AND PER	\$40,000.00	\$40,826.41	\$1,946.00	-\$826.41	102.07%
Active	E 01-105-000-425 TELEPHONE	\$4,500.00	\$2,528.20	\$338.99	\$1,971.80	56.18%
Active	E 01-105-000-475 SUPPLIES	\$500.00	\$425.00	\$0.00	\$75.00	101.42%
Active	E 01-105-000-476 Plan Evaluation	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000		<u>\$126,000.00</u>	<u>\$120,289.47</u>	<u>\$8,636.59</u>	<u>\$5,628.42</u>	<u>95.47%</u>
Total DEPT 105 ASSEMBLY		\$126,000.00	\$120,289.47	\$8,636.59	\$5,628.42	95.47%
DEPT 150 PLANNING/CLERKS DEPARMENT						
Active	E 01-150-000-300 SALARIES	\$81,160.00	\$64,580.83	\$6,427.69	\$16,579.17	79.57%
Active	E 01-150-000-350 FRINGE BENEFITS	\$33,524.00	\$24,322.33	\$2,523.93	\$9,201.67	72.55%
Active	E 01-150-000-400 TRAVEL AND PER	\$12,500.00	\$8,756.99	\$0.00	\$3,743.01	70.06%
Active	E 01-150-000-425 TELEPHONE	\$7,500.00	\$4,717.45	\$355.13	\$2,782.55	62.90%
Active	E 01-150-000-450 POSTAGE/SPEED	\$1,500.00	\$1,135.96	\$15.99	\$364.04	75.73%
Active	E 01-150-000-475 SUPPLIES	\$9,000.00	\$4,108.23	\$569.72	\$4,891.77	45.65%
Active	E 01-150-000-526 UTILITIES	\$12,000.00	\$19,981.40	\$2,996.61	-\$7,981.40	166.51%
Active	E 01-150-000-530 DUES AND FEES	\$5,000.00	\$2,406.70	\$0.00	\$2,593.30	48.13%
Active	E 01-150-000-650 ELECTION	\$10,000.00	\$9,948.75	\$0.00	\$51.25	99.49%
Active	E 01-150-000-670 Planning Commisio	\$4,300.00	\$0.00	\$0.00	\$4,300.00	0.00%
SUBDEPT 000		<u>\$176,484.00</u>	<u>\$139,958.64</u>	<u>\$12,889.07</u>	<u>\$36,525.36</u>	<u>79.30%</u>
Total DEPT 150 PLANNING/CLERKS DEPARMENT		\$176,484.00	\$139,958.64	\$12,889.07	\$36,525.36	79.30%
DEPT 200 ADMINISTRATION						
Active	E 01-200-000-300 SALARIES	\$166,116.00	\$153,553.00	\$34,816.80	\$12,563.00	92.44%
Active	E 01-200-000-350 FRINGE BENEFITS	\$64,234.00	\$51,519.30	\$5,681.16	\$12,714.70	80.21%
Active	E 01-200-000-380 CONTRACT LABO	\$25,000.00	\$18,510.00	\$1,500.00	\$6,490.00	74.04%
Active	E 01-200-000-382 ANCHORAGE OFFI	\$0.00	\$1,628.95	(\$10,181.79)	-\$1,628.95	0.00%
Active	E 01-200-000-400 TRAVEL AND PER	\$15,000.00	\$19,434.11	\$200.00	-\$4,434.11	134.37%
Active	E 01-200-000-425 TELEPHONE	\$6,000.00	\$5,797.14	\$1,231.96	\$202.86	96.62%
Active	E 01-200-000-450 POSTAGE/SPEED	\$2,500.00	\$201.14	\$7.48	\$2,298.86	8.05%
Active	E 01-200-000-475 SUPPLIES	\$18,120.00	\$10,158.86	\$305.94	\$7,961.14	57.52%
Active	E 01-200-000-500 EQUIPMENT	\$4,500.00	\$0.00	\$0.00	\$4,500.00	0.00%
Active	E 01-200-000-525 RENTAL/LEASE	\$36,980.00	\$27,749.13	\$5,330.12	\$9,230.87	75.04%
Active	E 01-200-000-530 DUES AND FEES	\$1,500.00	\$1,045.00	\$0.00	\$455.00	69.67%
SUBDEPT 000		<u>\$339,950.00</u>	<u>\$289,596.63</u>	<u>\$38,891.67</u>	<u>\$40,529.63</u>	<u>85.19%</u>
Total DEPT 200 ADMINISTRATION		\$339,950.00	\$289,596.63	\$38,891.67	\$40,529.63	85.19%
DEPT 250 FINANCE DEPARTMENT						
Active	E 01-250-000-300 SALARIES	\$116,802.00	\$125,420.83	\$14,214.71	-\$8,618.83	107.38%
Active	E 01-250-000-350 FRINGE BENEFITS	\$51,161.00	\$41,951.11	\$4,630.19	\$9,209.89	82.00%
Active	E 01-250-000-400 TRAVEL AND PER	\$4,000.00	\$5,684.32	\$0.00	-\$1,684.32	142.11%

ALEUTIANS EAST BOROUGH

05/03/12 3:17 PM

***Expenditure Guideline©**

Page 2

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Active	E 01-250-000-425 TELEPHONE	\$5,000.00	\$3,544.96	\$360.32	\$1,455.04	70.90%
Active	E 01-250-000-450 POSTAGE/SPEED	\$2,500.00	\$1,614.26	\$0.00	\$885.74	64.57%
Active	E 01-250-000-475 SUPPLIES	\$10,500.00	\$9,621.50	\$912.14	\$878.50	91.78%
Active	E 01-250-000-526 UTILITIES	\$4,000.00	\$4,670.04	\$1,169.91	-\$670.04	116.75%
Active	E 01-250-000-550 AUDIT	\$45,000.00	\$45,560.66	\$0.00	-\$560.66	101.25%
Active	E 01-250-000-600 REPAIRS	\$5,000.00	\$4,997.92	\$221.89	\$2.08	103.91%
SUBDEPT 000		\$243,963.00	\$243,065.60	\$21,509.16	\$684.56	99.63%
Total DEPT 250 FINANCE DEPARTMENT		\$243,963.00	\$243,065.60	\$21,509.16	\$684.56	99.63%
DEPT 650 RESOURCE DEPARTMENT						
Active	E 01-650-000-300 SALARIES	\$83,049.00	\$69,990.35	\$5,833.34	\$13,058.65	84.28%
Active	E 01-650-000-350 FRINGE BENEFITS	\$30,040.00	\$25,042.25	\$2,402.78	\$4,997.75	83.36%
Active	E 01-650-000-380 CONTRACT LABO	\$75,000.00	\$62,500.00	\$6,250.00	\$12,500.00	83.33%
Active	E 01-650-000-400 TRAVEL AND PER	\$35,000.00	\$28,955.60	\$984.00	\$6,044.40	82.73%
Active	E 01-650-000-401 SEMD SAMPLING	\$250,000.00	\$249,170.21	\$230,131.83	\$829.79	99.67%
Active	E 01-650-000-402 NPFMC Meetings	\$15,000.00	\$4,816.00	\$0.00	\$10,184.00	32.11%
Active	E 01-650-000-403 BOF Meetings	\$25,000.00	\$10,358.28	\$0.00	\$14,641.72	41.43%
Active	E 01-650-000-425 TELEPHONE	\$5,200.00	\$2,198.98	\$417.05	\$3,001.02	42.29%
Active	E 01-650-000-475 SUPPLIES	\$3,000.00	\$2,354.93	\$177.28	\$645.07	78.50%
Active	E 01-650-000-525 RENTAL/LEASE	\$6,000.00	\$6,006.33	\$1,334.74	-\$6.33	100.11%
Active	E 01-650-000-676 FISHERY-MISC CO	\$0.00	\$5,000.00	\$5,000.00	-\$5,000.00	0.00%
SUBDEPT 000		\$527,289.00	\$466,392.93	\$252,531.02	\$60,896.07	88.45%
Total DEPT 650 RESOURCE DEPARTMENT		\$527,289.00	\$466,392.93	\$252,531.02	\$60,896.07	88.45%
DEPT 651 PUBLIC INFORMATION						
Active	E 01-651-011-300 SALARIES	\$84,959.00	\$70,799.00	\$7,079.90	\$14,160.00	83.33%
Active	E 01-651-011-350 FRINGE BENEFITS	\$32,736.00	\$26,159.78	\$2,738.32	\$6,576.22	79.91%
Active	E 01-651-011-400 TRAVEL AND PER	\$15,000.00	\$4,885.11	\$1,245.00	\$10,114.89	32.57%
Active	E 01-651-011-425 TELEPHONE	\$2,400.00	\$1,680.61	\$238.88	\$719.39	70.03%
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	\$1,122.89	\$39.41	\$3,377.11	24.95%
Active	E 01-651-011-525 RENTAL/LEASE	\$6,800.00	\$6,656.59	\$1,334.74	\$143.41	97.89%
Active	E 01-651-011-532 ADVERTISING	\$25,000.00	\$15,138.49	\$24.00	\$9,861.51	60.55%
SUBDEPT 011 PUBLIC INFORMATION		\$171,645.00	\$126,442.47	\$12,700.25	\$45,202.53	73.67%
Total DEPT 651 PUBLIC INFORMATION		\$171,645.00	\$126,442.47	\$12,700.25	\$45,202.53	73.67%
DEPT 700 PUBLIC WORKS DEPARTMENT						
Active	E 01-700-000-300 SALARIES	\$72,997.00	\$61,509.40	\$6,083.04	\$11,487.60	84.26%
Active	E 01-700-000-350 FRINGE BENEFITS	\$29,602.00	\$23,756.83	\$2,427.24	\$5,845.17	80.25%
Active	E 01-700-000-400 TRAVEL AND PER	\$12,000.00	\$3,348.00	\$746.00	\$8,652.00	32.90%
Active	E 01-700-000-425 TELEPHONE	\$1,500.00	\$981.36	\$57.95	\$518.64	65.42%
Active	E 01-700-000-475 SUPPLIES	\$6,000.00	\$534.18	\$0.00	\$5,465.82	8.90%
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	\$2,500.00	\$1,400.12	\$106.21	\$1,099.88	56.00%
SUBDEPT 000		\$126,099.00	\$91,529.89	\$9,420.44	\$33,969.11	72.59%
Total DEPT 700 PUBLIC WORKS DEPARTMENT		\$126,099.00	\$91,529.89	\$9,420.44	\$33,969.11	72.59%
DEPT 844 KCAP						
Active	E 01-844-000-300 SALARIES	\$3,000.00	\$0.00	\$0.00	\$3,000.00	0.00%
Active	E 01-844-000-350 FRINGE BENEFITS	\$3,000.00	\$0.00	\$0.00	\$3,000.00	0.00%
Active	E 01-844-000-400 TRAVEL AND PER	\$4,500.00	\$1,508.56	\$0.00	\$2,991.44	33.52%
Active	E 01-844-000-425 TELEPHONE	\$2,120.00	\$448.47	\$99.93	\$1,671.53	21.15%
Active	E 01-844-000-475 SUPPLIES	\$3,600.00	\$287.21	\$12.28	\$3,312.79	7.98%
Active	E 01-844-000-525 RENTAL/LEASE	\$7,580.00	\$5,989.22	\$1,334.74	\$1,590.78	79.01%
SUBDEPT 000		\$23,800.00	\$8,233.46	\$1,446.95	\$15,566.54	34.59%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

05/03/12 3:17 PM
Page 3

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Total DEPT 844 KCAP		\$23,800.00	\$8,233.46	\$1,446.95	\$15,566.54	34.59%
DEPT 850 EDUCATION						
Active	E 01-850-000-700 LOCAL SCHOOL C	\$970,000.00	\$685,000.00	\$0.00	\$285,000.00	70.62%
Active	E 01-850-000-701 SCHOOL SCHOLA	\$20,000.00	\$13,774.00	\$13,774.00	\$6,226.00	68.87%
Active	E 01-850-000-703 School Contribution	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-850-000-756 STUDENT TRAVEL	\$5,000.00	\$5,000.00	\$5,000.00	\$0.00	100.00%
SUBDEPT 000		\$995,000.00	\$703,774.00	\$18,774.00	\$291,226.00	70.73%
Total DEPT 850 EDUCATION		\$995,000.00	\$703,774.00	\$18,774.00	\$291,226.00	70.73%
DEPT 860 SPECIAL ASSISTANT-NLG,FP,CDB						
Active	E 01-860-000-300 SALARIES	\$61,590.00	\$50,265.00	\$5,000.00	\$11,325.00	81.61%
Active	E 01-860-000-350 FRINGE BENEFITS	\$27,256.00	\$21,354.01	\$2,184.66	\$5,901.99	78.35%
Active	E 01-860-000-380 CONTRACT LABO	\$6,000.00	\$0.00	\$0.00	\$6,000.00	0.00%
Active	E 01-860-000-400 TRAVEL AND PER	\$15,000.00	\$5,604.09	\$1,231.66	\$9,395.91	37.36%
Active	E 01-860-000-425 TELEPHONE	\$4,000.00	\$626.43	\$111.00	\$3,373.57	15.66%
Active	E 01-860-000-450 POSTAGE/SPEED	\$250.00	\$0.00	\$0.00	\$250.00	0.00%
Active	E 01-860-000-475 SUPPLIES	\$4,500.00	\$3,750.23	\$12.28	\$749.77	83.34%
Active	E 01-860-000-525 RENTAL/LEASE	\$7,000.00	\$5,984.81	\$1,166.80	\$1,015.19	85.50%
SUBDEPT 000		\$125,596.00	\$87,584.57	\$9,706.40	\$38,011.43	69.74%
Total DEPT 860 SPECIAL ASSISTANT-NLG,FP,CDB		\$125,596.00	\$87,584.57	\$9,706.40	\$38,011.43	69.74%
DEPT 900 OTHER						
Active	E 01-900-000-500 EQUIPMENT	\$18,200.00	\$16,810.46	\$0.00	\$1,389.54	92.37%
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	\$11,410.00	\$12,498.56	\$723.68	-\$1,088.56	109.54%
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	\$105,000.00	\$204,039.35	\$27,891.07	-\$99,039.35	194.32%
Active	E 01-900-000-552 INSURANCE	\$180,000.00	\$18,196.00	\$0.00	\$161,804.00	10.11%
Active	E 01-900-000-600 REPAIRS	\$5,000.00	\$1,626.30	\$0.00	\$3,373.70	32.53%
Active	E 01-900-000-727 BANK FEES	\$2,000.00	\$397.22	\$0.00	\$1,602.78	19.86%
Active	E 01-900-000-751 OPERATING TRAN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-900-000-752 CONTRIBUTION T	\$150,000.00	\$112,500.00	\$0.00	\$37,500.00	75.00%
Active	E 01-900-000-753 MISC EXPENSE	\$1,000.00	\$0.00	\$0.00	\$1,000.00	0.00%
Active	E 01-900-000-757 DONATIONS	\$23,500.00	\$13,000.00	\$0.00	\$10,500.00	55.32%
Active	E 01-900-000-760 REVENUE SHARIN	\$32,000.00	\$32,000.00	\$0.00	\$0.00	100.00%
Active	E 01-900-000-770 Depreciation Expen	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-900-000-943 WEB SERVICE	\$16,000.00	\$18,466.71	\$1,410.00	-\$2,466.71	115.42%
SUBDEPT 000		\$602,632.00	\$429,534.60	\$30,024.75	\$173,097.40	71.28%
Total DEPT 900 OTHER		\$602,632.00	\$429,534.60	\$30,024.75	\$173,097.40	71.28%
Total Fund 01 GENERAL FUND		\$3,706,253.00	\$2,908,636.70	\$439,339.31	\$786,897.61	78.48%

ALEUTIANS EAST BOROUGH

05/03/12 3:18 PM

***Revenue Guideline©**

Page 2

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	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 20-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-207 AEB Grant Revenue	\$660,206.41	\$0.00	\$0.00	\$660,206.41	0.00%
Active	R 20-208 AEB FY12 CIP	\$675,000.00	\$0.00	\$0.00	\$675,000.00	0.00%
Active	R 20-254 KCAP Road Completion	\$710,069.26	\$2,625.00	\$0.00	\$707,444.26	0.37%
Active	R 20-256 HOMELAND SECURITY GR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-287 KCAP/09-DC-359	\$1,958,992.03	\$0.00	\$0.00	\$1,958,992.03	0.00%
Active	R 20-422 DENALI COMMISSION/FAL	\$996,461.00	\$0.00	\$0.00	\$996,461.00	0.00%
Active	R 20-423 CDBG FALSE PASS HARB	\$400,000.00	\$0.00	\$0.00	\$400,000.00	0.00%
Active	R 20-511 FY12 ACOUSTIC TRAWL S	\$81,900.00	\$81,900.00	\$0.00	\$0.00	100.00%
Active	R 20-512 Nelson Lagoon #810758 AC	\$50,000.00	\$18,261.42	\$0.00	\$31,738.58	36.52%
Active	R 20-514 CIAP/EDUCATIONAL PAMP	\$16,000.00	\$16,000.00	\$0.00	\$0.00	100.00%
Active	R 20-516 Library Grant Program	\$2,000.00	\$500.00	\$0.00	\$1,500.00	25.00%
Active	R 20-517 CIAP-COLD BAY BOAT RA	\$90,000.00	\$0.00	\$0.00	\$90,000.00	0.00%
Active	R 20-811 US FISH&WILDLIFE MARITI	\$2,994.12	\$0.00	\$0.00	\$2,994.12	0.00%
Active	R 20-812 AKUTAN AIRPORT/FEASIBI	\$100,000.00	\$100,000.00	\$0.00	\$0.00	100.00%
Total Fund 20 GRANT PROGRAMS		\$5,743,622.82	\$219,286.42	\$0.00	\$5,524,336.40	3.82%

ALEUTIANS EAST BOROUGH

05/03/12 3:17 PM

***Expenditure Guideline©**

Page 4

Current Period: APRIL 11-12

	11-12 YTD Budget	11-12 YTD Amt	APRIL MTD Amt	11-12 YTD Balance	% of Budget
Fund 20 GRANT PROGRAMS					
DEPT 422 DENALI COMMISSION/FALSE PASS					
Active E 20-422-000-850 CAPITAL CONSTR	\$996,461.00	\$19,173.00	\$0.00	\$977,288.00	1.92%
SUBDEPT 000	\$996,461.00	\$19,173.00	\$0.00	\$977,288.00	1.92%
Total DEPT 422 DENALI COMMISSION/FALSE PASS	\$996,461.00	\$19,173.00	\$0.00	\$977,288.00	1.92%
DEPT 423 CDBG FALSE PASS HARBOR UTILITY					
Active E 20-423-000-850 CAPITAL CONSTR	\$400,000.00	\$19,173.00	\$0.00	\$380,827.00	4.79%
SUBDEPT 000	\$400,000.00	\$19,173.00	\$0.00	\$380,827.00	4.79%
Total DEPT 423 CDBG FALSE PASS HARBOR UTILITY	\$400,000.00	\$19,173.00	\$0.00	\$380,827.00	4.79%
DEPT 512 Nelson Lagoon-Hazard Impact					
Active E 20-512-000-380 CONTRACT LABO	\$34,129.87	\$27,500.57	\$408.73	\$6,629.30	80.58%
SUBDEPT 000	\$34,129.87	\$27,500.57	\$408.73	\$6,629.30	80.58%
Total DEPT 512 Nelson Lagoon-Hazard Impact	\$34,129.87	\$27,500.57	\$408.73	\$6,629.30	80.58%
DEPT 514 CIAP/ EDUCATIONAL PAMPHLET					
Active E 20-514-000-380 CONTRACT LABO	\$15,720.00	\$15,720.00	\$0.00	\$0.00	100.00%
Active E 20-514-000-475 SUPPLIES	\$280.00	\$280.00	\$0.00	\$0.00	100.00%
SUBDEPT 000	\$16,000.00	\$16,000.00	\$0.00	\$0.00	100.00%
Total DEPT 514 CIAP/ EDUCATIONAL PAMPHLET	\$16,000.00	\$16,000.00	\$0.00	\$0.00	100.00%
DEPT 516 Library Grant Program					
Active E 20-516-000-475 SUPPLIES	\$2,000.00	\$0.00	\$0.00	\$2,000.00	0.00%
SUBDEPT 000	\$2,000.00	\$0.00	\$0.00	\$2,000.00	0.00%
Total DEPT 516 Library Grant Program	\$2,000.00	\$0.00	\$0.00	\$2,000.00	0.00%
DEPT 517 CIAP-COLD BAY BOAT RAMP					
Active E 20-517-000-380 CONTRACT LABO	\$71,453.45	\$0.00	\$0.00	\$71,453.45	0.00%
Active E 20-517-000-400 TRAVEL AND PER	\$2,812.00	\$0.00	\$0.00	\$2,812.00	0.00%
Active E 20-517-000-475 SUPPLIES	\$15,734.55	\$0.00	\$0.00	\$15,734.55	0.00%
SUBDEPT 000	\$90,000.00	\$0.00	\$0.00	\$90,000.00	0.00%
Total DEPT 517 CIAP-COLD BAY BOAT RAMP	\$90,000.00	\$0.00	\$0.00	\$90,000.00	0.00%
DEPT 801 CAPITAL - AKUTAN					
Active E 20-801-000-850 CAPITAL CONSTR	\$150,000.00	\$30,000.00	\$0.00	\$120,000.00	20.00%
SUBDEPT 000	\$150,000.00	\$30,000.00	\$0.00	\$120,000.00	20.00%
Total DEPT 801 CAPITAL - AKUTAN	\$150,000.00	\$30,000.00	\$0.00	\$120,000.00	20.00%
DEPT 802 CAPITAL - COLD BAY					
Active E 20-802-000-850 CAPITAL CONSTR	\$75,000.00	\$15,000.00	\$0.00	\$60,000.00	20.00%
SUBDEPT 000	\$75,000.00	\$15,000.00	\$0.00	\$60,000.00	20.00%
Total DEPT 802 CAPITAL - COLD BAY	\$75,000.00	\$15,000.00	\$0.00	\$60,000.00	20.00%
DEPT 803 CAPITAL - FALSE PASS					
Active E 20-803-000-850 CAPITAL CONSTR	\$14,070.13	\$0.00	\$0.00	\$14,070.13	0.00%
SUBDEPT 000	\$14,070.13	\$0.00	\$0.00	\$14,070.13	0.00%
Active E 20-803-059-850 CAPITAL CONSTR	\$75,000.00	\$75,000.00	\$0.00	\$0.00	100.00%
SUBDEPT 059 FY12 CIP	\$75,000.00	\$75,000.00	\$0.00	\$0.00	100.00%
Total DEPT 803 CAPITAL - FALSE PASS	\$89,070.13	\$75,000.00	\$0.00	\$14,070.13	84.20%
DEPT 804 CAPITAL - KING COVE					
Active E 20-804-000-850 CAPITAL CONSTR	\$150,000.00	\$139,440.92	\$0.00	\$10,559.08	92.96%
SUBDEPT 000	\$150,000.00	\$139,440.92	\$0.00	\$10,559.08	92.96%
Total DEPT 804 CAPITAL - KING COVE	\$150,000.00	\$139,440.92	\$0.00	\$10,559.08	92.96%
DEPT 805 CAPITAL - NELSON LAGOON					
Active E 20-805-000-850 CAPITAL CONSTR	\$75,000.00	\$75,000.00	\$0.00	\$0.00	100.00%

ALEUTIANS EAST BOROUGH

05/03/12 3:17 PM

***Expenditure Guideline©**

Page 5

Current Period: APRIL 11-12

	11-12 YTD Budget	11-12 YTD Amt	APRIL MTD Amt	11-12 YTD Balance	% of Budget
SUBDEPT 000	\$75,000.00	\$75,000.00	\$0.00	\$0.00	100.00%
Total DEPT 805 CAPITAL - NELSON LAGOON	\$75,000.00	\$75,000.00	\$0.00	\$0.00	100.00%
DEPT 806 CAPITAL - SAND POINT					
Active E 20-806-000-850 CAPITAL CONSTR	\$150,000.00	\$30,000.00	\$0.00	\$120,000.00	20.00%
SUBDEPT 000	\$150,000.00	\$30,000.00	\$0.00	\$120,000.00	20.00%
Total DEPT 806 CAPITAL - SAND POINT	\$150,000.00	\$30,000.00	\$0.00	\$120,000.00	20.00%
DEPT 809 Akutan Airport/Grant					
Active E 20-809-000-850 CAPITAL CONSTR	\$53,373.52	\$90,187.98	\$59,560.41	-\$36,814.46	168.98%
SUBDEPT 000	\$53,373.52	\$90,187.98	\$59,560.41	-\$36,814.46	168.98%
Total DEPT 809 Akutan Airport/Grant	\$53,373.52	\$90,187.98	\$59,560.41	-\$36,814.46	168.98%
DEPT 810 HOMELAND SECURITY-GR34286					
Active E 20-810-000-500 EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total DEPT 810 HOMELAND SECURITY-GR34286	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
DEPT 811 US FISH AND WILDLIFE-TOURS					
Active E 20-811-000-300 SALARIES	\$3,260.87	\$0.00	\$0.00	\$3,260.87	0.00%
Active E 20-811-000-350 FRINGE BENEFITS	\$390.69	\$0.00	\$0.00	\$390.69	0.00%
Active E 20-811-000-475 SUPPLIES	\$245.00	\$0.00	\$0.00	\$245.00	0.00%
SUBDEPT 000	\$3,896.56	\$0.00	\$0.00	\$3,896.56	0.00%
Total DEPT 811 US FISH AND WILDLIFE-TOURS	\$3,896.56	\$0.00	\$0.00	\$3,896.56	0.00%
DEPT 812 AKUTAN AIRPORT/FEASIBILITY					
Active E 20-812-000-684 STOCK ID FEASIBI	\$100,000.00	\$76,000.00	\$0.00	\$24,000.00	76.00%
SUBDEPT 000	\$100,000.00	\$76,000.00	\$0.00	\$24,000.00	76.00%
Total DEPT 812 AKUTAN AIRPORT/FEASIBILITY	\$100,000.00	\$76,000.00	\$0.00	\$24,000.00	76.00%
DEPT 867 KCC Alternative Road					
Active E 20-867-000-300 SALARIES	\$0.00	\$10,275.00	\$2,850.00	-\$10,275.00	0.00%
Active E 20-867-000-350 FRINGE BENEFITS	\$0.00	\$10,658.14	\$1,997.65	-\$10,658.14	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	\$20,933.14	\$4,847.65	-\$20,933.14	0.00%
Active E 20-867-168-300 SALARIES	\$17,800.00	\$0.00	\$0.00	\$17,800.00	0.00%
Active E 20-867-168-350 FRINGE BENEFITS	\$8,985.46	\$0.00	\$0.00	\$8,985.46	0.00%
Active E 20-867-168-381 ENGINEERING	\$943,500.00	\$0.00	\$0.00	\$943,500.00	0.00%
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	\$982,780.08	\$0.00	\$0.00	\$982,780.08	0.00%
SUBDEPT 168 KCAP/09-DC-359	\$1,958,992.03	\$0.00	\$0.00	\$1,958,992.03	0.00%
Active E 20-867-169-300 SALARIES	\$0.00	\$4,125.00	\$450.00	-\$4,125.00	0.00%
Active E 20-867-169-350 FRINGE BENEFITS	\$0.00	\$2,156.91	\$346.92	-\$2,156.91	0.00%
Active E 20-867-169-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-169-753 MISC EXPENSE	\$7,100.00	\$0.00	\$0.00	\$7,100.00	0.00%
Active E 20-867-169-850 CAPITAL CONSTR	\$741,058.88	\$0.00	\$0.00	\$741,058.88	0.00%
SUBDEPT 169 KCAP Road Completion	\$748,158.88	\$6,281.91	\$796.92	\$741,876.97	0.84%
Total DEPT 867 KCC Alternative Road	\$2,707,150.91	\$27,215.05	\$5,644.57	\$2,679,935.86	1.01%
DEPT 900 OTHER					
Active E 20-900-000-511 FY12 ACOUSTIC T	\$81,900.00	\$76,681.30	\$0.00	\$5,218.70	93.63%
Active E 20-900-000-753 MISC EXPENSE	\$149,005.00	\$0.00	\$0.00	\$149,005.00	0.00%
Active E 20-900-000-850 CAPITAL CONSTR	\$457,827.89	\$0.00	\$0.00	\$457,827.89	0.00%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

Current Period: APRIL 11-12

	11-12 YTD Budget	11-12 YTD Amt	APRIL MTD Amt	11-12 YTD Balance	% of Budget
SUBDEPT 000	\$688,732.89	\$76,681.30	\$0.00	\$612,051.59	11.13%
Total DEPT 900 OTHER	\$688,732.89	\$76,681.30	\$0.00	\$612,051.59	11.13%
Total Fund 20 GRANT PROGRAMS	\$5,780,814.88	\$716,371.82	\$65,613.71	\$5,064,443.06	12.39%

ALEUTIANS EAST BOROUGH

05/03/12 3:18 PM

***Revenue Guideline©**

Page 3

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 22 OPERATIONS						
Active	R 22-203 OTHER REVENUE	\$156,300.00	\$165,504.00	\$0.00	-\$9,204.00	105.89%
Active	R 22-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-221 COLD BAY TERMINAL LEA	\$139,620.00	\$116,351.10	\$16,635.11	\$23,268.90	83.33%
Active	R 22-222 COLD BAY TERMINAL OTH	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-245 HOVERCRAFT/MEDEVACS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-246 HOVERCRAFT /TICKETS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-247 HOVERCRAFT/ VEHICLES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-248 HOVERCRAFT/ FREIGHT	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 22 OPERATIONS		\$295,920.00	\$281,855.10	\$16,635.11	\$14,064.90	95.25%

ALEUTIANS EAST BOROUGH

05/03/12 3:17 PM

***Expenditure Guideline©**

Page 7

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 22 OPERATIONS						
DEPT 802 CAPITAL - COLD BAY						
Active	E 22-802-200-300 SALARIES	\$25,519.00	\$20,105.00	\$2,000.00	\$5,414.00	78.78%
Active	E 22-802-200-350 FRINGE BENEFITS	\$3,617.00	\$1,979.84	\$211.40	\$1,637.16	54.74%
Active	E 22-802-200-380 CONTRACT LABO	\$156,300.00	\$118,921.60	\$0.00	\$37,378.40	76.09%
Active	E 22-802-200-381 ENGINEERING	\$0.00	\$0.00	\$0.00	\$0.00	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	\$4,409.18	\$413.85	\$90.82	97.98%
Active	E 22-802-200-475 SUPPLIES	\$15,000.00	\$15,990.01	\$1,397.33	-\$990.01	106.60%
Active	E 22-802-200-525 RENTAL/LEASE	\$5,335.00	\$9,510.16	\$5,335.04	-\$4,175.16	178.26%
Active	E 22-802-200-526 UTILITIES	\$24,000.00	\$22,021.38	\$4,239.25	\$1,978.62	91.76%
Active	E 22-802-200-551 LEGAL	\$100,000.00	\$24,572.53	\$4,452.35	\$75,427.47	24.57%
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	\$10,542.26	\$0.00	\$4,457.74	70.28%
Active	E 22-802-200-753 MISC EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-802-200-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 200 COLD BAY TERMINAL		\$353,771.00	\$228,051.96	\$18,049.22	\$125,719.04	64.46%
Total DEPT 802 CAPITAL - COLD BAY		\$353,771.00	\$228,051.96	\$18,049.22	\$125,719.04	64.46%
DEPT 843 Hovercraft Operation						
Active	E 22-843-100-300 SALARIES	\$10,000.00	\$4,695.00	\$240.00	\$5,305.00	46.95%
Active	E 22-843-100-350 FRINGE BENEFITS	\$5,000.00	\$474.07	\$25.36	\$4,525.93	9.48%
Active	E 22-843-100-380 CONTRACT LABO	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-843-100-381 ENGINEERING	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-843-100-400 TRAVEL AND PER	\$1,000.00	\$234.00	\$0.00	\$766.00	23.40%
Active	E 22-843-100-425 TELEPHONE	\$5,000.00	\$2,953.07	\$293.12	\$2,046.93	59.06%
Active	E 22-843-100-475 SUPPLIES	\$10,000.00	\$3,640.49	\$10.00	\$6,359.51	36.40%
Active	E 22-843-100-477 HOVERCRAFT FR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-843-100-500 EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-843-100-510 EQUIPMENT REPA	\$25,000.00	\$2,000.00	\$0.00	\$23,000.00	8.00%
Active	E 22-843-100-526 UTILITIES	\$5,000.00	\$7,163.54	\$3,453.63	-\$2,163.54	143.27%
Active	E 22-843-100-552 INSURANCE	\$215,000.00	\$299,413.19	\$40,198.68	-\$84,413.19	139.26%
Active	E 22-843-100-576 GAS	\$5,000.00	\$2,396.90	\$189.09	\$2,603.10	47.94%
Active	E 22-843-100-577 FUEL	\$5,000.00	\$686.96	\$0.00	\$4,313.04	13.74%
Active	E 22-843-100-770 Depreciation Expen	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 100 HOVERCRAFT OPERATION		\$286,000.00	\$323,657.22	\$44,409.88	-\$37,657.22	113.17%
Total DEPT 843 Hovercraft Operation		\$286,000.00	\$323,657.22	\$44,409.88	-\$37,657.22	113.17%
Total Fund 22 OPERATIONS		\$639,771.00	\$551,709.18	\$62,459.10	\$88,061.82	86.24%

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05/03/12 3:18 PM

***Revenue Guideline©**

Page 4

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 24 BOND CONSTRUCTION						
Active	R 24-201 INTEREST REVENUE	\$0.00	-\$6,977.27	\$0.00	\$6,977.27	0.00%
Active	R 24-203 OTHER REVENUE	\$0.00	\$71,484.30	\$0.00	-\$71,484.30	0.00%
Active	R 24-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-227 COE-HARBOR PROJECTS	\$2,052,245.00	\$0.00	\$0.00	\$2,052,245.00	0.00%
Active	R 24-259 BOND PROCEEDS	\$1,649,556.99	\$0.00	\$0.00	\$1,649,556.99	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		\$3,701,801.99	\$64,507.03	\$0.00	\$3,637,294.96	1.74%

ALEUTIANS EAST BOROUGH

05/03/12 3:17 PM

***Expenditure Guideline©**

Page 8

Current Period: APRIL 11-12

	11-12 YTD Budget	11-12 YTD Amt	APRIL MTD Amt	11-12 YTD Balance	% of Budget
Fund 24 BOND CONSTRUCTION					
DEPT 809 Akutan Airport/Grant					
Active E 24-809-000-850 CAPITAL CONSTR	\$2,782,438.17	\$73,885.23	\$39,843.50	\$2,708,552.94	2.66%
SUBDEPT 000	\$2,782,438.17	\$73,885.23	\$39,843.50	\$2,708,552.94	2.66%
Total DEPT 809 Akutan Airport/Grant	\$2,782,438.17	\$73,885.23	\$39,843.50	\$2,708,552.94	2.66%
DEPT 830 KING COVE HARBOR					
Active E 24-830-000-850 CAPITAL CONSTR	\$89,676.00	\$0.00	\$0.00	\$89,676.00	0.00%
SUBDEPT 000	\$89,676.00	\$0.00	\$0.00	\$89,676.00	0.00%
Total DEPT 830 KING COVE HARBOR	\$89,676.00	\$0.00	\$0.00	\$89,676.00	0.00%
DEPT 831 SAND POINT HARBOR					
Active E 24-831-132-850 CAPITAL CONSTR	-\$330,688.72	\$21,092.70	\$0.00	-\$351,781.42	-6.38%
SUBDEPT 132 Sand Point Harbor	-\$330,688.72	\$21,092.70	\$0.00	-\$351,781.42	-6.38%
Total DEPT 831 SAND POINT HARBOR	-\$330,688.72	\$21,092.70	\$0.00	-\$351,781.42	-6.38%
DEPT 833 FALSE PASS HARBOR					
Active E 24-833-000-850 CAPITAL CONSTR	\$465,963.52	\$31,434.90	\$1,389.06	\$434,528.62	6.89%
SUBDEPT 000	\$465,963.52	\$31,434.90	\$1,389.06	\$433,838.62	6.75%
Total DEPT 833 FALSE PASS HARBOR	\$465,963.52	\$31,434.90	\$1,389.06	\$433,838.62	6.75%
DEPT 839 AKUTAN HARBOR					
Active E 24-839-000-850 CAPITAL CONSTR	\$1,646,956.99	\$315,360.50	\$201,263.00	\$1,331,596.49	19.15%
SUBDEPT 000	\$1,646,956.99	\$315,360.50	\$201,263.00	\$1,331,596.49	19.15%
Total DEPT 839 AKUTAN HARBOR	\$1,646,956.99	\$315,360.50	\$201,263.00	\$1,331,596.49	19.15%
DEPT 862 NELSON LAGOON DOCK					
Active E 24-862-000-850 CAPITAL CONSTR	\$17,809.36	\$0.00	\$0.00	\$17,809.36	0.00%
SUBDEPT 000	\$17,809.36	\$0.00	\$0.00	\$17,809.36	0.00%
Total DEPT 862 NELSON LAGOON DOCK	\$17,809.36	\$0.00	\$0.00	\$17,809.36	0.00%
DEPT 867 KCC Alternative Road					
Active E 24-867-169-850 CAPITAL CONSTR	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
SUBDEPT 169 KCAP Road Completion	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
Total DEPT 867 KCC Alternative Road	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
DEPT 900 OTHER					
Active E 24-900-000-380 CONTRACT LABO	\$0.00	\$28,264.31	\$3,016.97	-\$28,264.31	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	\$28,264.31	\$3,016.97	-\$28,264.31	0.00%
Total DEPT 900 OTHER	\$0.00	\$28,264.31	\$3,016.97	-\$28,264.31	0.00%
Total Fund 24 BOND CONSTRUCTION	\$6,672,155.32	\$470,037.64	\$245,512.53	\$6,201,427.68	7.04%

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05/03/12 3:18 PM

***Revenue Guideline©**

Page 5

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		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%
Total Fund 30 BOND FUND		\$1,597,433.00	\$0.00	\$0.00	\$1,597,433.00	0.00%

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05/03/12 3:17 PM

***Expenditure Guideline©**

Page 9

Current Period: APRIL 11-12

	11-12 YTD Budget	11-12 YTD Amt	APRIL MTD Amt	11-12 YTD Balance	% of Budget
Fund 30 BOND FUND					
DEPT 900 OTHER					
Active E 30-900-000-725 BOND INTEREST	\$837,433.00	\$915,821.67	\$0.00	-\$78,388.67	109.36%
Active E 30-900-000-726 BOND PRINCIPAL	\$760,000.00	\$1,185,000.00	\$0.00	-\$425,000.00	155.92%
Active E 30-900-000-745 Bond Sale Expense	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	<u>\$1,597,433.00</u>	<u>\$2,100,821.67</u>	<u>\$0.00</u>	<u>-\$503,388.67</u>	<u>131.51%</u>
Total DEPT 900 OTHER	<u>\$1,597,433.00</u>	<u>\$2,100,821.67</u>	<u>\$0.00</u>	<u>-\$503,388.67</u>	<u>131.51%</u>
Total Fund 30 BOND FUND	<u>\$1,597,433.00</u>	<u>\$2,100,821.67</u>	<u>\$0.00</u>	<u>-\$503,388.67</u>	<u>131.51%</u>

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05/03/12 3:18 PM

***Revenue Guideline©**

Page 6

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 40 PERMANENT FUND						
Active	R 40-201 INTEREST REVENUE	\$0.00	\$890,339.53	\$0.00	-\$890,339.53	0.00%
Active	R 40-203 OTHER REVENUE	\$350,000.00	\$0.00	\$0.00	\$350,000.00	0.00%
Active	R 40-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	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	\$890,339.53	\$0.00	-\$540,339.53	254.38%

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***Expenditure Guideline©**

05/03/12 3:17 PM
Page 10

Current Period: APRIL 11-12

	11-12 YTD Budget	11-12 YTD Amt	APRIL MTD Amt	11-12 YTD Balance	% of Budget
Fund 40 PERMANENT FUND					
DEPT 900 OTHER					
Active E 40-900-000-380 CONTRACT LABO	\$35,000.00	\$28,264.27	\$3,016.96	\$6,735.73	80.76%
Active E 40-900-000-751 OPERATING TRAN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	<u>\$35,000.00</u>	<u>\$28,264.27</u>	<u>\$3,016.96</u>	<u>\$6,735.73</u>	<u>80.76%</u>
Total DEPT 900 OTHER	<u>\$35,000.00</u>	<u>\$28,264.27</u>	<u>\$3,016.96</u>	<u>\$6,735.73</u>	<u>80.76%</u>
Total Fund 40 PERMANENT FUND	<u>\$35,000.00</u>	<u>\$28,264.27</u>	<u>\$3,016.96</u>	<u>\$6,735.73</u>	<u>80.76%</u>

ALEUTIANS EAST BOROUGH

05/03/12 3:18 PM

***Revenue Guideline©**

Page 7

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	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	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
Active	R 41-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 41-276 AEB SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 41 MAINTENANCE RESERVE FUND		\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%

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05/03/12 3:17 PM

***Expenditure Guideline©**

Page 11

Current Period: APRIL 11-12

		11-12	11-12	APRIL	11-12	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 41 MAINTENANCE RESERVE FUND						
DEPT 800 CAPITAL - SCHOOL						
Active	E 41-800-857-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-857-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	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	\$0.00	\$0.00	\$0.00	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	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-860-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-860-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-860-475 SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 860 SAND POINT Gym Floor		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-865-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-865-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	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	\$147.76	\$0.00	-\$147.76	0.00%
SUBDEPT 865 Akutan School		\$0.00	\$147.76	\$0.00	-\$147.76	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	\$0.00	\$0.00	\$0.00	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	\$930.00	\$0.00	-\$930.00	0.00%
SUBDEPT 866 NELSON LAGOON SCHOOL		\$0.00	\$930.00	\$0.00	-\$930.00	0.00%
Active	E 41-800-867-300 SALARIES	\$0.00	\$55,015.25	\$0.00	-\$55,015.25	0.00%
Active	E 41-800-867-350 FRINGE BENEFITS	\$0.00	\$5,173.37	\$0.00	-\$5,173.37	0.00%
Active	E 41-800-867-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-867-475 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		\$0.00	\$60,188.62	\$0.00	-\$60,188.62	0.00%
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	\$5,011.46	\$508.75	-\$5,011.46	0.00%
Active	E 41-800-868-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-475 SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-577 FUEL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-852 ASPHALT PAVING	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 868 King Cove School		\$0.00	\$5,011.46	\$508.75	-\$5,011.46	0.00%
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	\$0.00	\$0.00	\$0.00	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	\$0.00	\$0.00	\$0.00	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	\$0.00	\$0.00	\$0.00	0.00%
Total DEPT 800 CAPITAL - SCHOOL		\$0.00	\$66,277.84	\$508.75	-\$66,277.84	0.00%
DEPT 900 OTHER						
Active	E 41-900-000-751 OPERATING TRAN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-900-000-753 MISC EXPENSE	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
Active	E 41-900-000-880 LAND	\$0.00	\$0.00	\$0.00	\$0.00	0.00%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

Current Period: APRIL 11-12

	11-12 YTD Budget	11-12 YTD Amt	APRIL MTD Amt	11-12 YTD Balance	% of Budget
SUBDEPT 000	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
Total DEPT 900 OTHER	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
<i>Total Fund 41 MAINTENANCE RESERVE FUND</i>	\$100,000.00	\$66,277.84	\$508.75	\$33,722.16	66.28%

INVESTMENT REPORT



May 4, 2012

Sharon Boyette
Administrator
Aleutians East Borough
3380 C Street, Suite 205
Anchorage, Alaska 99503

sent via email

Dear Ms. Boyette,

Enclosed is the April 2012 report for the Aleutians East Borough, which includes a listing of portfolio assets, purchases and sales. .

Permanent Fund:

The month-end market value of the portfolio was \$29,484,337, which includes \$69,705 in accrued interest receivable. Estimated annual cash income from the portfolio, excluding dividends on equities, is \$285,949.

Series E account:

The month-end market value of the portfolio was \$2,445,519.

Akutan Harbor-2006A:

The month-end market value of the account was \$2,110,754.

Operating Fund:

The month-end market value of the portfolio was \$2,504,757.

2010 Series A:

The month-end balance \$2,005,458.

2010 Series B:

The month-end balance was \$3,008,521.

If we can provide anything further please let us know.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Wagon".

Bert Wagon
Senior Vice President

A handwritten signature in blue ink, appearing to read "E. Rose".

Evan Rose
President and CEO

cc via email: Anne Bailey, Office Manager,
Linda Mack, Administrative Clerk

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
April 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
500,000	US TREASURY NOTES 0.625% Due 07-31-12	100.21	501,035	100.12	500,625	1.70	3,125	781	0.13
125,000	US TREASURY NOTES 1.875% Due 02-28-14	98.35	122,940	102.93	128,667	0.44	2,344	395	0.27
300,000	US TREASURY NOTES 2.625% Due 06-30-14	100.45	301,337	105.05	315,165	1.07	7,875	2,639	0.28
525,000	US TREASURY NOTES 1.250% Due 10-31-15	97.52	511,991	102.59	538,576	1.83	6,562	18	0.50
275,000	US TREASURY NOTES 3.375% Due 11-15-19	97.63	268,490	113.97	313,415	1.06	9,281	4,284	1.42
150,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	156,059	114.91	172,371	0.58	5,250	2,423	1.52
500,000	US TREASURY NOTES 2.625% Due 11-15-20	104.36	521,820	107.75	538,750	1.83	13,125	6,058	1.65
100,000	US TREASURY NOTES 2.000% Due 02-15-22	100.20	100,203	100.75	100,750	0.34	2,000	418	1.92
	Accrued Interest				17,015	0.06			
			2,483,875		2,625,335	8.90		17,015	
AGENCIES									
200,000	FNMA 0.750% Due 11-29-16	100.00	200,000	100.03	200,062	0.68	1,500	633	0.74
400,000	FEDERAL HOME LN BKS 4.875% Due 05-17-17	99.74	398,946	119.24	476,956	1.62	19,500	8,883	0.96
	Accrued Interest				9,517	0.03			
			598,946		686,535	2.33		9,517	
FNMA & FHLMC									
145,498	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	104.56	152,137	105.90	154,078	0.52	5,820	485	1.52
	Accrued Interest				485	0.00			
			152,137		154,563	0.52		485	
ASSET-BACKED SECURITIES									
150,000	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15	103.37	155,062	100.69	151,037	0.51	5,535	246	0.37
	Accrued Interest				246	0.00			
			155,062		151,283	0.51		246	

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
April 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
COMMERCIAL MORTGAGE-BACKED SECURITIES									
500,000	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41 Accrued Interest	100.55	502,726	103.71	518,571	1.76	27,590	2,299	3.32
					2,299	0.01			
			502,726		520,871	1.77		2,299	
CORPORATE BONDS									
150,000	CREDIT SUISSE NEW YORK 3.450% Due 07-02-12	103.38	155,070	100.52	150,783	0.51	5,175	1,524	0.41
150,000	UNITED PARCEL SVC INC 4.500% Due 01-15-13	99.57	149,362	102.89	154,335	0.52	6,750	1,987	0.41
150,000	GLAXOSMITHKLINE CAP INC 4.850% Due 05-15-13	99.79	149,683	104.61	156,912	0.53	7,275	3,355	0.41
150,000	TOYOTA MOTOR CREDIT 1.375% Due 08-12-13	101.03	151,539	101.17	151,758	0.51	2,062	453	0.46
150,000	GENERAL MILLS INC 5.250% Due 08-15-13	109.31	163,971	105.81	158,718	0.54	7,875	1,662	0.72
150,000	BARRICK GOLD FINANCE CO. 6.125% Due 09-15-13	111.45	167,173	107.02	160,530	0.54	9,187	1,174	0.97
100,000	CATERPILLAR FINANCIAL 6.125% Due 02-17-14	100.12	100,125	109.79	109,792	0.37	6,125	1,259	0.64
100,000	MORGAN STANLEY 6.000% Due 04-28-15	95.25	95,250	104.64	104,636	0.35	6,000	50	4.33
250,000	GENERAL ELECT CAP CORP MED TERM NT SER A 6.900% Due 09-15-15	104.49	261,227	115.60	288,995	0.98	17,250	2,204	2.09
150,000	PPG INDUSTRIES INC 1.900% Due 01-15-16	98.62	147,937	101.03	151,549	0.51	2,850	839	1.61
150,000	HSBC FINANCE CORP 5.500% Due 01-19-16	97.07	145,611	108.53	162,790	0.55	8,250	2,337	3.06
150,000	BRITISH COLUMBIA PROV OF 2.100% Due 05-18-16	99.98	149,971	104.34	156,517	0.53	3,150	1,426	1.00
150,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	117.91	176,866	118.49	177,739	0.60	8,437	375	1.34
150,000	JOHN DEERE CAPITAL CORP 2.000% Due 01-13-17	102.52	153,774	102.89	154,342	0.52	3,000	1,242	1.36
150,000	STATOIL ASA 3.125% Due 08-17-17	107.07	160,599	107.96	161,941	0.55	4,687	964	1.55
150,000	ASTRAZENECA PLC 5.900% Due 09-15-17	101.14	151,711	120.25	180,378	0.61	8,850	1,131	1.92
150,000	JPMORGAN CHASE 6.000% Due 01-15-18	103.99	155,979	115.54	173,314	0.59	9,000	2,650	3.01

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
April 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
150,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	149,358	116.64	174,958	0.59	8,625	2,156	2.61
200,000	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	121.46	242,916	121.98	243,956	0.83	12,000	2,533	1.97
150,000	BANK OF AMERICA CORP 5.650% Due 05-01-18	83.68	125,521	105.76	158,644	0.54	8,475	4,237	4.54
150,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	116.51	174,771	115.68	173,526	0.59	11,250	2,375	4.77
165,314	SOUTHWEST AIRLS 2007-1 PASS 6.150% Due 08-01-22	102.36	169,219	112.75	186,392	0.63	10,167	2,542	4.58
	Accrued Interest				38,476	0.13			
			3,497,637		3,730,985	12.65		38,476	
MUNICIPAL BONDS									
200,000	FAIRBANKS NORTH STAR BORO AK 5.000% Due 09-01-22	120.54	241,078	125.58	251,158	0.85	10,000	1,667	2.22
	Accrued Interest				1,667	0.01			
			241,078		252,825	0.86		1,667	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
88,863	VANGUARD INST'L S&P500 INDEX FUND	96.21	8,549,864	128.13	11,385,989	38.62	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
15,444	ISHARES S&P MIDCAP 400	72.41	1,118,232	98.86	1,526,794	5.18	NA		
INTERNATIONAL FUNDS/ETF									
86,372	VANGUARD MSCI EAFE ETF	37.88	3,271,921	33.22	2,869,278	9.73	NA		
EMERGING MARKET FUNDS/ETF									
40,024	VANGUARD EMERGING MARKET ETF	43.61	1,745,247	42.55	1,703,221	5.78	NA		
REAL ESTATE									
45,907	VANGUARD REIT ETF	53.03	2,434,236	65.47	3,005,531	10.19	NA		
TREASURY BILLS									
100,000	US TREASURY BILLS 0.000% Due 05-31-12	99.83	99,833	99.99	99,993	0.34	NA	0	0.08
CASH AND EQUIVALENTS									
	VICTORY MONEY MARKET FUND		771,134		771,134	2.62			
TOTAL PORTFOLIO			25,621,928		29,484,337	100	285,949	69,705	

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
CORPORATE BONDS				
04-25-12	04-30-12	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	200,000	242,916.00
EMERGING MARKET FUNDS/ETF				
04-19-12	04-24-12	VANGUARD EMERGING MARKET ETF	6,944.0000	295,102.64
				538,018.64
INTEREST				
ASSET-BACKED SECURITIES				
04-15-12	04-16-12	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15		461.25
CASH AND EQUIVALENTS				
04-02-12	04-02-12	VICTORY MONEY MARKET FUND		30.34
COMMERCIAL MORTGAGE-BACKED SECURITIES				
04-11-12	04-11-12	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41		2,299.17
CORPORATE BONDS				
04-15-12	04-16-12	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16		4,218.75

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
04-28-12	04-30-12	MORGAN STANLEY 6.000% Due 04-28-15		3,000.00
				7,218.75
FNMA & FHLMC				
04-15-12	04-16-12	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26		507.13
U.S. TREASURY				
04-30-12	04-30-12	US TREASURY NOTES 1.250% Due 10-31-15		3,281.25
				13,797.89
PRINCIPAL PAYDOWNS				
FNMA & FHLMC				
04-15-12	04-16-12	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	6,641.61	6,641.61
				6,641.61
PURCHASED ACCRUED INTEREST				
CORPORATE BONDS				
04-25-12	04-30-12	UNITED HEALTH GROUP INC 6.000% Due 02-15-18		2,500.00
				2,500.00

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
SALES, MATURITIES, AND CALLS				
DOMESTIC LARGE CAP EQUITY FUNDS/ETF				
04-19-12	04-20-12	VANGUARD INST'L S&P500 INDEX FUND	7,014.3460	885,000.00
				885,000.00
WITHDRAW				
CASH AND EQUIVALENTS				
04-17-12	04-17-12	VICTORY MONEY MARKET FUND		741.29
04-17-12	04-17-12	VICTORY MONEY MARKET FUND		45.00
				786.29
				786.29

* Callable security

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
ALEUTIANS EAST BOROUGH
From 04-01-12 Through 04-30-12

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
04-15-12	6,641.61	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	6,944.63	6,641.61	-303.02
04-19-12	7,014.3460	VANGUARD INST'L S&P500 INDEX FUND	674,879.81	885,000.00	210,120.19
TOTAL GAINS					210,120.19
TOTAL LOSSES					-303.02
			681,824.44	891,641.61	209,817.17

Alaska Permanent Capital Management Co.

CASH LEDGER***ALEUTIANS EAST BOROUGH****From 04-01-12 To 04-30-12*

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
VICTORY MONEY MARKET FUND					
04-01-12			Beginning Balance		406,999.66
04-02-12	04-02-12	dp	Interest	VICTORY MONEY MARKET FUND	30.34
04-11-12	04-11-12	dp	Interest	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41	2,299.17
04-15-12	04-16-12	dp	Interest	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	4,218.75
04-15-12	04-16-12	dp	Interest	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	507.13
04-15-12	04-16-12	dp	Paydown	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	6,641.61
04-15-12	04-16-12	dp	Interest	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15	461.25
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-741.29
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-45.00
04-19-12	04-24-12	wd	Purchase	VANGUARD EMERGING MARKET ETF	-295,102.64
04-19-12	04-20-12	dp	Sale	VANGUARD INST'L S&P500 INDEX FUND	885,000.00
04-25-12	04-30-12	wd	Purchase	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	-242,916.00
04-25-12	04-30-12	wd	Accrued Interest	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	-2,500.00

* Callable security

Alaska Permanent Capital Management Co.

CASH LEDGER

ALEUTIANS EAST BOROUGH

From 04-01-12 To 04-30-12

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
04-28-12	04-30-12	dp	Interest	MORGAN STANLEY 6.000% Due 04-28-15	3,000.00
04-30-12	04-30-12	dp	Interest	US TREASURY NOTES 1.250% Due 10-31-15	3,281.25
04-30-12			Ending Balance		771,134.23

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES A GO BOND/KCAP
April 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
500,000	US TREASURY NOTES 1.250% Due 02-15-14 Accrued Interest	102.33	511,641	101.77	508,830	25.37	6,250	1,305	0.26
			511,641		510,135	25.44		1,305	
AGENCIES									
250,000	FREDDIE MAC 1.125% Due 07-27-12	100.84	252,097	100.22	250,562	12.49	2,812	734	0.19
125,000	FNMA 0.500% Due 10-30-12	100.29	125,359	100.15	125,192	6.24	625	2	0.19
300,000	FEDERAL HOME LOAN BANK 1.875% Due 06-21-13	102.70	308,088	101.83	305,502	15.23	5,625	2,031	0.26
500,000	FNMA 1.000% Due 09-23-13 Accrued Interest	101.21	506,068	100.96	504,795	25.17	5,000	528	0.31
			1,191,613		1,189,347	59.31		3,295	
CASH AND EQUIVALENTS									
	VICTORY INSTITUTIONAL MONEY MARKET FUND		305,976		305,976	15.26			
TOTAL PORTFOLIO			2,009,229		2,005,458	100	20,312	4,600	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB 2010 SERIES A GO BOND/KCAP
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
INTEREST				
AGENCIES				
04-24-12	04-24-12	FNMA 0.600% Due 10-24-13		750.00
04-30-12	04-30-12	FNMA 0.500% Due 10-30-12		312.50
				1,062.50
CASH AND EQUIVALENTS				
04-02-12	04-02-12	VICTORY INSTITUTIONAL MONEY MARKET FUND		9.32
				1,071.82
SALES, MATURITIES, AND CALLS				
AGENCIES				
04-24-12	04-24-12	FNMA 0.600% Due 10-24-13	250,000	250,000.00
				250,000.00
WITHDRAW				
CASH AND EQUIVALENTS				
04-17-12	04-17-12	VICTORY INSTITUTIONAL MONEY MARKET FUND		83.33
				83.33

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB 2010 SERIES A GO BOND/KCAP
From 04-01-12 Through 04-30-12

<u>Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Avg. Cost Basis</u>	<u>Proceeds</u>	<u>Gain Or Loss</u>
04-24-12	250,000	FNMA 0.600% Due 10-24-13	249,962.50	250,000.00	37.50
TOTAL GAINS					37.50
TOTAL LOSSES					0.00
			249,962.50	250,000.00	37.50

Alaska Permanent Capital Management Co.
CASH LEDGER
AEB 2010 SERIES A GO BOND/KCAP
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
VICTORY INSTITUTIONAL MONEY MARKET FUND					
04-01-12			Beginning Balance		54,987.03
04-02-12	04-02-12	dp	Interest	VICTORY INSTITUTIONAL MONEY MARKET FUND	9.32
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-83.33
04-24-12	04-24-12	dp	Interest	FNMA 0.600% Due 10-24-13	750.00
04-24-12	04-24-12	dp	Sale	FNMA 0.600% Due 10-24-13	250,000.00
04-30-12	04-30-12	dp	Interest	FNMA 0.500% Due 10-30-12	312.50
04-30-12			Ending Balance		305,975.52

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB/AKUTAN HARBOR - 2006 A
April 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
500,000	US TREASURY NOTES 1.250% Due 02-15-14 Accrued Interest	102.45	512,227	101.77	508,830	24.11	6,250	1,305	0.26
					1,305	0.06			
			512,227		510,135	24.17		1,305	
AGENCIES									
275,000	FREDDIE MAC 1.125% Due 07-27-12	100.82	277,245	100.22	275,619	13.06	3,094	808	0.19
150,000	FNMA 0.500% Due 10-30-12	100.29	150,430	100.15	150,231	7.12	750	2	0.19
300,000	FEDERAL HOME LOAN BANK 1.875% Due 06-21-13	102.35	307,037	101.83	305,502	14.47	5,625	2,031	0.26
500,000	FNMA 1.000% Due 09-23-13 Accrued Interest	101.33	506,661	100.96	504,795	23.92	5,000	528	0.31
					3,369	0.16			
			1,241,374		1,239,516	58.72		3,369	
CASH AND EQUIVALENTS									
	VICTORY MONEY MARKET FUND		361,104		361,104	17.11			
TOTAL PORTFOLIO			2,114,704		2,110,754	100	20,719	4,674	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB/AKUTAN HARBOR - 2006 A
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
INTEREST				
AGENCIES				
04-24-12	04-24-12	FNMA 0.600% Due 10-24-13		825.00
04-30-12	04-30-12	FNMA 0.500% Due 10-30-12		375.00
				1,200.00
CASH AND EQUIVALENTS				
04-02-12	04-02-12	VICTORY MONEY MARKET FUND		14.58
				1,214.58
SALES, MATURITIES, AND CALLS				
AGENCIES				
04-24-12	04-24-12	FNMA 0.600% Due 10-24-13	275,000	275,000.00
				275,000.00
WITHDRAW				
CASH AND EQUIVALENTS				
04-17-12	04-17-12	VICTORY MONEY MARKET FUND		87.71
				87.71

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB/AKUTAN HARBOR - 2006 A
From 04-01-12 Through 04-30-12

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
04-24-12	275,000	FNMA 0.600% Due 10-24-13	274,958.75	275,000.00	41.25
TOTAL GAINS					41.25
TOTAL LOSSES					0.00
			274,958.75	275,000.00	41.25

Alaska Permanent Capital Management Co.

CASH LEDGER

AEB/AKUTAN HARBOR - 2006 A

From 04-01-12 To 04-30-12

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
VICTORY MONEY MARKET FUND					
04-01-12			Beginning Balance		84,976.94
04-02-12	04-02-12	dp	Interest	VICTORY MONEY MARKET FUND	14.58
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-87.71
04-24-12	04-24-12	dp	Interest	FNMA 0.600% Due 10-24-13	825.00
04-24-12	04-24-12	dp	Sale	FNMA 0.600% Due 10-24-13	275,000.00
04-30-12	04-30-12	dp	Interest	FNMA 0.500% Due 10-30-12	375.00
04-30-12			Ending Balance		361,103.81

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES B BOND/AKUTAN AIR
April 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
750,000	US TREASURY NOTES 1.250% Due 02-15-14 Accrued Interest	102.33	767,461	101.77	763,245	25.37	9,375	1,957	0.26
			767,461		765,202	25.43		1,957	
AGENCIES									
400,000	FREDDIE MAC 1.125% Due 07-27-12	100.84	403,356	100.22	400,900	13.33	4,500	1,175	0.19
100,000	FNMA 0.500% Due 10-30-12	100.29	100,287	100.15	100,154	3.33	500	1	0.19
450,000	FEDERAL HOME LOAN BANK 1.875% Due 06-21-13	102.70	462,132	101.83	458,253	15.23	8,437	3,047	0.26
750,000	FNMA 1.000% Due 09-23-13 Accrued Interest	101.21	759,103	100.96	757,192	25.17	7,500	792	0.31
			1,724,878		1,721,514	57.22		5,015	
CASH AND EQUIVALENTS									
	VICTORY INSTITUTIONAL MONEY MARKET FUND		521,804		521,804	17.34			
TOTAL PORTFOLIO			3,014,143		3,008,521	100	30,312	6,972	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB 2010 SERIES B BOND/AKUTAN AIR
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
INTEREST				
AGENCIES				
04-24-12	04-24-12	FNMA 0.600% Due 10-24-13		1,425.00
04-30-12	04-30-12	FNMA 0.500% Due 10-30-12		250.00
				1,675.00
CASH AND EQUIVALENTS				
04-02-12	04-02-12	VICTORY INSTITUTIONAL MONEY MARKET FUND		7.46
				1,682.46
SALES, MATURITIES, AND CALLS				
AGENCIES				
04-24-12	04-24-12	FNMA 0.600% Due 10-24-13	475,000	475,000.00
				475,000.00
WITHDRAW				
CASH AND EQUIVALENTS				
04-17-12	04-17-12	VICTORY INSTITUTIONAL MONEY MARKET FUND		125.00
				125.00

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB 2010 SERIES B BOND/AKUTAN AIR
From 04-01-12 Through 04-30-12

<u>Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Avg. Cost Basis</u>	<u>Proceeds</u>	<u>Gain Or Loss</u>
04-24-12	475,000	FNMA 0.600% Due 10-24-13	474,928.75	475,000.00	71.25
TOTAL GAINS					71.25
TOTAL LOSSES					0.00
			474,928.75	475,000.00	71.25

Alaska Permanent Capital Management Co.
CASH LEDGER
AEB 2010 SERIES B BOND/AKUTAN AIR
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
VICTORY INSTITUTIONAL MONEY MARKET FUND					
04-01-12			Beginning Balance		45,246.51
04-02-12	04-02-12	dp	Interest	VICTORY INSTITUTIONAL MONEY MARKET FUND	7.46
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-125.00
04-24-12	04-24-12	dp	Interest	FNMA 0.600% Due 10-24-13	1,425.00
04-24-12	04-24-12	dp	Sale	FNMA 0.600% Due 10-24-13	475,000.00
04-30-12	04-30-12	dp	Interest	FNMA 0.500% Due 10-30-12	250.00
04-30-12			Ending Balance		521,803.97

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB OPERATING FUND
April 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
500,000	US TREASURY NOTES 0.375% Due 06-30-13 Accrued Interest	100.16	500,801	100.17	500,860	20.00	1,875	628	0.23
					628	0.03			
			500,801		501,488	20.02		628	
AGENCIES									
500,000	FHLB 1.125% Due 05-18-12	100.78	503,920	100.05	500,230	19.97	5,625	2,547	0.20
1,000,000	FHLB 1.375% Due 10-26-12	101.04	1,010,430	100.57	1,005,730	40.15	13,750	1,490	0.20
300,000	FEDERAL FARM CREDIT BANK 1.875% Due 12-07-12 Accrued Interest	102.10	306,298	100.95	302,847	12.09	5,625	2,250	0.30
					6,286	0.25			
			1,820,648		1,815,093	72.47		6,286	
CASH AND EQUIVALENTS									
	VICTORY MONEY MARKET FUND		188,175		188,175	7.51			
TOTAL PORTFOLIO			2,509,624		2,504,757	100	26,875	6,915	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB OPERATING FUND
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
DEPOSITS AND EXPENSES				
CASH AND EQUIVALENTS				
04-18-12	04-18-12	VICTORY MONEY MARKET FUND		39,843.50
				39,843.50
INTEREST				
CASH AND EQUIVALENTS				
04-02-12	04-02-12	VICTORY MONEY MARKET FUND		32.16
				32.16
WITHDRAW				
CASH AND EQUIVALENTS				
04-17-12	04-17-12	VICTORY MONEY MARKET FUND		104.15
04-17-12	04-17-12	VICTORY MONEY MARKET FUND		20.00
04-18-12	04-18-12	VICTORY MONEY MARKET FUND		39,843.50
				39,967.65
				39,967.65

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB OPERATING FUND
From 04-01-12 Through 04-30-12

<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 04-01-12 To 04-30-12

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
VICTORY MONEY MARKET FUND					
04-01-12			Beginning Balance		188,266.85
04-02-12	04-02-12	dp	Interest	VICTORY MONEY MARKET FUND	32.16
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-104.15
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-20.00
04-18-12	04-18-12	dp	Addition	to Portfolio	39,843.50
04-18-12	04-18-12	wd	Withdrawal	from Portfolio	-39,843.50
04-30-12			Ending Balance		188,174.86

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH SERIES E BOND
April 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
500,000	US TREASURY NOTES 1.750% Due 01-31-14 Accrued Interest	102.61	513,047	102.59	512,970	20.98	8,750	2,187	0.27
			513,047		515,157	21.07		2,187	
AGENCIES									
500,000	FHLB 1.125% Due 05-18-12	100.78	503,920	100.05	500,230	20.45	5,625	2,547	0.20
750,000	FHLB 1.375% Due 10-26-12	101.04	757,822	100.57	754,297	30.84	10,312	1,117	0.20
500,000	FEDERAL FARM CREDIT BANK 1.875% Due 12-07-12	102.10	510,496	100.95	504,745	20.64	9,375	3,750	0.30
125,000	FHLMC 0.375% Due 10-30-13 Accrued Interest	100.07	125,088	100.29	125,364	5.13	469	1	0.18
			1,897,327		1,892,052	77.37		7,415	
CASH AND EQUIVALENTS									
	VICTORY FEDERAL MONEY MARKET FUND		38,309		38,309	1.57			
TOTAL PORTFOLIO			2,448,683		2,445,519	100	34,531	9,603	

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH SERIES E BOND
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
04-20-12	04-23-12	US TREASURY NOTES 1.750% Due 01-31-14	500,000	513,046.88
				513,046.88
INTEREST				
AGENCIES				
04-30-12	04-30-12	FHLMC 0.375% Due 10-30-13		234.38
CASH AND EQUIVALENTS				
04-02-12	04-02-12	VICTORY FEDERAL MONEY MARKET FUND		8.14
U.S. TREASURY				
04-15-12	04-16-12	US TREASURY NOTES 1.375% Due 04-15-12		3,437.50
				3,680.02
PURCHASED ACCRUED INTEREST				
U.S. TREASURY				
04-20-12	04-23-12	US TREASURY NOTES 1.750% Due 01-31-14		1,995.19
				1,995.19
SALES, MATURITIES, AND CALLS				
U.S. TREASURY				
04-16-12	04-16-12	US TREASURY NOTES 1.375% Due 04-15-12	500,000	500,000.00
				500,000.00

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH SERIES E BOND
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
WITHDRAW				
CASH AND EQUIVALENTS				
04-17-12	04-17-12	VICTORY FEDERAL MONEY MARKET FUND		304.60
04-17-12	04-17-12	VICTORY FEDERAL MONEY MARKET FUND		15.00
				319.60
				319.60

* Callable security

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
ALEUTIANS EAST BOROUGH SERIES E BOND
From 04-01-12 Through 04-30-12

<u>Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Avg. Cost Basis</u>	<u>Proceeds</u>	<u>Gain Or Loss</u>
04-16-12	500,000	US TREASURY NOTES 1.375% Due 04-15-12	506,406.25	500,000.00	-6,406.25
TOTAL GAINS					0.00
TOTAL LOSSES					-6,406.25
			506,406.25	500,000.00	-6,406.25

Alaska Permanent Capital Management Co.
CASH LEDGER
ALEUTIANS EAST BOROUGH SERIES E BOND
From 04-01-12 To 04-30-12

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
VICTORY FEDERAL MONEY MARKET FUND					
04-01-12			Beginning Balance		49,991.15
04-02-12	04-02-12	dp	Interest	VICTORY FEDERAL MONEY MARKET FUND	8.14
04-15-12	04-16-12	dp	Interest	US TREASURY NOTES 1.375% Due 04-15-12	3,437.50
04-16-12	04-16-12	dp	Sale	US TREASURY NOTES 1.375% Due 04-15-12	500,000.00
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-304.60
04-17-12	04-17-12	wd	Withdrawal	from Portfolio	-15.00
04-20-12	04-23-12	wd	Purchase	US TREASURY NOTES 1.750% Due 01-31-14	-513,046.88
04-20-12	04-23-12	wd	Accrued Interest	US TREASURY NOTES 1.750% Due 01-31-14	-1,995.19
04-30-12	04-30-12	dp	Interest	FHLMC 0.375% Due 10-30-13	234.38
04-30-12			Ending Balance		38,309.50

* Callable security

MONTHLY PERSPECTIVES

ECONOMY & MARKETS

A Bump in the Road

The equity markets lost some ground in April as renewed fears of a European crack up and slower U.S. growth rattled investors here and abroad. This offset the good news of strong U.S. first quarter corporate earnings. And, worries about oil supply disruptions out of the Middle East seem to be ebbing.

S&P 500 stocks lost -0.6% last month but are still up +11.9% year to date. Overseas in Europe, markets were softer with the Stoxx 600 off -2.3% in April. China posted +8.2% economic growth in the first quarter. The Shanghai index jumped +5.9% last month.

Bond yields fell back to just below 2% on the ten year Treasury after having reached 2.35% in March. The Federal Reserve met in April and reaffirmed their expectation of rock bottom interest rates through 2014.

WTI oil gained \$2 to \$105, while commodities in general (Dow Jones-UBS index) were flat over the month and year to date. Of note is that warmer weather and lower natural gas prices have more than offset the increase in gasoline prices, which has steadied consumer spending so far this year.

The Looming Fiscal Cliff

There has been much talk about a fiscal cliff facing the economy in 2013. USA Today says "Tax cut impasse has many in limbo" while BusinessWeek warns the "End Is Coming" in January 2013. And the NY Times offers "Coming: Taxamagedon."

This is the result of some serious can kicking by policymakers in Washington.

Basically a series of automatic tax increases and spending reductions have been postponed until after the election and if not resolved could drag the economy into recession when they take effect on January 1, 2013.

Federal Reserve chairman Ben Bernanke was asked if easy monetary policy could offset the fiscal cliff. He said "the size of the fiscal cliff is such that there's no chance that the Fed could or would have any ability whatsoever to offset that effect on the economy".

Goldman Sachs has these estimates for scheduled fiscal tightening in early 2013 unless something is done:

- Automatic cuts from last year's debt deal **\$100 billion**
- Bush tax cuts not extended **\$212 billion**
- AMT fix not extended **\$132 billion**
- 2012 Payroll tax cut not extended **\$109 billion**
- Expiration of unemployment benefits **\$34 billion**

That adds up to almost a \$600 billion reduction in the budget deficit which is 3 to 4% of GDP. Add that negative to a 2% underlying growth rate for the economy and you get negative growth. That is, a recession.

Most believe nothing is likely to get done in the run up to the election. Both parties think they will get leverage and be in a better position to get their way after November 5th. So a compromise deal must get crafted in a six week lame duck session or cuts/increases will occur automatically beginning in 2013.

ISI Strategies believes that there is a meaningful chance of a temporary expiration of the Bush tax cuts. Still, their base case is optimistic with a budget deal sometime in 2013 that will substantially reduce future deficits and be equity market friendly. In any event, uncertainty is in the air and that's not good for business or investments near term.

By the way, the budget deficit this year is worse than expected, suggesting that we may reach the \$16.4 trillion debt ceiling sometime in the fourth quarter. Remember how much fun that was last summer when the two parties jockeyed over raising the debt ceiling, and America lost its AAA rating?

Driving off a cliff is never a good idea. Perhaps cooler heads will prevail and the ongoing game of fiscal chicken between the elephants and the donkeys will end well. Recent surveys of investor expectations put the odds at 50/50. That's not reassuring.

Jeff Pantages, CFA
Chief Investment Officer



Bill Lierman, CFA
Sr. Investment Analyst

labor and housing markets are improving, while noting that inflation has picked up temporarily as oil and gas edged higher.

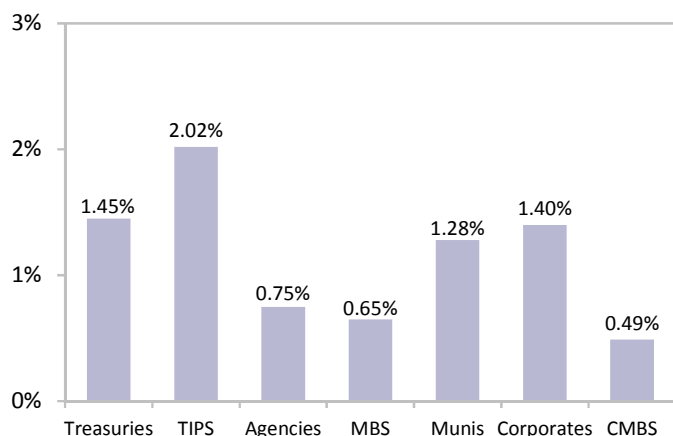
■ Agencies continue to move in lock step with Treasuries and had a total return of +0.75%. Front-end spreads are non-existent and the lack of supply in the long end keep spreads static.

■ Corporates produced a +1.40% total return but had a negative -0.48% excess return (vs. Treasuries). Corporate spreads have increased from very low levels as risk was reduced due to weaker global growth, uncertainty with Fed stimulus, and mixed data coming from Europe.

■ A complete reversal from March as the nominal Treasury curve shifted down and the 10yr declined 28 basis points (bps) to 1.93% at month end. The market continues to struggle on the direction of rates as it weighs the risks from Europe against the end of Operation Twist on June 30th.

■ The FOMC statement released on April 25th affirmed their low interest rate policy through 2014. The statement did mention that

April 2012 Bond Total Return



Barclays

■ Mortgages returned +0.65% for the month. Option adjusted spreads widened by 8 bps. Mortgages are still in demand as a hedge against another round of quantitative easing.

■ The ABS market had the highest excess return vs. Treasuries returning 8 bps. Collateral performance remains strong. The market is beginning to digest higher probabilities of losses than originally anticipated in the \$1 trillion student loan market.

■ Municipals performed well as demand trumps supply. According to J.P. Morgan, muni bond funds have seen "19 consecutive weeks of inflows, with YTD inflows totaling \$17.5bn."

■ After two full quarters of impressive gains, the S&P 500 closed down -0.6% in April. Earnings reports supported the market. With 360 companies reporting thus far, operating earnings are coming in as the third best in the S&P 500's history. While YOY (+8.3%) growth has slowed, and estimates had been lowered, earnings have been remarkable and profit margins remain wide.

■ Developed international equities (EAFE) were off -2.7% in local currency terms (-2.0% USD) hurt by the -11.9% decline in Spain (-12.5% USD), which reported its second consecutive quarter of lower GDP. Equity markets in France lost -5.4% (-6.0% USD) as investors await the results of the May 6th runoff election. Should Socialist leader Francois Hollande become the next president of France it could ignite a political and economic storm as he is opposed to the German-enforced fiscal tightening.

■ Emerging markets lost -1.2% as China's hard or soft landing debate continued. Despite this, Chinese equity markets gained over +3%. The markets took notice of the potential consumer growth spurred by Apple's sales in China.

■ REITs were the best performers gaining +2.9%. YTD industrial and retail REITs are up over +20%. At these levels REITs look expensive, trading at an AFFO multiple of 22.5x vs. the long-term average of 14.2x.

Total Return (%) as of April 30, 2012

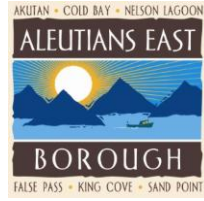
	One Month	Three Month	Six Month	Twelve Month
Domestic Equities				
Large Cap S&P 500	-0.6	7.1	12.8	4.8
Mid Cap S&P 400	-0.2	6.2	12.5	-0.9
Small Cap S&P 600	-1.3	3.8	12.7	1.1
International Equities				
Developed MSCI EAFE	-2.0	3.2	2.4	-12.8
Emerging MSCI Emerging Markets	-1.2	1.2	3.9	-12.6
Other				
Commercial Property S&P U.S. REIT	2.9	7.0	14.8	9.9
Commodities DJ-UBS Commodity	-0.4	-2.0	-5.5	-19.4
Fixed Income				
Total Bond Market Barclays Aggregate	1.1	0.5	2.4	7.5
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.2	0.0	0.3	1.3
Int'l Treasury Barclays Global Tsy ex-US	1.0	0.7	0.9	0.6



Brandy Niclai, CFA
Sr. Investment Analyst



Consent Agenda



Agenda Statement

Date: May 14, 2012

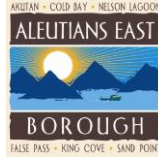
To: The Honorable Mayor Mack and Assembly Members

From: Anne Bailey

Re: Resolution 12-15 Electing to Participate in the AMLJIA FY2013 Loss Control Incentive Program

The Aleutians East Borough is a member of the Alaska Municipal League Joint Insurance Association (AMLJIA). AMLJIA has developed the Loss Control Incentive Program to help reduce member losses individually and pool-wide. Participation in the program earns rewards in the form of a discount on the next fiscal year's contribution. The amount the Borough can earn is based on its level of participation in the program, and we can earn up to five percent of our current year contribution for Worker's Compensation, General Liability, Property and Police Liability.

AMLJIA cannot reward the Borough's participation in this program if the Assembly has not adopted a resolution to participate in the program. This is a requirement that must be met each fiscal year. It is time for the Borough to consider participating in the FY 2013 Loss Control Incentive Program.



Resolution 12-15

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY ELECTING TO PARTICIPATE IN THE AMLJIA FY2013 LOSS CONTROL INCENTIVE PROGRAM

WHEREAS, the Aleutians East Borough is a member of the Alaska Municipal League Joint Insurance Association (“AMLJIA”); and

WHEREAS, the AMLJIA provides comprehensive risk management assistance and provides workers’ compensation, liability and property coverage for the Aleutians East Borough; and

WHEREAS, the AMLJIA developed the Loss Control Incentive Program to help reduce member losses individually and pool wide; and

WHEREAS, the AMLJIA will provide all written program materials necessary, and offer assistance to participants; and

WHEREAS, pool members that participate in the Loss Control Incentive Program and complete the required activities, will have the opportunity to earn a discount on their contribution; and

WHEREAS, it is the Aleutians East Borough’s policy to provide a safe environment for its employees, citizen, and the visiting public; and

WHEREAS, the Loss Control Incentive Program will enhance such an environment.

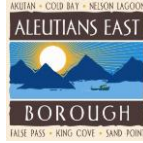
NOW THEREFORE BE IT RESOLVED by the Aleutians East Borough Assembly that the Borough will participate in the AMLJIA Loss Control Incentive Program for the 2012-2013 policy year.

PASSED AND APPROVED by the Aleutians East Borough on this 29th day of May, 2012.

Stanley Mack, Mayor

ATTEST:

Tina Anderson, Clerk



Agenda Statement

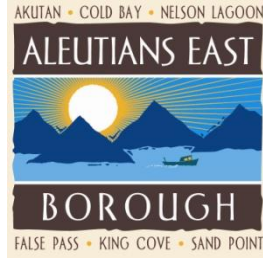
Date: May 16, 2012

To: Mayor Mack and Assembly

From: Anne Bailey, Community Development Coordinator

Re: State of Alaska Harbor Facility Grant

A Tier 2 State of Alaska Harbor Facility Grant is available for municipally owned harbor facilities. These funds can be used for float systems for permanent and transient moorage, launch ramps, pilings and anchors and other harbor facility items of work. One project that qualifies is the Akutan Harbor Float Design/Build Project. The Borough is interested in requesting up to \$3,500,000 for this project. These funds may be matched with APICDA, EDA and Borough funds. Applications are due on August 1, 2012 and a resolution is required.



RESOLUTION 12-16

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY OF THE ALEUTIANS EAST BOROUGH (AEB), FORMALLY SUBMITS A HARBOR FACILITY GRANT APPLICATION TO THE STATE OF ALASKA, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOT&PF) IN AN AMOUNT NOT TO EXCEED \$3,500,000 FOR THE PROJECT ENTITLED: AKUTAN HARBOR FLOATS

WHEREAS, the State of Alaska, Department of Transportation and Public Facilities administers the Harbor Facility Grant Program; and

WHEREAS, the Aleutians East Borough owns and the City of Akutan will maintain and operate the Akutan Harbor and the Akutan Harbor is eligible for a Harbor Facility Grant; and

WHEREAS, the Aleutians East Borough has the required 50% in local matching funds for construction of floats in the Akutan Harbor Float Project per the Harbor Facility Grant Program; and

WHEREAS, the Aleutians East Borough is capable of completing the Akutan Harbor Float Project within eighteen (18) months after award of a Municipal Harbor Facility Grant; and

WHEREAS, the Akutan Harbor Float Project is critical to the community of Akutan and the Aleutians East Borough as the newly constructed Akutan Harbor and the float project will allow local vessels to moor safely in the harbor and allow for local economic development.

NOW THEREFORE BE IT RESOLVED by the Aleutians East Borough Assembly that the Aleutians East Borough supports the project entitled Akutan Harbor Floats Project and agrees, subject to available Alaska Legislative funding and selection by DOT&PF, to enter into a grant agreement with the State of Alaska, Department of Transportation and Public Facilities for a Harbor Facility Grant.

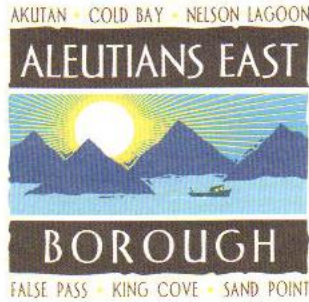
BE IT FURTHER RESOLVED by the Aleutians East Borough Assembly that the AEB will provide up to a local 50% funding match of \$3,500,000 for the Akutan Harbor Floats Project.

PASSED AND APPROVED by the Aleutians East Borough on this day May 29, 2012.

Stanley Mack, Mayor

ATTEST:

Tina Anderson, Clerk



ALEUTIANS EAST BOROUGH, ALASKA

RESOLUTION NO. 12-17

A RESOLUTION OF THE ASSEMBLY OF THE ALEUTIANS EAST BOROUGH, ALASKA ADOPTING PLANS FOR THE SAND POINT HARBOR IMPROVEMENT PROJECT.

WHEREAS, on May 3, 2007, the Borough Assembly of the Aleutians East Borough (the "Borough") adopted Ordinance No. 07-07, authorizing the issuance of general obligation bonds of the Borough (the "bonds") in an amount not to exceed Five Million Dollars (\$5,000,000), for the purpose of paying the cost, in whole or in part, of the acquisition of property, planning, design, construction, reconstruction, expansion and improvement of the Akutan Airport and other transportation or economic development projects in the Borough specified in plans adopted by the Borough Assembly (collectively, the "Project"); and

WHEREAS, pursuant to Ordinance No. 07-07, the Borough Assembly directed that a proposition approving Ordinance No. 07-07 and the Project and ratifying the authorization of the Bonds be submitted to the qualified voters of the Borough at a regular municipal election to be held on October 2, 2007; and

WHEREAS, on October 2, 2007, the qualified voters of the Borough approved Ordinance No. 07-07 and the Project and ratified the authorization of the Bonds; and

WHEREAS, the bonds were issued on September 16, 2010; and

WHEREAS, pursuant to Ordinance No. 07-07, a part of the bonds proceeds is now directed to another Borough transportation and economic development project.

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

ANCHORAGE OFFICE: 3380 C Street, Suite 205, Anchorage, AK 99503-3952 * (907) 274-7555 * Fax (907)276-7569

KING COVE OFFICE: P.O. Box 49 King Cove, AK 99612 * (907)497-2588 * Fax (907) 497-2386

SAND POINT OFFICE: P.O. Box 349 * Sand Point, AK 99661 *(907) 383-2699 * Fax (907) 383-3496

The Borough Assembly directs that an amount not to exceed Two Million Dollars (\$2,000,000) be used to pay the cost, in whole or in part, of the acquisition of property, planning, design, construction, reconstruction, expansion and improvement of the Sand Point Small Boat Harbor Renovation – Phase 1 Project (also referred to as “The Robert E. Galovin Small Boat Harbor Renovation Project.”).

ADOPTED BY THE ASSEMBLY OF THE ALEUTIANS EAST BOROUGH, on this _____ day of _____, 2012.

ALEUTIANS EAST BOROUGH, ALASKA

Stanley Mack, Mayor

ATTEST:

Tina Anderson, Borough Clerk

Public Hearings

ORDINANCE 12-05
(substitute ordinance)

AN ORDINANCE ADOPTING THE OPERATING AND CAPITAL BUDGET FOR
THE ALEUTIANS EAST BOROUGH FISCAL YEAR 2013.

Section 1. Classification	This is a non-code ordinance
Section 2. Effective Date	This ordinance becomes effective upon Adoption.
Section 3. Severability	The terms, provisions, and sections of this Ordinance are severable.
Section 4. Content	The operating and capital budget for the Aleutians East Borough and the Aleutians East Borough School District for Fiscal Year 2013 is adopted as follows:

REVENUES	FY13 BUDGET
Local	
Interest Income	\$35,000
AEB Fish Tax	\$3,200,779
AEBSD Refund	
Other Revenue	\$7,000
State	
Shared Fishery Tax	\$1,664,919
Extraterritorial Fish Tax	\$243,084
Landing Tax	\$53,571
Debt Reimbursement	\$1,045,464
State Aid to Local Government	\$542,712
Federal	
Payment in Lieu of Taxes	\$559,000
USF&WS Lands	\$36,256
Total FY13 Revenues	\$7,387,785
AEBSD Revenue	\$7,000,000

OPERATING FUND EXPENDITURES

Mayor	\$250,278
Assembly	\$126,000
Administration	\$342,626
Clerk/Planning	\$197,190
Finance	\$242,619
Natural Resources	\$326,560
Communications Director	\$174,704
Development Director	\$115,166
Public Works	\$128,727
Educational Support	\$1,525,000
KCAP	\$23,800
Other Gen.Fund	
Equipment	\$8,200
AEB Vehicles	\$10,000
Repairs	\$5,000
Utilities	\$13,000
Aleutia Crab	\$58,522
Legal	\$150,000
Insurance	\$180,000
Bank Fees	\$2,000
EATS	\$150,000
Misc.	\$1,000
Donations	\$23,500
NLG Rev. Sharing	32,000
Web Service/Tech	\$16,000
Total Other	\$649,222
Total General Fund	\$4,101,892
Capital Projects	\$0
Bond Projects	\$0
Debt Services	\$2,159,005
Maintenance Reserve	\$100,000
Total Expenditure	\$6,339,009
AEB Surplus	\$1,048,776
AEBSD Expenses	\$7,000,000
Fund 20, Grants, Revenues	\$225,000
Fund 20, Grants, Expenditures	\$225,000
Fund 22, Hovercraft, Revenues	\$585,000
Fund 22, Hovercraft, Expenditures	\$2,180,000
Fund 22, Terminal Operations, Revenues	\$139,620

Fund 22, Terminal Operations, Expenditures	\$195,952
Fund 24, Bond Project, Revenues	\$5,000,000
Fund 24, Bond Project, Expenditures	\$5,000,000
Fund 30, Bond Payments, Revenues	\$1,597,433
Fund 30, Bond Payments, Expenditures	\$1,597,433
Fund 40, Permanent Fund, Revenues	\$350,000
Fund 40, Permanent Fund, Expenditures	\$35,000
Fund 41, Maintenance Reserve, Revenues	\$100,000
Fund 41, Maintenance Reserve, Expenditures	\$100,000

Passed and adopted by the Aleutians East Borough Assembly this _____ day of May, 2012.

Mayor

ATTEST:

Clerk

REVENUES		FY13	FY12 Amounts/Will Change FY13	
			Medical	\$ 876.02 month
	AEBSD Revenues	\$7,000,000	PERS	22%
			ESC	2.92%
			Medicare	1.45%
	Interest Income	\$35,000	PERS/DC	5.71%
Local	AEB Fish Tax	\$3,200,779		74.09
	AEBSD Refund			
	Other Revenue	\$7,000		
State	Shared Fishery Tax	\$1,664,919		
	Extraterritorial Fish Tax	\$243,084		
	Landing Tax	\$53,571		
	Debt Reimbursement	\$1,045,464		
	Coastal Management	\$0		
	State Aid to Local Governments	\$542,712		
Federal	Payment in Lieu of Taxes	\$559,000		
	USF&WS Lands	\$36,256		
	Total FY13 Revenues	\$7,387,785		
Operating Fund Expenditures				
	Mayor	\$ 247,795.00	\$ 250,278.00	
	Assembly	\$ 126,000.00	\$ 126,000.00	
	Administration	\$ 339,950.00	\$ 342,626.00	
	Clerk/Planning	\$ 194,484.00	\$ 197,190.00	
	Finance	\$ 238,963.00	\$ 242,619.00	
	Natural Resources	\$ 324,040.00	\$ 326,560.00	
	Public Information Officer	\$ 171,645.00	\$ 174,704.00	
	Development Coordinator	\$ 113,006.00	\$ 115,166.00	
	Public Works	\$ 126,099.00	\$ 128,727.00	
	Educational Support	\$ 1,525,000.00	\$ 1,525,000.00	
	KCAP	\$ 23,800.00	\$ 23,800.00	
	Other GF			
	Equipment	\$8,200		
	AEB Vehicles	\$10,000		
	Repairs	\$5,000		
	Utilities	\$13,000		
	Aleutia Crab	\$58,522		
	Legal	\$150,000		
	Insurance	\$180,000		
	Bank Fees	\$2,000		
	EATS	\$150,000		
	Misc.	\$1,000		
	Donations	\$23,500		
	NLG Rev. Sharing	\$32,000		
	Web Service/Tech Support	\$16,000		
		\$649,222	\$ 649,222.00	
	Total General Fund	\$4,080,004	\$0 \$ 4,101,892.00	
	Capital Projects	\$0		
	Bond Projects	\$0		
	Debt Services	\$2,159,005		
	Maintenance Reserve	\$100,000		

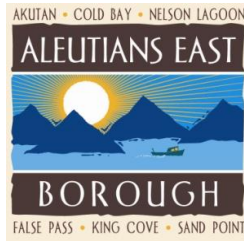
	Total Expenditure		\$6,339,009				
	AEB Surplus		\$1,048,776				
	AEBSD Expenditures		\$7,000,000				
	Fund 20, Grants, Revenues		\$225,000				
	Fund 20, Grants, Expenditures		\$225,000				
	Fund 22, Hovercraft, Revenues		\$585,000				
	Fund 22, Hovercraft, Expenditures		\$2,180,000				
	Fund 22, Terminal Operations, Revenues		\$139,620				
	Fund 22, Terminal Operations, Expenditures		\$195,952				
	Fund 24, Bond Project, Revenues		\$5,000,000				
	Fund 24, Bond Project, Expenditures		\$5,000,000				
	Fund 30, Bond Payments, Revenues		\$1,597,433				
	Fund 30, Bond Payments, Expenditures		\$1,597,433				
	Fund 40, Permanent Fund, Revenues		\$350,000				
	Fund 40, Permanent Fund, Expenditures		\$35,000				
	Fund 41, Maintenance Reserve, Revenues		\$100,000				
	Fund 41, Maintenance Reserve, Expenditures		\$100,000				

Mayor's Office		FY13	3.6% COLA	
	Salary	\$68,985	\$2,483	\$ 71,468.12
	Fringe	\$27,810		
	Travel	\$36,000		
	Phone	\$2,400		
	Supplies	\$1,000		
	Lobbying, federal	\$75,600		
	Lobbying, state	\$36,000		
	Total Mayor's Office	\$247,795	\$2,483	\$250,278
Assembly				
	Meeting Fee	\$ 25,000.00		
	Fringe	\$ 56,000.00		
	Travel	\$ 40,000.00		
	Phone	\$ 4,500.00		
	Supplies	\$ 500.00		
	Retreat	\$ -		
	Total Assembly	\$126,000		
Administration				
	Salary	\$166,116	\$2,676	\$ 168,792.00
	Fringe	\$64,234		
	Contract labor	\$25,000		
	Travel & per diem	\$15,000		
	Phone	\$6,000		
	Postage	\$2,500		
	Supplies	\$18,120		
	Rent	\$36,980		
	Dues & fees	\$1,500		
	Equipment	\$4,500		
	Total Administration	\$339,950	\$2,676	\$342,626
Clerk/Planning				
	Salary	\$81,160	\$2,706	\$ 83,866.00
	Fringe	\$33,524		
	Travel & per diem	\$12,500		
	Phone	\$7,500		
	Postage	\$1,500		
	Supplies	\$9,000		
	Utilities	\$15,000		
	Dues & fees	\$5,000		
	Elections	\$25,000		
	Planning Com.	\$4,300		
	Total Clerk/Planning	\$194,484	\$2,706	\$197,190
Finance				
	Salary	\$116,802	\$3,656	\$ 120,458.00
	Fringe	\$51,161		
	Travel & per diem	\$4,000		
	Phone	\$5,000		
	Postage	\$2,500		

	Supplies		\$10,500		
	Utilities		\$4,000		
	Audit		\$45,000		
	Total Finance		\$238,963	\$3,656	\$242,619
Natural Resources					
	Salary		\$70,000	\$2,520	\$ 72,520.00
	Fringe		\$30,040		
	Contract labor		\$75,000		
	Travel & per diem		\$35,000		
	Phone		\$3,000		
	Supplies		\$3,000		
	SEMD Sampling		\$62,000		
	NPFMC		\$15,000		
	BOF Meeting		\$25,000		
	Rent		\$6,000		
	Total		\$324,040	\$2,520	\$326,560
Public Information Officer					
	Salary		\$84,959	\$3,059	\$ 88,017.34
	Fringe		\$32,736		
	Contract labor		\$0		
	Travel & per diem		\$15,000		
	Phone		\$2,400		
	Postage		\$250		
	Supplies		\$4,500		
	Rent		\$6,800		
	Advertising/promotions		\$25,000		
	Total		\$171,645	\$3,059	\$174,704
Other					
	Equipment		\$8,200		
	AEB Vehicles		\$10,000		
	Repairs		\$5,000		
	Utilities		\$13,000		
	Aleutia Crab		\$58,522		
	Legal		\$150,000		
	Insurance		\$180,000		
	Bank Fees		\$2,000		
	EATS		\$150,000		
	Misc.		\$1,000		
	Donations		\$23,500		
	NLG Rev. Sharing		\$32,000		
	Web Service/Tech Support		\$16,000		
	Total Other		\$649,222		
Development Coordinator					
	Salary		\$60,000	\$ 2,160.00	\$ 62,160.00
	Fringe		\$27,256		
	Travel & per diem		\$10,000		
	Phone		\$4,000		
	Postage		\$250		

	Supplies		\$4,500		
	Rent		\$7,000		
	Total Development		\$113,006	\$2,160	\$115,166
Public Works					
	Salary		\$72,997	\$ 2,628.00	\$ 75,625.00
	Fringe		\$29,602		
	Travel & per diem		\$12,000		
	Phone		\$1,500		
	Postage		\$0		
	Supplies		\$6,000		
	Equipment		\$1,500		
	Utilities		\$2,500		
	Total Public Works		\$126,099	\$2,628	\$128,727
Education					
	Local Contribution		\$1,500,000		
	Scholarships		\$20,000		
	Student travel		\$5,000		
	Total Educational Support		\$1,525,000		
KCAP					
	Salary		\$ 4,500.00		
	Fringe		\$ 6,000.00		
	Telephone		\$ 2,120.00		
	Supplies		\$ 3,600.00		
	Rental/Lease		\$ 7,580.00		
			\$ 23,800.00		
TOTAL OPERATING BUDGT			\$4,080,004	\$21,888	\$ 4,101,892.00

Fund 22 Terminal Operations			FY13		
Revenues					
	Remaining construction Loan/ Remaining FAA reimbursement			\$0	
	Leases		\$139,620		
			\$139,620		
Expenses					
	Salary		\$24,000		
	Fringe		\$3,617		
	Travel & per diem		\$3,000		
	Phone, Internet		\$4,500		
	Legal		\$100,000		
	Supplies		\$15,000		
	Rental/Lease		\$5,335		
	Utilities		\$24,000		
	Fuel/Gas		\$1,500		
	Fuel/diesel		\$15,000		
			\$195,952		
Fund 22 Hovercraft Operations			FY13		
Revenues					
	Grant		\$0		
	Medivacs		\$5,000		
	Freight		\$100,000		
	Other Income		\$150,000		
	Tickets, fees, etc.		\$330,000		
	Other		\$0		
			\$585,000		
Expenses					
	Salary		\$0		
	Fringe		\$0		
	Travel & per diem		\$0		
	Phone/Internet		\$0		
	Supplies		\$0		
	Contract		\$1,950,000	Sept.-June	
	Fuel/gas		\$5,000		
	Fuel/diesel		\$5,000		
	Insurance		\$215,000	*	
	Utilities		\$5,000		
			\$2,180,000		



Agenda Statement

Date: May 17, 2012
To: Mayor Mack and Assembly
From: Anne Bailey, Community Development Coordinator

Re: False Pass Harbor Utility Project Public Hearing

On October 2, 2010, the Borough Assembly held a public hearing to discuss Community Development Block Grant (CDBG) opportunities. It was explained that CDBG funds are intended to principally benefit low and moderate income persons by providing resources to communities for public facilities, planning, and special economic development activities which encourage community self-sufficiency, and reduce economic conditions which are detrimental to health and safety. The False Pass Harbor Utility Project was suggested, met the CDBG criteria and was ultimately selected as the Borough's FFY2010 Project for CDBG Funds. A CDBG application was submitted in November 2010, an award was received in the amount of \$400,000 and the project is occurring as planned.

One of the CDBG requirements is to hold a second public hearing during the project to review program performance. Below is an update on the projects progress:

Puffin Electric, Inc was selected as the contractor for the project. The project includes the extension of upland electrical, potable water and fire protection service to the False Pass Boat Harbor. The mechanical crew arrived in False Pass at the end of April and has begun to work on the floats. Puffin Electric and the excavator arrived in False Pass on May 15, 2012 on the ferry and began upland excavation. One item has been brought to the Borough's attention regarding the piping and has been resolved by Puffin Electric and URS. The project is scheduled for completion on June 30, 2012.

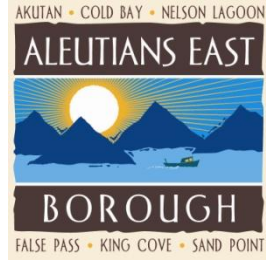
One question was raised by Mayor Tom Hoblet about local hires. I posed the question to the contractor who stated that he appreciated the desire for local hires on this project and that he'd mention it to the subcontractors. However, since the majority of this project entails electrical and mechanical work, the State of Alaska requires certificates of fitness cards as either trainees or journey level workers but if laborer work is needed they will do their best to hire locally.

Finally, since Puffin Electric is in False Pass they have agreed to do other work in the community unrelated to the CDBG Project. APICDA has hired them to do some work and the Borough has entered into a separate contract to extend utilities out onto the Causeway Breakwater where APICDA is interested in putting a fish pump and crane.

I appreciate any comments or concerns you have regarding this project.

OLD BUSINESS

MEMO FROM APRIL MEETING



TO: Assembly Members

THROUGH: Mayor Mack

FROM: Sharon Boyette

DATE: April 17, 2012

RE: Akutan Hovercraft Operating Plan

I would like to present a draft of the Akutan Hovercraft Operating Plan that HoverLink and I have worked on in the past few weeks. This draft is offered for your comments and can be altered and presented again in May for your final approval. There are a few sections you will want to read very carefully, especially the budget and the section on how HoverLink is paid.

We are compelled by the Co-sponsorship Agreement with the City of Akutan and the State of Alaska to provide hovercraft operations. Previously, you will remember, you authorized me to look for a hovercraft operator. We reviewed two proposals and decided to go with HoverLink. This draft document represents their thoughts on how we provide that service and how much it will cost.

The other deliverable from HoverLink, as part of their phase one contract, is a draft of the route manual. It is being reviewed by the State and the environmental permitting agencies now. It is available as a working draft, if you are interested.

FERRY SERVICES AGREEMENT

This Ferry Services Agreement (“Agreement”) is entered into to be effective April 9, 2012 (“Effective Date”), by and between Hover Link, LLC, a Washington limited liability company (“HoverLink”), and Aleutians East Borough, a borough located in the State of Alaska (“AEB”).

RECITALS

- A. AEB owns a BHT-130WD Hovercraft, SUNA-X, Official Number 1190205 (the “Vessel”).
- B. The Vessel will provide service from an improved sea plane ramp located on Akutan Island near the village to the new airport being constructed on Akun Island (the “Service Route”), as depicted on the route plan set forth on Exhibit A (the “Plan”).
- C. HoverLink will operate the Vessel to provide passenger transportation on the Service Route pursuant to the terms of this Agreement, and as further described on the Ferry Services Plan attached hereto as Exhibit C.
- D. AEB will carry out capital improvements and ongoing maintenance at the Akutan Village sea plane ramp, the Vessel hanger site, and the Surf Bay landing area on Akun Island, as depicted on the Plan (the “Facilities”).

AGREEMENT

The parties agree as follows:

1. Services.

1.1 HoverLink’s Services. HoverLink will perform the services described in Exhibit B, attached hereto (the “Services”). HoverLink and its Personnel will provide the Services in a professional manner.

1.2 Personnel. HoverLink will have and maintain qualified personnel (the “Personnel”) to perform the Services and its other obligations under this Agreement, as more particularly described in Exhibit B. HoverLink will be responsible for the training and performance of its Personnel under this Agreement. The Personnel will be qualified to operate and navigate the Vessel on the Service Route and will comply with all applicable federal and state laws. HoverLink may use vendors or subcontractors as needed to perform Services.

1.3 Vessel.

1.3.1 AEB will provide the Vessel to HoverLink in good working order on or before June 1, 2012, at a location mutually acceptable to the parties.

1.3.2 AEB owns good and marketable title to the Vessel, free and clear of all liens or encumbrances.

1.3.3 AEB will be responsible for ensuring that the Vessel has and will continue to have all applicable permits, authorizations, and licenses necessary for HoverLink to provide the Services.

1.4 Maintenance and Repair.

1.4.1 Routine Maintenance. HoverLink will maintain the Vessel in accordance with the Vessel manufacturer's and major component manufacturers' recommended service schedules and maintenance manuals and procedures.

1.4.2 Spare Parts. HoverLink will maintain spares at the Vessel hanger site depicted on the Plan at all times during the term, of sufficient type and quantity as reasonably required to permit HoverLink to maintain the Vessel in a fully operational condition.

1.4.3 Main Repairs. HoverLink will immediately notify AEB in the event that a single repair to the Vessel will exceed \$25,000 in total cost (projected parts and labor). Any single repair that will exceed \$50,000 in total cost (projected parts and labor) requires the prior written approval of AEB.

1.5 AEB Responsibilities.

1.5.1 AEB will be responsible for carrying out all capital improvements and ongoing maintenance at the Facilities reasonably required for HoverLink to perform the Services.

1.5.2 AEB will provide certain logistical and infrastructure support to enable HoverLink to perform the Services, including utilities, telecommunications, weather data, and such other support and assistance as mutually agreed to by the parties (collectively, the "Infrastructure").

1.5.3 AEB will procure and pay for all fuel needed for HoverLink's operation and maintenance of the Vessel.

1.6 Fare Revenue and Ticketing. All passenger fare revenue will be collected by AEB. HoverLink will verify tickets or travel vouchers of passengers, and will keep appropriate records for AEB's billing purposes, as AEB may reasonably require.

3. Compensation.

3.1 Fees. HoverLink will perform the Services set forth in this Agreement at HoverLink's costs, including general and administrative costs as provided in the Budget, margined at ten percent (10%) of such costs. The estimated budget is set forth on Section V of the Ferry Services Plan attached hereto as Exhibit C ("Budget").

3.2 Invoices; Payment. HoverLink will provide AEB monthly invoices at the beginning of each month based upon the Budget. Within thirty (30) days after the end of each calendar quarter during the term of this Agreement, HoverLink will provide AEB a quarterly "true-up" invoice based upon the difference between budgeted costs and actual costs incurred in the prior quarter. Such quarterly invoices will show an amount owing or amount to be credited to AEB. AEB will pay HoverLink all amounts due within fifteen (15) days of the monthly or quarterly invoice date.

3.3 Taxes. Each party is responsible for its own taxes incurred or levied in connection with its activities under this Agreement, except for business and occupation (B&O) taxes which are included in the Budget.

3.4 Books and Records. During the term of this Agreement and for one (1) year thereafter, HoverLink will keep copies of books and records related to amounts HoverLink requests to be paid for the Services. A Certified Public Account designated by AEB may, on reasonable notice to HoverLink and during normal business hours, examine and make copies of HoverLink's books and records for purposes of auditing and verifying the fees charged under this Agreement.

3.5 Reports. During the term of this Agreement, HoverLink will provide AEB a report of the Services upon request by AEB in the format set forth in Exhibit D.

4. Term.

4.1 Term and Renewal. The initial term of this Agreement will begin on the Effective Date and will expire on August 31, 2013 (the "Initial Term"), and will automatically renew for successive, one-year terms (each, an "Additional Term") unless AEB provides HoverLink written notice of its intent not to renew not less than ninety (90) days prior to the end of the Initial Term or Additional Term, as applicable.

4.2 Termination for Convenience. Notwithstanding Section 4.1, AEB may terminate this Agreement on ninety (90) days' prior written notice to HoverLink. If AEB terminates this Agreement pursuant to this Section, AEB will be responsible for any portion of the compensation owed to HoverLink for any Services rendered through the termination date and for any costs reasonably incurred by HoverLink to wrap-up and shut-down its operations, including without limitation severance payments to its Personnel.

4.3 Termination for Breach. Notwithstanding Section 4.1, either party may terminate this Agreement for breach or default of the other party on thirty (30) days' written notice to the breaching party. If the breaching party does not cure the breach or default within the thirty (30) day period, the non-breaching party may thereafter terminate this Agreement at any time, effective immediately, and has no obligation to accept an attempted cure by the breaching party. A party's right to terminate pursuant to this Section 4.3 is not exclusive and is in addition to any other legal or equitable remedies accorded that party under applicable law.

4.4 Post-Termination Survival. The terms and conditions of Sections 3.2, 3.3, 3.4, 5, 7, and 8 shall survive any termination or expiration of this Agreement.

5. Confirmation of Relationship.

5.1 Independent Contractor. AEB and HoverLink are independent contractors with respect to the Services provided and received under this Agreement. Except as specifically set forth in Section 5.2, the provisions of this Agreement will not be construed to establish any form of partnership, agency or other joint venture of any kind between AEB and HoverLink, nor to constitute either party as the agent, employee or legal representative of the other. All persons furnished by either party to accomplish the intent of this Agreement will be considered solely as the furnishing party's employees or agents and the furnishing party will be solely responsible for compliance with all laws, rules and regulations involving,

among other things, employment of labor, hours of labor, working conditions, workers' compensation, payment of wages, and withholding and payment of all applicable taxes of any nature.

5.2 Agency. In performing its obligations in this Agreement, HoverLink is acting as the agent of AEB. AEB hereby ratifies and confirms and undertakes at all times hereafter to ratify and confirm all lawful conduct of Hoverlink, its personnel, employees, contractors, officers, agents, managers, members, and representatives in the performance of their obligations under this Agreement.

6. Representations and Warranties.

6.1 AEB Representations and Warranties. AEB represents and warrants to HoverLink that: (i) it has the necessary authority to enter into this Agreement and carry out its obligations hereunder; (ii) it has all licenses, permits, and authorizations necessary for HoverLink to operate the Vessel in accordance with this Agreement; (iii) it has good and marketable title to the Vessel; (iv) it carries the insurance set forth in Section 8 below; (v) it will comply with all applicable laws, rules, regulations and orders of any governmental authority in its performance under this Agreement.

6.2 HoverLink Representations and Warranties. HoverLink represents and warrants to AEB that: (i) it has the necessary authority to enter into this Agreement and carry out its obligations hereunder; (ii) it will employ qualified Personnel to perform the Services; and (iii) it will comply with all applicable laws, rules, regulations and orders of any governmental authority in its performance under this Agreement.

6.3 Exclusive Warranties. EXCEPT AS OTHERWISE SET FORTH IN THIS SECTION 6, NEITHER PARTY MAKES ANY WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES OR ANY MATERIALS PROVIDED TO EACH OTHER HEREUNDER, AND BOTH PARTIES EXPRESSLY DISCLAIM THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

7. Indemnification.

7.1 AEB Indemnification. Except to the extent arising out of HoverLink's negligence or willful misconduct, AEB will indemnify, defend and hold harmless HoverLink, its personnel, employees, contractors, officers, agents, managers, members, and representatives from and against any and all damages, liabilities, penalties, fines, losses, costs and expenses including reasonable attorneys' fees (collectively, "Losses") arising from or relating to (a) any third-party claims or actions based on the performance of this Agreement and the provision of Services; or (b) breach of any of the representations or warranties set forth in Section 6.1 above.

7.2 HoverLink Indemnification. HoverLink will indemnify, defend and hold harmless AEB, its personnel, employees, contractors, officers, agents, managers, members, and representatives from and against any and all Losses arising from or relating to (a) any third-party claims or actions based on HoverLink's negligence or willful misconduct in performing its obligations under this Agreement; or (b) breach of any of the representations or warranties set forth in Section 6.2 above.

7.3 Notification, Rights and Cooperation. The indemnified party agrees to give the indemnifying party prompt written notice of any claim subject to indemnification; provided that an indemnified party's failure to promptly notify the indemnifying party will not affect the indemnifying

party's obligations hereunder, except to the extent that the delay prejudices the indemnifying party's ability to defend the claim. The indemnifying party will have the right to conduct the defense of any claim with counsel of its own choosing and to settle the claim as the indemnifying party deems appropriate, provided that the indemnifying party will not enter into any settlement that adversely affects the indemnified party's rights without the indemnified party's prior written consent. The indemnified party agrees to reasonably cooperate with the indemnifying party in the defense and settlement of any claim, at the indemnifying party's expense.

8. Insurance.

8.1 Coverages. AEB will, at its expense, procure and maintain in full force and effect the following insurance coverage during the term of this Agreement:

8.1.1 Workers' Compensation insurance in the full statutory limits as required by (i) the State of Alaska, and (ii) the laws of the United States, including, to full statutory limits, the Longshoremen and Harbor Workers Act, as applicable.

8.1.2 Employers' Liability insurance in an amount not less than \$1,000,000 per occurrence.

8.1.3 Commercial General Liability insurance in an amount not less than \$1,000,000 per occurrence, coverage shall be extended to include coverage for Terminal Operations, Action Over Indemnities, Contractual Liability and Blanket Additional Insureds and any watercraft exclusion deleted. General liability insurance shall also include liquor liability coverage.

8.1.4 Protection and Indemnity insurance pursuant to Form SP-23 (Revised 1/56) or equivalent, including, without limitation, Jones Act Insurance, with a minimum of \$1,000,000 per occurrence and any "as owner" limitations to be deleted. Protection and Indemnity Insurance shall include, or shall be provided under a separate policy, War & Terrorism coverage in accordance with American Hull Insurance Syndicate War Risk Protection & Indemnity Clauses.

8.1.5 Pollution and Environmental Liability insurance, including coverage for damages, cleanup and restoration costs, with an amount not less than [\$____,000,000] per occurrence.

8.1.6 With respect to the vessels, insurance covering navigating hull and machinery, subject to the terms and conditions of the American Institute Hull Clauses policy (6/2/1977) and the American Institute Liner Negligence Clause (6/2/1977) or equivalent, in an amount equal to the Vessel's agreed value. Such insurance shall include, or be provided under a separate policy, War & Terrorism coverage in accordance with American Institute Hull War and Strikes Clauses, including damage by acts of vandalism, sabotage or malicious mischief.

8.1.7 Automobile Liability (bodily injury and property damage) in an amount not less than \$1,000,000 combined single limit extending to owned, non-owned, and hired vehicles.

8.1.8 Bumsershoot liability in the amount of [\$_____] each occurrence in excess of the primary limits specified in above covering all legal liability for personal injury, bodily injury or death to passengers and crew; property damage; and pollution and environmental liability, which may arise out of the Services.

8.1.9 Innocent Owners insurance naming AEB as the insured for an amount equal to [\$_____].

8.2 General Requirements.

8.2.1 All insurance provided pursuant to this Agreement shall be effected under valid enforceable policies issued by insurers of recognized responsibility having a rating of at least A-VII in the most current edition of Best's Insurance Reports.

8.2.2 All insurance policies, except workers' compensation, required by this Agreement shall be endorsed or otherwise provide the following:

(a) Name HoverLink and its respective members, managers, officers, employees, agents and volunteers as additional insureds to be covered as insured as respects liability arising out of the Services. Any owner limitations applicable to the Protection and Indemnity insurance shall be deleted. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on the policies required hereunder or any extension thereof. Any other insurance, self-insurance, or joint self-insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance required hereunder and shall be considered excess as to the additional insured.

(b) All policies shall be endorsed to provide thirty (30) calendar days' advance written notice to AEB of cancellation, except in the cast of cancellation for nonpayment of premium, in which case cancellation shall not take effect until ten (10) business days prior written notice has been given. AEB shall give HoverLink such notice within two (2) days of its receipt of such notice.

8.2.3 All insurance coverage shall be primary insurance to any other insurance available to the additional insureds (including self-insurance or joint self-insurance. All policies shall include provisions denying such respective insurer the right of subrogation and recovery against HoverLink. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

8.2.4 Any deductibles or self-insured retentions shall be declared and approved by AEB. AEB is responsible to pay for any deductible or self-insured retention.

8.2.5 All insurance coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

8.2.6 The amounts of required insurance may be increased from time to time upon one hundred twenty (120) calendar days' written notice to AEB.

8.3 Certificates. On or before June 1, 2012, AEB shall deliver to HoverLink certificates of insurance in form reasonably satisfactory to HoverLink evidencing the coverages required hereunder ("Evidence of Insurance"), and HoverLink shall provide AEB with Evidence of Insurance thereafter

before the expiration dates of expiring policies. Such certificates shall also contain substantially the following statement:

“Should any of the above insurance covered by this Certificate be canceled or coverage reduced before the expiration date thereof, the insurer afforded coverage shall provide thirty (30) days’ advance notice to AEB.”

8.4 Failure to Secure. If AEB at any time during the term of this Agreement should fail to secure or maintain or fail to cause to be maintained the foregoing insurance, HoverLink shall be permitted to obtain such insurance in AEB’s name or as an agent of AEB; provided, however, HoverLink shall notify AEB in writing of the inadequacy of AEB insurance and AEB shall have a thirty (30) calendar day cure period to allow AEB adequate time to secure such insurance. If AEB fails to secure such insurance after the expiration of the cure period, HoverLink shall be compensated by AEB for the costs of the insurance premiums, plus interest at the maximum rate permitted by law computed from the date such premiums have been paid. AEB shall indemnify and hold harmless HoverLink from any Losses arising from the failure to maintain any of the insurance policies required above.

9. Damages Limitation. IN NO EVENT WILL HOVERLINK BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES FOR ANY CLAIM ARISING OUT OF HOVERLINK’S PERFORMANCE OF THE SERVICES UNLESS SUCH DAMAGES ARE PROVED TO HAVE RESULTED SOLELY FROM THE NEGLIGENCE OR WILLFUL MISCONDUCT OF HOVERLINK, IN WHICH CASE (EXCEPT FOR DAMAGES RESULTING FROM HOVERLINK’S WILLFUL MISCONDUCT) THE TOTAL LIABILITY TO AEB FOR ANY SUCH CLAIM WILL NOT EXCEED TEN TIMES THE TOTAL ANNUAL FEES PAID AND OWING BY AEB TO HOVERLINK UNDER THIS AGREEMENT.

10. Miscellaneous.

10.1 Relationship Managers. Each party will name a representative as the primary liaison with the other party (each, a “Relationship Manager”). The Relationship Manager for HoverLink will be the General Manager, currently Martin Robbins, and the Relationship Manager for AEB will be the AEB Administrator. The Relationship Managers will serve as the parties’ points of contact. The Relationship Managers will communicate on a frequent (not less than quarterly) basis to review HoverLink’s performance hereunder and to address any related concerns and questions of AEB.

10.2 Dispute Resolution. If a dispute or claim arises under this Agreement (a “Dispute”) that the Relationship Managers of each party are unable to resolve, a party will notify the other party of the Dispute in writing (which may be via email) with as much detail as possible. AEB and HoverLink senior business representatives with full authority to resolve the Dispute will use good faith efforts to resolve the Dispute within ten (10) business days after receipt of a Dispute notice. If the parties’ senior business representatives are unable to resolve the Dispute, or agree on the appropriate corrective action to be taken, within the ten (10) business days, then notice of the Dispute shall be submitted to binding arbitration in King County, Washington by a single arbitrator under the auspices of Judicial Dispute Resolution, LLC, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction over the parties. The arbitrator may award the prevailing party the cost and reasonable attorney’s fees expended in such arbitration. Pending resolution of the Dispute, both parties will continue to perform their respective, undisputed responsibilities under this Agreement. Nothing

contained in this section will limit or delay the right of either party to seek injunctive relief where in such party's sole opinion the absence of such relief would cause irreparable harm to such party.

10.3 Governing Law. This Agreement is governed by the laws of the State of Alaska.

10.4 Assignment. The parties may not assign or transfer this Agreement, in whole or in part, without the other party's prior written consent. Any assignment in contravention of this provision will be null and void. This Agreement will be binding on all permitted assignees and successors in interest.

10.5 Entire Agreement/Amendments. This Agreement, together with all exhibits that are attached hereto, represents the entire agreement of the parties regarding the subject matter described herein, and all other promises, representations, understandings, arrangements and prior agreements related thereto are merged herein and superseded hereby. The provisions of this Agreement may not be amended except by an agreement in writing signed by authorized representatives of both parties referencing this Agreement and stating their intention to amend this Agreement.

10.6 Notices. Except as may be otherwise set forth herein, all notices, requests, demands and other communications hereunder will be in writing and will be deemed to have been duly given: (i) on the day of delivery when delivered in person to the party's designated representative(s) for receipt of notices; (ii) on the date three (3) days after mailing if mailed by registered or certified mail; or (iii) on the next day if delivered by overnight courier to the party. To be effective, all notices must be sent to the following addresses to the attention of the person(s) or position(s) identified:

If to HoverLink:

HoverLink, LLC
Attn: Keith Whittemore
469 NW Bowdoin Place
Seattle, WA 98107

With a copy to:

Graham & Dunn P.C.
Attn: V. Marc Droppert
2801 Alaskan Way, Suite 300
Seattle, WA 98121

If to AEB:

Attn: _____

With a copy to:

Attn: _____

Such addresses may be changed by notice given by one party to the other pursuant to this section.

10.7 Severability. If any provision of this Agreement is invalid or unenforceable in any jurisdiction, the other provisions herein will remain in full force and effect in such jurisdiction and will be liberally construed to effectuate the purpose and intent of this Agreement, and the invalidity or unenforceability of any provision of this Agreement in any jurisdiction will not affect the validity or enforceability of any such provision in any other jurisdiction.

10.8 Waiver of Breach. The waiver of any breach of any provision of this Agreement will be effective only if in writing. No such waiver will operate or be construed as a waiver of any subsequent breach.

10.9 Interpretation. As used in this Agreement, including Statements of Work, the use of the term “including” is illustrative and not limiting.

10.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed to be an original, but all of which together will be considered one and the same agreement.

10.11 Force Majeure. No party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, when and to the extent such failure or delay is caused by or results from the following force majeure events (“Force Majeure Events”): (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order or law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns or other industrial disturbances; and (i) other similar events beyond the reasonable control of the party impacted by the Force Majeure Event (the “Impacted Party”). The Impacted Party shall give to the other party, stating the period of time the occurrence is expected to continue. The Impacted Party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause.

10.12 Himalaya Clause. No employee, agent, or contractor of Hoverlink shall be liable to AEB for any Losses arising out of or resulting from such employee’s, agent’s, or contractor’s act or omission during his or her course of employment or engagement with HoverLink. Without limiting the generality of the foregoing sentence, every exemption, limitation, condition, and liability applicable to HoverLink in this Agreement shall also be available to, and shall extend to protect, each employee, agent, or contractor of HoverLink. To the extent necessary for the applicability of this Section 10.12, HoverLink

shall act as agent or trustee on behalf of such employee, agent, or contractor and, such employee, agent, or contractor shall be deemed to be a party to this Agreement.

The parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

HOVER LINK, LLC

ALEUTIANS EAST BOROUGH

By: _____
(signature)

By: _____
(signature)

Name: _____
(print name of person signing agreement)

Name: _____
(print name of person signing agreement)

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

EXHIBIT A
ROUTE PLAN

(See Attached)

EXHIBIT B
SERVICES

1. Services. The services shall include the following, as further described in the Ferry Service Plan attached hereto as Exhibit C, which shall be updated by mutual agreement of the parties from time to time.
 - a. Phase 1. HoverLink will provide the following services during the period beginning April 9, 2012 and ending August 31, 2012:
 - Hire all Personnel;
 - Finalize operations and safety plans and procedures;
 - Train and certify all Personnel;
 - Develop and finalize the go and no-go protocols;
 - Finalize maintenance procedures;
 - Provide demonstrations for government agencies as reasonably required; and
 - Additional services as agreed by the parties.
 - b. Phase 2. HoverLink will provide the following services beginning during the period beginning September 1, 2012, and ending August 31, 2013:
 - Operate the Vessel to provide round trip service on the Service Route, at a schedule to be agreed to by the parties which is synchronized with the flights operated by Peninsula Airways or additional airlines providing service at the Akun Island airport (the "Schedule"). The Schedule will be adjusted on agreement of the parties based upon seasonable or timetable adjustments made by the air carriers;
 - Be available to communicate with AEB in support of the round trip service on the Service Route 7 days-a-week, 365 days-a-year;
 - Be prepared to operate the Vessel for other missions at the reasonable, prior, written request of AEB;
 - Explore options for other revenue streams such as fuel and vehicular transportation, freight, mail, search and rescue, and medical evacuation; and
 - Additional services as agreed by the parties.
2. HoverLink Personnel. The Personnel required to operate the Vessel will include the following three (3) member crew, and a total on-site staff of four (4):

- (a) One 100 Ton Master (minimum) as Captain, holding a radar observer qualification and hovercraft endorsement;
 - (b) One 100 Ton Master (minimum) as First Officer, holding a radar observer qualification and hovercraft endorsement;
 - (c) One qualified high speed deckhand, who, together with (a), and (b) will complete the crew; and
 - (d) One hovercraft maintenance engineer, as a riding gang member who will provide shore staff support.
3. Communication; Reporting Requirements. HoverLink's Relationship Manager will be primarily responsible for communications with AEB. HoverLink will provide AEB routine administrative reports in the format set forth on Exhibit D and will maintain all necessary logs and records necessary for compliance with applicable law.

EXHIBIT C
FERRY SERVICE PLAN

(See Attached)

EXHIBIT D
REPORTS

(See Attached)

Akutan – Akun Hovercraft Ferry Service Plan

I. Summary of the Service

A. The Route

The ferry route shall be served by a single hovercraft owned by the Aleutians East Borough (AEB) and operated under contract by HoverLink, LLC (HoverLink).

HoverLink is a wholly owned subsidiary of Kvichak Marine Industries, Inc. (KMI). The service route shall be from an improved sea plane ramp located on Akutan Island near the village, to the new airport being constructed on Akun Island. The landing on Akun Island will be via the beach at Surf Bay. There will also be a hovercraft hangar built at the head of Akutan Harbor.

B. Service Schedule

The ferry service will provide the marine link between the new airport and Akutan. Flight schedules to Akun have not been established. HoverLink has already met with Peninsula Airways (PenAir) and they have not yet finalized their schedules. Other airlines may also choose to provide scheduled or chartered service to Akun with passengers and/or freight. HoverLink will respond to the PenAir schedule, and coordinate with other airline arrivals as necessary, to provide the marine link in an efficient manner.

The ferry service may consist of one or two (or more) daily scheduled round trips between Akutan Island and Akun Island. The schedule will integrate with future air service into Akun Island by all airlines that establish such service. For example, PenAir currently offers direct service from Dutch Harbor (DUT) to Akutan Island (KQA) using the Grumman G21 Goose sea plane. It is anticipated that the new fixed wing service to Akun Island will roughly follow the current schedule, and that is the current assumption of this Plan. The following flight schedule is currently in effect and is operated seven days per week, weather permitting:

- Flight 322 Depart DUT 11:00 Arrive KQA 11:20
- Flight 323 Depart KQA 11:40 Arrive DUT 12:00
- Flight 324 Depart DUT 15:45 Arrive KQA 16:05
- Flight 325 Depart KQA 16:25 Arrive DUT 16:45

The PenAir schedule is subject to seasonal and demand changes, as well as weather limitations on the existing aircraft and facilities. Direct service from Anchorage (ANC) to Akun Island bypassing DUT is also a possibility. PenAir may serve the route with Saab 340 or 340B model aircraft that will have a greater passenger capacity than the Grumman Goose. During peak personnel changes at the Trident Seafood plant in Akutan, additional sailings may be required. Those peak travel times are mid-December to mid-January, mid-March to late April, and late May to late June. Based on the current pattern of flights, a nominal ferry timetable is proposed as follows:

Action	Time	Action	Time
Crew On at Hangar	8:30	Depart Hangar	9:30
Arrival Akutan Village – Load Outbound Pax	9:45	Depart Akutan Trip #1	10:00
Arrive Akun Island – Surf Bay	10:30	Unload Pax	10:45
PenAir Flight Arrives with Inbound Pax	11:20	Shuttle Pax to Surf Bay	11:45
Load Inbound Passengers	11:45	Depart Surf Bay	12:00
Arrive Akutan Trip #1	12:30	Unload Pax	12:45
Depart for Hangar	12:45	Arrive Hangar	13:00
Crew Break at Hangar	13:00	Depart Hangar	14:15
Arrival Akutan Village – Load Outbound Pax	14:30	Depart Akutan Trip #2	14:45
Arrive Akun Island – Surf Bay	15:15	Unload Pax	15:30
PenAir Flight Arrives with Inbound Pax	16:05	Shuttle Pax to Surf Bay	16:30
Load Inbound Passengers	16:30	Depart Surf Bay	16:45
Arrive Akutan Trip #2	17:15	Unload Pax	17:30
Fuel Vessel	17:45	Depart for Hangar	18:15
Arrive Hangar	18:30	Crew Off at Hangar	19:30

The assumed schedule is based on two flights per day, and will be adjusted to any seasonal or timetable adjustments made by the air carriers. The hovercraft crew operating day is therefore 11 hours in duration, with a one hour mid-day break. The vessel will be underway for three hours per day, with two of those hours in revenue service.

C. The Vessel

The route will be served by the SUNA-X, Official Number 1190205 owned by AEB. SUNA-X is a BHT-130WD hovercraft and she currently holds a United States Coast Guard Certificate of Inspection (COI) as a Subchapter T vessel. The vessel admeasures at 92 gross tons.

SUNA-X and will carry up to 49 passengers with luggage, with an operating crew of up to four, maximum of 53 persons allowed onboard. The vessel can also accommodate one heavy duty pickup truck as cargo. The current COI is attached as Appendix A to this Plan.

D. The Facilities

AEB is in the process of carrying out all capital improvements at the following hovercraft sites with other agencies; and is responsible for any future or ongoing maintenance needed at these sites as they pertain to hovercraft operations. HoverLink's role will be to provide operational guidance to AEB as requested for all facilities; and to keep AEB informed as to the status of these facilities regarding state of good repair.

- Akutan Village Sea Plane Ramp – HoverLink personnel have reviewed drawings provided by Alaska Department of Transportation (ADOT). We will be forwarding constructive comments to them as part of Phase 2. The work to construct the ramp is expected to complete by August 20, 2012.
- Hovercraft Hangar Site – same as above. We will need to arrange for storage of spare parts, tools, materials, and consumables at this site either in a permanent facility or using shipping containers.
- Surf Bay Landing Area – same as above, this ramp was nearly complete during the HoverLink visit to the site on April 21, 2012.

Additionally, HoverLink's crew will require shore side logistical and infrastructure support in order to carry out the service. Following is a brief summary of these items; the status of each will be updated as more information becomes available during Phase 2 and an addendum (and possibly a revised budget) to this plan will be issued.

- Utilities – RESERVED, pending information on the utilities (if any) that are available at each of the hovercraft sites listed above. It is assumed that AEB will pay for all utilities at the sites (power, sewage, water, trash disposal, recycling, et cetera). If necessary HoverLink can pay for these items and they would be added to the budget via an addendum.
- Telecommunications – RESERVED, ideally there would be cellular service, land line, and high-speed internet access available at both the sea plane ramp and the hangar. In the event that HoverLink ends up paying for telecommunications, a placeholder value has been included in the proposed budget. There will be a marine band radio installed at the Snow Removal Equipment Building (SREB) at the airport. Additionally, SUNA-X is equipped with an aviation band radio for direct communication with arriving aircraft. SUNA-X is also equipped with a satellite telephone.
- Housing – RESERVED, suitable accommodation is required for a minimum of four (but ideally six) crew members either in the village or at the hangar site. If suitable accommodation is unavailable, HoverLink is prepared to procure and set up a modular trailer living compound for the crew to support the service (perhaps as a capital cost item versus operating cost). Sleeping accommodations for each crew member are required along with modest living space, basic kitchen and laundry facilities, and a small office space. Information was recently received regarding possible motel/inn space in Akutan via the Akutan Corporation, or the use of construction camp units as that work completes ... more information needs to be developed and the suitability of these options needs to be determined.
- Groceries – the HoverLink crews will be responsible for their own groceries and meal preparation duties funded out of their per diem allowance.
- Transportation – AEB will be providing a 21 foot Workskiff, Inc. M-Series skiff, with a S-Series cabin and full outfit, for HoverLink's use for crew transportation between the village and the hangar. The hovercraft itself will be used to shuttle heavy freight or bulky items (oil drums, spare parts, et cetera). Further, AEB will be providing a pickup truck for the crew's use at Akutan, and a bus will be provided on Akun for shuttling passengers between the hovercraft and the airport. HoverLink will provide bus driving services to support the marine link. HoverLink has been advised by locals that the shuttle bus should be a four wheel drive vehicle due to the nature of the road between the hovercraft ramp and the airport, and the prevailing weather conditions.
- Weather Data – RESERVED, data may be available from the airport on Akun for the Surf Bay landing conditions; this would require coordination with the FAA and ADOT. HoverLink has

submitted a proposal to AEB to procure, as a capital project expense, a wave rider buoy for deployment along the route to measure wave characteristics and wind data. The buoy will be deployed by HoverLink staff. This is a critical item to complete the Go/No-Go matrix we will use for ferry operations.

E. Plan Implementation

The work to develop this Plan is a deliverable item under HoverLink’s RFEI letter and the resultant letter agreement between AEB and HoverLink as executed on February 21, 2012. Those documents further describe Phase 2 and Phase 3 of this project as follows:

For Phase 2 (Planning):

- hire all staff;
- finalize operations and safety plans and procedures as contained in this Plan;
- train and certify all staff for the operation;
- develop and finalize the go and no-go protocols;
- finalize maintenance procedures;
- provide demonstrations for United States Fish & Game, United States Coast Guard and other agencies as required or requested;
- all as outlined and described in this Plan, its appendices, and any agreed upon addendums.

For Phase 3 (Operations):

- provide twelve months of safe, reliable, and efficient hovercraft ferry service;
- be prepared to do any other missions as requested by AEB;
- explore options for other revenue streams such as fuel and vehicular transportation, freight, mail, SAR, medical evacuation;
- all as outlined and described in this Plan, its appendices, and any agreed upon addendums.

II. Operations

A. Route Manual & Wildlife Protection

The hovercraft ferry service will be operated in a safe and environmentally responsible manner. These operating requirements are paramount. HoverLink will train the operating crews during Phase 2 of the project; and the crews will ultimately be qualified to operate and navigate SUNA-X on the prescribed route in strict accordance with the AEB approved Route Plan.

Additionally, the crews will be thoroughly trained on all aspects for the protection of the environment, wildlife, marine mammals, fish, and bird resources. In particular, the operating crews will be trained regarding the proper treatment of threatened and endangered species; and their respective habitats. All federal and state laws regarding protection of the environment, wildlife, marine mammals, fish, and bird resources will be strictly followed.

See Appendix C of this Plan for the particulars and details of the *Akutan – Akun Route Plan and Wildlife, Marine Mammal, Fish, and Bird Resource Protection Plans.*

B. Vessel Crewing

For the Akutan to Akun Island hovercraft ferry route the vessel will normally operate with a fully qualified four person crew consisting of:

- One 100 Ton Master (minimum) – holding a radar observer qualification and hovercraft endorsement;
- One 100 Ton Master as First Officer/Pilot (minimum) – holding a radar observer qualification and hovercraft endorsement;
- One Hovercraft Maintenance Engineer – with radar observer qualification; and
- One Qualified High Speed Deckhand; at all times.

The decision to carry a four person crew is based on relative increase in risk arising from change in operating environments between Cold Bay and Akutan. The decision is also importantly based on the lack of operational data and history on which to conclude that risks maybe acceptable operating with a three person crew.

The strategy regarding USCG minimum manning will be to pursue a new COI that allows for operation of the hovercraft with a crew of only three. Given that the Master and First Officer are both licensed to fully operate the craft; this will allow for hovercraft operations to continue without interruption should any one member of the crew be unavailable for duty.

Additionally, in this case the start-up costs to the project are relatively unaffected by the increase in student numbers (for example from two to four). The start-up training costs will yield four licensed operators – giving the project some capacity to immediately deal with unplanned personnel turnover or absences in first year.

Note: The COI will require only one hovercraft endorsed pilot onboard – the second license need only provide radar guidance.

Future risk analysis may conclude the route can be served with a three person crew at which point HoverLink and AEB can analyze the risk/benefit of making that change; versus ramping up with a second pilot training scheme in future.

Therefore, it is proposed that the service will be staffed by two four person operating crews, each consisting of one Captain (or Master), one First Officer/Pilot, one Hovercraft Engineer, and one Deckhand. Each crew will work a shift rotation of three weeks on and three weeks off the vessel. All eight crew members will be direct employees of HoverLink and will report directly to the General Manager.

The oncoming crew will assemble in Seattle, WA on the day prior to their rotation date and will meet with the General Manager. This crew will then travel together from Seattle to Akutan on the scheduled rotation date. Once on-site both crews will participate in a turnover period where operational, maintenance, and logistical details will be shared with the oncoming crew. Once turnover of the route to the oncoming crew is complete, the off going crew will return to Seattle and meet with the General Manager prior to starting their three week off period.

Note: In the event that hovercraft ferry operations are reduced to one scheduled trip per day, a two day split crew turnover will be utilized to preclude a situation where one crew hands off to the other at Surf Bay with minimal turnover time. Examples of these crew swap scenarios are included as Appendix D.

See Appendix E of this Plan for complete crew position descriptions, including key activities, responsibilities, job content knowledge, and required communication skills. The Captain, First Officer, and Deckhand will also assist the Hovercraft Engineer as required for preventative maintenance and repair activities; exercising the “total team” approach to operational safety, reliability, and service efficiency.

C. Maintenance Crewing

As outlined above in Section II.B, it is proposed that each crew include a Hovercraft Engineer to provide for proper daily vessel preventative maintenance and repairs.

See Appendix E of this Plan for a complete position description, including key activities, responsibilities, job content knowledge, and required communication skills. The Hovercraft Engineer will also assist the Captain, First Officer, and Deckhand as required for vessel navigation and underway operations.

HoverLink proposes to augment the skill set and experience of the Hovercraft Engineers with the consulting services of Hovertex (Mr. Paul Tobin). These services will be provided on an as needed basis and will be overseen by the General Manager. Specific ongoing support will be provided in these areas:

- audits and inspections of maintenance reports, records, and procedures;
- audit of craft technical and master log books;
- provide advice and recommended solutions to HoverLink personnel upon request with 24/7 telephone support;
- provide additional specific hovercraft maintenance training as requested;
- provide on-site certified hovercraft engineer to assist or augment the crew if required and subject to availability; and
- provide on-site BHT 130 experienced Pilot in Command (as an advisor to the crew) on an as required basis.

D. Preventative Maintenance & Repair Plan

Hovercraft SUNA-X shall be maintained in accordance with the manufacturers recommended service schedule and approved maintenance manual and procedures.

References:

DOC.066 BHT130WD Maintenance Manual
DOC.065 BHT130WD Type Operating Manual
CFR 46 Subchapter T parts 175 thru 185
Hoffmann - Propeller Operation and Maintenance Manual No - E765A

Suitable maintenance and operation of this type of hovercraft includes:

1. Ensuring that up to date records are maintained, to include the following:
 - A) Operating hours
 - B) Any damage or defects which may affect the safe operation of the craft
 - C) Any incidents or unusual occurrences, including particularly severe weather conditions
 - D) All modifications or design changes approved by the manufacturer and USCG MSO
 - E) All service bulletins issued by the manufacturer

2. Daily Inspections:
 - A) Daily inspections are conducted by maintenance staff on a pre and post flight basis.
 - All defects are recorded in a craft technical log and are signed off as rectified or as a deferred defect
 - Craft is certified as *serviceable* by maintenance personnel and all findings, rectifications and signatures are noted in the technical log book

 - B) The Daily Inspection consists of inspecting and recording the following items pre flight:
 - All Fluid Levels - engine oils, coolant, hydraulic fluid etc. level and any addition
 - Engine hours – pre and post flight
 - Craft Hour Totals
 - Structure
 - Electrics
 - Engines
 - Propellers
 - Lifts Fans & shaft components
 - Control Systems
 - Skirt Systems

3. Major Inspections and Preventative Maintenance/Service:

Preventative maintenance and service shall be accomplished in a block check methodology consisting of inspection and servicing at every 50 hour interval of craft operations. The block

check method consists of 20 separate checks and service over 1000 hrs of craft operations and is a proven technique adapted from the aircraft industry with the focus on safety and ensuring reliability.

Maintenance personnel refer to the block check service schedule and sign off on the related tasks as completed. This procedure occurs @ every 50 hours of craft operations until 1,000 hours is achieved. Once a particular block check is completed it is noted in the craft master and technical log book. At every 1,000 hour milestone the block check method defaults to Block 1 check 1 and the process repeats. See Appendix F and table below for *current* SUNA-X schedule and block check sign off sheets, as an example:

Block Check Service Schedule
SUNA-X BHT 150WD

	Check 1	Check 2	Check 3	Check 4
Block 1	1050 hrs <i>Complete</i>	1300 hrs	1550 hrs	1800 hrs
Block 2	1100 hrs <i>Complete</i>	1350 hrs	1600 hrs	1850 hrs
Block 3	1150 hrs <i>Complete</i>	1400 hrs	1650 hrs	1900 hrs
Block 4	1200 hrs	1450 hrs	1700 hrs	1950 hrs
Block 5 *	1250 hrs (oils)	1500 hrs (oils)	1750 hrs (oils)	2000 hrs (oils)

* - indicates oil changes every 250 hours

E. Safety Management

The United States Coast Guard recommends the use of Safety Management Systems in all commercial passenger carrying services – irrespective of vessel size or class of voyage. HoverLink endorses this recommendation fully and has as a consequence developed a comprehensive suite of standing orders, instructions and guidelines as operators of the SUNA-X for the Akutan to Akun hovercraft ferry service. The documents are a Safety Management System (SMS) and provide

guidance and direction for all employees to safely and effectively deliver the marine link connecting Akutan with Akun Island. The SMS is constituted of ten chapters – commencing with Standing Orders, and concluding with the vessel manufacturer’s type operating manual. These documents are “controlled” in that each chapter is assigned an alpha numeric designation with an approved company signature band and date. In this way Captains and crews can and should help “evolve” the safety management system based upon their operational experiences in and around the passenger service. Suggestions for change which have been approved by the company are in turn issued or re-issued with new tracking numbers. Operational crews will review parts of the SMS during each Occupational Safety Meeting – which are typically held once every 3 weeks. HoverLink will be tailoring the existing SMS for SUNA-X to the Akutan to Akun route as part of Phase 2. The tailored SMS will become Appendix G (currently RESERVED) of this Plan when it is complete.

F. Security

The SMS for this hovercraft ferry service contains specific and detailed information regarding safety and security procedures to be followed by the HoverLink crews in carrying out the service.

As this is a USCG Subchapter T vessel, HoverLink believes that we will not be required to operate under an approved vessel or facility security plan, as would be required under the Marine Transportation Security Act (MTSA). Regardless, HoverLink will coordinate with USCG personnel and confirm this assumption.

Currently there is no TSA screening process out of ANC and onwards to AEB on flights operated by PenAir. For the purpose of this Plan and proposal we assume that there will be no security requirements enforced upon the ferry service.

G. Operating & Environment Permits

Any and all permits required for the service shall be paid for and secured by AEB. HoverLink will assist AEB as requested with technical and operational data. AEB shall communicate any future

operating or environmental permit requirements to HoverLink for inclusion in future addenda to this Plan.

HoverLink will incorporate all known permit requirements into the respective operational and route manual documents.

III. Management & Administration

A. Organization Chart

An organizational chart for the service is provided as Appendix H.

B. Position Descriptions

Position descriptions for all HoverLink staff are contained in Appendix C of this Plan.

C. Communications

The General Manager will bear the primary responsibility for all communications between HoverLink and AEB; and prospective partners such as PenAir, other airline partners, and Trident. When completed, the SMS (Appendix G) will provide further details on communications internal to the HoverLink staff; and for notifications to outside agencies necessitated by ferry operations that are typically made by the crew.

HoverLink commits to providing the required communication links on a 24/7/365 basis in support of the hovercraft ferry service. The General Manager will nominally be available at all times and serve in an on-call status. During times of vacation, illness, or while otherwise out of cellular phone range, the General Manager will delegate the on-call responsibility to one of the off-duty Masters or First Officers, or to another person knowledgeable of the service (e.g., KMI management staff).

D. Reports

HoverLink will provide the following routine administrative reports to AEB, and will keep copies on file. The format and content of the reports will be subject to development in Phase 2 and

mutual agreement. These data reports will be generated by the crews, and the back office staff at KMI as part of the General & Administrative effort:

- monthly ridership and freight data, cumulative and by airline
- monthly fuel consumption
- quarterly spare parts usage
- monthly emergent repair activity
- quarterly vessel and machinery hour summary
- quarterly preventative maintenance summary
- quarterly budget update and true up
- annual Drug & Alcohol Testing results to the USCG and FTA
- any inspection reports or other correspondence received from outside regulatory agencies (USCG 835)
- any complaints received from ferry customers or service partners, along with HoverLink’s resolution of same
- AEB will be copied on all HoverLink outgoing correspondence to outside regulatory agencies
- any reportable marine casualties or incidents (USCG 2692)

In addition, the Masters will be responsible for maintaining all required logs and records on the vessel and at the Akutan office facilities; and for generating any required reports per the SMS.

E. Insurance

RESERVED - KMI is currently working with AEB and its insurance brokers on the insurance coverage issues. The efforts at this point are twofold: a) ensure that the AEB provided coverages are appropriate and offer the best insurance value for AEB, and b) ensure that all parties are fully insured and protected for the services being rendered. It is hoped that a single policy can be assembled to provide the total depth and breadth of insurance required. In the event that gap insurance coverage is required to fully insure both AEB and HoverLink for ferry operations, we propose that those premiums be billed to AEB directly. Therefore we have not included any provision in the budget for insurance premiums.

F. Invoicing & Payment Procedures

1. Invoicing

HoverLink shall invoice AEB once per month, at the end of each calendar month based on budgeted amounts as mutually approved. Within 45 days of the end of each calendar quarter a “true-up” invoice shall be submitted to adjust for the difference between budgeted (pro-forma) costs previously invoiced and actual costs incurred. Invoices will be electronically mailed to AEB by the General Manager in the form of a PDF file on the last weekday of each month. Books and records in support of actual costs for the cost plus portion of invoices shall be available at the corporate headquarters of KMI in Seattle, Washington. These records may be reviewed by the AEB in Seattle at a prearranged time of mutual convenience. See Section V and Appendix B of the Plan for more detailed information and budgets and monthly pro-formas for Phases 2 and 3.

2. Payments to HoverLink

Payment for each invoice sent to AEB shall be due within 15 calendar days of the date of the invoice. Payment shall be via wire transfer directly into the bank account of HoverLink. HoverLink will provide bank wire instructions under separate cover.

3. Payments to HoverLink Employees and Vendors

KMI has set up HoverLink as a completely separate entity in its corporate payroll, accounting software, and related financial systems; including separate bank accounts. HoverLink will be setup to make payments to HoverLink employees and all vendors who provide services directly in support of HoverLink operations for AEB. Strict separation of all financial transactions shall be maintained between KMI and HoverLink.

G. Fare Revenue & Ticketing

HoverLink will not collect fares (cash or credit cards) directly from hovercraft ferry passengers or produce tickets. All passenger fare and freight revenues will be collected by the airlines serving the Akun airport. HoverLink operating crews will count passengers, and document the weight and volume of any freight items. We will create and provide the appropriate records so that AEB can be accurately reimbursed for all marine link transportation services provided directly by the airlines serving Akun, see Section III.D.

HoverLink will assist AEB as required to determine tariffs and fee structures (including revenue sharing) for other potential services such as freight, fuel and vehicular transportation, medical evacuation, SAR, mail delivery, et cetera.

HoverLink will coordinate as necessary with partners such as PenAir and any other airline serving Akun to arrange for package deals, and Trident to make any fare revenue or ticketing system work in an efficient and auditable manner. Throughout Phase 2 and Phase 3 HoverLink will take the lead to identify and secure new and/or increased revenues for the service, see Section V.J for additional information regarding this effort.

IV. Staff

A. HoverLink Staff Size

In 2010 AEB applied for and received an amendment to the USCG COI for crew level on the SUNA-X. The original four person crew which included:

- One Master (100Ton minimum);
- One Radar Observer; and
- Two Deckhands at all times.

Permission was received to reduce the crew to a total of three with the following designations:

- One (1) Master;

- One (1) Senior Deckhand (High Speed);
- One (1) Qualified Deckhand (High Speed) at all times;

with Deckhands trained in accordance with NVIC's 5-01, Ch1 and 1-91, CH1 respectively.

For the new hovercraft route from Akutan to Akun Island, HoverLink proposes that the vessel will operate in year one with a crew as detailed in Section II.B of the Plan. For the purposes of this Plan, HoverLink will then consist of nine total direct employees as follows:

- General Manager (GM)
- Two Captains
- Two First Officers/Pilots
- Two Hovercraft Maintenance Engineers
- Two High Speed Deckhands

Position descriptions for all operating staff are detailed in Appendix E of this Plan. The two operating crews will be designated as Crew A and Crew B. The GM will establish a strong personal presence in Akutan in support of the service, the community, the regulators, and the various partners; generally as follows:

- During Phase 2 planning and training, nominally two weeks per month on-site, and as needed
- During the second half of Phase 3, nominally one week per month in Akutan, and as needed

The GM is in place as of April 9, 2012 as a HoverLink employee; his first visit to Akutan occurred on April 21, 2012 and he met with the Mayor, Trident representatives, other Akutan residents; and he toured the various facilities.

The two hovercraft operating crews will be recruited nationwide. It is anticipated that crew members will live wherever it suits each individual. The crews will travel to Seattle independently

and at their own cost; and assemble as a team prior to departure day for Akutan. These operating crews will go “on the clock” at the time of their on-coming briefing in Seattle, and they will come “off the clock” upon completion of their off-going brief to the GM in Seattle following their three week shift. All vessel crew of HoverLink will be salaried to mitigate overtime labor costs, and all will execute a marine employee contract that covers all aspects of rotational and off-site employment.

Note: If a crew member normally lives between Seattle and Anchorage, or in Alaska; then final crew assembly would occur in Anchorage. That person would go “on the clock” upon crew departure to Akun.

Should it become necessary at some point in the future, HoverLink may hire an administrative assistant to supplement the staff.

B. Recruitment

HoverLink will advertise for crew positions starting in mid-April; with postings given the widest possible dissemination. HoverLink will also be advertising within the borough for employees. It is anticipated that a short list of interviewees will be determined by the end of May. In person interviews will be held in Seattle during late May and early June; and job offers will be made shortly thereafter. In order to support the required training program, the effective hire date for the crews will be early June.

C. Human Resources

KMI will provide human resource services to HoverLink as necessary to advertise for, recruit, hire, administer, retain, and replace as necessary all HoverLink employees. Employee policies, procedures, administration, and benefits will be generally comparable between employees of KMI and HoverLink. These services are provided as part of the fixed monthly G&A cost; see Section V and Appendix B of this Plan.

D. Training

The level of training required is very difficult to predict or estimate given the fact that crews have not yet been hired. For example, we could find, recruit, and hire a core group of very experienced hovercraft mariners (ex-US Navy for example) that require only basic familiarization training with SUNA-X, and some route specific training at Akutan and Akun. On the other hand we could find ourselves hiring very capable and experienced mariners, but with little or no hovercraft experience at all. So the range in the “training level of effort required” is quite broad. This means that the cost to provide this training is equally hard to predict with any certainty. Another uncertainty and unknown that affects training (and its cost) is the weather factor. Given the weather in King Cove, Cold Bay, and the Akutan area there will be days when instructional staff are on-site but weather conditions preclude underway training time. We propose below that each Captain and First Officer accrue 40 hours of Pilot-In-Control time, and we will have to train and certify four. Additionally, we are building in an additional 40 hours of underway training time for instructor reconnaissance of the Akutan to Akun route; and full development and refinement of the “go/no-go” matrix with each crew.

HoverLink will provide all required training of hovercraft operations personnel during Phase 2 of the contract with AEB; all training will be complete prior to the start of ferry service. The training program summarized below is an example of the training regimen for the Captain (or Pilot) of the vessel, the most arduous and challenging position on the crew. Similar training will be undertaken for all other crew members. The training syllabus has been submitted to the USCG for formal approval.

PILOT TRAINING - PROGRAM SUNA-X

1.0 INTRODUCTION

Controlled documents have been developed to guide an Air Cushion Vessel Master Instructor – approved by USCG and designated by HoverLink – in the pilot and navigation training evolutions required to make a certified deck officer (here-in-after described as a Student) competent to serve in commercial operations aboard the hovercraft SUNA-X. Successful completion of this training program will permit the Trainee to safely operate the vessel within the manufacturer’s prescribed operating envelope.

2.0 METHODOLOGY

The course follows a 240 hour training progression from a classroom environment covering ‘ground school’ topics - to final consolidation evolutions requiring real-time pilot and navigation skills at sea. There are four modules to this training scheme:

- 2.1 principles and theory of Air Cushion Vehicles and BHT-130WD SMS;
- 2.2 craft systems and maintenance training;
- 2.3 basic piloting and control of the BHT-130WD;
- 2.4 principles of the safe operational envelope, individual and team high-speed navigation skills under radar guidance.

160 total hours of mission time must be accumulated on the SUNA-X as part of the USCG endorsement requirements; this will yield four fully credentialed hovercraft pilots. Forty (40) of these hours will be as “pilot-in-control” with 15 hours providing radar guidance. Trainees will track these hours in a personal pilot logbook which will be made available to USCG examiners upon request. Upon successful completion of the training program the approved instructor authority will issue an “attestation of training completion” to each trainee. The attestation must be presented to the USCG regional

examination center in order to obtain a Hovercraft endorsement to their marine certificate – which will authorize them to operate the SUNA-X.

V. Budget

The estimated budget for Phases 2 and 3 is attached as Appendix B of this Plan. The following paragraphs provide a brief narrative of the budgeting thoughts, assumptions, and methodology for each of the budget line items. The first page of Appendix B is a summary sheet, showing total cost by both line item and phase, and a grand total. The proposed monthly pro-formas for each phase are also shown. Subsequent pages of the budget show details, quantities, unit costs, et cetera.

Careful and prudent management of the budget is critical. It shall be the responsibility of the General Manager to keep AEB completely informed regarding budget performance. Significant budget anomalies will be brought to the attention of AEB immediately for resolution; typically these would involve some mechanical failure necessitating expensive repair services or parts that go well beyond the respective budget line items.

Additionally, the GM will produce a budget update on a quarterly basis along with the true-up budget accounting numbers.

For certain costs items such as the consumables, vendors, and maintenance and repair the costs have been pro-rated across Phases 2 and 3 according the ratio of anticipated vessel hours.

A. Labor

All HoverLink employees are to be salaried to preclude overtime, all will be considered to be employed in Seattle, WA or Alaska for tax and employment law purposes. Detail Sheet 2 shows the estimated direct and indirect labor costs. Salaries for crew, and consultant days required, are best estimates only at this time. During the hiring phase HoverLink will endeavor to deliver highly qualified and experienced crew hires at these rates, or lower if possible. Compensation for the GM is set. For the operating crews, there will be “day-rate” adjustments in their employment contracts

to account for extra or fewer days worked in any given payroll period. Provisions will also be made for per diem if crews are stranded in a non-duty status due to weather or transportation delays. To cover this cost we have included a 7.5% direct labor contingency in the budget; see Sheet 2 of Appendix B. See Section IV.D above for further discussion concerning the broad range of potential training costs; and their potential impact on overall labor costs. We have aimed near the middle of the range with our estimates. HoverLink has made some job offers as of May 22, 2012 that have been accepted by the prospective employees. These actual offer amounts are reflected in Appendix B along with estimates for positions not yet filled.

HoverLink will also be utilizing the services of consultant labor for both phases; these gentlemen are already working on Phase 1 as agreed, and are well known to AEB. There is heavy consultant involvement in Phase 2, and a much reduced role foreseen in Phase 3. They have all indicated a day rate to cover their travel and working time. They will be traveling to Seattle during the crew interview process and possibly for some classroom training, otherwise they will be traveling to Cold Bay or Akutan for on-site and on-vessel work. HoverLink will assist as necessary to ensure that these Canadian citizens have the appropriate credentials to work in the United States.

B. Travel & Per Diem Costs

Costs for crew, staff, and consultant travel and per diem are detailed on Sheet 3 of the budget, split out for each phase. All costs for airfare and lodging are best estimates or placeholders at this point pending resolution of previously RESERVED items of this Plan.

Regarding airfare, HoverLink has teamed up with US Travel – Fisheries Division in order to procure air travel with the required flexibility and best pricing. We will also speak with PenAir about possible airfare arrangements. As previously mentioned, crews will be responsible for their own travel between the lower 49 and Seattle.

Regarding lodging and accommodation see the discussion in Section I.D of the Plan. Included here as a placeholder we have accommodations both in Cold Bay/King Cove and Akutan for crews, the GM, and the consultant team. For CB/KC we have identified a suitable accommodation at \$4,500 per month. For Akutan we are still researching the options as previously discussed. Once the Akutan picture comes into focus for crew housing, we will prepare a budget addendum for AEB approval.

Crew, GM, and consultant per diem is set at the currently approved federal rate of \$102 per day as determined by the GSA for Dutch Harbor. Likewise, we have used the GSA rate as an estimate for any hotel stays that may be incurred. As with airfares, we are working with US Travel to secure better hotel deals in Seattle, Anchorage, and Dutch Harbor. HoverLink will bill for any required hotels at actual cost.

C. Maintenance & Repairs

There is no detail sheet for repairs, for preventative maintenance costs the labor is included in crew labor, and the associated consumables are spoken to in Section V.D below. In terms of emergent (unplanned) maintenance and repair work; predicting what might break during any given year of ferry operations is difficult at best. While preventative (planned) maintenance costs are well understood and easy to budget for, emergent repairs are much more random in nature. To mitigate the risk certain spare parts are being procured in support of the service under KMI's separate efforts to prepare the vessel for service, see Section VI.A below. Our philosophy will be to have critical spares on the shelf and to maintain that stock at all times; especially difficult or long lead time items.

As a starting point and place holder, we have examined historical repair cost histories for other ferry services and determined that repairs typically run at about 15% of the total cost of all other direct costs. Therefore we are using that value as a first estimate. As mentioned above, HoverLink

will provide AEB immediate notification in the event that the need for expensive repairs becomes apparent. As the craft sees regular service over the first years this number will become somewhat easier to predict.

D. Consumables

Sheet 4 of the budget shows the anticipated costs for consumables for the first 1,200 hours of craft operation. In order to get best value for known consumables, we will buy items in bulk out of Seattle and arrange for cost effective shipping to Akutan and/or Cold Bay. We will purchase a one year supply of given items being mindful of any shelf life limitations. The combined value of consumables and spare parts will necessitate the need for secure and dry storage. All items will be inventory controlled; and we will set up a system to track usage and provide for cost effective replenishment. As with all direct costs, HoverLink will bill only the actual cost incurred and will stretch AEB's budget dollars to the greatest extent possible.

E. Vendors

Sheet 5 of the budget shows estimates for the service of outside vendors in support of hovercraft operations. In some cases these are services that may or may not be required, but we felt it prudent to put some budget in for them regardless. In some cases these are skill sets that the crew will not have, and are best performed by outside repair technicians.

Undoubtedly the need for other vendors or specialized services may arise. Based on details that emerge in Phase 2 regarding facilities and ongoing efforts to prepare SUNA-X for training and service, this budget category may be revised via addendum.

F. Fuel

Fuel for the vessel will be provided by Trident and shall be paid for directly by AEB. Information received from Hermann Scanlan has indicated that Trident Seafood is the best source for providing fuel to the operation as the City of Akutan does not have the requisite capacity. We anticipate that

the vessel will consume approximately 77 gallons per hour of operation. Given two airline flights per day and the training requirements of the Plan, that works out to approximately 1,200 vessel operating hours total for Phase 2 (training) and Phase 3 (first year of operation). Therefore AEB should plan on purchasing 92,000 gallons of diesel fuel to cover hovercraft operations for the period June 1, 2012 through August 31, 2013. This calculation is shown on Sheet 4 of Appendix B. HoverLink will fully document all fuel deliveries from Trident and provide the requisite reports.

G. Insurance

As mentioned in Section III.E, there may be a cost to AEB for any premium associated with gap coverage needed by HoverLink to provide the service. In the event that gap insurance is required, that will be billed directly by the insurance carrier to AEB.

H. Fixed Fees & Taxes

KMI has proposed a fixed monthly fee for General & Administrative support of HoverLink at \$12,000 per month for the first year. KMI feels that this value covers the actual efforts for human resources, accounting, accounts payable, logistics, planning, payroll, record keeping, and other administrative costs. AEB should not be exposed to escalating G&A costs that would be calculated on a percentage basis, as the aforementioned efforts should be fixed and independent of the other operational direct costs.

HoverLink will incur business and occupation taxes (B&O) taxes on gross receipts, payable to the State of Washington and the City of Seattle at the rates indicated on the budget summary sheet. These percentages are calculated against the subtotal of direct costs and G&A; but not against profit even though it is taxed as part of the gross receivable.

The budget proposal does not include any other business related taxes; as none are known at this time. However, employer paid taxes, sales tax, and other taxes on airfare, hotels, consumables, et cetera are included in the budget as presented.

I. Legal

HoverLink has proposed a placeholder amount of \$10,000 for legal expenses incurred as part of Phase 2 startup. We are retaining legal assistance to create marine employment contracts for the crew, review insurance coverages to ensure no gaps, to prepare a form of contract between AEB and HoverLink, and to ensure any visa requirements are verified regarding use of Canadian consultant services in the United States.

J. Profit

HoverLink has established a profit margin of ten percent (10%) taken on all direct costs and fixed fees. *[[ALTERNATE DRAFT LANGUAGE follows: AEB and HoverLink agree that the profit margin will be fixed at ten percent (10%) taken on all direct costs and fixed fees for the Phase 2 planning and training efforts, and for the first six months of Phase 3 ferry service. Both parties further agree that after the first six months of Phase 3, revenue levels and prospects for the marine link we be assessed. At that time, and contingent on mutual agreement, the base profit margin of ten percent (10%) may be reduced concurrent with establishment of a percentage based revenue sharing agreement for new or increased revenues above an agreed upon base revenue number. During Phase 2 and all of Phase 3 ferry service, HoverLink will take the lead on identifying and securing new and/or increased revenue sources to the mutual benefit of all parties.*

VI. Implementation Schedule

Separate from this Plan, efforts to make the vessel ready for service are already underway by KMI. AEB has contracted KMI to accomplish the refit effort on SUNA-X that is required to put the craft back in to passenger service. The scope of this effort consists of normal maintenance and repair, capital improvements, top-end engine overhaul of all four engines, and provisioning of critical spare parts. Specific work items include complete major overhaul items such as repair of the engines and replacement of the propeller hubs, installation of anti-icing systems, preparation

for USCG inspection, and other needed repairs. KMI will have a crew on station in Cold Bay starting on or about April 30, 2012, and the repair effort is expected to take four to six weeks. The craft will be operational and available for training on or about June 11, 2012 pending any unforeseen circumstances. Any repair efforts that need to carry on past that date will be coordinated between KMI and HoverLink so as not to affect the training schedule.

If HoverLink personnel are available in advance of June 11, 2012, the operating crew could be sent to Cold Bay to assist KMI's mechanical crew, and potentially offset some of the labor required. Participating in the refit would allow the operating crew additional time on the craft and greatly accelerate their familiarization with the operation and repair of the craft systems.

The milestone schedules for Phase 2 and 3 are presented as follows:

A. Phase 2

- HoverLink and KMI begin all processes for Phase 2 – April 2
- HoverLink travel to ANC to meet with AEB, PenAir, USF&G – completed April 5-6
- This Plan approved by AEB, notice to proceed – April 10
- Finalize position descriptions – completed April 12
- HoverLink completes form of contract, sends to AEB for review – completed May 15
- Release advertisements for crew hiring – completed April 17
- Insurance issues resolved – ongoing, complete by June 1
- Site visit by GM to Akutan – completed April 21
- Marine employment contracts ready, visa issues for consultants resolved – completed visas on May 20, employment contracts ready May 29
- Amend budget and Plan as necessary – completed May 22
- AEB/HoverLink LLC contract finalized and executed – May 29 AEB Assembly Meeting
- Hiring interviews – ongoing, May 14 through June 2

- Negotiations with top 12 candidates – ongoing, May 14 through June 2
- Final crew selections, employment contracts signed – week of June 4
- Revise budget and Plan as necessary
- Pre-employment physicals and screening – ongoing, May 23 through June 6
- Crew employment to be effective – on or about June 6
- SUNA-X ready for training – on or about June 11
- Craft training for Crews of King Cove and Cold Bay – June 14 to July 30 (nominal)
- Final update Route Manual and SMS as necessary – July 15
- Reposition SUNA-X to Akutan – July 31
- Fish & Game demos and USCG COI efforts finalized – August 15
- Route specific training for Crews out of Akutan – August 1-28
- Finalize Route Manual, Service Matrix, and SMS as required – August 15
- Vessel and crew ready for service – August 29

B. Phase 3

HoverLink will have the vessel and the crews ready to begin ferry service on August 29, 2012 and will operate the service in accordance with the contract, this Plan, and its appendices.

END OF THE PLAN

U.S. Department of
Homeland Security

United States
Coast Guard



Officer in Charge Marine Inspection
United States Coast Guard
Western Alaska

510 L Street, Suite 100
Anchorage, Alaska 99501
Staff Symbol: spi
Phone: 907-271-6616
Fax: 907-271-6751
anchorage.inspections@uscg.mil

16711
October 22, 2010

Kvichak Marine Industries
Attn: Mr. Jim Towers
469 NW Bowdoin Place
Seattle, WA 98017

Dear Mr. Towers:

I have reviewed Mr. Horst's letter of April 26, 2010 requesting a reduction of manning on the SUNA X (O.N. 1190205). The request is approved. Navigation and Vessel Inspection Circular (NVIC) 5-01, Change 1 was used to evaluate risk on the SUNA X. During the annual exam, and with the assistance of certified hovercraft instructor Paul Tobin, the High Speed Vessel Challenge Assessment Tool (CAT) was completed. The results of the CAT were then put into the High Speed Vessel Manning Evaluation Matrix with a final evaluation rating of low. An overall rating of low allows the Officer in Charge Marine Inspection to consider manning on a scale equivalent to manning on a typical small passenger vessel. The Certificate of Inspection is enclosed and has been amended with the following endorsement:

One (1) Master, One (1) Senior Deckhand (High Speed) and One (1) Qualified Deckhand (High Speed) at all times. Deckhands shall be trained in accordance with NVIC's 5-01, CH 1 and 1-91, CH 1 respectively.

Sincerely,

S. L. JOHNSON
Commander, U. S. Coast Guard
By Direction
Officer in Charge Marine Inspection,
Western Alaska

Enclosure
Copy: Aleutians East Borough
Vessel File



United States of America
Department of Homeland Security
United States Coast Guard

Certification Date: 14 Apr 2007
Expiration Date: 14 Apr 2012
IMO Number: 9095058

Certificate of Inspection

For ships on international voyages this certificate fulfills the requirements of SOLAS 74 as amended, regulation V/14, for a SAFE MANNING DOCUMENT.

Vessel Name SUNA X	Official Number 1190205	Call Sign WDD3905	Service Passenger (Inspected)
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Hailing Port KING COVE AK	Hull Material Aluminum	Horsepower 2400	Propulsion Diesel
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Place Built SEATTLE, WA UNITED STATES	Delivery Date 05Sep2006	Date Keel Laid 25May2005	Gross Tons R-92 I-109	Net Tons R-92 I-36	DWT 	Length R-88.6 I-88.6
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Owner ALEUTIANS EAST BOROUGH 3380 "C" STREET SUITE 205 ANCHORAGE, AK 99503-3952 UNITED STATES	Operator ALEUTIANS EAST BOROUGH 3380 "C" STREET SUITE 205 ANCHORAGE, AK 99503-3952 UNITED STATES
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This vessel must be manned with the following licensed and unlicensed personnel. Included in which there must be 0 certified lifeboatmen, 0 certified tankermen, 0 HSC type rating, and 0 GMDSS Operators.

1 Master	0 Master & 1st Class pilot	0 Radio Officer(s)	0 Chief Engineer	0 QMED/Rating
0 Chief Mate	0 Mate & 1st Class Pilot	0 Able Seamen/ROANW	0 1st Asst. Engr/2nd Engr.	0 Oilers
0 2nd Mate/OICNW	0 Lic. Mate/OICNW	0 Ordinary Seamen	0 2nd Asst. Engr/3rd Engr.	1 SENIOR DECKHAND
0 3rd Mate/OICNW	0 1st Class Pilot	0 Deckhands	0 3rd Asst. Engr.	1 QUALIFIED DECKHAND
			0 Lic. Engr.	

In addition, this vessel may carry 49 passengers, 0 other persons in crew, 0 persons in addition to crew, and no others. Total persons allowed: 53

Route Permitted and Conditions of Operation:

---Lakes, Bays, and Sounds---

COLD BAY, ALASKA.

THE SENIOR DECKHAND (HIGH SPEED) AND QUALIFIED DECKHAND (HIGH SPEED) SHALL BE DESIGNATED IN WRITING BY THE MASTER WITH A COPY RETAINED ON BOARD THE VESSEL. THE DECKHANDS SHOULD BE TRAINED AND QUALIFIED IN ACCORDANCE WITH THE GUIDANCE IN NAVIGATION AND VESSEL INSPECTION CIRCULAR NO. 5-01 CHANGE 1 AND 1-91 CHANGE 1 RESPECTIVELY.

IF THE VESSEL IS AWAY FROM THE DOCK, OR PASSENGERS ARE ON BOARD OR HAVE ACCESS TO THE VESSEL FOR A PERIOD EXCEEDING 12 HOURS IN A 24 HOUR PERIOD, AN ALTERNATE CREW SHALL BE PROVIDED.

SEE NEXT PAGE FOR ADDITIONAL CERTIFICATE INFORMATION

With this Inspection for Certification having been completed at Cold Bay, AK, the Officer in Charge, Marine Inspection, Western Alaska certified the vessel, in all respects, is in conformity with the applicable vessel inspection laws and the rules and regulations prescribed thereunder.

Annual/Periodic/Quarterly Reinspections			
Date	Zone	A/P/Q	Signature
11Jul2008	SEC Anchorage	A	Boucher, Samue
24Sep2009	SEC Anchorage	A	Williams, Kevi
21May2010	SEC Anchorage	A	Williams, Kevi
-	-	-	-

This Amended certificate issued by:

S. L. Johnson
S. L. Johnson, CDR, USCG, By direction

Officer in Charge, Marine Inspection

Western Alaska

Inspection Zone



Department of Homeland Security
United States Coast Guard

Certificate of Inspection

SUNA X

Certification Date:
14Apr2007

ONE CHILD'S LIFE PRESERVER SHALL BE CARRIED FOR EACH PERSON WEIGHING LESS THAN 90 POUNDS.

ALL VESSEL OPERATIONS MUST BE IN ACCORDANCE WITH THE ALEUTIANS EAST BOROUGH BHT 130 WD HOVERCRAFT TYPE OPERATING MANUAL APPROVED BY OCMI WESTERN ALASKA LETTER DTD MAY 15, 2007.

VESSEL MUST OPERATE WITHIN THE SPEED VERSUS SIGNIFICANT WAVE HEIGHT DATA CONTAINED IN MARINE SAFETY CENTER LETTER H1-061859 DATED JULY, 18, 2006 AS FOLLOWS:

SIGNIFICANT WAVE HEIGHT (FT)	MAXIMUM ALLOWABLE SPEED (KTS)	
	HEAD WINDS	BEAM WINDS
0.0	60.0	60.0
0.5	54.5	56.4
1.0	48.6	51.9
1.5	42.5	46.9
2.0	36.7	41.9
2.5	31.4	37.0
3.0	26.8	32.6
3.5	23.0	28.8
4.0	20.0	25.6
4.5	17.9	23.2
5.0	16.4	21.3
5.5	15.4	19.8
6.0	14.6	18.6
6.3	14.1	17.8
ABOVE 6.3 FEET	SEEK SHELTER AT SLOW SPEED	

VESSEL GRANTED SPECIAL CONSIDERATION BY OCMI PUGET SOUND LETTER DATED 31JAN06 FOR A FIRE MAIN SYSTEM W/ AN EQUIVALENT LEVEL OF SAFETY. THE FOLLOWING EQUIPMENT IS REQUIRED AT ALL TIMES: ONE (1) COAST GUARD APPROVED 33 GALLON DIRECT PRESSURE FFFP FOAM SYSTEM W/ 50 FOOT HOSE, ONE (1) COAST GUARD APPROVED 50 LB DRY CHEMICAL SYSTEM W/ 25 FOOT HOSE, & A COAST GUARD APPROVED AUTOMATIC FIRE SUPPRESSION SYSTEM IN ALL FOUR (4) ENGINE COMPARTMENTS.

VESSEL GRANTED SPECIAL CONSIDERATION BY OCMI PUGET SOUND LETTER DATED 31JAN06 FOR A BILGE SYSTEM W/ AN EQUIVALENT LEVEL OF SAFETY. THE FOLLOWING EQUIPMENT IS REQUIRED AT ALL TIMES: TWO (2) RULE 3500 GPH 24 DCV ELECTRIC PUMPS EACH FITTED W/ SUCTION HOSE WHICH CAN REACH BOTTOM OF ALL HULL VOIDS & DISCHARGE HOSE WHICH CAN REACH OVER THE SIDE FROM ALL POSITIONS ON THE CRAFT, TWO (2) 50 FOOT ELECTRIC CORDS, & TWO (2) ELECTRICAL RECEPTACLES SEPARATED TO ENABLE DEWATERING OF ANY FLOODED COMPARTMENT.

---Hull Exams---

Exam Type	Next Exam	Last Exam	Prior Exam
Drydock	31May2012	21May2010	11Jul2008
Internal Structure	31May2012	21May2010	11Jul2008

---Stability---

Letter Approval Date / 07Jun2007 Office/ Marine Safety Center

---Lifesaving Equipment---

	Number Persons		Required
Total Equipment for	53	Life Preservers (Adult)	53
Lifeboats (Total)	0	Life Preservers (Child)	6



Department of Homeland Security
United States Coast Guard

Certificate of Inspection

SUNAX

Certification Date:
14Apr2007

Lifeboats (Port) *	0	0	Ring Buoys (Total)	3
Lifeboats (Starbd) *	0	0	With Lights*	1
Motor Lifeboats*	0	0	With Line Attached*	1
Lifeboats W/Radio*	0	0	Other*	1
Rescue Boats/Platforms	0	0	Immersion Suits	0
Inflatable Rafts	3	56	Portable Lifeboat Radios	0
Life Floats/Buoyant App	0	0	Equipped with EPIRB?	Yes
Inflatable Bouyant App (IBA)	0	0	(* included in totals)	

---Fire Fighting Equipment---

Number of Fireman Outfits/ 0

Fixed Extinguishing Systems

Capacity	Agent	Space Protected
17	Halocarbon (Formerly: FM 200, FE241)	Port Lift Engine
17	Halocarbon (Formerly: FM 200, FE241)	Starboard Lift Engine
64	Halocarbon (Formerly: FM 200, FE241)	Port Engine Room
64	Halocarbon (Formerly: FM 200, FE241)	Starboard Engine Room

Fire Extinguishers - Hand portable and semi-portable

Qty	Class Type
1	A-II
1	B-I
5	B-II
1	B-IV
2	B-V

---Certificate Amendments---

Current Amendment

Port Amending/ Sector Anchorage Date Amended/ 21May2010

-Remarks-

COMPLETED CREDIT DRYDOCK AND INTERNAL STRUCTURAL EXAM. CHANGED MANNING.

1. Port Amending/ SEC Anchorage Date Amended/ 24Sep2009

-Remarks-

CORRECTED CONDITIONS OF OPERATION AND FIREFIGHTING DETAILS.

2. Port Amending/ SEC Anchorage Date Amended/ 11Jul2008

-Remarks-

Completed Credit Dry Dock Exam and Credit Internal Structural Exam.

END

Akutan - Akun Hovercraft Ferry Service
Proposed Budget

Item		Phase 2	Phase 3	Total	Comment
Labor		561,109	1,167,368	1,728,477	see Labor tab
Travel & Per Diem		180,832	458,550	639,382	see Travel & Per Diem tab
Maintenance & Repair	15%	19,182	219,082	238,265	estimated at 15% of the other direct costs
Consumables		7,848	39,241	47,090	see Consumables tab
Vendors		17,500	87,500	105,000	see Vendors tab
Legal		10,000	-	10,000	
Subtotal Direct Costs		796,472	1,971,742	2,768,214	
General & Administrative		60,000	144,000	204,000	fixed @ \$12,000 per month
B&O Tax	2.215%	18,971	46,864	65,835	WA State (1.8%) + City of Seattle (0.415%)
Subtotal with Fixed Fees & Taxes		875,442	2,162,606	3,038,048	
Profit @	10%	97,271	240,290	337,561	see Section V.J of the Ferry Service Plan
Grand Total		\$ 972,714	\$ 2,402,895	\$ 3,375,609	

Proposed Billing Model:

\$ 195,000	\$ 200,000
Phase 2 Pro-Forma	Phase 3 Pro-Forma
5 months: Apr-Aug'12	1 year: Sep'12 - Aug'13

Phase 2 - April 2012 thru August 2012					Phase 3 - September 2012 thru August 2013			
Item	Quantity	%	Unit Cost	Total	Item	Quantity	Unit Cost	Total
Direct Labor					Direct Labor			
Master	2	23%	99,750	45,719	Master	1	108,000	199,500
1st Officer/Pilot	2	23%	91,463	41,920	1st Officer/Pilot	1	96,000	182,925
Engineer	2	23%	82,350	37,744	Engineers			164,700
Deckhand	2	23%	52,613	24,114	Deckhand			105,225
General Manager	1	42%	132,000	55,000	General Manager	1	132,000	132,000
Total Direct Labor				204,497	Total Direct Labor			784,350
					Labor Contingency		7.5%	58,826
Indirect Labor					Indirect Labor			
Employee Benefits - Crew	8	23%	8,000	14,667	Employee Benefits	9	8,000	72,000
Employee Benefits - GM	1	42%	8,000	3,333	Employer Paid Taxes		12.28%	103,542
Employer Paid Taxes			12.28%	25,112				
Total Indirect Labor				43,112	Total Indirect Labor			175,542
Consultant Labor (estimated)					Consultant Labor (estimated)			
	<u>Days</u>		<u>Day Rate</u>			<u>Days</u>	<u>Day Rate</u>	
Seamasters	40		1,650	66,000	Seamasters	6	1,650	9,900
Hovertek	75		1,650	123,750	Hovertek	183	650	118,950
FORUS Consulting	75		1,650	123,750	FORUS Consulting	12	1,650	19,800
Total Consultant Labor	190			313,500	Total Consultant Labor	201		148,650
Total Labor - Phase 2				561,109	Total Labor - Phase 3			1,167,368

Item	Persons	Quantity	Unit Cost	Phase 2	Phase 3	Total	Comment
Airfares - Sea/Van to AEB							
Crew A - Training	4	3	2,000.00	24,000	-	24,000	three two week training sessions
Crew A - Operations	4	9	2,000.00	-	72,000	72,000	nine shifts for operating year
Crew B - Training	4	3	2,000.00	24,000	-	24,000	three two week training sessions
Crew B - Operations	4	9	2,000.00	-	72,000	72,000	nine shifts for operating year
General Manager - Phase 2	1	10	2,000.00	20,000	-	20,000	one trip per month
General Manager - Phase 3	1	18	2,000.00	-	36,000	36,000	one trip per month
Consultant Team - Phase 2	3	4	2,000.00	24,000	-	24,000	
Consultant Team - Phase 3	1	18	2,000.00	-	36,000	36,000	
Total Airfares				92,000	216,000	308,000	
Lodging/Accommodation							
Lodging in Cold Bay - Crew Training		2	2,750.00	5,500	-	5,500	June/July in Cold Bay, splitting \$4500 rent with Kvichak crew
General Manager - Phase 2	1	30	121.00	3,630	-	3,630	5 three day trips
Consultants - Phase 2	1	190	121.00	22,990	-	22,990	
Lodging in Akutan - Operations		13	4,500.00	-	58,500	58,500	estimate based on Cold Bay
General Manager - Phase 3	1	54	121.00	-	6,534	6,534	12 three day trips
Consultants - Phase 3	1	18	121.00	-	2,178	2,178	
Total Lodging				32,120	67,212	99,332	
Per Diem							
Crew A Per Diem - Training	4	42	102.00	17,136	-	17,136	six weeks training, four in Cold Bay, two in Akutan
Crew A Per Diem - Operations	4	183	102.00	-	74,664	74,664	
Crew B Per Diem - Training	4	42	102.00	17,136	-	17,136	six weeks training, four in Cold Bay, two in Akutan
Crew B Per Diem - Operations	4	183	102.00	-	74,664	74,664	
General Manager - Phase 2	1	30	102.00	3,060	-	3,060	
General Manager - Phase 3	1	54	102.00	-	5,508	5,508	
Consultants - Phase 2	1	190	102.00	19,380	-	19,380	
Consultants - Phase 3	1	201	102.00	-	20,502	20,502	
Total Per Diem				56,712	175,338	232,050	per diem rate of \$102 per GSA for Dutch Harbor
Total Travel & Per Diem				180,832	458,550	639,382	

Item	Quantity	Unit Cost	Phase 2	Phase 3	Total	Comment
Estimated Running Hours			200	1,000	1,200	
Fluids						
Engine Oil	12	850.00	1,700	8,500	10,200	
Engine Coolant	325	18.54	1,004	5,021	6,026	
Hydraulic Oil	5	67.35	56	281	337	
Other Lubricants	1	1,200.00	200	1,000	1,200	
Total Fluids			2,960	14,802	17,762	
Filters						
Engine Oil	48	25.00	200	1,000	1,200	
Engine Fuel	16	65.12	174	868	1,042	
Engine Induction	16	110.00	293	1,467	1,760	
Crankcase Breathers	32	172.05	918	4,588	5,506	
Total Filters			1,585	7,923	9,508	
Miscellaneous						
Gaskets	112	10.00	187	933	1,120	
Absorbents Pads & Shop Towels	20	130.00	433	2,167	2,600	
Drive Belts	8	262.50	350	1,750	2,100	
Hardware	32	125.00	667	3,333	4,000	
Shop Items	1	10,000.00	1,667	8,333	10,000	
Total Miscellaneous			3,303	16,517	19,820	
Total Consumables			7,848	39,241	47,090	
	Fuel	Hours	Rate	Gallons		
	CB/KC	120	77	9,240		
	Akutan - Phase 2	80	77	6,160		
	Akutan - Phase 3	1,000	77	77,000		
	Total Estimated Fuel Demand			92,000		Trident supplied, billed direct to AEB

Item	Quantity	Unit Cost	Phase 2	Phase 3	Total	Comment
Estimated Running Hours			200	1,000	1,200	
Pacific Power Products	80	200.00	2,667	13,333	16,000	placeholder for MTU engine support, 80 hours + travel
Spill Response Vendor	1	3,000.00	500	2,500	3,000	
Telecommunications	1	3,000.00	500	2,500	3,000	estimate @ \$250 per month, unless AEB can provide
Navigation & Electronics	1	10,000.00	1,667	8,333	10,000	emergent repair estimate
Hazardous & Oily Waste Disposal	1	12,000.00	2,000	10,000	12,000	
Shipping Costs	1	36,000.00	6,000	30,000	36,000	estimate
Tools	1	10,000.00	1,667	8,333	10,000	
Alaska Ship Supply	1	5,000.00	833	4,167	5,000	estimate of marine hardware & lifesaving equipment
Griffon Hoverworks	1	10,000.00	1,667	8,333	10,000	emergent repair estimate
	-	-	-	-	-	
Total Vendors			17,500	87,500	105,000	

Two Flights or more per Day

Crew B arrives on first flight on Wednesdays, travels back to village with Crew A operating the craft, Crew B observing as passengers. Between flights a complete craft turnover is conducted between the crews. Crew B takes charge for their three week shift and operates the craft back to Akun, with Crew A as passengers. Cycle repeats.

One Flight per Day – known in advance

On Wednesday, Crew A prepares the craft and operates the vessel to Akun, the First Officer and Deckhand of Crew A are all packed for departing by air. At Akun they meet the Captain and Engineer of Crew B. First Mate and Deckhand of Crew A disembark craft at Akun for flight home. On the return trip to the village:

- Crew A Master remains in charge,
- Crew B Master acts as First Officer,
- Crew A Engineer remains Engineer, and
- Crew B Engineer acts as Deckhand

This hybrid crew can then perform a complete turnover once the vessel has completed passenger service for the day, with the Captain and Engineer of each crew getting more than adequate time together. The following day, whether there is one flight per day or two, the balance of crew turnover takes place. The First Officers and Deckhands will only have time for a very short turnover on the second day of this exchange, but that seems reasonable given the lengthy turnover accorded between Masters and Engineers. Extra working days for any or all are accommodated by an “operational day rate” in employee contract.

One Flight per Day – little or no advance warning, crew enroute or in ANC

If all 8 can be accommodated in the village overnight ... In this case the crews will have to overlap in the village overnight, crew will accrue an additional operating day rate, and will depart the following day after turnover is complete.

If 6 can be accommodated in the village overnight ... Master and Engineer of Crew B fly to Akun, while First Officer and Deckhand stay in ANC. Turnover occurs as discussed above, with all of Crew A staying an extra night. The following day all of Crew A departs Akun by air as the balance of Crew B arrives.

If only 4 can be accommodated in the village overnight ... same as the preceding paragraph but the First Officer and Deckhand of Crew A depart craft at Akun bound for home via ANC, making room for living accommodation of arriving Crew B Master and Engineer. Departing Crew A may be able to do a turnover with First Officer and Deckhand of Crew B who are overnight in ANC. The following day the turnover completes as described above, with First Officer and Deckhand of Crew B arriving at Akun as the Captain and Engineer of Crew A depart for home.

No Flights

Everybody stays put and we pay the non-operating crew a “non-operational day rate” per the employee contract, while the operating crew gets the “operational day rate” as they are on-site and performing vessel maintenance, cleaning, training, et cetera, versus sitting in a hotel in SEA or ANC.

SUNA-X BHT 130

BLOCK: 4 CHECK: 1

DATE:

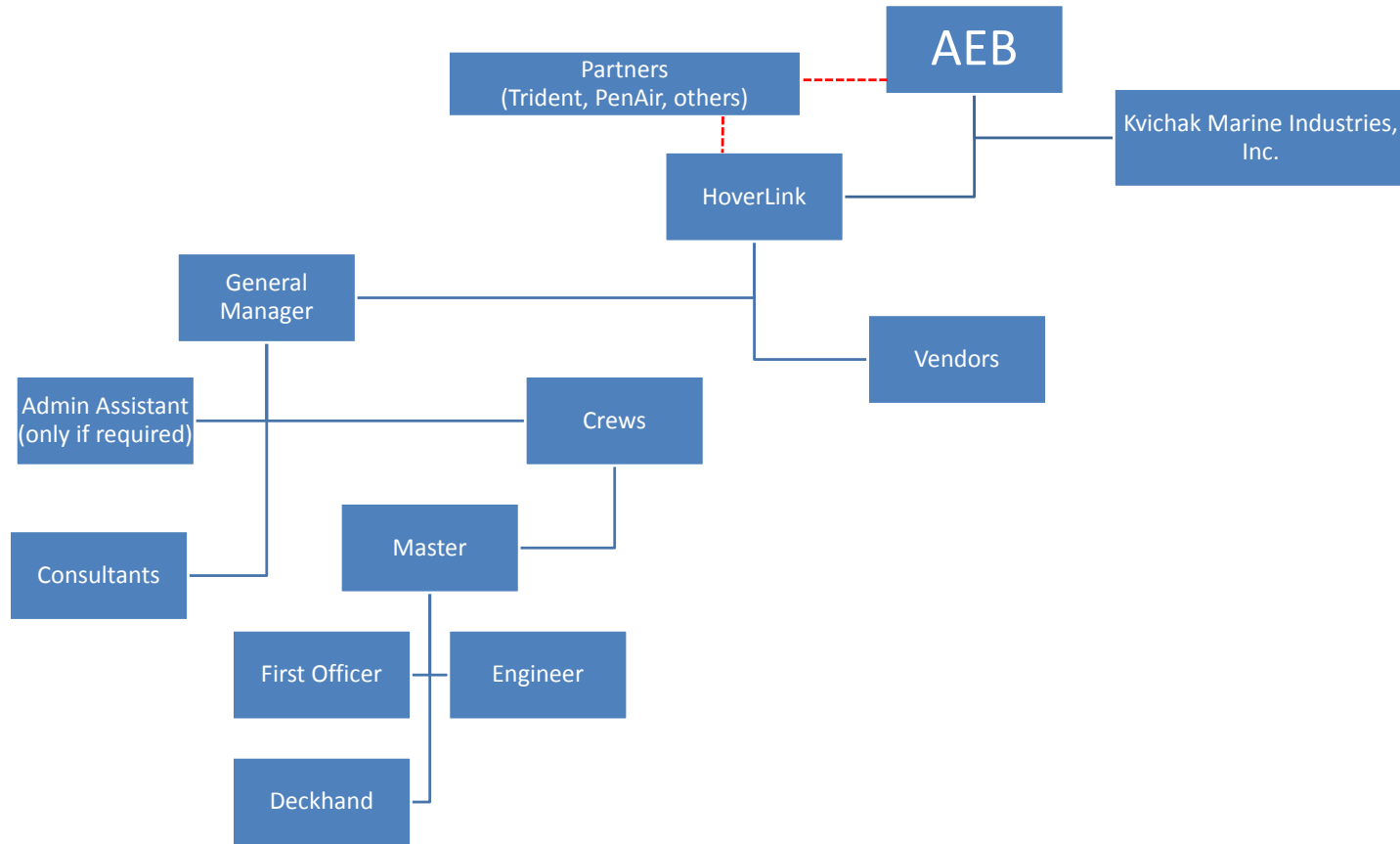
CRAFT HOURS:

TASK #	INSPECTION TO PERFORM Fire System	CHECK DUE				ENGINEERS SIGNATURE
		1	2	3	4	

1	Grease all Bow Thruster Bearings EP2	*	*	*	*	
2	Remove all deck hatches & check for water/liquid.	*	*	*	*	
3	Check condition of fuel supply lines, fire system pipe work and signs of oil leaks.	*	*	*	*	
4	Check Drive Belt tension by spring balance & adjust as required	*	*	*	*	
5	Fire System , Check wiring and detectors in engine bays for security, corrosion and serviceability. Perform system test	*	*	*	*	
6	Check all fire bottles, clean secure and correct pressure.	*	*	*	*	
7	Check operation of cabin and electrical bay smoke detectors	*	*	*	*	
8	Check Halton Fire Dampers, condition and operation.	*	*	*	*	

Comments

Akutan - Akun Hovercraft Ferry Service Organizational Chart



New Business



QAGAN TAYAGUNGIN TRIBE
P.O. BOX 447
SAND POINT, ALASKA 99661
(907) 383-5616
Fax (907) 383-5814

March 22, 2012

Aleutians East Borough
Mr. Stanley Mack Mayor
P.O. Box 349
Sand Point, Alaska 99661

Dear Mr. Mack,

It is that time of year again to begin preparations for our annual Culture Camp. This year will be our thirteenth year of having Culture Camp in Sand Point. The dates for camp this year are July 15, 2012 through July 27, 2012. Camp will start at 9:00 a.m. and end at 9:00 p.m. Monday through Friday for two weeks.

For the past twelve years Qagan Tayagungin Tribe has worked cooperatively with the US Fish & Wildlife Service, A/PIA, EATS, the Unga and Pauloff Harbor tribes, the Aleut and Shumagin Corporations, Aleutians East Borough and the City of Sand Point, Trident Seafoods, Peter Pan Seafoods, as well as various other businesses and organizations in the Aleutians to provide funding each year for the very successful Culture Camp for the Unangan youth and community members.

Last years camp was very successful with a total of 85 children from grades kindergarten through twelfth grade, and about 40 adult community members who participated in Culture Camp events. It takes a considerable amount of money to fund a camp in our community each year. We hope that you will continue to generously support the Sand Point Culture Camp with a generous donation of \$7,000 that we can apply to expenses for camp.

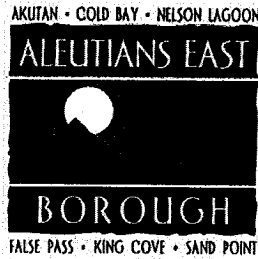
Please assist us to continue teaching our Unangan youth about their culture and traditions which helps them grow into strong Unangan adults knowledgeable in their traditional values and skills helping to continue keeping our culture alive in our community.

Thank you for your time and support for the Sand Point Culture Camp.

Sincerely,

Tiffany Jackson
Executive Director

A handwritten signature in black ink, appearing to read "Tiffany Jackson", written over the typed name.



REQUEST FOR CONTRIBUTION

THIS FORM MUST BE COMPLETED AND SUBMITTED BY **NOVEMBER 1 OR MAY 1** TO BE CONSIDERED BY THE AEB ASSEMBLY FOR FUNDING.

ORGANIZATION NAME: SAND PT SILVER SALMON DERBY

PERSON COMPLETING THIS FORM: RAYETTE MCGLASHAN

AMOUNT REQUESTED: \$ \$750 (An amount range is acceptable)

1. Who will benefit from this donation?

ALL SAND PT RESIDENTS Estimated number of AEB Residents

TRANSIENT FISHERMEN AND PROCESSORS Estimated number of Non-AEB Residents

ALL Ages

Is this activity open to all AEB residents? / /yes / /no If not, please explain.

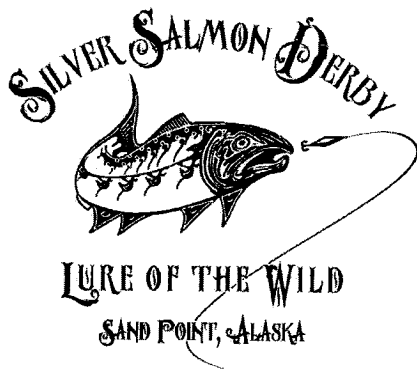
2. How does this contribution promote the best interests of the AEB? For example, tell us if this project/activity is related to the safety, health or well-being of residents. Specifically perhaps, it offers an alternative (to alcohol or drug abuse) recreation opportunity. Or supports the preservation of the Aleut culture or reinforces the subsistence life-style. Why should this activity receive AEB funds? Please limit your answer to no more than one page.

The Derby provides fun family activities that promote outdoor activities and community involvement. Photos of all the activities of the Sand Point Silver Salmon Derby can be found on Facebook. The Derby fund raiser raises funds for Boy & Girls Club, Culture Camp, EMS and Teen Center. All of these programs are important and would not exist without donations.

3. What is your estimated budget? Where does the AEB contribution fit into the budget? Who are, if any, the other donors? Please limit your answer to no more than one page.

Much of the funds raised are from raffles. Donations go towards purchasing raffle items. Donations also go towards necessary supplies. Attached is a list of last year's donators, which requests for donations will go out to again.

4. Are you willing to report back, without a reminder, to the Mayor and Assembly describing your project/activity within two months of the activity? / X /Yes / /No



Sand Point Silver Salmon Derby

PO Box 206

Sand Point, AK 99661

907-383-2664

rayettemcg@hotmail.com

April 30, 2012

Dear Mayor Mack and Assembly Members,

We would like to thank you for last year's \$500 donation. This is a request to the Aleutians East Borough to donate \$750.00 towards the purchase of prizes and supplies needed. The residents of Sand Point not only benefit from the derby activities but also benefit from the programs it raises funding for. The Sand Point Silver Salmon Derby donates its proceeds to the following programs; Culture Camp which serves children and adults of the Aleutians East Borough, Volunteer Sand Point Emergency Medical Services, Boys and Girls Club of Alaska-Sand Point, and the Sand Point Teen Center. Our estimated start-up budget necessary is \$6,000.00.

Sand Point Silver Salmon Derby is one of the biggest fundraising events of the year for the community which takes place in the Sand Point Boat Harbor over Labor Day weekend each year. Fish packets can be purchased Friday, August 31st during the dessert kickoff. Fishing begins Saturday at 7:00AM and continues until Monday September 3rd at 3:00PM. The prize ceremony will begin at 3:05PM. All activities and events will be posted prior to the beginning of the Derby.

Your participation and donation will be acknowledged in the published schedule of events. You can take pride in being a contributor to the 7th Annual Sand Point Silver Salmon Derby and your contribution will have a positive impact in our community. All donations should be received at the above address. Please feel free to contact me for further information, if needed. Funding and prize contribution requests will go out to all last year's donator's, see attachment list of last year's donators.

Past derby photos can be seen on Facebook-Sand Point Silver Salmon Derby. After the derby, a report will be submitted to In the Loop.

Thank you for your thoughtful consideration of this request.

Sincerely,

Rayette McGlashan

Chair Person

Special Thanks to the Committee Members:

Bob Barnett, Rayette McGlashan, Dennis McGlashan,
Carla Chebetnoy, Cherilyn Lundgren,
Tina Anderson, Jade Cromer, George Cromer

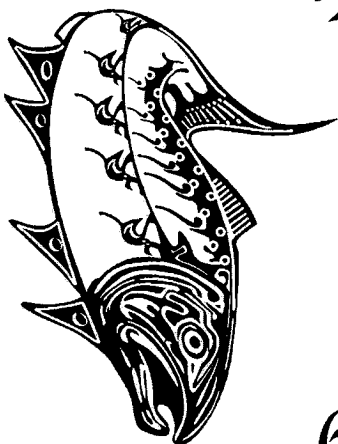
Thank you to all those who provided donations:

Pen Air, Peter Pan Seafoods,
Coastal Transportation, Alaska Central Express (ACE),
WASTAC Electronics, City of Sand Point, Trident Seafoods,
Alaska Commercial, Sand Pt. EMS, APIA, Paul Karlsen, Eastern
Aleutian Tribes, Dale Pedersen, Luke Ludvick, Alaska Railroad,
Healing Hands Massage, Laurel Street Spa & Chiropractic,
Aleutians East Borough, Alaska Wireless (GCI), Rhy & Angela
Verg-In, Marine View Bed & Breakfast, Full Metal Minerals,
Harbor Cafe

A SPECIAL THANKS TO ALL THE VOLUNTEERS WHO
HELPED MAKE THIS YEARS SALMON DERBY POSSIBLE!

6th Annual

SILVER SALMON DERBY

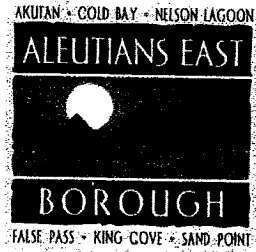


PURE OF THE WILD

SAND POINT, ALASKA

September 2nd - 5th 2011

Cold Bay
Silver Salmon
Derby



REQUEST FOR CONTRIBUTION

THIS FORM MUST BE COMPLETED AND SUBMITTED BY NOVEMBER 1 OR MAY 1 TO BE CONSIDERED BY THE AEB ASSEMBLY FOR FUNDING.

ORGANIZATION NAME: Cold Bay Volunteer EMS

PERSON COMPLETING THIS FORM: Sandy Lopez

AMOUNT REQUESTED: \$ (An amount range is acceptable)

1. Who will benefit from this donation?

≈ 50 Estimated number of AEB Residents

≈ 50 Estimated number of Non-AEB Residents

all Ages

Is this activity open to all AEB residents? /yes /no If not, please explain.

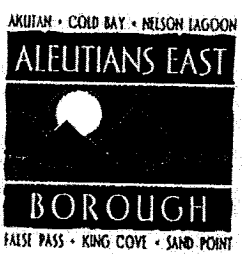
2. How does this contribution promote the best interests of the AEB? For example, tell us if this project/activity is related to the safety, health or well-being of residents. Specifically perhaps, it offers an alternative (to alcohol or drug abuse) recreation opportunity. Or supports the preservation of the Aleut culture or reinforces the subsistence life-style. Why should this activity receive AEB funds? Please limit your answer to no more than one page.

The SSD supports the volunteer EMS squad for Cold Bay which in turn supports the entire region as well as visitors.

3. What is your estimated budget? Where does the AEB contribution fit into the budget? Who are, if any, the other donors? Please limit your answer to no more than one page. Many private parties as well as businesses contribute to this event each year.

4. Are you willing to report back, without a reminder, to the Mayor and Assembly describing your project/activity within two months of the activity? /Yes /No

KVC
Scholarship
fund raiser



REQUEST FOR CONTRIBUTION

THIS FORM MUST BE COMPLETED AND SUBMITTED BY **NOVEMBER 1 OR MAY 1** TO BE CONSIDERED BY THE AEB ASSEMBLY FOR FUNDING.

ORGANIZATION NAME: King Cove Fire & Rescue

PERSON COMPLETING THIS FORM: Chris Babcock

AMOUNT REQUESTED: \$ 600.00 (An amount range is acceptable)

1. Who will benefit from this donation?
892 Estimated number of AEB Residents
300 Estimated number of Non-AEB Residents
All Ages

Is this activity open to all AEB residents? / /yes / /no If not, please explain. This is event open to everyone

2. How does this contribution promote the best interests of the AEB? For example, tell us if this project/activity is related to the safety, health or well-being of residents. Specifically perhaps, it offers an alternative (to alcohol or drug abuse) recreation opportunity. Or supports the preservation of the Aleut culture or reinforces the subsistence life-style. Why should this activity receive AEB funds? Please limit your answer to no more than one page.

See 2nd sheet

3. What is your estimated budget? Where does the AEB contribution fit into the budget? Who are, if any, the other donors? Please limit your answer to no more than one page.

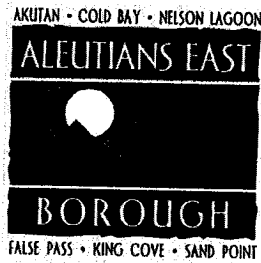
See 2nd sheet

4. Are you willing to report back, without a reminder, to the Mayor and Assembly describing your project/activity within two months of the activity? / /Yes / /No

Yes

How does this contribution promote the best interests of the AEB? For example, tell us if this project/activity is related to the safety, health or well-being of residents. Specifically perhaps, it offers an alternative (to alcohol or drug abuse) recreation opportunity. Or supports the preservation of the Aleut culture or reinforces the subsistence life-style. Why should this activity receive AEB funds? Please limit your answer to no more than one page. **This is an annual event for the whole family. The King Cove Fire & Rescue Picnic is the only fundraiser that we do. With the money we get it goes to help graduating seniors with scholarship money, city wide fireworks display and the Santa Parade. This event always has a good turn out and is well received.**

What is your estimated budget? Where does the AEB contribution fit into the budget? Who are, if any, the other donors? Please limit your answer to no more than one page. **This event cost the King Cove Fire & Rescue about \$1600.00. Here is some that donate every year city of King Cove, AC, Aleutian Housing, APIA Peter Pan Seafoods. This budget for the picnic is paid for by donations and money taken at the door of the event.**



REQUEST FOR CONTRIBUTION

THIS FORM MUST BE COMPLETED AND SUBMITTED BY **NOVEMBER 1 OR MAY 1** TO BE CONSIDERED BY THE AEB ASSEMBLY FOR FUNDING.

ORGANIZATION NAME: TEEN CENTER

PERSON COMPLETING THIS FORM: TINA ANDERSON

AMOUNT REQUESTED: \$ \$2000 (An amount range is acceptable)

1. Who will benefit from this donation?

60 SAND PT TEENS Estimated number of AEB Residents

UNKNOWN Estimated number of Non-AEB Residents

GRADE 7 THROUGH AGE 20 Ages

Is this activity open to all AEB residents? / /yes /X/no If not, please explain. ALL AEB RESIDENTS GRADE 7 THROUGH AGE 20

2. How does this contribution promote the best interests of the AEB? For example, tell us if this project/activity is related to the safety, health or well-being of residents. Specifically perhaps, it offers an alternative (to alcohol or drug abuse) recreation opportunity. Or supports the preservation of the Aleut culture or reinforces the subsistence life-style. Why should this activity receive AEB funds? Please limit your answer to no more than one page.

See attached letter.

3. What is your estimated budget? Where does the AEB contribution fit into the budget? Who are, if any, the other donors? Please limit your answer to no more than one page. **Funding would go towards payroll.**

Yearly budget costs: \$25,391

4. Are you willing to report back, without a reminder, to the Mayor and Assembly describing your project/activity within two months of the activity? / X /Yes / /No

Sand Point Teen Center

May 1, 2012

Dear Aleutians East Borough Mayor and Assembly:

This is a funding request for the Sand Point Teen Center. Thank you very much for the \$500 donation last year. Thanks to the support from AEB and other entities, the Teen Center was able to continue to operate another year. It has been such a great success so far and this has made such a positive impact in our community. The teens are enjoying a safe place to socialize and are participating in all the positive activities and events. All Sand Point teens grade 7 through age 20 can participate, the monthly total of teens attending is around 300.

Fund raising is an ongoing challenge in order to keep the Teen Center operating. Your contribution will help us meet our payroll and to purchase supplies. The teenagers are the future of Aleutians East Borough and we want to help build productive young adults for Aleutians East Borough's future and feel providing a good and safe environment for teens will have a positive effect on them.

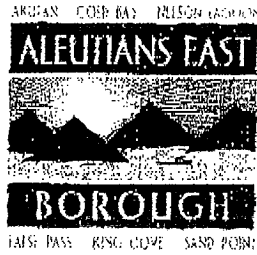
We now have internet access in the Center and an electronic basketball game has been added. The City of Sand Point is still providing us the location for the Teen Center and Unga Tribe is still providing accounting and payroll services. However, we need continual funding support to operate and build the program. Your help will go a long way to making our program a success.

Once again, we are asking you to donate to our Teen Center and thank you in advance for any support you give.

We are enclosing a donation for the Teen Center: ALEUTIANS EAST BOROUGH
(NAME(S))

\$500 _____ \$800 _____ \$1000 _____ \$2000 X _____ or other: \$ _____

Submit donation to:
Sand Point Teen Center
C/O Unga Tribal Council
PO Box 508
Sand Point, AK 99661



REQUEST FOR CONTRIBUTION

THIS FORM MUST BE COMPLETED AND SUBMITTED BY **NOVEMBER 1** OR **MAY 1** TO BE CONSIDERED BY THE AEB ASSEMBLY FOR FUNDING.

ORGANIZATION NAME: CITY of False Pass

PERSON COMPLETING THIS FORM: CHRIS EMPIER

AMOUNT REQUESTED: \$ 5000⁰⁰ (An amount range is acceptable)

1. Who will benefit from this donation?

38 Estimated number of AEB Residents

_____ Estimated number of Non-AEB Residents

All Ages

Is this activity open to all AEB residents? / yes / /no If not, please explain.

2. How does this contribution promote the best interests of the AEB? For example, tell us if this project/activity is related to the safety, health or well-being of residents. Specifically perhaps, it offers an alternative (to alcohol or drug abuse) recreation opportunity. Or supports the preservation of the Aleut culture or reinforces the subsistence life-style. Why should this activity receive AEB funds? Please limit your answer to no more than one page.

provides communication from Alaskan news source. Television for non-satellite subscribers. ARCS TV dish and transmittal repair.

3. What is your estimated budget? Where does the AEB contribution fit into the budget? Who are, if any, the other donors? Please limit your answer to no more than one page. \$15-15000

4. Are you willing to report back, without a reminder, to the Mayor and Assembly describing your project/activity within two months of the activity? / Yes / /No

George Cromer III

PO Box 269

Sand Point, Alaska 99661

March 8, 2012

Stanley Mack
Aleutians East Borough
PO Box 269
Sand Point, AK 99661

Dear Mayor Stanley Mack,

I am the K-12 Tobacco Prevention Coordinator for the Aleutians East Borough School District. With the school year almost over, we are making a big push to promote another awareness day know as Kick Butts Day. Kick Butts Day, is a national campaign to encourage youth to stand out, speak up, and seize control against big tobacco companies, is held on March 21, 2012. The Aleutians East Borough School District is joining thousands of youth across the country who have taken part in Kick Butts Day, a nationwide initiative that makes kids leaders in the effort to stop youth tobacco use. As part of Kick Butts Day celebration, AEBSD students are going to do a Cigarette Butt Clean Up and Community Outreach.

The Washington, DC-based Campaign for Tobacco-Free Kids is one of the largest non-governmental education and advocacy initiatives ever undertaken to decrease youth tobacco use in the United States. Tobacco-Free Kids strives to build a healthier future for our children by reducing tobacco use and exposure to secondhand smoke.

Throughout the year, young advocates take part in a variety of activities to protect kids from tobacco, including working with elected officials to develop policies that reduce youth tobacco use and exposure to secondhand smoke and educating their peers about tobacco companies' deceptive marketing practices. The Cigarettes Butts Clean up day will be done to raise awareness of the effects of discarded cigarette butts.

I am asking for a \$200.00 donation to purchase decorations such as: Banners, Ribbons, T-shirts, Rubber Bracelets, Water bottles that can be placed throughout our community and in our local schools.

Thank you for your consideration and time.
Sincerely,

George Cromer III
gcromer@aebsd.org
(907) 383-2393

City of Sand Point



March 1, 2012

Re: Annual Sand Point Community Clean-up

Dear Business Owner,

The Annual Sand Point Community Clean-up is just around the corner. As many of you have contributed to this event in the past, we are asking that you consider doing so again this year. We want to get as many business entities, fishing crews, families and individuals involved as we can this year to get our community looking its best!

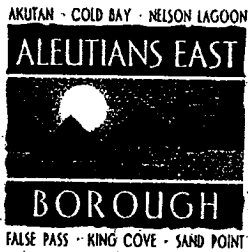
This year, we are aiming the Clean-up dates for May 9th-11th, weather permitting. The community will have the 9th, 10th, and until noon on the 11th to clean up and earn a chance at one of many great prizes. The 11th will be the cleanup with students from the school, followed by a BBQ and prize drawings for those who participated. The prize drawing gives everybody more incentive to do a great job cleaning up our community. We are asking you for your support. We greatly appreciate any donation of items for prizes or money for food or prizes.

Thank you for your time and consideration. We look forward to hearing from you.

Sincerely,

Jade Cromer
Jade Cromer
City Clerk

City Office
P.O. Box 249
Sand Point, Alaska 99661
(907)383-2696
(907)383-2698 FAX



REQUEST FOR CONTRIBUTION

THIS FORM MUST BE COMPLETED AND SUBMITTED BY **NOVEMBER 1 OR MAY 1** TO BE CONSIDERED BY THE AEB ASSEMBLY FOR FUNDING.

ORGANIZATION NAME: King Cove Recreation Dept

PERSON COMPLETING THIS FORM: Charlotte Hanson

AMOUNT REQUESTED: (Any Amount will help. thanks) (An amount range is acceptable)

1. Who will benefit from this donation?

All Residents of King Cove. Estimated number of AEB Residents

King Cove. Estimated number of Non-AEB Residents

All Ages Ages

Is this activity open to all AEB residents? / yes / no If not, please explain.

this activity is open to all King Cove Residents

2. How does this contribution promote the best interests of the AEB? For example, tell us if this project/activity is related to the safety, health or well-being of residents. Specifically perhaps, it offers an alternative (to alcohol or drug abuse) recreation opportunity. Or supports the preservation of the Aleut culture or reinforces the subsistence life-style. Why should this activity receive AEB funds? Please limit your answer to no more than one page.

To keep our community clean and healthy

3. What is your estimated budget? Where does the AEB contribution fit into the budget? Who are, if any, the other donors? Please limit your answer to no more than one page.

We have no actual budget set for this event, we are in the process of requesting funds to purchase prizes and food for BBQ for our annual Community Clean up Day for all residents of King Cove who have participated in this event. Last year we had ipads, motor scooters, and nice other prizes given for all who picked up trash and

4. Are you willing to report back, without a reminder, to the Mayor and Assembly describing your project/activity within two months of the activity? / Yes / No received a ticket for drawing

Letter attached

King Cove Community Center
PO Box 37
King Cove, Alaska 99612

Aleutian East Borough
General Delivery
King Cove, Alaska 99612

We are in the process of getting ready for our **Annual Clean-up** day, as soon as the weather improves and the snow is gone. We are asking business in our community for donations to help fund this event. This year we will have prizes for everyone that participates. After the clean up we will provide hot dogs, hamburgers, chips, soda and juice for all the hard work cleaning up our community. We are planning to have the clean up on the first nice day in May 2012.

Your company can help us by providing in the form of funds to purchase food or buy donating goods and services. Please let me know if you can help with any donation.

Thank you in advance for your support.

Sincerely,



Charlotte Hansen
Community Recreation Dept

REPORTS AND UPDATES

To: Honorable Mayor Mack and AEB Assembly
From: Anne Bailey, Community Development Coordinator
Subject: Assembly Report
Date: May 21, 2012

Cold Bay Clinic

The Denali Commission has approved the Cold Bay Clinic Business Plan and is preparing the signatory forms for design funds. I will work closely with the City and EAT throughout the design process. Since we did not receive HRSA or Rasmuson Foundation funds for clinic construction having the design will bring us one step closer to being “shovel ready” and getting construction funds in the future.

Akutan Harbor

Denali Drilling and Shannon & Wilson finally arrived in Akutan to gather geotech information for the harbor floats. Due to weather delays, they were authorized extra shifts to complete the 5th borehole. The work has been completed and they will provide the Borough with a copy of their findings soon.

I am attending the weekly U.S. Army Corps of Engineer meetings for the Akutan Harbor while we are in transition between Administrators and helped the Corps obtain required information to continue dredging.

I am still working with EDA on the grant application for the Akutan Harbor Floats and am waiting to hear about a notice of award. I am also considering applying for a State of Alaska Harbor Facilities Grant for further float construction fund.

Akutan and False Pass Harbor Mitigation Measures

Oil Spill Response

Meeting spill response requirements set out by the Fish & Wildlife Service is an Akutan and False Pass Harbor Mitigation Measure. In order to do this, we are entering into a contract with the Alaska Chadux Corporation who will assist the Borough in meeting these goals. Alaska Chadux will complete a site assessment and Geographic Response Strategy; help the Borough with equipment acquisition, preparation and staging and train the initial responders.

Akutan Beach Cleanup

On March 19, 2012, I submitted a Marine Conservation Alliance to clean approximately 5.5 miles of beach from the Old Whaling Station to the City of Akutan that is littered with marine debris. The quantity of garbage was not large enough, so, we were denied these funds. This beach cleanup will still need to occur prior to the harbor opening. I am working with the City on arranging this.

False Pass Beach Cleanup

The City of False Pass will be conducting a voluntary beach cleanup (followed by a picnic) to

satisfy the harbor mitigation measure. I sent them garbage bags and latex gloves to assist with the cleanup. Pictures will be posted in a future *In the Loop*.

Dock/Harbor Management Agreements

I am in the process of updating the Cold Bay Dock Management Agreement and have supplied a draft Akutan Harbor Management Agreement to the City of Akutan for review. The False Pass Harbor Management Agreement also needs to be updated.

SWAMC Capital Improvement Project Lists

I have been working with all of the communities on updating their capital improvement project lists for SWAMC. The Borough list includes all of the projects in the communities that are currently in progress, planned for future activity and are needed/wanted activities. Having projects on this list is extremely important for EDA funding and other grant opportunities.

Other Items of Interest

- On May 2-3-, 2012, I attended a Community Development Block Grant Management training in Anchorage. It was nicely run and I learned quite a bit about the program.
- On May 30, 2012, I will be attending the Grants Symposium hosted by the Alaska Congressional Delegation. It will occur from 8:30 to 12:30 at the Dena'ina Center.
- I will be travelling to the region from June 14-17th and will have the opportunity to visit King Cove and then take the ferry to False Pass and Akutan. I am excited about this trip and think it will benefit me greatly to see all of the things I have been writing about.
- United States Postal Service Update: The USPS has shifted tack on rural postal office closings moving towards scaling back hours instead. It forecasts \$500 million in savings and dodges some of the Congressional heat over its earlier proposals to close many rural offices. Alaska has over 125 postal offices that will face changed hours (largely reduced but in some cases increase) under this proposal. The following AEB offices will be affected as follows: Cold Bay – reduced from 8 to 6 hours/day; Akutan – reduced 8 to 6 hours/day and False Pass – increased from 4 to 6 hours/day.
- Cold Bay Airport Update: QAP has begun staging equipment in Cold Bay for the Airport project. Most of the equipment and materials will be landed at the barge landing north of town. Some of the lighter equipment will be brought out on the Tustemena later in June and brought in over the city dock. The principal work items are upgrading the runway safety areas to current standards with some minor electrical work and resurfacing the North Apron and Taxiway C. All work on the project is scheduled to be complete by October 1, 2012.

Finally, I am continuing to work on the False Pass Harbor Utility Project and Breakwater Extension and the Cold Bay Comprehensive Plan. I am also prepping for the “Read a Book – Watch a Movie” program in Sand Point. I have been extremely busy in the absence of a Borough Administrator. I have taken on many projects and have been attending the Akutan Harbor Army Corps of Engineer meetings, have begun attending King Cove Harbor Road Meetings and others.

Please contact me at (907) 274-7580 or abailey@aeboro.org if you have any questions, concerns, or comments.

To: The Honorable Mayor Mack, Aleutians East Borough Assembly
From: Ernie Weiss, Natural Resources Director
Subj: Report to the Assembly
Date: May 22, 2012

Cold Bay Boat Ramp Rehabilitation

This project is now moving forward quickly, albeit not soon enough for the community of Cold Bay boat ramp users. The Mayor and City Council closed the boat ramp at their May meeting due to severe erosion from winter runoff. Our first loads of gravel should arrive from King Cove on the Tustumena on 6/1, and the engineers construction drawings will also be complete on June 1st. Harlen Newman will be the foreman for the local labor / local equipment force account, since no proposals were received for the construction contractor RFP. I will continue to coordinate with the City as project manager.

Alaska Seafood Marketing Institute

I spoke to the ASMI Board of Directors during public comment at their May 14th meeting in Anchorage, to make a statement about the AEB goal to ship live seafood product out of Cold Bay. Later in the day Mayor Mack and I joined VIP's and others for the ASMI sponsored Great Alaska Cook-Off beginning with a ride on the Alaska Railroad. I will be making a presentation about the Cold Bay Live Seafood Shipping Hub concept at a forum sponsored by ASMI, June 26th at the Captain Cook in Anchorage.

North Pacific Fishery Management Council

The June NPFMC meeting in Kodiak beginning June 6th will feature agenda item C-1 Halibut Bycatch, including *Final Action on Halibut Prohibited Species Catch (PSC) in the Gulf of Alaska*. The document for this action is 650 pages and includes options for reducing GOA halibut PSC by 5%, 10% & 15%. The Advisory Panel meets June 4th - 8th and as a member of the AP, I will be in Kodiak all that week.

Steller Sea Lion Mitigation Committee

I have been appointed to the SSLMC by NPFMC Chairman Olsen. The SSLMC has been reconstituted to work on possible EIS alternatives for SSL mitigation measures in the Aleutian Islands. We will be meeting each month through November, and the first meeting of the reconvened committee is by teleconference on May 31 @ 9AM. I will be calling in to that meeting from the Sand Point AEB office.

Western Alaska Salmon Stock Identification Project

The WASSIP informational meeting in Sand Point June 1st @ 10AM will be video-conferenced to the King Cove School and teleconferenced to the other AEB communities. This meeting will also include the 2012 AEB Salmon Pre-season meeting. The WASSIP committee met again on May 16, and the process continues as scheduled towards the public release of the report this fall. Sam Cotten and I will join committee members including Dick Jacobsen, Denby Lloyd & Pat Martin for the June 1st meeting in Sand Point. ADF&G staff Eric Volk, Chris Habicht & Aaron Poetter will also be on hand for the meeting.

Other Resources Issues

The 2012 Alaska Peninsula Oil and Gas Competitive Lease Sale on May 16 netted zero bids, despite the passage of SB 23 by the Alaska Legislature, giving tax incentives for oil and gas exploration in several basins including the Port Moller area basin. There have been no bids in the AK Peninsula sale since 2007.

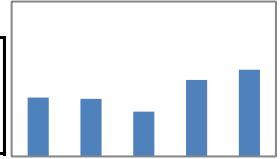
As of this writing, the Redistricting Cases remain in the courts unresolved. The 'interim plan' is taking shape although various parties have objected, and the legislative candidate filing deadline is still looming. I will be prepared to give an update on the status of Redistricting at this Assembly meeting if requested.

I attended the Izembek Land Trade meeting in Anchorage May 3rd, along with many friends and relatives. The facts and the emotion were indisputably in favor of a road connecting King Cove to Cold Bay that evening. Congratulations and thanks to everyone who participated at any of the public meetings this month or submitted comment on the Draft EIS by May 18th.

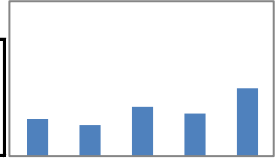
AEB FISH Taxes

5 year summary by month (March - June)

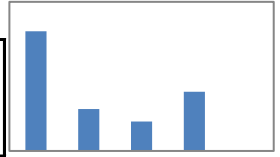
Mar-08	Mar-09	Mar-10	Mar-11	Mar-12
\$ 379,965.44	\$ 372,861.20	\$ 289,385.18	\$ 493,845.06	\$ 560,244.35



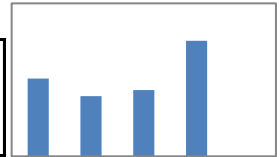
Apr-08	Apr-09	Apr-10	Apr-11	Apr-12
\$ 120,275.75	\$ 99,761.39	\$ 158,932.89	\$ 137,158.52	\$ 218,828.49



May-08	May-09	May-10	May-11	May-12
\$ 401,646.03	\$ 140,380.33	\$ 98,371.53	\$ 198,241.25	\$ -

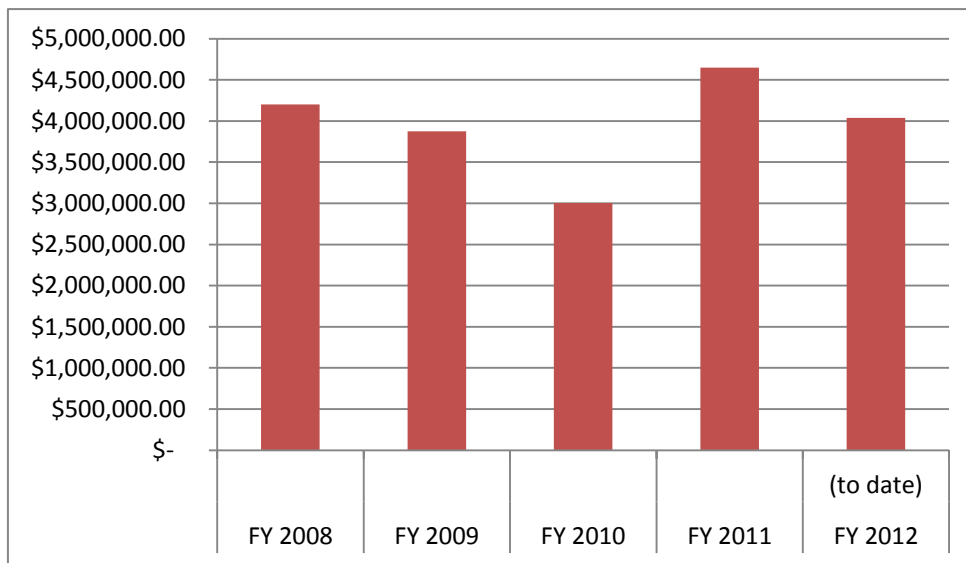


Jun-08	Jun-09	Jun-10	Jun-11	Jun-12
\$ 508,504.90	\$ 393,360.77	\$ 433,829.23	\$ 754,521.05	\$ -



Total AEB Fish tax, 5 year review

FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 (to date)
\$ 4,202,059.69	\$ 3,874,225.81	\$ 3,002,596.00	\$ 4,647,348.88	\$ 4,037,368.86



**Trip Report to
Aleutians East Borough and Area M Seiners Association**

May 21, 2012

In mid-May 2012, I traveled to Anchorage to attend a meeting of the Western Alaska Salmon Stock Identification Project (WASSIP) Advisory Panel plus associated meetings with individual AP representatives and staff of the Alaska Department of Fish and Game (ADF&G).

This was a regular meeting of the WASSIP AP to review sockeye salmon and chum salmon escapement estimates for WASSIP reporting groups, review uncertainties associated with calculating harvests in WASSIP area fisheries, agree to specificity of reporting units for description of harvest rates, review options on when very small estimates of stock composition ought to be recognized as zero, and decide on how to treat strata with no samples for stock composition (e.g., late season catches).

These were interesting topics, although the process is reaching into very fine details at this point. The WASSIP AP is functioning well, even in the face of potentially contentious issues.

As part of the planned outreach for WASSIP, Eric Volk and Chris Habict will be traveling to Sand Point for a community information meeting on June 1. I will be joining them, as will Pat Martin (WASSIP AP technical advisor for CAMF).

The remainder of the meeting comprised updates and meeting logistics. We are scheduled to meet again on August, 30, 2012. Throughout the summer, however, and into the fall there will be quite a few draft documents and reports to review on short notice. While these draft reports must not be distributed broadly, we may still want to have Ernie, Sam, or other folks review them with me. I will share them as appropriate and hope to gather input in a timely fashion.

Date & Location of Next Meeting

Adjournment