



FAIRBANKS CITY COUNCIL
AGENDA NO. 2014-17
REGULAR MEETING SEPTEMBER 08, 2014
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

PRELIMINARY MEETING

6:00 P.M. WORK SESSION – Interior Gas Utility Update

REGULAR MEETING

7:00 P.M.

1. ROLL CALL
2. INVOCATION
3. FLAG SALUTATION
4. APPROVAL OF AGENDA AND CONSENT AGENDA

(Approval of Consent Agenda passes all routine items indicated by an asterisk (*). Consent Agenda items are not considered separately unless a Council Member so requests. In the event of such a request, the item is returned to the General Agenda).

5. CITIZENS COMMENTS, oral communications to Council on any item not up for Public Hearing. Testimony is limited to five (5) minutes. Any person wishing to speak needs to complete the register located in the hallway. Normal standards of decorum and courtesy should be observed by all speakers. Remarks should be directed to the City Council as a body rather than to any particular Council Member or member of the staff. In consideration of others, kindly silence all cell phone, electronic and messaging devices.
6. APPROVAL OF PREVIOUS MINUTES

7. SPECIAL ORDERS

8. MAYOR'S COMMENTS AND REPORT

9. UNFINISHED BUSINESS

- a) Request by Council Member Matherly to Suspend the Rules Concerning the Reconsideration of Ordinance No. 5953, an Ordinance Ratifying a Labor Agreement Between the City of Fairbanks and the Public Safety Employees Association, Fairbanks Police Department Chapter.

Note: The request was filed Wednesday, August 27, 2014, at 2:44 p.m. According to FGC Section 2-120(g), the request for reconsideration was not filed timely.

- b) Ordinance No. 5954 – An Ordinance Authorizing the Lease of City-Owned Real Property to Yukon Quest International, Ltd. Introduced by Council Member Matherly. SECOND READING AND PUBLIC HEARING.
- c) Ordinance No. 5955 – An Ordinance Amending the 2014 Operating and Capital Budgets for the Fifth Time. Introduced by Mayor Eberhart. SECOND READING AND PUBLIC HEARING.
- d) Ordinance No. 5956 – An Ordinance Amending Fairbanks General Code Chapter 34, Article V, Tobacco Smoke, to Make Offenses Amenable to Resolution without Court Appearance. Introduced by Mayor Eberhart. SECOND READING AND PUBLIC HEARING.

10. NEW BUSINESS

- *a) Ordinance No. 5957 – An Ordinance Amending Fairbanks General Code Sections 2-260 and 2-261 Regarding the Authorized Investment Selections of the City Permanent Fund Investment Policy. Introduced by Mayor Eberhart.

11. DISCUSSION ITEMS (INFORMATION AND REPORT)

- a) Committee Reports

12. COMMUNICATIONS TO COUNCIL

13. COUNCIL MEMBERS' COMMENTS

14. CITY CLERK'S REPORT

15. CITY ATTORNEY'S REPORT

16. ADJOURNMENT

ORDINANCE NO. 5954

**AN ORDINANCE AUTHORIZING LEASE OF CITY-
OWNED REAL PROPERTY TO YUKON QUEST
INTERNATIONAL LTD.**

WHEREAS, the City is vested with title to Lots One and Two, Block Four, Townsite of Fairbanks, and popular log cabin (the "property") located on the banks of the Chena River at 550 First Avenue and Cushman Street; and

WHEREAS, the property has been occupied by the Yukon Quest International Ltd. (the "Quest") for the preceding five years as sub-tenant under a former lease, which lease expired May 31, 2014; and

WHEREAS, Quest use of the property as its dog mushing sport headquarters and visitor destination contributes to the vitality of the Fairbanks community, attracting residents, visitors and enthusiasts; and

WHEREAS, the Quest currently occupies the property on a month-to-month basis; and

WHEREAS, the Quest has respectfully requested a long-term lease of the land and cabin; and

WHEREAS, the City administration has reviewed said property and determined that same is not required for municipal purposes and can be leased to others; and

WHEREAS, Fairbanks General Code of Ordinances Section 70-44 provides that the City may lease to a non-profit organization without public sale and for less than market value, whenever in the judgment of the City Council it is advantageous to do so; and

WHEREAS, it is the finding of the City Council that a lease of said property to the Quest is in the best interest of the community.

NOW THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

SECTION 1. That a lease instrument substantially in the form shown on attached "Exhibit A" is hereby authorized by Council for the purposes herein stated, providing for a four year lease term, plus a four year option to renew, which option shall be at the discretion of the City.

SECTION 2. That the Mayor is hereby authorized and directed to execute said lease on behalf of the City, and the City Clerk is authorized to attest and affix the City Seal to said instrument, the execution of which

shall take place not less than thirty (30) days after the effective date of this ordinance, as prescribed by section 8.3 of the City Charter and Sec. 7-56 of the Fairbanks General Code.

SECTION 3. That the effective date of this ordinance shall be the 13th day of September 2014.

John Eberhart, Mayor

AYES:
NAYS:
ABSTAIN:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

JANEY HOVENDEN, MMC, City Clerk

PAUL EWERS, City Attorney

CITY OF FAIRBANKS
FISCAL NOTE

I. REQUEST:

Ordinance or Resolution No: 5954

Abbreviated Title: An Ordinance Authorizing Lease of City Owned Real Property to Yukon Quest International LTD

II. FINANCIAL DETAIL: Sell the Property

| Estimated Sales Price \$400,000 | FY 2014 | FY 2015 | FY 2016 | 2017 | Total |
|---|------------------|-----------------|-----------------|-----------------|------------------|
| General Fund Property Tax Revenue | \$0 | \$2,009 | \$2,059 | \$2,111 | \$6,179 |
| General Fund Estimated Perm Fund Draw | \$3,672 | \$7,529 | \$11,546 | \$15,694 | \$38,441 |
| Repairs to bring cabin up to code | \$ (15,000) | | | | \$ (15,000) |
| Estimate Perm Fund Earnings (net of draw) | \$8,000 | \$24,260 | \$25,264 | \$26,087 | \$83,610 |
| TOTAL | (\$3,328) | \$33,798 | \$38,869 | \$43,891 | \$113,230 |

| FINANCIAL DETAIL: Lease the Property | FY 2014 | FY 2015 | FY 2016 | Beyond | Total |
|---|-------------------|----------------|----------------|----------------|----------------|
| Lease revenue \$500 per month | \$2,000 | \$6,000 | \$6,000 | \$6,000 | \$20,000 |
| City repairs to bring cabin up to code | \$ (15,000) | | | | \$ (15,000) |
| TOTAL | (\$13,000) | \$6,000 | \$6,000 | \$6,000 | \$5,000 |

Reviewed by Finance Department:

Initial CGR/JNS

Date 8/20/2014

LEASE – REAL PROPERTY

Updated Version 9/8/14

Exhibit “A” to Ordinance No. 5954

This Lease, made and entered into this ____ day of _____ 2014, by and between the City of Fairbanks, whose address is 800 Cushman Street, Fairbanks, Alaska 99701, referred to as “Lessor,” and the Yukon Quest International, Ltd., an Alaska nonprofit corporation, whose address is 550 First Avenue, Fairbanks, Alaska 99701, hereinafter referred to as “Lessee”;

W I T N E S S E T H

1. **Authority.** The Mayor of the City of Fairbanks is authorized and directed to enter into this Lease by City Ordinance No. 5954, passed and approved by the City Council on _____, 2014.

2. **Premises.** For and consideration of the rents to be paid and the covenants to be performed by Lessee hereunder, and for the terms set forth herein, Lessor hereby leases, demises, and lets to Lessee:

Lots One (1) and Two (2) Block Four (4), TOWNSITE OF FAIRBANKS, according to the official survey of said Townsite, known as the L.S. Robe Map of 1909, reproduced by Karl Theile, US Surveyor General in 1922, containing 11,000 square feet, more or less, and the improvements thereon.

All according to the Records of the Fairbanks Recording District, 4th Judicial District, State of Alaska, and as generally depicted on “Lease Attachment 1 of 1”,

TOGETHER WITH the rents and issues thereof, subject to the following terms and conditions.

3. **Use.** Lessee shall have the right to use the Leased Premises exclusively for the non-profit operation and promotion of tourism and as a visitor destination, consisting of dog mushing,

display of sled dogs, the dog mushing sport and culture, education, and related activities. Lessee shall comply with all regulations, ordinances, codes and laws applicable to the use and occupancy of the Leased Premises and shall obtain at its sole expenses all permits and licenses necessary to the lawful conduct of its business.

4. **Existing Improvements**. The Premises are currently improved with a facility of log construction containing approximately 1,900 square feet, plus basement and accessory features.

5. **Title**. Lessor warrants and represents to Lessee that Lessor has full right and lawful authority to enter into this Lease; that Lessor has good and marketable title to the Leased Premises; and that the Leased Premises are free and clear of all tenancies, liens, easements, restrictions, conditions, reservations and other encumbrances except for those of record in the above recording district and applicable building, use and zoning ordinances pertaining to the Premises or otherwise disclosed to Lessee.

6. **Term**. The initial term of this Lease shall be four (4) years beginning October 13, 2014, and ending at midnight October 12, 2018.

7. **Option to Renew**. Upon expiration of the initial term of this Lease, the City may, at its sole discretion, grant an option to renew for an additional four (4) years.

8. **Rent**. In addition to the obligations set forth under Section 12 below, and in consideration of the community purposes of the demised Premises, Lessee shall pay to Lessor the amount of Five Hundred Dollars (\$500.00) per month, which amount shall be payable in advance for each month of the Lease, with rent payment due on the first of each month for so long as the Lease is in effect. The failure of Lessor to insist upon full and prompt payment of any installment of the rent shall not waive Lessor's rights to full and prompt payment of that installment or any other installments.

9. **Taxes.** Lessor is a municipality of the State of Alaska and therefore exempt from property taxes. If taxes are levied against the property by a government body, any such taxes shall be paid by Lessee, as and when due, so long as Lessor remains the owner of record.

10. **Lessor's Right of Entry onto the Premises.** Lessor or its agent shall have the right and be provided with the means to enter the Leased Premises at all times upon reasonable advance notice in order to examine it for the purposes of determining compliance with this Lease and to inspect or repair the separate electrical meter, water meter, and water pumps owned by the City, which are located in the basement of the premises and which serve the adjoining Golden Heart Plaza and water fountain.

11. **Sublease and Assignment.** Lessee may not assign its rights or obligations under this Lease without prior written approval of the Lessor, which approval shall be at Lessor's sole discretion. If this Lease is assigned or if the Leased Premises or any part thereof is sub-let or occupied by anyone other than Lessee, Lessor may, after default by Lessee, collect rent from the assignee, sublessee, or occupant and apply the net amount collected to the rent herein reserved.

12. **Operational Expenses.** Lessee shall keep the Leased Premises, the access thereto, and the site and structural improvements thereon in clean, safe, and well maintained order, free from depreciated conditions, at all times during the term of this Lease. Lessee shall pay, or cause to be paid, all operational expenses, including utilities of whatever nature, supplies and routine building and grounds maintenance, together with janitorial services and refuse collection. Lessor shall perform major mechanical or electrical repairs and extraordinary replacements.

13. **Improvements, Alterations, Fixtures.** Lessee may, at its sole cost and expense, install equipment and fixtures on the Leased Premises, or improvement to the Leased Premises, which installations or improvements shall first be approved in writing by the City Engineer,

provided further that Lessee will, at all times, hold Lessor and the Premises harmless against any expense, claim or injury arising out of any installation, alteration, addition, or improvement commenced or carried out on the Premises by Lessee, its assigns or agents. Lessee shall permit no labor or material liens or charges against the Leased Premises or any interest therein.

14. **Encumbrances.** Lessee shall not encumber the Premises with liens of any nature, including but not limited to mortgages, mechanic or materialmen liens, or use of the Premises as collateral to secure debt, without the written approval of Lessor being first obtained, which approval shall be at the discretion of Lessor. Any lien against the Premises shall be subordinate to this Lease, which shall hold priority in title.

15. **Insurance.**

(a) At all times during the Lease term, Lessee shall maintain in force and effect Workers Compensation Insurance as required by the laws of the State of Alaska.

(b) As a condition precedent to the Lessee's taking and retaining possession under the Lease, Lessee will secure and maintain and will file with Lessor proper evidence of the following type of insurance:

General Liability:

Each Occurrence: \$1,000,000

Damage to Rented Premises: \$100,000

Medical Expense – Any One Person: \$10,000

Personal and Advertising Injury: \$1,000,000

General Aggregate: \$2,000,000

Products and Completed Operation Aggregate: \$2,000,000

Lessee shall obtain and deposit with Lessor certificates of insurance covering the respective insurances as set forth above prior to commencement of the term of this Lease. Liability insurance shall name Lessor as "additional insured" as respects the Premises. All insurances shall be secured from insurance companies licensed to do business in the State of Alaska. Lessee

shall not do, bring or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises. The policies will not be cancelled or materially altered unless at least 30 days prior written notice of such cancellation or material change is provided to the Lessor. Lessee shall provide Lessor with evidence satisfactory to Lessor that premiums for such insurances are paid when due. Lessor reserves the right to pay any insurance premiums not timely paid by Lessee and to recover that cost from Lessee pursuant to Paragraph 23 of this Lease.

(c) Optional Insurance – Contents: Lessee acknowledges that Lessor “all risk” insurance covering the structure does not cover Lessee effects or contents, and that Lessor shall not be liable for loss or damage of same. Lessee may, at its own expense, purchase and maintain “renters” insurance for such effects or contents.

16. **Indemnity.**

(a) Lessee will indemnify, defend, and hold Lessor harmless from and against any and all losses, claims, costs (including reasonable attorney’s fees), suits and judgments arising from:

(1) any acts of commission or omission done, caused or authorized by Lessee, its employees, agents, assigns or sublessees arising upon the Leased Premises or otherwise pertaining to this Lease; or

(2) Lessee’s failure to perform any covenant required to be performed by the Lessee under this Lease; or

(3) any environmental liability for conditions or contamination caused by Lessee arising out of Lessee’s occupancy, use, or alteration of the Leased Premises.

Lessee agrees to reimburse Lessor for any and all necessary expenses, reasonable attorney’s fees, and costs incurred in the non-judicial or judicial enforcement of any part of the foregoing indemnity provision.

(b) Lessor will indemnify, defend, and hold Lessee harmless from and against any and all losses, claims, costs (including reasonable attorney's fees), suits and judgments arising from any environmental liability for conditions or contamination not caused by Lessee nor arising out of Lessee's occupancy, use, or alternation of the Leased Premises.

Lessor agrees to reimburse Lessee for any and all necessary expenses, reasonable attorney's fees, and costs incurred in the non-judicial or judicial enforcement of any part of the foregoing indemnity provision.

17. **Condemnation.** If the Leased Premises, or any part thereof, are taken by eminent domain, at Lessor's option, this Lease (a) will expire on the date when the Leased Premises shall be so taken, and the rent will be apportioned as of that date, or (b) will continue in full force and effect if the Premises remain suitable for Lessee's intended use.

18. **Abandonment.** Should Lessee vacate or abandon the Leased Premises, *i.e.*, vacate with the intent to relinquish possession of the Leased Premises, or be dispossessed by process of law, such abandonment, vacation or dispossession shall be considered a termination of this Lease.

19. **Default and Remedies.**

(a) If Lessee shall be adjudged insolvent or shall make an assignment for the benefit of creditors, or if a receiver or other liquidating officer of Lessee shall be appointed, or a petition for relief is filed by or against Lessee in bankruptcy, or other dissolution or insolvency proceedings shall be commenced by or against Lessee, or if Lessee shall commit waste to or abandon the Premises, or if Lessee shall breach any agreement, promise, duty or covenant of Lessee under this Lease (including without limitation the duty to pay rent when due), then Lessee shall be deemed in default on this Lease.

(b) In the event that Lessee shall default in the payment of any amount or performance of any material covenant or condition to be paid or performed on the part of Lessee, and has not cured such default within 30 days after receipt of Lessor's notice of default, Lessor shall, in addition to all other remedies provided by law or otherwise, have the following rights:

- (1) To enter the Premises and re-let the Premises;
- (2) To terminate this Lease and all rights of Lessee hereunder; or
- (3) To recover from Lessee such damages attributable to its default, from the date of such breach to the date of the expiration of the term hereof.

Re-entry or re-letting of part or all of the Premises as herein provided is not to be deemed a termination of this Lease unless expressly declared to be so by Lessor. If this Lease is deemed terminated, however, Lessee's liability shall survive, and Lessee shall be liable for damages for the remainder of the term which exist at the termination date.

(c) In the event that Lessor shall default in the performance of any covenant or condition to be performed on the part of Lessor and Lessor has not cured such default within 30 days after receiving Lessee's notice of default, Lessee shall, in addition to all other remedies provided by law or otherwise, have the following rights:

- (1) To terminate this Lease and all rights of Lessor hereunder; or
- (2) To recover from Lessor such damages attributable to its default from the date of such breach to the date of the expiration of the term hereof.

If this Lease is deemed terminated, however, Lessor's liability shall survive and Lessor shall be liable for damages for the remainder of the term which exists at the termination date.

20. **Default.** Neither Lessor nor Lessee shall be in default unless either party fails to perform obligations required of such party within 30 days after the other party has given written notice of failure to perform a specified obligation, except that said party shall not be considered

in default if such obligation cannot reasonably be performed within such 30-day period and said party is diligently pursuing the same.

21. **Holdover by Lessee.** Should Lessee, without Lessor's consent, hold over and remain in possession of any portion of the Premises after the expiration of the term of this Lease, such holdover shall not be deemed or construed to be a renewal or extension of this Lease as to that area, and Lessor may take such legal steps as may be required to remove Lessee from that portion of the Premises held over by Lessee. Alternatively, and at Lessor's option, such holdover may operate to create a month-to-month tenancy as to the area in question, which may be terminated by Lessor at the end of any month upon 30 days prior written notice.

22. **All Obligations of Lessee Considered Additional Rent.** All taxes, charges, costs and expenses which Lessee is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Lessee's failure to pay such amounts, and all damages, costs, and expenses which Lessor may incur by reason of any default of Lessee or failure on Lessee's part to comply with the terms of this Lease, shall be deemed to be additional rent and, in the event of nonpayment by Lessee, Lessor shall have all the rights and remedies with respect thereto as Lessor for the nonpayment of basic rent.

23. **Lessor's Right to Perform Lessee's Obligations.** If Lessee shall be in default hereunder, Lessor may cure such default on behalf of Lessee, in which event Lessee shall reimburse Lessor for all reasonable sums paid to affect such cure, including reasonable attorney's fees. In order to collect such reimbursements, Lessor shall have all remedies available under this Lease for a default in the payment of rent.

24. **Late Charges.** Lessee hereby acknowledges that late payment by Lessee to Lessor of rent or other sums due hereunder will cause Lessor to incur costs not contemplated by this

Lease, the exact amount which will be difficult to ascertain. Accordingly, if Lessee fails to pay rent when due, or fails to pay other sums due under this Lease after 10 business days written notice from Lessor that such sums are past due, then Lessee shall pay Lessor a late charge equal to 5% of the past due amount for each month the amount is past due, plus attorney's fees incurred by Lessor by reason of Lessee's failure to pay rent or other sums due under this Lease. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost Lessor will incur by reason of the late payment by Lessee. Acceptance of such late charges by the Lessor will not constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any other rights and remedies hereunder.

25. **Waste and Hazardous Substances.** Lessee shall not commit waste of or waste upon the Premises of whatever nature. Lessee shall defend, indemnify and hold harmless Lessor from any and all costs, claims or liabilities arising from or related to re-lease, escape, or presence of any hazardous materials, waste, or toxic or regulated substances arising from or reasonably attributable to Lessee's use and occupancy of the Premises, all or any of which shall be paid and satisfied by Lessee. Lessee's indemnification shall survive the termination of this Lease.

26. **Surrender of Premises.** On the last day of the term of this Lease, or as otherwise provided in this Lease, or as extended by Lessor in writing, Lessee shall quit and peaceably surrender the Premises to Lessor, leaving same in a neat, clean condition.

27. **Notices.** Any notice given hereunder shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed to the party to receive same at the address of such party shown above or such other address as such party may hereafter furnish to the other in

writing. Any notice mailed in accordance with the preceding sentence shall be deemed to have been given at the time it is received.

28. **Waiver**. No delay or omission by either party hereto to exercise any right or power accruing upon any noncompliance or default by the other party with respect to any of the terms hereof shall impair any such right or power or be construed to be a waiver thereof. Subject to the provisions of this paragraph, every such right and power may be exercised at any time during the continuance of such default. It is further agreed that a waiver by either of the parties hereto of any of the covenants and agreements thereof to be performed by the other shall not be construed to be a waiver of any succeeding breach thereof or of any other covenants or agreements herein contained.

29. **Choice of Law**. The provisions of this Lease and all questions arising concerning this Lease shall be determined and resolved in accordance with the laws of the State of Alaska.

30. **Entire Agreement, Severability, Etc.** This Lease contains the entire agreement and understanding between the parties. There are no oral understandings, terms, or conditions, and neither party has relied upon any representation, express or implied, not contained in this Lease. All prior understandings, terms, or conditions are deemed merged in this Lease. This Lease can be changed only in a written document signed by both parties. If any provision of this Lease shall be declared invalid or unenforceable, the remainder of the Lease shall continue in full force and effect. This Lease shall be binding upon the parties hereto and their legal representatives, successors and assigns.

LESSOR:

CITY OF FAIRBANKS

By: _____
John Eberhart, Mayor

ATTEST:

By: _____
Janey Hovenden, City Clerk, MMC

(SEAL)

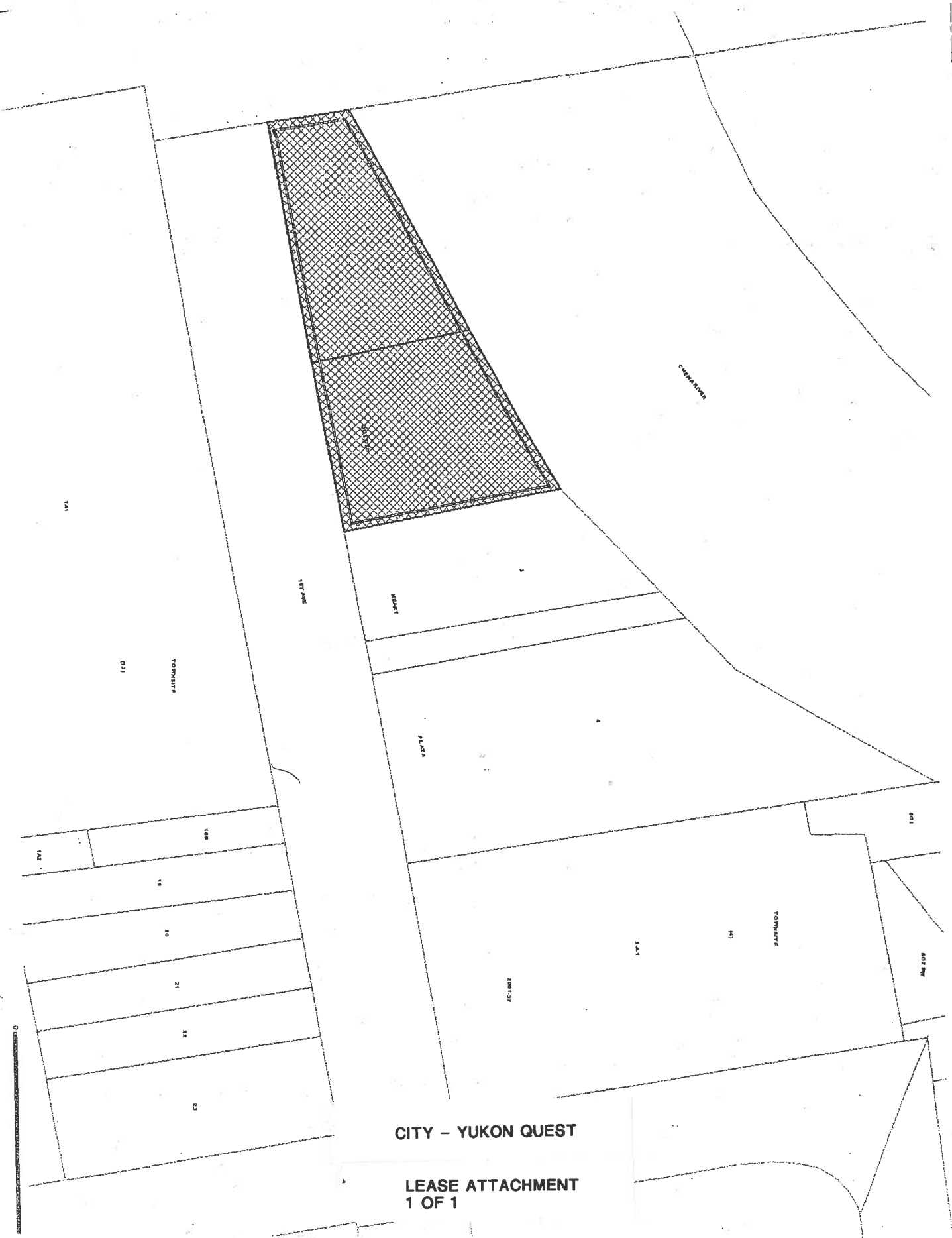
APPROVED AS TO FORM:

By: _____
Paul Ewers, City Attorney

LESSEE:

Yukon Quest International, Ltd

By: _____
Marti Steury, Executive Director



CITY - YUKON QUEST

LEASE ATTACHMENT
1 OF 1

ORDINANCE NO. 5955

**AN ORDINANCE AMENDING THE 2014 OPERATING AND
CAPITAL BUDGETS FOR THE FIFTH TIME**

WHEREAS, this ordinance incorporates the changes outlined on the attached fiscal note to amend the 2014 operating and capital budgets; and

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows [amendments shown in **bold font**]:

SECTION 1. There is hereby appropriated to the 2014 General Fund and the Capital Fund budgets the following sources of revenue and expenditures in the amounts indicated to the departments named for the purpose of conducting the business of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2014 and ending December 31, 2014 (see pages 2 and 3):

GENERAL FUND

| <u>REVENUE</u> | APPROVED BUDGET | INCREASE (DECREASE) | AS AMENDED |
|--|----------------------|------------------------|----------------------|
| Taxes, (all sources) | \$ 20,060,196 | \$ - | \$ 20,060,196 |
| Charges for Services | 4,372,020 | - | 4,372,020 |
| Intergovernmental Revenues | 4,541,084 | - | 4,541,084 |
| Licenses & Permits | 1,444,914 | - | 1,444,914 |
| Fines, Forfeitures & Penalties | 1,022,185 | - | 1,022,185 |
| Interest & Penalties | 130,500 | - | 130,500 |
| Rental & Lease Income | 158,744 | - | 158,744 |
| Other Revenues | 215,000 | - | 215,000 |
| Other Financing Sources | (700,543) | - | (700,543) |
| Total revenue appropriation | \$ 31,244,100 | \$ - | \$ 31,244,100 |
| <u>EXPENDITURES</u> | | | |
| Mayor and Council | \$ 507,865 | \$ - | \$ 507,865 |
| Office of the City Attorney | 178,104 | - | 178,104 |
| Office of the City Clerk | 348,914 | - | 348,914 |
| Finance Department | 923,640 | - | 923,640 |
| Information Technology | 1,420,382 | - | 1,420,382 |
| General Account | 5,725,431 | - | 5,725,431 |
| Risk Management | 1,040,819 | - | 1,040,819 |
| Police Department | 7,200,352 | 220,733 | 7,421,085 |
| Dispatch Center | 2,051,459 | 65,415 | 2,116,874 |
| Fire Department | 6,357,074 | - | 6,357,074 |
| Public Works Department | 7,534,588 | - | 7,534,588 |
| Engineering Department | 518,231 | 8,219 | 526,450 |
| Building Department | 670,308 | - | 670,308 |
| Total expenditure appropriation | \$ 34,477,167 | \$ 294,367 | \$ 34,771,534 |
| 12/31/13 general fund balance | \$ 13,270,040 | | \$ 13,270,040 |
| Decrease to fund balance | (3,233,067) | (294,367) | (3,527,434) |
| Nonspendable | (424,514) | - | (424,514) |
| Committed for snow removal | (250,000) | - | (250,000) |
| Assigned self insurance | (785,248) | - | (785,248) |
| 12/31/14 Unassigned balance | \$ 8,577,211 | \$ (294,367) | \$ 8,282,844 |

Minimum unassigned fund balance requirement is 20% of budgeted annual expenditures but not less than \$4,000,000.

\$ 6,954,307

CAPITAL FUND

| <u>REVENUE</u> | <u>APPROVED BUDGET</u> | <u>INCREASE (DECREASE)</u> | <u>AS AMENDED</u> |
|-----------------------------------|----------------------------|--------------------------------|-----------------------|
| Transfer from Permanent Fund | \$ 514,960 | | \$ 514,960 |
| Transfer from General Fund | 1,784,545 | | 1,784,545 |
| Equip Replacement | | | |
| Public Works | 250,000 | | 250,000 |
| Building | 10,000 | | 10,000 |
| Police | 180,000 | | 180,000 |
| Dispatch | 80,000 | | 80,000 |
| Fire | 250,000 | | 250,000 |
| IT | 110,000 | | 110,000 |
| Property Repair & Replacement | 14,500 | | 14,500 |
| | <u>\$3,194,005</u> | <u>\$ -</u> | <u>\$3,194,005</u> |
| <u>EXPENDITURES</u> | | | |
| IT Department | \$ 637,300 | \$ - | \$ 637,300 |
| Police Department | 180,000 | - | 180,000 |
| Dispatch Department | 555,488 | - | 555,488 |
| Fire Department | 572,829 | - | 572,829 |
| Public Works Department | 1,955,463 | - | 1,955,463 |
| Total appropriation | <u>\$3,901,080</u> | <u>-</u> | |
| 12/31/13 capital fund balance | \$6,008,764 | \$ - | \$6,008,764 |
| Decrease to fund balance | <u>(707,075)</u> | <u>-</u> | <u>(707,075)</u> |
| 12/31/14 Assigned fund balance | <u>\$5,301,689</u> | <u>\$ -</u> | <u>\$5,301,689</u> |

SECTION 2. All appropriations made by this ordinance lapse at the end of the fiscal year to the extent they have not been expended or contractually committed to the departments named for the purpose of conducting the business of said departments of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2014 and ending December 31, 2014.

SECTION 3. The effective date of this ordinance shall be the _____ day of _____ 2014.

JOHN EBERHART, MAYOR

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM

Janey Hovenden, MMC, City Clerk

Paul J. Ewers, City Attorney

FISCAL NOTE

ORDINANCE 5955, AMENDING THE 2014 OPERATING AND CAPITAL BUDGETS FOR THE FIFTH TIME

ESTIMATED REVENUES and OTHER FINANCING SOURCES (USES)

NO CHANGE

1. Taxes – No Change
2. Charges for Services – No Change
3. Intergovernmental Revenues – No Change
4. Licenses & Permits – No Change
5. Fines, Forfeitures & Penalties – No Change
6. Interest & Penalties – No Change
7. Rental & Lease Income – No Change
8. Other Revenues – No Change
9. Other Financing Sources & (Uses) – No Change

FISCAL NOTE CONTINUED
ESTIMATED EXPENDITURES

\$294,367 INCREASE

1. Mayor & Council – No Change
2. City Attorney’s Office – No Change
3. City Clerk’s Office – No Change
4. Finance Department – No Change
5. Information Technology – No Change
6. General Account – No Change
7. Risk Management – No Change
8. Police Department – \$220,733 Increase
 - \$77,975 Increase to salaries – PSEA CBA
 - \$14,197 Increase to overtime – PSEA CBA
 - \$33,865 Increase to benefits – PSEA CBA
 - \$88,757 Increase to leave – PSEA CBA
 - \$ 4,157 Increase to salaries and \$1,782 increase to benefits – eliminate part time Data Clerk and change part time clerk to full time
9. Dispatch – \$65,415 Increase
 - \$25,987 Increase to salaries – PSEA CBA
 - \$ 6,605 Increase to overtime – PSEA CBA
 - \$11,059 Increase to benefits – PSEA CBA
 - \$21,764 Increase to leave – PSEA CBA
10. Fire Department – No Change
11. Public Works – No Change
12. Engineering – \$8,219 Increase
 - \$5,425 increase to salaries and \$79 to benefits to promote an Engineer II to Engineer III effective September 16, 2014

- \$2,676 increase to salaries and \$39 to benefits to increase the Environmental Managers hourly wage \$4.39 effective September 16, 2014

13. Building Department – No Change

FISCAL NOTE CONTINUED

Capital Fund

1. REVENUES

- No change

2. OTHER FINANCING SOURCES (USES)

- No Change

3. EXPENDITURES

- No Change

4. INTERNAL TRANSFERS

- No Change

ORDINANCE NO. 5955, AS AMENDED

**AN ORDINANCE AMENDING THE 2014 OPERATING AND
CAPITAL BUDGETS FOR THE FIFTH TIME**

WHEREAS, this ordinance incorporates the changes outlined on the attached fiscal note to amend the 2014 operating and capital budgets; and

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows [amendments shown in **bold/underlined** font; deleted text or amounts in ~~striketrough~~ font]:

SECTION 1. There is hereby appropriated to the 2014 General Fund and the Capital Fund budgets the following sources of revenue and expenditures in the amounts indicated to the departments named for the purpose of conducting the business of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2014 and ending December 31, 2014 (see pages 2 and 3):

| REVENUE | APPROVED BUDGET | INCREASE (DECREASE) | AS AMENDED |
|--|----------------------|------------------------|----------------------|
| Taxes, (all sources) | \$ 20,060,196 | \$ - | \$ 20,060,196 |
| Charges for Services | 4,372,020 | - | 4,372,020 |
| Intergovernmental Revenues | 4,541,084 | - | 4,541,084 |
| Licenses & Permits | 1,444,914 | - | 1,444,914 |
| Fines, Forfeitures & Penalties | 1,022,185 | - | 1,022,185 |
| Interest & Penalties | 130,500 | - | 130,500 |
| Rental & Lease Income | 158,744 | - | 158,744 |
| Other Revenues | 215,000 | - | 215,000 |
| Other Financing Sources | (700,543) | - | (700,543) |
| Total revenue appropriation | \$ 31,244,100 | \$ - | \$ 31,244,100 |
| EXPENDITURES | | | |
| Mayor and Council | \$ 507,865 | \$ - | \$ 507,865 |
| Office of the City Attorney | 178,104 | - | 178,104 |
| Office of the City Clerk | 348,914 | - | 348,914 |
| Finance Department | 923,640 | - | 923,640 |
| Information Technology | 1,420,382 | - | 1,420,382 |
| General Account | 5,725,431 | - | 5,725,431 |
| Risk Management | 1,040,819 | - | 1,040,819 |
| Police Department | 7,200,352 | 220,733 | 7,421,085 |
| Dispatch Center | 2,051,459 | 65,415 | 2,116,874 |
| Fire Department | 6,357,074 | - | 6,357,074 |
| Public Works Department | 7,534,588 | - | 7,534,588 |
| Engineering Department | 518,231 | 4,200 | 522,431 |
| Building Department | 670,308 | - | 670,308 |
| Total expenditure appropriation | \$ 34,477,167 | \$ 290,348 | \$ 34,767,515 |
| 12/31/13 general fund balance | \$ 13,270,040 | | \$ 13,270,040 |
| Decrease to fund balance | (3,233,067) | (290,348) | (3,523,415) |
| Nonspendable | (424,514) | - | (424,514) |
| Committed for snow removal | (250,000) | - | (250,000) |
| Assigned self insurance | (785,248) | - | (785,248) |
| 12/31/14 Unassigned balance | \$ 8,577,211 | \$ (290,348) | \$ 8,286,863 |

Minimum unassigned fund balance requirement is 20% of budgeted annual expenditures but not less than \$4,000,000.

\$ 6,953,503

CAPITAL FUND

| <u>REVENUE</u> | <u>APPROVED BUDGET</u> | <u>INCREASE (DECREASE)</u> | <u>AS AMENDED</u> |
|-----------------------------------|----------------------------|--------------------------------|-----------------------|
| Transfer from Permanent Fund | \$ 514,960 | | \$ 514,960 |
| Transfer from General Fund | 1,784,545 | | 1,784,545 |
| Equip Replacement | | | |
| Public Works | 250,000 | | 250,000 |
| Building | 10,000 | | 10,000 |
| Police | 180,000 | | 180,000 |
| Dispatch | 80,000 | | 80,000 |
| Fire | 250,000 | | 250,000 |
| IT | 110,000 | | 110,000 |
| Property Repair & Replacement | 14,500 | | 14,500 |
| | <u>\$3,194,005</u> | <u>\$ -</u> | <u>\$3,194,005</u> |
| <u>EXPENDITURES</u> | | | |
| IT Department | \$ 637,300 | \$ - | \$ 637,300 |
| Police Department | 180,000 | - | 180,000 |
| Dispatch Department | 555,488 | - | 555,488 |
| Fire Department | 572,829 | - | 572,829 |
| Public Works Department | 1,955,463 | - | 1,955,463 |
| Total appropriation | <u>\$3,901,080</u> | <u>-</u> | <u>-</u> |
| 12/31/13 capital fund balance | \$6,008,764 | \$ - | \$6,008,764 |
| Decrease to fund balance | <u>(707,075)</u> | <u>-</u> | <u>(707,075)</u> |
| 12/31/14 Assigned fund balance | <u>\$5,301,689</u> | <u>\$ -</u> | <u>\$5,301,689</u> |

SECTION 2. All appropriations made by this ordinance lapse at the end of the fiscal year to the extent they have not been expended or contractually committed to the departments named for the purpose of conducting the business of said departments of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2014 and ending December 31, 2014.

SECTION 3. The effective date of this ordinance shall be the _____ day of _____ 2014.

JOHN EBERHART, MAYOR

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM

Janey Hovenden, MMC, City Clerk

Paul J. Ewers, City Attorney

FISCAL NOTE

**ORDINANCE 5955, AMENDING THE 2014 OPERATING AND
CAPITAL BUDGETS FOR THE FIFTH TIME**

ESTIMATED REVENUES and OTHER FINANCING SOURCES (USES)

NO CHANGE

1. Taxes – No Change
2. Charges for Services – No Change
3. Intergovernmental Revenues – No Change
4. Licenses & Permits – No Change
5. Fines, Forfeitures & Penalties – No Change
6. Interest & Penalties – No Change
7. Rental & Lease Income – No Change
8. Other Revenues – No Change
9. Other Financing Sources & (Uses) – No Change

FISCAL NOTE CONTINUED
ESTIMATED EXPENDITURES

\$294,367 INCREASE

1. Mayor & Council – No Change
2. City Attorney’s Office – No Change
3. City Clerk’s Office – No Change
4. Finance Department – No Change
5. Information Technology – No Change
6. General Account – No Change
7. Risk Management – No Change
8. Police Department – \$220,733 Increase
 - \$77,975 Increase to salaries – PSEA CBA
 - \$14,197 Increase to overtime – PSEA CBA
 - \$33,865 Increase to benefits – PSEA CBA
 - \$88,757 Increase to leave – PSEA CBA
 - \$ 4,157 Increase to salaries and \$1,782 increase to benefits – eliminate part time Data Clerk and change part time clerk to full time
9. Dispatch – \$65,415 Increase
 - \$25,987 Increase to salaries – PSEA CBA
 - \$ 6,605 Increase to overtime – PSEA CBA
 - \$11,059 Increase to benefits – PSEA CBA
 - \$21,764 Increase to leave – PSEA CBA
10. Fire Department – No Change
11. Public Works – No Change
12. Engineering – ~~\$8,219~~ **\$4,200** Increase
 - ~~\$5,425 increase to salaries and \$79 to benefits to promote an Engineer II to Engineer III effective September 16, 2014~~

- ~~\$2,676~~ **\$4,140** increase to salaries and ~~\$39~~ **\$60** to benefits to increase the Environmental Managers hourly wage ~~\$4.39~~ \$6.79 effective September 16, 2014

13. Building Department – No Change

FISCAL NOTE CONTINUED

Capital Fund

1. REVENUES

- No change

2. OTHER FINANCING SOURCES (USES)

- No Change

3. EXPENDITURES

- No Change

4. INTERNAL TRANSFERS

- No Change

ORDINANCE NO. 5956

**AN ORDINANCE AMENDING FAIRBANKS GENERAL CODE CHAPTER 34,
ARTICLE V, TOBACCO SMOKE, TO MAKE OFFENSES AMENABLE TO
RESOLUTION WITHOUT COURT APPEARANCE**

WHEREAS, in 2004, the City enacted Ordinance No. 5574, As Amended, an ordinance known as the City of Fairbanks Fair Air Act, which added Article V. Tobacco Smoke, Sections 34-114 through 34-123 to the City code; and

WHEREAS, since that time, the State of Alaska adopted new rules regarding minor offenses, which require specific language to be included in any minor offense ordinance for it to be amenable to resolution without a court appearance; and

WHEREAS, FGC Sec. 34-122 makes it a violation, punishable by a fine only, to smoke in any area where smoking is prohibited, but as written, a person cited under this section does not have the option of resolving the case without a mandatory court appearance; and

WHEREAS, it is the recommendation of the Administration that persons cited under this ordinance have the option of resolving the matter without the need for a court appearance;

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

SECTION 1. That Fairbanks General Code Section 34-122 is hereby amended as follows [new text in **underlined bold** font; deleted text in ~~striketrough~~ font]:

Sec. 34-122. Violations and penalties.

(a) It shall be unlawful for any person to smoke in any area where smoking is prohibited by the provisions of this article.

(b) Violation of subsection (a) of this section is an infraction punishable by:

- (1) A fine ~~not to exceed~~ of \$100.00 ~~for a first violation.~~
- (2) A fine ~~not to exceed~~ \$200.00 ~~for a second violation within one year.~~
- (3) A fine ~~not to exceed~~ \$300.00 ~~for each additional violation within one year.~~

Disposition of an offense under this section may be without court appearance pursuant to AS 29.25.070 and the Alaska Minor Offense Rules upon payment of the fine amount listed above and payment of the state surcharge required by AS 12.55.039 and AS 29.25.074.

(c) Each day on which a violation of this article occurs shall be considered a separate and distinct violation.

Section 2. That the effective date of this Ordinance shall be the ____ day of September 2014.

John Eberhart, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, MMC, City Clerk

Paul J. Ewers, City Attorney

Introduced by: Mayor Eberhart
Council Member Gatewood
Permanent Fund Review Board Approval: July 23, 2014
Introduced: September 8, 2014

ORDINANCE NO. 5957

AN ORDINANCE AMENDING FAIRBANKS GENERAL CODE SECTIONS 2-260 AND 2-261 REGARDING THE AUTHORIZED INVESTMENT SELECTIONS OF THE CITY PERMANENT FUND INVESTMENT POLICY

WHEREAS, the City Council established the investment policy of the City Permanent Fund by terms codified at Fairbanks General Code Sections 2-260 and 2-261; and

WHEREAS, current policy authorizes an “International Bond Index Fund” allocation class which is defined as replicating the Barclays Capital Global Treasury ex-U.S. Capped index; and

WHEREAS, current policy authorizes performance measurement for the International Bond allocation against the Barclays Capital Global Treasury ex. U.S. Capped Index; and

WHEREAS, the City’s Permanent Fund Investment Manager, Alaska Permanent Capital Management recommends amendment to the investment policy to replicate the International Equity allocation and performance against the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index. The amendment will not materially change performance but should improve the overall risk/reward tradeoff by reducing volatility of this segment of the portfolio and by helping keep investment fees low; and

WHEREAS, the City Permanent Fund Review Board supports and recommends these amendments.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, as follows [new text shown in **underline bold** font; deleted text in ~~strikethrough~~ font]:

Sec. 2-260. Permanent fund investment policy, procedure and governance.

(a) *Purpose of fund.* The purpose of the permanent fund is to maximize income for capital and operating expenses of the city and preserve in trust assets of the city for present and future generations of city residents. The principal goal shall be to preserve principal and maintain purchasing power.

(b) *Investment policy.* The investment policy of the city is to allow only the following investment vehicles.

- (1) Obligations of or obligations insured or guaranteed by the United States or agencies or instrumentalities of the United States;
- (2) Bonds or other taxable yield U.S. dollar denominated debt instruments of this state, its agencies, municipalities, any other state, or corporation which at the time of investment have an investment grade rating of a nationally recognized rating agency; if the rating of a bond becomes less than investment grade and has a maturity greater than one year, it must be sold in an orderly manner within 90 days of down grading;
- (3) Bank certificates of deposit which are insured or secured as to the payment of principal and interest;
- (4) Corporate obligations of investment grade quality as recognized by a nationally recognized rating organization. If, after purchase, these obligations are downgraded below investment grade, they shall be sold in an orderly manner within 90 days of down grading. In no circumstance shall any bond be purchased after January 1, 2009 with a yield to maturity that exceeds 600 basis points above a comparable duration treasury note/bond at the date of purchase.
- (5) Short term investment funds (STIF) which are limited to investments set forth in subsections (b)(1)-(4) of this section or the Alaska Municipal League Investment Pool as set forth in state statute; and
- (6) Domestic equities, which taken as a whole, attempt to replicate the Standard & Poor's 500 Index, including both mutual funds and exchange traded funds (ETF's).
- (7) International equities, which taken as a whole, attempt to replicate the FTSE Developed ex North America Index, including both mutual funds and exchange traded funds (ETF's).
- (8) Equities, which taken as a whole, attempt to replicate the universe of domestic real-estate investment trusts, including both mutual funds and exchange traded funds (ETF's).
- (9) Domestic equities, which taken as a whole, attempt to replicate the S&P 400 MidCap Index, including both mutual funds and exchange traded funds (ETF's).
- (10) Commodities, which taken as a whole, attempt to replicate a broad based commodity index, such as the Dow-Jones UBS Commodity Index,

including mutual funds, exchange traded funds (ETF's) and exchange traded notes (ETN's).

(11) Emerging markets equity index funds, which taken as a whole, attempt to replicate the FTSE Emerging Market Index, including both mutual funds and (ETF's).

(12) International Bond index funds, which taken as a whole, attempt to replicate ~~Barclays Capital Global Treasury ex U.S. Capped Index~~ **Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index**, including both mutual funds and ETF's.

(13) U.S. Treasury Inflation Protected Securities (TIPS), and/or mutual funds or ETF's which attempt to replicate the Barclays Capital U.S. Treasury Inflation Protected Securities Index.

(c) *Limitations.* The following investment practices are prohibited and shall constitute limitations to fund investments:

(1) Options and futures may not be purchased or sold; complex derivatives and complex structured notes which provide for uncertain payment dates and amounts are prohibited without the express, written consent of the city council, as are practices which involve the use of leveraging through reverse repurchase agreements;

(2) Investments in U.S. dollar denominated obligations of corporations shall be limited to a percentage level as provided for by the city council from time to time. Investment grade to be defined by at least one nationally recognized rating service. The investment in the lowest level of investment grade securities is to be limited to no more than ten percent of the marketable debt securities;

(3) No investment shall be made in any one individual security or issuer in excess of five percent of the total investment portfolio, measured by market value, except for obligations of the U.S. government and its agencies.

(4) No investments, cumulatively, shall be made in any one industry in excess of 25 percent of the total investment portfolio except for obligations of the U.S. and its agencies without quarterly disclosure to the Review Board for consideration.

(5) Effective January 1, 2009, no commercial residential mortgaged backed securities (MBS, etc. but not to exclude securities issued by a U.S.

government agency) and no further commercial mortgage backed securities (CMBS, etc) may be purchased.

(d) *Transactional records.* The board shall maintain on file within the offices of the city, monthly reports which indicate the following:

(1) All transactions affecting the investment account, to include purchases and sales of securities, transfers of cash into and out of the account, interest or dividends received by the account; and

(2) A listing of all assets held in the investment account, including identification of the security, original purchase price, and current market price.

(e) *Fund performance evaluation.* The city council and the board may have an objective performance evaluation of the investment program every year. The board may retain a performance measurement consultant whose contractual purpose will be to provide objective measurement of the performance of investment managers and the portfolio against appropriate indices, universes and/or benchmarks as recommended by the consultant and adopted by the city council and the board. Portfolio performance may be reviewed by the consultant at least semiannually with the city council and the board. Such consultant may not manage in any capacity any portion of the portfolio.

(f) *Custodian bank.* The city council and the board shall retain a bank custodian to hold all investment cash and securities in the name of the city's permanent fund. The custodian shall render monthly reports to the city council and the board regarding assets held at both book and market values, and individual transactions which have taken place. The bank shall have adequate fidelity insurance. A written contract will be entered into between the city and the custodian bank.

(g) *Investment managers.* The city council and the board shall retain one or more professional investment managers to design portfolios and invest funds in accordance with the written investment policies adopted by the city council. The investment managers must be registered financial advisers with both the United States Securities and Exchange Commission and the state and may not serve in any multiple role as investment manager or securities broker custodian. They must agree to serve as a fiduciary to the fund and carry professional liability insurance in the minimum amount of \$5,000,000.00. A written contract must be entered into between the fund and the investment managers.

(h) *Fiduciary status; conflict of interest.* The board shall be considered to have the responsibility of a fiduciary to the fund and shall be indemnified

by the city in any action brought against them collectively or individually while acting in this capacity. No board member may act on behalf of the board in any manner involving the investments of the portfolio or its management pursuant to this policy, except as specifically authorized by the city council in writing.

(i) *Prudent investor rule.* The city council, the board, the staff, the investment managers and the bank custodians shall exercise the judgment and care under the circumstances then prevailing which an investor of ordinary prudence, discretion and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation, but in regard to the long-term investment of funds considering the probable safety of capital as well as probable income.

(j) *Balance available for appropriation.* The city council may only appropriate from the permanent fund as follows: In any fiscal year, an amount not to exceed four percent of the five-year average fund market value, to be computed using the five prior years' year end audited market value, for the city operations, and an additional 0.5 percent solely for capital needs.

Sec. 2-261. Permanent fund asset allocation plan and performance measurement targets. The target for equities is 45% of the portfolio with an allowable range of 30% to 60%. The target for fixed income is 55% of the portfolio with an allowable range of 40% to 70%.

(a) Within the overall guidelines for equities and fixed income investments, the asset allocation targets and ranges are as follows:

| Asset Class | Target % Weighting | Range % |
|---|-------------------------------|----------------|
| Equities - Overall | 45 | 30 - 60 |
| Large Cap Equity | 22 | 15 - 50 |
| Mid Cap Equity | 3 | 0 - 10 |
| Small Cap Equity | 2 | 0 - 10 |
| International Equity | 9 | 0 - 15 |
| Emerging Markets Equity | 4 | 0 - 10 |
| Real Estate Equity | 5 | 0 - 10 |
| Fixed Income - Overall | 55 | 40 - 70 |
| US Bonds meeting Ordinance Criteria | 40 | 30 - 70 |
| International Bonds | 5 | 0 - 10 |
| U.S Treasury Inflation Protected Securities | 5 | 0 - 10 |
| Cash/1-3 month Treasuries | 5 | 0 - 10 |
| Commodities | 0 | 0 - 10 |

(b) The performance of the investment advisors for the overall portfolio will be measured against the weighted blended target allocation plus 50 basis points (0.5%). Components of the portfolio will be measured as follows:

1. Performance measurement of the Domestic Equity allocation will be measured against the Target Weighting, using the Standard & Poor's 500 as the benchmark.
2. Performance measurement for the Mid/Small Cap Equity allocation will be measured against the Target Weighting, using the Standard & Poor's 400 MidCap Index as the benchmark.
3. Performance measurement for the International Equity allocation will be measured against the target weighting using the FTSE Developed ex North America Index for the benchmark.
4. Performance measurement for the real estate allocation will be measured against the target weighting using the Standard & Poor's REIT Index for the benchmark.
5. Performance measurement for the U.S. Bond allocation will be measured against the target weighting using the Barclays Capital U.S. Aggregate Bond Index for the benchmark. Duration should be maintained between 80 percent and 120 percent of the duration of the benchmark.
6. Performance measurement of the commodity allocation will be measured against the target weighting, using a broad based index such as the Dow Jones-UBS Commodity Index, selected by the Permanent Fund Review Board.
7. Performance measurement for the emerging markets equity allocation will be measured against the target weighting using the FTSE Emerging Market Index.
8. Performance measurement for the international bond allocation will be measured against the target weighting using the ~~Barclays Capital Global Treasury ex-U.S. Capped Index~~ **Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index**.
9. Performance measurement for the U.S. Treasury Inflation Protected Securities (TIPS) allocation will be measured against the target weighting using the Barclays Capital U.S. Treasury Inflation Protected Securities Index.

Section 3: That the effective date of this Ordinance shall be the ____ day of September 2014.

John Eberhart, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, MMC, City Clerk

Paul J Ewers, City Attorney