



FAIRBANKS CITY COUNCIL  
AGENDA NO. 2013-21  
**REGULAR MEETING NOVEMBER 04, 2013**  
FAIRBANKS CITY COUNCIL CHAMBERS  
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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REGULAR MEETING

7:00 P.M.

1. ROLL CALL
2. INVOCATION
3. FLAG SALUTATION
4. 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.
5. 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).
6. APPROVAL OF PREVIOUS MINUTES
  - \*a) Regular Meeting Minutes of September 09, 2013
  - \*b) Regular Meeting Minutes of September 23, 2013

7. SPECIAL ORDERS

The Fairbanks City Council, Sitting as a Committee of the Whole, will Hear Interested Citizens Concerned with the Following Application for a New Liquor License and Restaurant Designation Permit. Public Testimony will be taken and limited to five (5) minutes.

Type: Restaurant/Eating Place  
DBA: Aha Oriental Kitchen, License #5262  
Licensee/Applicant: Moonstone LLC  
Location: 996 Blair Road, Fairbanks, AK

8. MAYOR'S COMMENTS AND REPORT

9. UNFINISHED BUSINESS

10. NEW BUSINESS

11. DISCUSSION ITEMS (INFORMATION AND REPORT)

Committee Reports

12. COMMUNICATIONS TO COUNCIL

\* Permanent Fund Review Board Meeting Minutes of July 17, 2013

13. COUNCIL MEMBERS' COMMENTS

14. CITY ATTORNEY'S REPORT

15. CITY CLERK'S REPORT

16. EXECUTIVE SESSION – Labor Negotiations: IBEW and PSEA

17. ADJOURNMENT



FAIRBANKS CITY COUNCIL  
REGULAR MEETING MINUTES, SEPTEMBER 9, 2013  
FAIRBANKS CITY COUNCIL CHAMBERS  
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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The City Council convened at 7:00 p.m. on the above date, to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor Jerry Cleworth presiding and with the following Council Members in attendance:

Council Members Present: Renee Staley, Seat A (Telephonic)  
Perry Walley, Seat B  
Bernard Gatewood, Seat C  
Jim Matherly, Seat D  
Lloyd Hilling, Seat E  
John Eberhart, Seat F

Absent: None

Also Present: Warren Cummings, Fire Chief  
Paul Ewers, City Attorney  
Pat Cole, Chief of Staff (Telephonic)  
Janey Hovenden, City Clerk  
Michael J. Schmetzer, City Engineer  
Tony C. Shumate, Director Personnel/Purchasing/RM  
Jim N. Soileau, Chief Financial Officer

### **INVOCATION**

The Invocation was given by City Clerk Janey Hovenden.

### **FLAG SALUTATION**

Mayor Cleworth led the Flag Salutation.

### **CITIZEN'S COMMENTS**

Victor Buberge, PO Box 58192, Fairbanks – Mr. Buberge stated that he has called in a number of potholes that need to be repaired but indicated that many were not fixed. He thanked the City for repairing the bad pothole near 10th Avenue and Noble Street. He spoke to the recent endorsement announcement of the Interior Taxpayers Association (ITA) that took place at the Borough and commented that it would have been nice if the candidates for City Council had been present. Mr. Buberge spoke to the proposal to repeal the Fairbanks General Code (FGC) pertaining to security guards. He suggested that the City either deregulate chauffeur licensing or require City public safety personnel to obtain a chauffeur's licenses. Mr. Buberge stated even if there were no tourists in Downtown Fairbanks, there is still a need for public restroom facilities.

Frank Turney, 329 6th Avenue, Fairbanks – Mr. Turney thanked Mayor Cleworth for signing the Jury Rights Day Proclamation honoring William Penn and the jurors that set him free. He stated that September 17 is the 226th birthday of the final draft of the U.S. Constitution. He requested that since Mr. Gatewood attended the Borough Assembly meeting where the resolution on genetically modified foods was discussed, that Mr. Gatewood introduce a City resolution on the issue. He stated that if the markets are putting out bad food with the support of the U.S. government, then the government has a responsibility to require that those products come with a label describing the health risks. Mr. Turney encouraged the two candidates for City Council to attend local public events. He stated that the weather has been beautiful but commented that he believes it may be an early winter.

Helen Renfrew, 4097 Yvonne Avenue, Fairbanks – Ms. Renfrew stated that she is representing the Fairbanks Convention and Visitor's Bureau (FCVB). She provided the Council with the Alaska Federation of Natives (AFN) Convention week planning report and gave a summary of the events that would take place during the convention. She stated that there are over 100 volunteers serving on 12 different committees to make the convention a success. She listed various local organizations that are also contributing to the planning and funding of the event. Ms. Renfrew summarized the activities of the various AFN committees. She stated that there will be roughly 540 volunteers needed for the week of the convention.

**Mr. Eberhart** asked how many visitors are expected in Fairbanks for the convention.

Ms. Renfrew replied that they expect between 4,000 and 5,000 visitors.

**Mr. Eberhart** asked Ms. Renfrew about the expected direct economic impact the convention would have on Fairbanks.

Ms. Renfrew stated that the estimated impact would be \$4 million.

**Mr. Eberhart** stated that he has served as the parliamentarian at the Doyon Convention for the past two years. He stated that there has been some criticism that, in the past, there were no banners at the airport to welcome AFN delegates. He asked Ms. Renfrew if that issue has been addressed.

Ms. Renfrew replied that there will be banners, greeters and entertainers at the airport to welcome the delegates.

**Mr. Eberhart** asked Ms. Renfrew to speak to the safety and security arrangements for the conference.

Ms. Renfrew stated that Deputy Police Chief Brad Johnson is the chairman of the Health and Safety Committee for the AFN Convention. She indicated that there will be safety teams patrolling in the evenings and safety cards will be distributed to local establishments. She stated that representatives from the Interior Alaska Center for Non-violent Living will have taxi slips available to those visitors who need to get home safely.

**Mr. Gatewood** asked how many times Deputy Chief Johnson has chaired the Health and Safety Committee.

Ms. Renfrew stated that she has only been involved with AFN planning in 2010 and 2013. She stated that Mr. Johnson served as chair of the committee in both years and may have served in 2007 as well.

**Mr. Gatewood** stated that Mr. Johnson does a good job with the committee.

Ms. Renfrew stated that there have been no incidents involving victimization the past two times that the AFN Convention has come to Fairbanks.

**Mayor Cleworth** asked if the AFN Convention potlatch is unique to Fairbanks.

Ms. Renfrew replied affirmatively. She stated that the potlatch is recognized as a part of the hospitality that Fairbanks offers to delegates.

Hearing no more requests for public comment, **Mayor Cleworth** declared Public Testimony closed.

#### **APPROVAL OF AGENDA AND CONSENT AGENDA**

**Mr. Matherly**, seconded by **Mr. Gatewood**, moved to APPROVE the Agenda and Consent Agenda.

**Mr. Hilling** pulled Resolution No. 4588 from the Consent Agenda.

**Mayor Cleworth** called for objection and, hearing none, so ORDERED.

City Clerk Hovenden read the Consent Agenda, as Amended, into the record.

#### **MAYOR'S COMMENTS AND REPORT**

**Mayor Cleworth** stated that Chief of Staff Pat Cole is attending telephonically. He asked Mr. Cole if there was anything he wished to report.

Mr. Cole stated that it was sunny and hot in Seattle and that he would rather be home.

**Mayor Cleworth** expressed appreciation to Mr. Cole for the work he is doing while he is away. He stated that Mr. Gatewood has requested that there be some time set aside at the September 23 City Council Meeting for the Golden Heart Community Foundation. He asked Mr. Gatewood if he had anything to add on the topic.

**Mr. Gatewood** shared that the Golden Heart Community Foundation was started within the past year and is trying to build capital to help non-profits and the Fairbanks community. He stated that the Chair of the foundation, Jo Kuchle, will be giving the presentation to the Council on September 23.

**Mayor Cleworth** stated that he attended the Golden Heart Utilities (GHU) open house at the dewatering facility and was impressed by the operation. He spoke to the history of the utility when it was owned by the City and to the difficulty in dealing with sludge and the Environmental Protection Agency (EPA). He indicated that the new facility has done a great job in getting the sludge to market more quickly and in a better form. **Mayor Cleworth** stated that local officials met with Air Force Chief of Staff, General Welsh, regarding the future of Eielson Air Force Base. He stated that the biggest question for the Air Force is what they plan to do with the facility if the F-16's are relocated. He indicated that there has not been a clear answer to the question. **Mayor Cleworth** stated that General Welsh provided more reassurance and indicated that he is waiting for a report on the future plans for Eielson Air Force Base. He stated that the Environmental Impact Statement (EIS) for the F-16 relocation should be out by December. He expressed hope that the F-16's and F-35's would remain at Eielson Air Force Base and encouraged the community to keep up the fight. **Mayor Cleworth** stated that he made a presentation at the Republican Luncheon and distributed a handout to the Council of what was given to attendees at the luncheon. He stated that the handout is helpful in demonstrating where City revenues originate and the diversity of revenue sources. He pointed out that the Permanent Fund makes up 10% of the City's total revenue, which eliminates the need for a higher property tax mill rate. He indicated that the diversity of the City's revenue sources is a good thing when difficult times come. **Mayor Cleworth** spoke to the second handout which summarized the history of transactions for the City's Permanent Fund. He expressed appreciation that the Council has been responsible with the fund and has added to it whenever possible. **Mayor Cleworth** stated that he recently spoke with Mr. Marlow, owner of the Polaris Building, and stated that Mr. Marlow is scheduled for a Council Work Session on September 23. He stated that he hopes Mr. Marlow has good news about the future of the building. **Mayor Cleworth** asked Mr. Gatewood if he is planning to attend the Borough Assembly meeting on September 12.

**Mr. Gatewood** replied affirmatively.

**Mayor Cleworth** stated that he would like to share his recommendation with Mr. Gatewood on the makeup of the Enhanced 911 Advisory Committee that will be discussed at the Borough Assembly Meeting under Borough Ordinance No. 2013-64. **Mayor Cleworth** commended Ms. Renfrew and the FCVB for their work in organizing the 2013 AFN Convention. He stated that he would like to add two items of discussion to the Executive Session: Public Safety Employees Association (PSEA) and Fairbanks Firefighters Union (FFU) labor contract negotiations.

**Mr. Eberhart** asked where the approximate \$400,000 recent contribution to the Permanent Fund appears on the handout.

**Mayor Cleworth** replied that the contribution was not included on the handout, but that it was added to the Permanent Fund.

**Mr. Eberhart** asked Mayor Cleworth to speak to what is being done with the petition from residents on Kantishna Way regarding the repaving of the streets in their neighborhood.

**Mayor Cleworth** stated that he recently noticed that Vagabond Road (near Kantishna Way) is in very poor shape. He stated that he spoke with Public Works Director Mike Schmetzer about improving the street and that the residents on Kantishna Way heard that the City would be making improvements. He asked Mr. Schmetzer if he would like to add anything.

Mr. Schmetzer stated that Vagabond Road is in very bad shape, but that Kantishna Way is in good condition. He indicated that the City will likely wait to make improvements to Kantishna Way until 2014 because of time constraints.

**Mr. Walley** asked Mr. Schmetzer for an update on the 2nd Avenue improvements and the Bentley Trust Road project.

Mr. Schmetzer stated that Bentley Trust Road is now open on the north side of the railroad tracks. He stated that the roundabout seems to be functioning very well. He stated that the curbs are in and the concrete has been poured on the south side of the road and that the road should be fully open by the end of September. Mr. Schmetzer stated that 2nd Avenue will be open by the first week in October. He explained that the overhead power will remain until it is strung through the duct bank next year. He stated that 3<sup>rd</sup> Avenue will also be reconstructed in 2014.

**Mr. Walley** asked when the lanes will be switched on 1st Avenue to pave the other side.

Mr. Schmetzer replied that the 1st Avenue project is being done by the Department of Transportation (DOT) and that he is unsure.

**Mr. Hilling** asked Mayor Cleworth to clarify the ratio of commercial property tax revenues to residential.

**Mayor Cleworth** stated that he believes roughly 60% of City property tax revenues are from commercial properties and the other 40% comes from residential properties.

### **UNFINISHED BUSINESS**

- a) Ordinance No. 5923 – An Ordinance to Repeal Fairbanks General Code Sections 14-31 through 14-40 Regarding Licensing of Security Guards. Introduced by Mayor Cleworth.  
SECOND READING AND PUBLIC HEARING.

**Mr. Hilling**, seconded by **Mr. Walley**, moved to ADOPT Ordinance No. 5923.

**Mayor Cleworth** called for Public Testimony.

Frank Turney – Mr. Turney asked if Ordinance No. 5923 pertains to the Community Service Patrol (CSP) officer.

City Clerk Janey Hovenden stated that it does not. She explained that the City's Security Guard license requirements pertain to companies offering security guard services.

Mr. Turney spoke to the importance of firearm training for individuals carrying concealed weapons. He stated that he doesn't believe that an individual needs a security guard license to watch over private property. He asked for clarification on the definition of a security guard.

Hearing no more requests for public comment, **Mayor Cleworth** declared Public Testimony closed.

**Mayor Cleworth** stated that Ordinance No. 5923 originated with the City Clerk. He stated that the City Clerk's Office restructured the requirements for the chauffeurs in 2012 to simplify the process for applicants. He clarified that the proposed ordinance will eliminate City regulation of security guards since the State of Alaska currently governs security guards.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5923 AS FOLLOWS:

YEAS: Staley, Matherly, Gatewood, Hilling, Eberhart, Walley

NAYS: None

**Mayor Cleworth** declared the MOTION CARRIED and Ordinance No. 5923 ADOPTED.

- b) Ordinance No. 5924 – An Ordinance Authorizing Grant of Easement to Cure a Survey Defect at “Old City Hall.” Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.

**Mr. Matherly**, seconded by **Mr. Walley**, moved to ADOPT Ordinance No. 5924.

**Mayor Cleworth** called for Public Testimony and, hearing none, declared Public Testimony closed.

**Mr. Gatewood** asked what the long-term impact would be if the ordinance was adopted.

**Mayor Cleworth** stated that a re-plat would have to be done. He pointed out that the final “whereas” in Ordinance No. 5924 speaks to the long-term solution. He stated that this is a bizarre situation and that the problem came to light when the City was reviewing paperwork to place “Old City Hall” on the market. **Mayor Cleworth** stated that, many years ago, the City was looking at the possibility of widening Cushman Street and was protecting some of the easements so that there would be room to do so. He explained that it essentially created a situation of land-locked property which is a violation of City Code. He stated that by granting the easement, it would correct the problem and give the owner the rights they already enjoy.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5924 AS FOLLOWS:

YEAS: Hilling, Eberhart, Walley, Staley, Matherly, Gatewood

NAYS: None

**Mayor Cleworth** declared the MOTION CARRIED and Ordinance No. 5924 ADOPTED.



## **NEW BUSINESS**

- a) Resolution No. 4588 – A Resolution Awarding a Contract to True North Emergency Equipment for a Heavy Rescue Vehicle FB-13-21 in the Amount of \$775,000. Introduced by Mayor Cleworth.

**Mr. Matherly**, seconded by **Mr. Gatewood**, moved to APPROVE Resolution No. 4588.

**Mayor Cleworth** stated that the source of funding for the vehicle is a grant that the City requested through the State of Alaska “Programs for Progress.” He clarified that the funding source is not federal dollars.

**Mr. Hilling** asked for more information on the bidders for the project.

Fire Chief Cummings stated that the bid request was sent to over 20 different entities and that only one bid was submitted. He explained that the City had some restrictive requirements in the request for proposal (RFP) regarding manufacturing.

**Mr. Hilling** asked if the restrictive language was the cause for the low number of bids.

Chief Cummings replied affirmatively.

**Mr. Hilling** stated that an individual could write a RFP to purposely limit the proposal to a single bidder. He indicated that it appears that there may have been no chance for any other company to win the bid. **Mr. Hilling** asked Chief Cummings if the proposal seems to be a competitive price.

Chief Cummings stated that he believes that the price is somewhat high but that it may be warranted for what the City is trying to get out of it. He indicated that he had hoped to see more bid proposals come in. He stated that the City spoke with other companies and encouraged them to make a proposal.

**Mr. Gatewood** asked if the entire \$775,000 will come from the grant.

Chief Cummings stated that the actual bid came in at \$837,551. He explained that \$625,000 will come from the state grant and the other \$150,000 has already been set aside in the Fire Department budget. He stated that he believes the total amount for the contract will be under \$750,000.

**Mayor Cleworth** asked if the City is dealing directly with the company or with an intermediary in regard to the bid process.

Chief Cummings stated that the company, True North Emergency Equipment, is the intermediary.

**Mayor Cleworth** asked if multiple companies have access to the same manufacturing equipment.

Chief Cummings replied that of the 20 companies invited to participate in the RFP, over half of them could have fulfilled the specific requirements.

**Mr. Eberhart** stated that he is surprised that \$150,000 of the funding is coming from a match by the City. He indicated that he does not see the match referenced in the resolution. He suggested that the breakdown be included in future resolutions of similar nature. He asked Chief Cummings to speak to the use of the heavy duty rescue vehicle.

Chief Cummings explained that it will replace the small rescue unit. He stated that it will be used for extrication in motor vehicle accidents and collapsed structures, for water and ice rescue and for all other types of rescue. He stated that the vehicle is designed to be a regional asset to be used anywhere in the state.

**Mr. Eberhart** asked how often the vehicle might be used.

Chief Cummings replied that he thinks the vehicle would be used ten times per month, at most. He stated that the vehicle should last for at least 30 years.

**Mayor Cleworth** asked if the \$150,000 match was required by the grant.

Chief Cummings stated that the grant did not require a match.

**Mayor Cleworth** stated that since the City had already budgeted the \$150,000 in capital funds, it was not required to be a part of Resolution No. 4588.

**Mr. Hilling** asked what the minimum use of the vehicle might be.

Chief Cummings replied that he believes the vehicle would be used at least once per month.

**Mayor Cleworth** asked if any other fire departments in the area have this type of vehicle.

Chief Cummings replied that this would be the only vehicle of its kind in the Interior.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4588 AS FOLLOWS:

YEAS: Eberhart, Gatewood, Staley, Hilling, Matherly, Walley

NAYS: None

**Mayor Cleworth** declared the MOTION CARRIED and Resolution No. 4588 APPROVED.

- b) Ordinance No. 5925 – An Ordinance to Amend Fairbanks General Code Section 86-95(b) Regarding Chauffeur’s License Appeals. Introduced by Council Member Eberhart.

ADVANCED on the CONSENT AGENDA.

## DISCUSSION ITEMS

### Committee Reports

FMATS Policy Committee – **Mr. Walley** stated that the Policy Committee has directed DOT to continue the design of the Chena Small Tracts project. He indicated that the project needs an additional \$985,000 to take off and that they are waiting on legislative funding. He stated that the Policy Committee approved a motion to add \$142,000 in funding to the foundation and art installations project. **Mr. Walley** stated that the Policy Committee also approved the FY2014 FMATS Coordinator’s Office budget. He stated that the Committee voted to recommend that the land by the Illinois Street Bridge be landscaped with shrubs and trees. He explained that the state DOT brought up the issue of maintenance since it would fall into their hands and eventually decided to put a lawn in the section of land.

**Mayor Cleworth** stated that the City and DOT have a maintenance agreement for Illinois Street. He explained that one of the provisions in the agreement is that all landscaping will be done by DOT. He stated that the City made an offer to swap some other maintenance responsibilities with the state in exchange for the landscaping of that section of land on Illinois Street. He stated that DOT rejected the City’s offer.

Public Safety Commission (PSC) – **Mr. Eberhart** stated that the PSC met on August 20 and discussed the use of cross-trained personnel and volunteers in public safety. He stated that since there was no quorum, there was no action taken. He stated that Police Chief Zager indicated that a full-time administrative employee would be needed in order to get a “Volunteers in Policing” (VIP) program up and running. **Mr. Eberhart** stated that the policies for VIP’s indicate that they are auxiliary for the police force, serving as their eyes and ears. He stated that Deputy Chief Brad Johnson indicated that the police department is looking for sustainable funding for the VIP program instead of seeking grant funding. **Mr. Eberhart** stated that Chief Mitch Flynn of the Steese Volunteer Fire Department spoke about his experience in working with a volunteer fire department. He stated that Chief Flynn indicated that finding volunteers is very time-intensive and that it is difficult to find long-term volunteers.

## COMMUNICATIONS TO COUNCIL

- a) Appointment to the Board of Plumber Examiners

ACCEPTED on the CONSENT AGENDA.

- b) Appointments to the Fairbanks North Star Borough Planning Commission

ACCEPTED on the CONSENT AGENDA.

## COUNCIL MEMBERS’ COMMENTS

**Ms. Staley** thanked everyone for allowing her to attend the meeting telephonically and thanked Mr. Gatewood for attending the FNSB Assembly Meeting in her absence. She expressed her

excitement with the activities of the FCVB in preparation for the 2013 AFN Convention. She stated that she received a lot of calls regarding the landscaping on Illinois Street.

**Mr. Walley** stated that he had no comments.

**Mr. Gatewood** thanked everyone who commented during Public Testimony and expressed appreciation for the “regulars” at City Council Meetings. He spoke to the public comments regarding his absence at the ITA forum on Friday, stating that it was the first time in his political career that he has missed the forum. He explained that he had made a prior commitment to be at the Lathrop football game and chose to honor that commitment. **Mr. Gatewood** spoke to his enjoyment in serving as the “voice of the Lathrop Malemites” and expressed his belief that the students of Lathrop high school are his constituents as well. He stated that he will not apologize for choosing to support his non-voting constituents. He clarified that he has a great deal of respect for the ITA and that he was in no way blowing them off by not attending the forum.

**Mayor Cleworth** expressed his hope that the football team makes it to the state championships.

**Mr. Eberhart** spoke to the 50th anniversary of the March on Washington which was led by Dr. Martin Luther King, Jr. and was instrumental leading to Title 7 of the Civil Rights Act of 1964 and the Voting Rights Act of 1965. He congratulated the J.P. Jones Center on their recent reopening. **Mr. Eberhart** stated that he recently attended the unveiling of the Window Project sponsored by the Fairbanks Downtown Association and commented that there are some very creative works of art displayed. He expressed his relief to hear that the Fairbanks Community Behavioral Health Center has received assistance from an Anchorage entity through the State Department of Health and Social Services in order to continue to service its 1,000 or more clientele. **Mr. Eberhart** mentioned the upcoming anniversary of September 11 and spoke to the impact that the event has had on the U.S. and in the lives of many Americans. He encouraged everyone to keep the victims and heroes of the tragedy in their prayers over the next couple of days.

**Mr. Hilling** spoke to the attacks on the Benghazi Embassy that took place on September 11, 2012, and stated that Americans are still waiting for a full accounting of the event. He spoke also to the rebel activity and international affairs in the Middle East and to how President Obama reacted to the dissidence. **Mr. Hilling** stated that the attacks on Benghazi were a direct result of those events.

**Mr. Matherly** echoed Mr. Gatewood’s comments on youth football and expressed his appreciation for public comment. In reference to his absence at the ITA forum on Friday, he stated that he had made a commitment to his family to attend his children’s football games. He indicated that it is the first ITA forum he has missed and expressed appreciation for having been invited to the event. **Mr. Matherly** stated that he and Mr. Gatewood visited Jerry Sadler’s hangar to see the new Q400 aircraft that will soon be used by Alaska Airlines. He stated that he spoke with one of the pilots who stated that speed and noise are not a concern. **Mr. Matherly** expressed concern about the Jetways that will be used to board and de-board the new aircraft. He stated that he received some phone calls regarding the landscaping on Illinois Street and that some people had expressed concern that the area would look like Airport Way. **Mr. Matherly** stated that he contacted Steve Titus at DOT to ask some questions and that Mr. Titus indicated

that Illinois Street will not look like Airport Way. He expressed his excitement for the upcoming Work Session with Mr. Marlow to discuss the future of the Polaris Building.

**Mayor Cleworth** asked for a motion to expand the topic of the Executive Session to include discussion of PSEA and FFU labor contract negotiations.

**Mr. Matherly**, seconded by **Mr. Gatewood**, moved to go into Executive Session for the purpose of discussing AFL-CIO, PSEA and FFU labor contract negotiations.

**Mayor Cleworth** called for objection and, hearing none, so ORDERED.

**Mayor Cleworth** called for a five minute recess.

### **EXECUTIVE SESSION**

a) Labor Contract Negotiations: AFL-CIO, PSEA and FFU

The City Council met in Executive Session to discuss AFL-CIO, PSEA and FFU labor contract negotiations. Direction was given to staff and no action was taken.

### **ADJOURNMENT**

**Mr. Hilling**, seconded by **Mr. Matherly**, moved to ADJOURN the meeting.

**Mayor Cleworth** called for objection and, hearing none, so ORDERED.

**Mayor Cleworth** declared the Meeting adjourned at 9:50 P.M.

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JERRY CLEWORTH, MAYOR

ATTEST:

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JANEY HOVENDEN, CMC, CITY CLERK

Transcribed by: DS



FAIRBANKS CITY COUNCIL  
REGULAR MEETING MINUTES, SEPTEMBER 23, 2013  
FAIRBANKS CITY COUNCIL CHAMBERS  
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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The City Council convened at 7:00 p.m. on the above date, following a 6:00 p.m. Work Session with Polaris Building owner Marc Marlow, to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor Jerry Cleworth presiding and with the following Council Members in attendance:

Council Members Present:        Renee Staley, Seat A  
   Perry Walley, Seat B  
   Bernard Gatewood, Seat C  
   Jim Matherly, Seat D  
   Lloyd Hilling, Seat E  
   John Eberhart, Seat F (Telephonic)

Absent:                                None

Also Present:                        Pat Cole, Chief of Staff (Telephonic)  
   Warren Cummings, Fire Chief  
   Ernie Misewicz, Assistant Fire Chief  
   Paul Ewers, City Attorney  
   Janey Hovenden, City Clerk  
   Michael J. Schmetzer, City Engineer

**INVOCATION**

The Invocation was given by City Clerk Janey Hovenden.

**FLAG SALUTATION**

**Mayor Cleworth** led the Flag Salutation.

**CITIZEN'S COMMENTS**

Frank Turney, 329 6th Avenue, Fairbanks – Mr. Turney stated that Mr. Lerman is still present at the Council meetings in spirit. He commented that Mr. Marlow, owner of the Polaris Building, was a champion to Mr. Lerman. Mr. Turney spoke to the upcoming labor contract negotiations for the police department and suggested that the department needs more tools in order to keep the officers honest. He referenced specifically the need for voice analysis and polygraph testing for employees who are already on the City's payroll. Mr. Turney suggested that Mr. Gatewood introduce an ordinance in support of requiring labeling of genetically modified foods. He stated that he heard Mr. Eberhart question a judgment against Mr. Marlow and commented that it was under Mr. Eberhart's employment in the City Attorney's Office that the City lost \$1.5 million in the Despain/Rice lawsuit. Mr. Turney stated that after the lawsuit, Mr. Eberhart fled the City.

**Mayor Cleworth** interrupted Mr. Turney with a warning to be cautious in his testimony.

Mr. Turney encouraged residents to get out and vote in the upcoming election. He apologized to the City Clerk for distributing Vivian Stiver's campaign brochures at City Hall.

Gene Therriault, 4694 Palo Verde Avenue, Fairbanks – Mr. Therriault stated that he is representing the Alaska Energy Authority (AEA). He provided a brief update to the Council on the Interior Energy Project. He indicated that there are three different phases to the project: Alaska Industrial Development and Export Authority's (AIDEA) work with potential partners for the plant on the North Slope; AEA's research and evaluation of local distribution, which includes their own proposed service area; and telephonic surveys asking potential consumers within the high and medium-density areas at what price point would they make a conversion to natural gas.

**Mayor Cleworth** thanked Mr. Therriault for the update.

**Mr. Walley** asked Mr. Therriault what kind of savings a distribution system would offer to residents who are already using natural gas.

Mr. Therriault stated that the goal is to hit \$15/million BTU of heat. He explained that currently consumers are paying roughly \$20/million BTU.

**Mayor Cleworth** asked Mr. Therriault to speak to the timeline of the liquefied natural gas (LNG) plant on the North Slope and to the partnering/capital that is involved.

Mr. Therriault replied that the current concept involves a single limited liability company (LLC) with partners that could possibly include the State of Alaska. He explained that interested partners were notified that they must make a commitment to bring at least \$20 million dollars to the table in order to remain in the mix. He indicated that there is much negotiation currently underway with potential partners and stated that the timeline for a fully-operational distribution system is the end of 2015.

**Mr. Hilling** asked Mr. Therriault if he believes that Fairbanks Natural Gas (FNG) will begin building a distribution system within the core area between now and 2015.

Mr. Therriault expressed his hope that whoever gets the RCA approval for the service territory will execute the advanced placement of pipe. He stated that there have been discussions on how to get pipeline built sooner rather than later.

**Mr. Hilling** asked about the timeline for the plant, assuming commitments are made and funding is in place.

Mr. Therriault stated that it is likely that there will be some guarantee of the LNG plant by this fall.

**Mr. Hilling** asked Mr. Therriault if he believes that FNG will begin expanding their service area once it is confirmed that the LNG plant will be built.

Mr. Therriault replied that he believes they will.

**Mayor Cleworth** stated that FNG has been “piggy-backing” on construction projects throughout the City by laying pipe in areas that have never been serviced.

Mr. Therriault added that the legislature made an appropriation for the remaining schools within the City limits to be converted. He stated that this will also benefit some residential areas close to the schools.

**Mr. Hilling** asked Mr. Therriault to speak to AEA’s estimation of how much additional pipe would be needed to service Fairbanks and the surrounding area.

Mr. Therriault replied that approximately 794 miles of pipe would need to be added to the total service area. He stated that within City limits, AEA estimates that 131 miles of pipe will need to be built.

**Mr. Hilling** asked if areas outside the Borough could be serviced via trucking.

Mr. Therriault replied that propane is more likely to be used as a heat source in the outlying areas.

**Mr. Hilling** stated that it has been the hope that the price of natural gas would be about half of the cost of fuel oil. He asked Mr. Therriault if that is still the projection.

Mr. Therriault replied that half the cost is still the target.

Floyd Terry, PO Box 73514, Fairbanks – Mr. Terry stated that since it is election time, it would be a good time to remember David Lerman. He spoke to Mr. Lerman’s consistency in attending City Council Meetings. Mr. Terry referenced an article from the Fairbanks Daily News Miner (FDNM) which spoke to low candidacy filing in the upcoming election. He stated that he wonders if the low participation gives any indication as to how the voter turnout will be. He spoke to several individuals that he knows that are relocating from Fairbanks to other places in the U.S. and stated that something needs to be done to make people want to stay in Fairbanks. Mr. Terry presented a list of local businesses that have closed since 1981 and stated that the energy crisis is not the only cause. He spoke to the need for town meetings in the community. He suggested if parking were free and available in downtown Fairbanks it may draw more people into the area and criticized the cost of parking in the Fairbanks Parking Garage.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger commented on the weather and expressed hope that the City addresses the remaining potholes before winter sets in. He stated that he has called in a number of potholes and indicated that some were fixed but some were not. Mr. Buberger stated that the City should work on making public restroom facilities available in downtown Fairbanks. He spoke to the work session regarding the Polaris Building and suggested that Mr. Marlow is a professional speaker that knows how to seek public funds for projects. He spoke to others who seek “free money,” referencing police officers and those who seek bed tax grant dollars.



Hearing no more requests for public comment, **Mayor Cleworth** declared Public Testimony closed.

### **APPROVAL OF AGENDA AND CONSENT AGENDA**

**Mr. Gatewood**, seconded by **Mr. Matherly**, moved to APPROVE the Agenda and Consent Agenda.

**Mayor Cleworth** pointed out that Ordinance No. 5925 under New Business should not be asterisked as a Consent Agenda item. He stated that the ordinance is up for public hearing.

**Mayor Cleworth** called for objection and, hearing none, so ORDERED.

City Clerk Hovenden read the Consent Agenda into the record.

### **APPROVAL OF PREVIOUS MINUTES**

a) Regular Meeting Minutes of July 8, 2013.

PASSED and APPROVED on the CONSENT AGENDA.

### **MAYOR'S COMMENTS AND REPORT**

**Mayor Cleworth** read aloud the Interior Alaska Community Preparedness Proclamation. He credited Fire Chief Cummings, Assistant Fire Chief Misewicz and Amber Courtney for their work in developing the City's Continuity of Operations Plan (COOP) and Emergency Operations Plan (EOP). He stated that the next emergency preparedness exercise, Arctic Shield, will take place in 2014. **Mayor Cleworth** referenced an article in the *Alaska Dispatch* which spoke to the still growing \$12 billion debt of the Public Employees Retirement System (PERS) in the State of Alaska. He stated that the staggering liability is starting to become more of a focus for the governor and legislature. **Mayor Cleworth** spoke to the grant that the Commission on Historic Preservation gave to the City that went towards the restoration of two classrooms in the north tower of City Hall. He stated that the rooms are almost completed and offered to give Council Members a tour after the meeting. He stated that City Attorney Paul Ewers has been working with Jean Lester to get the collection of historic portraits moved to City Hall. **Mayor Cleworth** invited Jo Kuchle with the Golden Heart Community Foundation (GHCF) to come forward for a presentation to the City Council.

Ms. Kuchle gave a slide presentation on the GHCF. She outlined the foundation's mission, outreach and leadership in the community and statewide. She spoke to the growth of the foundation's partner, the Alaska Community Foundation, over the past 15 years.

**Mr. Matherly** asked if the GHCF would replace the Rasmuson Foundation or the Bill Gates Foundation or add to the funding that is available.

Ms. Kuchle stated that it does not replace the other foundations but it adds to the available funding. She explained that the Bill Gates Foundation could give to the Golden Heart Community Foundation if they chose to do so and that the Rasmuson Foundation has given to the GHCF in the form of a matching grant.

**Mr. Matherly** asked Ms. Kuchle if there is an application process with an advisory body to determine the granting of funds.

Ms. Kuchle replied affirmatively. She explained that the GHCF is still very new and has not built up its grant funds yet. She offered to distribute brochures about the GHCF to the Council.

**Mr. Hilling** asked how much an individual or entity must donate in order to qualify as a founding donor.

Ms. Kuchle replied that a minimum donation has not been set. She stated that the smallest donation to date has been \$100.

**Mr. Hilling** expressed an interest in donating to the GHCF. He asked Ms. Kuchle to speak to the top two or three specific types of charities or programs that the organization hopes to support.

Ms. Kuchle stated that Mr. Gatewood is currently working on a partnering project with the Fairbanks Memorial Hospital and that others are trying to give GHCF exposure. She explained that since the Internal Revenue Service requirements for scholarships are difficult to meet, the organization may not offer scholarships right away.

### **UNFINISHED BUSINESS**

- a) Ordinance No. 5925 – An Ordinance to Amend Fairbanks General Code Section 86-95(b) Regarding Chauffeur’s License Appeals. Introduced by Council Member Eberhart.  
SECOND READING AND PUBLIC HEARING.

**Mr. Gatewood**, seconded by **Mr. Matherly**, moved to ADOPT Ordinance No. 5925.

**Mayor Cleworth** called for Public Testimony.

Victor Buberger – Mr. Buberger urged the City Council to get out of the business of regulating chauffeurs. He stated that regulation of the industry should be left to the courts.

Hearing no more requests for public comment, **Mayor Cleworth** declared Public Testimony closed.

**Mr. Eberhart** explained that the purpose of Ordinance No. 5925 is to clarify that the Council may waive compliance of the requirements of FGC Section 86-77(a), unless the applicant has been convicted of a non-appealable offense as outlined in Section 86-95(b).

**Mr. Matherly**, in reference to Mr. Buberger’s testimony, asked City Attorney Ewers to speak to other entities throughout the state that regulate chauffeurs.

City Attorney Ewers explained that the State of Alaska and the criminal justice system does not address chauffeur licensing. He stated that if someone has a felony drug offense or is a registered sex offender, they do not lose their driver's license.

**Mr. Matherly** stated that he is glad the City is continuing to regulate chauffeurs since the state does not.

**Mayor Cleworth** asked if Mr. Eberhart meant for the language of Ordinance No. 5925 to apply specifically to Section 86-77(a)(6) or to the entirety of Section 86-77(a).

**Mr. Eberhart** stated that it was intended for the entire subsection (a) but deferred to City Attorney Ewers.

City Attorney Ewers stated that he does not believe that referring to the entire subsection (a) is a problem even though most appeals are a result of a denial for offenses listed in Section 86-77(a)(6).

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5925 AS FOLLOWS:

YEAS: Eberhart, Gatewood, Staley, Hilling, Matherly, Walley

NAYS: None

**Mayor Cleworth** declared the MOTION CARRIED and Ordinance No. 5925 ADOPTED.

### **NEW BUSINESS**

- a) Ordinance No. 5926 – An Ordinance to Amend Fairbanks General Code Sections 2-651 and 2-655 Regarding Budget Preparation and Funding for Multiyear Contracts. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

- b) Ordinance No. 5927 – An Ordinance Amending Certain Provisions of the Fairbanks General Code Chapters 14, 46, and 78 in Response to the Revision of Minor Offense Rules by the State of Alaska. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

- c) Ordinance No. 5928 – An Ordinance to Amend the Fairbanks Landscape Ordinances, Codified as Chapter 10, Article XV, Sections 10-435 through 10-441. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

- d) Ordinance No. 5929 – An Ordinance Approving an Amendment to the Collective Bargaining Agreement Between the City of Fairbanks and the Public Safety Employees Association Local 803 Regarding Emergency Dispatchers. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

## **DISCUSSION ITEMS**

### Committee Reports

FMATS Policy Committee – **Mr. Walley** gave an account of the September 18 meeting. He commented that the meeting was brief and uneventful. He stated that there was some tension at the meeting due to the state's decision to override the Committee's recommendation to landscape and place trees in the small section of land near the Illinois Street Bridge. **Mr. Walley** stated that a motion to table a revised operating agreement for the Committee was approved and indicated that the agreement will be sent back to the Technical Committee for revision.

## **COMMUNICATIONS TO COUNCIL**

- a) Re-appointments to the Chena Riverfront Commission

APPROVED on the CONSENT AGENDA.

- b) Chena Riverfront Commission Meeting Minutes of July 10, 2013

ACCEPTED on the CONSENT AGENDA

- c) Clay Street Cemetery Commission Meeting Minutes – January 25, 2011 to date

ACCEPTED on the CONSENT AGENDA

## **COUNCIL MEMBERS' COMMENTS**

**Mr. Eberhart** stated that he is currently working in Port Angeles, Washington and expressed appreciation for being permitted to attend the meeting telephonically. He thanked Jo Kuchle for the information she provided about GHCF. In reference to the Polaris Building, **Mr. Eberhart** expressed his belief that the Council should stick to their course of action. He encouraged residents to participate in the upcoming election.

**Mr. Hilling** stated that he is unclear on Mr. Turney's question regarding polygraph and voice analysis testing for police officers. He stated that he understands that after being hired, the City may not require an officer to be tested. He asked Mayor Cleworth if that is correct.

**Mayor Cleworth** replied affirmatively and stated that the PSEA collective bargaining agreement (CBA) does not allow for it.

**Mr. Hilling** asked if there was anything stopping the City from telling the union that polygraph and voice analysis testing is required.

**Mayor Cleworth** replied that the City has the right to ask that modifications be made to the CBA to allow for polygraph and voice analysis testing.

**Mr. Hilling** spoke to the random mutations of genes using corn as an example. He stated that what we now know as sweet corn was once very bitter and gritty. He stated that he is a bit skeptical that human modification of those genes can be harmful. **Mr. Hilling** commented on how accessible and responsive Public Works and Engineering Director Mike Schmetzer was when he recently called City Hall regarding a question his neighbor had. He thanked the mayor for having such an efficient staff. **Mr. Hilling** asked for clarification on the deadline the Council placed on Mr. Marlow for the Polaris Building.

**Mayor Cleworth** answered that the deadline for Mr. Marlow is the end of September.

**Mr. Hilling** stated that it seems almost silly to set deadlines for Mr. Marlow because he believes that Mr. Marlow has the motivation to move forward with the renovation of the building. He stated his belief that the Council should wait for Mr. Marlow to begin renovation. He asked if it would be appropriate to make a motion to extend the deadline for the start of construction.

**Mayor Cleworth** explained that the Building Department set the original deadline for Mr. Marlow as they would for any abatement project. He stated that Mr. Marlow did not meet that deadline but has reported that he continues to make progress on the project. **Mayor Cleworth** stated that he does not believe it is necessary to make a motion to extend the deadline because the City does not have the funds to tear down the building. He indicated that Mr. Marlow still has plenty of time and that he will find out soon whether renovation of the structure is feasible and whether or not he will have future tax credits. **Mayor Cleworth** explained that by setting deadlines and sticking to them, the City is doing everything that is legally necessary for an eventual condemnation.

**Mr. Hilling** expressed his excitement for the restoration of the classrooms at City Hall. He commended Mr. Gatewood for being involved in and co-chairing the GHCF.

**Mr. Matherly** stated that Mr. Hilling reminds him of Andy Rooney from *60 Minutes*. He stated that he has no resistance to placing pressure on Mr. Marlow because he believes it will help move things forward. He shared that Stan Stephens of Stan Stephens Charters recently passed away and spoke to the gentleman's contributions and influence in the visitor's industry. **Mr. Matherly** stated that there will be ceremonies for Mr. Stephens in Anchorage, Juneau and Fairbanks sometime in October. He commented that this is the last Council Meeting prior to the 2013 Municipal Election. He expressed appreciation for Mr. Floyd Terry's passion and love for the Fairbanks community. **Mr. Matherly** stated that all five of his sons played football over the summer and that his three youngest boys' teams are undefeated with the championship game scheduled for September 28. He encouraged everyone to attend not only that game but other youth sporting events in the community. He cautioned the public that winter is coming and that road conditions may soon worsen.

**Mr. Gatewood** thanked Mayor Cleworth for allowing Ms. Kuchle to make the GHCF presentation during his comments. He expressed hope that the foundation would be successful in building and growing within the next several years. In reference to the issue of the Polaris Building, **Mr. Gatewood** stated that he has no problem with requesting periodic status updates from Mr. Marlow. He agreed that the City does not have the estimated \$3 – 5 million to demolish the structure and added that he would not support pulling from City funds to do so. He expressed hope that Mr. Marlow's efforts are deliberate and sincere. **Mr. Gatewood** encouraged the public to get out and vote in the upcoming election and wished all candidates running for public office good luck.

**Mr. Walley** stated that the games Mr. Matherly mentioned in his comments would be broadcast live on KCBF 820 radio. He stated that he does not feel bad for holding Mr. Marlow's feet to the fire in reference to the Polaris Building because Mr. Marlow failed to respond to the Council all summer. **Mr. Walley** expressed excitement that the construction season in Fairbanks is nearly over. He acknowledged Mr. Terry's testimony regarding the decline in local businesses in Fairbanks and stated that the problem is concerning. He stated that he recently noticed a 2% fuel surcharge increase on the Golden Valley Electric Association (GVEA) bill for one of his properties. He spoke to the high cost of energy in general and stated that he is excitedly looking forward to the completion of the LNG plant on the North Slope in 2015. **Mr. Walley** stated that he is concerned with the cost of converting heating devices to units that are compatible with natural gas. **Mr. Walley** related his interactions with Stan Stephens when he was a young radio account executive and Mr. Stephens was his client.

**Mayor Cleworth** stated that 1st Avenue and Smythe Street have been completed and are now open.

**Ms. Staley** agreed that the Council should stick to the deadlines for Mr. Marlow and stay in contact to keep him on schedule. She thanked Gene Therriault for the update on Interior energy issues and stated that she was recently asked to be a part of a focus group for AIDEA. She stated that she had to decline because she would be out of town during that time but encouraged community participation in the focus groups. She thanked Mr. Terry for being a regular attendee at City Council Meetings and acknowledged his ideas of family values and community involvement. In reference to Mr. Terry's testimony regarding the Fairbanks Parking Garage, **Ms. Staley** stated that one of the benefits of the garage is that vehicle plug-ins are available for use. She expressed excitement to tour the renovated classrooms at City Hall. She announced that Golden Heart Parking Services (GHPS) hearing would be held on September 25 at 8:00 A.M. She thanked Mr. Gatewood for attending the last FNSB Assembly Meeting in her stead.

### **CITY CLERK'S REPORT**

Approval of Election Judges for the 2013 Municipal Election

APPROVED on the CONSENT AGENDA

**Mr. Matherly**, seconded by **Mr. Hilling**, moved to go into Executive Session for the purpose of discussing AFL/CIO labor contract negotiations.

**Mayor Cleworth** called for objection and, hearing none, so ORDERED.

**Mayor Cleworth** called for a five minute recess.

**EXECUTIVE SESSION**

a) Labor Contract Negotiations – AFL/CIO

The City Council met in Executive Session to discuss AFL/CIO labor negotiations. Direction was given to staff and no action was taken.

**ADJOURNMENT**

**Mr. Walley**, seconded by **Ms. Staley**, moved to ADJOURN the meeting.

**Mayor Cleworth** called for objection and, hearing none, so ORDERED.

**Mayor Cleworth** declared the Meeting adjourned at 9:20 P.M.

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JERRY CLEWORTH, MAYOR

ATTEST:

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JANEY HOVENDEN, CMC, CITY CLERK

Transcribed by: DS


# MEMORANDUM

City of Fairbanks Clerk's Office

Janey Hovenden, City Clerk

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TO: Mayor John Eberhart  
City Council Members

FROM: Janey Hovenden, CMC, City Clerk 

SUBJECT: Application for New Liquor License

DATE: October 31, 2013

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Attached you will find notification from the ABC Board of an application for a new liquor license for the following applicant:

License #: **5262**  
License Type: **Restaurant/Eating Place**  
D.B.A.\*: **Aha Oriental Restaurant**  
Licensee/Applicant: **Moonstone, LLC**  
Physical Location: **996 Blair Road, Fairbanks AK**

Pursuant to FCG Sec. 14-178 the Council must determine whether or not to protest the liquor license action after holding a public hearing.

FGC Section 14-168 – New Locations, requires advertising in the newspaper and mailing notice of the date, time and place of public hearing to all owners of record of land within 500 feet of the place where alcoholic beverages will be sold. The City Clerk has complied with this provision. .

The Building and Fire Departments recommend protesting this license until such time that a Certificate of Occupancy is issued. There are no other departmental objections to the issuance of this new license.





A local governing body as defined under AS 04.21.080(11) may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the board and the applicant with a clear and concise written statement of reasons in support of a protest within 60 days of receipt of this notice. If a protest is filed, the board will not approve the application unless it finds that the protest is "arbitrary, capricious and unreasonable". Instead, in accordance with AS 04.11.510(b), the board will notify the applicant that the application is denied for reasons stated in the protest. The applicant is entitled to an informal conference with either the director or the board and, if not satisfied by the informal conference, is entitled to a formal hearing in accordance with AS 44.62.330-44.62-630. **IF THE APPLICANT REQUESTS A HEARING, THE LOCAL GOVERNING BODY MUST ASSIST IN OR UNDERTAKE THE DEFENSE OF ITS PROTEST.**

Under AS 04.11.420(a), the board may not issue a license or permit for premises in a municipality where a zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages, unless a variance of the regulation or ordinance has been approved. Under AS 04.11.420(b) municipalities must inform the board of zoning regulations or ordinances which prohibit the sale or consumption of alcoholic beverages. If a municipal zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages at the proposed premises and no variance of the regulation or ordinance has been approved, please notify us and provide a certified copy of the regulation or ordinance if you have not previously done so.

Protest under AS 04.11.480 and the prohibition of sale or consumption of alcoholic beverages as required by zoning regulation or ordinance under AS 04.11.420(a) are two separate and distinct subjects. Please bear that in mind in responding to this notice.

AS 04.21.010(d), if applicable, requires the municipality to provide written notice to the appropriate community council(s).

If you wish to protest the application referenced above, please do so in the prescribed manner and within the prescribed time. Please show proof of service upon the applicant. For additional information please refer to 3 AAC 304.145, Local Governing Body Protest.

**Note:** Applications applied for under AS 04.11.400(g), 3 AAC 304.335(a)(3), AS 04.11.090(e), and 3 AAC 304.660(e) must be approved by the governing body.

SHIRLEY A. COTÉ  
Director



Maxine Andrews  
Business Registration Examiner  
Direct line: 907-263-5922  
Email: maxine.andrews@alaska.gov

"A"

STATE OF ALASKA  
ALCOHOLIC BEVERAGE CONTROL BOARD  
APPLICATION FOR RESTAURANT DESIGNATION PERMIT - AS 04.16.049 & 13 AAC 104.715-794  
FEE: \$50.00

The granting of this permit allows access of persons under 21 years of age to designated licensed premises for purposes of dining, and persons under the age of 20 for employment. If for employment, please state in detail, how the person will be employed, duties, etc.

This application is for designation of premises where: (please mark desired items).

- 1  Under 13 AAC 104.305 Bona fide restaurant/eating place. License Number 993477
- 2  Persons age 16 to 20 may dine unaccompanied.
- 3  Persons under 16 may dine accompanied by a person 21 years or older.
- 4  Persons between 16 and 20 years of age may be employed. \*(See note below).

LICENSEE: Mono Stone

D/B/A: Aha Oriental Kitchen LLC

ADDRESS: 996 Blair Rd Fairbanks AK 99701

1. Hours of Operation: 1100 AM to 930 PM Telephone # 907-378-7699

2. Have police ever been called to your premises by you or anyone else for any reason: [ ] Yes  No  
If yes, date(s) and explanation(s).

3. \* Duties of employment: Food service (table waited)

4. Are video games available to the public on your premises? NO

5. Do you provide entertainment: [ ] Yes  No If yes, describe.

6. How is food served?  Table Service \_\_\_ Buffet Service \_\_\_ Counter Service \_\_\_ Other\*

7. Is the owner, manager, or assistant manager always present during business hours?  Yes [ ] No

\*\*\* A MENU AND A DETAILED LICENSED PREMISE DIAGRAM MUST ACCOMPANY THIS APPLICATION \*\*\*

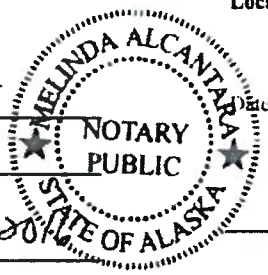
I have read and am familiar with Title 4 of the Alaska statutes and its regulations.

Mono Stone  
Applicant signature

Local Governing Body Approval

Subscribed and sworn to before me this 27<sup>th</sup> day of Sept

Melinda Alcantara  
Notary Public in and for Alaska



My Commission expires Jun 06, 2014

Director, ABC Board

Date: \_\_\_\_\_

\*Employees 16 and 17 years of age must have a valid work permit and a letter maintained in your files from a parent or guardian authorizing employment at your establishment.

\*\* If more space is required, to explain food service, entertainment, etc., please add on back or attach additional page(s).

City of Fairbanks  
Permanent Fund Review Board  
(Quarterly Meeting Minutes)  
July 17, 2013

The Permanent Fund Review Board (PFRB) convened at 1:30 p.m. on the above date, to conduct a quarterly meeting with the following board members in attendance.

Board Members Present: Ron Woolf  
Council Member Bernard Gatewood  
Jeff Johnson

Board Members Absent: Kara Moore, Patty Mongold

Also Present: Jim Soileau, Chief Financial Officer  
Carmen Randle, Controller  
Bert Wagnon, Senior Vice President, Investments - APCM  
Brandy Niclai, Senior Investment Analyst - APCM  
Jason Roth, Senior Vice President, Investments - APCM

The Board approved the minutes from the April 17, 2013 meeting.

Jim Soileau reviewed the account's performance through June 30, 2013:

- \$109,460,624 - Market value
- \$ 1,631,896 - Dividend and interest earnings
- \$ 769,095 - Realized gains
- \$ 756,045 - Unrealized Gains
- \$ 84,094 - Management and custodial fees
- \$ 3,072,942 - 2nd quarter earnings - net of expenses
- \$ 423,393 - City deposits from lease payment and notes receivable

Jim reviewed the 2013 appropriation calculation and drawn down schedule. Changed 1<sup>st</sup> draw to August 30, 2013 (See attached 1)

Jim asked for an update of the accounts value. Bert reported the approximate value was \$112 million on July 16, 2013.

APCM presented the portfolio's performance, allocation and selection effect, and reviewed the compliance report. (See attached 2 – APCM Investment review for the period ending June 30, 2013).

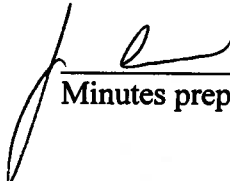
Reported Performance							
1st Quarter		Year to Date		Last 12 Months		Inception to Date	
Account	Benchmark	Account	Benchmark	Account	Benchmark	Account	Benchmark
-0.71%	-1.26%	2.97%	2.15%	7.97%	6.64%	5.13%	4.71%
	0.12% <sup>1</sup>		0.25% <sup>1</sup>		0.50% <sup>2</sup>		
<u>-0.71%</u>	<u>-1.14%</u>	<u>2.97%</u>	<u>2.40%</u>	<u>7.97%</u>	<u>7.14%</u>	<u>5.13%</u>	<u>4.71%</u>

<sup>1</sup> 12.5 bps - per quarter rounded  
<sup>2</sup> 50 bps hurdle -annual  
<sup>3</sup> 50 bps hurdle codified in March, 2009. Inception performance begins January 31, 1998.

The next quarterly meeting was scheduled for October 23, 2013.

The meeting was adjourned at approximately 2:20 P.M.

Minutes approved October 23, 2013.

  
 Minutes prepared by Jim Soileau

**City of Fairbanks - Permanent Fund History  
2013 Permanent Fund Appropriation Calculation**

July 15, 2013

	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Unaudited 2012	Average
<b>Marketable securities</b>						
Cash and investments	774,607	559,720	1,225,492	1,164,042	559,813	\$ 856,735
Fixed income securities	41,247,119	59,807,621	50,535,399	48,907,802	53,526,329	50,804,854
Equity securities	43,181,888	31,107,843	47,837,719	48,306,738	51,471,548	44,381,147
Interest receivable	364,888	463,600	425,369	391,778	405,700	410,267
<b>Total marketable securities</b>	<b>85,568,502</b>	<b>91,938,784</b>	<b>100,023,979</b>	<b>98,770,360</b>	<b>105,963,390</b>	<b>96,453,003</b>
<b>Nonmarketable securities</b>						
Tract G-3, Replat of Tract G, ASLS 80-64	158,793	153,319	147,353	140,961	134,388	146,963
Tract G-2A South Davis Park Subdivision	140,334	135,464	130,157	124,472	118,633	129,812
Weeks Field - Note Receivable	-	781,500	781,500	-	-	312,600
Ret Comm Fbks and Weeks Dev LLC	-	-	-	385,589	385,589	154,236
Community Development Inc.	-	-	-	481,881	172,330	130,842
Korean Comm of Fairbanks	-	-	-	-	15,140	3,028
Interest Receivable - Notes	-	19,734	69,152	16,908	37,632	28,685
Breadline	-	-	-	58,039	53,777	22,363
	299,127	1,090,017	1,128,162	1,207,850	917,489	928,529
<b>Liabilities</b>	<b>15,486</b>	<b>16,265</b>	<b>17,472</b>	<b>12,593</b>	<b>10,347</b>	<b>14,433</b>
<b>Total Permanent Fund Value</b>	<b>85,852,143</b>	<b>93,012,536</b>	<b>101,134,669</b>	<b>99,965,617</b>	<b>106,870,532</b>	<b>97,367,099</b>

2012 PILOT Replacement to General Fund (four percent of five-year average)

\$ 3,894,684

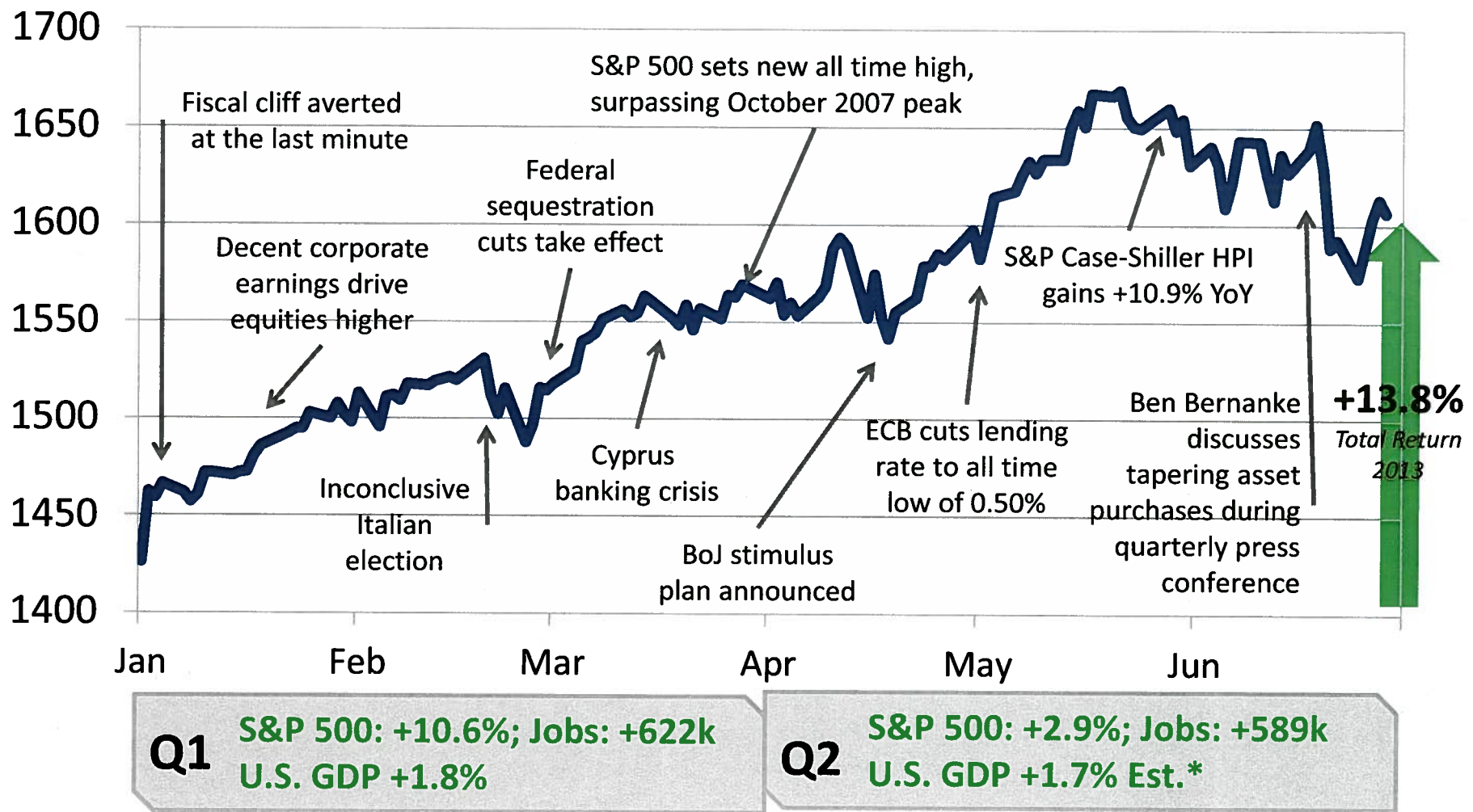
2012 Transfer from Permanent Fund for Capital (one half of one percent of five-year average)

\$ 486,835

**2013 Total** 4,381,519

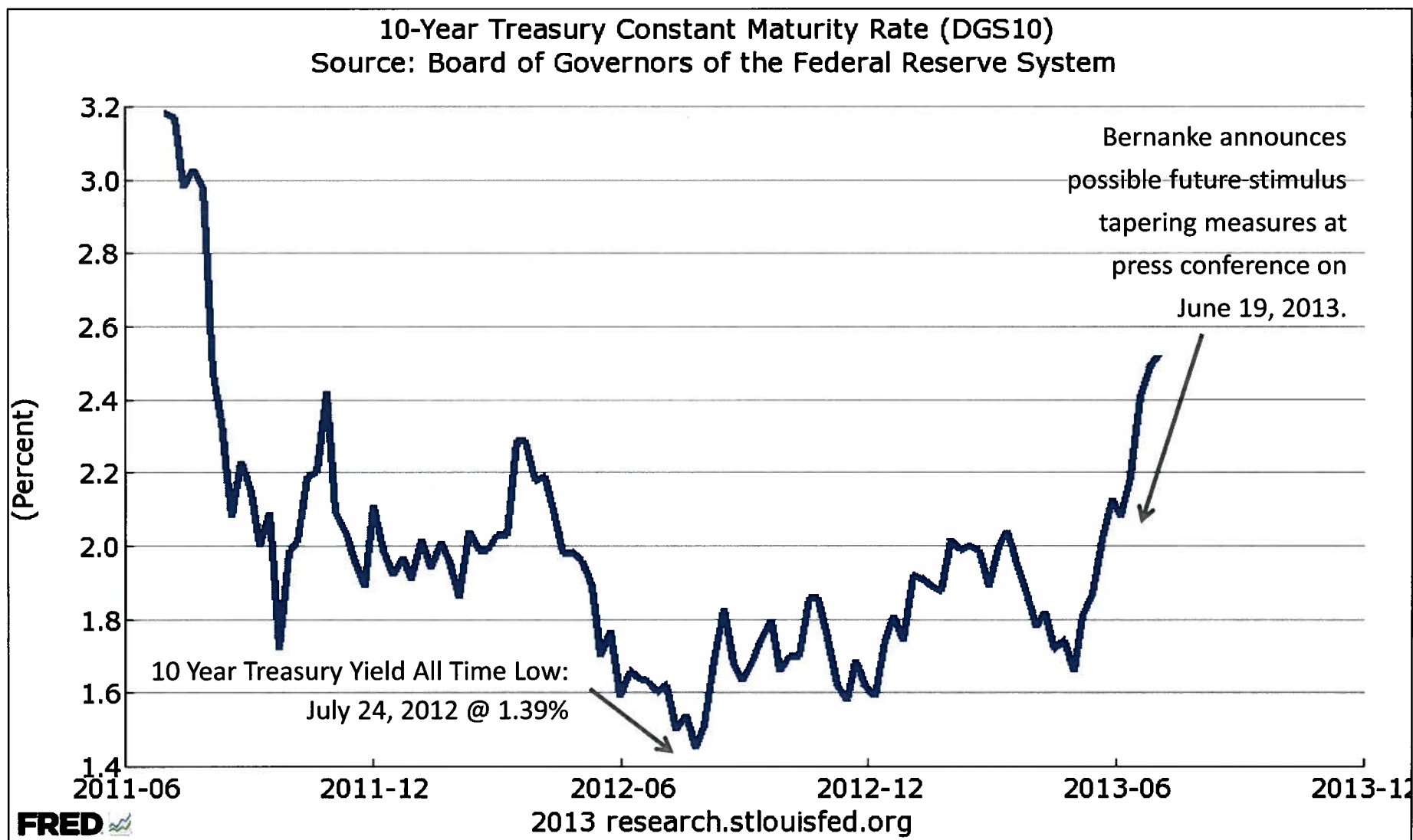
2013 Drawdown Schedule			
Date	Operating Draw	Capital Draw	Total
30-Aug	1,703,925	486,835	2,190,760
30-Nov	2,190,759	-	2,190,759
<b>Total</b>	<b>3,894,684</b>	<b>486,835</b>	<b>4,381,519</b>

# S&P 500: 2013 YTD



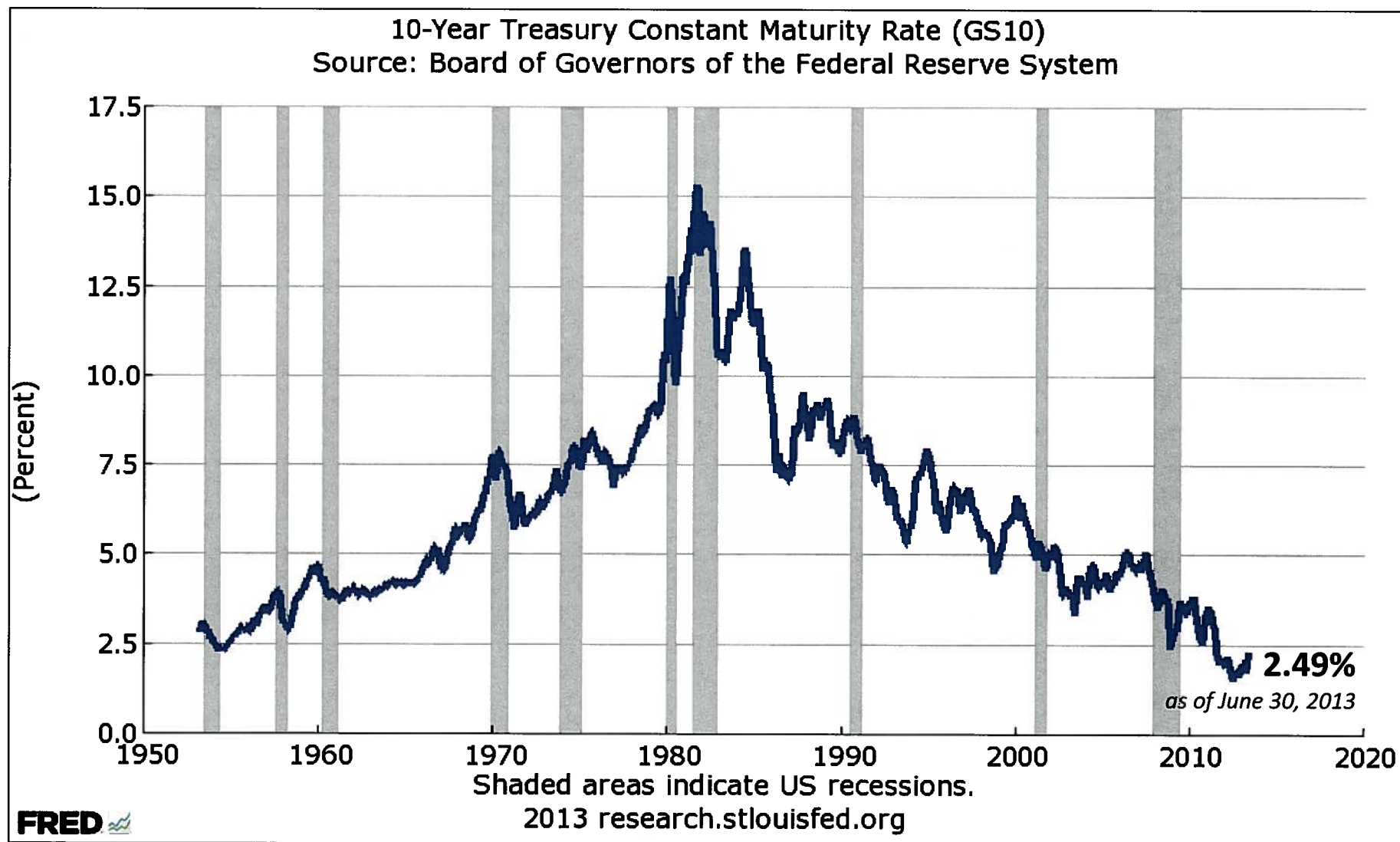
Data Through June 30, 2013. \* Q2 GDP is a consensus forecast compiled by Bloomberg as of July 8, 2013.

# Bond Yields Have Risen Lately...





# ...But Remain Near Historic Lows!



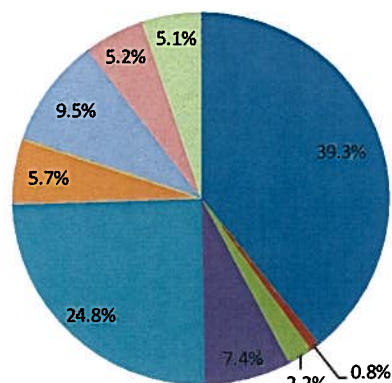
# Market and Performance Summary

- The U.S. equity market as represented by the **S&P 500** was up **+2.91% in Q2**. **International developed** and **emerging markets** lagged the U.S. and returned **-1.33%** and **-7.70%**, respectively.
- **Domestic bonds were down** for the quarter, returning **-2.33%** as measured by the Barclays Aggregate Index and **-7.05%** for **TIPS**. **International bonds** declined **-3.45%** during Q2.
- **Decent economic data and corporate earnings** have pushed U.S. stocks higher in 2013, but **concern over Fed tapering** increased volatility in the second half of Q2.
- The Fairbanks Permanent Fund returned **-0.71% in Q2**.

# Portfolio Review

# Portfolio Review

## Asset Allocation for Fairbanks Permanent Fund as of June 30, 2013



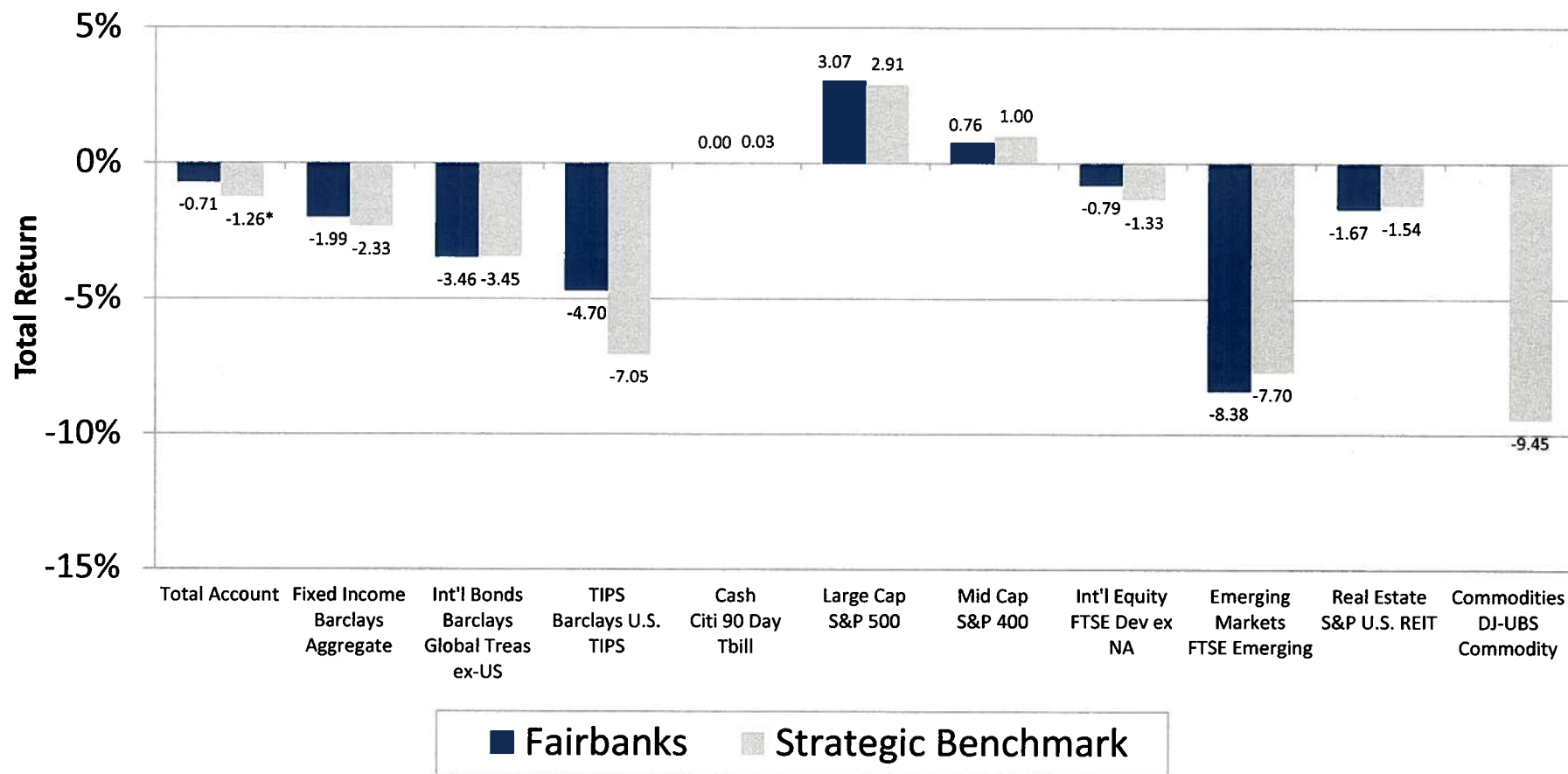
Asset Class	% Assets	Target and Ranges		Market Value	Portfolio Positioning and Recent Trades*	
<b>Fixed Income</b>	<b>49.7%</b>	<b>55%</b>	<b>40-70%</b>	<b>\$54,422,878</b>	<b>U</b>	
U.S. Fixed Income	39.3%	40	30-70	\$43,001,255	N	
U.S. TIPS	0.8%	5	0-10	\$918,603	U	
International Bonds	2.2%	5	0-10	\$2,391,056	U	
Cash	7.4%	5	0-10	\$8,111,965	O	
<b>Equities</b>	<b>50.3%</b>	<b>45%</b>	<b>30-60%</b>	<b>\$55,037,200</b>	<b>O</b>	
Large Cap	24.8%	22	15-50	\$27,148,667	O	Reduced OW - 5/22/13
Mid/Small Cap	5.7%	5	0-10	\$6,191,955	N	
International	9.5%	9	0-15	\$10,439,130	N	
Emerging Markets	5.2%	4	0-10	\$5,713,805	O	
Real Estate	5.1%	5	0-10	\$5,543,642	N	
<b>Commodities</b>	<b>0.0%</b>	<b>0%</b>	<b>0-10</b>	<b>\$0</b>	<b>N</b>	
<b>Total</b>				<b>\$109,460,077</b>		

\* O = Overweight, N = Neutral, U = Underweight relative to portfolio strategic benchmark

# Portfolio Review

## Account Performance

Second Quarter 2013



\* 50 bps hurdle -1.14%. Performance is gross of fees.

## Portfolio Review

- Q2 portfolio return of **-0.71%** vs. blended benchmark return of **-1.26%**. An **overweight to U.S. large cap equity** and an **underweight to TIPS and U.S. Aggregate** fixed income were positive contributors, while the **overweight to emerging markets** detracted from relative performance.
- Actively managed fixed income **Q2 return of -1.99%** vs. the **Barclays Aggregate return of -2.33%**.

# Portfolio Review

	April 13	May 13	June 13	Q2 2013
<b>Allocation Effect</b>				
Aggregate Bonds	(0.02)	(0.00)	(0.00)	(0.02)
Domestic Large Cap	0.00	0.11	0.02	→ 0.13
Domestic Mid Cap	(0.01)	0.02	0.00	0.01
Domestic Small Cap	0.00	0.00	0.00	0.00
International Equity	0.02	(0.01)	(0.01)	(0.00)
Emerging Market Equity	(0.01)	(0.03)	(0.06)	→ (0.10)
Real Estate	0.01	(0.02)	0.00	(0.01)
TIPS	0.04	0.13	0.07	→ 0.25
International Bonds	(0.02)	0.10	(0.02)	0.06
Commodities	0.00	0.00	0.00	0.00
Cash	0.03	(0.00)	0.03	0.06
<b>Total</b>	<b>0.06</b>	<b>0.29</b>	<b>0.02</b>	<b>0.37</b>
<b>Selection Effect</b>				
Aggregate Bonds	(0.07)	0.13	0.07	→ 0.13
Domestic Large Cap	(0.00)	0.04	0.00	0.04
Domestic Mid Cap	(0.00)	(0.00)	(0.01)	(0.01)
Domestic Small Cap	0.00	0.00	0.00	0.00
International Equity	0.04	(0.07)	0.09	0.05
Emerging Market Equity	0.03	(0.12)	0.04	(0.04)
Real Estate	0.00	(0.00)	(0.01)	(0.01)
TIPS	(0.01)	0.02	0.01	0.02
International Bonds	0.00	0.01	(0.01)	(0.00)
Commodities	0.00	0.00	0.00	0.00
Cash	(0.00)	(0.00)	0.00	(0.00)
<b>Total</b>	<b>(0.01)</b>	<b>0.01</b>	<b>0.19</b>	<b>0.18</b>
<b>Total Attribution</b>	<b>0.04</b>	<b>0.30</b>	<b>0.21</b>	
<b>Bench Return</b>	1.86	(1.16)	(1.92)	
<b>Account Return</b>	1.90	(0.86)	(1.72)	
<b>Difference</b>	0.04	0.30	0.21	

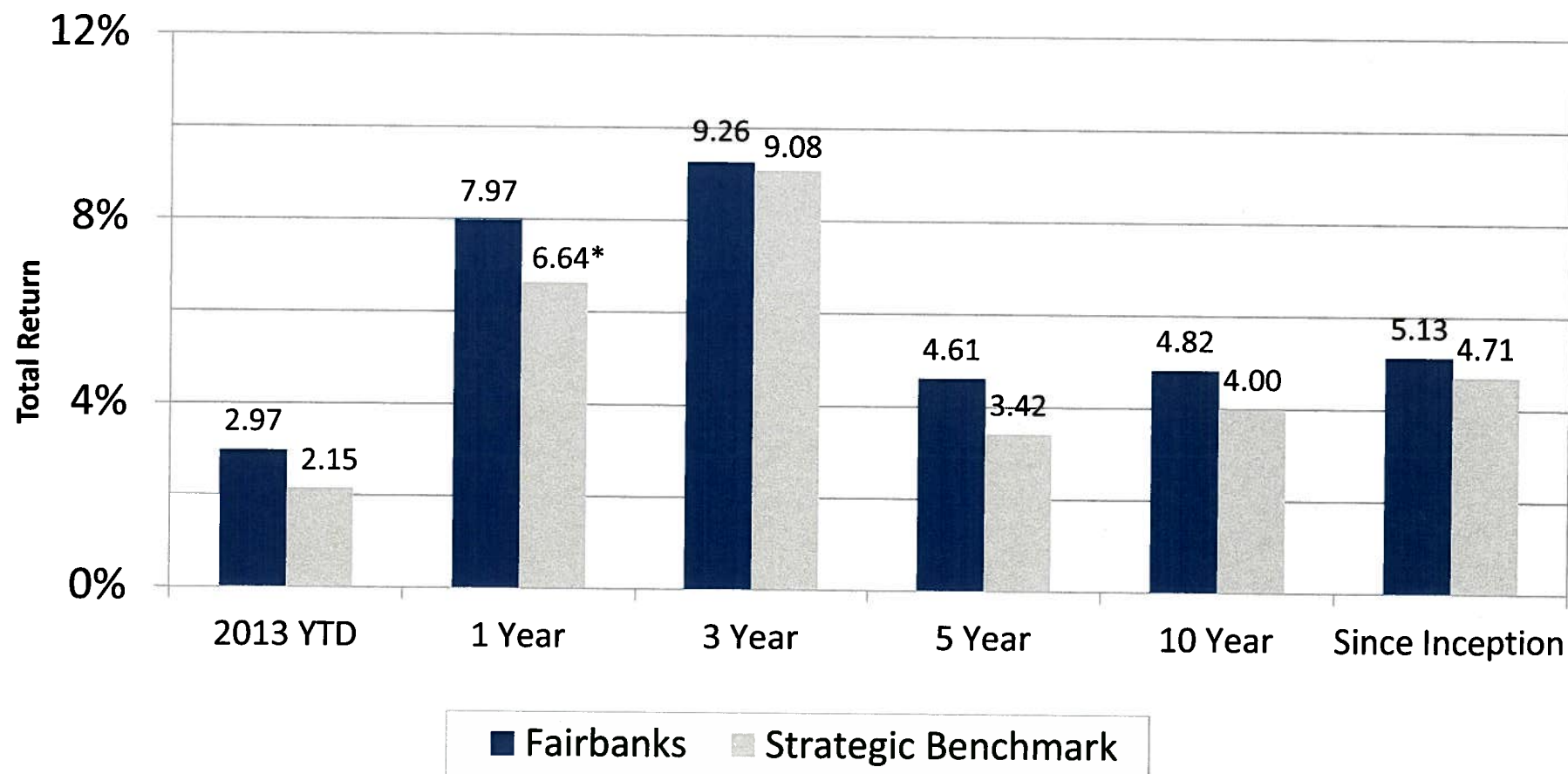
Portfolio Return = Allocation Effect + Selection/Interaction Effect

$$(\text{Weight}_{\text{Port Sector}} - \text{Weight}_{\text{Bench}}) (\text{Return}_{\text{Sector Bench}} - \text{Return}_{\text{Port Bench}}) + (\text{Weight}_{\text{Port Sector}}) (\text{Return}_{\text{Port Sector}} - \text{Return}_{\text{Sector Bench}})$$

# Portfolio Review

## Account Performance

as of June 30, 2013



\* 50 bps hurdle 7.14%.

Performance is gross of fees and annualized for periods greater than one year. Inception performance begins January 31, 1998.



# Portfolio Outlook

## ■ Bonds

- Treasuries overvalued; yields at historic lows; held as insurance against flight to quality/deflation
- Maintain below index duration
- Overweight **spread product** (corporate bonds)

## ■ Equities – favor over bonds

- Favor **domestic large cap**
- Maintain overweight to **emerging markets**
  - ◆ EMs long term growth prospects remain intact
  - ◆ Better fiscal situation than developed countries

# Compliance Report

April 21, 2010

To: Permanent Fund Review Board

From: City of Fairbanks, Finance Department and APCM

Subject: Compliance

During this year's audit of the Permanent Fund the question was raised as to exactly how does the Finance Department know the Fund was in compliance with the various restrictions contained in the authorizing ordinances and resolutions. While the auditor's questions were answered it became apparent that a more formalized compliance system would make this question mute.

Nine specific compliance questions have been identified and it is recommended that a compliance appendix be included at each quarterly meeting illustrating that the Fund meets all of the respective criteria. The identified nine items are as follows:

1. Equity and Fixed-income limitations as well as range limitations within the two categories.
2. Corporate debt limitation of 30% of total portfolio market value.
3. Limitation on the purchase of any bond in excess of 600 basis points above a comparable duration US treasury.
4. Limitation on the purchase of any CMBS after January 1, 2009.
5. Ratings and downgrade limitations on corporate securities.
6. Five percent limitation on any one security (total portfolio).
7. Ten percent limitation on Baa rated securities (fixed income portfolio).
8. Duration constraint of between 80-120 percent of the Barclays Aggregate.
9. Twenty-Five percent industry limitation (total portfolio).

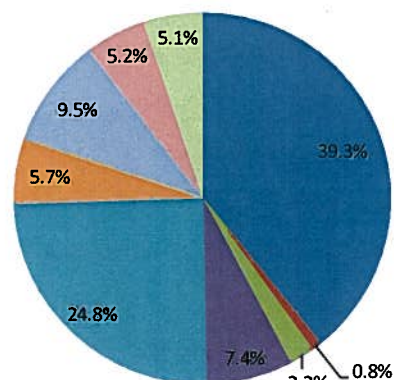
In the attached packet each of the nine limitations are addressed by either a specific report or calculation based upon an enclosed report to illustrate compliance. Should the Board approve of the format; the Compliance Report will become a regular appendix presented at each quarterly meeting.

# Compliance Report

- Equity and fixed-income limitations as well as range limitations within the two categories
  - Copy of quarterly chart illustrating targets and ranges versus actual
  - Portfolio Appraisal report (Appendix)

# Portfolio Review

## Asset Allocation for Fairbanks Permanent Fund as of June 30, 2013



Asset Class	% Assets	Target and Ranges		Market Value	Portfolio Positioning and Recent Trades*	
<b>Fixed Income</b>	<b>49.7%</b>	<b>55%</b>	<b>40-70%</b>	<b>\$54,422,878</b>	<b>U</b>	
U.S. Fixed Income	39.3%	40	30-70	\$43,001,255	N	
U.S. TIPS	0.8%	5	0-10	\$918,603	U	
International Bonds	2.2%	5	0-10	\$2,391,056	U	
Cash	7.4%	5	0-10	\$8,111,965	O	
<b>Equities</b>	<b>50.3%</b>	<b>45%</b>	<b>30-60%</b>	<b>\$55,037,200</b>	<b>O</b>	
Large Cap	24.8%	22	15-50	\$27,148,667	O	Reduced OW - 5/22/13
Mid/Small Cap	5.7%	5	0-10	\$6,191,955	N	
International	9.5%	9	0-15	\$10,439,130	N	
Emerging Markets	5.2%	4	0-10	\$5,713,805	O	
Real Estate	5.1%	5	0-10	\$5,543,642	N	
<b>Commodities</b>	<b>0.0%</b>	<b>0%</b>	<b>0-10</b>	<b>\$0</b>	<b>N</b>	
<b>Total</b>				<b>\$109,460,077</b>		

\* O = Overweight, N = Neutral, U = Underweight relative to portfolio strategic benchmark

# Compliance Report

- Corporate debt limitations of 30% of the total portfolio market value
  - See attached Portfolio Appraisal report

# Portfolio Appraisal – as of June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>CORPORATE BONDS</b>									
500,000	ONTARIO PROV CDA 3.500% Due 07-15-13	99.68	498,425	100.10	500,500	0.46	17,500	8,069	1.08
250,000	BP CAPITAL MARKETS PLC 5.250% Due 11-07-13	108.02	270,039	101.66	254,157	0.23	13,125	1,969	0.52
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	104.07	520,375	0.48	27,500	4,583	0.61
450,000	US BANCORP 4.200% Due 05-15-14	104.98	472,396	103.26	464,652	0.42	18,900	2,415	0.47
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	105.18	631,068	0.58	33,000	6,967	1.44
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	106.38	531,900	0.49	23,750	7,917	0.89
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	107.22	536,080	0.49	30,000	5,250	1.96
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	105.76	528,800	0.48	23,750	2,771	1.64
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	104.13	520,650	0.48	14,250	871	0.70
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	109.86	274,645	0.25	13,750	6,187	1.55
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	110.76	387,670	0.35	18,812	5,539	1.32
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	104.50	522,500	0.48	14,750	1,885	1.35
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	103.55	517,730	0.47	10,750	1,374	0.90
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	101.57	1,269,625	1.16	20,312	6,037	1.12
500,000	BANK AMER CORP 5.625% Due 10-14-16	99.93	499,670	110.63	553,155	0.51	28,125	6,016	2.25
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	114.05	769,831	0.70	37,969	8,016	1.25
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	103.33	1,033,300	0.94	22,500	5,687	1.34

# Portfolio Appraisal – as of June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	112.59	562,955	0.51	27,500	6,875	2.00
750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522	100.59	754,462	0.69	14,767	451	1.81
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	103.92	519,600	0.47	15,250	7,032	2.03
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	115.51	577,540	0.53	28,500	8,471	1.85
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	114.32	857,392	0.78	46,500	11,625	2.62
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	113.67	568,345	0.52	28,125	1,562	2.37
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	115.18	575,880	0.53	28,750	11,979	2.25
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	114.63	659,128	0.60	30,762	10,254	2.05
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	114.70	1,147,000	1.05	56,250	9,375	2.39
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	115.97	579,870	0.53	28,250	3,610	2.18
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	124.74	623,705	0.57	35,750	13,506	2.42
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	118.76	712,542	0.65	45,000	17,000	3.77
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	112.79	676,716	0.62	28,200	10,653	2.27
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	110.78	664,668	0.61	25,200	2,100	2.25
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	108.83	816,210	0.75	35,625	14,844	3.25
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	114.33	886,050	0.81	39,912	13,304	2.78
500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290	101.82	509,080	0.47	15,625	2,604	2.85



# Portfolio Appraisal – as of June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
750,000	DOW CHEMICAL CO* 4.250% Due 11-15-20	108.13	810,952	105.31	789,795	0.72	31,875	4,073	3.43
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	105.44	828,790	0.76	33,853	4,420	3.51
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	99.86	748,987	0.68	23,625	1,050	3.17
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	102.58	512,920	0.47	30,000	3,833	5.79
500,000	SOUTHERN CAL EDISON CORP BOND 5.950% Due 02-01-38	99.54	497,700	120.80	603,995	0.55	29,750	12,396	4.54
	Accrued Interest				252,570	0.23			
			23,874,761		25,244,840	23.06		252,570	

# Compliance Report

- Limitation on the purchase of any bond in excess of 600 basis points above a comparable duration U.S. Treasury
- Limitation on the purchase of any CMBS after January 1, 2009
  - See attached Purchase and Sale report

# Purchase and Sale – from 3/31/2013 to 6/30/2013

Portfolio Name	Trade Date	Settle Date	Quantity	Security	Unit Price	Amount	Yield On Cost	Spread Over TSY	Sector	Sec Type Code
<b>PURCHASES</b>										
FAIRBANKS PERMANENT	06-28-13	06-28-13	970.9010	VANGUARD INST'L S&P500 IN	147.70	143,402.11	?	0.00	Domestic Large Cap E	mfus
<b>SALES</b>										
FAIRBANKS PERMANENT	05-22-13	05-24-13	14,467.9730	VANGUARD INST'L S&P500 IN	152.06	2,200,000.00	?	0.00	Domestic Large Cap E	mfus

# Compliance Report

- Ratings and downgrade limitations on corporate securities
  - See attached Portfolio Holdings (Expanded) report

# Portfolio Holdings (Expanded)

6/28/2013		Port														
	Pos	Moody's	S&P	Cpn	Px Close	Mkt Val	Wgt	YTW	Mod Dur	OAD	OAC	Group	Sector	CUSIP	Issuer	Mty
FAIRBANK (019)		Aa3	AA-	3.746		52057171	100.00	1.76		3.75	3.85	0.341				
ADBE 4 3/4 02/01/20	750,000	Baa1	BBB+	4.750	108.89	831242	1.60	3.24	5.59	5.70	0.389	Software	Technology	00724FAB7	ADOBE SYSTEMS INC	02/01/2020
BAC 5 3/4 10/14/16	500,000	Baa2	A-	5.625	110.59	558716	1.07	2.26	3.00	3.02	0.111	Banks	Financial	060505CS1	BANK OF AMERICA CORP	10/14/2016
BACM 2007-5 A2	500,000		AAA	5.434	100.24	25449	0.05	-5.73	0.03	0.04	0.000	Commercial MBS	Mortgage Securities	05952CAB6	BACM 2007-5 A2	02/10/2051
BK 1.969 06/20/17	750,000	Aa3	A+	1.969	100.40	753333	1.45	1.86	3.81	3.84	0.169	Banks	Financial	064058AA8	BANK OF NEW YORK MELLON	06/20/2017
BMO 2.85 06/09/15	500,000	Aaa	A	2.850	104.17	521619	1.00	0.67	1.90	1.90	0.046	Banks	Financial	063679BV5	BANK OF MONTREAL	06/09/2015
BPLN 5 1/4 11/07/13	250,000	A2	A	5.250	101.64	255967	0.49	0.47	0.36	0.36	0.002	Oil&Gas	Energy	05565QBF4	BP CAPITAL MARKETS PLC	11/07/2013
BSCMS 2005-PWR8 A4	500,000	Aaa	A	4.674	105.26	528048	1.01	1.46	1.62	1.64	0.036	Commercial MBS	Mortgage Securities	07383F7W2	BSCMS 2005-PWR8 A4	06/11/2041
BSCMS 2006-PW13 A3	500,000		AAA	5.518	100.31	203366	0.39	-4.59	0.05	2.02	0.052	Commercial MBS	Mortgage Securities	07388LAC4	BSCMS 2006-PW13 A3	09/11/2041
C 4 3/4 05/19/15	500,000	Baa2	A-	4.750	105.73	531230	1.02	1.64	1.81	1.81	0.042	Banks	Financial	172967FD8	CITIGROUP INC	05/19/2015
C 5 1/4 10/15/14	600,000	Baa2	A-	5.500	105.10	637275	1.22	1.47	1.25	1.25	0.022	Banks	Financial	172967E20	CITIGROUP INC	10/15/2014
CARGIL 4.307 05/14/21	786,000	A2	A	4.307	106.03	837570	1.61	3.42	6.66	6.82	0.542	Agriculture	Consumer Non-cyclical	141781AY0	CARGILL INC	05/14/2021
CAT 7.15 02/15/19	500,000	A2	A	7.150	124.76	637030	1.22	2.41	4.69	4.76	0.282	Diversified Finan Serv	Financial	14912L4E8	CATERPILLAR FINANCIAL SE	02/15/2019
CD 2005-CD1 A4	1,078,690	Aaa	AAA	5.392	107.68	1165852	2.24	1.47	1.98	1.98	0.050	Commercial MBS	Mortgage Securities	12513EAG9	CD 2005-CD1 A4	07/15/2044
CMCSA 5.15 03/01/20	775,000	A3	A-	5.150	113.89	895647	1.72	2.84	5.64	5.75	0.396	Media	Communications	20030NBA8	COMCAST CORP	03/01/2020
COMM 2006-C8 A2B	500,000	Aaa	A	5.248	100.00	101448	0.19	1.31	0.03	0.04	0.000	Commercial MBS	Mortgage Securities	20047EBG6	COMM 2006-C8 A2B	12/10/2046
COP 5 3/4 10/15/16	675,000	A1	A	5.625	114.07	777698	1.49	1.24	3.03	3.04	0.112	Oil&Gas	Energy	20825TAA5	CONOCOPHILLIPS CANADA	10/15/2016
CPB 3.05 07/15/17	500,000	A2	BBB+	3.050	104.00	526899	1.01	2.01	3.76	3.78	0.170	Food	Consumer Non-cyclical	134429AV1	CAMPBELL SOUP CO	07/15/2017
CS 5 1/4 05/01/14	500,000	A1	A+	5.500	104.09	524823	1.01	0.54	0.83	0.83	0.011	Banks	Financial	22546QAA5	CREDIT SUISSE NEW YORK	05/01/2014
CSFB 2005-C2 A3	500,000	Aaa	AAA	4.691	99.47	354920	0.68	5.00	1.30	1.30	0.024	Commercial MBS	Mortgage Securities	225458RR1	CSFB 2005-C2 A3	04/15/2037
DOW 4 1/4 11/15/20	750,000	Baa2	BBB	4.250	104.81	789864	1.52	3.48	6.11	6.41	0.454	Chemicals	Basic Materials	260543CC5	DOW CHEMICAL CO/THE	11/15/2020
EIX 5.95 02/01/38	500,000	A1	A	5.950	119.83	611313	1.17	4.59	13.61	13.93	2.791	Electric	Utilities	842400FH1	SOUTHERN CAL EDISON	02/01/2038
EXC 6.2 10/01/17	750,000	Baa2	BBB	6.200	113.98	866124	1.66	2.69	3.74	3.77	0.172	Electric	Utilities	30161MAE3	EXELON GENERATION CO LLC	10/01/2017
FG A16590	1,063,778			6.000	109.63	93299	0.18	3.08	3.25	3.17	-0.109	FGLMC Collateral	Mortgage Securities	31296RKB3	FG A16590	12/01/2033
FG A36703	750,000			4.500	106.05	154113	0.30	2.87	3.61	3.51	-1.604	FGLMC Collateral	Mortgage Securities	31297SNU5	FG A36703	08/01/2035
FG A77796	2,925,873			5.500	107.73	267277	0.51	3.00	3.04	2.64	-0.672	FGLMC Collateral	Mortgage Securities	3128LBUV8	FG A77796	05/01/2038
FG B17355	1,012,036			5.000	106.33	199140	0.38	2.04	2.13	1.97	0.000	FGLMC Collateral	Mortgage Securities	312970E44	FG B17355	12/01/2019
FG B17982	1,000,000			4.000	104.79	262126	0.50	1.70	2.07	1.77	-0.428	FGLMC Collateral	Mortgage Securities	3129702P0	FG B17982	03/01/2020
FG C01403	1,000,000			6.000	109.63	37813	0.07	3.11	3.28	3.16	-0.137	FGLMC Collateral	Mortgage Securities	31292HRY2	FG C01403	09/01/2032
FG E01136	2,000,000			5.500	105.58	50727	0.10	1.01	1.26	1.22	0.025	FGLMC Collateral	Mortgage Securities	31294KHM0	FG E01136	03/01/2017
FG G05253	2,016,834			5.000	106.77	318487	0.61	3.04	3.38	3.25	-1.314	FGLMC Collateral	Mortgage Securities	3128M7E28	FG G05253	02/01/2039
FG G08264	1,500,000			6.000	109.20	278172	0.53	3.02	3.04	2.81	-0.126	FGLMC Collateral	Mortgage Securities	3128MJJ0	FG G08264	04/01/2038
FH 1G2124	1,000,000			5.975	105.21	180594	0.35	3.40	2.41	2.24	-0.745	FHLMC Collateral	Mortgage Securities	3128QSLD6	FH 1G2124	08/01/2037
FH 847740	500,000			5.447	106.42	44206	0.08	1.44	1.49	1.12	0.294	FHLMC Collateral	Mortgage Securities	3128JRS56	FH 847740	04/01/2037
FHLB 3 3/4 10/18/13	500,000	Aaa	AA+	3.625	101.03	508665	0.98	0.16	0.31	0.31	0.002	Sovereign	Government	3133XSAE8	FEDERAL HOME LOAN BANK	10/18/2013
FHLMC 5 1/4 11/17/17	500,000	Aaa	AA+	5.125	115.67	581255	1.12	1.42	3.97	4.01	0.190	Sovereign	Government	3137EABA6	FREDDIE MAC	11/17/2017
FHLMC 6 1/4 07/15/32	500,000	Aaa	AA+	6.250	132.57	676977	1.30	3.83	11.96	12.32	2.047	Sovereign	Government	3134A4KX1	FREDDIE MAC	07/15/2032
FN 254195	2,008,126			5.500	105.81	56251	0.11	0.84	1.29	1.25	0.032	FNMA Collateral	Mortgage Securities	31371KKG5	FN 254195	02/01/2017
FN 745552	800,000			2.423	105.70	99466	0.19	1.25	1.02	1.63	0.399	FNMA Collateral	Mortgage Securities	31403DH51	FN 745552	02/01/2036
FN 814349	1,000,000			4.500	106.02	180589	0.35	1.49	2.03	1.64	-0.242	FNMA Collateral	Mortgage Securities	31406MWJ1	FN 814349	03/01/2020
FN 819922	1,000,001			5.500	108.35	126815	0.24	1.51	2.12	1.90	0.060	FNMA Collateral	Mortgage Securities	31406T4F5	FN 819922	04/01/2020
FN 819924	1,000,000			4.500	106.02	141619	0.27	1.56	2.07	1.68	-0.236	FNMA Collateral	Mortgage Securities	31406T4H1	FN 819924	04/01/2020
FN 820607	733,971			2.073	104.86	124266	0.24	0.96	0.79	0.93	0.672	FNMA Collateral	Mortgage Securities	31406UU89	FN 820607	03/01/2035
FN 826090	990,000			2.220	103.71	114975	0.22	1.45	0.99	1.16	0.650	FNMA Collateral	Mortgage Securities	31407BXT1	FN 826090	07/01/2035

# Portfolio Holdings (Expanded)

6/28/2013		Port															
	Pos	Moody's	S&P	Cpn	Px Close	Mkt Val	Wgt	YTW	Mod Dur	OAD	OAC	Group	Sector	CUSIP	Issuer	Mty	
FAIRBANK (019)		Aa3	AA-	3.746		52057171	100.00	1.76	3.75	3.85	0.341						
FN 838293	1,500,000			2.679	105.56	255771	0.49	1.23	1.14	0.69	0.787	FNMA Collateral	Mortgage Securities	31407RKE3	FN 838293	08/01/2035	
FN 888348	1,425,707			5.000	106.93	179336	0.34	2.00	2.32	2.14	0.000	FNMA Collateral	Mortgage Securities	31410F5H4	FN 888348	05/01/2022	
FN 943054	1,000,000			2.765	105.83	134466	0.26	1.16	1.18	1.23	0.085	FNMA Collateral	Mortgage Securities	31413EE35	FN 943054	08/01/2037	
FN 968813	2,957,641			6.000	109.34	517352	0.99	2.87	3.01	2.16	2.068	FNMA Collateral	Mortgage Securities	31414KYJ3	FN 968813	01/01/2038	
FN AA6013	1,135,102			4.500	105.89	325143	0.62	3.08	4.11	4.20	-1.888	FNMA Collateral	Mortgage Securities	31416PVF1	FN AA6013	05/01/2039	
FN AD2331	922,796			4.000	105.50	319935	0.61	2.21	3.07	2.65	-0.967	FNMA Collateral	Mortgage Securities	31418PSV8	FN AD2331	03/01/2025	
FN AD7073	577,378			4.000	105.33	180349	0.35	2.26	3.07	2.77	-0.948	FNMA Collateral	Mortgage Securities	31418U2F0	FN AD7073	06/01/2025	
G2 2563	2,545,290			6.500	113.59	39098	0.08	2.83	3.64	3.65	0.038	GNMA2 Collateral	Mortgage Securities	36202CZ48	G2 2563	03/20/2028	
GE 5 ½ 05/01/18	1,000,000	A1	AA+	5.625	114.70	1155955	2.22	2.38	4.26	4.31	0.221	Diversified Finan Serv	Financial	36962G3U6	GENERAL ELEC CAP CORP	05/01/2018	
GEMNT 2009-4 A	1,000,000	Aaa		3.800	104.28	1044194	2.01	0.68	1.34	1.33	0.025	Credit Card ABS	Asset Backed Securities	36159JBT7	GEMNT 2009-4 A	11/15/2017	
GIS 3.15 12/15/21	750,000	A3	BBB+	3.150	99.81	749408	1.44	3.18	7.37	7.56	0.633	Food	Consumer Non-cyclical	370334BM5	GENERAL MILLS INC	12/15/2021	
GN 587075	2,000,000			6.500	114.78	43699	0.08	3.16	4.32	4.37	0.050	GNMA Collateral	Mortgage Securities	36201MFQ0	GN 587075	05/15/2032	
GN 617115	1,500,000			5.500	109.03	318050	0.61	3.03	3.61	3.96	-0.190	GNMA Collateral	Mortgage Securities	36290TSC4	GN 617115	06/15/2036	
GS 7 ½ 02/15/19	600,000	A3	A-	7.500	118.80	729401	1.40	3.76	4.59	4.66	0.274	Banks	Financial	38141EA25	GOLDMAN SACHS GROUP INC	02/15/2019	
GSK 5.65 05/15/18	500,000	A1	A+	5.650	115.93	583002	1.12	2.18	4.31	4.35	0.225	Pharmaceuticals	Consumer Non-cyclical	377372AD9	GLAXOSMITHKLINE CAP INC	05/15/2018	
HSBC 5 ½ 01/19/16	250,000	Baa1	A	5.500	109.74	280426	0.54	1.58	2.36	2.36	0.075	Diversified Finan Serv	Financial	40429CFN7	HSBC FINANCE CORP	01/19/2016	
IBM 5.7 09/14/17	500,000	Aa3	AA-	5.700	115.54	585952	1.13	1.83	3.75	3.78	0.175	Computers	Technology	459200GJ4	IBM CORP	09/14/2017	
JNJ 2.15 05/15/16	500,000	Aaa	AAA	2.150	103.68	519694	1.00	0.85	2.79	2.80	0.093	Pharmaceuticals	Consumer Non-cyclical	478160AY0	JOHNSON & JOHNSON	05/15/2016	
JPM 4 ¾ 03/01/15	500,000	A2	A	4.750	106.04	537915	1.03	1.07	1.60	1.60	0.038	Banks	Financial	46625HCE8	JPMORGAN CHASE & CO	03/01/2015	
JPMCC 2007-CB19 A4	500,000	Aa2	A+	5.711	112.12	562767	1.08	2.35	3.35	3.37	0.137	Commercial MBS	Mortgage Securities	46630VAD4	JPMCC 2007-CB19 A4	02/12/2049	
JPMCC 2007-LD12 A4	500,000	Aaa	A-	5.882	112.83	566336	1.09	2.38	3.48	3.48	0.147	Commercial MBS	Mortgage Securities	46632HAD3	JPMCC 2007-LD12 A4	02/15/2051	
LBUBS 2006-C7 A2	700,000		AAA	5.300	101.97	335815	0.65	4.29	1.90	1.89	0.064	Commercial MBS	Mortgage Securities	50180CAB6	LBUBS 2006-C7 A2	11/15/2038	
MCD 5.35 03/01/18	575,000	A2	A	5.350	114.54	668594	1.28	2.06	4.13	4.17	0.212	Retail	Consumer Cyclical	58013MEE0	MCDONALD'S CORP	03/01/2018	
MS 6 04/28/15	500,000	Baa1	A-	6.000	107.28	541400	1.04	1.91	1.73	1.73	0.039	Banks	Financial	61747YCE3	MORGAN STANLEY	04/28/2015	
MSFT 4.2 06/01/19	600,000	Aaa	AAA	4.200	111.26	669462	1.29	2.16	5.27	5.36	0.332	Software	Technology	594918AC8	MICROSOFT CORP	06/01/2019	
ONT 3 ½ 07/15/13	500,000	Aa2	AA-	3.500	100.10	508436	0.98	0.42	0.05	0.05	0.148	Regional(state/provnc)	Government	683234ZR2	ONTARIO (PROVINCE OF)	07/15/2013	
PEP 3 ¾ 11/01/20	500,000	A1	A-	3.125	101.56	510254	0.98	2.89	6.50	6.66	0.505	Beverages	Consumer Non-cyclical	713448BR8	PEPSICO INC	11/01/2020	
PG 4.7 02/15/19	600,000	Aa3	AA-	4.700	112.68	686488	1.32	2.28	4.92	5.00	0.300	Cosmetics/Personal Care	Consumer Non-cyclical	742718DN6	PROCTER & GAMBLE COTHE	02/15/2019	
T 1 ¾ 09/30/18	1,000,000			1.375	99.52	998500	1.92	1.47	5.04	5.11	0.292	Sovereign	Government	912828RH5	US TREASURY N/B	09/30/2018	
T 2 ¾ 07/31/17	850,000			2.375	105.10	901584	1.73	1.09	3.87	3.90	0.179	Sovereign	Government	912828NR7	US TREASURY N/B	07/31/2017	
T 2 ¾ 02/15/19	1,400,000			2.750	106.39	1503559	2.89	1.56	5.18	5.27	0.320	Sovereign	Government	912828KD1	US TREASURY N/B	02/15/2019	
T 2.95 05/15/16	500,000	A3	A-	2.950	104.48	524145	1.01	1.35	2.76	2.76	0.092	Telecommunications	Communications	00206RAW2	AT&T INC	05/15/2016	
T 3 ½ 02/15/39	1,375,000			3.500	101.73	1416529	2.72	3.40	16.71	17.30	3.935	Sovereign	Government	912810QA9	US TREASURY N/B	02/15/2039	
T 5 ¼ 02/15/29	1,000,000			5.250	127.17	1290968	2.48	3.05	11.12	11.52	1.674	Sovereign	Government	912810FG8	US TREASURY N/B	02/15/2029	
T 6 11/15/34	500,000		A-	6.000	103.24	519797	1.00	5.73	12.04	12.30	2.150	Telecommunications	Communications	079860AK8	BELLSOUTH CORP	11/15/2034	
TD 1 ¾ 09/14/16	1,250,000	Aaa		1.625	101.55	1275215	2.45	1.13	3.11	3.13	0.116	Banks	Financial	891145RB2	TORONTO-DOMINION BANK	09/14/2016	
TII 1 ¾ 01/15/18	750,000			1.625	109.39	916864	1.76	-0.42	2.19	4.66	0.239	Sovereign	Government	912828HN3	TSY INFL IX N/B	01/15/2018	
UBS 2 ¾ 03/30/17	1,000,000	Aaa		2.250	102.63	1031833	1.98	1.52	3.58	3.60	0.151	Banks	Financial	90349CAA2	UBS AG LONDON	03/30/2017	
UNH 5 ¾ 03/15/16	350,000	A3	A	5.375	109.89	390002	0.75	1.62	2.52	2.52	0.081	Healthcare-Services	Consumer Non-cyclical	91324PAQ5	UNITEDHEALTH GROUP INC	03/15/2016	
USB 4.2 05/15/14	450,000	A1	A+	4.200	103.26	466929	0.90	0.43	0.87	0.87	0.012	Banks	Financial	91159HGR5	US BANCORP	05/15/2014	
VZ 5 ¼ 04/01/17	500,000	A3	A-	5.500	112.63	569781	1.09	1.98	3.39	3.42	0.141	Telecommunications	Communications	92343VAG9	VERIZON COMMUNICATIONS	04/01/2017	
WFC 5 ¾ 12/11/17	500,000	A2	A+	5.625	114.00	571350	1.10	2.29	3.98	4.02	0.191	Banks	Financial	949746NX5	WELLS FARGO & COMPANY	12/11/2017	
WFC 5 ¾ 02/01/18	500,000	A2	A+	5.750	115.09	587188	1.13	2.26	4.01	4.06	0.204	Banks	Financial	92976WBH8	WACHOVIA CORP	02/01/2018	
USD	8,111,965	Aaa	AAA	0.000	1.00	8111965	15.58	0.00	0.00	0.00	0.000				US DOLLAR SPOT		

# Compliance Report

- Five percent limitations on any one security within the entire portfolio
  - See Portfolio Appraisal report (Appendix)

# Compliance Report

- Ten percent limitation on Baa rated securities within the fixed income portfolio
- Duration constraint between 80-120 percent of the Barclays Aggregate Index
  - See attached Duration-Weighted Distribution by Quality report



# Duration-Weighted Distribution by Quality

6/28/2013	Port					Bench				
	Mkt Val	Wgt	OAD	CTD	%TD	Mkt Val	Wgt	OAD	CTD	%TD
FAIRBANK (019)	\$ 43,968,186	100.00	4.56	4.56	100.00	\$ 20,062,818,342	100.00	5.60	5.60	100.00
AAA	\$ 20,957,941	47.67	4.75	2.26	49.63	\$ 14,584,563,115	72.69	5.27	3.83	68.44
AA	\$ 4,146,857	9.43	3.83	0.36	7.93	\$ 752,902,179	3.75	5.78	0.22	3.88
A	\$ 14,721,541	33.48	4.15	1.39	30.50	\$ 2,090,236,576	10.42	6.44	0.67	12.00
BBB	\$ 4,141,847	9.42	5.78	0.54	11.94	\$ 2,259,910,515	11.26	6.77	0.76	13.59
BB						\$ 137,734,477	0.69	6.76	0.05	0.83
NR						\$ 233,889,474	1.17	5.99	0.07	1.24

*Portfolio Duration as a % of Benchmark 81%*

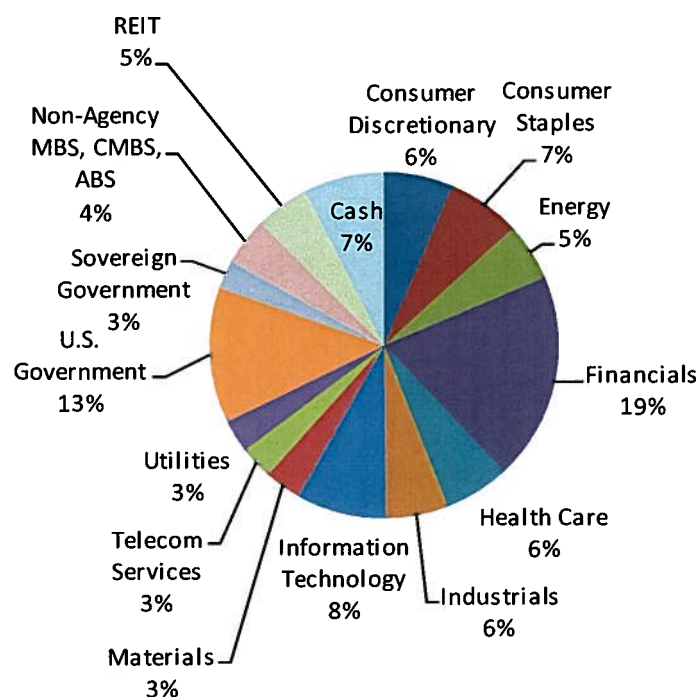
**Duration** gauges price sensitivity of fixed income securities and represents the expected percentage change in market value when interest rates change by 1%.

# Compliance Report

- Twenty-five percent industry limitation within the entire portfolio
  - See attached GICS Sector Concentration report

# GICS Sector Concentration

## GICS\* Sector Concentration for Fairbanks Permanent Fund as of June 30, 2012



Sector	Market Value	% of Portfolio
Consumer Discretionary	7,076,590	6%
Consumer Staples	7,418,563	7%
Energy	5,916,259	5%
Financials	21,252,362	19%
Health Care	6,615,055	6%
Industrials	6,331,945	6%
Information Technology	9,090,339	8%
Materials	3,796,777	3%
Telecommunication Services	3,387,826	3%
Utilities	3,344,112	3%
<hr/>		
U.S. Government - Treasury/Agency/Agency MBS	13,855,507	13%
Sovereign Government	2,899,625	3%
Non-Agency MBS, CMBS, ABS	4,819,511	4%
REIT	5,543,642	5%
Commodities	-	0%
Cash	8,111,965	7%
<hr/>		
<b>Total Portfolio</b>	<b>\$ 109,460,077</b>	<b>100%</b>

Includes Individual Bond and ETF Holdings

\* As defined by the Global Industry Classification Standard (GICS) provided by Standard & Poor's/MSCI Barra

ALASKA  
PERMANENT  
CAPITAL MANAGEMENT COMPANY

IS RELATIONSHIP DRIVEN AND VIEWS ITSELF AS  
A LONG-TERM PARTNER WITH ITS CLIENTS

YOUR BUSINESS IS IMPORTANT TO US!

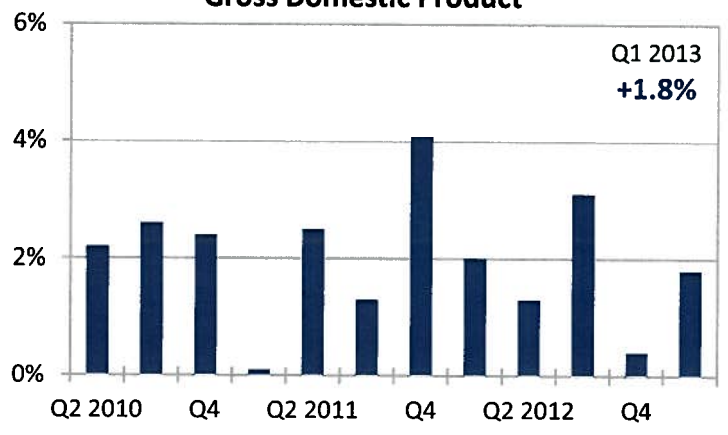
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# Appendix

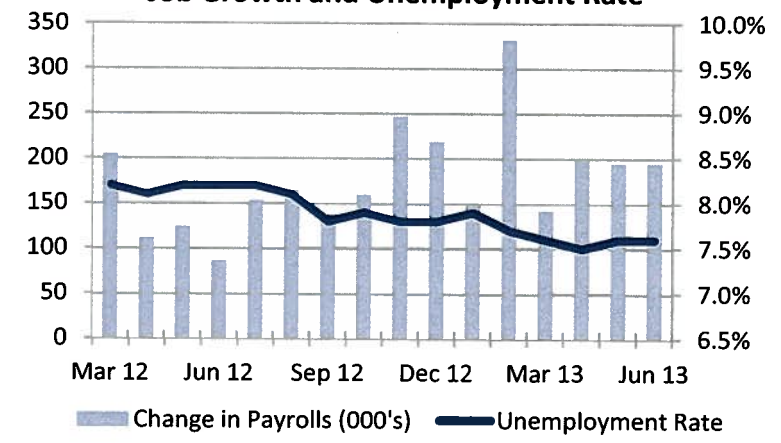
# Economy & Financial Markets

**Gross Domestic Product**



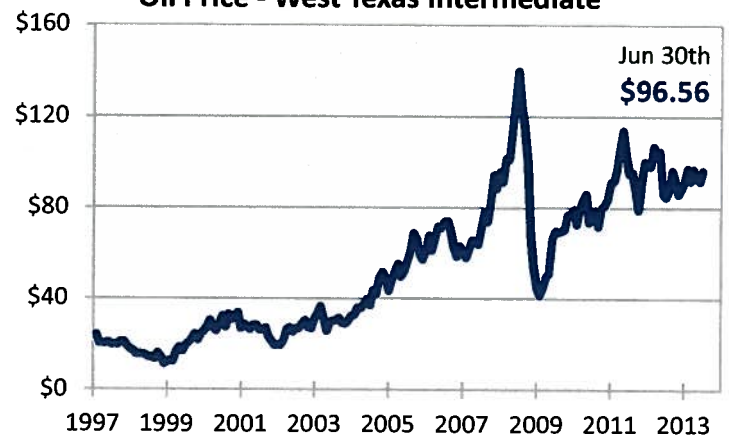
Bureau of Economic Analysis

**Job Growth and Unemployment Rate**



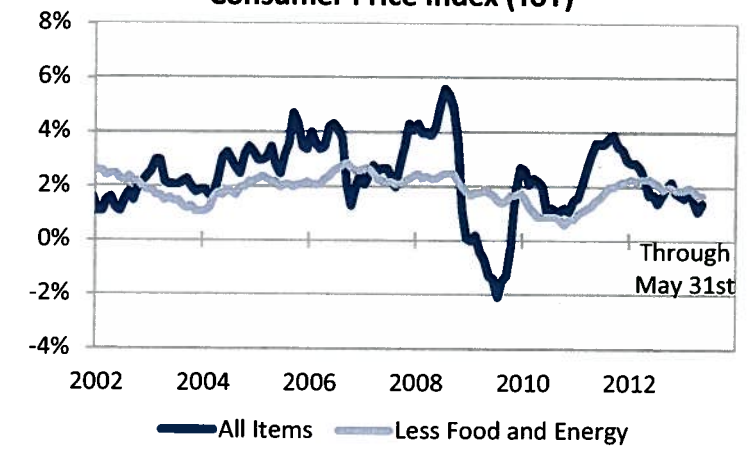
Bureau of Labor Statistics

**Oil Price - West Texas Intermediate**



Bloomberg

**Consumer Price Index (YoY)**



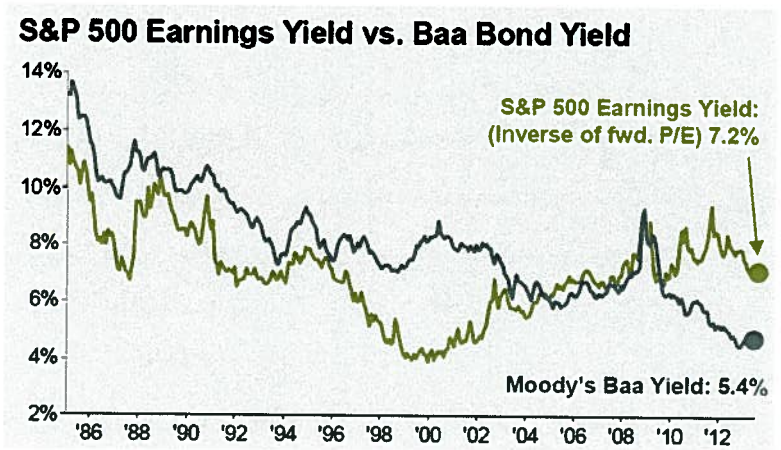
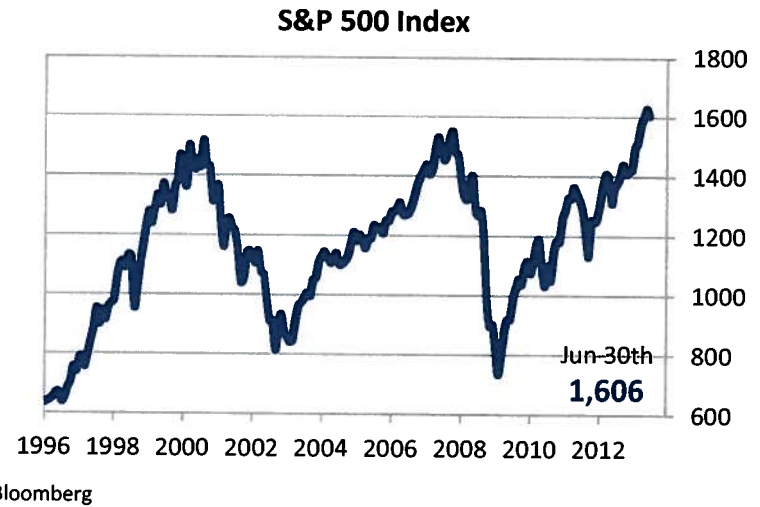
Bureau of Labor Statistics

# Economy & Financial Markets

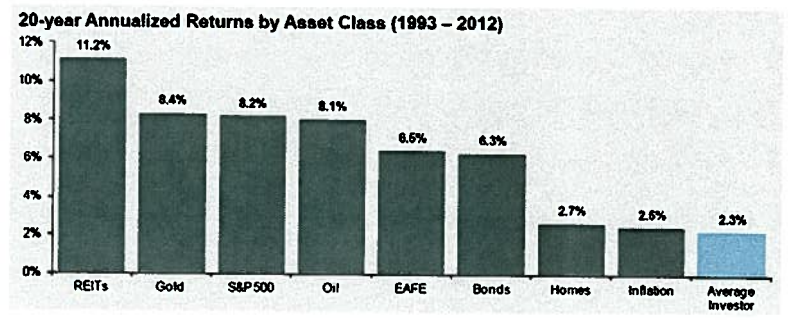
**Total Return (%) as of June 30, 2013**

	Q2 2013	1 Year	3 Years	5 Years
<b>Domestic Equities</b>				
Large Cap S&P 500	2.9	20.6	18.5	7.0
Mid Cap S&P 400	1.0	25.2	19.5	8.9
Small Cap S&P 600	3.9	25.2	20.3	10.0
<b>International Equities</b>				
Developed MSCI EAFE	-1.0	18.6	10.0	-0.6
Emerging MSCI Emerging Markets	-8.1	2.9	3.4	-0.4
<b>Other</b>				
Commercial Property S&P U.S. REIT	-1.5	9.3	18.3	7.6
Commodities DJ-UBS Commodity	-9.5	-8.0	-0.3	-11.6
<b>Fixed Income</b>				
Total Bond Market Barclays Aggregate	-2.3	-0.7	3.5	5.2
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	-0.1	0.3	0.9	2.0
Int'l Treasury Barclays Global Tsy ex-US	-3.5	-2.5	4.4	3.0

Returns are annualized for periods greater than one year



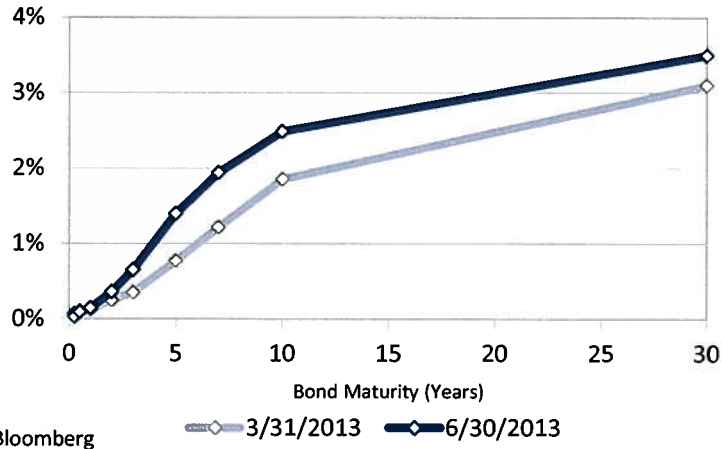
Sources: Standard & Poor's, Moody's, J.P. Morgan Asset Management  
Data as of 6/30/2013.



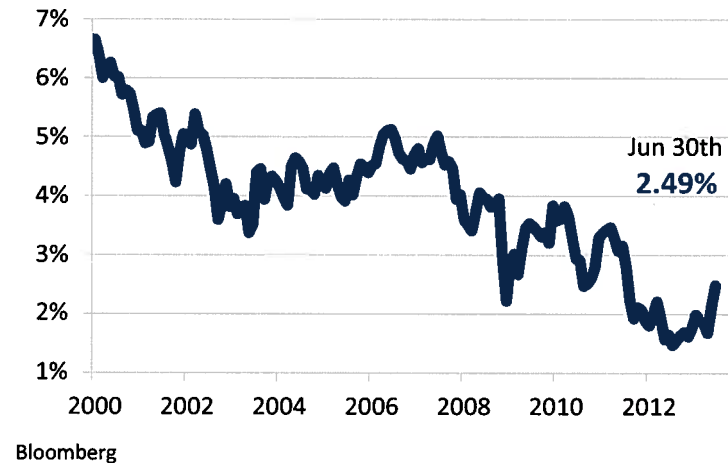
Source: J.P. Morgan Asset Management  
Average asset allocation investor return is based on an analysis by Dalbar Inc.  
All returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/12 to match Dalbar's most recent analysis.

# Economy & Financial Markets

U.S. Treasury Yield Curve Comparison

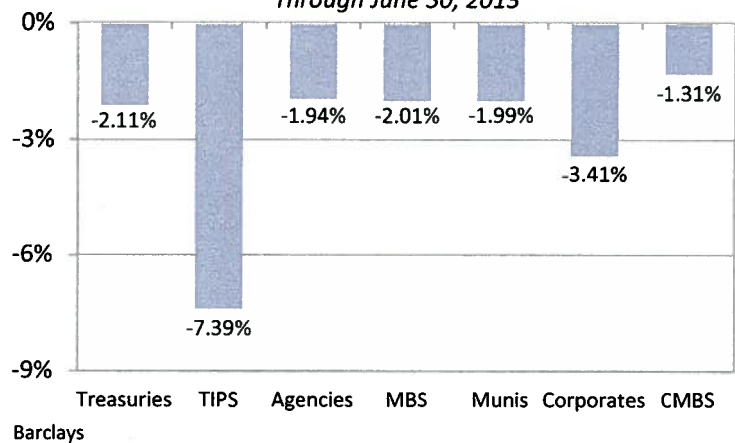


10 Year Treasury Note Yield

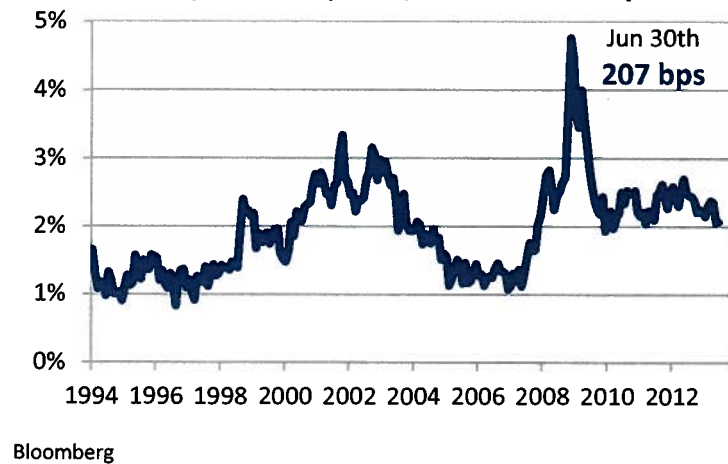


2013 YTD Bond Total Return

Through June 30, 2013



Corporate A Spread/10 Year Treasury





# Current Outlook

## Economic Outlook

The U.S. economy is expanding modestly as decent private sector growth is offset by a contraction in government spending. Housing and car sales have been solid. The stock market is bouncing around all time highs. There is much talk of an energy renaissance in the U.S. due to new techniques in oil and gas exploration. The government is making progress in getting its deficit and national debt under control.

The unemployment rate was unchanged in June at 7.6%. Job gains have been respectable, averaging about 200,000 over the past six months. GDP growth was revised down to +1.8% in Q1, but may remain sluggish in Q2 due to sequester cuts in government spending. The consensus outlook calls for economic growth around +2% and modest inflation in 2013.

In the April 2013 update to its World Economic Outlook, the IMF slightly lowered its forecast for global growth. It sees +3.3% growth in 2013 and +4.0% in 2014, down from estimates last made in January. It noted that global growth prospects and financial conditions have improved, but the road to recovery in advanced countries will remain bumpy.

In March, the OECD released a forecast calling for a return to moderate growth in the U.S. and acceleration from low levels in Japan, boosted by new government spending and considerable BoJ quantitative easing. They believe recovery in Europe will take longer and that the emerging markets will continue to drive growth at the global level this year. The OECD expects China to grow at +8%, for example.

## Inflation Outlook

The U.S. CPI inflation rate rose +1.4% over the last 12 months through May. That compares to +2.1% in 2012 and +3.2% in 2011. Given the still high unemployment rate (modest wage pressure) and unused capacity in the U.S., recession in Europe, and slowing growth in China, inflation is unlikely to be a problem near term, despite money printing by most of the world's central banks. ISI Strategies believes global inflation will be around +2% in 2013.

10 year U.S. Treasury yields surged 46 basis points in May and another 37 basis points in June, ending the quarter at 2.49%. The 10 year inflation protected TIPS bond yielded 0.46% at month end. The difference between the two bond yields (i.e. the "break even" inflation rate) was 2.03%. That means the market expects inflation to average 2.03% over the next 10 years.

WTI oil jumped \$5 per barrel to \$97 at month end. Gold has been volatile lately and is trading near recent lows, closing the month at \$1,211 (down -27% YTD). The Dow Jones commodity index is down -10.5% YTD. There is a whiff of deflation in the air.

## Policy Actions

The Federal Reserve is worried about slow growth and high unemployment and is maintaining a ZIRP (zero interest rate policy). It has also undertaken an \$85 billion monthly bond buying program to push longer interest rates down. The Fed stated that rates would remain low as long as the unemployment rate was 6.5% or higher and core inflation remained +2.5% or lower. Comments made by Ben Bernanke in May about the possibility of tapering the amount of securities purchased each month spooked many investors. August without raising the debt ceiling.

The "fiscal cliff" was avoided at the last minute. Sequestration cuts have taken effect, but the full consequences of those cuts are not yet known. Cuts in government spending and higher than forecast tax receipts means the Treasury will be able to finance the government through August without raising the debt ceiling.

July 2013

# Current Outlook

## Policy Actions (Continued)

Overseas, Europe continues to grapple with a banking system that was more levered than the U.S. The ECB (extending 3 year loans to banks at 1%) and IMF have taken significant steps to shore up confidence and provide liquidity to EU governments struggling with deficit/debt problems. Greece, Ireland, Portugal and now Cypress have accepted bailouts. ECB President Mario Draghi has said that he will do “whatever it takes” to stabilize bond markets and save the euro. This has taken “tail risk” off the table and eased financial conditions (credit spreads have narrowed considerably and rates have fallen).

Still the eurozone is in recession and the unemployment rate there is 12.1% and the youth unemployment rate is close to 24%. Of note is recent talk to put “austerity” on the backburner and “go for growth.” There is also recognition that a banking union is necessary and work in Europe is underway towards that end. Europe is shaky but it does show some signs of bottoming.

Japan has initiated more fiscal stimulus and monetary easing to get inflation to a +2% target. The Japanese central bank has undertaken a monetary stimulus three times that of the U.S., in relative terms. Japanese equities have rallied sharply, amidst considerable volatility, since the stimulus measures were announced.

Economic growth in China in Q1 was only +7.5%, down from +8% last year and the +10% growth investors had come to expect. The Economist opines that it may be that in some emerging markets, rapid resource intensive growth is giving way to more consumption services oriented economies – and slower growth. One factoid worth noting is that in 1980, China and India accounted for less than 5% of global output. Last year the two were responsible for over 20% of world GDP.

## Bond Outlook

Treasury yields were sharply higher in May and June despite good news on the inflation front.

APCM remains overweight spread product including corporate bonds (especially financials) and CMBS securities. Spreads have widened recently from tight levels and in recognition of reduced liquidity from the dealer community. Despite the run up in yields, we believe Treasuries remain unattractive in all but a flight to quality/deflation scenario.

## Equity Outlook

The equity markets lost some ground in June on “taper talk” from the Fed. The S&P 500 fell -1.3% but is still up +13.8% YTD. REITs (commercial properties) continued to lose ground, albeit from elevated levels. They were off -1.9% in June, but are up +6.4% YTD. At 14x forward earnings, the P/E ratio for the S&P 500 is in fair value territory.

In overseas markets, the EAFE developed country index fell -3.6% in June, bringing the YTD gains to +4.1%. Japanese equities stabilized in June after falling sharply in May. They are up a whopping +32.8% in yen through the first two quarters of the year. Yen depreciation has trimmed those gains to +15.1% in dollars.

Performance in the emerging equity markets has been disappointing with the MSCI Emerging Markets off -6.4% in June and -9.6% YTD. Political turmoil, worries about sustainable growth, and increasing U.S. interest rates have undermined the case for emerging market equities. Stocks here trade at a 9.5x P/E ratio, and while their economies are slowing, policymakers have room to ease and these countries are in better fiscal shape than the developed nations. APCM is overweight – marginally.

While APCM continues to favor stocks over bonds and cash in client portfolios, recent gains in U.S. equities have been a bit surprising given modest economic growth and ongoing policy uncertainty.

July 2013



# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>U.S. TREASURY</b>									
850,000	US TREASURY NOTES 2.375% Due 07-31-17	106.34	903,922	105.12	893,562	0.82	20,187	8,421	1.09
1,000,000	US TREASURY NOTES 1.375% Due 09-30-18	99.39	993,945	99.56	995,630	0.91	13,750	3,456	1.46
1,400,000	US TREASURY NOTES 2.750% Due 02-15-19	104.27	1,459,846	106.44	1,490,132	1.36	38,500	14,464	1.55
1,000,000	U S TREASURY NOTES 5.250% Due 02-15-29	110.42	1,104,150	127.22	1,272,190	1.16	52,500	19,724	3.05
1,375,000	US Treasury Note 3.500% Due 02-15-39	86.77	1,193,038	101.62	1,397,344	1.28	48,125	18,080	3.40
	Accrued Interest				64,145	0.06			
			5,654,901		6,113,003	5.58		64,145	
<b>U.S. TREASURY INFLATION</b>									
832,492	US TREASURY INFLATION PROTECTED SECURITIES 1.625% Due 01-15-18	98.81	822,572	109.59	912,362	0.83	13,528	6,241	NA
	Accrued Interest				6,241	0.01			
			822,572		918,603	0.84		6,241	
<b>AGENCIES</b>									
500,000	FHLB 3.625% Due 10-18-13	104.20	520,981	101.03	505,145	0.46	18,125	3,675	0.19
500,000	FHLMC 5.125% Due 11-17-17	111.91	559,567	115.62	578,110	0.53	25,625	3,132	1.43
500,000	FEDERAL HOME LOAN MORTGAGE CORP 6.250% Due 07-15-32	120.42	602,104	132.52	662,615	0.61	31,250	14,410	3.83
	Accrued Interest				21,217	0.02			
			1,682,652		1,767,087	1.61		21,217	
<b>FNMA &amp; FHLMC</b>									
52,957	FNMA POOL # 254195 5.500% Due 02-01-17	99.33	52,601	105.61	55,926	0.05	2,913	243	0.28
47,861	FGLMC POOL E01136 5.500% Due 03-01-17	99.55	47,644	106.87	51,149	0.05	2,632	219	0.22
186,631	FGLMC POOL B17355 5.000% Due 12-01-19	101.34	189,131	106.26	198,312	0.18	9,332	778	1.62
249,439	FGLMC POOL B17982 4.000% Due 03-01-20	97.59	243,437	105.27	262,579	0.24	9,978	831	1.15



# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
169,796	FNMA POOL 814349 4.500% Due 03-01-20	98.62	167,455	106.21	180,344	0.16	7,641	637	1.29
116,593	FNMA POOL 819922 5.500% Due 04-01-20	102.41	119,408	107.94	125,850	0.11	6,413	534	1.52
133,155	FNMA POOL 819924 4.500% Due 04-01-20	99.55	132,562	106.21	141,423	0.13	5,992	499	1.29
167,130	FNCI 5.00% POOL 888348 5.000% Due 05-01-22	103.55	173,058	107.27	179,274	0.16	8,357	696	1.83
302,410	FNMA 4.00% POOL AD2331 4.000% Due 03-01-25	102.73	310,679	105.38	318,695	0.29	12,096	1,008	1.65
170,732	FNCI 4% POOL AD7073 4.000% Due 06-01-25	103.15	176,107	105.40	179,946	0.16	6,829	569	1.65
34,274	GNMA POOL 2563 6.500% Due 03-20-28	100.44	34,424	118.85	40,735	0.04	2,228	186	1.31
34,350	FGLMC POOL C01403 6.000% Due 09-01-32	101.81	34,972	111.57	38,325	0.04	2,061	172	2.19
84,759	FGLMC POOL A16590 6.000% Due 12-01-33	103.27	87,527	111.59	94,583	0.09	5,086	424	2.22
118,334	FRN - FNMA POOL 820607 2.073% Due 03-01-35	102.47	121,253	105.38	124,704	0.11	2,453	204	0.66
110,687	FNMA POOL 826090 4.737% Due 07-01-35	99.47	110,099	106.34	117,702	0.11	5,243	437	0.44
144,856	FHLMC # A36703 4.500% Due 08-01-35	95.69	138,609	105.41	152,696	0.14	6,519	543	2.55
241,836	FRN - FNMA POOL # 838293 2.679% Due 08-01-35	99.67	241,033	106.46	257,469	0.24	6,479	540	0.71
93,944	FNMA ARM POOL 745552 2.423% Due 02-01-36	100.53	94,438	105.42	99,033	0.09	2,276	190	0.92
41,379	FRN - FHLMC # 847740 5.447% Due 04-01-37	98.88	40,917	107.62	44,531	0.04	2,254	188	1.20
170,923	FRN - FHLMC # 1G2124 5.979% Due 08-01-37	99.81	170,603	107.63	183,963	0.17	10,219	852	2.68
126,814	FRN - FNMA POOL 943054 2.765% Due 08-01-37	100.94	128,002	107.05	135,756	0.12	3,506	292	0.88
471,204	FNCL 6.00% POOL 968813 6.000% Due 01-01-38	109.64	516,631	108.87	512,991	0.47	28,272	2,356	2.86
253,693	FHLMC # G08264 6.000% Due 04-01-38	100.76	255,616	108.41	275,042	0.25	15,222	1,268	3.08
247,145	FGLMC 5.5% POOL A77796 5.500% Due 05-01-38	108.01	266,936	107.43	265,508	0.24	13,593	1,133	2.84



# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
297,237	FHLMC 5% POOL G05253 5.000% Due 02-01-39	107.02	318,114	106.61	316,891	0.29	14,862	1,238	2.41
306,096	FNCL 4.5 POOL AA6013 4.500% Due 05-01-39 Accrued Interest	103.59	317,084	105.78	323,782	0.30	13,774	1,148	2.41
					17,186	0.02			
			4,488,343		4,694,393	4.29		17,186	
<b>GNMA</b>									
37,911	GOV'T NAT'L MTG ASSN POOL# 587075 6.500% Due 05-15-32	101.25	38,385	116.31	44,096	0.04	2,464	205	1.18
290,620	GOV'T NAT'L MTGE ASSN POOL # 617115 5.500% Due 06-15-36 Accrued Interest	97.77	284,126	109.00	316,787	0.29	15,984	1,332	3.07
					1,537	0.00			
			322,511		362,421	0.33		1,537	
<b>ASSET-BACKED SECURITIES</b>									
1,000,000	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17 Accrued Interest	107.25	1,072,500	104.23	1,042,271	0.95	38,000	1,689	0.54
					1,689	0.00			
			1,072,500		1,043,960	0.95		1,689	
<b>COMMERCIAL MORTGAGE-BACKED SECURITIES</b>									
355,539	CREDIT SUISSE FIRST BOSTON MTG 4.691% Due 04-01-37	100.48	357,248	102.23	363,466	0.33	16,678	1,390	2.76
328,505	LB-UBS COML MTG TR 2006-C7 5.300% Due 11-11-38	100.35	329,659	104.62	343,675	0.31	17,411	967	2.90
500,000	BEAR STEARNS COML MTG SECS INC 4.674% Due 06-11-41	100.54	502,723	105.22	526,114	0.48	23,370	1,947	1.13
201,909	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41	100.55	203,010	99.97	201,852	0.18	11,141	928	1.94
1,000,000	FRN - CD 2005-C1 COMMERCIAL MTG TR 5.392% Due 07-15-44	100.09	1,000,856	107.42	1,074,196	0.98	53,924	4,494	1.17
101,050	COMM 2006-C8 MTG TR 5.248% Due 12-10-46	100.50	101,554	100.27	101,322	0.09	5,303	442	3.84
500,000	FRN - J P MORGAN CHASE COML MTG SECS 5.901% Due 02-12-49	100.21	501,049	112.13	560,631	0.51	29,505	2,459	1.98
25,286	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	100.55	25,424	99.89	25,257	0.02	1,374	115	4.64



# Portfolio Appraisal

FAIRBANKS PERMANENT FUND

June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
500,000	J P MORGAN CHASE COML MTG SECS 5.882% Due 02-15-51 Accrued Interest	100.50	502,481	112.77	563,845	0.52	29,410	2,451	2.00
					15,193	0.01			
			3,524,003		3,775,551	3.45		15,193	
<b>CORPORATE BONDS</b>									
500,000	ONTARIO PROV CDA 3.500% Due 07-15-13	99.68	498,425	100.10	500,500	0.46	17,500	8,069	1.08
250,000	BP CAPITAL MARKETS PLC 5.250% Due 11-07-13	108.02	270,039	101.66	254,157	0.23	13,125	1,969	0.52
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	104.07	520,375	0.48	27,500	4,583	0.61
450,000	US BANCORP 4.200% Due 05-15-14	104.98	472,396	103.26	464,652	0.42	18,900	2,415	0.47
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	105.18	631,068	0.58	33,000	6,967	1.44
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	106.38	531,900	0.49	23,750	7,917	0.89
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	107.22	536,080	0.49	30,000	5,250	1.96
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	105.76	528,800	0.48	23,750	2,771	1.64
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	104.13	520,650	0.48	14,250	871	0.70
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	109.86	274,645	0.25	13,750	6,187	1.55
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	110.76	387,670	0.35	18,812	5,539	1.32
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	104.50	522,500	0.48	14,750	1,885	1.35
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	103.55	517,730	0.47	10,750	1,374	0.90
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	101.57	1,269,625	1.16	20,312	6,037	1.12
500,000	BANK AMER CORP 5.625% Due 10-14-16	99.93	499,670	110.63	553,155	0.51	28,125	6,016	2.25
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	114.05	769,831	0.70	37,969	8,016	1.25
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	103.33	1,033,300	0.94	22,500	5,687	1.34



# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	112.59	562,955	0.51	27,500	6,875	2.00
750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522	100.59	754,462	0.69	14,767	451	1.81
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	103.92	519,600	0.47	15,250	7,032	2.03
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	115.51	577,540	0.53	28,500	8,471	1.85
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	114.32	857,392	0.78	46,500	11,625	2.62
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	113.67	568,345	0.52	28,125	1,562	2.37
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	115.18	575,880	0.53	28,750	11,979	2.25
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	114.63	659,128	0.60	30,762	10,254	2.05
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	114.70	1,147,000	1.05	56,250	9,375	2.39
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	115.97	579,870	0.53	28,250	3,610	2.18
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	124.74	623,705	0.57	35,750	13,506	2.42
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	118.76	712,542	0.65	45,000	17,000	3.77
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	112.79	676,716	0.62	28,200	10,653	2.27
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	110.78	664,668	0.61	25,200	2,100	2.25
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	108.83	816,210	0.75	35,625	14,844	3.25
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	114.33	886,050	0.81	39,912	13,304	2.78
500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290	101.82	509,080	0.47	15,625	2,604	2.85
750,000	DOW CHEMICAL CO* 4.250% Due 11-15-20	108.13	810,952	105.31	789,795	0.72	31,875	4,073	3.43
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	105.44	828,790	0.76	33,853	4,420	3.51
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	99.86	748,987	0.68	23,625	1,050	3.17



# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

June 30, 2013

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	102.58	512,920	0.47	30,000	3,833	5.79
500,000	SOUTHERN CAL EDISON CORP BOND 5.950% Due 02-01-38 Accrued Interest	99.54	497,700	120.80	603,995	0.55	29,750	12,396	4.54
					252,570	0.23			
			23,874,761		25,244,840	23.06		252,570	
<b>INTERNATIONAL FIXED INCOME FUNDS/ETF</b>									
42,485	SPDR BARCLAYS CAPITAL INTL D	56.06	2,381,843	56.28	2,391,056	2.18	NA		
<b>DOMESTIC LARGE CAP EQUITY FUNDS/ETF</b>									
184,584	VANGUARD INST'L S&P500 INDEX FUND	99.88	18,436,894	147.08	27,148,667	24.80	NA		
<b>DOMESTIC MID CAP EQUITY FUNDS/ETF</b>									
53,610	ISHARES S&P MIDCAP 400	80.22	4,300,789	115.50	6,191,955	5.66	NA		
<b>INTERNATIONAL FUNDS/ETF</b>									
293,234	VANGUARD MSCI EAFE ETF	33.98	9,964,271	35.60	10,439,130	9.54	NA		
<b>EMERGING MARKET FUNDS/ETF</b>									
147,282	VANGUARD EMERGING MARKET ETF	43.28	6,373,794	38.79	5,713,805	5.22	NA		
<b>REAL ESTATE</b>									
80,670	VANGUARD REIT ETF	49.55	3,996,989	68.72	5,543,642	5.06	NA		
<b>CASH AND EQUIVALENTS</b>									
	ALASKA MUNICIPAL LEAGUE INVESTMENT POOL		8,063,497		8,063,497	7.37			
	CASH RECEIVABLE		24,652		24,652	0.02	NA		
	DIVIDEND ACCRUAL		23,816		23,816	0.02			
			8,111,965		8,111,965	7.41			
<b>TOTAL PORTFOLIO</b>			<b>95,008,788</b>		<b>109,460,077</b>	<b>100</b>	<b>1,760,198</b>	<b>379,777</b>	



Alaska Permanent Capital Management Co.  
**PERFORMANCE HISTORY**  
**GROSS OF FEES**  
**CITY OF FAIRBANKS PERMANENT FUND**  
*(Gross of Fees)*



Time Period	Percent Return Per Period																		
	Total Account	Blend	Fairbanks 50 bp hurdle	Fixed Income	BARC AGG BENCH	Domestic Large Cap Equity	S&P 500 LARGE CAPS BENCH	Domestic Mid Cap Equity	S&P 400 MIDCAP BENCH	Int'l Equity	FTSE DEVELOPED EX NA BENCH	Real Estate	S&P US REIT BENCH (former spreit)	Emerging Market Equity	FTSE EMERGIN MARKET BENCH	Alternative Investments	DOW JONES UBS COMMODITY	Cash and Cash Equivalents	Citigroup 3 Month Index - BENCH
06-30-12 to 07-31-12	1.26	1.40	0.04	1.43	1.38	1.39	1.39	-0.22	-0.04	0.25	N/A	2.00	1.96	0.20	N/A	0.00	6.47	0.00	0.01
07-31-12 to 08-31-12	1.12	0.87	0.04	0.36	0.07	2.25	2.25	3.49	3.48	2.96	N/A	-0.01	0.05	0.24	N/A	0.00	1.30	0.00	0.01
08-31-12 to 09-30-12	1.10	1.11	0.04	0.25	0.14	2.53	2.58	1.81	1.94	2.69	N/A	-1.85	-1.88	5.34	N/A	0.00	1.71	0.00	0.01
09-30-12 to 10-31-12	-0.27	-0.27	0.04	0.27	0.20	-1.86	-1.85	-0.75	-0.79	1.06	N/A	-0.91	-0.84	-0.54	N/A	0.00	-3.87	0.00	0.01
10-31-12 to 11-30-12	0.54	0.54	0.04	0.14	0.16	0.58	0.58	2.23	2.20	2.71	N/A	-0.26	-0.28	1.25	N/A	0.00	0.05	0.00	0.01
11-30-12 to 12-31-12	1.00	0.69	0.05	-0.24	-0.14	0.91	0.91	1.44	2.19	4.08	3.36	3.72	3.72	6.72	5.15	0.00	-2.61	0.00	0.01
12-31-12 to 01-31-13	1.85	1.84	N/A	-0.50	-0.70	5.19	5.18	7.28	7.22	3.83	4.79	3.74	3.71	0.07	2.24	0.00	2.40	0.00	0.01
01-31-13 to 02-28-13	0.38	0.34	N/A	0.37	0.50	1.49	1.36	0.85	0.98	-1.15	-0.73	1.22	1.26	-2.37	-2.41	0.00	-4.09	0.00	0.00
02-28-13 to 03-31-13	1.44	1.23	N/A	0.09	0.08	3.75	3.75	4.90	4.78	1.19	0.45	2.86	2.94	-1.27	-1.38	0.00	0.67	0.00	0.01
03-31-13 to 04-30-13	1.90	1.86	N/A	0.84	1.01	1.92	1.93	0.60	0.63	5.22	4.83	6.73	6.72	2.02	1.47	0.00	-2.79	0.00	0.01
04-30-13 to 05-31-13	-0.86	-1.16	N/A	-1.46	-1.78	2.51	2.34	2.22	2.26	-2.97	-2.28	-5.98	-5.93	-5.08	-3.04	0.00	-2.24	0.00	0.01
05-31-13 to 06-30-13	-1.72	-1.92	N/A	-1.21	-1.55	-1.34	-1.34	-2.02	-1.85	-2.81	-3.68	-2.02	-1.92	-5.39	-6.19	0.00	-4.71	0.00	0.00
<b>Date to Date</b>																			
06-30-12 to 06-30-13	7.97	6.64	0.00	0.29	-0.69	20.85	20.60	23.73	25.18	18.01	-	8.96	9.26	0.49	-	0.00	-8.01	0.00	0.08