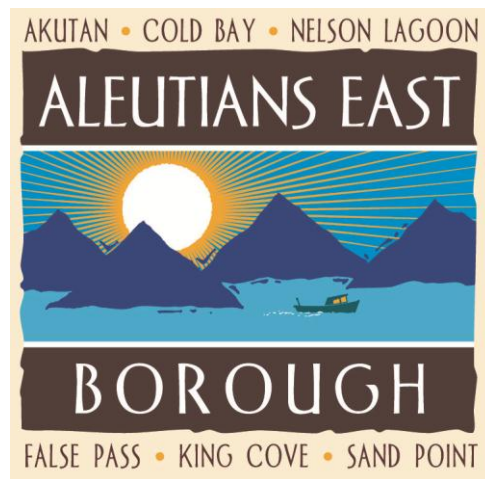


Aleutians East Borough Assembly Meeting

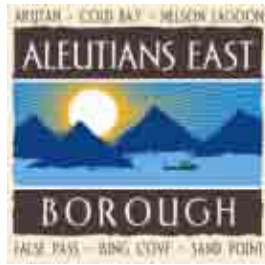


Workshop: Tuesday, February 19, 2013 – 3:00 p.m.

Meeting: Tuesday, February 19, 2013 – 6:00 p.m.

Roll Call & Establishment of a Quorum

Adoption of Agenda



Agenda

Assembly Meeting

(packet available on website www.aleutianseast.org)

Date: February 19, 2013

Time: Workshop 3:00 p.m. Meeting: 6:00 p.m.

Location: AEB Anchorage office and teleconference locations below:

King Cove -AEB office	Sand Point – AEB office
Nelson Lagoon -Corp.office	False Pass - city office
Akutan- city office	Cold Bay – city 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
 - January 10, 2013 Minutes
5. Financial Reports
 - Financial Reports
 - January 2013
 - Investment Reports
 - January 2013
6. Consent Agenda
 - Resolution 13-18, Approving Participation in the FY14 Community Revenue Sharing Program.
 - Resolution 13-19, Supporting the Permanent Presence of the United States Coast Guard in Cold Bay.
 - Introduction Ordinance 13-05, Amending the FY 13 Budget.
7. Old Business
 - Approval of Hoverlink Contract (*tabled at the November 13, 2012 Assembly mtg.*)
8. New Business
 - Advisory Member Appointments-False Pass, Cold Bay
9. Reports and Updates
10. Assembly Comments
11. Public Comments
12. Next Meeting Date and Time
13. Adjournment

Community Roll Call & Public Comment on Agenda Items

Minutes

Aleutians East Borough
January 10, 2013
4:00 P.M.

CALL TO ORDER

Mayor Mack called the January 10, 2013 Assembly meeting to order at 4:00 p.m. 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	Present
Joe Bereskin, Sr.	Present
Brenda Wilson	Present

Advisory Members:

Nikki Hoblet, False Pass	Present
Harold Kremer III	Present
Justine Gundersen	Present

A quorum was present.

Staff Present:

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

Adoption of Agenda:

AGENDA ADDITION

Paul moved to add Resolution 13-17, Supporting the Appointment of Larry Edfelt to the Alaska Board of Fisheries and second by Carol. Hearing no objections motion is approved.

MOTION

Ken moved to adopt agenda and second by Bill. Hearing no objections motion passed.

Community Roll Call and Public Comments on Agenda Items:

Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, Sand Point, Anchorage office.

Minutes, December 18, 2012:

MOTION

Brenda moved to approve the December 18, 2012 Minutes and second by Carol. Hearing no objections minutes are approved.

Financial Report, December:

MOTION

Brenda moved to adopt the December Financial Report and second by Bill.

Finance Director said everything is tracking along fine. Under Other, Misc. Expense, there is a \$85,326 expenditure. She explained it is for FY 12 PERS salary caused by changes in the rules made by legislature in 2008. This is the amount AEB is required to pay for this year. She said we never know what it is going to be so difficult to budget. She added that an amendment will be done during the mid-year budget revision.

ROLL CALL

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

RESOLUTIONS

Resolution 13-16, Supporting Comments to the North Pacific Fishery Management Council Regarding Western Gulf of Alaska Groundfish Management Proposals:

MOTION

Paul moved to adopt Resolution 13-16 with changes on last WHEREAS and on THEREFORE BE IT RESOLVED to add, and Central Gulf. Second by Bill.

DISCUSSION

Paul said there is a desire to work with the Central. The Resource Director reviewed the resolution adding that it is important to show that we are concerned with the Central Gulf as well as the Western Gulf. Kodiak has been meeting and he has been meeting with some of the groups there. Council will take up some proposals so it is appropriate.

ROLL CALL

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

Resolution 13-17, Supporting the appointment of Larry Edfelt to the Alaska Board of Fisheries:

MOTION

Carol moved to accept and second by Bill.

DISCUSSION

Paul said Larry Edfelt was on the Board of Fisheries before and everyone respects the job he did last time. Good for the State of Alaska if the Governor decides to appoint him. Joe said he does not know Edfelt and asked if there are other names submitted. Mayor Mack said a sports fishermen from Cordova but not sure what his name is. Joe feels a fisherman better than a sports fisherman. Mayor Mack added that Edfelt worked for ADF&G and served on the Board of Fisheries for years.

ROLL CALL

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

PUBLIC HEARING

Public Hearing Ordinance 13-04, amending Title 6, Chapter 6.04, Section 6.04.041, Subsection (F), Investments Purpose and Limitations of the Borough Code of Ordinances:

MOTION

Joe moved to adopt Ordinance 13-04 and second by Ken.

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

ROLL CALL

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

OLD BUSINESS

NEW BUSINESS

AEB Code, Title 3, Section 3.02.100, Assembly Approval of Contracts – Discussion only:

Paul felt that the allowable amount without Assembly approval is high considering the size of AEB. Other municipalities have different dollar limits the Administrator can spend without Assembly approval, Kodiak has a \$25,000 limit and feels that amount could be reasonable.

Mayor Mack said he and the Assembly are scattered come June, July, August. A lot of things happen during that time when we start doing our repairs and maintenance. There are times when we have had to expend \$80,000. If we reduce that, we may stifle projects. He would be inclined to leave it as it is.

Bill does not have a problem with any of it as long as the Assembly has been kept in the loop, informing Assembly of large contracts.

Brenda was concerned that having a limit too low might increase the amount of meetings necessary and does not support a lower limit.

MOTION

Paul moved to introduce an ordinance at the next meeting to lower the contract limit to \$25,000 without Assembly approval (Title 2, Section 3.02.100). Second by Ken.

DISCUSSION

Paul feels our budget is tight this year and tighter in the future and it doesn't take very long to have a teleconference. He supports having a lower limit with good discussion.

Joe and Marvin agree with Mayor Mack and support leaving limit at \$100,000.

ROLL CALL

Paul-yes, Ken-no, Carol-no, Marvin-no, Bill-no, Joe-no, Brenda-no. Advisory: Nikki-no, Harold-no, Justine-no. MOTION FAILED.

Board of Fisheries Attendance:

Mayor Mack suggested sending ten people to Board of Fisheries meeting.

Paul asked the Finance Director how many the budget will allow. The Finance Director said 10 people is fine.

MOTION

Paul moved to authorize sending ten to the Board of Fisheries meeting in February and names to be authorized by the Mayor for approval. Second by Bill.

Mayor Mack said he will distribute attendees amongst communities and gear types and also propose to meet regarding the proposals.

ROLL CALL

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

REPORTS AND UPDATES

Reports are in packet.

Hovercraft Update: The Administrator said the hovercraft was expecting to transport 200 passengers. He said the hovercraft transported 180 just the other day, but because of weather has been limited. Ken said on Sunday we got 120 passengers over to Akutan, on Wednesday 80 passengers adding that it is a question of weather permitting.

NPFMC: February 4 – 11 in Portland, Oregon.

ASSEMBLY COMMENTS

Ken commended the Communications Manager for her efforts on the crisis communications plan. Tanis said she is still in the beginning stages and the plan will address how communications are released.

Paul recommended that the Mayor and Weiss follow the redistricting development. Hopefully we can join other communities and have our own map and be ahead as it develops.

PUBLIC COMMENTS

Paul Day, City of Sand Point Administrator, thanked AEB for the small boat harbor construction project funding. City is ready to put the project out to bid next week. Refurbishing small boat harbor design is complete and should have contractor on board around April or May. Will start working on a transfer soon. Project revenues are \$5M from State of Alaska, \$3M city revenue and \$2M from AEB. Legislative priorities for the city are to refurbish the city dock and water/sewer lines to new boat harbor. There is a potential for another seafood processor in Sand Point and the city is in the process of leasing property to them in the new harbor. Regardless of whether they show up or not it is a step in the right direction. We will also seek more money for paving projects. The revenue we do have for paving will not accomplish what we need done so no paving until 2014. He felt Brechan Enterprises did a good job paving around the school, improving the property. Qagen Tayagungin Tribe is also working towards getting funding to pave the harbor road.

Gary Hennigh, City of King Cove Manager, said King Cove supports the Sand Point rehabilitation project. In that same spirit, may be looking for extra funding for King Cove's hydro project. He pointed out the issue of the swell coming into the new harbor. The Corps of

Engineers, water resources development is the appropriate funding bill if we can get a fix to the harbor entrance.

NEXT MEETING DATE & TIME

February 19 in Anchorage prior to SWAMC February 20-22.

ADJOURNMENT

Paul moved to adjourn and second by Bill. Hearing no objections the meeting adjourned at 5:00 p.m.

Mayor Date

Clerk Date

Financial Report

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*Revenue Guideline©

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Current Period: JANUARY 12-13

		12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Fund 01 GENERAL FUND						
Active	R 01-201 INTEREST REVENUE	\$35,000.00	\$8,046.08	\$3,333.17	\$26,953.92	22.99%
Active	R 01-203 OTHER REVENUE	\$7,000.00	\$94,545.51	\$6,450.11	-\$87,545.51	1350.65%
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	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-218 AEB RAW FISH TAX	\$3,200,779.00	\$1,883,851.34	\$187,785.51	\$1,316,927.66	58.86%
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	\$1,664,919.00	\$2,033,096.94	\$0.00	-\$368,177.94	122.11%
Active	R 01-266 STATE EXTRATERRITORIA	\$243,084.00	\$0.00	\$0.00	\$243,084.00	0.00%
Active	R 01-267 STATE FISH LANDING TAX	\$53,571.00	\$49,776.49	\$0.00	\$3,794.51	92.92%
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	\$542,712.00	\$575,711.00	\$575,711.00	-\$32,999.00	106.08%
Active	R 01-276 AEB SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-277 STATE BOND REBATE	\$1,045,454.00	\$604,703.00	\$327,868.00	\$440,761.00	57.84%
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	\$15,123.00	\$0.00	\$21,133.00	41.71%
	Total Fund 01 GENERAL FUND	\$7,387,785.00	\$5,294,853.36	\$1,101,147.79	\$2,092,937.64	71.57%

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*Expenditure Guideline©

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Current Period: JANUARY 12-13

		12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Fund 01 GENERAL FUND						
DEPT 100 MAYORS OFFICE						
Active	E 01-100-000-300 SALARIES	\$68,985.00	\$41,689.76	\$5,955.68	\$27,295.24	60.43%
Active	E 01-100-000-350 FRINGE BENEFITS	\$27,810.00	\$15,950.24	\$2,279.06	\$11,859.76	57.36%
Active	E 01-100-000-400 TRAVEL AND PER	\$36,000.00	\$17,298.47	\$3,589.93	\$18,701.53	52.54%
Active	E 01-100-000-425 TELEPHONE	\$2,400.00	\$793.23	\$109.47	\$1,606.77	33.05%
Active	E 01-100-000-475 SUPPLIES	\$1,000.00	\$504.99	\$0.00	\$495.01	50.50%
Active	E 01-100-000-554 AK LOBBIST	\$36,000.00	\$26,864.27	\$4,097.59	\$9,135.73	74.62%
Active	E 01-100-000-555 FEDERAL LOBBIS	\$75,600.00	\$44,100.00	\$6,300.00	\$31,500.00	58.33%
SUBDEPT 000		\$247,795.00	\$147,200.96	\$22,331.73	\$98,979.74	59.40%
Total DEPT 100 MAYORS OFFICE		\$247,795.00	\$147,200.96	\$22,331.73	\$98,979.74	59.40%
DEPT 105 ASSEMBLY						
Active	E 01-105-000-300 SALARIES	\$25,000.00	\$9,000.00	\$2,000.00	\$16,000.00	36.00%
Active	E 01-105-000-350 FRINGE BENEFITS	\$56,000.00	\$37,305.70	\$4,769.80	\$18,694.30	66.62%
Active	E 01-105-000-400 TRAVEL AND PER	\$40,000.00	\$10,893.00	\$2,500.00	\$29,107.00	43.31%
Active	E 01-105-000-425 TELEPHONE	\$4,500.00	\$2,403.26	\$348.99	\$2,096.74	53.41%
Active	E 01-105-000-475 SUPPLIES	\$500.00	\$0.00	(\$2,500.00)	\$500.00	0.00%
SUBDEPT 000		\$126,000.00	\$59,601.96	\$7,118.79	\$59,968.04	47.30%
Total DEPT 105 ASSEMBLY		\$126,000.00	\$59,601.96	\$7,118.79	\$59,968.04	47.30%
DEPT 150 PLANNING/CLERKS DEPARMENT						
Active	E 01-150-000-300 SALARIES	\$81,160.00	\$48,857.16	\$7,328.24	\$32,302.85	60.20%
Active	E 01-150-000-350 FRINGE BENEFITS	\$33,524.00	\$17,425.18	\$2,654.79	\$16,098.82	51.98%
Active	E 01-150-000-400 TRAVEL AND PER	\$12,500.00	\$2,306.00	\$0.00	\$10,194.00	26.32%
Active	E 01-150-000-425 TELEPHONE	\$7,500.00	\$3,633.44	\$568.28	\$3,866.56	49.96%
Active	E 01-150-000-450 POSTAGE/SPEED	\$1,500.00	\$96.94	\$15.99	\$1,404.06	6.40%
Active	E 01-150-000-475 SUPPLIES	\$9,000.00	\$3,573.06	\$371.75	\$5,426.94	39.70%
Active	E 01-150-000-526 UTILITIES	\$15,000.00	\$14,497.38	\$4,866.40	\$502.62	101.10%
Active	E 01-150-000-530 DUES AND FEES	\$5,000.00	\$3,753.80	\$0.00	\$1,246.20	75.08%
Active	E 01-150-000-650 ELECTION	\$25,000.00	\$5,479.77	\$0.00	\$19,520.23	21.92%
Active	E 01-150-000-670 Planning Commissio	\$4,300.00	\$0.00	\$0.00	\$4,300.00	0.00%
SUBDEPT 000		\$194,484.00	\$99,621.72	\$15,805.45	\$93,097.01	51.22%
Total DEPT 150 PLANNING/CLERKS DEPARMENT		\$194,484.00	\$99,621.72	\$15,805.45	\$93,097.01	51.22%
DEPT 200 ADMINISTRATION						
Active	E 01-200-000-300 SALARIES	\$166,116.00	\$102,056.85	\$15,171.61	\$64,059.15	61.44%
Active	E 01-200-000-350 FRINGE BENEFITS	\$64,234.00	\$45,703.48	\$6,595.96	\$18,530.52	71.15%
Active	E 01-200-000-380 CONTRACT LABO	\$25,000.00	\$12,000.00	\$1,500.00	\$13,000.00	48.00%
Active	E 01-200-000-382 ANCHORAGE OFFI	\$0.00	-\$383.92	\$747.07	\$383.92	0.00%
Active	E 01-200-000-400 TRAVEL AND PER	\$15,000.00	\$22,676.89	\$708.38	-\$7,676.89	155.38%
Active	E 01-200-000-425 TELEPHONE	\$6,000.00	\$4,376.08	\$1,154.63	\$1,623.92	72.93%
Active	E 01-200-000-450 POSTAGE/SPEED	\$2,500.00	\$1,504.92	\$500.00	\$995.08	60.20%
Active	E 01-200-000-475 SUPPLIES	\$18,120.00	\$7,440.89	\$1,319.30	\$10,679.11	41.06%
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	\$17,510.54	\$1,178.58	\$19,469.36	47.35%
Active	E 01-200-000-530 DUES AND FEES	\$1,500.00	\$2,390.00	\$0.00	-\$890.00	159.33%
SUBDEPT 000		\$339,950.00	\$215,275.83	\$28,875.53	\$124,043.87	63.33%
Total DEPT 200 ADMINISTRATION		\$339,950.00	\$215,275.83	\$28,875.53	\$124,043.87	63.33%
DEPT 250 FINANCE DEPARTMENT						
Active	E 01-250-000-300 SALARIES	\$116,802.00	\$70,485.64	\$9,437.72	\$46,316.36	60.35%
Active	E 01-250-000-350 FRINGE BENEFITS	\$51,161.00	\$28,541.41	\$4,232.76	\$22,619.59	55.79%
Active	E 01-250-000-400 TRAVEL AND PER	\$4,000.00	\$1,700.00	\$0.00	\$2,300.00	42.50%
Active	E 01-250-000-425 TELEPHONE	\$5,000.00	\$2,528.52	\$353.89	\$2,471.48	50.77%

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*Expenditure Guideline©

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Current Period: JANUARY 12-13

		12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Active	E 01-250-000-450 POSTAGE/SPEED	\$2,500.00	\$1,539.53	\$0.00	\$960.47	61.58%
Active	E 01-250-000-475 SUPPLIES	\$10,500.00	\$8,337.82	\$1,583.48	\$2,162.18	79.41%
Active	E 01-250-000-526 UTILITIES	\$4,000.00	\$2,228.78	\$603.99	\$1,771.22	55.72%
Active	E 01-250-000-550 AUDIT	\$45,000.00	\$33,313.61	\$0.00	\$11,686.39	74.03%
SUBDEPT 000		\$238,963.00	\$148,675.31	\$16,211.84	\$90,277.93	62.22%
Total DEPT 250 FINANCE DEPARTMENT		\$238,963.00	\$148,675.31	\$16,211.84	\$90,277.93	62.22%
DEPT 650 RESOURCE DEPARTMENT						
Active	E 01-650-000-300 SALARIES	\$70,000.00	\$42,303.38	\$6,043.34	\$27,696.62	60.43%
Active	E 01-650-000-350 FRINGE BENEFITS	\$30,040.00	\$16,345.94	\$2,459.10	\$13,694.06	51.41%
Active	E 01-650-000-380 CONTRACT LABO	\$75,000.00	\$43,750.00	\$6,250.00	\$31,250.00	58.33%
Active	E 01-650-000-400 TRAVEL AND PER	\$35,000.00	\$23,724.27	\$4,822.63	\$11,275.73	67.78%
Active	E 01-650-000-401 SEMD SAMPLING	\$62,000.00	\$89,000.00	\$0.00	-\$27,000.00	143.55%
Active	E 01-650-000-402 NPFMC Meetings	\$15,000.00	\$5,499.00	\$2,299.00	\$9,501.00	36.66%
Active	E 01-650-000-403 BOF Meetings	\$25,000.00	\$3,968.57	\$0.00	\$21,031.43	15.87%
Active	E 01-650-000-425 TELEPHONE	\$3,000.00	\$1,180.91	\$513.34	\$1,819.09	39.38%
Active	E 01-650-000-475 SUPPLIES	\$3,000.00	\$4,408.14	\$2.52	-\$1,408.14	146.94%
Active	E 01-650-000-525 RENTAL/LEASE	\$6,000.00	\$4,815.05	\$725.28	\$1,184.95	80.25%
Active	E 01-650-000-679 Fisheries Developm	\$0.00	\$10,000.00	\$2,500.00	-\$10,000.00	0.00%
SUBDEPT 000		\$324,040.00	\$244,995.26	\$25,615.21	\$79,044.74	75.61%
Total DEPT 650 RESOURCE DEPARTMENT		\$324,040.00	\$244,995.26	\$25,615.21	\$79,044.74	75.61%
DEPT 651 PUBLIC INFORMATION						
Active	E 01-651-011-300 SALARIES	\$84,959.00	\$52,051.46	\$7,334.78	\$32,907.54	61.27%
Active	E 01-651-011-350 FRINGE BENEFITS	\$32,736.00	\$18,260.46	\$2,805.54	\$14,475.54	55.78%
Active	E 01-651-011-400 TRAVEL AND PER	\$15,000.00	\$11,005.69	\$0.00	\$3,994.31	73.37%
Active	E 01-651-011-425 TELEPHONE	\$2,400.00	\$920.20	\$185.22	\$1,479.80	43.70%
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	\$347.93	\$34.72	\$4,152.07	7.73%
Active	E 01-651-011-525 RENTAL/LEASE	\$6,800.00	\$4,905.71	\$815.94	\$1,894.29	72.14%
Active	E 01-651-011-532 ADVERTISING	\$25,000.00	\$2,162.78	\$24.00	\$22,837.22	8.65%
SUBDEPT 011 PUBLIC INFORMATION		\$171,645.00	\$89,654.23	\$11,200.20	\$81,862.16	52.23%
Total DEPT 651 PUBLIC INFORMATION		\$171,645.00	\$89,654.23	\$11,200.20	\$81,862.16	52.23%
DEPT 700 PUBLIC WORKS DEPARTMENT						
Active	E 01-700-000-300 SALARIES	\$72,997.00	\$49,743.96	\$6,302.04	\$23,253.04	68.15%
Active	E 01-700-000-350 FRINGE BENEFITS	\$29,602.00	\$17,537.29	\$2,486.96	\$12,064.71	59.24%
Active	E 01-700-000-400 TRAVEL AND PER	\$12,000.00	\$5,958.00	\$0.00	\$6,042.00	49.65%
Active	E 01-700-000-425 TELEPHONE	\$1,500.00	\$601.95	\$80.91	\$898.05	43.84%
Active	E 01-700-000-475 SUPPLIES	\$6,000.00	\$7,544.74	\$86.45	-\$1,544.74	125.75%
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	\$1,533.26	\$953.80	\$966.74	61.33%
SUBDEPT 000		\$126,099.00	\$82,919.20	\$9,910.16	\$43,124.10	65.76%
Total DEPT 700 PUBLIC WORKS DEPARTMENT		\$126,099.00	\$82,919.20	\$9,910.16	\$43,124.10	65.76%
DEPT 844 KCAP						
Active	E 01-844-000-300 SALARIES	\$4,500.00	\$0.00	\$0.00	\$4,500.00	0.00%
Active	E 01-844-000-350 FRINGE BENEFITS	\$6,000.00	\$0.00	\$0.00	\$6,000.00	0.00%
Active	E 01-844-000-400 TRAVEL AND PER	\$0.00	\$755.37	\$0.00	-\$755.37	0.00%
Active	E 01-844-000-425 TELEPHONE	\$2,120.00	\$311.27	\$61.12	\$1,808.73	14.68%
Active	E 01-844-000-475 SUPPLIES	\$3,600.00	\$444.30	\$379.98	\$3,155.70	12.34%
Active	E 01-844-000-525 RENTAL/LEASE	\$7,580.00	\$4,815.05	\$725.28	\$2,764.95	63.52%
SUBDEPT 000		\$23,800.00	\$6,325.99	\$1,166.38	\$17,270.25	25.58%
Total DEPT 844 KCAP		\$23,800.00	\$6,325.99	\$1,166.38	\$17,270.25	25.58%
DEPT 850 EDUCATION						

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		12-13	12-13	JANUARY	12-13	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Active	E 01-850-000-700 LOCAL SCHOOL C	\$1,231,000.00	\$750,000.00	\$375,000.00	\$481,000.00	60.93%
Active	E 01-850-000-701 SCHOOL SCHOLA	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0.00%
Active	E 01-850-000-703 School Contribution	\$60,000.00	\$0.00	\$0.00	\$60,000.00	0.00%
Active	E 01-850-000-756 STUDENT TRAVEL	\$5,000.00	\$0.00	\$0.00	\$5,000.00	0.00%
SUBDEPT 000		\$1,316,000.00	\$750,000.00	\$375,000.00	\$566,000.00	56.99%
Total DEPT 850 EDUCATION		\$1,316,000.00	\$750,000.00	\$375,000.00	\$566,000.00	56.99%
DEPT 860 SPECIAL ASSISTANT-NLG,FP,CDB						
Active	E 01-860-000-300 SALARIES	\$60,000.00	\$43,970.06	\$6,043.34	\$16,029.94	73.28%
Active	E 01-860-000-350 FRINGE BENEFITS	\$27,256.00	\$16,414.64	\$2,459.10	\$10,841.36	60.22%
Active	E 01-860-000-400 TRAVEL AND PER	\$10,000.00	\$1,982.90	\$0.00	\$8,017.10	19.83%
Active	E 01-860-000-425 TELEPHONE	\$4,000.00	\$417.69	\$76.05	\$3,582.31	10.44%
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	\$632.94	\$2.52	\$3,867.06	11.84%
Active	E 01-860-000-525 RENTAL/LEASE	\$7,000.00	\$4,300.48	\$725.28	\$2,699.52	61.44%
SUBDEPT 000		\$113,006.00	\$67,618.71	\$9,306.29	\$45,387.29	59.84%
Total DEPT 860 SPECIAL ASSISTANT-NLG,FP,CDB		\$113,006.00	\$67,618.71	\$9,306.29	\$45,387.29	59.84%
DEPT 900 OTHER						
Active	E 01-900-000-500 EQUIPMENT	\$8,200.00	\$9,665.86	\$0.00	-\$1,465.86	117.88%
Active	E 01-900-000-515 AEB VEHICLES	\$10,000.00	\$1,965.00	\$0.00	\$8,035.00	19.65%
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	\$13,000.00	\$9,872.22	\$2,553.90	\$3,127.78	143.88%
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	\$150,000.00	\$112,610.26	\$22,335.56	\$37,389.74	75.07%
Active	E 01-900-000-552 INSURANCE	\$180,000.00	\$135,794.83	\$0.00	\$44,205.17	75.44%
Active	E 01-900-000-600 REPAIRS	\$5,000.00	\$7,206.23	\$0.00	-\$2,206.23	144.12%
Active	E 01-900-000-727 BANK FEES	\$2,000.00	\$250.00	\$0.00	\$1,750.00	12.50%
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	\$75,000.00	\$37,500.00	\$75,000.00	50.00%
Active	E 01-900-000-753 MISC EXPENSE	\$1,000.00	\$95,802.27	\$439.96	-\$94,802.27	9580.23%
Active	E 01-900-000-757 DONATIONS	\$23,500.00	\$7,000.00	\$0.00	\$16,500.00	29.79%
Active	E 01-900-000-750 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	\$23,999.98	\$16,562.18	\$2,423.00	\$7,437.80	54.82%
SUBDEPT 000		\$657,221.98	\$503,728.84	\$65,252.42	\$151,078.20	76.65%
Total DEPT 900 OTHER		\$657,221.98	\$503,728.84	\$65,252.42	\$151,078.20	76.65%
Total Fund 01 GENERAL FUND		\$3,879,003.98	\$2,415,618.01	\$587,794.00	\$1,460,133.33	62.27%

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		12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of 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	\$57,316.11	\$0.00	-\$57,316.11	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	\$225,000.00	\$0.00	\$0.00	\$225,000.00	0.00%
Active	R 20-254 KCAP Road Completion	\$707,444.26	\$0.00	\$0.00	\$707,444.26	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	\$313,421.00	\$182,717.00	\$0.00	\$130,704.00	58.30%
Active	R 20-424 EDA/Akutan Harbor Floats	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00	0.00%
Active	R 20-499 Cold Bay Airport-Apron&Taxi	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
Active	R 20-512 Nelson Lagoon #810758 AC	\$3,743.14	\$3,555.28	\$0.00	\$187.86	94.98%
Active	R 20-516 Library Grant Program	\$1,500.00	\$0.00	\$0.00	\$1,500.00	0.00%
Active	R 20-517 CIAP-COLD BAY BOAT RA	\$34,384.99	\$39,138.79	\$0.00	-\$4,753.80	113.83%
Active	R 20-518 CIAP-Create A Resource La	\$255,050.00	\$0.00	\$0.00	\$255,050.00	0.00%
Active	R 20-811 US FISH&WILDLIFE MARITI	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-813 Akutan Airport/CIP Trident	\$900,000.00	\$0.00	\$0.00	\$900,000.00	0.00%
Total Fund 20 GRANT PROGRAMS		\$7,399,536.42	\$282,727.18	\$0.00	\$7,116,808.24	3.82%

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	12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Fund 20 GRANT PROGRAMS					
DEPT 422 DENALI COMMISSION/FALSE PASS					
Active E 20-422-000-850 CAPITAL CONSTR	\$313,421.00	\$182,717.00	\$0.00	\$130,704.00	58.30%
SUBDEPT 000	\$313,421.00	\$182,717.00	\$0.00	\$130,704.00	58.30%
Total DEPT 422 DENALI COMMISSION/FALSE PASS	\$313,421.00	\$182,717.00	\$0.00	\$130,704.00	58.30%
DEPT 424 EDA/Akutan Harbor Floats					
Active E 20-424-000-850 CAPITAL CONSTR	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00	0.00%
SUBDEPT 000 NO DESCR	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00	0.00%
Total DEPT 424 EDA/Akutan Harbor Floats	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00	0.00%
DEPT 499 Cold Bay Airport-Apron&Taxiway					
Active E 20-499-049-850 CAPITAL CONSTR	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
SUBDEPT 049 DCCED-13-DC-501	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
Total DEPT 499 Cold Bay Airport-Apron&Taxiway	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0.00%
DEPT 512 Nelson Lagoon-Hazard Impact					
Active E 20-512-000-380 CONTRACT LABO	\$3,743.14	\$0.00	\$0.00	\$3,743.14	0.00%
SUBDEPT 000	\$3,743.14	\$0.00	\$0.00	\$3,743.14	0.00%
Total DEPT 512 Nelson Lagoon-Hazard Impact	\$3,743.14	\$0.00	\$0.00	\$3,743.14	0.00%
DEPT 513 COLD BAY APRON PROJECT					
Active E 20-513-000-850 CAPITAL CONSTR	\$225,000.00	\$0.00	\$0.00	\$225,000.00	0.00%
SUBDEPT 000 NO DESCR	\$225,000.00	\$0.00	\$0.00	\$225,000.00	0.00%
Total DEPT 513 COLD BAY APRON PROJECT	\$225,000.00	\$0.00	\$0.00	\$225,000.00	0.00%
DEPT 516 Library Grant Program					
Active E 20-516-000-475 SUPPLIES	\$2,000.00	\$565.33	\$0.00	\$1,434.67	28.27%
SUBDEPT 000	\$2,000.00	\$565.33	\$0.00	\$1,434.67	28.27%
Total DEPT 516 Library Grant Program	\$2,000.00	\$565.33	\$0.00	\$1,434.67	28.27%
DEPT 517 CIAP-COLD BAY BOAT RAMP					
Active E 20-517-000-300 SALARIES	\$0.00	\$8,400.00	\$0.00	-\$8,400.00	0.00%
Active E 20-517-000-350 FRINGE BENEFITS	\$0.00	\$887.90	\$0.00	-\$887.90	0.00%
Active E 20-517-000-380 CONTRACT LABO	\$2,414.68	\$6,761.14	\$0.00	-\$4,346.46	280.00%
Active E 20-517-000-400 TRAVEL AND PER	-\$1,164.00	\$2,438.00	\$0.00	-\$3,602.00	-209.45%
Active E 20-517-000-475 SUPPLIES	\$9,646.48	\$9,138.61	\$0.00	\$507.87	94.74%
SUBDEPT 000	\$10,897.16	\$27,625.65	\$0.00	-\$16,728.49	253.51%
Total DEPT 517 CIAP-COLD BAY BOAT RAMP	\$10,897.16	\$27,625.65	\$0.00	-\$16,728.49	253.51%
DEPT 518 CIAP-Create A Resource LandUse					
Active E 20-518-000-850 CAPITAL CONSTR	\$255,050.00	\$4,934.54	\$4,820.00	\$250,115.46	1.98%
SUBDEPT 000 NO DESCR	\$255,050.00	\$4,934.54	\$4,820.00	\$250,115.46	1.93%
Total DEPT 518 CIAP-Create A Resource LandUse	\$255,050.00	\$4,934.54	\$4,820.00	\$250,115.46	1.93%
DEPT 802 CAPITAL - COLD BAY					
Active E 20-802-000-850 CAPITAL CONSTR	\$60,000.00	\$0.00	\$0.00	\$60,000.00	0.00%
SUBDEPT 000	\$60,000.00	\$0.00	\$0.00	\$60,000.00	0.00%
Total DEPT 802 CAPITAL - COLD BAY	\$60,000.00	\$0.00	\$0.00	\$60,000.00	0.00%
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 20-803-059-880 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 059 FY12 CIP	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total DEPT 803 CAPITAL - FALSE PASS	\$14,070.13	\$0.00	\$0.00	\$14,070.13	0.00%
DEPT 806 CAPITAL - SAND POINT					

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	12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Active E 20-806-000-850 CAPITAL CONSTR	\$120,000.00	\$120,000.00	\$120,000.00	\$0.00	100.00%
SUBDEPT 000	\$120,000.00	\$120,000.00	\$120,000.00	\$0.00	100.00%
Total DEPT 806 CAPITAL - SAND POINT	\$120,000.00	\$120,000.00	\$120,000.00	\$0.00	100.00%
DEPT 812 AKUTAN AIRPORT/FEASIBILITY					
Active E 20-812-000-684 STOCK ID FEASIBI	\$24,000.00	\$4,000.00	\$4,000.00	\$20,000.00	16.67%
SUBDEPT 000	\$24,000.00	\$4,000.00	\$4,000.00	\$20,000.00	16.67%
Total DEPT 812 AKUTAN AIRPORT/FEASIBILITY	\$24,000.00	\$4,000.00	\$4,000.00	\$20,000.00	16.67%
DEPT 813 Akutan Airport/CIP Trident					
Active E 20-813-000-850 CAPITAL CONSTR	\$900,000.00	\$0.00	\$0.00	\$900,000.00	0.00%
SUBDEPT 000 NO DESCR	\$900,000.00	\$0.00	\$0.00	\$900,000.00	0.00%
Total DEPT 813 Akutan Airport/CIP Trident	\$900,000.00	\$0.00	\$0.00	\$900,000.00	0.00%
DEPT 867 KCC Alternative Road					
Active E 20-867-000-300 SALARIES	\$0.00	\$10,425.00	\$2,100.00	-\$10,425.00	0.00%
Active E 20-867-000-350 FRINGE BENEFITS	\$0.00	\$9,770.16	\$2,230.60	-\$9,770.16	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	\$20,195.16	\$4,330.60	-\$20,195.16	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	\$300.00	\$0.00	-\$300.00	0.00%
Active E 20-867-169-350 FRINGE BENEFITS	\$0.00	\$288.61	\$0.00	-\$288.61	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	\$588.61	\$0.00	\$747,570.27	0.08%
Total DEPT 867 KCC Alternative Road	\$2,707,150.91	\$20,783.77	\$4,330.60	\$2,686,367.14	0.77%
DEPT 900 OTHER					
Active E 20-900-000-507 FY13 POLLOCK S	\$128,000.00	\$76,566.65	\$6,838.04	\$51,434.35	59.82%
Active E 20-900-000-511 FY12 ACOUSTIC T	\$5,218.70	\$0.00	\$0.00	\$5,218.70	0.00%
Active E 20-900-000-753 MISC EXPENSE	\$0.00	\$125,864.71	\$0.00	-\$125,864.71	0.00%
Active E 20-900-000-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000 NO DESCR	\$133,218.70	\$202,430.36	\$6,838.04	-\$69,211.66	151.95%
Total DEPT 900 OTHER	\$133,218.70	\$202,430.36	\$6,838.04	-\$69,211.66	151.95%
Total Fund 20 GRANT PROGRAMS	\$7,768,561.04	\$563,056.65	\$139,988.64	\$7,205,379.39	7.25%

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		12-13	12-13	JANUARY	12-13	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 22 OPERATIONS						
Active	R 22-203 OTHER REVENUE	\$150,000.00	\$618,940.00	\$0.00	-\$468,940.00	412.63%
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	\$79,810.66	\$8,000.00	\$59,809.34	57.16%
Active	R 22-222 COLD BAY TERMINAL OTH	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-245 HOVERCRAFT/MEDEVACS	\$5,000.00	\$0.00	\$0.00	\$5,000.00	0.00%
Active	R 22-246 HOVERCRAFT /TICKETS	\$330,000.00	\$11,900.00	\$11,900.00	\$318,100.00	3.61%
Active	R 22-247 HOVERCRAFT/ VEHICLES	\$0.00	\$1,000.00	\$1,000.00	-\$1,000.00	0.00%
Active	R 22-248 HOVERCRAFT/ FREIGHT	\$100,000.00	\$28,936.50	\$28,936.50	\$71,063.50	28.94%
Total Fund 22 OPERATIONS		\$724,620.00	\$740,587.16	\$46,836.50	-\$15,957.16	102.20%

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		12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Fund 22 OPERATIONS						
DEPT 802 CAPITAL - COLD BAY						
Active	E 22-802-200-300 SALARIES	\$24,000.00	\$14,624.00	\$2,072.00	\$9,376.00	60.93%
Active	E 22-802-200-350 FRINGE BENEFITS	\$3,617.00	\$1,543.88	\$217.14	\$2,073.12	42.68%
Active	E 22-802-200-380 CONTRACT LABO	\$0.00	\$32,310.48	\$0.00	-\$32,310.48	0.00%
Active	E 22-802-200-400 TRAVEL AND PER	\$3,000.00	\$322.00	\$0.00	\$2,678.00	10.73%
Active	E 22-802-200-425 TELEPHONE	\$4,500.00	\$2,513.28	\$341.06	\$1,986.72	55.93%
Active	E 22-802-200-475 SUPPLIES	\$15,000.00	\$2,497.57	\$37.00	\$12,502.43	16.65%
Active	E 22-802-200-525 RENTAL/LEASE	\$5,335.00	\$3,141.26	\$0.00	\$2,193.74	58.88%
Active	E 22-802-200-526 UTILITIES	\$24,000.00	\$9,431.86	(\$7,819.04)	\$14,568.14	39.30%
Active	E 22-802-200-551 LEGAL	\$100,000.00	\$102,312.78	\$3,527.72	-\$2,312.78	102.31%
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	\$11,184.45	\$3,212.61	\$3,815.55	86.81%
SUBDEPT 200 COLD BAY TERMINAL		\$195,952.00	\$179,881.56	\$1,588.49	\$14,229.70	91.80%
Total DEPT 802 CAPITAL - COLD BAY		\$195,952.00	\$179,881.56	\$1,588.49	\$14,229.70	91.80%
DEPT 843 Hovercraft Operation						
Active	E 22-843-100-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-843-100-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-843-100-380 CONTRACT LABO	\$1,950,000.00	\$1,854,550.28	\$935,313.08	\$95,449.72	95.11%
Active	E 22-843-100-425 TELEPHONE	\$0.00	\$1,273.81	\$120.00	-\$1,273.81	0.00%
Active	E 22-843-100-475 SUPPLIES	\$0.00	\$206,714.03	\$612.92	-\$206,714.03	0.00%
Active	E 22-843-100-500 EQUIPMENT	\$0.00	\$81,582.50	\$0.00	-\$81,582.50	0.00%
Active	E 22-843-100-526 UTILITIES	\$5,000.00	\$3,713.95	\$169.01	\$1,286.05	74.28%
Active	E 22-843-100-552 INSURANCE	\$215,000.00	\$48,960.19	\$0.00	\$166,039.81	22.77%
Active	E 22-843-100-576 GAS	\$5,000.00	\$4,714.05	\$373.23	\$285.94	94.28%
Active	E 22-843-100-577 FUEL	\$5,000.00	\$235,471.88	\$71,632.35	-\$230,471.88	4709.44%
SUBDEPT 100 HOVERCRAFT OPERATION		\$2,180,000.00	\$2,436,980.70	\$1,008,220.59	-\$256,980.70	111.79%
Total DEPT 843 Hovercraft Operation		\$2,180,000.00	\$2,436,980.70	\$1,008,220.59	-\$256,980.70	111.79%
Total Fund 22 OPERATIONS		\$2,375,952.00	\$2,616,862.26	\$1,009,809.08	-\$242,751.00	110.14%

ALEUTIANS EAST BOROUGH

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Current Period: JANUARY 12-13

		12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Fund 24 BOND CONSTRUCTION						
Active	R 24-201 INTEREST REVENUE	\$0.00	\$28,914.03	\$15,402.40	-\$28,914.03	0.00%
Active	R 24-203 OTHER REVENUE	\$0.00	\$60,741.97	\$0.00	-\$60,741.97	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 24-258 BOND PROCEEDS	\$1,171,609.64	\$0.00	\$0.00	\$1,171,609.64	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		\$3,223,854.64	\$89,656.00	\$15,402.40	\$3,134,198.64	2.78%

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Current Period: JANUARY 12-13

	12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Fund 24 BOND CONSTRUCTION					
DEPT 809 Akutan Airport/Grant					
Active E 24-809-000-850 CAPITAL CONSTR	\$2,708,552.94	\$1,383,455.63	\$0.00	\$1,325,097.31	51.08%
SUBDEPT 000	\$2,708,552.94	\$1,383,455.63	\$0.00	\$1,325,097.31	51.08%
Total DEPT 809 Akutan Airport/Grant	\$2,708,552.94	\$1,383,455.63	\$0.00	\$1,325,097.31	51.08%
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 833 FALSE PASS HARBOR					
Active E 24-833-000-850 CAPITAL CONSTR	\$416,215.75	\$18,249.32	\$0.00	\$397,966.43	4.38%
SUBDEPT 000	\$416,215.75	\$18,249.32	\$0.00	\$397,966.43	4.38%
Total DEPT 833 FALSE PASS HARBOR	\$416,215.75	\$18,249.32	\$0.00	\$397,966.43	4.38%
DEPT 839 AKUTAN HARBOR					
Active E 24-839-000-850 CAPITAL CONSTR	\$1,171,609.64	\$92,588.14	\$23,684.00	\$1,079,021.50	7.90%
SUBDEPT 000	\$1,171,609.64	\$92,588.14	\$23,684.00	\$1,079,021.50	7.90%
Total DEPT 839 AKUTAN HARBOR	\$1,171,609.64	\$92,588.14	\$23,684.00	\$1,079,021.50	7.90%
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	\$17,670.86	\$2,989.47	-\$17,670.86	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	\$17,670.86	\$2,989.47	-\$17,670.86	0.00%
Total DEPT 900 OTHER	\$0.00	\$17,670.86	\$2,989.47	-\$17,670.86	0.00%
Total Fund 24 BOND CONSTRUCTION	\$6,403,863.69	\$1,511,963.95	\$26,673.47	\$4,891,899.74	23.61%

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Current Period: JANUARY 12-13

		12-13	12-13	JANUARY	12-13	% 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	\$2,815,936.78	\$0.00	\$0.00	\$2,815,936.78	0.00%
Active	R 30-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 30-259 BOND PROCEEDS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 30 BOND FUND		\$2,815,936.78	\$0.00	\$0.00	\$2,815,936.78	0.00%

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Current Period: JANUARY 12-13

		12-13	12-13	JANUARY	12-13	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 30 BOND FUND						
DEPT 900 OTHER						
Active	E 30-900-000-725 BOND INTEREST	\$1,395,936.78	\$785,917.85	\$68,067.50	\$610,018.93	56.30%
Active	E 30-900-000-726 BOND PRINCIPAL	\$1,420,000.00	\$1,170,000.00	\$325,000.00	\$250,000.00	82.39%
Active	E 30-900-000-745 Bond Sale Expense	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000		<u>\$2,815,936.78</u>	<u>\$1,955,917.85</u>	<u>\$393,067.50</u>	<u>\$860,018.93</u>	<u>69.45%</u>
	Total DEPT 900 OTHER	<u>\$2,815,936.78</u>	<u>\$1,955,917.85</u>	<u>\$393,067.50</u>	<u>\$860,018.93</u>	<u>69.45%</u>
	Total Fund 30 BOND FUND	<u>\$2,815,936.78</u>	<u>\$1,955,917.85</u>	<u>\$393,067.50</u>	<u>\$860,018.93</u>	<u>69.45%</u>

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Current Period: JANUARY 12-13

		12-13	12-13	JANUARY	12-13	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 40 PERMANENT FUND						
Active	R 40-201 INTEREST REVENUE	\$0.00	\$1,704,803.41	\$495,792.02	-\$1,704,803.41	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	\$1,704,803.41	\$495,792.02	-\$1,354,803.41	487.09%

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Current Period: JANUARY 12-13

	12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Fund 40 PERMANENT FUND					
DEPT 900 OTHER					
Active E 40-900-000-380 CONTRACT LABO	\$350,000.00	\$17,670.86	\$2,989.47	\$332,329.14	5.05%
Active E 40-900-000-751 OPERATING TRAN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	<u>\$350,000.00</u>	<u>\$17,670.86</u>	<u>\$2,989.47</u>	<u>\$332,329.14</u>	<u>5.05%</u>
Total DEPT 900 OTHER	<u>\$350,000.00</u>	<u>\$17,670.86</u>	<u>\$2,989.47</u>	<u>\$332,329.14</u>	<u>5.05%</u>
Total Fund 40 PERMANENT FUND	<u>\$350,000.00</u>	<u>\$17,670.86</u>	<u>\$2,989.47</u>	<u>\$332,329.14</u>	<u>5.05%</u>

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Current Period: JANUARY 12-13

		12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of 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	\$149,248.25	\$0.00	-\$49,248.25	149.25%
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	\$66,376.82	\$0.00	-\$66,376.82	0.00%
Total Fund 41 MAINTENANCE RESERVE FUND		\$100,000.00	\$215,625.07	\$0.00	-\$115,625.07	215.63%

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Current Period: JANUARY 12-13

		12-13	12-13	JANUARY	12-13	% 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	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 865 Akutan School		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-866-300 SALARIES	\$0.00	\$420.00	\$0.00	-\$420.00	0.00%
Active	E 41-800-866-350 FRINGE BENEFITS	\$0.00	\$44.39	\$0.00	-\$44.39	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	\$492.00	\$0.00	-\$492.00	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	\$3,220.00	\$0.00	-\$3,220.00	0.00%
SUBDEPT 866 NELSON LAGOON SCHOOL		\$0.00	\$4,176.39	\$0.00	-\$4,176.39	0.00%
Active	E 41-800-867-300 SALARIES	\$0.00	\$12,870.00	\$0.00	-\$12,870.00	0.00%
Active	E 41-800-867-350 FRINGE BENEFITS	\$0.00	\$1,360.36	\$0.00	-\$1,360.36	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	\$958.51	\$0.00	-\$958.51	0.00%
Active	E 41-800-867-850 CAPITAL CONSTR	\$0.00	\$360.00	\$0.00	-\$360.00	0.00%
SUBDEPT 867 Sand Point School		\$0.00	\$15,548.87	\$0.00	-\$15,548.87	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	\$17,231.91	\$0.00	-\$17,231.91	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	\$1,563.20	(\$194.90)	-\$1,563.20	0.00%
Active	E 41-800-868-551 LEGAL	\$0.00	\$4,275.00	\$4,275.00	-\$4,275.00	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	\$23,070.11	\$4,080.10	-\$23,070.11	0.00%
Active	E 41-800-869-300 SALARIES	\$0.00	\$2,640.00	\$0.00	-\$2,640.00	0.00%
Active	E 41-800-869-350 FRINGE BENEFITS	\$0.00	\$279.04	\$0.00	-\$279.04	0.00%
Active	E 41-800-869-380 CONTRACT LABO	\$0.00	\$600.00	\$0.00	-\$600.00	0.00%
Active	E 41-800-869-400 TRAVEL AND PER	\$0.00	\$590.00	\$0.00	-\$590.00	0.00%
Active	E 41-800-869-475 SUPPLIES	\$0.00	\$410.28	(\$607.18)	-\$410.28	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	\$4,519.32	-\$607.18	-\$4,519.32	0.00%
Total DEPT 800 CAPITAL - SCHOOL		\$0.00	\$47,314.69	\$3,472.92	-\$47,314.69	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	\$0.00	\$0.00	\$0.00	\$0.00	0.00%

ALEUTIANS EAST BOROUGH

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Current Period: JANUARY 12-13

	12-13 YTD Budget	12-13 YTD Amt	JANUARY MTD Amt	12-13 YTD Balance	% of Budget
Active E 41-900-000-880 LAND	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total DEPT 900 OTHER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 41 MAINTENANCE RESERVE FUND	\$0.00	\$47,314.69	\$3,472.92	-\$47,314.69	0.00%

INVESTMENT REPORT



February 11, 2013

Mr. Rick Gifford
Administrator
Aleutians East Borough
3380 C Street, Suite 205
Anchorage, Alaska 99503

sent via email

Dear Rick,

Enclosed is the January 2013 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 \$31,436,278, which includes \$80,629 in accrued interest receivable. Estimated annual cash income from the portfolio, excluding dividends on equities, is \$313,375.

Series E account:

The month-end market value of the portfolio was \$2,449,396.

Akutan Harbor-2006A:

The month-end market value of the account was \$1,642,333.

Operating Fund:

The month-end market value of the portfolio was \$2,508,965.

2010 Series A:

The month-end balance \$2,010,027.

2010 Series B:

The month-end balance was \$2,014,204.

If we can provide anything further please let us know.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bert Wagnon".

Bert Wagnon
Senior Vice President

A handwritten signature in blue ink, appearing to read "Evan 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
January 31, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
800,000	US TREASURY NOTES 0.250% Due 11-30-13	100.00	800,031	100.07	800,592	2.55	2,000	346	0.16
125,000	US TREASURY NOTES 1.875% Due 02-28-14	98.35	122,940	101.81	127,266	0.40	2,344	997	0.19
300,000	US TREASURY NOTES 2.625% Due 06-30-14	100.45	301,337	103.39	310,161	0.99	7,875	696	0.23
525,000	US TREASURY NOTES 1.250% Due 10-31-15	97.52	511,991	102.37	537,469	1.71	6,562	1,686	0.38
250,000	US TREASURY NOTES 0.625% Due 05-31-17	99.52	248,799	99.60	249,005	0.79	1,562	270	0.72
275,000	US TREASURY NOTES 3.375% Due 11-15-19	97.63	268,490	113.47	312,040	0.99	9,281	2,000	1.30
150,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	156,059	114.41	171,621	0.55	5,250	1,131	1.41
300,000	US TREASURY NOTES 1.625% Due 11-15-22	100.29	300,867	96.81	290,439	0.92	4,875	1,050	1.98
	Accrued Interest				8,177	0.03			
			2,710,514		2,806,770	8.93		8,177	
AGENCIES									
400,000	FEDERAL HOME LN BKS 4.875% Due 05-17-17	99.74	398,946	116.94	467,760	1.49	19,500	4,008	0.85
	Accrued Interest				4,008	0.01			
			398,946		471,768	1.50		4,008	
FNMA & FHLMC									
101,563	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	104.56	106,196	105.84	107,498	0.34	4,063	339	1.70
	Accrued Interest				339	0.00			
			106,196		107,836	0.34		339	
ASSET-BACKED SECURITIES									
150,000	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17	107.25	160,875	105.78	158,667	0.50	5,700	253	0.55
	Accrued Interest				253	0.00			
			160,875		158,920	0.51		253	
COMMERCIAL MORTGAGE-BACKED SECURITIES									
500,000	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41	100.55	502,726	103.09	515,427	1.64	27,590	2,299	1.97

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
January 31, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
	Accrued Interest				2,299	0.01			
			502,726		517,726	1.65		2,299	
CORPORATE BONDS									
150,000	GLAXOSMITHKLINE CAP INC 4.850% Due 05-15-13	99.79	149,683	101.29	151,932	0.48	7,275	1,536	0.38
150,000	BARRICK GOLD FINANCE CO. 6.125% Due 09-15-13	111.45	167,173	103.25	154,870	0.49	9,187	3,471	0.87
100,000	CATERPILLAR FINANCIAL 6.125% Due 02-17-14	100.12	100,125	105.94	105,941	0.34	6,125	2,790	0.42
150,000	TOYOTA MOTOR CREDIT CORP 1.000% Due 02-17-15	100.85	151,270	100.79	151,180	0.48	1,500	683	0.61
100,000	MORGAN STANLEY 6.000% Due 04-28-15	95.25	95,250	108.89	108,886	0.35	6,000	1,550	1.93
150,000	CITIGROUP INC 4.750% Due 05-19-15	108.33	162,493	107.68	161,524	0.51	7,125	1,425	1.34
250,000	GENERAL ELECT CAP CORP MED TERM NT SER A 6.900% Due 09-15-15	104.49	261,227	114.58	286,450	0.91	17,250	6,517	1.23
150,000	PPG INDUSTRIES INC 1.900% Due 01-15-16	98.62	147,937	102.59	153,889	0.49	2,850	127	1.01
150,000	HSBC FINANCE CORP 5.500% Due 01-19-16	97.07	145,611	111.48	167,217	0.53	8,250	275	1.53
150,000	BRITISH COLUMBIA PROV OF 2.100% Due 05-18-16	99.98	149,971	104.78	157,170	0.50	3,150	639	0.63
150,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	117.91	176,866	116.83	175,252	0.56	8,437	2,484	0.99
150,000	JOHN DEERE CAPITAL CORP 2.000% Due 01-13-17	102.52	153,774	103.22	154,825	0.49	3,000	150	1.16
150,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	103.68	155,515	102.61	153,918	0.49	2,953	336	1.35
150,000	STATOIL ASA 3.125% Due 08-17-17	107.07	160,599	107.82	161,724	0.51	4,687	2,135	1.35
150,000	ASTRAZENECA PLC 5.900% Due 09-15-17	101.14	151,711	120.11	180,171	0.57	8,850	3,343	1.39
150,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	117.17	175,749	117.30	175,957	0.56	9,300	3,100	2.27
150,000	JPMORGAN CHASE 6.000% Due 01-15-18	103.99	155,979	118.78	178,173	0.57	9,000	400	2.00
150,000	UNITED PARCEL SERVICE 5.500% Due 01-15-18	121.23	181,845	119.46	179,184	0.57	8,250	367	1.42
150,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	149,358	119.33	179,002	0.57	8,625	4,312	1.70

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
January 31, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
200,000	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	121.46	242,916	120.57	241,144	0.77	12,000	5,533	1.72
150,000	BANK OF AMERICA CORP 5.650% Due 05-01-18	83.68	125,521	115.47	173,203	0.55	8,475	2,119	2.49
150,000	COMMONWEALTH EDISON 6.950% Due 07-15-18	123.20	184,800	121.60	182,395	0.58	10,425	463	2.67
150,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	116.51	174,771	125.70	188,548	0.60	11,250	5,187	2.84
150,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	119.15	178,728	117.98	176,977	0.56	7,050	3,251	1.57
150,000	VERIZON COMMUNICATIONS 6.350% Due 04-01-19	125.02	187,530	124.01	186,019	0.59	9,525	3,175	2.17
150,000	MICROSOFT CORP 4.200% Due 06-01-19	117.24	175,854	114.10	171,148	0.54	6,300	1,050	1.83
161,488	SOUTHWEST AIRLS 2007-1 PASS 6.150% Due 08-01-22 Accrued Interest	102.36	165,302	117.50	189,748	0.60	9,932	4,966	3.92
					61,386	0.20			
			4,427,563		4,707,840	14.98		61,386	
MUNICIPAL BONDS									
200,000	FAIRBANKS NORTH STAR BORO AK 5.000% Due 09-01-22 Accrued Interest	120.54	241,078	126.54	253,082	0.81	10,000	4,167	1.95
					4,167	0.01			
			241,078		257,249	0.82		4,167	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
84,752	VANGUARD INST'L S&P500 INDEX FUND	97.12	8,230,905	137.29	11,635,544	37.01	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
15,444	ISHARES S&P MIDCAP 400	72.41	1,118,232	109.10	1,684,940	5.36	NA		
INTERNATIONAL FUNDS/ETF									
86,372	VANGUARD MSCI EAFE ETF	37.88	3,271,921	36.58	3,159,488	10.05	NA		
EMERGING MARKET FUNDS/ETF									
53,953	VANGUARD EMERGING MARKET ETF	43.10	2,325,355	44.56	2,404,146	7.65	NA		
REAL ESTATE									
45,907	VANGUARD REIT ETF	53.03	2,434,236	68.26	3,133,612	9.97	NA		

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH
January 31, 2013

<u>Quantity</u>	<u>Security</u>	<u>Average Cost</u>	<u>Total Average Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Annual Income</u>	<u>Accrued Interest</u>	<u>Yield to Maturity</u>
CASH AND EQUIVALENTS									
	FEDERATED PRIME CASH INST'L SHARES		390,438		390,438	1.24			
	VICTORY MONEY MARKET FUND		<u>0</u>		<u>0</u>	<u>0.00</u>			
			390,438		390,438	1.24			
TOTAL PORTFOLIO			26,318,986		31,436,278	100	313,375	80,629	

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Security	Quantity	Trade Amount
INTEREST				
ASSET-BACKED SECURITIES				
01-15-13	01-15-13	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17		475.00
CASH AND EQUIVALENTS				
01-02-13	01-02-13	FEDERATED PRIME CASH INST'L SHARES		7.04
COMMERCIAL MORTGAGE-BACKED SECURITIES				
01-11-13	01-11-13	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41		2,299.17
CORPORATE BONDS				
01-13-13	01-14-13	JOHN DEERE CAPITAL CORP 2.000% Due 01-13-17		1,500.00
01-15-13	01-15-13	COMMONWEALTH EDISON 6.950% Due 07-15-18		5,212.50
01-15-13	01-15-13	JPMORGAN CHASE 6.000% Due 01-15-18		4,500.00
01-15-13	01-15-13	PPG INDUSTRIES INC 1.900% Due 01-15-16		1,425.00
01-15-13	01-15-13	UNITED PARCEL SERVICE 5.500% Due 01-15-18		4,125.00
01-19-13	01-22-13	HSBC FINANCE CORP 5.500% Due 01-19-16		4,125.00
				20,887.50

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Security	Quantity	Trade Amount
FNMA & FHLMC				
01-15-13	01-15-13	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26		351.76
				24,020.47
PRINCIPAL PAYDOWNS				
FNMA & FHLMC				
01-15-13	01-15-13	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	3,964.70	3,964.70
				3,964.70
SALES, MATURITIES, AND CALLS				
U.S. TREASURY				
01-04-13	01-07-13	US TREASURY NOTES 1.625% Due 11-15-22	200,000	194,585.94
				194,585.94
SOLD ACCRUED INTEREST				
U.S. TREASURY				
01-04-13	01-07-13	US TREASURY NOTES 1.625% Due 11-15-22		475.83
				475.83
WITHDRAW				
CASH AND EQUIVALENTS				
01-16-13	01-16-13	FEDERATED PRIME CASH INST'L SHARES		757.71
01-16-13	01-16-13	FEDERATED PRIME CASH INST'L SHARES		60.00
				<hr/>
				817.71
				817.71

* Callable security

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
ALEUTIANS EAST BOROUGH
From 01-01-13 Through 01-31-13

<u>Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Avg. Cost Basis</u>	<u>Proceeds</u>	<u>Gain Or Loss</u>
01-04-13	200,000	US TREASURY NOTES 1.625% Due 11-15-22	200,578.12	194,585.94	-5,992.18
01-15-13	3,964.70	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	4,145.59	3,964.70	-180.89
TOTAL GAINS					0.00
TOTAL LOSSES					-6,173.07
			204,723.71	198,550.64	-6,173.07

Alaska Permanent Capital Management Co.

CASH LEDGER

ALEUTIANS EAST BOROUGH*From 01-01-13 To 01-31-13*

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
FEDERATED PRIME CASH INST'L SHARES					
01-01-13			Beginning Balance		168,209.10
01-02-13	01-02-13	dp	Interest	FEDERATED PRIME CASH INST'L SHARES	7.04
01-04-13	01-07-13	dp	Sale	US TREASURY NOTES 1.625% Due 11-15-22	194,585.94
01-04-13	01-07-13	dp	Accrued Interest	US TREASURY NOTES 1.625% Due 11-15-22	475.83
01-11-13	01-11-13	dp	Interest	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41	2,299.17
01-13-13	01-14-13	dp	Interest	JOHN DEERE CAPITAL CORP 2.000% Due 01-13-17	1,500.00
01-15-13	01-15-13	dp	Interest	COMMONWEALTH EDISON 6.950% Due 07-15-18	5,212.50
01-15-13	01-15-13	dp	Interest	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	351.76
01-15-13	01-15-13	dp	Paydown	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	3,964.70
01-15-13	01-15-13	dp	Interest	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17	475.00
01-15-13	01-15-13	dp	Interest	JPMORGAN CHASE 6.000% Due 01-15-18	4,500.00
01-15-13	01-15-13	dp	Interest	PPG INDUSTRIES INC 1.900% Due 01-15-16	1,425.00
01-15-13	01-15-13	dp	Interest	UNITED PARCEL SERVICE 5.500% Due 01-15-18	4,125.00

* Callable security

Alaska Permanent Capital Management Co.

CASH LEDGER

ALEUTIANS EAST BOROUGH

From 01-01-13 To 01-31-13

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-757.71
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-60.00
01-19-13	01-22-13	dp	Interest	HSBC FINANCE CORP 5.500% Due 01-19-16	4,125.00
01-31-13			Ending Balance		390,438.33
VICTORY MONEY MARKET FUND					
01-01-13			Beginning Balance		0.00
01-31-13			Ending Balance		0.00

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES A GO BOND/KCAP
January 31, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
275,000	US TREASURY NOTES 0.750% Due 12-15-13	100.77	277,127	100.50	276,386	13.75	2,062	272	0.17
500,000	US TREASURY NOTES 1.250% Due 02-15-14	102.33	511,641	101.10	505,525	25.15	6,250	2,887	0.19
250,000	US TREASURY NOTES 0.250% Due 03-31-14	99.96	249,902	100.07	250,165	12.45	625	213	0.19
150,000	US TREASURY NOTES 0.250% Due 10-31-14	100.02	150,023	100.02	150,024	7.46	375	96	0.24
	Accrued Interest				3,468	0.17			
			1,188,693		1,185,568	58.98		3,468	
AGENCIES									
300,000	FEDERAL HOME LOAN BANK 1.875% Due 06-21-13	102.70	308,088	100.68	302,034	15.03	5,625	625	0.13
500,000	FNMA 1.000% Due 09-23-13	101.21	506,068	100.51	502,575	25.00	5,000	1,778	0.20
	Accrued Interest				2,403	0.12			
			814,156		807,012	40.15		2,403	
CASH AND EQUIVALENTS									
	FEDERATED PRIME CASH INST'L SHARES		17,447		17,447	0.87			
TOTAL PORTFOLIO			2,020,296		2,010,027	100	19,937	5,871	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB 2010 SERIES A GO BOND/KCAP
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Security	Quantity	Trade Amount
INTEREST				
CASH AND EQUIVALENTS				
01-02-13	01-02-13	FEDERATED PRIME CASH INST'L SHARES		1.50
				1.50
WITHDRAW				
CASH AND EQUIVALENTS				
01-16-13	01-16-13	FEDERATED PRIME CASH INST'L SHARES		83.55
				83.55

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB 2010 SERIES A GO BOND/KCAP
From 01-01-13 Through 01-31-13

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

Alaska Permanent Capital Management Co.
CASH LEDGER
AEB 2010 SERIES A GO BOND/KCAP
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
FEDERATED PRIME CASH INST'L SHARES					
01-01-13			Beginning Balance		17,528.67
01-02-13	01-02-13	dp	Interest	FEDERATED PRIME CASH INST'L SHARES	1.50
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-83.55
01-31-13			Ending Balance		17,446.62

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB/AKUTAN HARBOR - 2006 A
January 31, 2013

<u>Quantity</u>	<u>Security</u>	<u>Average Cost</u>	<u>Total Average Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Annual Income</u>	<u>Accrued Interest</u>	<u>Yield to Maturity</u>
U.S. TREASURY									
325,000	US TREASURY NOTES 0.750% Due 12-15-13	100.77	327,514	100.50	326,638	19.89	2,437	321	0.17
500,000	US TREASURY NOTES 1.250% Due 02-15-14	102.45	512,227	101.10	505,525	30.78	6,250	2,887	0.19
325,000	US TREASURY NOTES 0.250% Due 05-31-14	99.98	324,949	100.05	325,179	19.80	812	141	0.21
	Accrued Interest				3,349	0.20			
			1,164,689		1,160,691	70.67		3,349	
AGENCIES									
300,000	FEDERAL HOME LOAN BANK 1.875% Due 06-21-13	102.35	307,037	100.68	302,034	18.39	5,625	625	0.13
150,000	FNMA 0.375% Due 03-16-15	100.12	150,175	100.13	150,192	9.15	562	211	0.31
	Accrued Interest				836	0.05			
			457,212		453,062	27.59		836	
CASH AND EQUIVALENTS									
	FEDERATED PRIME CASH INST'L SHARES		28,580		28,580	1.74			
TOTAL PORTFOLIO			1,650,481		1,642,333	100	15,687	4,185	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB/AKUTAN HARBOR - 2006 A
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Security	Quantity	Trade Amount
DEPOSITS AND EXPENSES				
CASH AND EQUIVALENTS				
01-22-13	01-22-13	FEDERATED PRIME CASH		393,067.50
		INST'L SHARES		
				393,067.50
INTEREST				
CASH AND EQUIVALENTS				
01-02-13	01-02-13	FEDERATED PRIME CASH		2.59
		INST'L SHARES		
				2.59
WITHDRAW				
CASH AND EQUIVALENTS				
01-16-13	01-16-13	FEDERATED PRIME CASH		68.29
		INST'L SHARES		
01-22-13	01-22-13	FEDERATED PRIME CASH		393,067.50
		INST'L SHARES		
				393,135.79
				393,135.79

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB/AKUTAN HARBOR - 2006 A
From 01-01-13 Through 01-31-13

<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/AKUTAN HARBOR - 2006 A

From 01-01-13 To 01-31-13

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
FEDERATED PRIME CASH INST'L SHARES					
01-01-13			Beginning Balance		28,645.51
01-02-13	01-02-13	dp	Interest	FEDERATED PRIME CASH INST'L SHARES	2.59
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-68.29
01-22-13	01-22-13	dp	Addition	to Portfolio	393,067.50
01-22-13	01-22-13	wd	Withdrawal	from Portfolio	-393,067.50
01-31-13			Ending Balance		28,579.81

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES B BOND/AKUTAN AIR
January 31, 2013

<u>Quantity</u>	<u>Security</u>	<u>Average Cost</u>	<u>Total Average Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Annual Income</u>	<u>Accrued Interest</u>	<u>Yield to Maturity</u>
U.S. TREASURY									
500,000	US TREASURY NOTES 0.750% Due 12-15-13	100.77	503,867	100.50	502,520	24.95	3,750	495	0.17
175,000	US TREASURY NOTES 0.250% Due 03-31-14	99.96	174,932	100.07	175,115	8.69	437	149	0.19
100,000	US TREASURY NOTES 0.250% Due 10-31-14	100.02	100,016	100.02	100,016	4.97	250	64	0.24
	Accrued Interest				708	0.04			
			778,814		778,359	38.64		708	
AGENCIES									
450,000	FEDERAL HOME LOAN BANK 1.875% Due 06-21-13	102.70	462,132	100.68	453,051	22.49	8,437	937	0.13
750,000	FNMA 1.000% Due 09-23-13	101.21	759,103	100.51	753,862	37.43	7,500	2,667	0.20
	Accrued Interest				3,604	0.18			
			1,221,235		1,210,518	60.10		3,604	
CASH AND EQUIVALENTS									
	FEDERATED PRIME CASH INST'L SHARES		25,327		25,327	1.26			
TOTAL PORTFOLIO			2,025,376		2,014,204	100	20,375	4,312	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB 2010 SERIES B BOND/AKUTAN AIR
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Security	Quantity	Trade Amount
INTEREST				
CASH AND EQUIVALENTS				
01-02-13	01-02-13	FEDERATED PRIME CASH		2.15
		INST'L SHARES		
				2.15
WITHDRAW				
CASH AND EQUIVALENTS				
01-16-13	01-16-13	FEDERATED PRIME CASH		83.79
		INST'L SHARES		
				83.79

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB 2010 SERIES B BOND/AKUTAN AIR
From 01-01-13 Through 01-31-13

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

Alaska Permanent Capital Management Co.
CASH LEDGER
AEB 2010 SERIES B BOND/AKUTAN AIR
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
FEDERATED PRIME CASH INST'L SHARES					
01-01-13			Beginning Balance		25,408.47
01-02-13	01-02-13	dp	Interest	FEDERATED PRIME CASH INST'L SHARES	2.15
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-83.79
01-31-13			Ending Balance		25,326.83

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB OPERATING FUND
January 31, 2013

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	100.16	500,801	100.11	500,545	19.95	1,875	166	0.11
600,000	US TREASURY NOTES 1.750% Due 01-31-14	102.46	614,742	101.57	609,396	24.29	10,500	29	0.18
500,000	US TREASURY NOTES 0.250% Due 05-31-14	100.03	500,156	100.05	500,275	19.94	1,250	216	0.21
500,000	US TREASURY NOTES 0.250% Due 10-31-14	100.02	500,078	100.02	500,080	19.93	1,250	321	0.24
	Accrued Interest				732	0.03			
			2,115,777		2,111,028	84.14		732	
AGENCIES									
350,000	FFCB 0.390% Due 12-17-15	99.85	349,475	99.79	349,282	13.92	1,365	167	0.46
	Accrued Interest				167	0.01			
			349,475		349,449	13.93		167	
CASH AND EQUIVALENTS									
	FEDERATED PRIME CASH INST'L SHARES		48,487		48,487	1.93			
TOTAL PORTFOLIO			2,513,740		2,508,965	100	16,240	899	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
AEB OPERATING FUND
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Security	Quantity	Trade Amount
INTEREST				
CASH AND EQUIVALENTS				
01-02-13	01-02-13	FEDERATED PRIME CASH INST'L SHARES		17.74
U.S. TREASURY				
01-31-13	01-31-13	US TREASURY NOTES 1.750% Due 01-31-14		5,250.00
				5,267.74
WITHDRAW				
CASH AND EQUIVALENTS				
01-16-13	01-16-13	FEDERATED PRIME CASH INST'L SHARES		104.32
01-16-13	01-16-13	FEDERATED PRIME CASH INST'L SHARES		30.00
				134.32
				134.32

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
AEB OPERATING FUND
From 01-01-13 Through 01-31-13

<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 01-01-13 To 01-31-13

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
FEDERATED PRIME CASH INST'L SHARES					
01-01-13			Beginning Balance		43,354.02
01-02-13	01-02-13	dp	Interest	FEDERATED PRIME CASH INST'L SHARES	17.74
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-104.32
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-30.00
01-31-13	01-31-13	dp	Interest	US TREASURY NOTES 1.750% Due 01-31-14	5,250.00
01-31-13			Ending Balance		48,487.44

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH SERIES E BOND
January 31, 2013

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	100.15	500,742	100.11	500,545	20.44	1,875	166	0.11
500,000	US TREASURY NOTES 1.750% Due 01-31-14	102.61	513,047	101.57	507,830	20.73	8,750	24	0.18
275,000	US TREASURY NOTES 0.250% Due 05-31-14	100.03	275,086	100.05	275,151	11.23	687	119	0.21
500,000	US TREASURY NOTES 0.250% Due 10-31-14	100.02	500,078	100.02	500,080	20.42	1,250	321	0.24
	Accrued Interest				630	0.03			
			1,788,953		1,784,236	72.84		630	
AGENCIES									
125,000	FHLMC 0.375% Due 10-30-13	100.07	125,088	100.14	125,172	5.11	469	118	0.19
500,000	FFCB 0.390% Due 12-17-15	99.85	499,250	99.79	498,975	20.37	1,950	238	0.46
	Accrued Interest				357	0.01			
			624,338		624,504	25.50		357	
CASH AND EQUIVALENTS									
	FEDERATED PRIME CASH INST'L SHARES		40,655		40,655	1.66			
TOTAL PORTFOLIO			2,453,946		2,449,396	100	14,981	987	

* Callable security

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
ALEUTIANS EAST BOROUGH SERIES E BOND
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Security	Quantity	Trade Amount
INTEREST				
CASH AND EQUIVALENTS				
01-02-13	01-02-13	FEDERATED PRIME CASH INST'L SHARES		21.41
U.S. TREASURY				
01-31-13	01-31-13	US TREASURY NOTES 1.750% Due 01-31-14		4,375.00
				4,396.41
WITHDRAW				
CASH AND EQUIVALENTS				
01-16-13	01-16-13	FEDERATED PRIME CASH INST'L SHARES		305.67
01-16-13	01-16-13	FEDERATED PRIME CASH INST'L SHARES		75.00
				380.67
				380.67

* Callable security

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
ALEUTIANS EAST BOROUGH SERIES E BOND
From 01-01-13 Through 01-31-13

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

Alaska Permanent Capital Management Co.
CASH LEDGER
ALEUTIANS EAST BOROUGH SERIES E BOND
From 01-01-13 To 01-31-13

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
FEDERATED PRIME CASH INST'L SHARES					
01-01-13			Beginning Balance		36,639.42
01-02-13	01-02-13	dp	Interest	FEDERATED PRIME CASH INST'L SHARES	21.41
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-305.67
01-16-13	01-16-13	wd	Withdrawal	from Portfolio	-75.00
01-31-13	01-31-13	dp	Interest	US TREASURY NOTES 1.750% Due 01-31-14	4,375.00
01-31-13			Ending Balance		40,655.16

* Callable security



MONTHLY PERSPECTIVES

ECONOMY & MARKETS

You've got to admit it's getting better...

A little better, all the time. At least that's according to the Beatles. ISI Strategies agrees noting "global economic growth looks to be reaccelerating and world stock markets are making new highs." The S&P 500 has more than doubled from its 2009 lows. Oil is just about flat from where it was two years ago (thank you hydraulic fracturing) and the housing market is clearly improving.

The S&P 500 had its best January in 15 years posting a +5.2% gain last month. The MSCI all-country world equity index gained +4.6%, its best January since 1994. Treasury yields backed up 20 basis points (0.20%) with the 10 year bond ending the month at around 2%.

Still, the headwinds from fiscal tightening on top of a sluggish U.S. economy mean a very slow decline in the unemployment rate. In fact it rose to 7.9% in January. And economic growth declined in Q4 by -0.1%. So while optimism is in the air, we still have a ways to go on the economic front.

Has the Great Rotation begun?

Stock mutual funds and exchange-traded funds received \$34 billion in the four weeks through January 30 according to Lipper. It was their biggest four-week influx of cash since 1996. It has some analysts forecasting that the "Great Rotation" from bonds into stocks is finally underway.

Bond yields are very low, but they just might stay there for a while owing to the Federal Reserve's easy monetary policy. Recall the Fed has promised to keep rates low as long as the unemployment rate stays above 6.5% and inflation remains below 2.5%. Given our sluggish economy, analysts predict easing to continue through 2014.

The tax man cometh

The payroll tax holiday expired and that meant a tax increase of 2% which may crimp consumer spending. That tax increase and additional taxes on the wealthy have knocked the annual budget deficit down by around \$150 billion – only \$850 billion to go to be in balance! No spending cuts yet but the sequester requires \$80 billion of automatic cuts this year, and kicks in March 1 unless congress and the White House do something. It's ugly but we are making progress.

Debt ceiling déjà vu

Recall in the summer of 2011 when the debt ceiling showdown and subsequent downgrade of the U.S. to AA+ by S&P resulted in a -16% decline in the stock market. Congress has kicked the can down the road again passing a temporary extension of the debt ceiling until this May.

It's hard to say what ultimately happens, but we do not believe the U.S. will default on its debt. By the way, Fitch has warned of a downgrade from AAA to AA if we do not get our unsustainable budget and debt dynamics under control.

Abenomics

There has been lots of news out about Japan. New Prime Minister Abe has been pump priming and Bank of Japan bashing to loosen up and get inflation going. The stock market has been on fire rising +9.4% in January alone. Meanwhile the yen plummeted by -5.2%, making those gains less in dollars but still impressive. Has Japan turned the corner? It's hard to say, they have deep long term demographic and debt problems. Recent events have some foreign exchange pros worried that the depreciating yen might prompt a response from other nations and lead to possible currency wars.

Jeff Pantages, CFA
Chief Investment Officer

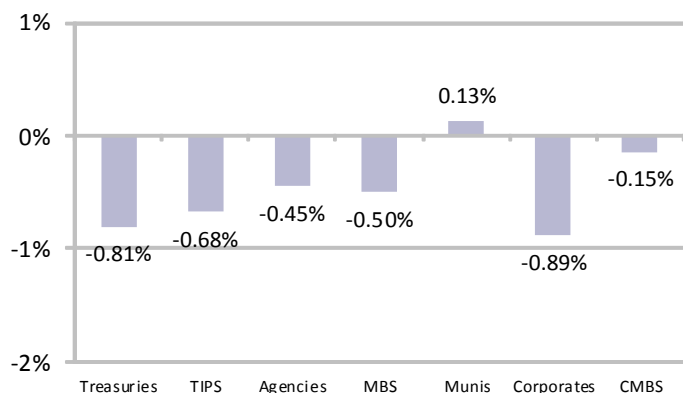


Bill Lierman, CFA
Portfolio Manager

■ Fixed Income sold off as investors favored risk assets. The month started off with a fiscal deal that delayed sequestration until March. Treasuries ended January with a -0.81% return. The 30 year Treasury yield rose 22 basis points (bps) to 3.17%, marking the first time it was above 3% at month end since April 2012.

■ TIPS outperformed nominals and returned -0.68%. Inflation expectations, as measured by breakevens, increased across the curve. The front-end led the way as oil and gas prices increased throughout the month due to Middle East uncertainty and a shortage of gas refinery capacity.

January 2013 Bond Total Return



Data: Barclays

■ The Fed continued its easing policy at its Jan 30th meeting with no new changes. It expects that “with appropriate policy accommodation, economic growth will proceed at a moderate pace.” Fed Funds futures forecast no change until Sept 2014.

■ Investors grabbed for yield and drove the financial and utility corporate sectors to an excess return of +0.67% and +0.66% vs. Treasuries, respectively. Overall, increasing yields led corporates to a -0.89% total return.

■ Commercial Mortgage Backed Securities continue to catch a bid. 60+ day delinquency rates for commercial properties fell approximately 10 bps to 9.0%. However, loss severities continued to rise increasing 2% to 59.7% according to Barclays. We continue to like CMBS but have concentrated in AAA rated bonds.

■ The municipal bond market rebounded from a December selloff returning a positive +0.13%. The fiscal cliff compromise saw taxes increases for wealthy Americans and no changes to the tax exempt status of municipal bonds.

■ Risk assets around the world started 2013 with a strong rally. Investor optimism was boosted by improving economic data, acceptable earnings growth, and progress toward managing the fiscal cliff.

■ The S&P 500 ended up +5.2%, finishing only 4% below its 2007 peak. Energy did the best for the month with returns of +7.6%, while technology lagged with gains of only +1.3%. Apple was the worst performer in the index down -14.6% while Netflix added +78.1% on strong earnings.

■ So far, 339 companies have reported Q4 earnings results. According to Goldman Sachs, 42% have beaten estimates, slightly above the historical average of 41%. Earnings are up +4% YoY.

■ All developed market countries posted positive dollar total returns for the month. European equities gained +5.9% on stabilizing macro conditions and a strong bond auction in Spain. Japanese equities rose +3.7% as the BoJ raised its inflation target to 2% and announced open ended JGB purchases starting in 2014. The Yen lost -5.2% relative to the USD.

■ Equities in emerging markets did not fare as well as those in developed markets, ending the month up +2.2%. However, the BRICs nearly kept paced with the S&P 500 gaining +4.2%.

■ REITs gained +3.7% led by timber REITS (+7.6%). Strong performance is coming from sectors that are benefitting from the broader economic recovery, including timber, industrial and lodging REITs.

Total Return (%) as of January 31, 2013

	One Month	Three Month	Six Month	Twelve Month
Domestic Equities				
Large Cap S&P 500	5.2	6.8	9.9	16.8
Mid Cap S&P 400	7.2	12.0	17.2	18.6
Small Cap S&P 600	5.8	10.4	14.8	18.1
International Equities				
Developed MSCI EAFE	5.3	11.3	18.6	17.3
Emerging MSCI Emerging Markets	2.2	7.7	13.1	7.6
Other				
Commercial Property S&P U.S. REIT	3.7	7.3	4.4	14.9
Commodities DJ-UBS Commodity	2.4	-0.2	-1.2	-1.1
Fixed Income				
Total Bond Market Barclays Aggregate	-0.7	-0.7	-0.3	2.6
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.0	0.1	0.1	0.4
Int'l Treasury Barclays Global Tsy ex-US	-1.0	-0.3	2.4	2.8



Brandy Niclai, CFA
Portfolio Manager



Consent Agenda

RESOLUTION 13-18

A RESOLUTION APPROVING CERTAIN UNINCORPORATED COMMUNITIES AND THEIR RESPECTIVE NATIVE VILLAGE COUNCIL AND/OR UNINCORPORATED NONPROFIT ENTITY FOR PARTICIPATION IN THE FY 14 COMMUNITY REVENUE SHARING PROGRAM.

WHEREAS, AS 29.60.865 und 3 AAC 180.070 require the assembly of a borough or unified municipality to adopt a resolution identifying those unincorporated communities located within their municipal boundaries that the assembly determines meet the Community Revenue Sharing Program eligibility criteria established under AS 2960.865, AS 29.60.879. and 3 AAC 180.110, and

WHEREAS, the unincorporated community has either a Native village council or incorporated nonprofit entity that will agree to receive and spend the Community Revenue Sharing payment for the public benefit of the unincorporated community; and

WHEREAS, the unincorporated community has 25 or more residents residing as a social unit; and

WHEREAS, at least three of the following services; fire protection, emergency medical, water and sewer, solid waste management, public road or ice road maintenance, public health, and search and rescue; are generally available to all residents of the unincorporated community and each of the three services, in any combination, are provided by one or more qualifying Native village council or incorporated nonprofit entity or are substantially paid for by the residents of the unincorporated community through taxes, charges, or assessments levied or authorized by the borough or unified municipality;

NOW THEREFORE BE IT RESOLVED THAT: The Assembly by this resolution hereby certifies that the following unincorporated communities and their respective Native village council or incorporated non-profit entity are eligible for funding under the FY14 Community Revenue Sharing Program:

Unincorporated Community:

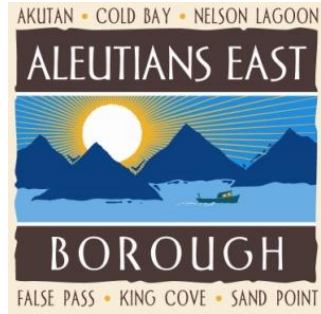
Native village councilor nonprofit entity:

Nelson Lagoon Village Council

PASSED AND APPROVED by a duly constituted quorum of the Assembly of the Aleutians East Borough (AEB) this _____ day of February, 2013.

SIGNED: _____
Stanley Mack, Mayor

ATTEST: _____
Tina Anderson, Clerk



Agenda Statement

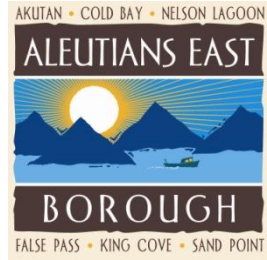
Date: January 23, 2013

To: Mayor Mack and Assembly

From: Anne Bailey, Community Development Coordinator

Re: Resolution – Supporting the Permanent Presence of the United States Coast Guard in Cold Bay, Alaska

Currently, the United States Coast Guard (USCG) Air Station Kodiak provides emergency medical evacuation (MEDEVAC) services for the Seventeenth Coast Guard District, which includes the Aleutians and the Bering Sea. They use Cold Bay as a medical transfer location from Cold Bay and the surrounding areas to a full service hospital in Anchorage or Seattle. From 2009-2011 there were 45 instances where the health clinic in Cold Bay was either used, or alerted of an on-going MEDEVAC and placed on standby. The USCG has direct involvement in the Cold Bay area; however, the City of Cold Bay would like them located in Cold Bay permanently. The City of Cold Bay is going to pass a similar resolution at their next City Council meeting and asks for Borough support.



RESOLUTION 13-19

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY SUPPORTING THE PERMANENT PRESENCE OF THE UNITED STATES COAST GUARD IN COLD BAY, ALASKA

WHEREAS, the United States Coast Guard (USCG) Air Station Kodiak provides emergency medical evacuation (MEDEVAC) services for the Seventeenth Coast Guard District, which includes the Aleutians and the Bering Sea; and

WHEREAS, the city of Cold Bay, Alaska is home to the third longest public runway in Alaska, which allows the air assets from Air Station Kodiak to utilize Cold Bay in most conditions; and

WHEREAS, Air Station Kodiak uses Cold Bay as a medical transfer location when patients need to be transported by USCG assets from remote locations to a full service hospital in Anchorage, Alaska and Seattle, Washington; and

WHEREAS, from 2009 through 2011 there were 45 instances where the health clinic in Cold Bay was either used, or alerted of an on-going MEDEVAC and placed on standby; and

WHEREAS, USCG Air Station Kodiak has direct involvement in the Cold Bay area year round; and

WHEREAS, the Aleutians East Borough and City of Cold Bay believe it is necessary to have a permanent USCG air station in Cold Bay, Alaska for MEDEVAC purposes.

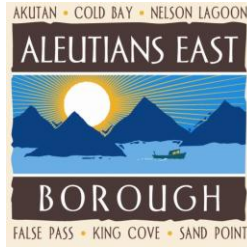
NOW THEREFORE BE IT RESOLVED by the Aleutians East Borough Assembly that the Aleutians East Borough supports the permanent presence of the USCG in Cold Bay, Alaska.

PASSED AND APPROVED by the Aleutians East Borough on this day 19th day of February 2013.

Stanley Mack, Mayor

ATTEST:

Tina Anderson, Clerk



ORDINANCE 13-05

AN ORDINANCE AMENDING 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 amended as follows:

REVENUES		FY13 BUDGET
Local		
	Interest Income	\$35,000
	AEB Fish Tax	\$3,200,779
	AEBSD Refund	
	Other Revenue	\$90,000
State		
	Shared Fishery Tax	\$2,033,096.94
	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	\$7,838,962.94
	AEBSD Revenue	\$6,977,000

OPERATING FUND EXPENDITURES

Mayor	\$250,278
Assembly	\$126,000
Administration	\$342,626
Clerk/Planning	\$197,190
Finance	\$242,619
Natural Resources	\$372,560
Communications Director	\$164,704
Development Coordinator	\$125,526
Public Works	\$128,727
Educational Support	\$1,316,000
KCAP	\$13,800
Other Gen.Fund	
Equipment	\$13,200
AEB Vehicles	\$10,000
Repairs	\$10,000
Utilities	\$13,000
Aleutia Crab	\$58,522
Legal	\$150,000
Insurance	\$180,000
Bank Fees	\$2,000
EATS	\$150,000
Misc.	\$96,000
Donations	\$23,500
NLG Rev. Sharing	\$32,000
Web Service/Tech	\$22,000
Total Other	\$760,222
Total General Fund	\$4,040,252.00
Capital Projects	\$0
Bond Projects	\$0
Debt Services	\$2,159,005
Maintenance Reserve	\$100,000
Total Expenditure	\$6,299,257
AEB Surplus	\$1,539,706
AEBSD Expenses	\$6,977,000
Fund 20, Grants, Revenues	\$1,196,611
Fund 20, Grants, Expenditures	\$1,196,611
Fund 22, Hovercraft, Revenues	\$1,210,000
Fund 22, Hovercraft, Expenditures	\$2,927,500

Fund 22, Terminal Operations, Revenues	\$739,620
Fund 22, Terminal Operations, Expenditures	\$230,952
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 February 2013.

Mayor

ATTEST:

Clerk

REVENUES		FY13		FY 13 W/COLA		FY13 Mid Year				FY12 Amounts/Will Change FY13		
										Medical	876.02 mon.	
	AEBSD Revenues	\$6,977,000				\$ 6,977,000.00				PERS	22%	
										ESC	2.92%	
										Medicare	1.45%	
	Interest Income	\$35,000				\$ 35,000.00				PERS/DC	5.71%	
Local	AEB Fish Tax	\$3,200,779				\$ 3,200,779.00					74.09	
	AEBSD Refund											
	Other Revenue	\$7,000				\$ 90,000.00	*Increase By \$83000					
State	Shared Fishery Tax	\$1,664,919				\$ 2,033,096.94	*Increase By \$368177.94					
	Extraterritorial Fish Tax	\$243,084				\$ 243,084.00						
	Landing Tax	\$53,571				\$ 53,571.00						
	Debt Reimbursement	\$1,045,464				\$ 1,045,464.00						
	Coastal Management	\$0				\$ -						
	State Aid to Local Governments	\$542,712				\$ 542,712.00						
Federal	Payment in Lieu of Taxes	\$559,000				\$ 559,000.00						
	USF&WS Lands	\$36,256				\$ 36,256.00						
	Total FY13 Revenues	\$7,387,785				\$ 7,838,962.94						
Operating Fund Expenditures												
	Mayor	\$ 247,795.00		\$ 250,278.00		\$ 250,278.00						
	Assembly	\$ 126,000.00		\$ 126,000.00		\$ 126,000.00						
	Administration	\$ 339,950.00		\$ 342,626.00		\$ 342,626.00						
	Clerk/Planning	\$ 194,484.00		\$ 197,190.00		\$ 197,190.00						
	Finance	\$ 238,963.00		\$ 242,619.00		\$ 242,619.00						
	Natural Resources	\$ 324,040.00		\$ 326,560.00		\$ 372,560.00						
	Public Information Officer	\$ 171,645.00		\$ 174,704.00		\$ 164,704.00						
	Development Coordinator	\$ 123,006.00		\$ 125,526.00		\$ 125,526.00						
	Public Works	\$ 126,099.00		\$ 128,727.00		\$ 128,727.00						
	Educational Support	\$ 1,525,000.00		\$ 1,256,000.00		\$ 1,316,000.00						
	KCAP	\$ 23,800.00		\$ 23,800.00		\$ 13,800.00						
	Other GF											
	Equipment	\$8,200				\$ 13,200.00						
	AEB Vehicles	\$10,000				\$ 10,000.00						
	Repairs	\$5,000				\$ 10,000.00						
	Utilities	\$13,000				\$ 13,000.00						

	Aleutia Crab	\$58,522			\$ 58,522.00						
	Legal	\$150,000			\$ 150,000.00						
	Insurance	\$180,000			\$ 180,000.00						
	Bank Fees	\$2,000			\$ 2,000.00						
	EATS	\$150,000			\$ 150,000.00						
	Misc.	\$1,000			\$ 96,000.00						
	Donations	\$23,500			\$ 23,500.00						
	NLG Rev. Sharing	\$32,000			\$ 32,000.00						
	Web Service/Tech Support	\$16,000			\$ 22,000.00						
		\$649,222		\$ 649,222.00	\$ 760,222.00						
	Total General Fund	\$4,090,004	\$0	\$ 3,843,252.00	\$ 4,040,252.00						
	Capital Projects	\$0									
	Bond Projects	\$0									
	Debt Services	\$2,159,005			\$ 2,159,005.00						
	Maintenance Reserve	\$100,000			\$ 100,000.00						
	Total Expenditure	\$6,349,009			\$ 6,299,257.00						
	AEB Surplus	\$1,038,776	\$0	\$0	\$0	\$1,539,706					
	AEBSD Expenditures	\$6,977,000			\$ 6,977,000.00						
	Fund 20, Grants, Revenues	\$225,000			\$ 1,196,611.00	*AEB/Cold Bay Dock Repairs \$71,000/Cold Bay Terminal Apron \$225,000					
	Fund 20, Grants, Expenditures	\$225,000			\$ 1,196,611.00	*Trident Grant/Akutan Airport \$900,000					
	Fund 22, Hovercraft, Revenues	\$585,000			\$ 1,210,000.00						
	Fund 22, Hovercraft, Expenditures	\$2,180,000			\$ 2,927,500.00						
	Fund 22, Terminal Operations, Revenues	\$139,620			\$ 739,620.00						
	Fund 22, Terminal Operations, Expenditures	\$195,952			\$ 230,952.00						
	Fund 24, Bond Project, Revenues	\$5,000,000			\$ 5,000,000.00						
	Fund 24, Bond Project, Expenditures	\$5,000,000			\$ 5,000,000.00						
	Fund 30, Bond Payments, Revenues	\$1,597,433			\$ 1,597,433.00						
	Fund 30, Bond Payments, Expenditures	\$1,597,433			\$ 1,597,433.00						
	Fund 40, Permanent Fund, Revenues	\$350,000			\$ 350,000.00						

Fund 40, Permanent Fund, Expenditures		\$35,000				\$ 35,000.00						
Fund 41, Maintenance Reserve, Revenues		\$100,000				\$ 100,000.00						
Fund 41, Maintenance Reserve, Expenditures		\$100,000				\$ 100,000.00						

					FY13 Mid Year						
Mayor's Office		FY13	3.6% COLA								
	Salary	\$68,985	\$2,483	\$ 71,468.12	\$ 71,468.12						
	Fringe	\$27,810			\$ 27,810.00						
	Travel	\$36,000			\$ 36,000.00						
	Phone	\$2,400			\$ 2,400.00						
	Supplies	\$1,000			\$ 1,000.00						
	Lobbying, federal	\$75,600			\$ 75,600.00						
	Lobbying, state	\$36,000			\$ 36,000.00						
	Total Mayor's Office	\$247,795	\$2,483	\$250,278	\$ 250,278.12						
Assembly											
	Meeting Fee	\$ 25,000.00			\$ 25,000.00						
	Fringe	\$ 56,000.00			\$ 56,000.00						
	Travel	\$ 40,000.00			\$ 40,000.00						
	Phone	\$ 4,500.00			\$ 4,500.00						
	Supplies	\$ 500.00			\$ 500.00						
	Retreat	\$ -			\$ -						
	Total Assembly	\$126,000		\$ 126,000.00	\$126,000						
Administration											
	Salary	\$166,116	\$2,676	\$ 168,792.00	\$ 168,792.00						
	Fringe	\$64,234			\$ 64,234.00						
	Contract labor	\$25,000			\$ 18,000.00	*Reduce \$7000/Move To Travel					
	Travel & per diem	\$15,000			\$ 25,500.00	*Add \$7000 from Contract/\$3500 from Equipment					
	Phone	\$6,000			\$ 6,000.00						
	Postage	\$2,500			\$ 2,500.00						
	Supplies	\$18,120			\$ 18,120.00						
	Rent	\$36,980			\$ 36,980.00						
	Dues & fees	\$1,500			\$ 2,500.00	*Add \$1000 from Equipment					
	Equipment	\$4,500			\$ -	*Reduce \$4500/Move \$3500 to travel/\$1000 to Dues&Fees					
	Total Administration	\$339,950	\$2,676	\$342,626	\$ 342,626.00						
Clerk/Planning											
	Salary	\$81,160	\$2,706	\$ 83,866.00	\$ 83,866.00						
	Fringe	\$33,524			\$ 33,524.00						
	Travel & per diem	\$12,500			\$ 12,500.00						
	Phone	\$7,500			\$ 7,500.00						
	Postage	\$1,500			\$ 1,500.00						
	Supplies	\$9,000			\$ 9,000.00						
	Utilities	\$15,000			\$ 15,000.00						
	Dues & fees	\$5,000			\$ 5,000.00						
	Elections	\$25,000			\$ 25,000.00						
	Planning Com.	\$4,300			\$ 4,300.00						
	Total Clerk/Planning	\$194,484	\$2,706	\$197,190	\$ 197,190.00						
Finance											
	Salary	\$116,802	\$3,656	\$ 120,458.00	\$ 120,458.00						
	Fringe	\$51,161			\$ 51,161.00						

	Travel & per diem		\$4,000			\$	4,000.00							
	Phone		\$5,000			\$	5,000.00							
	Postage		\$2,500			\$	2,500.00							
	Supplies		\$10,500			\$	10,500.00							
	Utilities		\$4,000			\$	4,000.00							
	Audit		\$45,000			\$	45,000.00							
	Total Finance		\$238,963	\$3,656	\$242,619	\$	242,619.00							
Natural Resources														
	Salary		\$70,000	\$2,520	\$ 72,520.00	\$	72,520.00							
	Fringe		\$30,040				\$30,040							
	Contract labor		\$75,000				\$75,000							
	Travel & per diem		\$35,000				\$35,000							
	Phone		\$3,000				\$3,000							
	Supplies		\$3,000				\$7,000	*Increase \$4000/From 01-844-000-475 \$3000/01-844-000-425 \$1000						
	SEMD Sampling		\$62,000				\$89,000	*Increase \$27000						
	NPFMC		\$15,000				\$15,000							
	BOF Meeting		\$25,000				\$25,000							
	Rent		\$6,000				\$6,000							
	Fisheries Development						\$15,000	*Add Line \$15000						
	Total		\$324,040	\$2,520	\$326,560	\$	372,560.00	Increase of \$42000						
Public Information Officer														
	Salary		\$84,959	\$3,059	\$ 88,017.34	\$	88,018.00							
	Fringe		\$32,736			\$	32,736.00							
	Contract labor		\$0			\$	-							
	Travel & per diem		\$15,000			\$	15,000.00							
	Phone		\$2,400			\$	2,400.00							
	Postage		\$250			\$	250.00							
	Supplies		\$4,500			\$	4,500.00							
	Rent		\$6,800			\$	6,800.00							
	Advertising/promotions		\$25,000			\$	15,000.00	*Reduce \$10000/Move To 01-900-000-500 \$5000/01-900-000-600 \$5000						
	Total		\$171,645	\$3,059	\$174,704	\$	164,704.00							
Other														
	Equipment		\$8,200			\$	13,200.00	*Increase By \$5000 from 01-651-011-532						
	AEB Vehicles		\$10,000			\$	10,000.00							
	Repairs		\$5,000			\$	10,000.00	*Increase By \$5000 from 01-651-011-532						
	Utilities		\$13,000			\$	13,000.00							
	Aleutia Crab		\$58,522			\$	58,522.00							
	Legal		\$150,000			\$	150,000.00							
	Insurance		\$180,000			\$	180,000.00							
	Bank Fees		\$2,000			\$	2,000.00							
	EATS		\$150,000			\$	150,000.00							
	Misc.		\$1,000			\$	96,000.00	*Increase By 95,000						
	Donations		\$23,500			\$	23,500.00							
	NLG Rev. Sharing		\$32,000			\$	32,000.00							
	Web Service/Tech Support		\$16,000			\$	22,000.00	*Increase By \$6000/From 01-844-000-300 \$2000/01-844-000-350 \$4000						
	Total Other		\$649,222		\$ 649,222.00	\$	760,222.00							

Development Coordinator													
	Salary	\$70,000	\$ 2,520.00	\$ 72,520.00	\$ 72,520.00								
	Fringe	\$27,256			\$ 27,256.00								
	Travel & per diem	\$10,000			\$ 10,000.00								
	Phone	\$4,000			\$ 4,000.00								
	Postage	\$250			\$ 250.00								
	Supplies	\$4,500			\$ 4,500.00								
	Rent	\$7,000			\$ 7,000.00								
	Total Development	\$123,006	\$2,520	\$125,526	\$ 125,526.00								
Public Works													
	Salary	\$72,997	\$ 2,628.00	\$ 75,625.00	\$ 75,625.00								
	Fringe	\$29,602			\$ 29,602.00								
	Travel & per diem	\$12,000			\$ 11,000.00	*Reduce By \$1000/Add To Supplies							
	Phone	\$1,500			\$ 1,500.00								
	Postage	\$0			\$ -								
	Supplies	\$6,000			\$ 8,000.00	*Increase By \$1000 from Travel/\$1000 from Utilities							
	Equipment	\$1,500			\$ 1,500.00								
	Utilities	\$2,500			\$ 1,500.00	*Reduce By \$1000/Add To Supplies							
	Total Public Works	\$126,099	\$2,628	\$128,727	\$ 128,727.00								
Education													
*Nelson Lagoon School Closed Down	Local Contribution	\$1,500,000	\$ (269,000.00)	\$ 1,231,000.00	\$ 1,231,000.00								
	Scholarships	\$20,000			\$ 20,000.00								
	Student travel	\$5,000			\$ 5,000.00								
	Special Ed. Aid				\$ 60,000.00	*Add Line \$60000							
	Total Educational Support	\$1,525,000	\$ (269,000.00)	\$ 1,256,000.00	\$ 1,316,000.00								
KCAP													
	Salary	\$ 4,500.00			\$ 2,500.00	*Reduce by \$2000/Move To 01-900-000-943							
	Fringe	\$ 6,000.00			\$ 2,000.00	*Reduce by \$4000/Move To 01-900-000-943							
	Telephone	\$ 2,120.00			\$ 1,120.00	*Reduce by \$1000/Move to 01-650-000-475							
	Supplies	\$ 3,600.00			\$ 600.00	*Reduce by\$3000/Move To 01-650-000-475							
	Rental/Lease	\$ 7,580.00			\$ 7,580.00								
		\$ 23,800.00		\$ 23,800.00	\$ 13,800.00								
			\$ 22,248.00	\$3,843,252									
TOTAL OPERATING BUDGT		\$4,090,004	\$ (269,000.00)	\$3,843,252	\$0	\$4,040,252							

Fund 22 Terminal Operations				FY13		FY13 Mid-Year				
Revenues										
	Remaining construction Loan/									
	Remaining FAA reimbursement			\$0						
	Other Income					\$ 600,000.00	*Increase By \$600000/CDB Terminal Settlement			
	Leases			\$139,620		\$ 139,620.00				
				\$139,620		\$ 739,620.00				
Expenses										
	Salary			\$24,000		\$ 24,000.00				
	Fringe			\$3,617		\$ 3,617.00				
	Contract Labor					\$ 35,000.00	*Add Line \$35000			
	Travel & per diem			\$3,000		\$ 3,000.00				
	Phone, Internet			\$4,500		\$ 4,500.00				
	Legal			\$100,000		\$ 100,000.00				
	Supplies			\$15,000		\$ 15,000.00				
	Rental/Lease			\$5,335		\$ 5,335.00				
	Utilities			\$24,000		\$ 24,000.00				
	Fuel/Gas			\$1,500		\$ 1,500.00				
	Fuel/diesel			\$15,000		\$ 15,000.00				
				\$195,952		\$ 230,952.00				
Fund 22 Hovercraft Operations				FY13						
Revenues										
	Grant			\$0		\$ -				
	Medivacs			\$5,000		\$ 5,000.00				
	Freight			\$100,000		\$ 100,000.00				
	Other Income			\$150,000		\$ 775,000.00	*Increase By \$625000/Tent Loss Settlement/Other			
	Tickets, fees, etc.			\$330,000		\$ 330,000.00				
	Other			\$0						
				\$585,000		\$ 1,210,000.00				
Expenses										
	Salary			\$0		\$ -				
	Fringe			\$0		\$ -				
	Phone/Internet			\$0		\$ 2,500.00	*Add \$2500			
	Supplies			\$0		\$ 300,000.00	*Add \$300000			
	Contract			\$1,950,000	Sept.-June	\$ 1,950,000.00				

	Fuel/gas			\$5,000		\$	10,000.00	*Increase By \$5000		
	Fuel/diesel			\$5,000		\$	445,000.00	*Increase By \$440000		
	Insurance			\$215,000 *		\$	215,000.00			
	Utilities			\$5,000		\$	5,000.00			
				\$2,180,000		\$	2,927,500.00			

OLD BUSINESS

Approval of Hoverlink Contract

Tabled at the November 13, 2012 Assembly
meeting

ROLL CALL

Marvin-yes, Carol-yes, Brenda-yes, Paul-yes, Ken-yes, Joe-yes, Bill-yes. Advisory: Harold-yes.
MOTION PASSED.

OLD BUSINESS

Mayor Veto of amendment to Ordinance 13-02, FY13 Budget Ordinance Amendment:

Mayor Mack said that there was a motion to eliminate a department in AEB. He is exercising his right to veto that motion and has submitted a memo (in packet) on his reasons for his veto.

Carol said action was bad timing. The intent was to not jeopardize the whole budget. In saying that, she requested a workshop before our next budget and see if we can make cuts because that was the intent, to make cuts. We need to really look at the budget due to fishing and other things coming down the line like the hovercraft.

Justine said this is nothing personal, it is about the budget and trying to make some cuts and need to talk about these things. The Communications Director is a great person and it was just a budget issue. She supports having a budget workshop.

Paul asked the attorney Joe Levesque to explain the memo and what options we have.

The Attorney said he was requested by Mayor Mack to do memo. He explained the Mayor can veto the whole ordinance or just the motion to amend the budget. The Mayor decided that he wants to just veto just the amendment, not budget. The other amendments stand. He simply vetoed amendment using his power. Where it stands now that he has vetoed, the Assembly needs to decide what they want to do. Paul asked how much time allowed. Levesque said they can move to override now or next meeting. Paul said he does not plan to vote to override, and feels the budget will be fine.

Brenda asked if his veto isn't overridden, does the amendment go away. Levesque answered yes and added that when a motion is made during a public hearing that has a big change, the public has a right to have another public hearing.

Paul asked the AEB Attorney if any action is necessary if veto is overturned. Levesque said no action and if there is no override, the veto stands.

Approval of Contract in the amount of \$2.56M to Hoverlink for Akutan/Akun Hovercraft Operations:

MOTION

Ken moved to approve the Hoverlink contract in the amount of \$2.56M and second by Bill.

DISCUSSION

Paul does not believe the hovercraft is the best option for moving people from Akun to Akutan. Any financial scenario including mail with Essential Air Service (EAS) will be too many problems and cost too much money. So only sensible thing to do is vote down and get the parties together and negotiate a solution. He feels it will save money in the shortest time possible.

Marvin agrees with Paul. We are bidding for time for the King Cove access project, the road project has been a long process and he agrees with Paul, the hovercraft is not going to work. Money wise it is going to drain revenues and not fair to other communities, schools, etc... He feels we have to bide time until we can work out a plan B.

Carol agrees it is very expensive at \$2.5M plus for operating costs. She does not agree that the King Cove access project should be linked to this project. King Cove/Cold Bay access is going to be there and is down the road. We had this discussion with King Cove and were very adamant about the cost in King Cove being \$900,000 in debt when we ended it. She agrees with Paul that the entities need to find a better solution because we know that the hovercraft is not the best solution. At this time, they are the only community that does not have service. She feels this is wrong and they need to have service like everyone else and there has to be a solution.

Mayor Mack said Plan B is in the works and they have been working on it. Akutan did have an option with the Goose but that option is gone now. They are the only community without transportation right now, except by vessel. He recommends that we approve the contract. We have a 90 day clause in there that allows us to pull out. Meantime, the Assembly can direct administration to fast track an alternative mode of transportation since we know the hovercraft is not going to be the solution.

The Administrator said he has to admit when numbers started coming together it was a big wow. He understands Paul's concerns. The difficulty is these kinds of situations are the ramifications and political ramifications it can cause. He has to refer to Gary Hennigh on King Cove issue because Gary has been involved the longest and can see what that can do. He suggests considering the impact to AEB and the communities in the AEB when making a decision. It could mean no funding for a while. He agrees with Mayor Mack and suggested the Assembly give direction on looking at other alternatives and work with the state and Trident. Another option is postponing this for a couple months to not have an impact on King Cove Access project. He cautioned the Assembly to think hard on this. Carol asked for his recommendations. The Administrator said his recommendation is either postpone decision or approve contract with the direction to move on an alternative. AEB can exercise 90 days termination of contract.

Paul prefers to approve and exercise the termination of 90 days. The Administrator pointed out that once you say termination Hoverlink would be in shutdown mode.

Harold said the whole thing is costly but we do have an obligation to the city of Akutan and state of Alaska on agreement we signed. If we follow through with Gronholdt suggestion of termination in 90 days option, would we have an alternative in place in 90 days? The Administrator said it would be difficult to have something in place by then. Harold supports signing for one year and then have the alternative plan ready to go.

Carol asked when the EAS and airline flights are going to happen. Joe said it sounds like Grant Aviation will get EAS and will have a scheduled flight to Akutan, but nothing official has come out yet.

Rick said his understanding is the EAS contracts are being fine-tuned and close to getting signed. The hurricane slowed things down back east. Mail is not going to be big revenues for hovercraft but will pay the tariff of 50 cents. It would behoove the AEB to get a piece of that EAS contract, may be

difficult but might be worth it. He added that the postal service authorized Grant Aviation to do on-demand charters to get mail in.

AMENDMENT

Paul moved to change contract to a 90 day contract until February 11th. Second by Bill.

FURTHER DISCUSSION

Paul said we are not following code by operating without a contract. Levesque said you have a contract that has been negotiated by two parties, which means that tomorrow Hoverlink can say you are in breach and can pull out now since you are making a unilateral change.

Lobbyist Mark Hickey said that there is about \$2M reimbursement from the state, which has not been received yet. There is also a concern about impacting AEB reputation for future funding.

Ken said we have to look at an alternative but come February 1 we are not going to have an alternative in place, a lot of unknowns at this time. He feels strongly that we approve the contract as is and follow up with a strong study of an alternative. At this point, the amendment is basically closing down the hovercraft and not fulfilling our obligation and not having an alternative in place.

Brenda expressed her concern that the amendment impacts people that do not have a service and feels we need to take care of the people there. She added that three months is not going to fix the problem and need to consider future funding from state. She said if King Cove had wind and ice issues and the hovercraft could not travel, there is going to be many days that Akutan won't be able to use the hovercraft also.

Mayor Mack is concerned that if we serve notice the reimbursement funding will go away and infrastructure will not be put in place. He is reluctant to move forward with discontinuation at this time.

Paul asked the AEB Attorney to clear things up on hovercraft operation. AEB Attorney Joe Levesque clarified by saying, a lot of things going on and we need to buy a little time. He has reviewed the Hoverlink contract. He said Assembly has appropriated money in the budget and approved conceptually that we were going to work with Hoverlink and fulfill our promise that we would have a marine link in place September 1. Only way Hoverlink has agreed to work with the AEB is because we have a MOU in place and that Hoverlink is assured that they are going to get paid for what they are doing. If this is postponed or tabled for indefinite period of time we don't know what Hoverlink is going to do. The Administrator could extend this MOU to February and explain to Hoverlink. The Assembly has spoken, it holds the purse strings and is authorized to take a pause and continue to work with Hoverlink.

MOTION

Paul moved to table Hoverlink contract until February. Second by Carol.

ROLL CALL

Paul-yes, Joe-no, Marvin-yes, Ken-yes, Brenda-yes, Carol-yes, Bill-yes. Advisory: Harold-yes.

MOTION PASSED.

MOTION

Paul moved to authorize to continue to work with Hoverlink to extend with MOU through February. Second by Marvin.

DISCUSSION

Paul said this continues to keep operation the same as we are doing and right at the moment seems to make sense.

ROLL CALL

Marvin-yes, Ken-yes, Brenda-yes, Bill-yes, Joe-no, Carol-yes, Paul-yes. Advisory: Harold-yes.

MOTION PASSED.

NEW BUSINESS

Capital Projects Priority List – Discussion Only:

MOTION

Paul moved to amend Capital Projects Priority List by adding Cold Bay dock rebuild and wave barrier #2, moving subsidy to Akutan to bottom of list. Second by Bill. There were no objections, MOTION PASSED.

DISCUSSION

Paul said last year we had both Cold Bay items on priority list and they were numbered at five and eight. He felt there may be some savings in engineering costs by combining the Cold Bay dock rebuild and a wave barrier.

The Community Development Coordinator said additional projects brought up were Nelson Lagoon dock repairs, Cold Bay wave barrier and Sand Point harbor floats.

She added that Nelson Lagoon dock has \$3.4M in insurance property coverage. So, if there is damage she requested Justine get damage reported. In 2010 docks were \$3M, presently it would have a 5.5% increase. She said that the Nelson Lagoon Dock Agreement is also outstanding. In regards to a wave barrier, there was a study done although not sure where it is at this time.

Transportation Link – Discussion Only:

No discussion

Nelson Lagoon Advisory Member Appointment:

MOTION

Brenda moved to appoint Justine Gundersen as Nelson Lagoon Advisory Member for the remainder of this year and 2013. Second by Ken.

Donation Requests:

City of Sand Point – Community Playground Funding Request of \$1,000:

MOTION

Marvin moved to accept and second by Carol.

DISCUSSION

Carol supports funding, the equipment there is really bad, it has gravel on the ground and kids get hurt. City of Sand Point Mayor said kids use the playground extensively and this is a project that Sand Point City Clerk, Jade Cromer has been working on.

ROLL CALL

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

REPORTS AND UPDATES

Paul thanked staff for the real good reports.

Cold Bay airport terminal lawsuit: The Administrator said the lawsuit has settled. AEB asked for \$1.5M for building damages repaired by AEB. There was a countersuit for \$400,000, that has gone away and AEB will receive \$600,000 check.

ASSEMBLY COMMENTS

Carol said discussion on Sand Point new harbor, for the record, it is time to help finish that and it would behoove AEB to get the projects done and then turned over to its rightful owners.

PUBLIC COMMENTS

Dick Jacobsen said in regards to the hovercraft discussion, that hovercraft worries him out there. If you get a wind against the tide someone is going to get hurt on that hovercraft. AEB needs to come up with a better solution than that. He put his fishing vessel under water by missing the tide, he does not believe the hovercraft is going to work.

NEXT MEETING DATE & TIME

In December, date and time to be determined later.

ADJOURNMENT

There was no more business, meeting adjourned at 8:53 p.m.

Mayor Date

Clerk Date

FERRY SERVICES AGREEMENT

This Ferry Services Agreement ("Agreement") is entered into and made to be effective as of April 9, 2012 ("Effective Date"), by and between HoverLink, LLC, a Washington limited liability company ("HoverLink"), and Aleutians East Borough, a Second Class Borough of the the State of Alaska ("AEB"), collectively referred to as "the Parties."

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 Appendix C to the Ferry Services Plan (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 ("Ferry Services Plan").
- 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").

This Agreement shall supersede any and all previous offers and counter-offers, either oral or written. If this Agreement is not signed by all parties, it shall not represent a binding agreement.

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 has provided the Vessel to HoverLink in good working order.

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, except that HoverLink will be responsible for maintaining the Vessel to ensure that it maintains an acceptable United States Coast Guard Certificate of Inspection, and for permits and licenses required by Personnel.

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. The cost of all routine maintenance and procedures shall be borne by AEB as described in the Budget (as defined below), except as otherwise set forth in Section 2.1 below.

1.4.2 Spare Parts. HoverLink will maintain spare parts at the Vessel hangar 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 at all times.

1.4.3 Main Repairs. HoverLink will immediately notify AEB of any necessary repairs to be made to the Vessel. Non-routine repairs anticipated to exceed \$5,000 (projected parts and labor) require prior written approval of the Borough Administrator excepting those necessary to be immediately made in the event of an emergency or to maintain the service schedule. The cost of any repairs shall be borne by AEB, except that HoverLink shall be responsible for the cost of any repairs to the extent such repairs are not covered by insurance and are required as a result of HoverLink's gross negligence, willful misconduct, or failure to perform routine maintenance as stated in Section 1.4.1 above

1.4.4 Interruption in Service due to Failure to perform Routine Maintenance and Repairs. AEB may, at its option, obtain and maintain business interruption insurance coverage.

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. HoverLink will document all passengers and cargo carried on the Vessel as necessary for AEB to seek payment for such transportation services from third parties, and will work cooperatively with AEB to enhance and grow revenues. In the event that fare collection at the Vessel is necessary, HoverLink will work with AEB to provide the most efficient and cost effective means for such collection, provided that in no event will HoverLink handle or collect any cash.

2. Compensation.

2.1 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 "Fees"). The estimated budget is set forth on Section V and Appendix B of the Ferry Services Plan attached hereto as Exhibit C (the "Budget"). HoverLink will diligently work to manage the Services within the Budget and shall notify AEB on a monthly basis regarding the overall Budget performance. Any changes to the Budget or the Services shall be made pursuant to Section 9.5 below.

2.2 Invoices; Payment. HoverLink will provide AEB monthly invoices no later than the tenth (10th) day of each month for the Fees incurred for the previous month. AEB will pay HoverLink all amounts due within fifteen (15) days of receipt of the monthly invoice. AEB will pay HoverLink an amount of \$300,000 for working capital on or before the date of AEB's execution of this Agreement, which amount shall be credited back to AEB upon termination of this Agreement.

2.3 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.

2.4 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.

2.5 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.

3. Term.

3.1 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.

3.2 Termination for Convenience. Notwithstanding Section 3.1, 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 Fees owed to HoverLink for any Services rendered through the termination date. AEB will also be responsible for any costs reasonably incurred by HoverLink to wrap up and shut down its operations, the amount and timing of which will be mutually agreed upon by the parties. AEB's termination pursuant to this Section 3.2 may be for any reason including, without limitation, any withdrawal, reduction, or limitation of AEB's funding following the Effective Date.

3.3 Termination for Breach. Notwithstanding Section 3.1, 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 3.3 is not exclusive and is in addition to any other legal or equitable remedies accorded that party under applicable law.

3.4 Post-Termination Survival. The terms and conditions of Sections 3.2, 3.3, 3.4, 4, 6, and 8 shall survive any termination or expiration of this Agreement.

4. Confirmation of Relationship.

4.1 Independent Contractor. HoverLink is an independent contractor providing services to AEB under this Agreement. 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 HoverLink to accomplish the intent of this Agreement will be considered solely HoverLink's employees or agents and HoverLink 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. Representations and Warranties.

5.1 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 as required in Section 7 below; (v) it will comply with all applicable laws, rules, regulations and orders of any governmental authority in its performance under this Agreement.

5.2 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; (iii) it and its employees possess all licenses, permits and authorizations necessary for their operation of the Vessel in accordance with this Agreement; (iv) it carries the insurance as required in Section 7 below; and (v) it will comply with all applicable laws, rules, regulations and orders of any governmental authority in its performance under this Agreement.

5.3 Exclusive Warranties. EXCEPT AS OTHERWISE SET FORTH IN THIS SECTION 5, 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.

6. Indemnification.

6.1 AEB Indemnification. Except to the extent arising out of HoverLink's negligence or willful misconduct and subject to Section 7.6 below, 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 AEB'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 5.1 above.

6.2 HoverLink Indemnification. Except to the extent arising out of AEB's negligence or willful misconduct and subject to Section 7.6 below, 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 5.2 above.

6.3 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.

7. Insurance.

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

7.1.1 Hull and machinery, subject to the terms and conditions of the Air Cushion Vehicle Clauses or equivalent, in an amount equal to the vessel's agreed value, and including innocent owners' insurance.

7.1.2 Protection & indemnity as per form SP-23 or per the rules of Steamship Mutual P&I Club, including liability coverage for property damage and injuries to third parties, passengers and crew and pollution liability to a limit of not less than \$100,000,000 per occurrence with HoverLink added as Co-Insured as manager and operator of the vessel with all the liability and obligations of a vessel owner

7.1.3 Commercial General liability or Marine General Liability insurance including contractual liability and actions over indemnification involving employees and including Terminal Operator's liability to a limit of not less than \$1,000,000 per occurrence.

7.1.4 Workers compensation including coverage under the U.S. Longshore and Harbor Workers Compensation Act as required by law and including Employer's Liability insurance to a limit of \$2,500,000

7.1.5 Auto Liability insurance covering all owned, non-owned and hired autos to a limit not less than \$1,000,000 per occurrence.

7.1.6 Excess Liability insurance to a limit of \$9,000,000 excess of General Liability/Terminal Operator's Liability and Auto Liability.

7.2 HoverLink Coverages. HoverLink will procure and maintain in full force and effect the following insurance coverage during the term of this Agreement:

7.2.1 Commercial General liability or Marine General Liability insurance including contractual liability and actions over indemnification involving employees to a limit of not less than \$1,000,000 per occurrence.

7.2.2 Workers compensation including coverage under the U.S. Longshore and Harbor Workers Compensation Act as required by law and including Employer's Liability insurance to a limit of \$2,500,000.

7.2.3 Auto Liability insurance covering all owned, non-owned and hired autos to a limit not less than \$1,000,000 per occurrence.

7.2.4 Excess Liability insurance to a limit of \$9,000,000 excess of General Liability and Auto Liability.

7.3 Additional Insurance Requirements.

7.3.1 Each of the above policies shall waive subrogation in favor of the non-procuring party.

7.3.2 Each of the policies other than Workers Compensation/USL&H shall name the non-procuring party and its vessel, members, managers, officers, employees, agents and volunteers as Additional Assureds with respect to liabilities under this agreement and shall be primary to other insurance available to the Additional Assured.

7.3.3 Each policy shall be endorsed to provide the non-procuring party not less than thirty (30) days advance notice of cancellation or reduction in coverage except ten (10) days advance notice in the event of non-payment of premium.

7.4 Certificates. On or before May 20, 2012, each insured party shall deliver to the other party certificates of insurance in form reasonably satisfactory to the other party evidencing the coverages required hereunder ("Evidence of Insurance"), and each insured party shall provide the other party with Evidence of Insurance thereafter before the expiration dates of expiring policies. Such certificates shall also contain a statement:

"Should any of the above insurance covered by this Certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance notice to the other party."

7.5 Failure to Secure. If either insured party 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, the other party shall be permitted to obtain such insurance in the insured party's name or as an agent of the insured party; provided, however, the other party shall notify the insured party in writing of the inadequacy of the insured party's insurance and the insured party shall have a thirty (30) calendar day cure period to allow the insured party adequate time to secure such insurance. If the insured party fails to secure such insurance after the expiration of the cure period, HoverLink shall be compensated by the insured party 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. The insured party shall indemnify and hold harmless the other party from any Losses arising from the failure to maintain any of the insurance policies required above.

7.6 Reliance Upon and/or Failure of Insurance. The parties shall rely upon the insurances identified in this Section 7 to address loss, damage, claim, liability and/or suit relating to this Agreement and/or performance hereunder and agree to promptly submit all such matters to the applicable insurance. In the event a party fails to procure a required

insurance, an insurance fails for any reason (including breach of warranty or condition) and/or an insurer otherwise refuses or is unable to pay, the party required to procure and maintain such insurance shall be deemed the insurer or self-insurer, shall accept and pay all claims which would otherwise be covered by such failed insurance and shall indemnify and hold harmless (including legal fees and costs) the other party of and from any loss, damage, claim, liability and/or suit which would have been covered by such insurance had the insurance been procured and maintained as required.

8. Damages Limitation. IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES FOR ANY CLAIM ARISING OUT OF SUCH PARTY'S PERFORMANCE OF THIS AGREEMENT UNLESS SUCH DAMAGES ARE PROVED TO HAVE RESULTED SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PARTY, IN WHICH CASE (EXCEPT FOR DAMAGES RESULTING FROM SUCH PARTY'S WILLFUL MISCONDUCT) THE TOTAL LIABILITY TO THE OTHER PARTY FOR ANY SUCH CLAIM WILL NOT EXCEED HOVERLINK'S TOTAL ANNUAL PROFIT UNDER THIS AGREEMENT.

9. Miscellaneous.

9.1 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.

9.2 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 the parties shall submit the Dispute to a mediator mutually agreed upon. If the parties are unable to resolve the Dispute through mediation, then the parties shall submit the matter to binding arbitration, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction over the parties. The costs of mediation or arbitration shall be equally borne by the parties and shall be conducted in a neutral jurisdiction outside of the State of Alaska determined by AEB. 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.

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

9.4 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.

9.5 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.

9.6 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:

ALEUTIANS EAST BOROUGH
Attn: Rick Gifford, Borough Administrator
3380 C Street, Suite 205
Anchorage, Alaska 99503

With a copy to:

LEVESQUE LAW GROUP, LLC
Attn: Joseph N. Levesque, Borough Attorney
3380 C Street, Suite 202
Anchorage, Alaska 99503

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

9.7 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.

9.8 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.

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

9.10 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.

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

HOVER LINK, LLC

By: MJR
(signature)

Name: MARTIN J. ROBBINS
(print name of person signing agreement)

Title: GENERAL MANAGER

Date Signed: _____

ALEUTIANS EAST BOROUGH

By: _____
(signature)

Name: _____
(print name of person signing agreement)

Title: _____

Date Signed: _____

EXHIBIT A

(INTENTIONALLY OMITTED)

EXHIBIT B
SERVICES

(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 procedures for development of 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 any airline 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 vehicular transportation, freight, mail, fuel delivery, 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 four (4) member crew and one (1) on-shore maintenance engineer, for a total on-site staff of five (5):
 - (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 and one hovercraft maintenance engineer, who, together with (a), and (b) will complete the crew; and
 - (d) One port engineer or relief crew, as a riding gang member who will provide shore staff support and crew redundancy as required.
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)

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 Akutan Island near the village, to the new airport on Akun Island. The landing on Akun Island will be via the beach at Surf Bay. There will also be a hovercraft shelter 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; at this time the service is presumed to be offered by Grant Aviation on a twice daily basis between Dutch Harbor (DUT) and Akutan. HoverLink will respond to any published airline schedule with corresponding ferry times; and coordinate with any other airline arrivals (i.e., charters) as necessary, to provide the marine link in an efficient manner.

Air service 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 future possibility. During peak personnel changes (the “Push”) at the Trident Seafood plant in Akutan, additional sailings may be required to support multiple flights and charters. Those peak travel times are mid-December to mid-January, mid-March to late April, and late May to late June.

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 limited to 12 hours in duration due to United States Coast Guard (USCG) regulations.

C. The Vessel

The route will be served by the SUNA-X, Official Number 1190205 owned by AEB. SUNA-X is a BHT-150WD 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 has a payload capacity of 20,000 pounds (ten tons). Payload can be any combination of passengers, luggage, and cargo with some limitations. The vessel can carry up to 49 passengers with luggage, with an operating crew of up to four, maximum of 53 persons allowed onboard. The vessel can accommodate one heavy duty pickup truck as cargo. The current COI is attached as Appendix A to this Plan. SUNA-X can also transport up to 500 gallons of #2 diesel fuel in her integral tanks, as cargo, for transfer ashore.

D. The Facilities

AEB is partnering with other agencies to construct all capital improvements at the following hovercraft sites; 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 – This ramp is deficient in a number of ways, and is judged to be usable only under the most ideal conditions of wind and tide. Our pilots have been instructed to nose in here only, and only when conditions are ideal. The hovercraft cannot safely land there (out of the water) under any conditions.

The ramp is irregular, it is too narrow, it is too shallow, and its approaches can and will be compromised by other moored vessels. The riprap recently installed there is lethal to the bottom of the craft at certain tide levels.

This situation is even more troubling as this is the location at which the hovercraft was supposed to be fueled; not only fuel for our own operations, but also to enable us to transport fuel to Akun to support operations there for the City of Akutan and DOT.

We believe that the project permits for ferry operations preclude us from fueling within 100 feet of the water; this is impossible based on the current ramp situation in the village. Given the situation and the immediate need to be taking on fuel, we are recommending that AEB purchase one of the two remaining 10,000 fuel tanks from Kiewit on Akun, and transport it to the Shelter. On days of excellent weather, we can then shuttle fuel (purchased from Trident) to our Shelter tank. This will give us an operating margin for the many days per month that we will be unable to nose into the village ramp, until such time that the Trident float option is a reality (see options below).

Right now we see two options:

1. We can nose onto the small round rock beach just east of the City Dock, near the satellite dishes, to transfer passengers. This is less than ideal as there is no proper walking surface there. But this can be used in a crude operation for the very short term. Continued use of this beach landing will accelerate finger wear on the bow of the vessel and put passengers at risk for slip and fall, or other injuries.
2. Construct a proper landing on the eastern most end of the new Trident sheet pile wharf. In this location a float could be placed to allow the hovercraft to approach, come into boating mode, turn into the dangerous and prevailing S wind, and moor abroast of the float. From this location passengers, cargo, and fuel can be safely handled; and we can safely depart nose into the wind. We have discussed this preliminarily with Dave Abbasian of Trident and he is very agreeable to assisting.

We rate the reliability of this ramp at 0% given the current situation, with the Trident float option at 60% or greater.

Requested actions:

1. Complete an agreement with Trident to use the area discussed above.
2. Pursue acquisition of a float appropriate for use at the Trident sheet pile wharf; Trident may be able to provide the float, fendering, and gangways for a reasonable cost.
3. Acquire one of the 10,000 gallon fuel tanks from Kiewit and transport it to the Shelter, estimated price from Kiewit is \$50,000 plus any transportation cost.

Hovercraft Shelter Site – It is by far the best of the three ramps, but does have a few deficiencies. First, the lower reaches of the ramp have concrete panels that are excessively grooved. This highly abrasive surface will lead to accelerated finger wear on the craft and higher operational costs, and more vessel down time. This deficiency is found at all three ramps. It can be mitigated by covering these panels with sand or mud to provide a lower friction surface.

More importantly, the western flank of the ramp slopes downhill to the west, instead of being flat and level. The consequence is that the craft will tend to seek low ground when it is up on cushion making its approach to the shelter. So as the craft is either entering or exiting the shelter, the stern will tend to fall downhill to the west and off the ramp towards the range lights. This can be somewhat mitigated by building a sand berm just off the western end of the ramp. This will be an inexpensive fix and will help protect the craft and the range lights. Also, as the craft tends to twist when backing out or driving in, there is a danger that the craft will damage the shelter. To that end we will want to bolster the concrete barriers that protect the door edges. There may be days when it is just safer to leave the craft outside rather than risking entry into the shelter.

Overall, we rate the reliability of this ramp at 80% or better, with safe entry into the shelter at something less than 80%.

Requested actions:

1. Build a sand berm on western edge of concrete pad per HoverLink direction.
2. Provide portable Jersey barriers to place strategically at corners of shelter doorway to protect doors and the shelter structure there.
3. Cover lower ramp panels with mud or sand to prevent excessive finger wear.

Surf Bay Landing Area – In addition to the overly aggressive concrete texturing mentioned above, there are three major deficiencies here that (not a question of if, but only a matter of when) will put the craft, crew, and passengers into extreme peril.

The mooring buoy, we are told and have been assured, will be removed from here soon. As is, it presents a serious navigational hazard; but we are learning to drive around it. In driving around it we are unnecessarily bringing the stream or the rocks more into play than they should be.

First, the pad is not level after climb out. As mentioned above, when a hovercraft is on cushion and on land, it naturally tends to follow gravity and fall downhill. Due to the surf conditions at Surf Bay, we need to turn the craft 180 degrees to enter the surf bow first. Since we land bow first, this maneuver is required for every ramp departure. Once we start to rotate the craft on its air cushion it will immediately tend to slide downhill beam to the surf. Being beam to the surf is the most dangerous way for the craft to enter the water. If the ramp was flat, the craft could rotate fully BEFORE heading down the ramp into the surf. As things are, the captains will be fighting to control the craft EVERY time they depart Akun. Our pilots have been instructed to NEVER enter the surf stern first. If they feel that they cannot safely rotate the craft, they will cancel the departure until wind conditions allow them to do so.

Second, there is no bailout room to either the immediate right or the left of the ramp; with VERY dangerous rocks on the right, and a bridge over a stream lined with jagged riprap on the left. If the craft falls either direction due to wind or wave action, there is no room for error. The

rocks to the right pose the greater of the two hazards. Landing on the rocks with passengers is a nightmare scenario. The craft would be lost and lives would be put into serious jeopardy. The only method to avoid this under difficult wind/sea conditions is to aim to land well north of the stream and bailout on the comparatively generous beach there. This will be the only option in strong N or NW wind patterns. We fully anticipate making emergency landings on the beach north of the stream, then using the bridge to transport passengers to and from the airport, on a regular basis. There is no fix to the existing ramp for this deficiency. The stream to the N and rocks to the S cannot be moved. The only mitigation is to land up the beach to the N and use the bridge.

Third, the ramp is not deep enough. There is simply not enough ramp between the climb out area and the hill at the head of the ramp. The lack of run out room means that the pilots will be reluctant to use the correct amount of power to climb the ramp due to the possibility of over running the ramp into the hill side and taking out the range lights there. This is exacerbated by the fact that there is no level area on the ramp.

Given all of these factors, we rate the reliability of this ramp at 60% given the bailout to the N on the beach, without the bailout area the reliability is judged to be no better than 30% on an annual basis, and even lower during the storm months.

Requested actions:

1. Remove the mooring buoy.
2. Prepare beach area N of stream to act as a proper bailout area, per HoverLink guidance.
3. Retain bridge over the stream permanently.
4. Cover lower reaches of ramp with sand or mud.

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 has been updated based on current information.

- Utilities – AEB to pay for and provide all utilities at all sites.
- Telecommunications – we will need a dedicated satellite based telecommunications system at the hovercraft shelter (hovercraft operations office) for voice and data. The craft will have a satellite telephone and all required VHF radios. VHF radios will be purchased and installed at the hovercraft operations center. The captain and engineer on the active duty crew will be carrying cellular phones. All telecommunications costs to be paid by AEB.
- Housing – RESERVED, AEB to provide.
- Groceries – the HoverLink crews will be responsible for their own groceries and meal preparation duties funded out of their per diem allowance.
- Transportation – AEB has provided 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 shelter. The hovercraft itself will be used to shuttle heavy freight or bulky items (oil drums, spare parts, et cetera). Further, AEB has provided a pickup truck for the crew's use at Akutan, and a 5 ton fuel truck for fueling from Trident. A telehandler is also being secured by AEB for HoverLink's use. HoverLink will provide all air transportation for the crews as a reimbursable expense.
- Weather Data – weather data will be available in mid-September from an automated weather observation station (AWOS) being installed at the airport by DOT. Additionally, HoverLink will be deploying an AEB provided wave and current buoy in the vicinity of Surf Bay for monitoring all pertinent data.

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 1 and Phase 2 of this project as follows:

For Phase 1 (complete as of August 31, 2012):

- hire all staff;
- finalize operations and safety plans and procedures as contained in this Plan;
- train and certify all staff for the operation;
- setup mechanisms for ongoing development of the go and no-go protocols;
- finalize maintenance procedures;
- complete the vessel COI and make her ready for passenger service;
- 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 2 (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 has trained the operating crews during Phase 1 of the project; and the crews are now qualified to operate and navigate SUNA-X on the prescribed route in accordance with the 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 – holding a radar observer qualification and hovercraft endorsement;
- One 100 Ton Master as First Officer/Pilot – holding a radar observer qualification and hovercraft endorsement;

- One Hovercraft Maintenance Engineer; 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 the 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 USCG has issued a new COI for this route 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 were relatively unaffected by the increase in student numbers. The start-up training costs have yielded four licensed operators – giving the project some capacity to immediately deal with unplanned personnel turnover or absences in the first year of ferry operation.

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 the 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. On a regular basis the General Manager will travel to Akutan and conduct turnover briefings in person with the crews.

See Appendix D 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 a 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 D 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 Hovertek (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 150 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 BHT150WD Maintenance Manual
DOC.065 BHT150WD 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 E 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 has tailored the existing SMS for SUNA-X to the Akutan to Akun route as part of Phase 1. The tailored SMS is Appendix F of this Plan and is available at the HoverLink FTP website for review; it is not attached due to its file size.

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).

Currently there is no TSA screening process out of ANC and onwards to Akutan on flights operated by the air carriers. 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 G.

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 airline partners, the local community, DOT, and Trident. The SMS (Appendix F) provides 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.

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 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
- monthly fuel consumption
- emergent repair activity for repairs exceeding \$5,000
- monthly budget update with the monthly invoice
- quarterly vessel and machinery hour summary
- 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
- 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

Both parties agree to provide insurance to cover all aspects of ferry operations. Details on the insurance agreements are contained in the contract between AEB and HoverLink.

F. Invoicing & Payment Procedures

1. Invoicing

For Phase 2, HoverLink will prepare monthly invoices based on actual expenses incurred. Invoices will be electronically mailed to AEB by the General Manager in the form of a PDF file on or about the tenth 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 AEB in Seattle at a prearranged time of mutual convenience. See Section V and Appendix B of the Plan for more detailed information and the budget.

For Phase 1 which is complete as of August 31, 2012; AEB will be billed for the actual costs incurred, plus KMI G&A at \$12,000 per month, B&O taxes, all margined at 10%. Given that AEB has been making pro-forma payments throughout Phase 1, and end of phase true up invoice will be prepared.

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) directly from hovercraft ferry passengers or produce tickets. All passenger fare and freight revenues will be collected by AEB from others. HoverLink operating crews will count passengers and record all names, document the weight of any freight items, and the volume of fuel delivered as cargo. We will create and provide the appropriate records so that AEB can be accurately reimbursed for all of the marine link transportation services provided. If provided credit card readers for walk up passengers, HoverLink will process those types of payment on behalf of AEB if telecommunications infrastructure allows.

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, Grant Aviation, and any other airline as necessary, and Trident to make any fare revenue or ticketing system work in an efficient and auditable manner. HoverLink will assist AEB as requested to enhance and grow revenues.

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 will operate in year one with a crew as detailed in Section II 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 D of this Plan. The two operating crews will be designated as Crew A and Crew B. The GM will establish a presence in Akutan in support of the service, the community, the regulators, and the various partners. During Phase 2, the GM will travel to Akutan once to twice per month, and as needed. The GM will also be able to stop in ANC for meetings with AEB as requested.

The GM was 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 have been hired. The crews will travel to Seattle independently and at their own cost; and assemble as a team prior to departure day for Akutan. All vessel crew of HoverLink are salaried to mitigate overtime labor costs, and all have executed a marine employee contract that covers all aspects of rotational and off-site employment.

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

B. Recruitment

Job announcements were placed in a wide variety of marine employment outlets, on our website, on the AEB website, and in various other locations. HoverLink received 270+ applications for the eight positions. All employees were officially hired on June 12, 2012. HoverLink has maintained a short roster of potential employees in the event that crew turnover occurs.

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

Training of all current HoverLink employees has been completed prior to the start of ferry service. HoverLink provided all required training of hovercraft operations personnel during Phase 1. The training program is summarized below, and is indicative of the training regimen for the Captain (or Pilot) of the vessel, the most arduous and challenging position on the crew. Similar training was undertaken for other crew members. The training syllabus and school has been officially approved by the USCG, allowing the Captains and 1st Officers to receive their hovercraft endorsements. Additionally, the Engineers and Deckhands will be certified by the Captain of each crew. HoverLink will also conduct heavy weather training in September and October of 2012 in order to fully prepare our pilots for those operational challenges. Since a bulk of their training occurred in fair weather conditions in Cold Bay, this extra training on the route is required.

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-150WD SMS;
- 2.2 craft systems and maintenance training;
- 2.3 basic piloting and control of the BHT-150WD;
- 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 Phase 2 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 line item, and a grand total. 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 monthly basis along with the monthly invoice.

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. Compensation for all employees 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, and there will be a provision for a Non-Duty Day Rate. To cover this cost we have included a 5% direct labor

contingency in the budget; see Sheet 2 of Appendix B. Labor costs for consultants are also included.

B. Travel & Per Diem Costs

Costs for crew, staff, and consultant travel and per diem are detailed on Sheet 3 of the budget. All costs for airfare and lodging are best estimates or placeholders at this point due to the lack of travel certainty and reliability in the Aleutians.

Regarding airfare, HoverLink has teamed up with US Travel – Fisheries Division in order to procure air travel with the required flexibility and best pricing. 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.

Per diem is set at the currently approved federal rate of \$102 per day as determined by the GSA for Dutch Harbor. HoverLink will bill for any required hotels required as a result of travel delays 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 10% 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, and any repair costing more than \$5,000. 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 1,000 hours of craft operation. In order to get best value for known consumables, we have and will purchase items in bulk out of Seattle and arrange for cost effective shipping to Akutan. 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, in this case AEB will be informed and the budget may require revision via addendum.

F. Fuel

Fuel for the vessel will be provided by Trident and shall be paid for directly by AEB. We anticipate that the vessel will consume approximately 80 gallons per hour of operation. Given two airline flights per day and the training requirements of the Plan, that works out to approximately 1,000 vessel operating hours total for Phase 2 (first year of operation). Therefore AEB should plan on purchasing 80,000 gallons of diesel fuel to cover hovercraft operations for the period September 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

Any premiums for required insurance will be billed to AEB; we have included a line item amount of \$6,000 to cover this expense in the budget.

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.

1. 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 other required services.

1. Profit

HoverLink has established a profit margin of ten percent (10%) taken on all direct costs and fixed fees.

VI. Implementation Schedule

Separate from this Plan, efforts to make the vessel ready for service have been completed by KMI. AEB has contracted KMI to accomplish the refit effort on SUNA-X that was required to put the craft back in to passenger service. The scope of this effort consisted 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 had a crew on station in Cold Bay starting in early May, and they completed the work in mid-June. The craft was operational and available for underway training on July 4, 2012.

The milestone schedules for Phase 1 and 3 are presented as follows:

A. Phase 1 & Phase 2 Milestones

- Phase 0 complete, HoverLink and KMI begin all processes for Phase 1 – April 2
- HoverLink travel to ANC to meet with AEB, PenAir, USF&G – completed April 5-6
- Draft FSP approved by AEB, notice to proceed – completed April 6
- Finalize position descriptions – completed April 12
- Release advertisements for crew hiring – completed April 17
- HoverLink employees all under contract – completed June 13
- Amend budget and Plan as necessary – completed May 22
- SUNA-X ready for training – completed July 4
- HoverLink completes form of contract, sent to AEB for review – completed July 19
- USCG Certificate of Inspection – completed August 6
- USCG approval of HoverLink training program – completed August 15
- SUNA-X relocated from Cold Bay to Akutan – completed August 18
- Resolution of insurance and contract issues – consensus reached on August 29
- Memorandum of Understanding executed in lieu of final contract – completed August 31
- All crew training and ferry service available – completed on August 31
- AEB/HoverLink contract and budget finalized and executed – September 2012

END OF THE PLAN

APPENDIX A



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

Certification Date: 07 Aug 2012
Expiration Date: 07 Aug 2017
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 (Uninspected)			
Loading Port KING COVE AK	Hull Material Aluminum	Horsepower 2400	Propulsion Diesel			
Place Built SEATTLE, WA UNITED STATES	Delivery Date 05Sep2006	Date Keel Laid 25May2005	Gross Tons R-92 1-109	Net Tons R-82 1-36	DWT 1-66.6	Length R-88.6 1-66.6
Owner ALEUTIANS EAST BOROUGH 469 BOWDOIN PLACE SEATTLE, WA 98107 UNITED STATES	Operator HOVERLINK, LLC 469 BOWDOIN PLACE SEATTLE, WA 98107 UNITED STATES					

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 Seaman/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---

AKUTAN 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.

WHEN THE VESSEL IS AWAY FROM A SHORESIDE DOCK, OR HAS PASSENGERS ON BOARD, OR BOTH, FOR MORE THAN TWELVE (12) HOURS IN ANY TWENTY-FOUR (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				This certificate issued by Paul Mehler III, Captain, USCG Officer in Charge, Marine Inspection Western Alaska Inspection Zone
Date	Zone	A/P/Q	Signature	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	



Department of Homeland Security
United States Coast Guard

Certificate of Inspection

SUNAK

Certification Date:
07Aug2017

ONE CHILD-SIZE LIFE PRESERVER SHALL BE PROVIDED FOR EACH PERSON WEIGHING LESS THAN NINETY (90) POUNDS.

ALL VESSEL OPERATIONS MUST BE IN ACCORDANCE WITH THE ALEUTIANS EAST BOROUGH B&T 130 WD HOVERCRAFT TYPL 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	49.6	51.9
1.5	42.5	46.9
2.0	36.7	41.9
2.5	31.4	37.0
3.0	26.6	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	19.4
6.0	14.6	18.6
6.5	14.1	17.8
ABOVE 6.5 FEET	SEEK SHELTER AT SLOW SPEED	

VESSEL GRANTED SPECIAL CONSIDERATION BY OCMI PUGET SOUND LETTER DATED 31JAN06 FOR A FIAN 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 FFEP 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 3000 CPH 24-VDC ELECTRIC PUMPS EACH FITTED W/ SECTION 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	31Aug2014	07Aug2012	21May2010
Internal Structure	31Aug2014	07Aug2012	21May2010

---Stability---

Letter: Approval Date / 20Aug2012 Office/ MSC

---Lifesaving Equipment---

	Number Persons	Required
Total Equipment for	53 Life Preservers (Adult)	53



Department of Homeland Security
United States Coast Guard

Certificate of Inspection

Certification Date:
07Aug2012

SUNA X

Lifeboats(Total)	0	0	Life Preservers(Child)	6
Lifeboats(Port)*	0	0	Ring Buoys(Total)	3
Lifeboats(Starboard)*	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 Buoyant App(IBA)	0	0	(* included in totals)	

---Fire Fighting Equipment---

Number of Fireman Outlets/ 0

Fixed Extinguishing Systems

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

END

APPENDIX B

Akutan - Akun Hovercraft Ferry Service
Proposed Budget

Appendix B

Item		Phase 2	Comment
Labor		1,281,558	see Labor tab
Travel & Per Diem		438,740	see Travel & Per Diem tab
Maintenance & Repair	10.0%	191,839	estimated as a % of other direct costs
Consumables		47,090	see Consumables tab
Vendors		135,000	see Vendors tab
Legal/Insurance		16,000	
Subtotal Direct Costs		2,110,227	
General & Administrative		144,000	fixed @ \$12,000 per month
B&O Tax	2.215%	49,931	WA State (1.8%) + City of Seattle (0.415%)
Subtotal with Fixed Fees & Taxes		2,304,158	
Profit @	10%	255,842	
Total Annual Operating Budget		\$ 2,560,000	

Item	Phase 2		Total
	Quantity	Unit Cost	
Direct Labor			
Captains			196,725
1st Officers/Pilots			173,850
Engineers			164,700
Deckhands			109,800
Relief Crew			81,500
General Manager			<u>132,000</u>
Total Direct Labor			858,575
Labor Contingency		5.0%	42,929
Indirect Labor			
Employee Benefits	10	8,000	80,000
Employer Paid Taxes		12.28%	<u>110,705</u>
Total Indirect Labor			190,705
Consultant Labor (estimated)	<u>Quantity</u>	<u>Rate</u>	
Heavy Weather Training	48	1,200	57,600
Hovertek	183	650	118,950
FORUS Consulting	80	160	<u>12,800</u>
Total Consultant Labor			189,350
Total Labor			1,281,558

Item	Persons	Quantity	Unit Cost	Phase 2	Comment
Total Airfare for 17 Crew Changes				235,550	105 round trips
Per Diem					
Crew Per Diem	5	365	102.00	186,150	
General Manager	1	120	102.00	12,240	ten days per month
Heavy Weather Trainers	1	48	100.00	4,800	
Total Per Diem				203,190	
Total Travel & Per Diem				438,740	

Item	Quantity	Unit Cost	Phase 2
Estimated Running Hours			1,000
Fluids			
Engine Oil	12	850.00	10,200
Engine Coolant	325	18.54	6,026
Hydraulic Oil	5	67.35	337
Other Lubricants	1	1,200.00	1,200
Total Fluids			17,762
Filters			
Engine Oil	48	25.00	1,200
Engine Fuel	16	65.12	1,042
Engine Induction	16	110.00	1,760
Crankcase Breathers	32	172.05	5,506
Total Filters			9,508
Miscellaneous			
Gaskets	112	10.00	1,120
Absorbents Pads & Shop Towels	20	130.00	2,600
Drive Belts	8	262.50	2,100
Hardware	32	125.00	4,000
Shop Items	1	10,000.00	10,000
Total Miscellaneous			19,820
Total Consumables			47,090

Fuel	Hours	Rate	Gallons
Akutan - Phase 3	1,000	80	80,000

Total Estimated Fuel Demand

80,000

Trident supplied, billed direct to ACB

Item	Phase 2	Estimated Expenses
Estimated Running Hours	1,000	
Pacific Power Products	13,333	Pacific Power Products - MTU support
Spill Response Vendor	2,500	
Telecommunications	50,000	\$4,025 per month for satellite voice/data to office
Navigation & Electronics	8,333	
Hazardous & Oily Waste Disposal	10,000	
Shipping Costs	30,000	
Tools	8,333	
Alaska Ship Supply	4,167	estimate of marine hardware & lifesaving equipment
Griffon Hoverworks	8,333	emergent repairs estimate
Total Vendors	135,000	

APPENDIX C



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ROUTE PLANNING

PURPOSE

To ensure that a passage planning routine is completed prior to every voyage aboard Suna-X.

RESPONSIBILITY

It is the responsibility of the Captain to ensure that this procedure is followed, and that they promote a teamwork approach to their Bridge Management and vessel operations.

PROCEDURE[s]

1. When the Captain is satisfied that the members of the bridge team have sufficient local knowledge and experience to maintain a safe navigational watch in pilotage waters, it is not necessary to record specific voyage plans. This will be the case for almost all Suna-X passenger bearing voyages. However, Captains and First Officers are expected to follow the routines specified for "Standard Ramp Approach; and Standard Ramp Departure" for all voyages. (Detailed in section 5.0 and 6.0 of this part.)
2. Due to the nature of the planned Akutan passenger service - most voyages will follow the same route between Akutan and Surf Bay. See the Map insert following. Captains are expected to vary from this route only for purposes of:
 - a. collision avoidance, AND
 - b. for weather routing to improve passenger ride comfort or wake effect on nearby vessels and/or foreshore environment, AND
 - c. for avoidance of Marine Mammal and Bird "potential disturbance zones" (see SMS Wildlife management procedures Chapter 2: A1-09 for details)
3. When planning trips outside the normal passenger route, the following items must be considered:
 - 3.1 The latest weather forecast must be obtained & the most appropriate weather route considered. <http://pdq.arh.noaa.gov/>
 - 3.2 The tide heights and currents to be encountered are to be gathered, and considered for planning the departure times, transit speeds, and voyage route. <http://tidesonline.nos.noaa.gov/geographic.html> [Then click "Alaska"; then click "Unalaska"]

CAUTION: MUST BE EXERCISED in respect to operations in or near AKUN NARROWS - as short steep standing waves could be encountered which exceed the limitations of the vessel in certain circumstances.



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- 3.3 Notices to Shipping & Notices to Mariners active in the area to be transited are to be considered in the planning phase INCLUDING the maintenance of the Ferry Service Commitment to AVOID, MINIMIZE and otherwise not harm or harass the wildlife species outlined in Chapter 2: A2-09. All avoiding actions and procedures required for the passenger carrying route remain "IN EFFECT" for any voyages outside the normal Akutan ferry service route.
- 3.4 The Captain will ensure that: Sufficient fuel is on board for the intended trip including a two hour reserve.
- 3.5 A safe speed is established considering traffic density, proximity to navigational hazards, visibility, weather conditions & available depth of water. 30 knots is the maximum speed for SUNA-X when operating on sand, mud or very shallow water - regardless of the other conditions. When establishing a safe speed the effects of the crafts wash must be considered - particularly when transiting confined waterways or navigating in close proximity to small vessels. Every effort must be made to operate well 'outside' the hump wave phenomena of the craft - whenever travelling in close proximity to shorelines or small vessels.
- 3.6 Safe clearing distances are established considering the weather, visibility & current being encountered along the route.
- 3.7 Traffic likely to be encountered en route must be considered based upon local knowledge & known traffic patterns for the Trident plant.
- 4.0 All members of the SUNA-X crew are considered part of the "Bridge" team and must be aware of the route plan - and must not hesitate to make suggestions for improvement to the plan. The route plan can be modified at any time to suit changing environmental conditions.



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5.0 STANDARD DEPARTURE AKUTAN BAY to SURF BAY [54° 08.04'N, 165° 46.72'W]

PRIOR to departing from the ramp at Akutan village or from the Hovercraft hangar the Pilot and First Officer will consult as to local weather conditions, and sea state in the Harbor. The most sea-kindly route [predicted] will be agreed to prior to departure with due regard for wake management – particularly in proximity to vessels alongside at Trident and in the village – and remaining more than 0.25nm south off the Village foreshore. The bridge team will complete a “cross-check” by spoken words confirming that their compass information is identical and appropriate for the craft aspect: [Normally XYZ degrees True when the craft centerline is oriented along the long axis of the ramp and pad]. The Pilot will observe local wind conditions by the flag or wind sock on the ramp, and will maneuver the craft in such a way as to transition to water “as required”. He/she will then assume a course of 180 degrees True as the craft accelerates beyond hump speed. The First Officer will maintain a sharp lookout for conflicting traffic until the craft has reached a distance of 0.25nm south of the ramp. [Hereafter referred to as **Point Wheel-over**].

- Leg 2: The craft will come to port and shape an appropriate course to Track [080° T] and hold this leg (#2) for 1 nautical mile.
- Leg 3: At the end of leg 2 the navigator will bring the craft to port by 20 degrees and steer as required to make good [060° T] for 1 nautical mile. The main purpose of legs 2 & 3 is to ensure at least a quarter mile clearance off the village foreshore.
- Leg 4: brings the craft slightly to starboard to make good a course of [070° T] for 2.5 nm. This is the only “open” reach on the voyage and must be adjusted for passenger and crew comfort under the prevailing wind and sea conditions.
- Leg 5: The vessel should be brought to starboard to make good 090° T for 1 nautical mile. The waypoint which anchors this leg is hereafter referred to as **POINT OPTION**. This waypoint can be adjusted to best suit the prevailing wind and surf conditions – ideally a perpendicular approach to the beach is desired. Care must be taken to avoid the rocky finger which lies to starboard during the final leg of the trip – approx. 6 cables to the beach.
- Leg 6: The vessel will be approximately 6 cables from the Surf Bay landing zone when it is brought to starboard for the final approach and landing on Akun Island. Courses at this stage should be T.M.O. (TO MASTERS ORDERS) to allow for sea and wind conditions.
- **DESTINATION:** Surf Bay Akun Island - 54° 08.79'N, 165° 37.09'W



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5.1 STANDARD APPROACH TO SURF BAY

Approaching the Surf Bay landing zone: the craft shall normally be navigated to Point Option located 0.6 nautical miles NNW of the beach landing zone. Subject to local wind conditions speed will normally be reduced to sub-hump prior to reaching Pt. Option. From Point Option, the Pilot and Navigator will normally have sufficient distance, and time, to assess how well the craft is TRACKING on approach to the beach landing zone, and therefore how much rudder and nozzle are required to compensate for wind and sea conditions. Under the influence of strong cross-winds, Pilots and Navigators should favour the "UPWIND" side of the approach track.

Under the influence of strong tail wind and following seas Pilots and Navigators should consider astern mode operation of nozzles and high propeller power on only one propeller in order to maintain appropriate track without developing excessive landing speed.

Under normal visibility the pilot should be able to "eyeball" the craft onto the beach under searchlight conditions when within 3 cables of the beach. The First Officer will be required to use the search lights to "track" whatever REFERENCE points are called for by the PILOT. In particular CARE MUST ALWAYS be given to the prominent rocky outcropping which protects the western flank of the landing zone.

NB: Under the influence of cross-winds above 35 knots the Captain should consider bringing the craft "downwind" of the ramp at slow speed where he/she should bring the craft about "into wind". From this position the craft can be powered across the wind to a point where the skirts are contacting the shore / ramp transition zone. From this position it will be possible to "pin" the bows and power the stern up into the wind whereon the final "ascent" of the beach may be completed.



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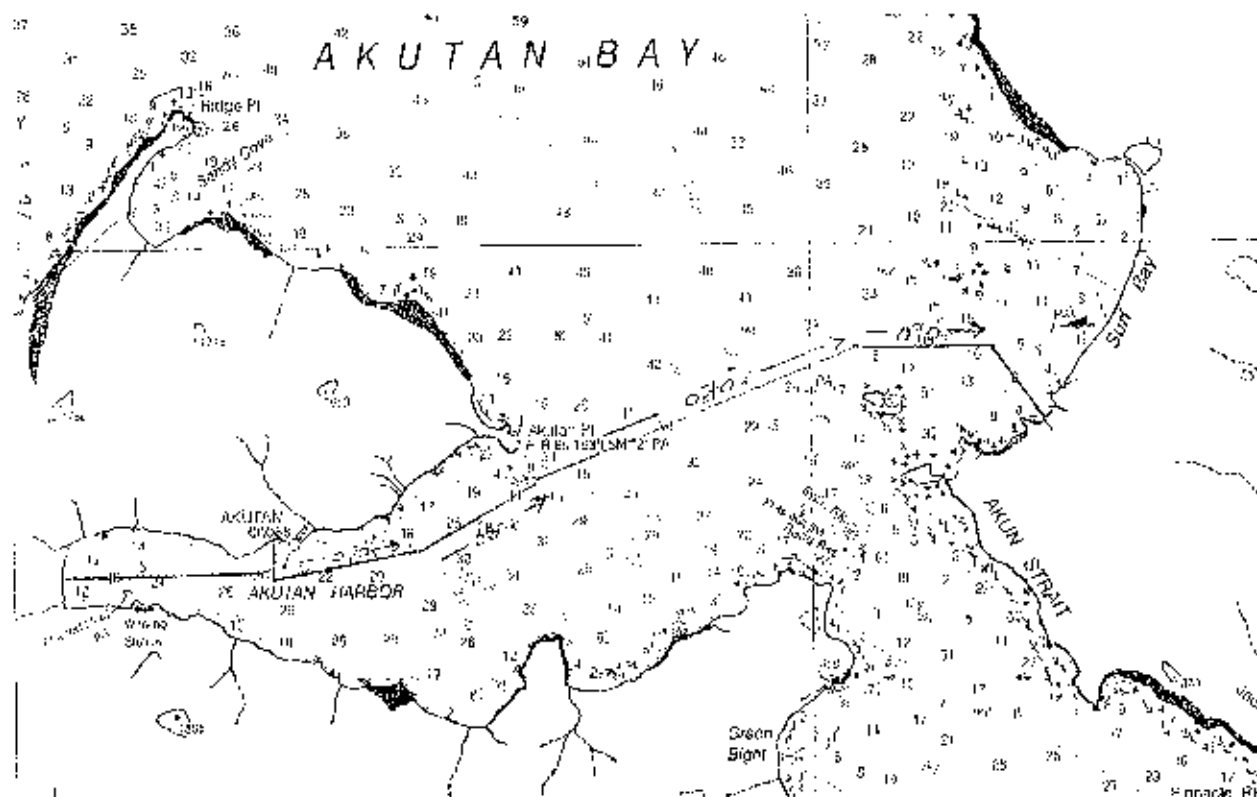


Figure 5.1 – Standard route Akutan to Surf Bay (reciprocal courses for the return trip)

6.0 STANDARD DEPARTURE SURF BAY 54° 08.79'N, 165° 37.09'W

PRIOR to departing from the beach at Surf Bay the Pilot and First Officer will consult as to local weather conditions, and surf conditions in the Bay. The most sea-kindly route will be agreed to prior to departure with due regard for the requirement to attack breaking surf greater than 4 feet nearly head-on. In no case should a departure be attempted where breaking surf is assessed at more than 6 feet in height. It is important to clear the surf zone as quickly as possible – pilots may consider virtually increasing the wavelength (and thereby reducing the risk of pounding exposure) by attacking the surf zone on the “shoulder” – that is off either bow as appropriate to the prevailing winds. Care must be taken in darkness or in conditions near the vessels “worst intended” to MAINTAIN radar and visual contact with the rocky outcropping which protects the western flank of the Akun landing area.

The bridge team will complete a “cross-check” by spoken words confirming that their compass information is identical and appropriate for the craft aspect: [Normally XYZ degrees True when the craft centerline is oriented along the long axis of the Akun landing area]. The Pilot will observe local wind conditions by the flag or wind sock on the ramp, and will maneuver the craft in such a way as to transition to water “as required”. He/she will then assume courses of:

Safety Management System – Chapter 5 [Routine Bridge Procedures] Route Planning Routine

Document No. D1 – 09 Version 2 approved June 2012



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Leg 1: The First Officer will maintain a sharp lookout for rock outcroppings until the craft has reached POINT OPTION [0.6 nautical miles NNW of the point of departure on Akun Island course approx. 340°]

Leg 2: The craft will thereafter come to port and shape an appropriate course to Track 270° True - to arrive at a position 1.0 nautical due west of Point Option.

Leg 3: Having reached a position 1 nm west of Point Option the vessel will be brought to port to make good 250° True for 2.5 nautical miles.

Leg 4: The vessel will reach the SE corner of Akutan Island and make a slight alteration to port to track 240°T for one nautical mile.

Leg 5: The vessel will be brought to starboard at the close of leg 4 to make good a course of 260°T for 1 nautical mile bringing the Akutan ramp abeam the vessel will be brought to a stop and wheeled over to starboard to complete the FINAL LEG.

Leg 6: The vessel will be brought to a heading which will allow the craft to "track" North, and its speed reduced below hump in order to land on the Akutan ramp.

DESTINATION AKUTAN: [54° 08.04'N, 165° 46.72'W]

6.1 STANDARD APPROACH TO AKUTAN RAMP

Approaching the Akutan Ramp: the craft shall normally have been navigated to a position located 0.25 nautical miles South of the ramp [Point WHEEL-OVER]. Subject to local wind conditions speed will normally be reduced to below hump. From Point Wheel-over, the Pilot and Navigator will normally have sufficient distance, and time, to assess how well the craft is TRACKING on approach to the ramp [Course to TRACK 360° True, and therefore how much rudder and nozzle are required to compensate for wind and sea conditions. Under the influence of strong cross-winds, Pilots and Navigators should favour the "UPWIND" side of the approach track.

Under the influence of strong tail wind and following seas Pilots and Navigators should consider astern mode operation of nozzles and high propeller power on only one propeller in order to maintain appropriate track without developing excessive landing speed.

Under normal visibility the pilot should be able to "eyeball" the craft onto the ramp under searchlight conditions when within 3 cables of the beach. The First Officer will be required to use the search lights to "track" whatever REFERENCE points are called for by the PILOT.

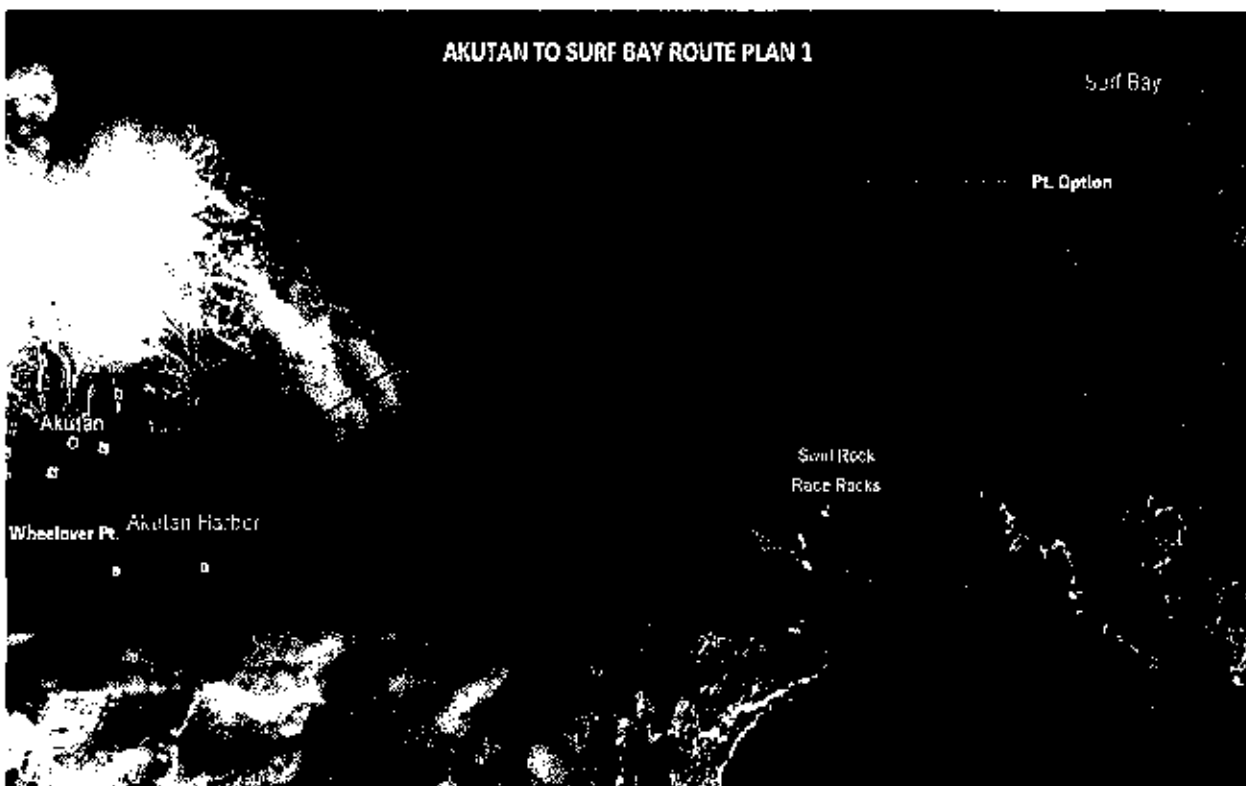
NB: Under the influence of strong cross-winds (above 25 knots) the Captain may choose to maintain control by reducing speed and drawing into the foreshore where a static climb technique can be utilized to pivot on the beach in order to drive the stern upwind. This



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technique should be practiced as the Akutan landing area does NOT provide any "RUN OUT" room in the event of an overshoot.

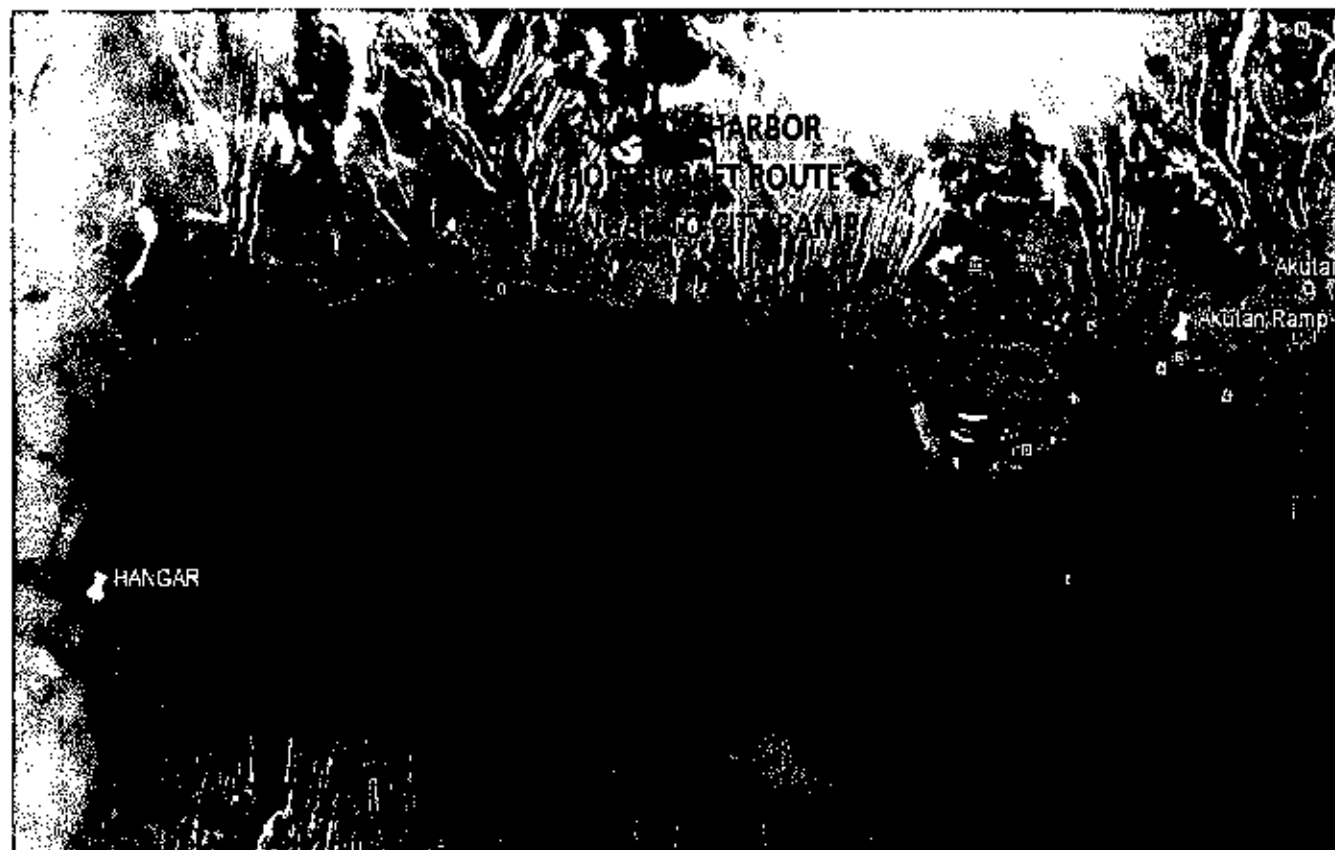




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NON-PASSENGER CARRYING ROUTE: Hangar – Ramp – Hangar (1.8nm)



STANDARD DEPARTURE AKUTAN HANGAR:

- 1) Courses and manouvers shall be T.M.O. until such point as the vessel has reached the water.
- 2) The transit from the hangar will normally require a COURSE MADE GOOD of 090T for a distance of 1.4 nm – at which point the Easternmost building at the Trident "Headland" will be on the port beam.
- 3) An alteration to port is required for the second leg – to make a COURSE MADE GOOD of 050T which is held until the vessel lies due south of the Akutan Ramp;
- 4) The final .15nm approach will require courses steered to MAKE GOOD 000T.
- 5) Actual compass courses will vary significantly under the influence of the prevailing winds: care must be taken to avoid operating within 200 yards of the southern or northern foreshores of Akutan Harbor as these are potential Loafing and Foraging areas for resident Sea Otters.

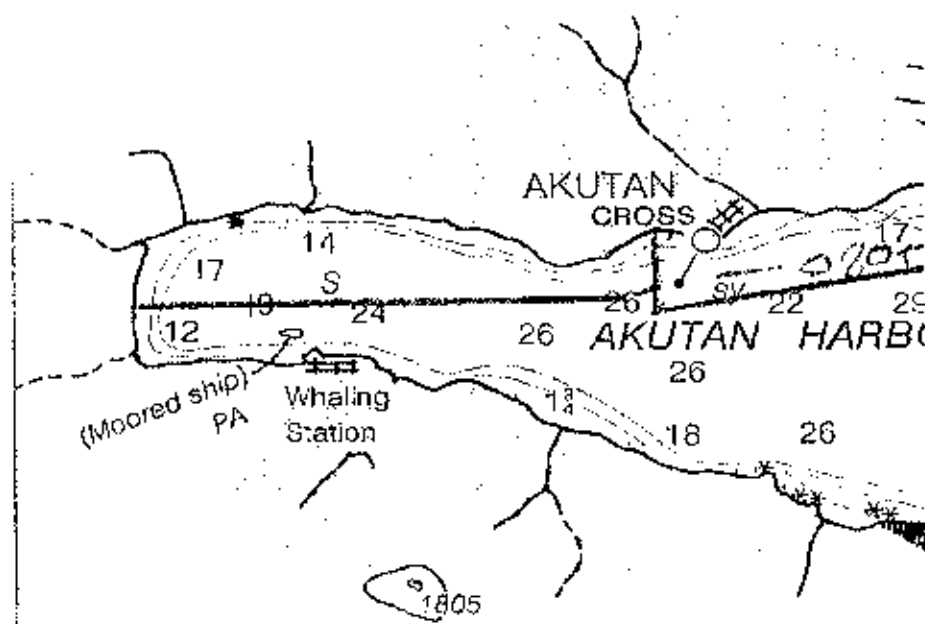
Safety Management System – Chapter 5 [Routine Bridge Procedures] Route Planning Routine

Document No. D1 – 09 Version 2 approved June 2012



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6.1 Hangar to Akutan route – ACV to remain center of harbour until abeam LZ

APPENDIX D

HoverLink, LLC Job Description

HOVERCRAFT CAPTAIN

Job Summary

Prior to holding the position of Hovercraft Captain for HoverLink, LLC (here-after referred to as the Company); the employee will be designated as a Hovercraft Pilot in training. Each trainee pilot will complete an extensive OJT scheme in preparation for operational endorsement by the United States Coast Guard. Once fully qualified (i.e., in possession of a type specific Hovercraft endorsement from the US Coast Guard) the Pilot may be appointed to either the lead (Captain) or First Officer crew positions in the scheduled rotation for voyage specific services in Alaska.

Key Activities

- Takes program direction from the HoverLink LLC General Manager;
- Safely leads the pilotage and operation of the BHT-130WD hovercraft SUNA X in accordance with the Company Safety Management System;
- Ensures the ready condition of HoverLink vessels and facilities;
- Plans and monitors the daily work of subordinate crew including a First Officer, Engineer and Deckhand;
- Works with the General Manager to ensure that passenger and cargo service is completed in accordance with all applicable USCG policies, and HoverLink LLC Safety Management and sailing instructions.
- Maintains written records as required by the Company, including but not limited to voyage log-sheets, wildlife monitoring forms, fueling logs, stability assessments, Pilot logbooks, vessel technical logbooks, and post trip summary reports.
- Collaborates with and assists the Companies maintenance staff and duty engineers to ensure that all required maintenance is performed timely and with minimum disruption to the hovercraft's operational schedule.

Major Duties

- Serve as a local point of contact for unscheduled services including cargo carriage and medical evacuations¹ and Company provisions for such work. Must be familiar with the procedure used to ensure fit and competent crew members are timely available for all Hovercraft voyages.
- Maintain all documentation as directed by the Company. This may include, but is not necessarily limited to, regular completion of emergency drills and reminding the General

¹ Until such time as an Akutan community medical evacuation process maybe established with HoverLink LLC, any emergency requirements for over water transportation shall be directed to the Senior HoverLink employee in Akutan at the time of the emergency requirement.

Manager when documentation is due as required by Coast Guard regulations and Company policies and procedures.

- Conducting daily briefings of crew members on duty to ensure each knows their daily assignments. Ensure all such assignments are timely completed and documented in Company logbooks.
- Make timely requests for the purchase of equipment, supplies, parts and tools and submit them to the General Manager for approval.
- Assist as required with the care and upkeep of the Hovercraft and its maintenance facility.
- As directed by the Company, collect timesheets from hovercraft crew members at the end of each "on cycle"; verify the time claimed prior to submitting them to the General Manager.
- At the location specified by the Company - on the final 'outgoing' transit day of each 'on cycle' – meet with the General Manager for debriefing.
- As directed by the General Manager, provide written performance evaluations of hovercraft crew members for Company personnel records.
- When so directed by the HoverLink General Manager, provide information regarding passengers and cargo carried on the hovercraft and other details of hovercraft operation, including but not limited to information about total passengers and cargo carried, fuel utilized and similar data.
- Perform other duties as assigned by the Company General Manager.

Job Requirements

- Demonstrated ability to communicate well, both verbally and in writing, and to demonstrate wheelhouse resource management suitable for operation of a high speed craft.
- Demonstrated professional deportment and behavior, including but not necessarily limited to: excellent judgment and teamwork skills; consistent adherence to the chain of command; good interpersonal relations with Coast Guard and Company clients and contractors, other crew members and the general public; compliance with all applicable regulations; demonstrating professional demeanor and appearance at all times when on duty; and willingness to accomplish needed tasks independently, taking initiative when appropriate.
- Prefer a minimum of five (5) years of maritime, aviation or hovercraft-related experience² in Alaska or a geographic region with similar weather and operating challenges.
- Demonstrated ability to deal with record keeping pertaining to equipment and to personnel, as required by the FAA, the U.S. Coast Guard, or a similar regulatory agency, is an asset.
- Pass a Pre-Employment Physical Examination including a drug/alcohol screening.
- Current US Coast Guard license and documents, minimum 100 Ton.
- US citizenship.

² The five (5) years of experience may be an aggregate of hovercraft, aviation and maritime experience, as deemed appropriate by the Company.

Skills & Abilities

- Demonstrated ability to pilot and navigate an air cushion vessel proficiently in the waters of the Aleutian Islands Alaska.
- Ability to assist with vessel maintenance routines and repairs when required.
- Ability to operate personal computer utilities such as MS Word and Xcel.
- Ability to serve as the Community lead between the Company, its employees, and local clientele while optimizing performance and keeping the hovercraft operating on time and within budget.

Work Environment

The work requires employees to serve on an equal *time on and time off* basis (3 weeks). The Company's operations serve the isolated Alaskan community of Akutan – meals & quarters are shared while 'on cycle' with crews sharing meal preparation duties.

Some work is performed in an office environment. This consists of desk work utilizing a computer, phone and other office equipment. The majority of the work is performed on or in the vicinity of the hovercraft, while en-route, at the hovercraft terminals in Akutan, Surf Bay or at the maintenance facility on Akutan Island.

Supervisory Control

The Hovercraft Captain normally reports to – and regularly communicates with - the Company General Manager. The Captain is normally the senior company representative in Akutan with the General Manager coordinating from Company Headquarters in Washington State. During training periods the Company may otherwise specify designated Company Instructors as direct reports for Trainee Pilots & Captains.

Salary

This is an exempt, salaried position. The starting salary for a Pilot Trainee is \$XXX,XXX per year. The starting salary for a Captain who has received a Type Rating endorsement letter for the hovercraft SUNA-X from the Coast Guard, and who has been appointed by HoverLink LLC to perform Captain duties is \$YYY,YYY per year.

APPROVED:

For HoverLink, LLC

Date

HoverLink, LLC Job Description

HOVERCRAFT FIRST OFFICER/PILOT

Job Summary

Prior to holding the position of Hovercraft First Officer/Pilot for HoverLink, LLC (here-after referred to as the Company); the employee will be designated as a Hovercraft Pilot in training. Each trainee pilot will complete an extensive OJT scheme in preparation for operational endorsement by the United States Coast Guard. Once fully qualified (i.e., in possession of a type specific Hovercraft endorsement from the US Coast Guard) the Pilot may be appointed to either the lead (Captain) or First Officer crew positions in the scheduled rotation for voyage specific services in Alaska.

Key Activities

- Takes onboard and shoreside direction from the HoverLink, LLC Hovercraft Captain;
- Safely pilots and navigates the BHT-130WD hovercraft SUNA X in accordance with the Captains directions and Company Safety Management System;
- Leads passenger safety briefings and ensures the safe loading and unloading of passengers and luggage to/from the vessel;
- Ensures the pre-departure ready condition of HoverLink vessels and facilities;
- Performs the daily work assigned by the Captain and ensures the timely completion of assigned work by subordinate crew;
- Maintains written records as required by the Company, including but not limited to voyage log-sheets, wildlife monitoring forms, fueling logs, stability assessments, Pilot logbooks, vessel technical logbooks, and weather monitoring reports.
- Assists the Companies maintenance staff and duty engineers to ensure that all required maintenance is performed timely and with minimum disruption to the hovercraft's operational schedule.

Major Duties

- Must be familiar with the procedures to ensure pre-departure vessel readiness including those for life-saving appliances, fueling, engineering clearance, weather clearance, and vessel stability.
- Maintain all documentation as directed by the Company. This may include - but is not necessarily limited to - passenger counts, record of safety briefings, fueling records, and wildlife encounter reports.
- Conducting pre-departure and post-arrival vessel inspections and documenting findings in vessel technical logs.
- Make timely requests for the use of equipment, supplies, parts and tools to the Captain.
- Assist as directed with the care and maintenance of the Hovercraft and its maintenance facility.

- At the location specified by the Company - on the final 'outgoing' transit day of each 'on cycle' – meet with the General Manager for debriefing.
- Perform other duties as assigned by the Company General Manager.

Job Requirements

- Demonstrated ability to communicate well, both verbally and in writing, and to demonstrate wheelhouse resource management suitable for operation of a high speed craft.
- Demonstrated professional deportment and behavior, including but not necessarily limited to: excellent judgment and teamwork skills; consistent adherence to the chain of command & SMS; good interpersonal skills and client orientation; demonstrating professional demeanor and appearance at all times when on duty; and willingness to accomplish tasks as a team.
- Prefer a minimum of five (5) years of maritime, aviation or hovercraft-related experience³ in Alaska or a geographic region with similar weather and operating challenges.
- Demonstrated ability to deal with record keeping pertaining to equipment and to personnel, as required by the FAA, the U.S. Coast Guard, or a similar regulatory agency, is an asset.
- Pass a Pre-Employment Physical Examination including a drug/alcohol screening.
- Current US Coast Guard license and documents, minimum 100 Ton.
- US citizenship.

Skills & Abilities

- Demonstrated ability to pilot and navigate an air cushion vessel proficiently in the waters of the Aleutians Islands, Alaska.
- Ability to assist with vessel maintenance routines and repairs when required.
- Ability to operate personal computer utilities such as MS Word and Xcel.
- Ability to work collaboratively within a small team.

Work Environment

The work requires employees to serve on an equal *time on and time off* basis (3 weeks). The Company's operations serve the isolated Alaskan community of Akutan – meals & quarters are shared while 'on cycle' with crews sharing meal preparation duties.

Some work is performed in an office environment. This consists of desk work utilizing a computer, phone and other office equipment. The majority of the work is performed on or in the vicinity of the hovercraft, while en-route, at the hovercraft terminals in Akutan, Surf Bay or at the maintenance facility on Akutan Island.

³ The five (5) years of experience may be an aggregate of hovercraft, aviation and maritime experience, as deemed appropriate by the Company.

Supervisory Control

The Hovercraft First Officer normally reports to the Hovercraft Captain. The Captain is normally the senior company representative in Akutan with the General Manager coordinating from Company Headquarters in Washington State. During training periods the Company may otherwise specify designated Company Instructors as direct reports for Trainee Captains.

Salary

This is an exempt, salaried position. The starting salary for a Pilot Trainee is \$XX,XXX per year. The starting salary for a First Officer/Pilot who has received an endorsement letter for the hovercraft SUNA-X from the Coast Guard is \$YY,YYY per year.

APPROVED:

For HoverLink, LLC

Date

HoverLink, LLC Job Description

HOVERCRAFT ENGINEER/DECKHAND¹

Job Summary

The Hovercraft Engineer/Deckhand position is normally obtained by an employee who has served a period of apprenticeship under the instruction of either a USCG qualified engineer, a design authority engineer, or under the instruction of a competent engineering consultant(s) designated by HoverLink, LLC (here-after referred to as the Company) for the vessel type. Once assessed as qualified by the Company, the Engineer/Deckhand will fill the position in the scheduled rotation for voyage specific services in Alaska.

Key Activities

- Maintains the Hovercraft in a safe and reliable condition;
- Takes direction from the Hovercraft Captain;
- Conducts regular cyclic & preventative maintenance on the Hovercraft SUNA X as prescribed by HoverLink, LLC;
- Performs repairs and replacements of vessel components, parts, and structures as required by operational service conditions and OEM directions;
- Maintains critical spares inventory in collaboration with the Captain and General Manager;
- Serves as a deckhand during voyages with particular care for passenger safety and observation of passenger spaces at sea;
- Participates fully in safety training and drills², and as directed by the Captain, provides input regarding maintenance schedules and topics to be covered during daily briefings for the hovercraft crew;
- Works with the Captain as directed to ensure that both hovercraft maintenance and scheduled passenger service are completed in accordance with all applicable requirements (both Coast Guard regulations and SMS policies) and in such a fashion as to maintain regularly scheduled operations of the Client's hovercraft;
- Maintains written maintenance records as required by the Company and Coast Guard regulations, including but not limited to weekly reports to the General Manager and Captain of total hours of hovercraft operation;
- Remains available for duty as directed by the Captain to ensure the Hovercraft is available as needed for medevacs and charters³; and

¹ For further information, see the hovercraft *Safety Management System* Chapter 4, and Title 46 [10.520] of the *Code of Federal Regulations (CFRs)*

² See, for example, *Safety Management System* Chapter 1, Document No. A1-03, providing that the Captain's duties regarding "all matters which affect, or may affect, safety, or the environment" are "shared with the Lead Engineer." Maintaining the hovercraft in safe, reliable operating condition is the primary responsibility of the Engineer.

- Obtains mechanical, safety and engineering training from Company Consultants, design authorities and others as directed. This training ensures that the Engineer / Deckhand can effectively coordinate with all personnel doing maintenance directly for or contributing to the Company. It also ensures that all required maintenance is properly prioritized and scheduled in order to ensure regulatory compliance and a minimum of disruption to the hovercraft's operational schedule.

Major Duties

- Responsible for maintenance of the Company hovercraft and related infrastructure and equipment⁴.
- Provide information (including but not limited to status reports on hovercraft maintenance and maintenance priorities) to the Hovercraft Captain and General Manager.
- Maintain all documentation as required by the Coast Guard and the Company Safety Management System, and as directed by the Company General Manager or the Hovercraft Captain. This may include, but is not necessarily limited to, timely reminding the Captain when documentation is due as required by Coast Guard regulations and/or Company policies and procedures, and then following up with others as needed or directed.
- Cooperate with the Hovercraft Captain to assist in conducting daily briefings of crew members on duty to ensure each knows the day's assignments – particularly with respect to maintenance requirements. Work with the Captain and General Manager on scheduling, to ensure all maintenance-related assignments are timely completed and appropriately documented.
- Coordinate with the Captain as necessary and convey requests for parts, supplies and equipment to the General Manager.
- Serve as backup as required to provide information regarding passengers and cargo carried on the hovercraft⁵ and other details of hovercraft operation, including but not limited to fuel & oil consumption, cargo and passenger carriage and similar data to sources as designated by the Company.
- Perform other duties as assigned by the Hovercraft Captain.
- At the location specified by the Company - on the final 'outgoing' transit day of each 'on cycle' – meet with the General Manager for debriefing.

⁴ Both this function and the Engineer/Deckhand duties may require working at times other than regularly scheduled work times, in order to accommodate emergency flights to Akun Isl.

⁴ See *Safety Management System* Chapter 4, "Statement of Qualifications Engineer." An engineer is a person who holds a valid Marine Engineering Type Endorsement or Aircraft Maintenance Engineering Endorsement (for example, an FAA-issued Airframe and Powerplant Mechanic's license). Until such endorsement has been earned, the individual is properly referred to as an engineer-in-training.

⁵ See United States Coast Guard regulations regarding logbook entries and manifests, regarding issuance of tickets and maintaining lists of passengers and cargo carried. When in doubt about requirements, more thorough documentation is preferable.

Job Requirements

- Demonstrated ability to maintain and repair a hovercraft and its component systems, including but not necessarily limited to lift engines, thrust engines, propellers, peripheral trunks and skirts and electrical, hydraulic and electronic systems.
- Prefer a minimum of two (2) years of maritime, aviation or hovercraft-related experience⁶ in Alaska or a geographic region with similar weather and operating conditions.
- Demonstrated ability to communicate well, both verbally and in writing, and to contribute to appropriate and effective wheelhouse resource management.
- Demonstrated professional behavior, including but not necessarily limited to: excellent judgment; consistent adherence to the chain of command⁷; good interpersonal relations with Coast Guard and Clients, other crew members and the general public; compliance with all applicable regulations; demonstrating professional demeanor and appearance at all times when on duty; and willingness to accomplish needed tasks independently, taking initiative when appropriate.
- Demonstrated ability to deal with record keeping pertaining to equipment, personnel, passengers and freight, as required by the FAA, the U.S. Coast Guard, or a similar regulatory agency, is an asset.
- Work towards full qualification as a Hovercraft Chief Engineer, as described in the *Safety Management System* and United States Coast Guard regulations.
- Other duties as assigned, which may include but are not necessarily limited to maintenance of the hovercraft and hovercraft-related facilities and vehicles, cleaning the vessel and its facilities, completing paperwork and developing checklists as necessary to implement USCG regulations and applicable Company policies, and other ancillary duties.
- Pass a Pre-Employment Physical Examination including a drug/alcohol screening.
- Current US Coast Guard Engineer's license preferred (any tonnage), with radar observer endorsement preferred.
- US citizenship.

Skills

- Ability to troubleshoot failed or failing vessel-borne components or systems (such as engines, generators, transmissions and propellers) and to diagnose and repair ancillary systems (such as hydraulics, electro-hydraulic components and ballast pumps).
- Ability to be trained to obtain and maintain appropriate hovercraft engineering licensing levels;
- Computer skills, including e-mail and ability to use Microsoft Office.
- Knowledge of Personal Protective Equipment (PPE) and demonstrated experience using PPE consistently and appropriately.

⁶ The two (2) years of experience may be a combination of experience from the hovercraft, aviation and/or maritime industries, as deemed appropriate by the Company.

⁷ The chain of command for this hovercraft operation is: From the General Manager to the Captain then Engineer for all aspects of maintenance management. For at sea operations the chain-of-command flows from Captain to First Officer to Engineer to Deckhand.

Work Environment

The work requires employees to serve on an equal *time on and time off* basis (3 weeks). The Company's operations serve the isolated Alaskan community of Akutan – meals & quarters are shared while 'on cycle' with crews sharing meal preparation duties.

Some work is performed in an office environment. This consists of desk work utilizing a computer, phone and other office equipment. The majority of the work is performed on or in the vicinity of the hovercraft, while en-route, at the hovercraft terminals in Akutan, Surf Bay or at the maintenance facility on Akutan Island.

The position requires standing, walking, climbing, fine motor skills, good eyesight, heavy lifting, and exposure to extreme (and rapidly variable) weather, blowing dust and debris, and loud noises.

Supervisory Control

The Hovercraft Engineer/Deckhand reports to the Hovercraft Captain. Functional leadership for the maintenance plans and priorities of the vessel lie with the Engineer / Deckhand position. Never-the-less the Engineer reports to the Hovercraft Captain who shall retain final authority respecting when and what tasks are performed. While nothing limits the authority of the Captain to remove the vessel from planned service for safety reasons, the General Manager must be consulted in all such cases and with respect to maintenance activities that will take the vessel out of planned service.

Salary

This is an exempt, salaried position. The starting salary for a Hovercraft Engineer/Deckhand⁸ is \$XX,XXX per year. The starting salary for a Hovercraft Engineer/Deckhand who has received (and maintains in good standing) an endorsement letter for the hovercraft from the United States Coast Guard, is \$YY,YYY per year.

APPROVED:

For HoverLink, LLC

Date

⁸ This is for an individual who has progressed beyond the Hovercraft Engineer Trainee stage, and who has developed the skills necessary to serve as a Coast-Guard-endorsed maintenance technician/engineer.

HoverLink, LLC Job Description

HOVERCRAFT HIGH SPEED DECKHAND

Job Summary

The Hovercraft High Speed Deckhand position is earned by an individual who has completed the HoverLink, LLC on-the-job training scheme for the BHT-130 Hovercraft. This is a vessel type specific familiarization encompassing life-saving appliances, PPE, Bridge Resource Management, Safety and environmental management. Once fully qualified (i.e., in possession of an endorsement from a designated Company instructor), the Hovercraft High Speed Deckhand may fill the position on the scheduled rotation for voyage specific services in Alaska.

Key Activities

- Takes direction from the Hovercraft Captain and First Officer at sea, and from the Engineer during shore-mode operations¹;
- Participates fully in safety training and drills;
- Maintains written records as required by the Captain;
- Remains available for duty as directed by the Captain, to ensure the hovercraft is available as needed for medevacs and charters²;
- Supervises passengers during loading & unloading operations;
- Performs lookout and bridge team duties for the Captain when the vessel is underway; and
- May act as a team leader in response to any emergencies on board the hovercraft.
- Assists with meals & quarters preparations as required;

Major Duties

- Ensure the compliance of passengers with Company safety policies during loading and unloading evolutions;
- Ensure the readiness & cleanliness of the vessel for sea-going operations as directed by the Captain and SMS procedures;
- Maintain all documentation as required by the Coast Guard and the Company;
- Perform other duties as assigned by the Captain on Duty.

¹ When the hovercraft crew is not at sea, routine maintenance shall be performed on the vessel and its maintenance facility; while the entire crew will contribute 'as required' to these duties, the Deckhand will assist the engineer to the greatest extent possible.

² Both this function and the Senior Deckhand's ancillary duties may require working at times other than regularly scheduled work times, in order to accommodate Client needs.

Job Requirements

- A minimum of two (2) years of maritime, aviation or hovercraft-related experience in Alaska or a geographic region with similar weather and operating conditions is preferred.
- Demonstrated familiarity with the following matters relating to emergency conditions: Failure Mode Operations including single lift-engine operations, & rudder hydraulic failure operations; vital actions during onboard emergencies such as: Man Overboard, Fire, Abandon Ship, Foul Weather Procedures, and Collision procedures.
- Demonstrated familiarity with seamanship duties, engineering and passenger safety/control duties, and appropriate vessel operational matters, including those applicable to: High Speed Bridge operations; routine Engineering tasks including fueling; personal and crew Safety equipment; and Seamanship respecting cargo operations.
- Demonstrated familiarity with the environmental management aspects of the service area including: wildlife recognition and documentation procedures.
- Other duties as assigned, which may include but are not necessarily limited to cleaning and maintenance of the hovercraft and hovercraft-related facilities and vehicles, and other ancillary duties as assigned.

Qualifications and Skills

- Qualified as to sight, hearing, and physical condition to perform the duties of a Hovercraft Deckhand.
- Physically able to perform all duties associated with the protection and evacuation of hovercraft passengers during any emergency situation occurring aboard the hovercraft.
- Training, experience and demonstrated ability to fulfill all responsibilities of a Hovercraft Deckhand as contemplated by the United States Coast Guard (see 46 CFR Part 15) and the Company's *Hovercraft Safety Management System*, most current revision (see especially Sections A2, A3, A4 and D3 of the *Safety Management System*).
- Demonstrated ability to operate a small vessel proficiently in the waters of Akutan Bay, Alaska³.
- Computer skills, including e-mail and ability to use Microsoft Office are an asset.
- Pass a Pre-Employment Physical Examination including a drug/alcohol screening.
- Current US Coast Guard merchant mariner documents.
- US citizenship.

³ See 46 CFR Part 15 (particularly 46 CFR 15.103, which makes the employment and training of qualified deckhands the responsibility of the marine employer, which in this case is HoverLink, LLC); the U.S. Coast Guard's Navigation and Vessel Inspection Circular No. 1-91 (known as NVIC 1-91); and Enclosure (1) to NVIC 1-91. In the case of HoverLink's Deckhands, that ability is demonstrated by obtaining a designation as High Speed Deckhand from a Hovercraft Instructor duly appointed by the Company.

Work Environment

The work requires employees to serve on an equal *time on and time off* basis (3 weeks). The Company's operations serve the isolated Alaskan community of Akutan – meals & quarters are shared while 'on cycle' with crew-members sharing meal preparation duties with the Deckhand position.

Some work is performed in an office environment. This consists of desk work utilizing a computer, phone and other office equipment. The majority of the work is performed on or in the vicinity of the hovercraft, while en-route, at the hovercraft terminals in Akutan, Surf Bay or at the maintenance facility on Akutan Island.

Requires standing, walking, climbing, fine motor skills, good eyesight, adequate hearing, ability to perform heavy lifting repeatedly, and exposure to extreme (and rapidly variable) weather, blowing dust and debris, and loud noises.

Supervisory Control

The Hovercraft Senior Deckhand reports to the Hovercraft Captain on Duty at all times at sea and during all pre-departure and arrival situations. When the Hovercraft is ashore and the Captain does not have immediate requirements, the Deckhand position will report to the Engineer. Any conflicts as to work priorities are resolved at the discretion of the Captain.

Salary

This is an exempt, salaried position. The starting salary for a Hovercraft High Speed Deckhand⁴ is \$XX,XXX per year.

APPROVED:

 HoverLink, LLC

 Date

⁴ This is for an individual who has progressed beyond the basic Deckhand stage, and who has received official written designation as a Senior High Speed Deckhand, which designation has been signed by a Hovercraft Instructor/Examiner, duly appointed by the Company.

APPENDIX E

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 WP2	*	*	*	*	
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 Halon Fire Dampers, condition and operation.	*	*	*	*	

Comments

APPENDIX G

Akutan - Akun Hovercraft Ferry Service Organizational Chart

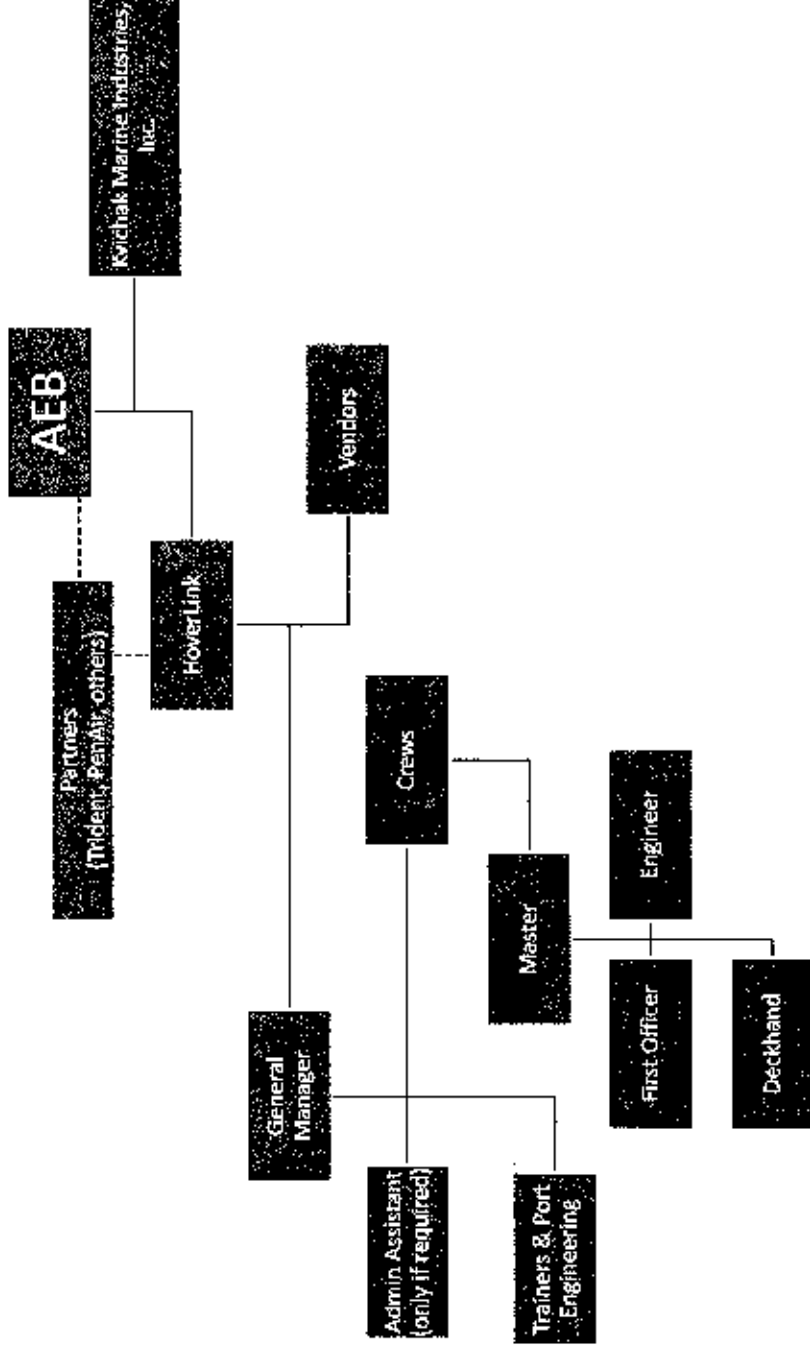


EXHIBIT D
REPORTS

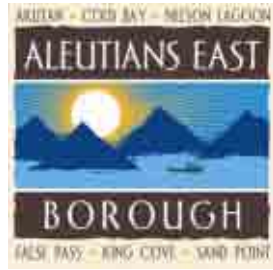
(See Attached)

EXHIBIT D REPORTS

The following reports will be prepared by HoverLink and submitted to AEB, content and format is subject to mutual agreement.

1. **Monthly Ridership and Freight Data**
2. **Monthly Fuel Consumption**
3. **Monthly Budget Update (submitted with the Monthly Invoice)**
4. **Quarterly Vessel and Machinery Hour Summary**
5. **Annual Drug & Alcohol Testing Results (as provided to the United States Coast Guard)**
6. **Summary of Emergent Repair Activity for Repairs Exceeding \$5,000**
7. **Any Form 835's, or any other inspection reports received from the United States Coast Guard**
8. **Any complaints received from ferry customers or service partners, along with HoverLink's resolution of same**
9. **Any Form 2692's sent to the United States Coast Guard for reportable marine casualties**

New Business



To: Assembly and Mayor
From: Tina Anderson, Clerk
Date: February 19, 2013
Re: Advisory Member Appointments – Cold Bay, False Pass

The AEB code Section 2.04.060(c) says the term of an advisory member is one year and begins on January 1st of each year. A person appointed holds office until a successor has been appointed and seated.

The City of Cold Bay submitted a letter recommending Harold Kremer, III to continue to be their Advisory member for 2013 and City of False Pass recommends that Nikki Hoblet remain their Advisory member through 2013.

CLERK/PLANNER
P.O. BOX 349
SAND POINT, ALASKA 99661
(907) 383-2699
(907) 383-3496 FAX
e-mail: AEBCLERK@aol.com

BOROUGH ADMINISTRATOR
3380 "C" STREET, SUITE 205
ANCHORAGE, ALASKA 99503
(907) 274-7555
(907) 276-7569 FAX
e-mail: RJett0869@aol.com

FINANCE DIRECTOR
P.O. BOX 49
KING COVE, ALASKA 99612
(907) 497-2588
(907) 497-2386 FAX
e-mail: AEBFINANCE@aol.com

City of Cold Bay

P.O. Box 10 • Cold Bay, Alaska 99571
(907) 532-2401
Fax (907) 532-2671



January 7, 2013

Aleutians East Borough
Honorable Mayor and Assembly Members
P.O. Box 349
Sand Point, Alaska 99661

RE: Borough Advisory Seat

Dear Mayor Mack and Assembly Members,

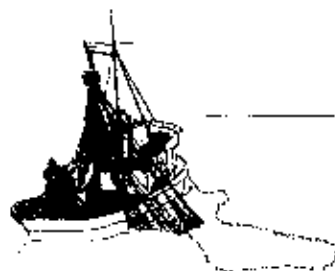
The City of Cold Bay would like to re-nominate Harold Kremer III to be on the Borough Assembly as an Advisory Member. Mr. Kremer has been a long time resident of Cold Bay and we feel he would be a good addition to the Assembly.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Jorge Lopez'.

Jorge Lopez, Mayor

CC: Rick Gifford



City of False Pass

P.O. Box 50 • False Pass, Alaska 99583-0050
Telephone (907) 548-2319 • Fax (907) 548-2214

Wednesday, December 12, 2012

Aleutian East Borough Staff,

The City of False Pass would like to nominate Nikki Hoblet for an advisory council seat with the Aleutian East Borough for the 2013 Calendar year.

Respectfully,

A handwritten signature in black ink, appearing to read "Tom Hoblet", with a long, horizontal flourish extending to the right.

Tom Hoblet

Mayor

City of False Pass

REPORTS AND UPDATES



Memorandum

Date: February 14, 2013

To: The Honorable Mayor Mack and Borough Assembly

From: Rick Gifford, Administrator *RG*

Re: Administrator's Report

Akutan Hovercraft Operations Update-January, 2013

The hovercraft operated 18 days in January of 2013. There were 11 days of bad weather and two days the hovercraft was out of service for maintenance and repairs. The hovercraft hauled a total of 504 passengers, 10,092 pounds of cargo and mail, 1 vehicle and 6,863 gallons of fuel was delivered to the City and DOT. Total gross revenue for December was \$86,902 less the cost of fuel on fuel sales for net revenues of \$59,107. Attached is a summary of operations for January, 2013 and since inception on September 1, 2012. The total net revenue from September 1, 2012 through January 31, 2013 was \$152,744.

To-date January 2013 has produced the highest traffic and revenues over the first six months of operations. This, of course, had a lot to do with the transfer of Trident Seafood employees. The hovercraft was taken out of service for maintenance on January 30 and was back in service on Monday, February 4.

Juneau Legislative Visit

Mayor Mack and I traveled with Cold Bay Mayor Lopez and King Cove City Administrator Gary Hennigh to Juneau during the last week of January. We were able to meet with the Governor, several legislators, commissioner's for DOT, DEC, DNR & DCCED and the OMB Director to discuss the Borough's legislative agenda. We also met with the Coast Guard Admiral and others at the Coast Guard headquarters in Juneau to discuss their plans for their operation's site in Cold Bay. The following projects from the Assembly's Resolution No. 13-15 establishing its legislative priorities were discussed:

1. Cold Bay Clinic Building Construction
2. Cold Bay Dock Rebuild/Wave Barrier
3. King Cove – Cold Bay Access Project
4. Akutan Harbor Floats Installation
5. Cold Bay New Airport Tarmac and Taxiway
6. Akutan Hovercraft Subsidy or Travel Alternative Research

We had good discussions with all those we were able to visit, with hopes that several of our projects might be funded this year. However, we were also told that the State will have a smaller capital budget this year. We

MEMORANDUM

Borough Administrator's Report

Page 2

continue to work with our lobbyist, Mark Hickey to answer any questions the legislators and/or departments have about our requests.

Izembek Land Exchange

As you know, the US Fish & Wildlife Service (USFWS) issued the notice of the final Environmental Impact Statement (EIS) for the land exchange and proposed road corridor between King Cove and Cold Bay on February 5, 2013. The USFWS recommendation chose the "no action" alternative rather than a proposed land exchange and single-lane road corridor that would traverse a small section of the Izembek National Wildlife Refuge. Once the US Environmental Protection Agency (USEPA) accepts the EIS, there is a 30-day comment period. A final record of decision (ROD) will be published within 30 days. At this point, it is estimated that the ROD would be issued about mid-March. The final determination will be the public interest finding made by the Secretary of Interior, which could be made at any point. As you know, Secretary Salazar is retiring in March (we don't know when), so we don't know if he will make the decision or leave it to the incoming secretary.

The King Cove Group, along with our lobbyists have been actively working this issue. We have strong support from all of our Congressional delegation, the Governor, the State Legislature, State departments and others. We are actively pursuing all of our political options at this point. The King Cove Group has received a meeting invitation from Secretary Salazar for Thursday, February 28. We will be traveling to DC the last week of February to meet with the Secretary, our congressional delegation and others in hope of convincing the Secretary to make the right decision for the citizens of King Cove.

Attachment.

January-13	<u>This Month</u>		<u>Since Inception</u>		Oct-12	Nov-12	Dec-12
Total Days	31		123		31	30	31
Days Vessel Operational	29	94%	116	94%	28	29	30
Days Out of Service	2	6%	7	6%	3	1	1
Mission Days Completed	18	58%	65	53%	18	11	18
Mission Days Missed	1	3%	3	2%	2	0	0
Good Weather Days	20	65%	72	59%	22	12	18
Bad Weather Days	11	35%	51	41%	9	18	13
Service Reliability (includes weather)	58%		53%				
Vessel Reliability (excludes weather)	90%		90%				
Passengers (#)	504		1022		80	243	195
Cargo/Mail (pounds)	10,092		51,810		8,889	13,415	19,414
Vehicles (#)	1		8		2	2	3
Fuel Delivered (gallons)	6,863		26,866		4,750	5,985	9,268

Total Days	number of days in the calendar month
Days Vessel Operational	days vessel is available for mission
Days Out of Service	days vessel is out of service
Mission Days Completed	days vessel served the route
Mission Days Missed	days vessel did not serve the route when weather was good
Good Weather Days	days when wind/sea/current/surf conditions allowed vessel operation
Bad Weather Days	days when wind/sea/current/surf exceeded the safe operating envelope of the vessel
Service Reliability	Mission Days Completed divided by Total Days
Vessel Reliability	Mission Days Completed divided by Good Weather Days
Passengers	total one-way passengers carried
Cargo/Mail	total weight of cargo and mail carried
Vehicles	total number of vehicles carried
Fuel Delivered	total gallons of fuel delivered from Akutan to Akun

To: Honorable Mayor Mack and AEB Assembly

From: Anne Bailey, Community Development Coordinator

Subject: Assembly Report

Date: February 12, 2013

Community Impact Assistance Program Land Use Permitting Grant

Sharon Boyette and I traveled to Cold Bay, King Cove, False Pass and Nelson Lagoon during the week of January 14th and Sharon went to Sand Point on the 22nd to discuss the Land Use Permitting System. Thirty-two residents participated in the public meetings. The main resource development opportunities discussed included oil/gas, mining, small scale gravel extraction, large scale gravel extraction (i.e. gravel, sand & rock), eco-tourism, exploration and studies. The group did an activity where they determined what type of permitting they wanted for the development listed above. They had to decide whether they wanted no activity, an application only, an application with stipulations or a full blown permitting system. From this exercise stemmed a lot of discussion and suggestions. For instance, in Sand Point it was suggested to include energy projects as a resource development opportunity in the permitting system. In Cold Bay, they wanted a stipulation to be placed on hunting/fishing guides that would not allow them to access local subsistence areas. King Cove wanted to be aware of upcoming opportunities allowing local residents to receive the proper training for future jobs. False Pass proposed subsidizing part of the costs of the fees for potential business with local resources (i.e. allowing vessels to moor in the harbor for ½ of the moorage fee). Other topics that were discussed include but are not limited to penalties, enforcement methods and fees for large and small scale operations. Overall, the meetings went extremely well.



Residents of False Pass

Articles regarding the land use permitting program were in the January 25th edition of In the Loop and in the Bristol Bay Times (http://thebristolbaytimes.com/article/1306borough_wants_voice_in_land_use_permitting).

The next step is to start revising Title 40 of the code.

Akutan Harbor

I am still working on the Conservation Easement for the harbor, which is a mitigation measure requirement. We have received the survey of the easement from McClintock Land Associates and are waiting for the appraisal results. We have also had meetings with the City of Akutan to discuss the Akutan Harbor Management Agreement.

False Pass Harbor

The electric pedestals were installed in the False Pass Harbor this past summer and have already been knocked over. To prevent any further damage I am in the process of getting quotes for pedestal protection risers. The materials and shipping will be paid for with Denali Commission funds.

Contract Information

A list of active contracts that I am involved in are listed below:

- Alaska Chadux
False Pass and Akutan Harbor Oil Response Plan \$12,650
- URS
False Pass Utilities Project
Akutan Harbor Floats
- Horan & Company
Appraisal Services for the Conservation Easement in Akutan \$16,400
- Harvey Consulting
Land Use Permitting Project \$102,180

Other Items:

- Completed the Cold Bay Dock Management Agreement. It went into effect on January 18, 2013 and will expire January 2023.
- Wrote the CAPSIS Requests for the Cold Bay Clinic, Cold Bay Wave Barrier and the Akutan Harbor Floats Installation project.
- Wrote a Resolution for Cold Bay supporting the permanent presence of the Coast Guard in Cold Bay. A similar resolution will be going before the Assembly.
- Helped write an In the Loop article about the Land Use Permitting public meetings and was interviewed by Hannah Heimbuch of the Bristol Bay Times regarding this topic.
- Attended meetings to discuss the Akutan-Akun Link, Co-Sponsorship Agreement and overall Akutan projects.
- APICDA is interested in constructing a steel pile dock in False Pass. I am in the process of discussing this with APICDA and working on documents that would permit them to construct this piece of infrastructure.
- I am in the process of drafting an updated Nelson Lagoon Dock Management Agreement.
- The CIAP Nelson Lagoon Coastal Erosion Study Project grant agreement has been executed and I am in the process of drafting a Request for Proposal for this project and hope to go out to bid soon.

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

To: The Honorable Mayor Mack, Aleutians East Borough Assembly
From: Ernie Weiss, Natural Resources Director
Subj: Report to the Assembly
Date: February 14, 2013

North Pacific Fishery Management Council

The Council met in Portland for the first time since 2010 for their regular February 2013 meeting. Included in the Council notebook under public comment for WGOA trawl issues was AEB Resolution 13-16 & cover email, a similar resolution from LPB and a proposal from the Peninsula Fishermen's Coalition. I made the WGOA trawl motion at the Advisory Panel (AP), including the goals supported by the AEB Assembly and a catch history control date of March 1st. Passed unanimously. I also made the AP Crab ROFR motion which also passed unanimously after it was amended to delay action on issuance of Aleutia crab PQS. I testified with Mayor Mack to the Council on both issues; a letter to the Council on ROFRs is attached. February Council actions are addressed in the attached report by Sam Cotten.

Alaska Board of Fisheries

I attended parts of the Board AYK meeting from January 15 - 20, and listened online during some sessions. Notably there was little mention of Area M during public testimony at the AYK meeting with one exception. I have submitted comments (PC 66) from this office for inclusion in the Board notebook for the upcoming February 26 - March 4 Alaska Peninsula/Aleutian Islands (AP/AI) Finfish meeting. Comments submitted on behalf of Area M Seiners Association & the AEB (PC 28) by our consultant Denby Lloyd are attached. All of the materials for the Board of Fisheries meeting are available [online](#), including public comments. Since the beginning of 2013 the AEB has sponsored three AEB fishermen teleconferences, in large part to prepare for the AP/AI meeting. One more teleconference is scheduled for 10AM Tuesday 2/19. Local residents have opportunities to travel to the Board meeting in Anchorage through representation on Board Advisory Committees, through some local cities and by AEB Assembly sponsored travel. The meeting is at the Sheraton, and we have reserved a separate conference room.

Other communications

I have attended various other meetings as appropriate:

I attended a Perishable Handling Center Discussion with representatives of AEDC, ASMI, NAC and BBRSDA on 1/9/13. I have participated in several GOA community workgroup meetings regarding future catch share programs in the GOA, and have had numerous phone calls with ADF&G and other agency representatives on various topics. I attended several sections of the Alaska Marine Science Symposium January 21-25. I served as alternate at the GOAC3 Board of Directors meeting on January 29th. I listened in to the bimonthly Alaska Marine Policy conference call on Jan 30. I plan to attend the Aleutian Islands Subarea Committee & Geographic Response Strategy Workgroup Meeting on February 20. I have prepared 2 draft resolutions (community oil response training & GOA fishery management goals) for submission before the February 17th deadline for the SWAMC conference on February 21-22.

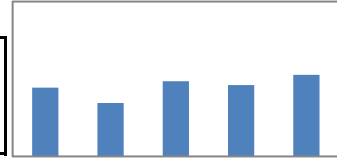
Redistricting

On December 28th, 2012, the Supreme Court of the State of Alaska issued an [opinion](#) that, in essence, requires the Alaska Redistricting Board to draft a new redistricting plan for the 2014 elections. Here's a [Dutch Harbor Fisherman article](#) from January 4th with a Southwest Alaska perspective of the Court Opinion. On January 7, 2013, the Alaska Redistricting Board [petitioned](#) the Court to reconsider the part of the opinion that states that the Board failed to follow the Court mandated 'Hickel' process. Also on January 7th, the attorneys for the Riley Plaintiffs filed [several documents](#) requesting the Court reconsider the part of the opinion that directs each party to bear its own costs and attorney's fees. The Redistricting Board met February 12th to discuss options, and all parties are waiting for a ruling from the Alaska Supreme Court. The US Supreme court is scheduled to consider a case from Alabama, *Shelby County v. Holder*, that argues that the preclearance requirement of Section 5 of the Voting Rights Act encroaches on state's rights. Alaska is one of the states required to receive preclearance from the Justice Department.

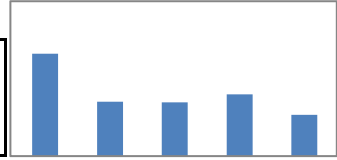
Please call or email me anytime with your comments, questions or concerns.

5 year perspective by month (July - December)

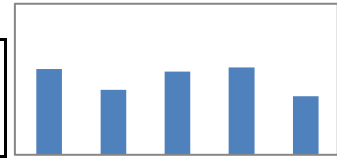
Jul-08	Jul-09	Jul-10	Jul-11	Jul-12
\$ 444,476	\$ 345,945	\$ 486,362	\$ 460,143	\$ 527,401



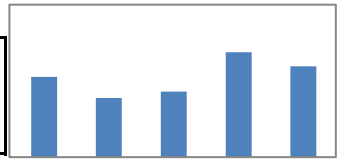
Aug-08	Aug-09	Aug-10	Aug-11	Aug-12
\$ 660,777	\$ 351,614	\$ 348,047	\$ 399,787	\$ 265,810



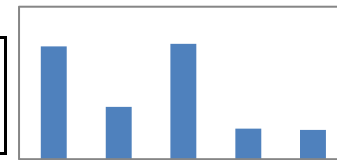
Sep-08	Sep-09	Sep-10	Sep-11	Sep-12
\$ 283,746	\$ 215,194	\$ 275,642	\$ 289,164	\$ 194,196



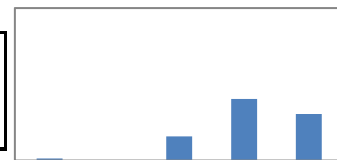
Oct-08	Oct-09	Oct-10	Oct-11	Oct-12
\$ 526,890	\$ 387,579	\$ 429,084	\$ 688,930	\$ 596,269



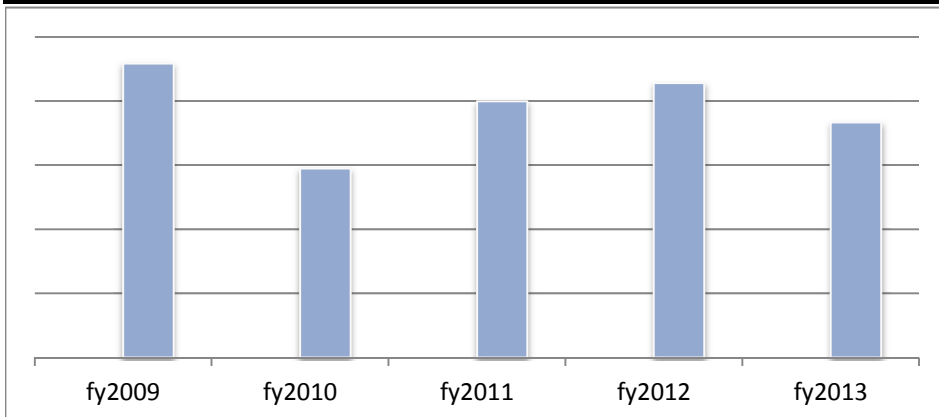
Nov-08	Nov-09	Nov-10	Nov-11	Nov-12
\$ 369,366	\$ 171,944	\$ 377,865	\$ 100,246	\$ 96,362

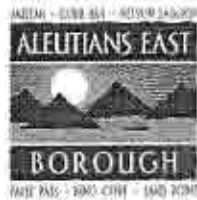


Dec-08	Dec-09	Dec-10	Dec-11	Dec-12
\$ 6,333	\$ 1,532	\$ 79,483	\$ 202,152	\$ 152,490



Mid-year AEB fish tax revenue for fiscal years '09 - '13				
fy2009	fy2010	fy2011	fy2012	fy2013
\$ 2,291,589	\$ 1,473,808	\$ 1,996,483	\$ 2,140,423	\$ 1,832,529





February 6, 2013

Eric A. Olsen, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Dear Chairman Olsen,

The Aleutians East Borough has been actively involved in the committee process to strengthen the community provisions of the crab rationalization program for several years. We believe crab community protections have been inadequate since inception of the program. However, we are confident that this package is now ready and we urge you to adopt agenda item C-4(a), BSAI Crab Community Provisions as final action, selecting the following alternatives:

Action 1 - Alternative 2 - Increase an entity's time to exercise the right and perform as required.

Action 2 - Provision 1, Alternative 2 - Remove the provision under which ROFR lapses if IPQ are used outside the community.

Provision 2, Alternative 3 - If a community entity fails to exercise the right on a transfer of PQS, the buyer may name a new eligible community as ROFR holder.

Action 3 - Alternative 2 - Apply the right to only the PQS.

Action 4 - Alternative 2 - Require community consent to move IPQ outside the community.


Action 5 - Require the 5 additional notices to right holders and to NMFS.

Action 6 - Alternative 2 - Issuance of newly created PQS to Aleutia

We believe Action 6 is an important part of this package to acknowledge the significance of the Right of First Refusal to communities. In this case, it is clear that the ROFR was triggered and Port Moller PQS was moved out of the community without notice to the ECCO, depriving Aleutia the opportunity to purchase the PQS. Action 6 is a simple solution that proves that the BSAI Crab Community Provisions are not just an empty promise to the eligible BSAI crab communities.

Thank you for the opportunity to comment on this agenda item.

Sincerely,


Stanley Mack, Mayor
Aleutians East Borough

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Juneau, Alaska 99811-0001
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fax: 907-465-3532



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Office of Governor Sean Parnell
STATE OF ALASKA

January 21, 2013

The Honorable Stanley Mack
Mayor
Aleutians East Borough
3380 C Street, Suite 205
Anchorage, AK 99503

Dear Mayor Mack,

Thank you for writing to Governor Sean Parnell recommending the appointment of Larry Edfelt to the Board of Fisheries and sharing the Aleutians East Borough's resolution on the matter. Board and commission appointments are responsibilities that we take very seriously, and each candidate's qualifications are evaluated carefully. Your comments will be considered in our decision-making process.

Please feel free to contact the Office of Boards and Commissions at 907-269-7450 if you have additional comments for Governor Parnell to consider or if we can assist you further.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Hotley", written over a circular blue stamp.

Jason Hotley
Director
Boards and Commissions

RECEIVED
JAN 23 2013

Aleutians East Borough

GOA Trawl Bycatch management program.

Of initial interest is in the title of this action, trawl bycatch, instead of catch share program. Commissioner Campbell made a point of changing the title in order to show an approach focused on bycatch rather than assuming we would be creating a traditional catch share program.

Another change in approach was to eliminate the mention of Central Gulf and instead refer to the Gulf of Alaska, to indicate the inclusion of the Western Gulf trawl fisheries.

The other action included specifically for the Western Gulf was a control date of March 1, 2013.

The council purpose and needs statement was otherwise unchanged with the exception of a change of SHOULD to COULD in the 4th paragraph. This change suggests options including limiting the measures to some rather than all species (ie; only pollock or bycatch allocations only for some species). The motion does not indicate a preference for any one approach, rather an approach that would CONSIDER most alternatives.

Several people have suggested that only a traditional catch share program (issuance of IFQ for target species based on fishing history) will enable the trawl fisheries to avoid bycatch limits while achieving optimum yield on target species. Others have advanced ideas that would be allowed under the above changed language.

The remainder of the motion outlined the items to be included in an expanded discussion paper.

1. The state waters issue. In the Western Gulf, about half of the pollock are taken in state waters, (49% average over the past 5 years,) and about 25% in the Central Gulf. Under state law, quotas cannot be issued, leaving only limited entry and exclusive area designation as management options beyond the current status. A concern with an open access fishery in state waters coupled with a catch share program in Federal waters would be the potential for an expanded race for fish. Prior work and legal opinions will be seen.
2. Limited duration quota allocation, bycatch performance incentives and

auctions will be further discussed.

Federal Law, the Magnuson-Stevens Act (MSA), requires the council to limit the duration of any catch shares to ten years, after which they can be renewed if appropriate. The expanded paper will consider basing allocations on fishermen's ability to avoid bycatch, referred to here as bycatch performance incentives, and could be adjusted on a regular basis. The term non-monetary auctions refers to an idea of bidding, perhaps with the lowest amount of bycatch, on quota on a regular basis. Auctions are allowed under MSA but to my knowledge have never been used. A traditional auction would have the most money getting the quota, an idea usually rejected by fishermen.

An amendment was added by Duncan Fields; "and bycatch performance incentives which could encourage bycatch avoidance at all times during the fishery" This amendment asks for discussion of incentives for bycatch avoidance during the fishery in addition the above mentioned incentives that would affect quota issuance.

3. Community protection measures.

This item asks for more discussion on the concept of awarding shares to community fisheries associations. Under MSA, councils can award shares to community fisheries associations for subsequent distribution to fishermen. The idea would be to insure the shares never left the community. The potential upside would be retention of fishing rights in the original location rather than migrating to owners in far away places. The potential downside would be the management of the shares and the bureaucracy needed to handle the distribution, monitoring and other management duties and responsibilities associated with share ownership.

In addition, #3 asks for more information on requirement for specific port landings or regional landing requirements. This item may help flesh out one of the ideas presented by the peninsula fishermen's coalition (PFC) proposal to split landing between King Cove and Sand Point. It may also discuss the issue raised regarding False Pass and their hope to increase landings as their plant grows.

#4. Data request for GOA trawl participants. This information is already available for the most part and would be presented in relation to the

proposals on the table. One issue advanced by the PFC was the potential effect on the pot fishery if the trawl fishery were to be issued catch shares. This section in the discussion paper give information on participation in the GOA trawl fisheries relative to other fisheries and would identify the number of trawl licenses that are also endorsed for Pacific cod pot gear in both the Western and Central Gulf of Alaska.

In a separate action, the Council approved some changes to the Crab community protections and postponed action on others. The action extended time allowed to exercise the right of first refusal on the purchase of Processor quota (PQS)(#1) removed the provision that allow the ROFR to expire if out of the community for a period of time(#2) and required new notice provisions for processors in order to insure ROFR holders are aware of the location of processing and any pending transfers.(#5)

The council removed action that would allow communities the right to prevent movement of crab processing (#4)and allow communities the ability purchase PQS only as opposed to other assets involved with a sale.(#3) In addition the council did not take action at this meeting on the proposal to issue new PQS to Aleutia.6

The above items were discussed again in staff tasking and a motion to encourage the parties to return to council with a refined proposal for #s 3 and 4.

The council deferred action on the Aleutia item (#6) and encouraged a private resolution. The council may take this up at any time and lacking private resolution, could act.

News Release



2320 W. COMMODORE WAY, SUITE 300, SEATTLE, WASHINGTON, 98199-1287

February 4, 2013

HALIBUT COMMISSION COMPLETES 2013 ANNUAL MEETING

The International Pacific Halibut Commission (IPHC, or Commission) completed its 89th Annual Meeting in Victoria, BC on January 25, with Mr. Michael Pearson of Ottawa, ON presiding as Chair. More than 250 halibut industry stakeholders attended the meeting, with over 60 more participating via the web. All of the Commission's public and administrative sessions during this year's meeting were open to the public and broadcast on the web.

The Commission is recommending to the governments of Canada and the United States catch limits for 2013 totaling 31,028,000 pounds, a 7.5% decrease from the 2012 catch limit of 33,540,000 pounds. These catch limits are higher than recommended by the Processor Advisory Group but consistent with Conference Board recommendations. They achieve a lower coastwide harvest rate than in 2012 and move the coastwide harvest rate toward the harvest policy, while recognizing that the harvest policy is under review. In addition to setting catch limits for 2013, the Commission addressed a wide range of regulatory issues and took important actions regarding the IPHC performance review, management strategy evaluation, the structure of its advisory bodies, and bycatch management.

A news release issued January 28 announced the catch limits and fishing seasons for 2013. That information is repeated in this news release. Documents and presentations used at the Annual Meeting can be found on the Annual Meeting page of the IPHC website: <http://www.iphc.int/meetings-and-events/annual-meeting.html>.

Stock Assessment and Harvest Rates

During 2012, the assessment staff at the IPHC conducted a full review of the data, specific model equations, and the general approach used to assess the stock in recent years. The retrospective bias seen in recent assessments was found to occur because the model did not correctly account for variation in the availability of different sizes of fish in different areas. A peer review team, including the U.S. and Canadian Science Advisors, agreed that the staff's more flexible model structure could be adopted to address this problem and correct the retrospective bias. The assessment model results are now more consistent with observed fishery and survey results. As a result of changes to the assessment model, estimates of recent recruitment are much lower than previously thought.

The Pacific halibut biomass has been declining over much of the last decade as a result of decreasing size at age as well as below-average recruitment. Including 2012 data, the stock assessment estimates that the population decline has now slowed and the stock trajectory is relatively flat, with spawning biomass about 5% higher than a level which would require a reduction in harvest rate. The report of the 2012 stock assessment is available on the IPHC website at: http://www.iphc.int/publications/rara/2012/rara2012093_assessment.pdf.

As described in Information Bulletin 70 (<http://iphc.int/library/bulletins/300-ib0070.html>) and the IPHC Interim Meeting news release (<http://www.iphc.int/news-releases/306-nr20121218.html>), the IPHC staff harvest advice was reformatted this year into a decision table which provides the probabilities of risks and

benefits associated with specific harvest choices. This decision table allowed a comparison of alternative stock biomass and fishery outcomes at different increments of total removals, providing more information for consideration by the Commissioners as they set the annual catch limits.

Catch Limits and Seasons

Catch Limits

The Commission received harvest advice for 2013 from the scientific staff, Canadian and United States harvesters and processors, and other fishery agencies, and recommends to the two governments the following catch limits for 2013:

Regulatory Area	Catch Limit (pounds)
Area 2A (California, Oregon, and Washington)	
Non-treaty directed commercial (south of Pt. Chehalis)	173,390
Non-treaty incidental catch in salmon troll fishery	30,600
Non-treaty incidental catch in sablefish fishery (north of Pt. Chehalis)	21,410
Treaty Indian commercial	314,300
Treaty Indian ceremonial and subsistence (year-round)	32,200
Sport – North of Columbia River	214,110
<u>Sport – South of Columbia River</u>	<u>203,990</u>
Area 2A total	990,000
Area 2B (British Columbia) (includes sport catch allocation)	7,038,000
Area 2C (southeastern Alaska)	2,970,000
Area 3A (central Gulf of Alaska)	11,030,000
Area 3B (western Gulf of Alaska)	4,290,000
Area 4A (eastern Aleutians)	1,330,000
Area 4B (western Aleutians)	1,450,000
Area 4C (Pribilof Islands)	859,000
Area 4D (northwestern Bering Sea)	859,000
<u>Area 4E (Bering Sea flats)</u>	<u>212,000</u>
Area 4 total	4,710,000
Total	31,028,000

Notes Regarding the Catch Limits for Specific Regulatory Areas

Area 2A

The catch sharing plan implemented by the Pacific Fishery Management Council (PFMC) for Area 2A was adopted by the Commission and is reflected in the catch limits adopted for the Area 2A fisheries. The overall catch limit for Area 2A in 2013 is sufficient to permit non-treaty incidental harvest of halibut during the limited entry sablefish longline fishery, under the provisions of the PFMC catch sharing plan.

Area 2B

The Department of Fisheries and Oceans, Canada (DFO) will allocate the Area 2B catch limit between commercial and sport fisheries.

Area 4CDE

The IPHC sets combined limit for Area 4CDE. The individual catch limits for Areas 4C, 4D, and 4E reflect the 4CDE catch sharing plan implemented by the North Pacific Fishery Management Council (NPFMC). The catch sharing plan allows Area 4D Community Development Quota (CDQ) harvest to be taken in Area 4E, and Area 4C Individual Fishing Quota (IFQ) and CDQ to be fished in Areas 4D and 4C.

Fishing Season Dates

After reviewing staff information and proposals from the harvesting and processing sectors, the Commission approved a season of March 23 – November 7, 2013 for the U.S. and Canadian Individual Quota fisheries. Seasons will commence at noon local time on March 23 and terminate at noon local time on November 7, 2013 for the following fisheries and areas: the Canadian Individual Vessel Quota (IVQ) fishery in Area 2B, and the United States IFQ and CDQ fisheries in Areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E. All Area 2A commercial fishing, including the treaty Indian commercial fishery, will take place between March 23 and November 7, 2013. The Saturday opening date was chosen to facilitate marketing. In order to provide more time for its staff to conduct the stock assessment prior to its Interim Meeting, the Commission selected the same closing date as in 2012.

In Area 2A, seven 10-hour fishing periods for the non-treaty directed commercial fishery, south of Point Chehalis, WA, are recommended: June 26, July 10, July 24, August 7, August 21, September 4, and September 18, 2013. All fishing periods will begin at 8 a.m. and end at 6 p.m. local time, and will be further restricted by fishing period limits announced at a later date.

Area 2A fishing dates for an incidental commercial halibut fishery concurrent with the limited entry sablefish fishery north of Point Chehalis and the salmon troll fishing seasons will be established under United States domestic regulations by the National Marine Fisheries Service (NMFS). The remainder of the Area 2A catch sharing plan, including sport fishing seasons and depth restrictions, will be determined under regulations promulgated by NMFS. For further information regarding the depth restrictions in the commercial directed halibut fishery, and the sport fisheries, call the NMFS hotline (1-800-662-9825).

Regulatory Changes and Issues

Control of Charter Harvest in Area 2C

The Commission received a request from the NPFMC to continue from last year the Commission's existing one-fish bag limit with a reverse-slot limit length restriction (≤ 45 in or ≥ 68 in, head on). This proposal is intended to keep the removals by the charter fishery within the Council's Guideline Harvest Level for Area 2C. In addition, the entire carcass must be retained on board the vessel until all fillets are offloaded. To accommodate the Council request, the Commission left in place the existing reverse slot limit regulation for charter halibut fishing in Area 2C for 2013.

Sport Fishery Management

The Commission forwarded proposals for developing an Alaska sport harvest ticket and an Oregon charter tag to the respective state agencies for their consideration, since these proposals should be appropriately considered by these agencies.

Other Proposals

The Commission reviewed other proposals concerning hook requirements, preserved fish aboard vessels, careful release of fish, direct assessment of U32 fish, hook and release mortality, Area 2A biomass, and

halibut in Prince William Sound, but took no regulatory action concerning these proposals. The Commission directed staff to work with proponents of several of these proposals to accommodate the intents of the proposals to the extent practicable.

Other Actions

Performance Review

The Commission reviewed the recommendations of the 2012 Performance Review, as well as stakeholder response and advice. The Commission has already taken action on several recommendations concerning increased openness and transparency in Commission meetings and operations. Action on other recommendations will be incorporated into ongoing work to improve the Commission's procedures and processes, including the development of scientific advice, planning and review of research, and operation of the advisory bodies. The Performance Review final report can be found on the Commission's website at: (http://www.iphc.int/documents/review/FINAL_IPHC_Performance_Review-April30.pdf).

Management Strategy Advisory Board and Scientific Review Board

The Commission approved the formation of a Management Strategy Advisory Board (MSAB) to advise on the development and evaluation of candidate objectives and strategies for managing the halibut resource. The MSAB will be a cross-disciplinary group, with representatives from industry, science, fisheries management, and Commission staff. The Commission is accepting nominations for the MSAB until February 28, 2013, and the membership should be finalized by the end of March. The Commission expects the MSAB to meet for the first time in late spring of this year. Travel expenses for MSAB members will be paid by the Commission.

The Commission is also adding a new Scientific Review Board (SRB) to fulfill the need for ongoing scientific peer review of the stock assessment, harvest advice, and research. The SRB will be a small technical body of members invited by the Commission, and is expected to begin work during this year.

The two new advisory bodies are dedicated to particular organizational needs and are complementary to the existing advisory structure. They do not supplant or replace the functions of the Conference Board, Processor Advisory Group, or Research Advisory Board, but will work with them in advising the Commission.

Halibut Bycatch

The Commission expressed its continued concern about the yield and spawning biomass losses to the halibut stock from mortality of halibut in non-directed fisheries. Significant progress in reducing this bycatch mortality has been achieved in Areas 2A and 2B, using individual bycatch quotas for vessels in some fisheries. Reductions have also occurred in Alaska, and new measures aimed at improving bycatch estimation, scheduled to begin in 2013, should help to refine these estimates.

The Commission received a motion from the Conference Board concerning bycatch, which it is incorporating into the ongoing work of its Bycatch Project team and the Commission staff.

The Commission received a report from its Bycatch Project Team, which outlined its progress on its four project objectives: quantifying bycatch, documenting impacts to the fishery and resource, exploring options to mitigate impacts, and identifying options to reduce bycatch. The Project Team identified its next steps, to include refinement of the immediate term options, subsequent discussion on longer-term options, completion of a report by summer 2013, and an implementation plan for agreed-upon strategies.

IPHC Merit Scholarship

The Commission honoured Mr. Jamie Nightingale of Delta, BC as the 11th recipient of the IPhC Merit Scholarship.

Upcoming Meetings

The next Interim Meeting of the Commission will be held December 4-5, 2013 at the IPhC offices in Seattle. The next Annual Meeting of the Commission is planned for January 13-17, 2014 in the Seattle area (dates to be confirmed).

Commission Membership

United States Government Commissioner, Dr. James W. Balsiger of Juneau, AK, was elected Chair for the coming year. Canadian Government Commissioner Michael Pearson of Ottawa, ON, was elected Vice-Chair. The other Canadian Commissioners are David Boyes (Courtenay, BC) and Paul Ryall (Vancouver, BC). The other United States Commissioners are Ralph Hoard (Seattle, WA) and Phillip Lestenkof (St. Paul, AK).

- END -

Bruce M. Leaman, Executive Director

Phone: (206) 634-1838

FAX: (206) 632-2983

Web: www.iphc.int

To: Honorable Mayor Mack and Aleutians East Borough Assembly
From: Laura Tanis, AEB Communications Manager
Through: Rick Gifford
Subject: Communications Manager's Report to the Assembly
Date: Feb. 12, 2012

It has been a very busy month, especially following the USFWS recommendation of "no action" on the proposed King Cove road/land exchange issue and dealing with the media. I've also been occupied with gearing up for the Board of Fisheries meeting scheduled for later this month.

Since the last Assembly meeting, I've drafted and distributed three *Fish News* editions (Jan. 11th, Jan. 30th and Feb. 12th) one *In the Loop* newsletter (Jan. 25, 2013), two press releases, and executed numerous website and Facebook updates. I'm also continuing to work on a crisis communication plan for the Borough. The following lists some of the projects I've worked on:

Headlines from recent *In the Loop* and *Fish News* editions included:

- Cold Bay Couple Escapes House Fire Following Gas Propane Explosion
- AEB Residents Provide Helpful Suggestions during Recent Land Use Permitting Meetings
- 'Biggest Loser' Contest in King Cove Sees Big Gains in Community Participation
- Fisheries Update
- Traditional Alaska Native Tips for a Healthy Lifestyle
- PSP Results for Sand Point and King Cove
- News from Eastern Aleutian Tribes
- ADF&G Releases SEDM Sockeye Salmon Commercial Harvest Genetic Stock Composition Publication

AEB Website updates:

- Updated/consolidated information and deleted old information in subsections.
- Added Jan. 11, 2013 *Fish News* edition.
- Added Jan. 25th *In the Loop* to website.
- Added Jan. 30th *In the Loop* to website.

AEB Facebook Page updates:

- Added a link to the Feb. NPFMC meeting agenda.
- Posted a link to an ADF&G news release: "2013 South Peninsula District Tanner Crab Season Opening". The release was reminding fishermen in Sand Point and King Cove that final registration was scheduled to occur at noon on 1/14/13.
- Posted 3 photos from Paul Schaack. They were of a gorgeous red cloud formation and sunrise above Runway 26 looking towards King Cove and Deer Island.
- Posted 3 photos from Anne Bailey during her visit to the region. The photos were from Cold Bay during sunset and from the Cold Bay dock.
- Posted link to In the Loop from 1/25/13.

- Posted info about King Cove's Biggest Loser challenge.
- Posted initial info stating that USFWS selected the "no action" as opposed to a proposed road route from King Cove to Cold Bay.
- Posted AEB/King Cove press release containing King Cove reaction about the USFWS recommendation of "no action" in the road/land exchange issue. 2/5/13.
- Posted press release from Sen. Lisa Murkowski's office with reaction on the USFWS recommendation of "no action" in the proposed road/land exchange issue. 2/5/13.
- Posted press release from Sen. Mark Begich's office " " 2/5/13.
- Posted press release from Congressman Don Young's office " " 2/5/13.
- Posted the Associated Press story, which ran in publications across the nation, about the USFWS recommendation of "No Action. 2/5/13.
- Posted info and the Governor's press release about the appointment of Reed Morisky of Fairbanks to the Alaska Board of Fisheries. 2/7/13.
- Posted a link to Sen. Lisa Murkowski's Senate floor speech about the USFWS recommendation to oppose the proposed King Cove road and land exchange. 2/7/13.
- Facilitated an interview for a Channel 11 reporter with Della Trumble in King Cove via Skype regarding above mentioned issue. 2/7/13.
- Posted story from KTVB Ch. 11 showing Sen. Murkowski's speech on the Senate Floor and Della Trumble's interview. 2/8/13.
- Posted story from Energy Guardian: "Murkowski Presses Jewell, Biden on Alaska Road." 2/8/13.
- Posted a story from the Hill's Energy and Environment blog "Murkowski Mulls Hold on Interior Nominee over Road's Rejection". 2/8/13.
- Posted message for King Cove residents from Sen. Lisa Murkowski relayed from Della Trumble that "this fight isn't over".
- Posted link to Fairbanks Daily News-Miner editorial: "*Preferred Paths: Agency Recommends Against King Cove Road*" – 2-8/13.
- Posted link to story from Dutch Harbor Fisherman/Bristol Bay Times: "Borough Wants Voice in Land Use Permitting" – 2/8/13.
- Posted link to Paul Jenkins' opinion column, titled: "*King Cove Should Get its Road.*" – Anchorage Daily News – 2/10/13.

Meetings:

- Met with Denby, Ernie and Stanley to discuss the upcoming BOF meeting and testimony in February. 1/8/13.
- Met with Rick, Gary, Jules, Steve Silver, Dan Rawley and Mark Hickey to discuss the EIS associated with the proposed road and land exchange. We also discussed media strategy for a press release and two Compass articles. 1/9/13.
- Attended and listened in via web streaming - Board of Fish AYK meetings at the Sheraton, Jan. 15 – 20.
- Listened in/took notes on the NPFMC meeting Feb. 6 – 12, 2013.

- Met with Gary, Rick and Steve Silver to discuss media strategy regarding the USFWS recommendation for a “no action” alternative for the proposed King Cove road/land exchange. 2/5/13.
- Met with Gary, Rick, Steve Silver, Della, Jules, Samantha, Ed Fogels, etc., regarding our response/strategy to the publication of the final EIS and what’s next. 2/8/13.
- Met with Ernie and listened in on the AEB Fishermen’s meeting (via teleconference) on 2/13/13.

Projects:

- Drafted and finalized a press release about King Cove’s reaction to the USFWS recommendation of a “no action” alternative for the proposed King Cove road/land exchange. Distributed it to local, state and national media. 2/5/13.
- Drafted press release for City of King Cove about Final EIS for the proposed road and the recent travel/health survey.
- Made contact with a reporter from the Bristol Bay Times/Dutch Harbor Fisherman. She wanted to follow up on an In the Loop story about the AEB’s Resource Land Permit Program. Set up an interview with Anne to talk to her about the program for a news story.
- Continue making preparations for BOF meeting at the Sheraton in Feb/March. Ordering supplies for meeting room, including rental of a Xerox machine.
- Made contact with a reporter from the Bristol Bay Times/Dutch Harbor about her story, *“Cold Bay Man Recalls Rescuing Parents from House Fire.”* Corrected some of the information that she had the paper’s website.
- Researched EAS requirements for King Cove and Cold Bay. Talked with U.S. DOT to get more information. Passed the info on to Stanley, Rick, and Gary.
- Dealt with media requests from Anchorage Daily News, KTVA, KTUU, A.P. , Cordova Times, etc. to get information and set up interviews for the story of our reaction to the USFWS recommendation of the “no action” alternative instead of a proposed road route/land exchange. 2/5/13.
- Searched in my files, made contact with several people in King Cove/Cold Bay to find photos for Sen. Lisa Murkowski’s office for her Feb. 7th speech on the Senate Floor. She wanted photos of medevacs, people being carried up the ladder at the Cold Bay dock, photos of wilderness along the proposed road route, etc. Her speech aired on CPAN. 2/6/13.
- Facilitated interview with Della Trumble for KTVA Ch. 11 via skype regarding Sen. Murkowski’s Senate floor speech regarding the USFWS “no action” recommendation. 2/7/13.
- Contacted Robert Dillon, communications director with Sen. Murkowski’s office, to get national contacts so I could forward Paul Jenkins’ favorable opinion piece on King Cove’s proposed road issue to national publications.
- AEB Crisis Communications Plan (ongoing)

AEB in the News:

- *"King Cove Should Get its Road"* – (opinion column) – Anchorage Daily News – 2-10-13.
- *"Murkowski Mulls Hold on Interior Nominee over Road's Rejection"* – The Hill's Energy & Environment Blog – 2/8/13.
- *"Aleutians East Borough Tries to Fill Void of Coastal Zone Management"* – Alaska Dispatch – 2-10/13.
- *"Borough Wants Voice in Land Use Permitting"* – Dutch Harbor Fisherman/The Bristol Bay Times – 2/8/13
- *"Murkowski Fights for King Cove Road"* – KTVA Ch. 11 – 2/7/13.
- *"Preferred Paths: Agency Recommends Against King Cove Road"* – 2/6-13.
- *"Feds Reject AK Refuge Road Pitched to Aid Patients"* – Associated Press/Anchorage Daily News, ABC News, San Francisco Chronicle, Houston Chronicle, Seattle Times, HuffingtonPost.com, Bristol Bay Times – 2/5/13.
- *"Environmental Impact Statement on King Cove Road"* - 2/5/13.
- *"King Cove Residents Still Hopeful for Izembek National Wildlife Refuge Road"* – APRN – 2/5/13.
- *"Agency Recommends Against King Cove Road"* – Fairbanks Daily News Miner – 2/5/13.
- *"Residents, Congressional Delegation Outraged by Izembek Road Decision"* – KUCB – 2/5/13.
- *"Feds Reject Proposed Road to King Cove through Izembek National Wildlife Refuge"* – Alaska Dispatch – 2/5/13.
- *"Federal Decision Against Road Threatens King Cove Residents"* – SitNews – 2/7/13.
- *"Hovercraft Running, Despite Challenges"* – KUCB- 1/11/13.
- *"Akutan Hovercraft Running Despite Challenges; Better Record than Grumman Goose"* – SeafoodNews.com – 1-14-13.
- *"Aboard the Akutan hovercraft: 'Like a Marble on a Wok'"* – Alaska News Reader – Anchorage Daily News – 1-14-13.
- *"PenAir's Withdrawal from Rural Alaska Air Taxi Service Further Isolates Remote Villages"* – Dutch Harbor Fisherman - 1/14/13.
- *"PenAir's Withdrawal from Rural Alaska Air Taxi Service Further Isolates Remote Villages"* – Alaska Dispatch - 1/14/13.
- *"Aleutians Borough Looks to Replace Akutan's Airport's Hovercraft"* – Alaska Dispatch – 1/17/13.
- *"Cold Bay Man Recalls Rescuing Parents from House Fire"* – Dutch Harbor Fisherman/Bristol Bay Times – 2-1/13.

As always, I'm happy to help get the word out about an event or issue in your community. Please call any time. My direct phone number is (907) 274-7579, and my email is ltanis@aeboro.org.

Aleutians East Borough January-February Legislative Report

By Mark Hickey, Borough Lobbyist

A Monthly Report

February 2, 2013

Significant Issues

New Legislation

AML Website

Parnell FY 2014 Budget

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Significant Issues

FY 2014 Budget Proposals: Governor Parnell's FY 2014 operating and capital budgets propose spending about \$1.1 billion less than the current year's general fund spending. Most of the decrease occurs on the capital side. Parnell's stated budget focuses are resource development and infrastructure, education and public safety. A one page summary of Parnell's FY 2014 budget can be found on page five.

FY 2013/FY 2014 Revenue Forecasts: The state's fall 2012 revenue forecast assumes an oil price of \$108.67 per barrel for FY 2013, and \$109.61 per barrel for FY 2014. Production volume for Alaska North Slope (ANS) crude is projected to drop from 552,000 barrels per day to 538,000 barrels per day between FY 2013 and FY 2014. The state projects a small deficit for FY 2013, and the need to reduce spending overall by \$800 to \$900 million compared to the current year. If the operating budget is kept flat for FY 2014, there is approximately \$260 million left for discretionary additions to the governor's capital budget.

Municipal Revenue Sharing Program: Adequate funds are available for the required payment of \$60 million for municipal revenue sharing in FY 2014. Parnell's proposed operating budget includes another \$60 million to replenish the fund. Municipalities need to monitor any changes to the existing oil tax structure since future payments to the revenue sharing fund are tied to the oil tax progressivity surcharge. The fuel revenue sharing supplement of \$25 million that has been received in recent years is not included in the governor's budget.

Education Funding: Last session the state decided to continue forward funding of education for FY 2013. Governor Parnell's budget proposals includes a few increases for K-12 education for FY 2014, include a new 1-to-1 digital learning initiative, and \$25 million to cover increased fuel costs. It also includes an appropriation of about \$1.2 billion to forward fund education for FY 2015. Updated spreadsheets with funding projections for FY 2014 are not yet available. Funding amounts should be fairly close to the current year unless the legislature acts to provide an increase.

Municipal PERS/TRS Funding: The governor's operating budget proposal includes a payment of \$316.8 million for the teachers' retirement system and \$312.4 million to the public employees' retirement system as re-

quired under the PERS/TRS cost share plan enacted in 2009. The most recent estimate (February 2012) places the combined unfunded liability for PERS/TRS at \$11 billion.

FY 2014 Capital Budget: The governor's FY 2014 capital budget released in December (*HB 64/SB 18*) contains very few add-ons for individual communities. The following table lists projects in the Aleutians East Borough (AEB) included in the governor's submittal.

Project Name	Amount
DOT/PF: Cold Bay - Airport Rescue & Firefighting Building Expansion	\$332,000
DOT/PF: Cold Bay - Airport Lighting System Replacement	\$2,900,000
DOT/PF: Akutan - Dock Improvements	\$1,600,000
DOT/PF: Cold Bay - Dock Improvements	\$400,000

Renewable Energy Fund Grants: The governor's FY 2014 budget proposes another \$25 million deposit to the Renewable Energy Fund. These funds will be used to fund the Round VI projects. There are two projects for AEB communities on the current projects list.

Project Name	Amount
G&K Electric Utility: Cold Bay Waste Heat Recovery Project Feasibility	\$30,000
City of King Cove: Waterfall Creek Hydroelectric Project	\$2,600,000

CZM Management Program: The Alaska Coastal Zone Management (CZM) Program sunset on July 1, 2011. It remains to be seen whether we will see a new bill to re-establish this program. Rep. Alan Austerman (*R-Kodiak*) sponsored this bill last session. Rep. Austerman is now one of the Co-Chairs of the House Finance Committee.

Power Cost Equalization (PCE): The proposed FY 2014 operating budget includes \$33.1 million to fund the PCE program.

New Legislation

This section describes new legislation of interest.

General Municipal Issues

Constitutional Amendment: Gas Revenue Endowment Fund - HJR 2 by Rep. Mike Hawker (*R-Girdwood*): An endowment fund for revenues from natural gas is established in the state's treasury division. No more than 5% of the market value averages shall be available for appropriation and may not be used to provide dividends or payments that are not needs based. **HJR 2 is in House Resources.**

Nonpartisan Blanket Primary Election - HB 13 by Rep. Max Gruenberg (*D-Anchorage*): Establishes a top two nonpartisan blanket primary system for elective state executive and state and national legislative offices, plus proposes a number of other changes relating to election processes. **HB 13 is in House State Affairs.**

Permanent Motor Vehicle/Trailer Registration - HB 19 by Reps. Bill Stoltze (*R-Chugiak*) and Wes Keller (*R-Wasilla*): Proposes a cheaper, one-time registration option for older vehicles. This version effectively forces municipalities to do the same if they have a local registration fee, and limits a local permanent fee to \$100. **HB 19 is in House Transportation.**

Fire & Emergency Medical Services - HB 28 by Rep. Eric Feige (*R-Chickaloon*): Exempts funding of local fire and emergency medical and fire services from insurance regulation. **HB 28 is in House Community & Regional Affairs.**

Knives, Gravity Knives & Switchblades - HB 33 by Rep. Mark Neuman (R-Wasilla): Adds definitions of these terms to criminal law, and reserves the authority to regulate knives to the state with limited exceptions for municipalities. *SB 11* by Senator Fred Dyson (R-Eagle River) is a companion bill. **HB 33 is in House Judiciary.**

Municipal Property Tax Exemption For

Farm Use Land - HB 40 by Rep. Shelley Hughes (R-Palmer): Permits a municipality to exempt from taxation a farm structure actively used in farming. **HB 40 is in House Community & Regional Affairs.**

ARDOR Program Extension - HB 71 by Rep.

Hughes: Extends the Alaska regional economic assistance program from July 1, 2013 until July 1, 2018. **HB 71 is in House Labor & Commerce.**

Oil & Gas Production Tax - HB 72/SB 21 by request of the governor: *HB 72/SB 21* is the governor's proposal to restructure Alaska's oil and gas production tax. His bill removes the progressivity surcharge, eliminating the basis for future municipal revenue sharing. A new structure is proposed to ensure \$60 million a year is provided subject to appropriation. **The House version is in House Resources, while SB 21 is in Senate TAPS Throughput Committee.**

Marine Transportation Advisory Board - SB

24 by Senator Gary Stevens (R-Kodiak): Adds one seat to the Alaska Marine Transportation Advisory Board for southcentral Alaska, representing the cities of Old Harbor, Kodiak, Port Lions, Ouzinkie, Seldovia, and Homer. **SB 24 is in Senate Transportation.**

PERS/TRS Modified Defined Contribution

Plan - SB 30 by Senator Dennis Egan (D-Juneau): *SB 30* offers existing and new employees in PERS or TRS a choice to stay in the current defined benefit plan or move to a modified defined contribution plan. **SB 30 is in Senate State Affairs.**

Education

Constitutional Amendment: Education

Funding - HJR 1 by Rep. Wes Keller: Proposes an amendment to the state constitution to allow use of state funds to aid other than public schools. **HJR 1 is in House Education.**

Four-Day School Week - HB 21 by Reps. Peggy

Wilson (R-Wrangell) and Tammie Wilson (R-North Pole): Permits one school district to implement a pilot project using a four-day school week for a period not to exceed three years. **HB 21 is in House Education.**

Student Count Estimates - HB 27 by Rep. Feige:

Changes existing law to use the student count from the preceding fiscal year versus using current school year. Restricts reallocation by assemblies of local funds provided to school districts. Adjusts the foundation formula to provide supplemental funding if a district's enrollment increases by 200 students or three percent from one year to the next year. **HB 27 died in House Education.**

Constitutional History Curriculum - HB 31 by

Rep. Wes Keller: Requires addition of the history of American constitutionalism to the required secondary school curriculum. **HB 31 is in House Education.**

Forward Funding For Education - HB 41 by

Rep. Lynn Gattis (R-Wasilla): Proposes forward funding of education programs two years in advance. For example, funding for FY 2015 would occur in FY 2013. **HB 41 is in House Education.**

Electronic Bullying in Schools - HB 45 by Rep.

Mia Costello (R-Anchorage): Prohibits bullying by students using an electronic device. **HB 45 is in House Education.**

Authorize Fire Arms For School Personnel - HB 55 by Rep. Bob Lynn (R-Anchorage): Allows school districts and private schools to authorize one or more employees to possess a firearm on school grounds. **HB 55 is in House Education.**

School Meals Funding - SB 6 by Senator Bill Wielechowski (D-Anchorage): Establishes a state-funded school breakfast and lunch program. **SB 6 is in Senate Education.**

Prekindergarten School Programs - SB 15 by Senator Hollis French (D-Anchorage): Requires school districts to provide an optional prekindergarten program for students four and five years old. **SB 15 is in Senate Education.**

Extend Special Education Service Agency - SB 17 by Senator Stevens: Extends the authority for this entity from June 30, 2013 until June 30, 2021. **SB 17 is in Senate Education.**

Fisheries/Resource Issues

Big Game Guide Concessions - HB 8 by Reps. Tammie Wilson and Neuman: Clarifies that the Department of Natural Resources does not have authority to implement a hunting guide concession program. **HB 8 is in House Resources.**

Personal Use Fishing Priority - HB 18 by Rep. Bill Stoltze (R-Chugiak): Establishes a priority for personal use fishing for a fishery that is restricted to achieve a management goal. Subsistence is an explicit exception. **HB 18 is in House Fisheries.**

Chinook Research & Restoration Endowment - HB 49 by Rep. Bob Herron (D-Bethel): Establishes the Alaska Chinook research and restoration endowment fund and board in DCCED. **HB 49 is in House Fisheries.**

Energy Issues

Home Heating Conversion Loans - HB 35 by Rep. Tammie Wilson and 4 other members: Creates a new low-interest loan program for homeowners who improve or replace their home heating systems. **HB 35 is in House Energy.**

Power Cost Equalization Changes - HB 39 by Rep. Bryce Edgmon (D-Dillingham): Amends existing law to cover consumption up from 500 to 600 kilowatt-hours a month for all classes served by an electric utility except local community facilities and state and federal offices or facilities and nonresidential customers that consume more than 2,400 kilowatt-hours a month. **HB 39 is in House Energy.**

Electric/Telephone Coops; Board Terms - HB 62 by Rep. Bob Lynn (R-Anchorage): Allows board members of electric or telephone cooperatives to serve terms not to exceed four versus three years. **SB 14 by Senator Dyson is a companion bill. HB 62 is in House Labor & Commerce.**

AML Website

The Alaska Municipal League maintains a database on legislation of interest to local municipalities. This material can be accessed at <http://www.akml.org/>. Lists are maintained in four categories. A weekly AML Legislative E-Bulletin is also available. It can be found at the same link. Please let me know if anyone needs help in accessing this information, or wants me to fax a hard copy.

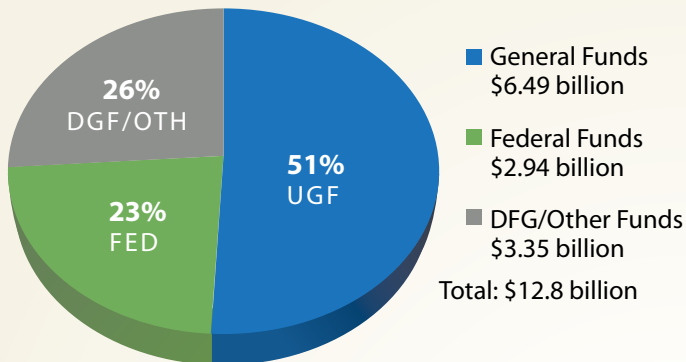
Responsible and Responsive



SEAN PARNELL
GOVERNOR OF ALASKA

ALASKA'S FISCAL YEAR 2014 BUDGET PROPOSAL

Alaska's Budget by Source of Funds



The FY 2014 Budget Proposal Supports Alaska's Priorities:

Resource/Energy Development

Alaska's resources provide Alaskans with opportunity.

- **Roads to Resources** \$18 million
- Gasline Development \$50 million
- Geologic Materials Center \$15 million
- Chinook Salmon Research \$10 million
- Strategic Minerals \$2.7 million
- Permitting and Statewide Mapping \$7.3 million
- Sustainable Energy Fund \$125 million
- Susitna-Watana Hydro Project \$95 million
- Interior Energy \$50 million
- Weatherization/Home Energy \$51.5 million
- Renewable Energy \$25 million

Education

Alaska's K-12 public education system prepares students for success in college or job-training programs.

- K-12 Education \$1.25 billion
- **Alaska Performance Scholarships** \$8 million
- Alaska Digital Learning Initiative \$5.9 million
- Early Learning \$14.6 million
- School Construction \$46.2 million
- Major Maintenance \$22.3 million

Transportation/Infrastructure

Alaska's economy depends on access and infrastructure to support development.

- Statewide Highway and Aviation \$971 million
- Alaska Marine Highway \$182 million
- Municipal Water and Sewer Projects \$34 million
- Village Safe Water \$56.5 million
- State Funds to leverage federal and local \$141 million

Public Safety

The budget prioritizes safe homes and strong families.

- **Choose Respect** Initiative \$14.8 million
- 18 New Alaska State Troopers \$3.7 million
- 15 New Village Public Safety Officers \$2.7 million
- Investigate/Prosecute child sexual abuse \$1.6 million
- Emergency - Blood Bank of Alaska \$7 million

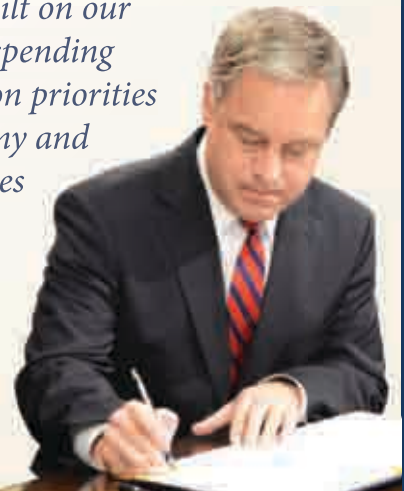
Military Support

We honor Alaska's military community.

- Interior Alaska Veterans Cemetery \$2.5 million
- Homeland Security \$19.6 million
- Alaska Military Youth Academy \$11.1 million
- Veterans Services and Outreach \$2 million

"Our fiscal plan is built on our state's resources and spending discipline. We focus on priorities that grow our economy and strengthen our families – for Alaskans today and tomorrow."

Sean Parnell
GOVERNOR



Date & Location of Next Meeting

Adjournment