



March 9, 2026

Ms. M. Lynne Crane
President
Board of Directors
Iliuliuk Family and Health Services, Inc. (IFHS)
34 Lavelle Ct.
Unalaska, AK. 99685

Dear Ms. Crane,

This report covers Project events through March 6th. In February, the Project Team continued preconstruction services focused on aligning the project's scope and budget. Total funds for the clinic rehabilitation and expansion are \$23,205,000. A Clinic rehabilitation and expansion working budget identifying sources and uses is appended as enclosure (1). Total AFHC funds for new healthcare housing are \$500,000. A working budget for new healthcare housing is at enclosure (2). The clinic expansion floor plan approved by the IFHS Building Committee for the Guaranteed Maximum Price (GMP) is attached as enclosure (3).

IFHS continues to comply with the Code of Federal Regulations (CFR) required by the Alaska Department of Commerce, Community, and Economic Development (DCCED) in the expenditure of the Federal Corona Capital Projects Fund (CCP). Previous reports cover CFR compliance.

Summarizing the Project's February Milestones:

Project Delivery Team Budget & Design Meetings: February 4, 5, 6, 11, 12, 13, 18, 19, 26
Fisher Interim Construction Estimate (6330 sf expansion scope): March 5
Building Committee Meetings: February 2, 16

The Project Delivery Team of USM, Stengel-Hill, the Fisher Group and the IFHS Staff continued extensive reviews to ensure that the Clinic's renovation, modular fabrication and construction are within budget. After several design, scope and budget meetings, the team recommended a 6330 SF clinic expansion with 5530 SF of clinical space, and 800 SF of Mechanical, Electrical and Plumbing (MEP) modules located on top of the clinical space expansion. The expansion includes diagnostics of a new CT scan and Xray, and six treatment rooms with spaces dedicated to isolation, pediatric, behavioral health, and persons of size. The rehabilitation includes new community space, laboratory, pharmacy, and central sterile processing. On February 16, the Building Committee approved the Project Team recommendation as IFHS Clinic GMP Layout.

To meet budget, four critical need assessment (CNA) items were removed from Project scope. New cabinet and unit heaters, fire protection, telephone system and site lighting repairs and replacement will be primary alternates should funds later become available.

On March 4, Fisher provided its final construction estimate of \$16,260,000 for the approved design of the expansion and rehabilitation of the existing clinic. Fisher anticipates delivering the Guaranteed Maximum Price (GMP) at its final construction estimate value on March 9 and is reviewing the draft construction contract: American Institute of Architects (AIA) A133-2019 Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price. The Project goal is to have the construction contract signed with the GMP by March 13.



The signed construction contract is a key document required by the DCCED Grant Administrator and the North Rim Bank. After completion of the construction contract with Fisher and preparation of a construction draw schedule, the DCCED grant administrator has indicated a willingness to fund an early, significant grant advance to expedite modular fabrication, site preparation and long lead items. Purchasing long lead items is vital to meet schedule for the DCCED grant deadline of December 31st. Early purchase of long lead items will include steel, medical equipment and a down payment to BILDT, the subcontractor fabricating the expansion modules.

Upon receipt of the construction contract, North Rim has indicated that the remaining portion of its underwriting for an IFHS Line of Credit (LOC) of approximately \$5,900,000 can move quickly, but may require up to thirty days. The signed contract is also a key document for North Rim approval of the LOC.

The Team is identifying early purchase items and Fisher has been provided a draft addendum to their Preconstruction Contract allowing requests for early purchase items. Early purchase items need to be funded as quickly as possible to limit supply chain delays to the overall schedule.

Anticipating a potential gap between a Fisher early purchase request and funds available through either a DCCED advance grant or a North Rim LOC, USM is prepared to increase the value of the USM LOC with IFHS, should it be needed. Once USM and IFHS receive the early purchase request, a determination can be made of which funding option is available, and most advantageous, to the project: DCCED Advance Grant Request, North Rim LOC or USM LOC.

Understanding that time is of the essence, the team anticipates a complete Construction Contract by March 13th, an early purchase request on March 13th, Notice to Proceed on March 16th and as soon as funds are provided to Fisher for BILDT to begin work in their factory, fabrication of modules to begin.

Anticipated Immediate milestones:

- March 13th, 2026: IFHS approval of GMP and budget. Preconstruction ends.
- March 13th, 2026: IFHS – Fisher contract for construction, CM at Risk with GMP.
- March 16th, 2026: IFHS Notice to Proceed.
- March 16th – 20th: IFHS funds essential early purchase, long lead and fabrication items.
- March 20th, 2026: Fabrication begins.
- March 31st, 2026: IFHS Request for Grant Advance and North Rim Line of Credit approval.

The DCCED grant has an expenditure date of December 31, 2026. Extension of this deadline is unlikely. Expenditure of funds is anticipated to meet the deadline. The Rasmusson grant also has a December 31, 2026 deadline and has indicated a willingness to grant an extension, should it be justified.

The Project's AHFC \$500,000 housing grant has not changed. The AHFC grant administrator has extended the grant once and indicated a willingness to extend the grant again if justified. Based on the prohibitive cost of foundations at the IFHS clinic site, USM is researching alternate site locations for purchase. Once IFHS has site control and a firm cost, value engineering to align housing design with budget may be required.



Aligning with the DCCED Performance Reporting Form Narrative Responses, the following information is provided:

- (1) The project is less than 50% complete.
- (2) No other Federal funding has been provided to the IFHS Clinic. The Senate Congressional Delegation has indicated approval of Congressionally Directed Supplemental funding of \$2,705,000.
- (3) Labor is paid at the prevailing wage.
- (4) Next DCCED reporting period activities planned: (a) completing Preconstruction analysis; (b) completing the construction contract and issuing Notice to Proceed; (c) identifying and purchasing long lead and early release materials and services.
- (5) Capital asset features have not changed.
- (6) There are no updates to the planned activities of the grant.
- (7) Community engagement is ongoing with continued meetings with the public.

Sincerely,

A handwritten signature in blue ink that reads "Jim Harbison".

Jim Harbison
CEO

Cc: Ms. A. Dawn Johnson, Chief Executive Officer

Enclosed: (1) IFHS Clinic Renovation and Expansion Working Budget of March 9, 2026 (6330 sf expansion).
(2) IFHS Housing Construction Working Budget of March 9, 2026.
(3) IFHS Building Committee Approved Clinic Expansion GMP Layout.

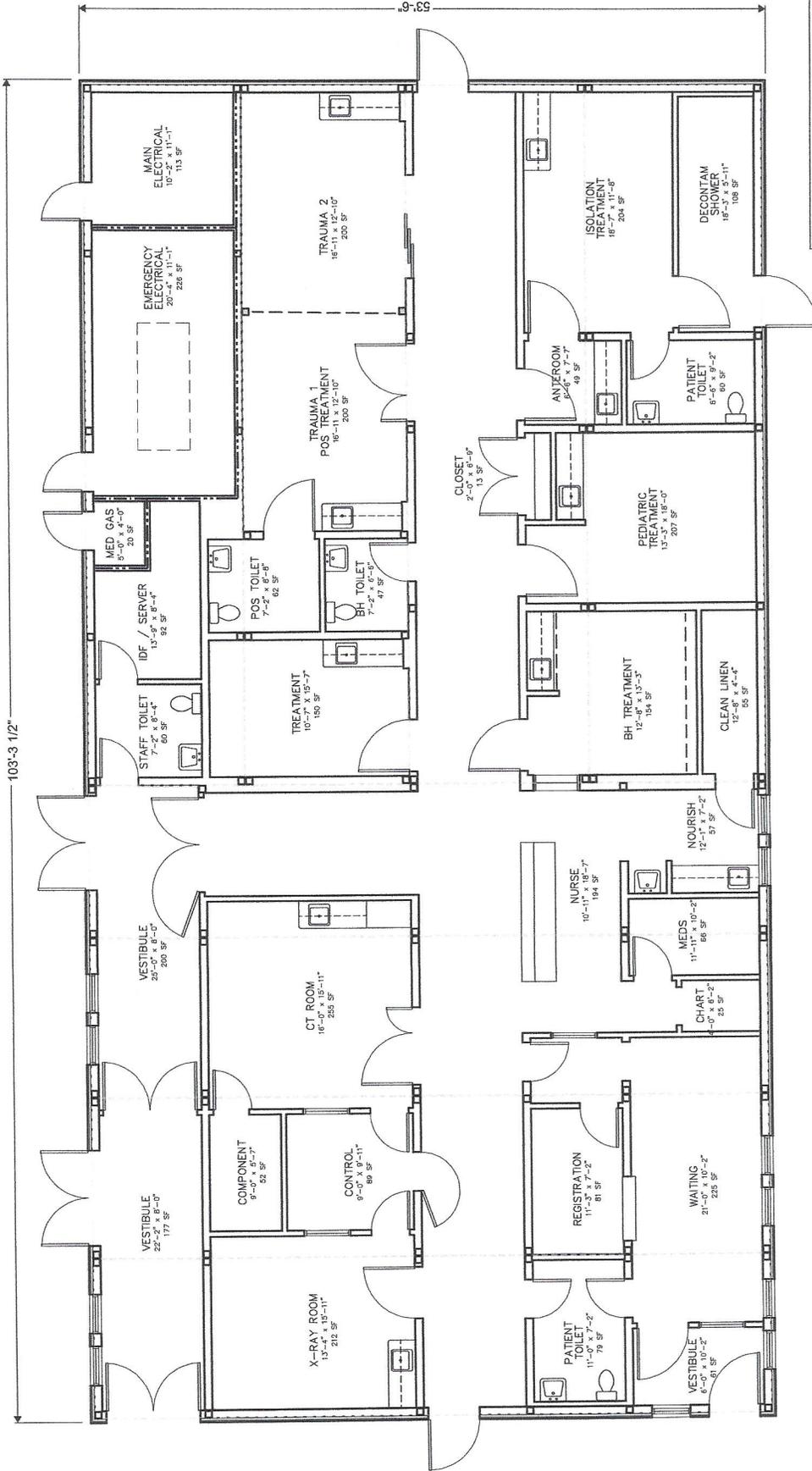
Iliulik Family Health Service (IFHS) Clinic GMP Cost Estimate Budget 3 4 26 (No Housing)

Budg. Code	Item	GMP Cost Estimate 6330 SF	DCCED Source	CDS Source	Rasmusson Source	Total Sources
100	Development Costs	10,500	10,500	0	0	10,500
200	Building & Site Work Construction	16,260,000	16,260,000	0	0	16,260,000
300	Professional Fees & Reimbursable Expenses	3,442,488	3,323,101	100,762	18,625	3,442,488
400	Administrative, Legal & Logistics	280,000	280,000	0	0	280,000
500	Medical Equipment	1,968,342	0	1,968,342	0	1,968,342
600	Furniture and Furnishings (FFE)	148,070	7,570	140,500	0	148,070
700	Telecommunications Systems	0	0	0	0	0
800	Financing	120,000	118,829	1,171	0	120,000
900	Project Contingency (6% Construction Value)	975,600	0	494,225	481,375	975,600
	Total	\$23,205,000	\$20,000,000	\$2,705,000	\$500,000	23,205,000

Iliuliuk Family Health Service (IFHS) Housing Budget

3 6 2026

Budg. Code	Item	Housing	AHFC Source
100	Development Costs	112,000	112,000
200	Building & Site Work Construction	320,000	320,000
300	Professional Fees & Reimbursable Expenses	48,800	48,800
400	Administrative, Legal & Logistics	0	0
500	Medical Equipment	0	0
600	Furniture and Furnishings (FEE)	0	0
700	Telecommunications Systems	0	0
800	Financing	0	0
900	Project Contingency (6% Construction Value)	19,200	19,200
	Total	\$500,000	\$500,000



IFHS - GMP CONCEPTUAL LAYOUT
 BASED ON 2/13/26 MEETING NOTES
 UPDATED 2/19/2026

5,530 SF

Board Building Committee Sign Off	
Name	Date
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____

Encl (3)

