US Management Services

November 10, 2026

Mr. Marc Kielmeyer
President
Board of Directors
Iliuliuk Family and Health Services, Inc. (IFHS)
34 Lavelle Ct.
Unalaska, AK. 99685

Dear Mr. Kielmeyer,

This report covers events through November 10, 2026. The project will meet grant deadlines and budget. There is an indeterminate delay caused by water intrusion into the modules during transit from the BILDT plant in Osh Kosh Wisconsin to the IFHS construction site in Unalaska.

Project scope is a limited rehabilitation of the existing clinic and a 6330 SF clinic expansion with 5530 SF of clinical space built in eight modules, and an 800 SF Mechanical, Electrical and Plumbing (MEP) module 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 and central sterile processing. 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).

The Fisher Construction Group (Fisher) is the prime General Contractor. The Fisher Construction Group's prime subcontractor for module fabrication, transportation and assembly is DRG. BILDT is subcontracted to DRG as the module fabrication firm. Stengel Hill Architecture is the Architect of Record (AOR).

During October, additional costs were authorized for Fisher to subcontract Belfor Remediation Group to assess and stabilize water intrusion damage to the expansion. This work is complete. The expansion is assembled on site and dried in. Damage has been assessed and the expansion is not sustaining additional damage. Tests by an Environmental Health Specialist indicate that there are no airborne vectors or dangers from the water damage. The air is safe and the expansion is stable. Water damage repair is required.

The initial damage estimate is $1,800,000. USM is managing the insurance claim for the two insurance firms that provide coverage for the modules. IFHS will be the sole recipient of insurance funds for repairs. A claim has been submitted with a request for an urgent intermediate payment. Third party adjustors from both insurance companies have assessed the damage and provided their reports to the Insurance Companies claim departments. Presently, there is no indication of an immediate payment.

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Fisher is continuing limited work on the project, not including repair to the water intrusion damage. Fisher has paused issuing directives to its subcontractors to order materials, place purchase orders or continue repair work on the expansion. Discussions continue on the approach to complete the expansion. Fisher's most recent schedule presented lacked concurrence from its subcontractors, making the schedule, dependent on subcontractor work, a work in progress.

The AOR and Fisher conducted a site visit to align the scope of renovation with available budget authority. The AOR completed the agreed upon scope and provided design documents to Fisher. Fisher is pricing this scope and assessing a schedule to complete the renovation that conforms to IFHS continuity of operations.

The budget is very tight with no available funds to cover funding gaps should insurance not fully cover damages. A budget update will be presented at the Board meeting.

Immediate Next milestones are dependent on insurance proceeds and discussions with Fisher on their approach to the Project. In the interim, schedule estimates:

November 30: Renovation begins.
December 4: BILDT remobilization on site and remediation begins.
December 16: Expansion complete.
December 16: Medical equipment, telecommunication and furniture installed with testing and commissioning of expansion.
December 31: Renovation complete.

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

(1) The project is over 50% complete.
(2) No other Federal funding has been provided to the IFHS Clinic. A Congressionally Directed Supplemental funding of $2,705,000 is available for the Project.
(3) Labor is paid at the prevailing wage.
(4) Next DCCED reporting period activities planned: (a) Completion of the expansion and renovation; (b) commissioning of the expansion including medical equipment.
(5) Capital asset features have not changed.

The Project's AHFC $500,000 housing grant has not changed. IFHS has entered into a Purchase and Sale agreement for Lot 10. The IFHS CEO will present a comparative assessment of construction techniques for Board decisions, both of which require debt financing.

Sincerely,

James Harbison

James Harbison
CEO

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