Section 3.7.0: Management Roles and Responsibilities

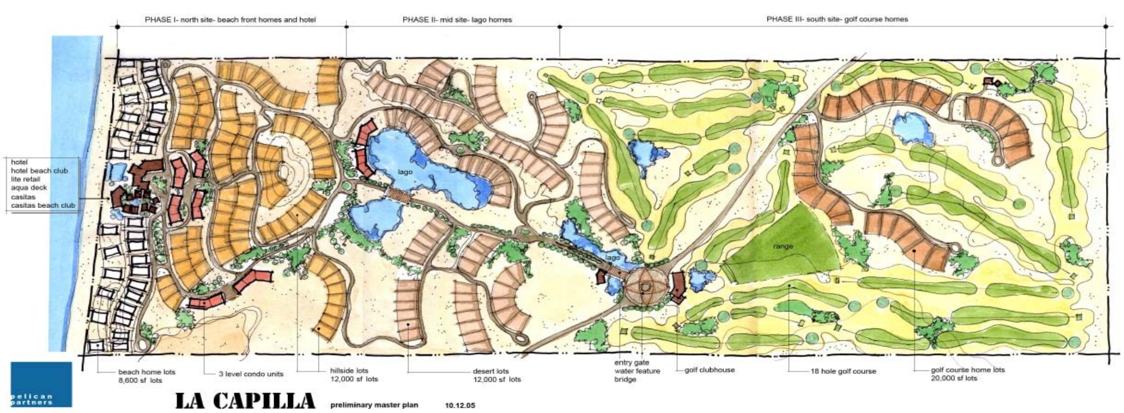
3.7.1 Project Management

a. **Pre-Design:** Steady sales on the Bella Sirena project in 2005 prompted Pelican Partners to expand its development strategy in Mexico. Pelican intended to capture a small share of Mexico's then booming tourism market. Pelican's Mission: to develop premier, *Resort Destination* real estate along Mexico's gold coast. Two models were developed for prospective land acquisitions situated near Los Barriles, Baja California, Sur – about half way between San Jose del Cabo and La Paz on the south eastern tip of the Baja peninsula. La Capilla (pictured bottom) and Costa Linda (above) were conceptual plans prepared for land partners in Baja California, Mexico. Although I did not participate directly in the partnership land negotiations, I was given the opportunity to review and comment on the proposed projects.

Cascadas on Whale Hill in was a local development prospect for Pelican. Because the Whale Hill site was located in town, I was able to take a more active role in the development of site information and pre-acquisition due diligence. The ambitious project proposed a very challenging yet spectacular hillside, ocean front - mixed use development. See Appendix A for a conceptual rendering of the Cascadas project.

b. **Design:** Bella Sirena presented many design challenges during construction. To resolve issues, I worked directly between the GC and Tim Farrell, the project's CA Architect and Jon Rader. Mr. Rader mastered the Bella concept in 2004 while working with SkB Architects in Seattle, WA. Jon joined us in early 2005 to support Pelican's newfound *development* ambitions in Mexico.

With last-minute density changes to Bldg. C, and a growing number of detail requests, the design phase of the project seemed to overlapped construction througout its duration. In the early months, the project required the full-time services of both Mr. Farrell and Mr. Rader.



Bella Sirena offered its ocean front community 200 condos and 20 beach homes set among lush landscape and intricate hardscape. The plans illustrated an exclusive spa & gym, a tennis court, putting greens, multiple water features and pools, private hot tubs, a bocce ball court, a pool grill & heated swim-up bar, an ocean front park and a commercial center housing multiple retail shops and a deli/ restaurant. In retrospect, it was all a striking, densely-packaged, 7-acre design wonderland.

Bella Sirena

d. **Construction:** As the owner's representative, I was primarily responsible for managing the General Contractor's day-to-day needs and reporting to Pelican Partners in Seattle. A normal day with the GC consisted of working through and documenting the standard scope, budget and schedule hurdles typical on any construction project. Pelican's contractual arrangement with the GC consisted of AIA Document A114-2001, Cost-Plus-Fee without a GMAX price and AIA General Conditions, Document A201.   The contract was executed on January 12, 2005 by Jonathan Beck, for Pelican and Humberto Trevino for the Contractor. With a contract sum of $32m and a duration of 18 months, the project was scheduled for substantial completion in June 2006.

Construction cost began slightly outpacing the schedule in May 2005. By month 9, General Conditions cost, according to the GC, were suddenly approaching month 18 costs! I first shared this problem directly with Mr. Chris Faul, Pelican's Managing Director. Through the end of 2005 and into the following year, I lead a series of collaborative cost exercises with the GC to help identify and understand the General Conditions accounting bust. Despite numerous attempts to understand the Contractor's presentations, it became evident to Pelican that the Contractor's job-cost accounting and project forecast information were erratic. Confidence and trust eroded steadily as a result. Ultimately, this issues would be disputed in Arbitration.

3.7.2 Cost Management

b. **Design:** Of the 5 condominium buildings on the project, the Coral Tower (Bldg. C) was the last building to be erected and the only steel structure on the project. Pelican benefited from cost-saving lessons on the Abulon, Ballena, Dorado and Estrella (A, B, D & E) buildings (pictured top -right). Because Bldg. C housed 52 condo units and stood 14 stories, slight changes in material specifications offered substantial and at times very favorable

Bldg C

CORAL BUILDING PENTHOUSE OFFERING

changes in cost. Each Bldg C floor plate covered approximately 8,000SF. Subtle yet cost-conscious change in plumbing or lighting fixtures or changes in appliance specifications produced thousands, sometimes, tens of thousands of dollars or more in savings. With the Bldg C structure redesign, we had an opportunity to optimize design in many areas. Mr. Farrell was able to make finish specifications changes that in due course saved money. Because of the sales model however, owner's minimum quality expectations for finishes, equipment and fixtures were preprogrammed. The largest design related optimization and most studied cost options on Bldg. C was the concrete vs. steel structure option that saved the project over $1m.

Four Bedroom West Grand Penthouse
Coral Tower

c. **Procurement:** With an 18 month construction schedule, we had a very aggressive procurement program. Pelican depended on the GC to organize and sequentially buyout the $32m. scope of work. Our procurement program was standard – the GC would obtain 3 quotes from 3 qualified Contractors. They would analyze the data and present me with their recommendations for award. I would check proposals against the budget, run large numbers by Mr. Faul if necessary and then approve by signing the GC's Recommendation Letter. A large buyout approval in most cases meant a 30% cash payment to the subcontractor. This was important because it created cash flow spikes sometimes in the hundreds of thousands. I needed to keep Mr. Faul aware of large project cash requirements.

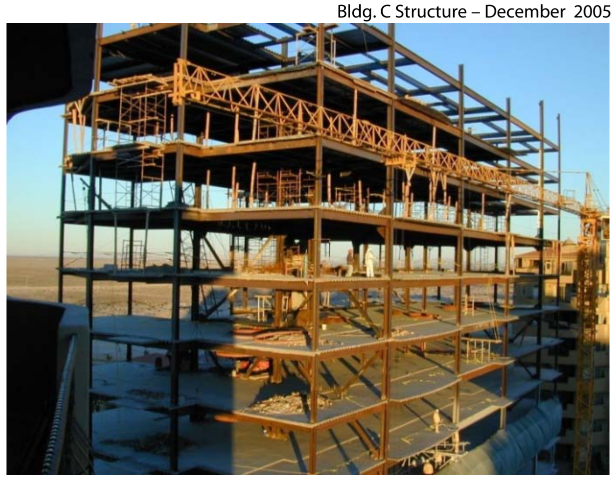
We experienced a number of procurement issues related to the importation of materials and material availability within Mexico. The most significant issues however were related to the administration of procurement. Some procurement issues, yet were related to world economies. You may recall the global shortage of concrete and steel, among other construction materials in 2005, due to China's construction boom? We encountered tremendous challenges related to this event. I stood in line at Cemex's batch plant to assure our project received scheduled orders! In general, procurement was behind schedule throughout the project – that is, the GC was reactive to the needs of the project instead of appropriately planning buyout. Procurement timing was at the root of our inability stay on schedule. This coincidentally kept the GC from properly forecasting job cost-to-complete.


Bldg D, January 2005

d. **Construction:** The payment application review & authorization process was a monthly or bi-monthly operation depending on cash flow events. We initiated the project in January 2005 with a $460,000 upfront payment to cover start-up and mobilization costs. Over an 18 month period, we averaged $1.7m in monthly payments. By March 2007, Pelican had funded approximately $35m for construction cost. With each of the 58 payment requests, I would receive an AIA Document G702/703 Application for Payment from the GC and a binder with the line-item breakdown of the request along with material invoices and/or Subcontractor payment applications. The review period typically lasted a week. During this time, I would meet with the GC's Senior Cost Engineer to review supporting documentation and to review job progress. The $3m project creep was never properly presented or executed as Change Orders by the GC.

3.7.3 Time Management

Bldg. C Structure – December 2005



b. **Design:** The original 14 level concrete design and 2 levels of underground parking for Building C required a massive foundation and significantly larger column box-outs than the steel design. More importantly, the structure redesign, in theory, improved our delivery time to condo owners. Time = Money! This schedule realignment helped cash flow by allowing us to bill owners sooner. The project was partially fund by sales and in some cases, structured with 4 installment payments for individual owners. The draws permitted Mr. Neal Bernard (see org chart) to track and project cash from sales as construction reached certain milestones. I intermittently updated Mr. Bernard on construction status as he would initiated the owner billing process. Our ability to reach *Construction Draw #2* sooner meant critical advances in project cash! The Construction Draw language (captioned at left) was a critical component of every sales contract.

Construction Draw #1

Survey, excavation, footings and foundation walls, rough floors (Out of the ground)

Construction Draw #2

Dry-in, cupulas, masonry walls, metal studs, roof, mechanical, electrical, & plumbing rough-in (rough shell)

Construction Draw #3

Windows, floors, stone & ceramic finishes, millwork, countertops, paint ready walls (finishes)

Construction Draw #4

Final paint, mechanical, electrical, plumbing trim, appliances, testing, cleaning (final walk through)

Construction Draw #5

Rarely used. See PBS sales contract for non-standard milestone descriptions.

Converting to a steel structure was an easy decision based on cash. The redesign however required a Seattle engineering firm to consult with the EOR in Guadalajara, Mexico. I traveled to Guadalajara with Tim Farrell and Chris Faul (who has a strong structural engineering background) and other members of the GC (to help corroborate cost) to initiate the project. It was an exciting time and well worth the effort!

c. **Construction:** The contracted portion of the Bella Sirena project started in January 2005 and lasted through March 2007 – roughly 26 months or 8 months beyond contract completion time. Projects of all size, scope and complexity more often than not suffer from a array of cost and schedule over runs. Pelican Partners anticipated this and allowed a $980,000 contract contingency and we predicted project delays in our communications to owners. The core of the matter with the GC was that they could not calculate *Project Schedule* or *Project Cost* beyond the contract definitions with any degree of certainty. Perhaps on the basis of no risk and the cost+fee arrangement, it was not necessary or a priority for the GC to commit to Cost and Schedule pledges. It was unreasonable for Pelican not to expect delays and cost overruns but the information we absolutely depended on, time and time again, was unreliable. One of the greatest defeats on the project was the delivery of condo units in Bldg. C. Condominium deliveries in

D&E Towers, late in 2005, experienced delivery delays that taught us many lessons. We were determined to learn from the experience. We planned and worked with the GC to address the issues. The delivery strategy for Bldg. C, nearly 1 year later in December 2006, was communicated to owners in advance to allow ample time for travel arrangements. At one of the most crucial times in the project, we again, were unable to deliver as promised.

Because scheduled delivery dates were fixed with owners, we in fact delivered units prior to the completion of the building. The above picture, dated June 30, 2006, was taken the day 501C was delivered. This was a momentous embarrassment but one we would had no choice but to work and live with. Unit 501 was the first unit delivered in Bldg. C. The interior finishes of the unit were complete for the most part but many portions of the common areas remained unfinished. I think of the first client - she so happy with her new unit that she didn't notice the construction activities that surrounded her. With the tower crane still attached to the building, an un-commissioned elevator, a stairwell without safety lighting and building without water in the emergency fire loop, our GC claimed (at arbitration) to have successfully delivered on its contractual commitment on June 30, 2006, one day before substantial completion of the project. The General Contractor was very modest about the numerous failed delivery promises made to our many homeowners.

3.7.4 Quality Management

b. **Design:** Open design matters were generally associated with the planned commercial amenities that depended on 3rd party business operators for spaces such as the Spa, Restaurant and Deli, Retail spaces in the Commercial Center and the pool-side Day Grill. The project had its share of the typical RFI's related to the many architectural details in both common areas and dwelling spaces however, the problems that seem to stand out the most were design issues related to water proofing and the domestic water distribution system. Each of the penthouse units in each of the 5 buildings featured wall fountains and an outdoor hot tub spa. All spas and fountains had numerous waterproofing failures which invariably, and sometimes on multiple occasions, caused damage to units below. Many repair attempts were made and some units were corrected over time but some owners turned Penthouse fountains into

planters! We had a total of 27 hot tubs in condo units. After frequent incidents, 27 spa units were uninstalled in a single operation to reapply water proofing to the subfloor. After the property was turned over, several common area fountains were also converted to planters by the HOA. It seemed successful waterproofing of any kind was simply not possible at Bella Sirena. Late in 2005, we anticipated our final and the greatest waterproofing challenge yet. The plaza deck in front of Bldg. C (see rendering p.2) leads down to the Central Pool, Gym, Spa and Day Grill (pictured p.7). Much of the richly landscaped deck area sat directly over the parking garage and the Gym/Spa. Because of the complexity of interacting and independent structures, Pelican hired a waterproofing consultant to review the structures, specify a material and actually supervise the contractor's installation. I worked closely with Jerry Brown of WRECorp, to assure the contractor followed the consultant's requirements. Even with these measures, the deck leaked into the garage and Gym/Spa when we irrigated the newly planted landscape. We managed to find the problem areas but decided to go with a more appropriate desert landscape to save water! Unfortunately, during construction and after deliveries, Bella Sirena was plagued with numerous underground (domestic supply) water leaks that regularly interrupted water services to our clients. The *quality* standard we represented as Pelican Partners, unfortunately some days, was not consistent with the delivery of our product.

c. **Construction:** Buildings D & E both had 37 units each. Our plan to deliver both buildings or 74 units was scheduled to begin the 3rd week in November 2005 and proceed through January and into the new year. This delivery strategy made the most sense since the majority of the unit owners were able to travel between Thanksgiving and late January. Our substantial completion dates for these buildings, per contract, were scheduled for November 1, 2005. This gave us approximately 3 weeks to punch the units and common areas. Our condominium turnover protocol included a welcoming committee. The delivery committee consisting of a sales representative, Lucia - a member of Pelican's legal dept. that would actually bring the closing documents, Susana, Project Administrator, a member of the GC's punch-team and myself to complete a delivery walk-thru with the owner. In essence, unit delivery was a festive occasion with bright colored flowers greeting the owners in their new beach condo! I coordinated directly with Lucia to plan many of the deliveries that sometimes would take up to 30 or 45 days. Some of our greatest moments included minimal punch lists and very satisfied clients! Unfortunately, we had our share of dark delivery days. Although deliveries were staggered to avoid bottlenecks between the months of November, December and January, we did not fully weather the storm. Our General Contractor was overwhelmed with the amount of pre-delivery detail and labor necessary to meet the demand. Many owners had to be rescheduled. Many of the common areas were also incomplete and were a significant safety concern to Pelican and its clients. In the eyes of many customers, we failed to properly deliver as the Developer. Building D & E owners were busy moving and settling into their new condos throughout the year. By late 2006, the HOA community was beginning to form a nucleus and they were a very vocal group indeed. We had many challenges to overcome in the very near future.

d. **Post-Construction:** The warranty services period [after delivery of units to its owners and after transfer of property maintenance to the HOA body] was a difficult and lengthy process for a number of complex reasons. Pelican and the General Contractor parted ways in March 2007. We had only begun the process of turning over the property in the Spring of 2007. The HOA had just begun its review and approval of work in Common Areas at this time. The absence of a General Contractor created a sizable manpower void that was plugged by Pelican. In many cases, Pelican did not have the specialty expertise required for much of the common areas warranty work. The warranty period for the HOA carried over beyond the March 2007 date and lasted through early 2009 when the HOA cautiously agreed to take over the property. Pelican exhausted all measures to provide its clientele with Resort Level - Customer Service and a standard warranty service period. The HOA would not be so easily satisfied. Numerous construction troubles associated with the integrity of the building envelop on Building C and Life/Safety concerns at Buildings D &E, pool issues among other issues existed that were at the frontlines of negotiations between Pelican and the HOA. The cost to repair common area issues became the basis for one of the claims that would be heard in arbitration in February 2010.

3.7.5 Contract Administration

c. **Procurement:** A General Contractor must have well established relationships with Vendors and Subcontractors and provide a well organized supply of services and materials to the project. This is vital to project success. On remote projects, relationships with Subcontractor and the Subcontractor's abilities cannot be left to be determined on the project. Pelican was dedicated to providing its clients with the highest quality! To achieve this result, Pelican hired an organization that understood the basic quality needs of the project. Pelican believed they hired a quality driven Construction Management team.

Having participated on 2 similar resort projects previously in remote locations, I was well aware of the General Contractor's duties and responsibilities. One of the single most important project planning activities is Procurement. Subcontractors must be awarded in a timely, methodical fashion to allow for Shop Drawings and Submittals but more importantly, to synchronize the Subcontractor's activities with the Project Schedule. As noted in 3.7.2.c, the GC's administration of procurement was off to a trembling start early in the project. Most of the Project Engineers did what they could to keep up with the project demands. Adding to the disconcert, multiple PE's were assigned to the same areas of the project dispersing accountability. My best assessment of these key GC managers is that they understood what needed to happen, they just didn't know how to make it happen.

With Mr. Faul's help, we pressed incredibly hard from May 2006 through March 2007 for the GC to complete its procurement activities so that we could accurately determine final project cost for Partnership Investors. Unfortunately, without the General Contractor's cooperation and with many open warranty and quality issues, even late in 2007, our Team was not able to properly report cost.

d. **Construction:** In November 2006 I joined Mr. Jim Dow and Mr. Faul from Pelican Partners and Mr. Terry Poole, Sr PM, Mr. Humberto Trevino, Division Manager and Mr. Samuel Ellison, Division Executive, in Scottsdale, Arizona to discuss current project issues. Next to quality issues, the single most important element of the meeting was devoted to resolving final project cost. The Contractor's senior management relied entirely on cost data that was reported by its staff in Mexico via conference call. The data was stunning to say the least! The GC's reported cost-to-complete that was \$5.7m beyond the original contract amount! Jim, Chris and I could not stomach the Contractor's explanation of project cost. Mr. Poole did what he could to try to enlighten the numbers coming over the phone line. To no one's surprise, our meeting did not resolve the issues at hand. We could all, however agree that we needed to get a clear and transparent explanation of the information! The General Contractor's chronology of cost projections are summarized in the following section.

Final Cost Projections: The GC's Budget Projections at the November 2006 meeting grew by approximately \$2.7 million in less than 6 months. The General Contractor's cost-to-complete projections from May 2006 through November 2006 follow:

Date	**Cost Projection**
May 24, 2006	\$35,042,809 USD
August 15, 2006	\$36,171,479 USD
September 6, 2006	\$36,502,482 USD
October 30, 2006	\$36,996,052 USD
November 8, 2006	\$37,780,247 USD

One of the largest cost variables affecting the above cost projections was General Conditions. General Conditions cost information was polluted with disputed labor rates and debatable reimbursement packages for the GC's employees. The following excerpt was addressed to the General Contractor in October 2006 subsequent to my review of the Contractor's data:

*After an in depth study of the Viaticos information provided by GC, Pelican has concluded that the General Conditions, Supervision, cost category has been overpaid. With the information provided, we gathered that the GC spent roughly **\$493k usd** (excluding IVA) on Viaticos for Mexico employees - see **GC Payroll Review Jan 2005 – Aug 2006.xls** file provided by GC.*

Pelican agrees to acknowledge a Senior Employee compensation package for a Sr. Project Manager. We will further extended our agreement to include other Sr. level positions: two (2) Sr. Superintendents (Clay Elting & Roberto Cantu), and a Sr. Cost Engineer's (Jesus Olmos), a Sr. Cost Accountant (Omar Lagos) and an additional Cost Accountant (Miguel Sousa). In addition to those listed here, Pelican agrees to acknowledge other senior positions previously held by: Hugo Gutierrez (Sr. Estimator), Enrique Garcia (Project Manager), Alejandro Luna (Sr. Project Engineer) and Juan Carlos Rendon (Sr. Project Engineer).

*If Pelican assumes Viatico cost for "Essential Employees" as described in same file mentioned above, the overpayment amount is **\$307k usd** (excluding IVA).*

November 2006 – Penthouse Unit 1202 C

e. **Post-Construction:** After our November 2006 meeting, it was clear to both parties that there was still a lot a work ahead of us. We had a significant accounting discrepancies that could not be ignored and many areas of the project still desperately needed the Contractor's immediate attention. At the time, many of Developer's most valuable units were incomplete and not ready for sale. Many portions of the project were completed with the developer's own resources because we could not come to terms with the GC on cost. The below image of Penthouse, Unit 1201C demonstrates Pelican's firm commitment to completion of the GC's scope of work.

We were poised with the GC to get through the tough accounting and construction difficulties facing us at the time. Our efforts began with our own internal audit of the General Contractor's cost accounting records. For the purpose of detailing our approach and findings of the initial audit, I wrote the *GC Accounting Audit* clarification (Appendix B) dated May 30, 2007 for Pelican Partners. As our fact finding mission progressed, our fears and doubts related to the GC's accounting irregularities grew stronger. The amicable process of discussing and sharing documents lasted through approximately August 2007. After positively concluding that our accounting efforts would not coincide with the GC, it was time to bring in real accounting experts. Pelican hired the Phoenix based Forensic Accounting firm, Gorman Litigation Support Services, LLC in the Fall of 2007.

3.7.6 Safety/Risk Management

e. **Construction:** Our GC maintained a stellar safety record – even with multiple mid-rise structures we enjoyed a safe and for the most part, incident free jobsite while neighboring projects experienced numerous fall related deaths due to inadequate safety policy. Mexican Labor Law heavily favors the employee and lay significant risk on the employer. We maintained ample amounts of General Liability insurance as the developer and Builder's Risk insurance though the General Contractor to protect the project. We could not however, avoid the high compensation cost Mexican Law allows for employee termination. Pelican fought several labor disputes that ended in cash settlements to employees.

With negotiations and project progress winding down in February 2007, Pelican elected to modify the parties' contract by eliminating the Storage and Parking Area scope of work. This area of scope was not started or committed with subcontractors so it was an easy area to isolate. The first and only contract change reduced the Contractor's scope of work by $381,888. In the eyes of the Contractor, this action essentially terminated the contract. Our intent was draw a line in the sand, so to speak, to begin the process of closing out the project. Perhaps we did not properly communicate our intention. The GC received this motion as dismissal of their responsibilities for remaining scope of work in progress and completion of ongoing punch list work and its warranty obligations. Jobsite communications by this time were awkwardly stressed. The Contractor completed its demobilization in the Spring of 2007.

3.8 Challenges

Foreign projects traditionally present Owners and Contractors with the standard assortment of communication challenges, material and labor availability, labor disputes, fluctuating currencies, taxation and other unsuspecting legal issues related to local, state or federal authorities all foreshadowed by deeply engrained cultural differences.

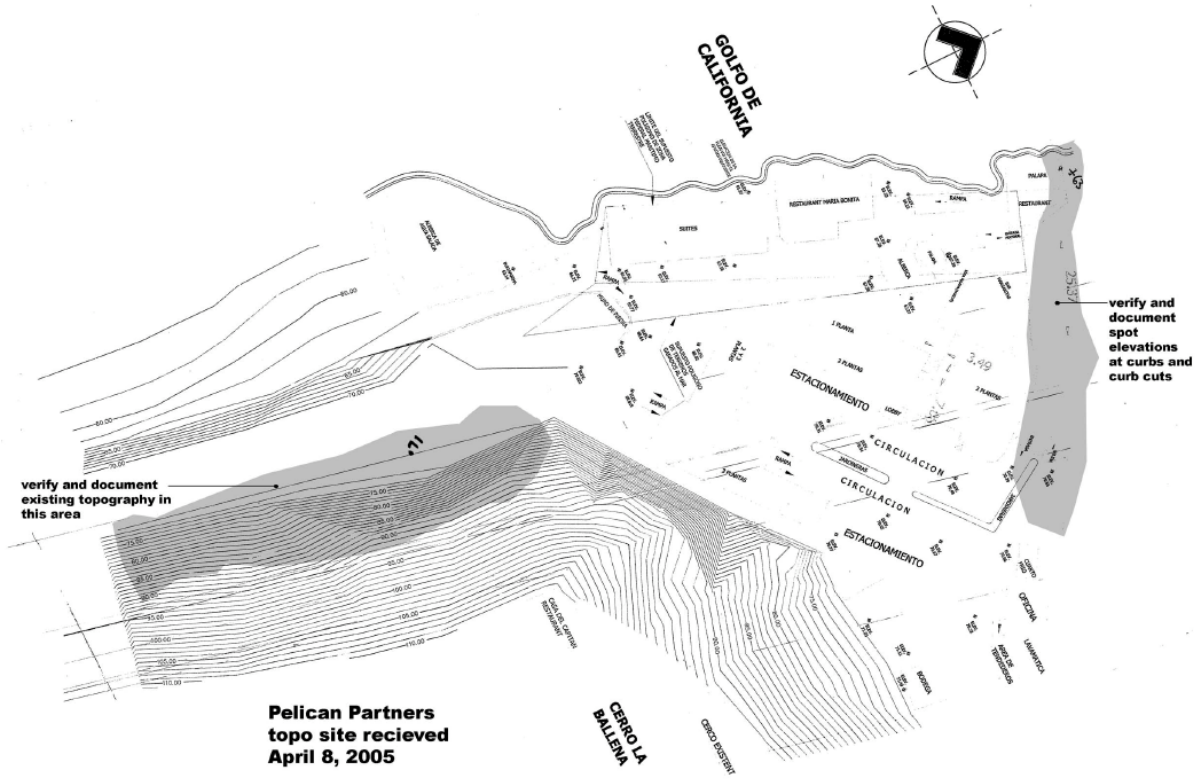
It would be reasonable to pick any of the above challenges and elaborate on its complexity. The reality was, these challenges, collectively, made the project. These were the very reasons we were here to begin with. The problems that transcended borders, were the issues with the Contractor related to project accountability. It's incredibly apparent to me now that the Contractor hedged its bet on the ever-working premise that ambiguity was its best ally.

Pelican clearly voiced its concerns about the GC's ability to produce clear cost accounting reports on the Bella Sirena Project. Fundamentally, Pelican wanted transparency for project cost. After this we could begin the process of deducing faults. The Contractor was never held accountable for this basic project requirement!

Although this was a cost reimbursable contract, the GC was obligated to employ its skills and judgment in furthering the interests of the Developer. The GC was to perform the work in an "expeditious and economical manner consistent with the Owner's interests" and consistent with the Contract. Pelican felt it exhausted every possible avenue in attempts to resolve this matter outside of a hearing. From the fall of 2007 through the fall of 2008, Pelican and the Contractor continued talks but this lead to unsuccessful mediation in early 2009. Throughout 2009, I assisted Pelican Partners in preparation for arbitration.

My deposition was taken in the fall of 2009. Binding arbitration was held February 19, 2010 and later awarded to the General Contractor. Accepting the Arbitrator's decision, has been the most difficult and trying conclusion to 5 years of work.

Appendix A


GOLFO DE CALIFORNIA
verify and document spot elevations at curbs and curb cuts
verify and document existing topography in this area
ESTACIONAMIENTO
CIRCULACION
CIRCULACION
ESTACIONAMIENTO
OFICINA
Pelican Partners topo site recieved April 8, 2005
CERRO LA BALLENA


Cascadas
Preliminary 3D Site Plan
pelican partners

Appendix B

GC Accounting Audit - Bella Sirena Project Cost, May 30, 2007

The 1st and main objective of this audit was to determine true GC project cost and compare that to total PPI cash funded. The audit was completed by verifying the GC Check Register on site, line-byline, and by adding all checks issued by GC from January 2005 to April 2007. Payment data was organized by Subcontractor/Vendor. Note: Subcontractor/Vendor payment certification was not verified by the audit team. Certain Subcontractors/Vendor items will require further review to complete analysis.

After compiling payment data, I completed a month-by-month audit analysis indicating that PPI had overpaid Beck by approx. $459,115 (see attached file: 05 11 07_Beck Audit_Jan05-Apr07.xls).

After conceding to the above analysis with the GC, we received an email from Omar Lagos (GC's senior accountant on the BellaSirena job) on 05 16 07 stating that additional payments were made by GC to Subcontractors in the amount of $969,000 but not included in the check register we had just concluded the review on. The GC added that this new cost should be added to our audit file. Martha received the additional information provided by Omar. I then adjusted the above audit file. After the adjustment, the data now indicates that PPI owes GC approximately $640,404 (see attached file: 05 17 07_Beck Audit_Jan05-Apr07.xls).

We do not know why the additional claimed payments were not included in the onsite check register but we do know that it was related to the upfront payment amount paid for the Bldg C structure which never was confirmed by GC. After this, I decided to go back and check the original check register GC had offered to provide in lieu of PPI completing the audit. Beck offered this file as an alternative to dissuade us from manually re-entering the approx. 9,000 check entries. We rejected the offer. A quick check on this electronic file indicates that GC's check register made payments totaling nearly $39.8 million! This was not possible since the sum of GC payments in March 2007 totaled exactly $35,123,880!

PPI to date has funded $35.1m. Beck is requesting Final Payment of $1.5m. As you can see, nothing coincides with Beck's accounting – not even what they are requesting for final payment.

If we took the $640,404 at face value and assumed that the additional Beck payments of $969,000 is correct. This file (05 17 07_Beck Audit_Jan05-Apr07.xls) would then represent the truest account of what was paid by GC and what was funded by PPI. $640,404 is still nowhere near GC's request of $1.5.

Despite the above, we still need to deduct un-authorized Employee Burden Build-up which has been a complete mystery from the beginning of this process, Viaticos valued at approx. $493,000, GC Cost Impacts valued at more than $500,000 and Defective work estimated at over $500,000.