

the Trustee, and a copy of any such amendment certified by an Authorized Officer of the Authority shall be filed with the Trustee.

2. The Authority shall perform its obligations under the Power Sales Agreement to delegate to the Committee, consult with the Committee and act through the Committee, with respect to the management, operation, maintenance and improvement of the Project, including its obligation to follow procedures adopted by the Committee with respect to certain actions to be taken by the Authority under this Resolution. The Authority represents that it has the power under Section 13(e) of the Power Sales Agreement, notwithstanding any action or inaction by the Committee, to take such measures as it deems necessary to meet its obligations under this Resolution. The Authority hereby covenants that it will exercise the powers granted pursuant to Section 13(e) of the Power Sales Agreement, if necessary, to carry out actions required to be taken under this Resolution.

714. Insurance. 1. The Authority shall keep and maintain the Project at all times insured against such risks and in such amounts, with such deductible provisions, or provide for a source of self insurance, as is customary in connection with the operation of facilities of a type and size comparable to the Project and as may reasonably and economically be obtained or secured. The determination of what is "customary" and what may be "reasonably and economically obtained or secured" within the meaning of the prior sentence shall be made by an independent insurance consultant employed by the Authority or by the State division of risk management. Without limiting the foregoing, but only if required under the preceding sentences, the Authority shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for, the following insurance with respect to the Project and the Authority:

(a) insurance coverage for buildings, works, plants and facilities comprising the Project for all risks of direct physical loss, at all times in an amount not less than an amount necessary giving regard to co-insurance provisions to pay and retire and redeem all the Outstanding Bonds;

(b) general public liability insurance (other than as set forth in subsection (c) of this Section) in minimum amounts per occurrence, for annual aggregate claims, and with a deductible amount, to the same extent that other entities comparable to the Authority and owning or operating facilities of the size and type comparable to the Project carry such insurance;

(c) comprehensive automobile liability insurance;

(d) workers' compensation insurance or self-insurance as required by the laws of the State of Alaska;

2. Each insurance policy required by this Section (i) shall be issued or written by a financially responsible insurer (or insurers), or by an insurance fund established by the United States of America or State of Alaska or an agency or instrumentality thereof, (ii) shall be in such form and with such provisions (including, without limitation and where applicable, loss payable clauses payable to the Trustee, waiver of subrogation clauses, provisions relieving the insurer of liability to the extent of minor claims and the designation of the named assureds) as are generally considered standard provisions for the type of insurance involved, and (iii) shall prohibit cancellation or substantial modification by the insurer without at least thirty days' prior written notice to the Trustee and the Authority. Without limiting the generality of the foregoing, all insurance policies, and other arrangements to the extent feasible, carried pursuant to this Section 714 shall name the Trustee, the Authority and the Purchasers as parties insured thereunder as the respective interest of each of such parties may appear, and loss thereunder shall be made payable and shall be applied as provided in this Resolution.

3. The Authority covenants to review each year the insurance carried by the Authority with respect to the Authority and the Project and, to the extent feasible and economically prudent, will carry insurance insuring against the risks and hazards specified in this Section to the same extent that other entities comparable to the Authority and owning or operating facilities of the size and type comparable to the Project, and taking into account any special circumstances of the Project, carry such insurance. In the event that the Authority determines that the insurance required by this Section is not available to the Authority at reasonable cost, and, in any case, every two years, from and after July 1, 1990, the Authority shall employ an independent insurance consultant or the State division of risk management (the "consultant") for the purpose of reviewing the insurance coverage of, and the insurance required for, the Authority and the Project and making recommendations respecting the types, amounts and provisions of insurance that should be carried with respect to the Authority and the Project and their operation, maintenance and administration. A signed copy of the report of the consultant shall be filed with the Trustee and copies thereof shall be sent to the Authority, and the insurance requirements specified hereunder, including any and all of the dollar amounts set forth in this

Section, shall be deemed modified or superseded as necessary to conform with the recommendations contained in said report.

4. The Authority may establish a fund to provide self-insurance against the risks and hazards relating to the properties of the Project and the interests of the Authority and the Bondholders as described in this Section, and, in connection therewith, may specify and determine the matters and things set forth in paragraph 3 of this Section.

5. Insurance maintained pursuant to this Section may be part of one or more master policies maintained by the State of Alaska so long as the form of such policy and the coverage is the same as if a separate policy was in effect.

6. The Authority shall on or before January 1 of each year, commencing January 1, 1990, submit to the Trustee a certificate verifying that all minimum insurance coverages required by this Resolution are in full force and effect as of the date of such Authority certificate.

715. Reconstruction; Application of Insurance Proceeds. 1. If any useful portion of the Project shall be damaged or destroyed, the Authority shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless the Authority declares the Project ended pursuant to Section 14 of the Power Sales Agreement, or unless the Consulting Engineer in an opinion or report filed with the Trustee shall state that such reconstruction and replacement is not consistent with Prudent Utility Practice or is not in the interest of the Purchasers and the Bondholders. The proceeds of any insurance, including the proceeds of any self-insurance fund, paid on account of such damage or destruction shall be held by the Trustee in a special account in the Construction Fund and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested at the direction of the Authority in Investment Securities which mature not later than such time as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. The proceeds of any insurance, including the proceeds of any self-insurance fund, not applied within 36 months after receipt thereof by the Authority to repairing or replacing damaged or destroyed property, or in respect to which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged or destroyed shall not have been given to the Trustee by the Authority within such 36 months, or which the Authority shall at any time notify the Trustee are not to be so applied, in excess of \$5,000,000 shall be used to retire Bonds by purchase or redemption to the extent provided by the