

MATANUSKA-SUSITNA BOROUGH  
LAND AND RESOURCE MANAGEMENT  
PALMER, ALASKA



BIDDING AND CONTRACT DOCUMENTS

OUTCRY AUCTION

SALVAGE TIMBER SALE

STH25-005

MSB008195 – Zero Lake Road, 300 Acres

OUTCRY BID CARD PURCHASES July 28-Aug. 11, 2025, by noon

OUTCRY AUCTION DATE AND TIME: August 12, 2025, by 9:00am

***OUTCRY BIDDERS: You or your authorized representative must be present in the Borough DSJ Conf Rm, August 12, 2025, before 9 a.m.***



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**SECTION I**  
**INSTRUCTIONS TO BIDDER (6 pages)**

**01. EXAMINATION OF BIDDING DOCUMENTS AND SITE**

The Bidder shall examine carefully the Bidding Documents and site of the proposed work before submitting a Bid. The submission of a Bid shall be an admission that the Bidder has made such examination and is satisfied as to the conditions to be encountered in performing the work and as to the requirements and accuracy of the Bidding Documents.

The BOROUGH assumes no responsibility for any understanding or representations concerning conditions made by any of its officers, agents, or employees prior to the execution of this bid document and its contents, unless such understanding or representations are expressly stated in the Bidding Documents or Addenda.

Any interested party submitting a bid on Matanuska-Susitna Borough (BOROUGH) timber harvests should first review the BOROUGH Debarment/Suspension List. This listing is available on the BOROUGH Website. Any submission of a bid, with participation or involvement of an individual, company, firm or corporation on this list will render the bid/proposal as non-responsive.

The Bidder shall include in their bid sufficient sums to cover all items required by the Contract Agreement and the conditions of the site(s), and shall rely entirely upon their own examination in making their bid. The submission of a bid shall be taken as prima facie evidence of compliance with this paragraph.

The MSB is not obligated to sell the Timber Harvest Area identified through this program, or pay any costs incurred by parties participating in the submission or preparation of Purchase Request. The MSB reserves the right to:

- 1) reject any and all applications;
- 2) accept a bid, without further discussion;
- 3) waive any informality in the bid received;
- 4) accept a bid which is in the best interest of the Borough; and
- 5) withdraw any offering from this sale at any time for any reason.

**02. INTERPRETATION OR CORRECTION OF BIDDING DOCUMENTS**

Bidders shall notify the BOROUGH Land and Resource Management Division Natural Resource Manager (NRM) promptly of any error, omission, or inconsistency that may be discovered during examination of the Bidding Documents and the proposed harvest area. Requests from Bidders for interpretation or clarification of the Bidding Documents shall be made in writing to the NRM and shall arrive at least four (4) working days prior to the sale date. Any questions received after this date may not be answered. Oral questions may be presented at a pre-bid conference if one is provided for in the Bidding Documents. Interpretations, corrections, or changes, if any, to the Bidding Documents shall be made by Addendum. Bidders shall not rely upon interpretations, corrections, and changes made in any other manner, including orally, at the pre-bid conference. Interpretations, corrections, and changes shall not be binding unless included in an Addendum. All Addenda issued during the time of bidding shall become part of the Agreement Documents. Questions or requests for clarifications shall be directed to the NRM. Questions or requests for

clarification directed to any other member of the Borough staff may be grounds for rejection of bid as being irregular.

If material required for bidding purposes by these documents is absent, the Bidder is required to notify the Land and Resource Management Department in writing, or by e-mail to [ekrueger@matsugov.us](mailto:ekrueger@matsugov.us).

NO ORAL QUESTIONS WILL BE ENTERTAINED.

It is the Bidders sole responsibility to ascertain that they have received all Addenda issued by the Land and Resource Management Division. Addendum will be issued by U.S. Mail, or e-mail. All Addenda must be acknowledged in the space provided on the Bid Form. If no Addendum has been issued, leave blank or write or type "N/A" on the Bid Form in the space provided.

### 03. PREPARATION AND SUBMISSION OF DOCUMENTS

You must be at least eighteen (18) years of age to purchase an outcry bid card.

You must be a qualified bidder to participate in the sale. Any bidder who: (1) is a legally competent person under the laws of Alaska; and (2) has not failed to pay a deposit or payment due the Borough in relation to Borough-owned real property in the previous five years; and (3) is not currently in breach or default on any contract or lease for real property transactions in which the Borough has an interest; and (4) has not failed to perform under a timber contract or land lease involving Borough-owned real property in the previous five years and the Borough has not acted to terminate the contract or lease or to initiate legal action; and (5) has not failed to perform under or is not in default of a contract with the Borough and is not delinquent in any payment to the Borough, may participate in this sale.

The name(s) on the Outcry Bid Card Form (Form A) and on the Applicant/Bidder Qualification Statement (Form B) shall be the same. A signed Applicant/Bidder Qualification Statement (Form B) must be submitted for each person or entity listed on the Outcry Bid Card Form (Form A). *All bidders participating in the sale must sign forms A and B. **Original signatures required.***

If the bidder is represented by another individual or an individual is acting on behalf of an entity, including a partnership, corporation, limited liability company, association, trust or estate, proof of authority to sign on behalf of the principal(s) must be provided with the Outcry Bid Card Form (Form A).

If the bidder is an *individual* and cannot be present at the sale or closing, a *recorded* copy of the Special Power of Attorney (Form C) must be included with the Outcry Bid Card Form (Form A). The person acting as your authorized agent must have a copy of your *recorded* Special Power of Attorney (Form C) and photo identification. A Special Power of Attorney (Form C) specifically for this timber sale is provided in this packet. *Only the Special Power of Attorney (Form C).*

The Special Power of Attorney (Form C) must be recorded in the Palmer recording district. I. It is possible to do this by first recording the original Special Power of Attorney (Form C) in one district, and then obtaining certified copies of it to record in the other applicable recording districts.

You or your authorized agent must remain until you or your authorized agent has signed the bid form for the harvest awarded to you. Failure to be present or represented at the sale will result in disqualification and forfeiture of the bid card deposit. Forfeiture shall be as a liquidated damage and not as a penalty.

Bidders are responsible for completing and submitting all documentation shown on the Outcry Bid checklist. It is the bidder's responsibility to check with the Land & Resource Management Division for any changes or corrections prior to submitting an Outcry Bid. It is the bidder's sole responsibility to ensure all proper documents and payments are included and received in the Land & Resource Management Division office before the deadline. Land & Resource Management staff will only offer general assistance in answering questions relating to the bid process.

If more than one Proposal/Bid is offered by any one party, by or in the name of their clerk, partner, or other person, all such Proposals/Bids will be rejected. A party who has quoted prices to an Offeror/Bidder is not thereby disqualified from quoting prices to other Offerors/Bidders, or from submitting a Proposal/Bid directly for the work.

Bidders must submit with their bid, a certified check or money order for 10% of the full amount of the winning bid. Bidders must also submit evidence of the Alaska Business License, Tax Clearance, and proof of Insurance in the appropriate amounts. The successful Bidder will be expected to execute the Contract Agreement within five (5) days of bid closure. Unsuccessful Bidders will have funds returned once the Contract Agreement is executed by the BOROUGH. Acceptable bid must be approved via Assembly legislation before the BOROUGH can execute the contract.

**04. BID GUARANTEE - Reserved**

**05. DIRECTIONS FOR DELIVERY OF OUTCRY BIDDER FORMS**

Envelopes containing the bid, must be sealed, addressed and marked indicating bid number, bid name, and bid opening time and date, and delivered to:

Matanuska-Susitna Borough  
Land Management Division  
ATTN: Natural Resource Manager  
350 East Dahlia Avenue  
Palmer, Alaska 99645

**06. BIDDERS CHECK LIST - RESERVED**

**07. TIMETABLE**

Bid Packet available July 28, 2025, at 8am, through August 11, 2025 at 12pm.

Outcry bid card purchase deadline is August 11, 2025 by 12pm.

Sale Day door opens August 12, 2025, at 8:30am. All outcry bidders must be present. All parties named on the bid documents or their authorized representative must be present to sign the bid.

Outcry bidding will begin August 12, 2025, at 9:00am.

**08. EVIDENCE OF QUALIFICATIONS**

Upon request of the BOROUGH, a Bidder whose Bid is under consideration for the award of the Contract Agreement shall submit promptly to the BOROUGH satisfactory evidence of the Bidder's financial resources, their experience, their performance in completing other projects of a similar nature and the organization and equipment they have available for the performance of the Contract Agreement.

## **09. QUALIFIED AND RESPONSIBLE BIDDER**

Before the bid is considered for award, the NRM reserves the right to determine a Bidder is qualified and responsible and to require the Bidder to complete a Bidder Qualification Form and/or a current financial statement prepared by a Certified Public Accountant.

The NRM shall determine whether a Bidder is qualified pursuant to MSB 23.10.090 Qualifications of Applicants and Bidders which states:

(A) A Bidder at auction or an applicant to otherwise purchase, lease, or use BOROUGH-owned real property must be a legally competent person under the laws of the state of Alaska. A person acting as agent for an applicant or Bidder must also be a legally competent person, and must, prior to placing a bid or submitting an application, file with the manager a duly executed power of attorney or other evidence of such agency acceptable to the manager.

(B) A person is not a qualified applicant or Bidder if:

(1) the person has failed to pay a deposit or payment, including interest at the legal rate, due to the BOROUGH in relation to BOROUGH-owned real property in the previous five years; or

(2) the person is currently in breach or default on any contract or lease for real property transactions in which the BOROUGH has an interest; or

(3) the person has failed to perform under a contract or lease involving BOROUGH-owned real property in the previous five years and the BOROUGH has acted to terminate the contract or lease or to initiate legal action; or

(4) the person has failed to perform under or is in default of a contract with the BOROUGH; or

(5) the person is delinquent in any tax payment to the BOROUGH; or

(6) the manager has good cause to believe that the person is unlikely to make payment or responsibly perform under the lease or other contract.

(C) No BOROUGH-owned real property, nor any interest therein, may be sold, leased, or otherwise transferred to any person who is delinquent in the payment of any obligation to the BOROUGH, nor may the BOROUGH process the application for the sale, lease, or other disposal of real property, or any interest therein.

The NRM shall determine whether a Bidder is responsible on the basis of the following criteria:

The skill and experience demonstrated by the Bidder in performing Agreements of a similar nature.

The Bidder's record for honesty and integrity.

The Bidder's capacity to perform in terms of facilities, personnel and financing.

The BOROUGH reserves the right to require the Bidder to submit information pertaining to its products, service, reputation, and experience, in order to determine, at the BOROUGH's sole discretion, if the Bidder is a qualified/responsible vendor. Past dealings with the BOROUGH and other government agencies will be considered.

A Bidder's representations concerning their qualifications and past dealings as defined above will be construed as a covenant under the Contract Agreement. Should it appear that the Bidder has made any material misrepresentation, the BOROUGH shall have the right to terminate the Contract Agreement for breach, and the BOROUGH may then pursue such remedies as provided in the Contract Agreement or as provided by State statute, BOROUGH code, or as appropriate.

Any determination that a Bidder is non-qualified or non-responsible will be made by the NRM in writing to the Bidder setting forth the reasons for such determination.

**10. ACTION ON BIDS**

The BOROUGH reserves the right to reject any and all bids, and to waive any informalities and irregularities in bidding or award of the Contract Agreement.

This is an outcry auction sale.

Unless otherwise stated in the bidding documents, a contract, if awarded, shall be issued to the Bidder who submits the highest acceptable bid within the requirements of the sale document.

**11. PERFORMANCE BONDS**

SEE PERFORMANCE BOND REQUIREMENTS IN SAMPLE CONTRACT AGREEMENT REFERENCED IN BIDDING DOCUMENTS.

**12. INSURANCE**

SEE INSURANCE REQUIREMENTS IN SAMPLE CONTRACT AGREEMENT REFERENCED IN BIDDING DOCUMENTS.

**13. ESTIMATES OF QUANTITIES APPROXIMATE ONLY - RESERVED**

**14. EXECUTION OF CONTRACT AGREEMENT**

The Bidder whose bid is accepted shall execute the Contract Agreement immediately following the bid opening, if it's approved by the Borough Assembly. The Agreement shall be considered executed by the successful Bidder when the Contract Agreement is signed by an authorized representative of the Bidder, and the Bond and insurance certificate(s) are received by the NRM.

The date the Contract Agreement is executed by the BOROUGH the rights and obligations provided for in the Contract Agreement shall become effective and binding upon the parties.

**15. CONTRACTOR'S WARRANTY - RESERVED**

**16. CERTIFIED PAYROLL - RESERVED**

**17. STATE OF ALASKA PREVAILING WAGE SCALE - RESERVED**

**18. PURCHASER'S VIOLATIONS OF TAX OBLIGATIONS**

A. No Agreement shall be awarded to any individual, firm, corporation, or business who is found to be delinquent in any area of taxation, lease, land payment, or rental agreement, with the BOROUGH which has not been remedied within 10 calendar days of receipt of written notice.

B. The Contract Agreement can be terminated for cause if it is determined that the individual, firm, corporation, or business is in arrears of any taxation, lease, land payment, or rental agreement, that is due to the BOROUGH that is not remedied within 10 calendar days of notification by regular mail.

The BOROUGH reserves any right it may have to offset amounts owed by an individual, firm, corporation or business for delinquent BOROUGH taxes, lease, rental agreement, or land sale payments, against any amount owing to the same under an agreement between the BOROUGH and the same.

**19. PROTEST OF AWARD OF BID – RESERVED**



**20. PROCEDURES FOR AWARD**

The Contract shall be awarded at the conclusion of the auction to the highest bidder. Bids on wood volumes greater than 500 cords must be approved by the Borough Assembly before the contract can be executed.

**21. LOCAL BIDDER PREFERENCE - RESERVED**

**22. THIRD-PARTY FINANCING AGREEMENTS AND/OR ASSIGNMENTS OF PAYMENT NOT ALLOWED**

Because of additional administrative and accounting time required of Borough departments/divisions when third party financing agreement and/or assignments of payment are permitted, they will not be allowed under any agreement resulting from this solicitation to bid.

**23. LICENSE REQUIREMENTS**

All Contractors, and sub-contractors must comply with state of Alaska requirements regarding licensing. Reference the state of Alaska's licensing requirements for performing work under this Contract Agreement.

**24. ACCEPTANCE OF CONTRACT AGREEMENT TERMS AND CONDITIONS**

By signing the Bid Form, the Bidder certifies that they have examined and accept the terms and conditions of the contract or agreement contained in this solicitation. The acceptance is inclusive of, but not limited to, all CONTRACT REQUIREMENTS, TERMS AND CONDITIONS, GENERAL PROVISIONS, AND SUPPLEMENTAL CONDITIONS along with any and all conditions contained in the INSTRUCTIONS TO BIDDERS associated with this solicitation. Submission of a bid in response to this solicitation, certifies that the Bidder is willing to accept these terms and understands that failure to accept these terms will subject the Bidder to forfeiture of the Contract and loss of any bid guarantee as liquidated damages.

Bidders are encouraged to carefully examine the insurance requirements, any bonding requirements, and any Defense and Indemnification clause contained in the sample Contract Agreement.

**SECTION II**  
**ZERO LAKE ROAD STH 25-005**

**SCOPE OF WORK (1 Page)**

The Matanuska-Susitna Borough Land & Resource Management Division (LRMD) is offering three hundred (300) acres as a salvage timber sale that allows the removal of all beetle damaged and killed spruce from the area. This sale is located within the northeast one quarter, south half of the northwest one quarter, the southwest one quarter, the north half of the southeast one quarter, and the southwest one quarter of the southeast one quarter of Section 9, Township 18 North, Range 3 West, Seward Meridian, Alaska; located approximately two miles east of the Parks Highway, along Zero Lake Road. A detailed map is included as Exhibit "A" of the sale CONTRACT AREA.

Development of access may require additional permits.

The offering is a lump sum bid for an estimated 1,200 cords of timber. All timber should be cut and removed from the CONTRACT AREA by the date listed in the contract at the time of signing unless an extension is granted. The prescription for this harvest is an overstory removal. The intent is to promote forest regeneration and to foster wildlife habitat, especially moose browse.

The Bidder is bidding on the ability to harvest all timber within the CONTRACT AREA.

All harvest operations must conform to the PURCHASERS Operations Plan, and Alaska Forest Resources and Practices Regulations (11 AAC 95).

All "Limbing/Topping" must be performed within the CONTRACT AREA. All slash must be dealt with in accordance with 11 AAC 95.370.

Grubbing up to one half acre for a landing and milling area for each phase of harvest operations may be allowed within the CONTRACT AREA with written permission from the LRMD. Any permitting associated with the grubbing is the responsibility of the Bidder.

The BOROUGH makes no warranties regarding the quality, quantity, merchantability, or fitness of the timber located within the CONTRACT AREA.

The successful Bidder shall submit an Operation Plan with a map to the BOROUGH prior to commencing operations within the contract area. The Operation Plan shall identify equipment to be used in the CONTRACT AREA, landing location and a brief explanation of planned hauling and milling processes as appropriate. This plan must be approved by the LRMD prior to beginning operations and henceforth be included as Exhibit B of the Contract Agreement. The Bidder must also submit a detailed plan of operations to the State Division of Forestry.

Scarification may be required, but the BOROUGH will request an exemption.

During the term of the Contract Agreement the Bidder shall purchase and maintain insurance as outlined in Exhibit D of the Contract Agreement.

SECTION IV  
CONTRACT AGREEMENT (38 Pages)



MATANUSKA- SUSITNA BOROUGH

OUTCRY AUCTION

SALVAGE TIMBER SALE

STH25-005

MSB008195 –Zero Lake Rd, 300 Acres

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**MATANUSKA-SUSITNA BOROUGH**  
**TIMBER SALE CONTRACT AGREEMENT No. STH25-005**  
**MSB008195**

This Timber Sale Contract Agreement is made on this \_\_\_\_\_ day of \_\_\_\_\_ 2025, between the Matanuska-Susitna Borough, a municipal corporation, (hereinafter referred to as the "BOROUGH"), whose address is 350 E. Dahlia Avenue, Palmer, Alaska, 99645, and \_\_\_\_\_, hereinafter referred to as the "PURCHASER", whose address is: \_\_\_\_\_, Alaska, \_\_\_\_\_.

The BOROUGH agrees to sell and the PURCHASER agrees to purchase timber designated herein, subject to the following terms and conditions:

Section 1: Description.

The Timber Sale contract area, hereinafter called "CONTRACT AREA," is approximately three hundred (300) acres, located within the northeast one quarter, south half of the northwest one quarter, southwest one quarter, north half of the southeast one quarter, and the southwest one quarter of the southeast one quarter of Section 9, of Section 9 Township 18 North, Range 3 West, Seward Meridian, Alaska, approximately two miles east of the Parks Highway, along Zero Lake Road, as depicted on the map included as Exhibit "A".

This Timber Sale Contract only authorizes activities within the CONTRACT AREA.

Section 2: Product.

The CONTRACT AREA contains an estimated 1,200 cords of standing dead spruce. The PURCHASER may harvest all dead and damaged spruce timber in the CONTRACT AREA.

Section 3: No Warranties.

The BOROUGH makes no warranties regarding the quality, quantity, merchantability, or fitness of the timber located within the CONTRACT AREA.

Section 4: Rate and Method of Payments.

The Borough estimates there are 1,200 cords of salvageable standing dead spruce timber available in the 300-acre CONTRACT AREA. The Borough estimates an average volume of 4 cords per acre, which shall be used to calculate the stumpage payments due for each operational phase. The PURCHASER bid \_\_\_ per cord at the outcry auction for this sale.

The PURCHASER shall define the size and number of operational phases.

The PURCHASER shall pay the stumpage value of each operational phase prior to the commencement of timber harvesting. Commencement of timber harvesting includes any activity of the PURCHASER preparing the CONTRACT AREA for harvest.

The bid deposit and bid card deposit shall be applied to the stumpage payments. If any funding remains from the bid deposit and bid card deposit after applying said funding to the stumpage value of the first operational phase, the remaining funds will be applied to the stumpage price of the second operational phase, then subsequent phases until the value is exhausted.

Section 5: Contract Term.

The Term of this Contract ("Term") shall commence upon the Effective Date and terminate December 31, 2029, except as provided otherwise herein.

Any timber the PURCHASER decides to cut must be cut and removed from the CONTRACT AREA prior to December 31<sup>st</sup>, 2029.

Timber not removed from the CONTRACT AREA prior to December 31, 2029 will be considered abandoned and rights of purchase extinguished without refund or recourse by the PURCHASER.

Section 6: Contract Extension.

In the event that PURCHASER desires to extend the Term beyond December 31, 2029, the PURCHASER shall submit a written request and payment of a \$1,000 extension fee. Any request for an extension shall be made at least ninety (90) days prior to contract termination date.

The Borough may withhold its consent in its sole and absolute discretion for any reason or no reason at all. All timber must be removed from the CONTRACT AREA by December 31, 2029; unless a contract extension has been granted.

Section 7: Silviculture Prescription/Method of Harvest Cutting.

This is a select harvest of dead and damaged spruce. All dead and damaged spruce timber within the CONTRACT AREA may be harvested. The objective is to reduce fire danger and promote forest health.

The successful Bidder shall submit an Operation Plan with a map to the BOROUGH prior to commencing operations within the contract area. The Operation Plan shall identify equipment to be used in the CONTRACT AREA, landing location and a brief explanation of planned hauling and milling processes as appropriate. This plan must be approved by the LRMD prior to beginning operations and henceforth be included as Exhibit B of the Contract Agreement. The Bidder must also submit a detailed plan of operations to the State Division of Forestry.

All harvest operations must conform to the Alaska Forest Resources and Practices Act and Regulations, including but not limited to 11 AAC 95.

Prior approval of the Borough Land & Resource Management Division (LRMD) is required for any deviations from the approved Operations Plan as outlined in Exhibit B.

Scarification may be required if the state does not approve the request for exemption. Where scarification is required, it must be completed on at least 25% of each harvested acre within 12 months of harvesting. Scarification shall be accomplished in such a way that will maximize mixing of the organic mat with the top soil. Scarification shall not be so deep as to expose either the subsoil or the parent material. Grubbing out of stumps is not required. Scarification shall be accomplished in September or October unless otherwise authorized by the BOROUGH.

The PURCHASER must minimize disturbance of the vegetative mat and to prevent disturbance of the soil to assist with erosion control to the extent it is able to do so and still abide by the state requirement to scarify; this applies to areas with steep slopes, slopes that may discharge sediment to waterbodies, and wetlands.

Harvesting operations shall only be permitted during times of the year when undue damage to the terrain or haul roads can be kept to a minimum.

Buffers are required along waterbodies and property lines.

Harvested trees or treetops should not be left hung up in the CONTRACT AREA. The PURCHASER shall pull any hung trees or treetops down immediately.

All long butting and topping of Spruce trees shall be done at the landings to aid in slash disposal.

Spruce trees or limbs greater than five inches in diameter must be removed from the sale area, manufactured into cants, lumber, house logs, chips, firewood or burned prior to the last day of the contract. This action is being required by the BOROUGH to mitigate potential hazards of spruce bark beetle infestation and in accordance with 11 AAC 95.195 of the Alaska Forest Resources and Practices Regulations.

PURCHASER may cut timber that is not merchantable. Un-merchantable timber may be cut and decked on site if necessary for the safety of operations, or where cutting of the un-merchantable timber makes commercial operations more efficient. PURCHASER shall not be required to remove this timber from the property if approved by the BOROUGH through the PURCHASER's Operations plan. Un-merchantable timber that is cut and decked by PURCHASER, but not wanted, may be used by the BOROUGH for other non-commercial timber utilization programs not associated with this contract. The PURCHASER's Operations plan shall address un-merchantable timber so the parties can delineate the responsibility for it.

Tree stumps shall be cut as low to the ground as possible.

All "Limbing/Topping" must be performed within the CONTRACT AREA. All slash must be dealt with in accordance with 11 AAC 95.370.

Grubbing up to one half acre for a landing and milling area for each phase of harvest operations may be allowed within the CONTRACT AREA with written permission from the LRMD. Any permitting associated with the grubbing is the responsibility of the Bidder.

#### Section 8: Performance Bond.

Performance Bond of Five Thousand Dollars (\$5,000) is required in the form of cash, certified check, cashier's check, irrevocable line of credit, money order or a time certificate of deposit made payable to the BOROUGH. If PURCHASER is in default under this Contract and has received notice of such default from BOROUGH, but has failed to cure such default, BOROUGH may apply said Performance Deposit to pay for the performance of the default obligation and to any of BOROUGH's expenses or damages incurred as a result of PURCHASER's default. PURCHASER shall remain liable for any deficiency which remains after application of the Performance Deposit to any amount owed, and within ten (10) days of BOROUGH's said application.

#### Section 9: Reforestation Bond.

(a) The PURCHASER shall meet the reforestation requirements as set forth in the Alaska Forest Resources & Practices Act (FRPA), Article 5, Reforestation, by using reforestation best management practices (BMP's) in each cutover acre not meeting minimum stocking levels.

(b) If the State requires active reforestation measures, then prior to commencement of harvest operations, a reforestation bond of one hundred fifty dollars (\$150.00) per acre for all acreage within the CONTRACT AREA approved for logging shall be deposited in cash or a certificate of deposit as a surety with the BOROUGH by the PURCHASER prior to commencement of harvest operations within the CONTRACT AREA. An irrevocable letter of credit for \$150 per acre may be substituted for the cash deposit or certificate of deposit if the letter of credit is issued by a bank or other responsible financial institution authorized to



do such business within the State of Alaska and the letter is effective and binding as required by Article 5 of the Alaska Forest Resources & Practices Regulation (11AAC 95) after the completion of the contract period unless released earlier under paragraph (c).

(c) The reforestation bond will be released upon satisfactory completion of reforestation, as determined by the BOROUGH inspection.

Section 10: Insurance.

During the term of the contract the PURCHASER shall purchase and maintain insurance required. See Exhibit D.

Section 11: Operation Plan and Notice of Operations.

- (a) Plan (EXHIBIT C): At least 60 days prior to the start of operations, PURCHASER shall prepare a conceptual operating plan and submit it to the BOROUGH for review. This conceptual plan will define proposed harvest units, road locations and critical stream crossings. The plan will also include a proposed harvest schedule, which will provide cutting unit numbers, unit acres and proposed year of harvest. The conceptual plan will provide the base information for the formation of the detailed annual operations plan (AOP).

A similar plan (one-year) will be prepared and submitted 120 days prior to any extension, request covering the proposed term of the extension.

- (b) Notice of Operations - Before initiating operations in the CONTRACT AREA or after a shutdown of thirty (30) or more days, the PURCHASER shall notify the BOROUGH in writing of the date the PURCHASER plans to begin operations. The PURCHASER shall notify the BOROUGH in writing if he intends to cease operations for more thirty (30) day period. Any exception to the above must be approved by the BOROUGH in writing. Failure to notify the BOROUGH prior to initiating operations, beginning operations after a shutdown, or ceasing operations is subject to termination for cause under Section 31 of this Contract Agreement.
- (c) PURCHASER is authorized to harvest and or operate only within that portion of the CONTRACT AREA where an approved AOP is in effect. Any part of the CONTRACT AREA not included within the approved AOP continues under the full management and authority of the BOROUGH.
- (d) Any amendments or changes to the approved AOP shall be approved by the BOROUGH prior to implementation. Failure to request any approval is subject to termination for cause under Section 31 of this Contract Agreement.

Section 12: Logging Requirements.

The conditions in this Section are intended to protect the Matanuska-Susitna Borough's forestlands. Noncompliance with any of the following conditions is grounds for suspension, or termination of the contract.

- (a) All harvest operations shall comply with the State of Alaska Forest Resources and Practices Act and Regulations, including but not limited to 11 AAC 95.

Section 13: Log Landing.

Please refer to Exhibit "A" of the sale CONTRACT AREA map to designate log landing locations. The PURCHASER shall locate, construct, and maintain the log landing in neat condition, ensuring it remains devoid of any debris or waste at all times. The PURCHASER shall implement effective measures to prevent rutting at the landing.

Any necessary modifications or enhancements to the landing to meet the PURCHASER's operational needs must be carried out at the PURCHASER's expense and with prior approval from the LRMD. At the completion of the sale, the PURCHASER shall grade and stabilize the landing to the satisfaction of the LRMD.

Section 14: Access.

Access to the CONTRACT AREA:

This contract only authorizes harvesting in the timber sale CONTRACT AREA. To the extent the PURCHASER has to develop additional access to the CONTRACT AREA, PURCHASER is responsible for any and all costs, any requisite permits, and any other requirements. A permit from the BOROUGH or the State of Alaska may be required to develop access within existing easements. A permit from the Alaska Department of Fish and Game or Department of Natural Resources may be required to cross the waterbodies.

Access within the CONTRACT AREA:

The PURCHASER shall be allowed to create access as required to harvest existing timber.

The PURCHASER shall cut and open main skid trails within the current operational phase prior to harvesting timber.

The PURCHASER shall implement Best Management Practices to control erosion and sedimentation. Corduroys or pole crossings must be established by the PURCHASER in all skid trails where necessary.

The PURCHASER shall prevent soil ruts greater than 24 inches in depth on all skid trails during active timber harvesting. Timber harvesting must cease until the PURCHASER has taken actions to mitigate the damaged section of the road or trail.

At the completion of the sale, the PURCHASER shall grade and level skid trails to the satisfaction of the LRMD. The PURCHASER shall install water bars or broad-based dips where needed, or in areas designated by the LRMD. These water bars or broad-based dips must have openings for proper drainage. Water bars shall be constructed at an angle ranging from 30 to 45 degrees downhill to effectively channel water away from the trail or road surface. The PURCHASER shall clean and clear out corduroys or pole crossings at the completion of the sale.

Section 15: Roads, Bridges and Culverts.

Reserved.

Section 16: Location of Contract Area.

PURCHASER is responsible for inspecting and marking the external boundary of the CONTRACT AREA.

PURCHASER is also responsible for properly locating the cutting area(s) and any access roads into the CONTRACT AREA that exist.

PURCHASER is responsible for operating within the CONTRACT AREA boundary and may request to have the LRMD download the boundary locations to the successful PURCHASER's GPS (provided the GPS is compatible with the data set).

Section 17: Destruction of Monuments.

Trees, which mark property boundaries or cutting units, may not be cut. Blazed trees or witness trees that mark surveys may not be severed or removed. Survey markers or monuments shall not be damaged or destroyed. The PURCHASER shall bear the expense of re-establishing survey markers, monuments, or witness markers if they are destroyed by the harvesting operations.

Section 18: Discovery of Cultural or Historical Resources

Should any historical, cultural or other potential archeological resources be discovered within the sale area, all work shall cease in the immediate area and an area extending in a 100-ft. radius from the discovered resources. The BOROUGH shall be notified within two BOROUGH business days. Operations may not resume within 100 ft. of the discovery until the BOROUGH has evaluated the discovery, appropriate mitigation or preservation measures are affected, and a written authorization to resume is issued by the BOROUGH.

Section 19: Fuels and Lubricants.

(a) Servicing of tractors, trucks, or other equipment within 100 feet of lakes, streams, or estuaries is prohibited. Storage of fuels and lubricants shall be in accordance with State of Alaska, Department of Environmental Conservation regulations.

(b) All fuel, petroleum, and other toxic products stored or used in the CONTRACT AREA must be contained in a manner that will prevent spillage from entering water bodies. To minimize the potential for accidental leaks or spillage, these products should be stored in a lined containment area.

(c) Absorbent materials must be maintained and kept available on the CONTRACT AREA in the event of a spill.

Section 20: Borrow Pits.

Gravel, sand and other earth materials may be excavated from borrow pits within the contract area if used for improvements within the contract area. Removal and placement of materials shall conform to the operations plan, which must be approved by the BOROUGH. All disturbed slopes must be stabilized to prevent soil erosion. Overburden shall be managed for future reclamation and to the extent feasible, stored in a single stockpile for each borrow site.

Section 21: Sanitation.

Sanitary facilities shall conform to applicable state and federal regulations. Refuse resulting from the PURCHASER'S activities shall be removed from BOROUGH lands.

Section 22: Improvements.

Improvements such as sawmills, buildings, storage units, and gates require written authorization from the BOROUGH prior to installation.

### Section 23: Inclusion of Applicable Laws and Regulations

The PURCHASER shall comply with local, state, and federal laws. All local, state, and federal laws and regulations have the force of any other provision of this contract, in addition to any penalties prescribed by law.

### Section 24: Business License.

During the term of the Contract, the PURCHASER shall maintain a current Alaska Business License.

### Section 25: Permits and Authorizations.

(a) Any permits or the authorization necessary for operations under this contract shall be obtained by the PURCHASER prior to commencing operation. Agencies that may require permits for operation include, but are not limited to, the State of Alaska, Department of Natural Resources/Division of Forestry, Department of Environmental Conservation, Department of Fish and Game, Department of Transportation and Public Facilities, Alaska Railroad Corporation, U.S. Army Corps of Engineers, and the Matanuska-Susitna Borough. Copies of the permits obtained by the PURCHASER shall be furnished to the BOROUGH without request prior to commencement of operations.

(b) It is the responsibility of the PURCHASER to properly locate and construct access to the CONTRACT AREA.

(c) It is the responsibility of the PURCHASER to obtain written permission from private landowners prior to crossing their property to access the Contract Area. Copies of the private landowner agreements shall be furnished to the BOROUGH.

### Section 26: Fire Protection.

The PURCHASER shall take all reasonable precautions to prevent, and take all reasonable actions to suppress destructive and uncontrolled forest fires on the CONTRACT AREA.

(a) The Alaska Forest Resources and Practices Act established the fire season from May 1 - September 30. During the fire season, the PURCHASER shall provide and maintain fire-fighting tools in the CONTRACT AREA. There shall be a sufficient number of fire-fighting tools to equip every person engaged in the harvest operations under this contract.

(b) All fires shall be reported immediately by calling 911. The State of Alaska Department of Natural Resources, Division of Forestry shall also be notified regardless of the size or apparent insignificance of the fire. The local number for the Division of Forestry's Fire Dispatch Office is (907) 761-6311. Prior to burning slash piles, the PURCHASER shall contact the Division of Forestry's burn permit section at (907) 761-6313 to ensure compliance with any restrictions.

(c) The BOROUGH may stop all or part of the harvest operations of the PURCHASER during hazardous fire weather, as identified by the Alaska State Division of Forestry.

(d) The PURCHASER shall comply with all laws, regulations, and rules promulgated and enforced by the agency responsible for fire protection and suppression in the area.

Section 27: Inspections and Enforcement.

- (a) The Borough Manager or his designee shall have access to the CONTRACT AREA. The BOROUGH may postpone inspections by the BOROUGH, for the purpose of determining compliance with the terms and conditions of this contract, if field conditions prevent a proper determination.
- (b) When harvest operations are in progress, the PURCHASER shall have a representative available who is authorized to receive, on behalf of the PURCHASER, notices and instructions given by the BOROUGH or State personnel. The PURCHASER's representative shall be authorized to take action on instructions or notices given by the BOROUGH or State personnel in regard to this contract.
- (c) Failure of the BOROUGH to enforce any of the conditions of this contract shall not affect the validity of this contract or the right of the BOROUGH to enforce the conditions of the contract.

Section 28: Final Treatment.

- (a) Roads, Skid Trails, Bridges and Culverts - Prior to completion of the Contract Agreement and at the direction of the BOROUGH, the PURCHASER may be required to put-to-bed or repair all roads within the CONTRACT AREA for the purpose of controlling runoff, preventing erosion, and limiting access. Putting-to-bed may require grading, cross ditching, seeding, and removal of bridges and culverts. At the completion of the sale, the PURCHASER shall grade and level skid trails to the satisfaction of the LRMD. The PURCHASER shall install water bars or broad-based dips where it is needed, or in areas designated by the LRMD. These water bars or broad-based dips must have openings for proper drainage. Water bars shall be constructed at an angle ranging from 30 to 45 degrees downhill to effectively channel water away from the trail or road surface. The PURCHASER shall clean and clear out corduroys or pole crossings at the completion of the sale.
- (b) Landing Sites – The PURCHASER shall, prior to completion of the contract and prior to final inspection, bunch in the center of the landing and burn or dispose of all unmerchantable material, slash, slab, sawdust and debris at the direction of the BOROUGH. The PURCHASER shall establish a berm at the entry points of the landing and skid trail entrances from the landing as part of the final treatment post-harvest.
- (c) Buildings, Improvements, Equipment, and Materials - The PURCHASER shall remove all buildings, improvements, equipment, and materials owned or controlled by the PURCHASER from the CONTRACT AREA. Improvements, equipment, materials, and other property that is not removed within 15 days of the contract completion, expiration, or termination, or within a time agreed upon in writing between the PURCHASER and the BOROUGH may, at the BOROUGH'S option, become the property of the BOROUGH, and may be used or otherwise disposed of by the BOROUGH without obligation to the PURCHASER.

Section 29: Completion and Final Inspection.

At the completion of this Contract Agreement the PURCHASER shall notify the BOROUGH when the CONTRACT AREA is ready for final inspection. Following such notification, the BOROUGH shall inspect the area and either approve the final site conditions or notify the PURCHASER of non-compliance. An inspection may be postponed for reasons preventing the BOROUGH from performing a proper inspection.

No portion of the PURCHASER'S performance bond shall be refunded until the terms and conditions of the contract have been satisfied.

(a) Upon a satisfactory final site inspection and compliance with the terms and conditions of this Contract Agreement the performance bond will be released or returned to the PURCHASER.

(b) Following a notice of non-compliance, the PURCHASER will have 20 days to bring the area into conformance and request an inspection. An inspection fee of fifty dollars (\$50) will be charged for re-inspections.

(c) If the contract is not completed in accordance with its terms and conditions, the PURCHASER shall be liable to the BOROUGH for all losses and damages incurred by the BOROUGH. The minimum liability shall be the amount of the performance bond required to be posted, which shall be retained.

#### Section 30: Suspension.

If the PURCHASER fails to comply with any of the provisions of this Contract Agreement, the BOROUGH shall have the authority to shut down this operation. Written notice explaining corrective measures required shall be submitted to the PURCHASER. If this corrective action is not taken within ten (10) days after written notice is served upon the PURCHASER, the BOROUGH may terminate the contract.

#### Section 31: Termination

(a) In the event PURCHASER breaches any of the provisions of this Contract Agreement, the BOROUGH shall give the PURCHASER written notice of such breach by certified mail describing the breach and advising the PURCHASER of the date of termination. In the event the breach is not corrected within thirty (30) days of the mailing of such notice, the contract shall be considered terminated. An additional ten (10) days' time to correct the breach may be granted by the Borough Manager, if request for same is made in writing prior to the expiration of the first thirty-day period and good and sufficient reasons are set forth for such request.

(b) Termination of this Contract Agreement under this Section shall terminate all rights of the PURCHASER to cut or remove timber from the CONTRACT AREA or to enter on the CONTRACT AREA for purposes described in this contract. It shall not excuse the PURCHASER from liability for payment or work required of the PURCHASER. Termination of the contract by the BOROUGH shall not bar any other remedies the BOROUGH may have at law or in equity for breach of this Contract Agreement.

(c) Nothing in this Section shall be construed as relieving the PURCHASER from any obligation within this Contract Agreement.

#### Section 32: Reservations.

The BOROUGH reserves the right to permit other compatible uses of lands in the CONTRACT AREA, provided the BOROUGH determines such uses will not unduly impair the PURCHASER'S operations under this Contract Agreement.

#### Section 33: Causes Beyond Control.

In the event the PURCHASER is prevented from performing any obligation of this Contract Agreement due to causes beyond their control, the non-performance shall not be deemed a breach of contract, or reason for cancellation. However, if and when such cause or causes cease to prevent performance, the PURCHASER shall exercise all reasonable diligence to resume and complete performance of the obligation

with the least possible delay. The phrase "cause or causes beyond control," as used in this Section, includes but is not limited to any one or more of the following causes which are not attributable to the fault or negligence of the PURCHASER and which prevent the performance of the PURCHASER: fire, explosions, acts of God, war, orders or law of duly constituted public authorities, and other major uncontrollable and unavoidable events, all of which must actually prevent the PURCHASER from performing the terms of the contract as set forth herein. Events, which are peculiar to the PURCHASER and would not prevent another PURCHASER from performing, including, but not limited to financial difficulties, are not causes beyond the control of the PURCHASER. The BOROUGH will determine whether the event preventing the PURCHASER from performing is a cause beyond the PURCHASER'S control.

Section 34: Rights of Way.

Reserved

Section 35: Notice

Any notice or demand, which under the terms of a contract or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address shown on the contract. However, either party may designate in writing such or other address to which such notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed received when deposited in an U.S. general or branch post office, enclosed in a registered or certified mail prepaid wrapper or envelope addressed as herein provided. For the purposes of this Contract Agreement, a notice given as provided herein, and addressed to the Matanuska-Susitna Borough, shall be deemed received when deposited in a general or branch post office by the addresser, and in like manner a notice from the Matanuska-Susitna Borough to a PURCHASER shall be deemed received by the PURCHASER when such notice is deposited in a general branch post office by the BOROUGH.

(a) The authorized address for the BOROUGH is:

Matanuska-Susitna Borough  
Land Management Division  
350 East Dahlia Ave.  
Palmer, Alaska 99645

(b) The authorized address for the PURCHASER is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, Alaska \_\_\_\_\_

Section 36: Entry or Re-entry.

In the event that the contract is terminated, canceled or forfeited, or in the event that the demised lands, or any part thereof, should be abandoned by the PURCHASER during the contract term, the BOROUGH or its agents, servants or representatives, may immediately or any time thereafter, enter or re-enter and resume possession of said lands or such part thereof, and remove all persons and property therefrom either by summary proceedings or by a suitable action or proceeding at law or equity without being liable for any damages therefore. No entry or re-entry by the BOROUGH shall be deemed an acceptance of a surrender of the contract.

Section 37: Re-sale.

In the event the contract should be terminated, canceled, forfeited or abandoned, the BOROUGH may sell any remaining timber within the CONTRACT AREA or on other BOROUGH lands as described in the operations plan, by appropriate disposal methods pursuant to the provisions of the BOROUGH code or other applicable regulations.

Section 38: Retention of Payments.

In the event that the contract is terminated because of any breach by the PURCHASER as herein provided, all payments, which were due or paid before the date of termination shall be retained as compensation under the agreement. The PURCHASER shall be liable for all amounts remaining unpaid as well as for damages.

Section 39: Delinquency.

(a) Any PURCHASER in arrears on a BOROUGH obligation, including, but not limited to tax, assessment, lease, sale, or rental payments, whether as an individual, or as a representative of a business, organization, firm, corporation, or partnership, shall not be awarded the contract if the delinquency is not cured within 10 calendar days of receipt of written notice sent by the BOROUGH of the delinquency.

(b) This Contract Agreement can be terminated for cause if it is determined that the PURCHASER, whether the amounts owed are in the name of the PURCHASER as an individual, or as a representative of a business, organization, firm, corporation, or partnership, is in arrears of any taxation, lease or rental agreement that is due to the BOROUGH that is not remedied within 10 calendar days of notification by regular mail.

(c) An interest payment of ten percent (10%) per annum shall be assessed on all late payments due the BOROUGH.

Section 40: Written Waiver.

The receipt of payment by the BOROUGH, regardless of knowledge of any breach of the contract by the PURCHASER or of any default on the part of the PURCHASER in observance or performance of any of the conditions or covenants of the contract, shall not be deemed to be a waiver of any provision of the contract. No failure on the part of the BOROUGH to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by the BOROUGH, unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of the BOROUGH to enforce the same in the event of any subsequent breach or default. The receipt by the BOROUGH of any payment of any sum of money after notice of termination or after the termination of the contract for any reason, shall not reinstate, continue or extend the contract, nor shall it destroy or in any manner impair the efficacy of any such notice of termination unless the sole reason for the notice was nonpayment of money due and the payment fully satisfies the breach.

Section 41: Jurisdiction: Choice of Law.

Any civil action rising from this Contract Agreement shall be brought in the Superior Court for the Third Judicial District of the State of Alaska at Palmer. The law of the State of Alaska shall govern the rights and obligations of the parties under this Contract Agreement.



Section 42: Severability.

If any Section or clause of this contract is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this contract shall remain in full force and effect.

Section 43: Integration.

This instrument and all appendices and amendments hereto embody the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein; and this contract shall supersede all previous communications, representations or agreements, either oral or written, between the parties hereto. Any amendments to this Contract Agreement shall be reduced to writing and executed by both the BOROUGH and the PURCHASER.

Section 44: Authority.

For purposes of the terms and conditions of this Contract Agreement the Borough Manager or his designee shall act on behalf of the BOROUGH.

Section 45: Passage of Title.

All rights, title, and interest in or to any timber included in this Contract Agreement shall remain in the BOROUGH until it has been paid for and removed from the CONTRACT AREA. The rights, title, and interest in or to any timber, which has been paid for but not removed from the CONTRACT AREA by the PURCHASER within the period of the contract or any extension thereof, shall vest in the BOROUGH.

Section 46: Modification of Contract.

Modification to this Contract Agreement must be in writing and signed by the PURCHASER and the BOROUGH or their successors in interest.

Section 47: Assignment of Contract.

The acquisition or assumption by another party under an agreement with the PURCHASER of any right or obligation of PURCHASER under this Contract Agreement is prohibited.

Section 48: Titles Not Controlling.

Titles of the Sections in this Contract Agreement are for reference only and are not part of the contract.

Section 49: Interpretation.

The Contract shall be construed according to the fair intent of the language as a whole, not for or against either party. The general rule of construction of an agreement against the drafter shall not apply to this contract. The PURCHASER is advised to consult independent legal counsel regarding this Contract Agreement.

Section 50: Borough Held Harmless.

The PURCHASER shall indemnify, hold harmless and defend the BOROUGH, its officers and employees, from and against any suit, action, claim, or liability arising out of any negligent act, error, or omission of the PURCHASER under this Contract Agreement, except for the sole negligence or willful misconduct of the BOROUGH. "PURCHASER" and "BOROUGH" as used within this Section include the employees, agents, or independent contractors or other contractors who are directly responsible, respectively, to each.

Section 51: Understanding.

The PURCHASER acknowledges that the PURCHASER has read and understands the terms of this Contract Agreement, has had the opportunity to review the same with counsel of his/her choice, and is executing this Contract Agreement of his/her own free will.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date appearing above:

PURCHASER

MATANUSKA-SUSITNA BOROUGH

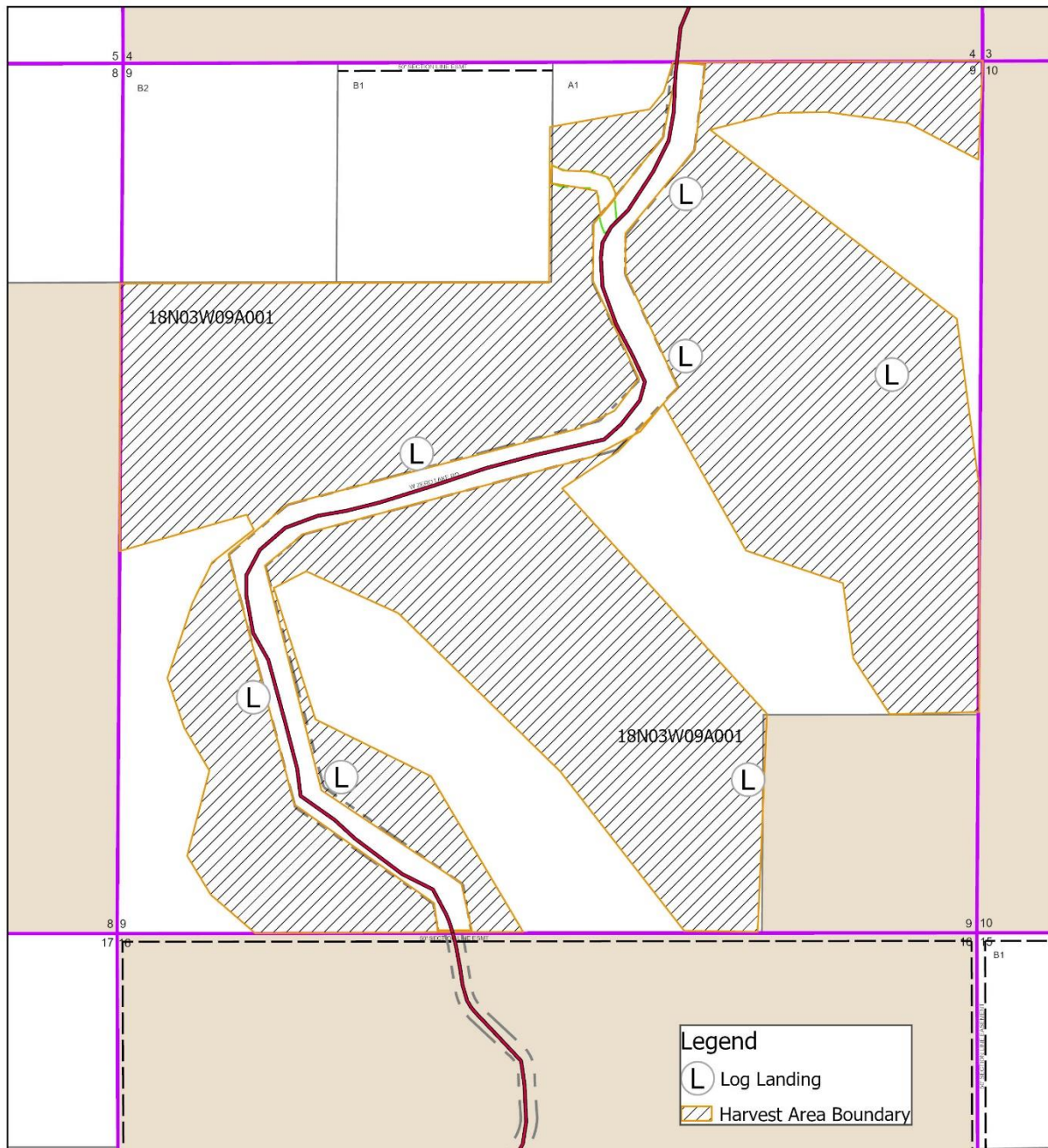
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(Type in Name)

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Date

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Michael Brown, Manager

\_\_\_\_\_  
Date

## EXHIBIT A – CONTRACT AREA MAP



### Zero Lake Rd STH 25-005 Salvage Timber Harvest

MSB008195  
T 18N, R03W Sec. 09



**EXHIBIT B**  
**OPERATIONS PLAN**

To be provided to the BOROUGH not later than 60 days prior to the start of the operations and 60 days prior to the annual anniversary of the execution of this Contract Agreement.

## **EXHIBIT C**

### **State Detailed Plan of Operations**

(to be completed by PURCHASER and submitted to BOROUGH and AK DOF)

## EXHIBIT D

### INSURANCE

It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of the Agreement to create in the public or any member thereof a third party benefit hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

It is highly recommended that the PURCHASER confer with their respective insurance companies or brokers to determine if their insurance program complies with the BOROUGH's Insurance requirements.

The PURCHASER shall procure and maintain the following insurance:

A. Minimum Scope and Limit of Insurance

Prior to the commencement of the work, PURCHASER shall secure such liability insurance as will protect the PURCHASER and Matanuska-Susitna Borough (BOROUGH) from and against any and all claims and liabilities arising out of bodily injury (including death) or property damage that may result from such operations. All such insurance shall be placed with such insurers and under forms of policies as may be acceptable to BOROUGH.

Coverage shall be at least as broad as:

1. Commercial General Liability (CGL): Insurance Services Office Form (ISO) CG 00 01 (Most current Insurance Services Office approved language or the equivalent thereof or later, or the equivalent thereof) covering CGL on an "occurrence" basis (including but not limited to: premises operations, products, contractual, broad-form property damage and independent contractor) with limits no less than:  
  
\$2,000,000 each occurrence limit  
\$2,000,000 General Aggregate excluding Products/Completed Operations Limit  
\$2,000,000 Products/Completed Operation Aggregate
2. Business Automobile Liability Insurance: (including owned, hired and non-owned) with a combined single limit of not less than \$1,000,000 for bodily injury (including death) and property damage.
3. Workers Compensation: PURCHASER shall ensure that, with respect to all personnel performing work on the sites, PURCHASER shall maintain in effect at all times during the term of this contract, coverage or insurance in accordance with the applicable laws relating to workers' compensation and employers' liability insurance, regardless of whether such coverage or insurance is mandatory or merely elective under law. PURCHASER shall carry Employers Liability Insurance with limits not less than:

\$1,000,000 Bodily Injury by Accident - Each Accident Limit  
\$1,000,000 Bodily Injury by Disease - Each Employee  
\$1,000,000 Bodily Injury by Disease - Policy Limit

4. Excess Liability - In order to meet the required minimum limits of insurance it is permissible for the PURCHASER to combine an excess liability or umbrella policy with the general liability, auto liability or employer's liability. In the instance where the PURCHASER purchases an excess liability or umbrella policy the occurrence limit and the aggregate limit may be of the same amount.

B. Deductibles and Self-Insured Retention

Prior to work commencing, any deductible or self-insured retention must be declared and approved by the BOROUGH. PURCHASER may be requested to demonstrate how the deductible or self-insured retention will be funded in the event of a claim. At the option of the BOROUGH, the PURCHASER shall reduce or eliminate such deductibles or self-insured retention as respects the BOROUGH, its officers, officials, employees and volunteers; or the PURCHASER shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

C. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. Additional Insured

- a. The BOROUGH, its Administrator, officers, officials, employees and volunteers are to be covered as additional insureds with respects to Commercial General Liability and Business Automobile Liability.
- b. The PURCHASER's coverage shall be primary insurance in regards to the BOROUGH, its Administrator, officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the BOROUGH, its Administrator, officers, officials, employees and volunteers shall be in excess of the PURCHASER's insurance and shall not contribute to it.
- c. The PURCHASER's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Waiver of Subrogation

The PURCHASER waives all rights of subrogation against the BOROUGH and its Administrator, officers, officials, employees and volunteers for recovery of

damages to the extent these damages are covered by the Commercial General Liability, Business Automobile and/or Workers' Compensation policies.

3. All Insurance

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after 10 days prior written notice for nonpayment of premium or fraud on the part of the PURCHASER or 60 days prior written notice for any other reason by certified mail, return receipt requested, has been given to the BOROUGH. Such notice shall be mailed by the PURCHASER to the attention of the BOROUGH's Natural Resource Manager.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-VII.

E. Verification of Coverage

PURCHASER shall furnish the BOROUGH with certificates of insurance and with certified copies of all endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the BOROUGH. All certificates are to be received and approved by the BOROUGH before work commences. The BOROUGH reserves the rights to require complete, certified copies of all required insurance policies, at any time.

F. Subcontractors

PURCHASER shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all requirements stated herein.

G. Lapse in Insurance Coverage

A lapse in insurance coverage, any change that restricts, reduces insurance provided, or changes name of insured without BOROUGH approval is a material breach of this agreement, which shall result in immediate termination of the agreement.