



FAIRBANKS CITY COUNCIL
AGENDA NO. 2013-09
REGULAR MEETING May 06, 2013
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

PRELIMINARY MEETING

- I 6:00 P.M. Mark Marlow, Owner of the Polaris Building
-

REGULAR MEETING

- II 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

7. SPECIAL ORDERS

The Fairbanks City Council, Sitting as a Committee of the Whole, will hear interested citizens concerned with the following Liquor License Application for Transfer of Location. Public Testimony will be taken and limited to five (5) minutes.

Type: Package Store
DBA: Brown Jug - Fairbanks, License #4076
Licensee: Liquor Stores USA North Inc.
From: No Premises
To: 559 Harold Bentley Avenue, Fairbanks

8. MAYOR'S COMMENTS AND REPORT

SHORT PRESENTATION on the features of a new GIS site called Fairbanks Prospector by the Fairbanks Economic Development Center.

9. UNFINISHED BUSINESS

- a) Ordinance No. 5918 – An Ordinance to Authorize a Loan to Aurora Energy LLC for Upgrades to Utilities as Part of the Second Avenue/Wickersham Road Reconstruction Project. Introduced by Mayor Cleworth.

10. NEW BUSINESS

- *a) Resolution No. 4573 – A Resolution Awarding a Contract to Ghemm Company, Inc., for the Police Station Addition Project RFP 13-07 in the Amount of \$460,000.00. Introduced by Mayor Cleworth.
- *b) Resolution No. 4574 – A Resolution Amending the City Schedule of Fees and Charges for Service for Processing Fee for Correctable Citations. Introduced by Mayor Cleworth.

11. DISCUSSION ITEMS (INFORMATION AND REPORT)

Committee Reports

12. COMMUNICATIONS TO COUNCIL

- *a) Permanent Fund Review Board Meeting Minutes of January 30, 2013
- *b) Memo Regarding the Brown Jug Location Transfer

13. COUNCIL MEMBERS' COMMENTS
14. CITY ATTORNEY'S REPORT
15. CITY CLERK'S REPORT
16. EXECUTIVE SESSION – A Street Apartments v. City of Fairbanks Litigation
17. ADJOURNMENT

State of Alaska
Alcoholic Beverage Control Board

Date of Notice: April 24, 2013

Application Type: NEW_____

X **TRANSFER**
 _____ Ownership
 X Location
 _____ Name Change

Governing Body: City of Fairbanks
 Community Councils: N/A

License #: 4076
 License Type: Package Store
 D.B.A.*: Brown Jug - Fairbanks
 Licensee/Applicant: Liquor Stores USA North Inc.
 Physical Location: 559 Harold Bentley Ave., Fairbanks
 Mail Address: c/o Dorsey & Whitney LLP, Attn: Michele Droege, 1031 W 4th Ave., Ste. 600,
 Anchorage, AK 99501-5907
 Telephone #: 907-276-4557
 EIN: 26-3068940

Corp/LLC Agent:	Address	Phone	Date and State of Incorporation	Good standing?
Richard M. Rosston, P.C.	1031 W 4 th Ave., Ste 600 Anchorage, AK 99501	907-276-4557	2/26/08	Yes

Please note: the Members/Officers/Directors/Shareholders (principals) listed below are the principal members. There may be additional members that we are not aware of because they are not primary members. We have listed all principal members and those who hold at least 10% shares.

Member/Officer/Director:	DOB**	Address	Phone	Title/Shares (%)
Patrick de Grace	3/22/52	7606 – 118 Street Edmonton, Alberta T6G 1S9 Canada	780-637-3673	0%
Scott Morrow	11/14/71	10 Coloniale Close Beaumont, Alberta T4X 1M2 Canada	780-944-9994	0%
Liquor Stores USA Holdings Inc. – Nevada Corporation		10508 82nd Ave. Edmonton, Alberta T6E 2A4 Canada	780-944-9994	100%

If transfer application, current license information:

License #: Same as above
 Current D.B.A.: Same as above
 Current Licensee: Same as above
 Current Location: No Premises

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 15 AAC 104.145, Local Governing Body Protest.

Note: Applications applied for under AS 04.11.400(g), 15 AAC 104.335(a)(3), AS 04.11.090(e), and 15 AAC 104.660(e) must be approved by the governing body.

Sincerely,

Christine C. Lambert
Records & Licensing Supervisor
Christine.lambert@alaska.gov
(907) 263-5923

ORDINANCE NO. 5918

**AN ORDINANCE TO AUTHORIZE A LOAN TO AURORA ENERGY LLC
FOR UPGRADES TO UTILITIES AS PART OF THE SECOND
AVENUE/WICKERSHAM ROAD RECONSTRUCTION PROJECT**

WHEREAS, the City planned the reconstruction of Wickersham Street and 2nd Avenue from Barnette Street to Cowles Street for 2014 or 2015; and

WHEREAS, in the fall of 2012, the City was notified that the project must be constructed in 2013 or the City risks losing nearly \$1 million in federal grant funds; and

WHEREAS, because of this news, the City has aggressively accelerated the design for this project and hopes to advertise it in April or May of 2013, with substantial completion by September 30, 2013; and

WHEREAS, the utility facilities owned by Aurora that underlie the streets to be reconstructed are at or near the end of their projected useful life; and

WHEREAS, if the utility upgrades are not done at the same time as the reconstruction project, the newly improved roads may need to be excavated in the near future; and

WHEREAS, tearing up newly reconstructed roads would be a wasteful expense, would be harmful to the roads, and would make the residents and businesses in this area undergo twice the amount of construction disruption; and

WHEREAS, to keep this project moving forward so as not to risk the loss of the federal grant funds, the City and Aurora have negotiated an agreement whereby the City would loan/advance some of the funds needed for the replacement of their utility facilities during the reconstruction project; the current estimated loan is \$271,000, subject to amendment; and

WHEREAS, loaning/advancing funds for the upgrade of Aurora's utility facilities serves a public purpose that will promote the public welfare,

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

Section 1. That the City may loan or advance the funds needed to replace Aurora Energy's utility facilities lying within the project boundaries of the Wickersham Street and 2nd Avenue from Barnette Street to Cowles Street project. The terms of the loan are set forth in the loan agreement identified as Attachment A.

Section 2. That the Mayor is hereby authorized to execute contracts and such other documents as may be necessary to effectuate the loans/advances authorized by this ordinance.

Section 3. That the effective date of this ordinance will be the _____ day of ____, 2013.

Jerry Cleworth, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul Ewers, City Attorney

AGREEMENT FOR SHARED COSTS OF UTILITY PROJECT

between
The City of Fairbanks
and
Aurora Energy, LLC

RECITALS

For the reasons set forth in Ordinance No. 5918 and under the authority granted therein, the City of Fairbanks and Aurora Energy, LLC, enter into this Agreement For Shared Costs of Utility Project.

TERMS AND CONDITIONS

1. Aurora Energy, LLC (hereinafter "Aurora"), whose address is 100 Cushman Street, Suite 210, Fairbanks, Alaska, 99701, and the City of Fairbanks (hereinafter "the City"), whose address is 800 Cushman Street, Fairbanks, Alaska, 99701, agree to share the total project costs for **Project Number** (as fully described in the attached Project Scope) for replacement of Aurora's utility facilities as follows:

- a. The City share shall be 25%.
- b. Aurora's shall pay 25% in 2013.
- c. The City will loan/advance 50% of the project cost to Aurora, to be repaid in five annual equal payments with interest on the unpaid balance accruing at the rate of six percent (6.0%) per annum.

Using the current estimated total project cost of \$541,000, the City's share would be \$135,000, Aurora's 2013 payment would be \$135,000 and the loan/advance to Aurora would be \$271,000.

2. The principal and interest shall be payable to the City at 800 Cushman Street, Fairbanks, Alaska, 99701 or at such other place as the City shall designate in writing with the first payment will be due on the 1st day of November 2013. Aurora has the right to prepay any payment or the entire loan balance at any time without penalty.

3. Any and all steam pipe and facilities constructed or purchased with proceeds from the City's loan to Aurora will remain the property of the City until such time as the loan is paid in full by Aurora. Upon full repayment by Aurora, the City will transfer title to Aurora of assets acquired with loan funds.

4. The City will have the right to secure its interest in all property acquired with loan proceeds by any legal means available.

5. In the event of partial prepayment of this obligation, the payment funds will be applied towards the satisfaction of those payments next falling due hereunder. Payment proceeds

will be applied first to the satisfaction of accrued interest up to the actual date of such payment, with the excess to be applied in reduction of outstanding principal.

6. In the event that any payment falling due hereunder is not paid within thirty (30) days after the due date thereof, the City may, at any time while such delinquency continues, declare the entire unpaid balance of this obligation, to include the outstanding principal balance, accrued interest, and all other amounts payable, immediately due and owing. Upon default of payment, the City shall give Aurora written notice of default via U.S. Postal Service, registered mail. Aurora will have 30 days to cure after receipt of written notice of default. Aurora may cure the default by making full payment of any principal and accrued interest (including interest on these amounts) whose payment to the City is overdue.

7. The City may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them.

8. Aurora may not assign or transfer any of its rights or obligations under this Agreement without the express written consent of the City.

11. The benefits of this Agreement shall inure to and the burdens shall be binding upon the lawful successors and assigns of the respective parties.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska, with all disputes over the terms of this agreement to be adjudicated by the Alaska Superior Court, Fourth Judicial District, at Fairbanks, Alaska.

THE CITY OF FAIRBANKS

Date: _____

By: Jerry Cleworth, Mayor

State of Alaska)
) ss
Fourth Judicial District)

ACKNOWLEDGMENT

THIS IS TO CERTIFY that on this _____ day of _____ 2013, before me, the undersigned, a NOTARY PUBLIC in and for the State of Alaska, personally appeared Jerry Cleworth, the Mayor of the City of Fairbanks, and that he acknowledged before me that he executed the same on behalf of said City with authority so to do.

IN WITNESS WHEREOF, my hand and official seal.

Notary Public for the State of Alaska
My Commission Expires: _____

AURORA ENERGY, LLC

Date: _____

By: _____
Its: President

State of Alaska)

) ss

Fourth Judicial District)

ACKNOWLEDGMENT

THIS IS TO CERTIFY that on this _____ day of _____ 2013, before me, the undersigned, a NOTARY PUBLIC in and for the State of Alaska, personally appeared _____, the President of Aurora Energy, LLC, and that she/he acknowledged before me that she/he executed the same on behalf of said corporation with authority so to do.

IN WITNESS WHEREOF, my hand and official seal.

Notary Public for the State of Alaska
My Commission Expires: _____

ORDINANCE NO. 5918, AS AMENDED

**AN ORDINANCE TO AUTHORIZE A LOAN TO AURORA ENERGY LLC
FOR UPGRADES TO UTILITIES AS PART OF THE SECOND
AVENUE/WICKERSHAM ROAD RECONSTRUCTION PROJECT**

WHEREAS, the City planned the reconstruction of Wickersham Street and 2nd Avenue from Barnette Street to Cowles Street for 2014 or 2015; and

WHEREAS, in the fall of 2012, the City was notified that the project must be constructed in 2013 or the City risks losing nearly \$1 million in federal grant funds; and

WHEREAS, because of this news, the City has aggressively accelerated the design for this project and hopes to advertise it in April or May of 2013, with substantial completion by September 30, 2013; and

WHEREAS, the utility facilities owned by Aurora that underlie the streets to be reconstructed are at or near the end of their projected useful life; and

WHEREAS, if the utility upgrades are not done at the same time as the reconstruction project, the newly improved roads may need to be excavated in the near future; and

WHEREAS, tearing up newly reconstructed roads would be a wasteful expense, would be harmful to the roads, and would make the residents and businesses in this area undergo twice the amount of construction disruption; and

WHEREAS, to keep this project moving forward so as not to risk the loss of the federal grant funds, the City and Aurora have negotiated an agreement whereby the City would loan/advance some of the funds needed for the replacement of their utility facilities during the reconstruction project; the current estimated loan is ~~\$271,000~~ **\$276,962**, subject to amendment; and

WHEREAS, loaning/advancing funds for the upgrade of Aurora's utility facilities serves a public purpose that will promote the public welfare,

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

Section 1. That the City may loan or advance the funds needed to replace Aurora Energy's utility facilities lying within the project boundaries of the Wickersham Street and 2nd Avenue from Barnette Street to Cowles Street project. The terms of the loan are set forth in the loan agreement identified as Attachment A.

Section 2. That the Mayor is hereby authorized to execute contracts and such other documents as may be necessary to effectuate the loans/advances authorized by this ordinance.

Section 3. That the effective date of this ordinance will be the _____ day of ____, 2013.

Jerry Cleworth, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul Ewers, City Attorney

ATTACHMENT A

AGREEMENT FOR SHARED COSTS OF UTILITY PROJECT

As Amended on May 1, 2013

between
The City of Fairbanks
and
Aurora Energy, LLC

RECITALS

For the reasons set forth in Ordinance No. 5918 and under the authority granted therein, the City of Fairbanks and Aurora Energy, LLC, enter into this Agreement For Shared Costs of Utility Project.

TERMS AND CONDITIONS

1. Aurora Energy, LLC (hereinafter "Aurora"), whose address is 100 Cushman Street, Suite 210, Fairbanks, Alaska, 99701, and the City of Fairbanks (hereinafter "the City"), whose address is 800 Cushman Street, Fairbanks, Alaska, 99701, agree to share the total project costs for **Project Number Bid Item 668(1) – Aurora Energy Relocation, Wickersham Street Upgrade, State Project 62049** (as fully described in the attached Project Scope) for replacement of Aurora's utility facilities as follows:

- a. The City's share shall be **25 27%**.
- b. Aurora's share shall ~~pay~~ be **25% 73%** of the project costs. ~~in 2013.~~
- c. **Aurora will pay 30% of its share to the City in 2013.** The City will loan/advance **the balance 50% of the project cost** to Aurora, to be repaid in five annual equal payments with interest on the unpaid balance accruing at the rate of six percent (6.0%) per annum.

For example, using the current estimated total project cost of **~~\$541,000~~ \$542,000** (total of the estimated \$208,764 cost of Aurora supplied materials and estimated \$333,236 cost of Bid Item 668(1)), the City's share would be **~~\$135,000~~ \$146,340** and Aurora's share would be **\$395,660**. Aurora's 2013 payment would be **~~\$135,000~~ \$118,698** and the loan/advance to Aurora would be **~~\$271,000~~ \$276,962**. **The City and Aurora agree that each party's design costs and construction management expenses offset equally and net to a zero impact.**

2. The principal and interest shall be payable to the City at 800 Cushman Street, Fairbanks, Alaska, 99701 or at such other place as the City shall designate in writing with the first payment will be due on the 1st day of November 2013. Aurora has the right to prepay any payment or the entire loan balance at any time without penalty.

3. Any and all steam pipe and facilities constructed or purchased with proceeds from the City's loan to Aurora will remain the property of the City until such time as the loan is paid in full by Aurora. Upon full repayment by Aurora, the City will transfer title to Aurora of assets

acquired with loan funds.

4. The City will have the right to secure its interest in all property acquired with loan proceeds by any legal means available.

5. In the event of partial prepayment of this obligation, the payment funds will be applied towards the satisfaction of those payments next falling due hereunder. Payment proceeds will be applied first to the satisfaction of accrued interest up to the actual date of such payment, with the excess to be applied in reduction of outstanding principal.

6. In the event that any payment falling due hereunder is not paid within thirty (30) days after the due date thereof, the City may, at any time while such delinquency continues, declare the entire unpaid balance of this obligation, to include the outstanding principal balance, accrued interest, and all other amounts payable, immediately due and owing. Upon default of payment, the City shall give Aurora written notice of default via U.S. Postal Service, registered mail. Aurora will have 30 days to cure after receipt of written notice of default. Aurora may cure the default by making full payment of any principal and accrued interest (including interest on these amounts) whose payment to the City is overdue. **If the default is not cured, the City has the right to an offset for any utility payments owned to Aurora as authorized by Fairbanks General Code Section 2-711.**

7. The City may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them.

8. Aurora may not assign or transfer any of its rights or obligations under this Agreement without the express written consent of the City.

11. The benefits of this Agreement shall inure to and the burdens shall be binding upon the lawful successors and assigns of the respective parties.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska, with all disputes over the terms of this agreement to be adjudicated by the Alaska Superior Court, Fourth Judicial District, at Fairbanks, Alaska.

THE CITY OF FAIRBANKS

Date: _____

By: Jerry Cleworth, Mayor

State of Alaska)
) ss
Fourth Judicial District)

ACKNOWLEDGMENT

THIS IS TO CERTIFY that on this _____ day of _____ 2013, before me, the undersigned, a NOTARY PUBLIC in and for the State of Alaska, personally appeared Jerry Cleworth, the

Attachment A - Agreement For Shared Cost of Utility Project – As Amended May 1, 2013
City of Fairbanks & Aurora Energy LLC

Mayor of the City of Fairbanks, and that he acknowledged before me that he executed the same on behalf of said City with authority so to do.

IN WITNESS WHEREOF, my hand and official seal.

Notary Public for the State of Alaska
My Commission Expires: _____

AURORA ENERGY, LLC

Date: _____

By: _____
Its: President

State of Alaska)
) ss
Fourth Judicial District)

ACKNOWLEDGMENT

THIS IS TO CERTIFY that on this _____ day of _____ 2013, before me, the undersigned, a NOTARY PUBLIC in and for the State of Alaska, personally appeared _____, the President of Aurora Energy, LLC, and that she/he acknowledged before me that she/he executed the same on behalf of said corporation with authority so to do.

IN WITNESS WHEREOF, my hand and official seal.

Notary Public for the State of Alaska
My Commission Expires: _____

**Project Scope, Bid Item 668(1) – Aurora Energy Relocation
Wickersham Street Upgrade, State Project 62049**

Bid Item 668(1) will cover all labor, equipment, materials and inspection to abandon in place the existing Aurora steam and condensate facilities and install new steam and condensate facilities within the project limits. The Engineer’s total Construction Cost **Estimate** is \$542,000:

Wickersham AE Steam Replacement			
(Existing Aurora Energy Steam and Condensate System Relocation)			
Estimated Total Costs - 05/02/13			
	27% Project	73% AE	Total
Contractor Cost - AE Relocation	\$ 89,973.72	\$ 243,262.28	\$ 333,236.00
Material Cost	\$ 56,366.28	\$ 152,397.72	\$ 208,764.00
Construction Subtotal	\$ 146,340.00	\$ 395,660.00	\$ 542,000.00

RESOLUTION NO. 4573

**A RESOLUTION AWARDED A CONTRACT TO GHEMM COMPANY,
INC., FOR THE POLICE STATION ADDITION PROJECT RFP-13-07 IN
THE AMOUNT OF \$460,000.00**

WHEREAS, in accordance with FGC Chapter 54, Article IV, Competitive Bidding, bids were solicited for the Police Station Addition Project; and

WHEREAS, the successful responsive bidder for the project is GHEMM Company, Inc., of Fairbanks, Alaska; and

WHEREAS, funding for this project is provided to the City of Fairbanks through a Designated Legislative Grant from the State of Alaska of \$432,950 and Public Works capital account of \$27,050; (the legislature approved reallocation of surplus prior grant funding which, if not vetoed or reduced by the Governor, will be used in lieu of Public Works capital funding); and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fairbanks,

SECTION 1. That the Bid by GHEMM Company, Inc., in the amount of Four Hundred Sixty Thousand (\$460,000.00) is hereby approved for award.

SECTION 2. That the Mayor is hereby authorized to execute a contract and such other documents in a form approved by the City Attorney as may be necessary to effect award of the contract.

PASSED, APPROVED and EFFECTIVE this 6th Day of May 2013.

Jerry Cleworth, City Mayor

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

RESOLUTION NO. 4574

A RESOLUTION AMENDING THE CITY SCHEDULE OF FEES AND CHARGES FOR SERVICE FOR PROCESSING FEE FOR CORRECTABLE CITATIONS

WHEREAS, the *City Schedule of Fees and Charges for Services* was enacted in 2008 by Ordinance No. 5744, as Amended, and

WHEREAS, a \$25.00 fee for processing correctable (fix-it) citations was enacted in 2005 by Ordinance No. 5609, as Amended and Substituted; and

WHEREAS, the correctable citation processing fee was added to the *Schedule of Fees and Charges for Services* by Resolution No. 4480; and

WHEREAS, the *City Schedule of Fees and Charges for Services* may be amended by City Council resolution; and

WHEREAS, it is the sense of the Council that citizens feel they are still being fined even though they promptly correct the cause of their citation; and

NOW, THEREFORE, BE IT RESOLVED by the City Council that the current processing fee for correctable citations be reduced to zero as shown in the attached revised *Schedule of Fees and Charges for Services*.

PASSED and APPROVED this ____ day of May 2013.

JERRY CLEWORTH, MAYOR

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

JANEY HOVENDEN, CMC, City Clerk

PAUL J. EWERS, City Attorney

City of Fairbanks Fee Schedule

As of Resolution 4561 - Effective April 1, 2013

Category	Code Sec.	Topic	Resolution 4574	Current Fee	Unit
Administrative	2-347	Nomination Historic District		\$ 350.00	Non-Refundable Application Fee
				\$ 75.00	Hour for Staff time
		Records Search		\$ 75.00	Hour for Staff time
		Copy of Annual Budget or CAFR			Actual cost of commercial preparation
	2-601	Returned Check		\$ 50.00	Per Check
	2-775	Copies of Public Records (without file research)		\$ 1.00	first page; \$0.25 thereafter (rounded from \$1.10)
				\$25.00	Per report (victim not charged)
		Correctable (Fix-It) Citation Processing	\$0.00	\$25.00	Per Citation
		Electronic Media		\$ 25.00	Rounded from \$28.00 Per item of media; tape, disk, CD, sheet, etc. (without need for staff time to research)
		Certified Copy		\$ 5.00	Per Record
		Corrective Deed		\$ 100.00	Non-Refundable Application Fee
				\$ 75.00	Hr for Professional Staff time-rounded from \$83
		Temporary Caterer's Application		\$ 25.00	3 or more days notice (rounded from \$28)
				\$ 50.00	less than 3 days notice
46-42	Noise Variance		\$ 100.00	non-refundable application - permit fee	
none	Computer Services from IT		\$ 75.00	per hour; 15 minute billing increments	
Alarm Service	26-55	Private Alarm System Connection to City Dispatch Center		\$ 100.00	Application or annual registration: & annual information update
				\$ 50.00	Month
	26-79	False/Nuisance Alarms (Police and Fire)		\$ -	up to 10 in a calendar year
				\$ 250.00	for each alarm over 10 per calendar year
Construction	Chpt 10	Building Fees			See Building Department Administrative Code

City of Fairbanks
Permanent Fund Review Board
(Quarterly Meeting Minutes)
January 30, 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
Patty Mongold
Kara Moore

Board Members Absent: Tom Freeman

Also Present: Mayor Jerry Cleworth
Pat Cole, Chief of Staff
Paul Ewers, City Attorney
Jim Soileau, Chief Financial Officer
Carmen Randle, Controller
Bert Wagnon, Senior Vice President, Investments - APCM
Brandy Niclai, Senior Investment Analyst - APCM
Jeff Pantages, Chief Investment Officer - APCM

The Board approved the minutes from the October 31, 2012 meeting.

Jim Soileau reviewed the account's performance through December 31, 2012:

- \$105,963,390 - Year end value
- \$ 9,971,095 - Year end account earnings (net of expenses)
- \$ 3,243,550 - Dividend and interest earnings
- \$ 1,638,388 - City deposits
- \$ 166,510 - Management and custodial fees
- \$ 4,413,204 - Appropriation drawn ½ April 6, 2012, ½ Nov 29, 2012

Jim reviewed the 2013 appropriation calculation and drawn down schedule. (See attached)

Council Member Gatewood asked for an update of the accounts value. Bert reported the approximate value was \$108 million on January 28, 2013.

APCM reviewed asset allocations, in effect prior to Ordinance 5905 as amended and after its adoption on December 3, 2012. APCM also presented the portfolio's performance; allocation and selection effect, and reviewed the compliance report. (See attached – APCM Investment review for the period ending December 31, 2012.)

Reported Performance							
4th Quarter		Year to Date		Last 12 Months		Inception to Date	
Account	Benchmark	Account	Benchmark	Account	Benchmark	Account	Benchmark
1.28%	0.96%	10.32%	9.73%	10.32%	9.73%	5.10%	4.72%
	0.13% ¹		0.50% ²		0.50% ²		
1.28%	1.09%	10.32%	10.23%	10.32%	10.23%	5.10%	4.72%

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

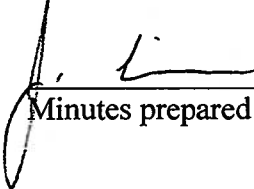
APCM reported the 10% limitation on Baa securities was briefly exceeded at 12/31/2012. The portfolio percentage was 10.75% at year end. The overweight was due to rebalancing the account after passage of Ordinance 5905 as amended to increase holdings in equities and decrease fixed assets. The portfolio was brought back into compliance in January 2013.

APCM suggested reviewing interest rate risk during the next meeting. The Mayor requested a forecast for interest rates going forward. Pat Cole requested a review of Commercial Mortgage Based Securities ("CMBS") and the current policy of prohibiting any purchases after January 1, 2009.

The Board set the next quarterly meeting for Wednesday April 17, 2013 at 1:30 P.M.

The meeting was adjourned at approximately 2:25 P.M.

Minutes approved April 17, 2013.


 Minutes prepared by Jim Soileau

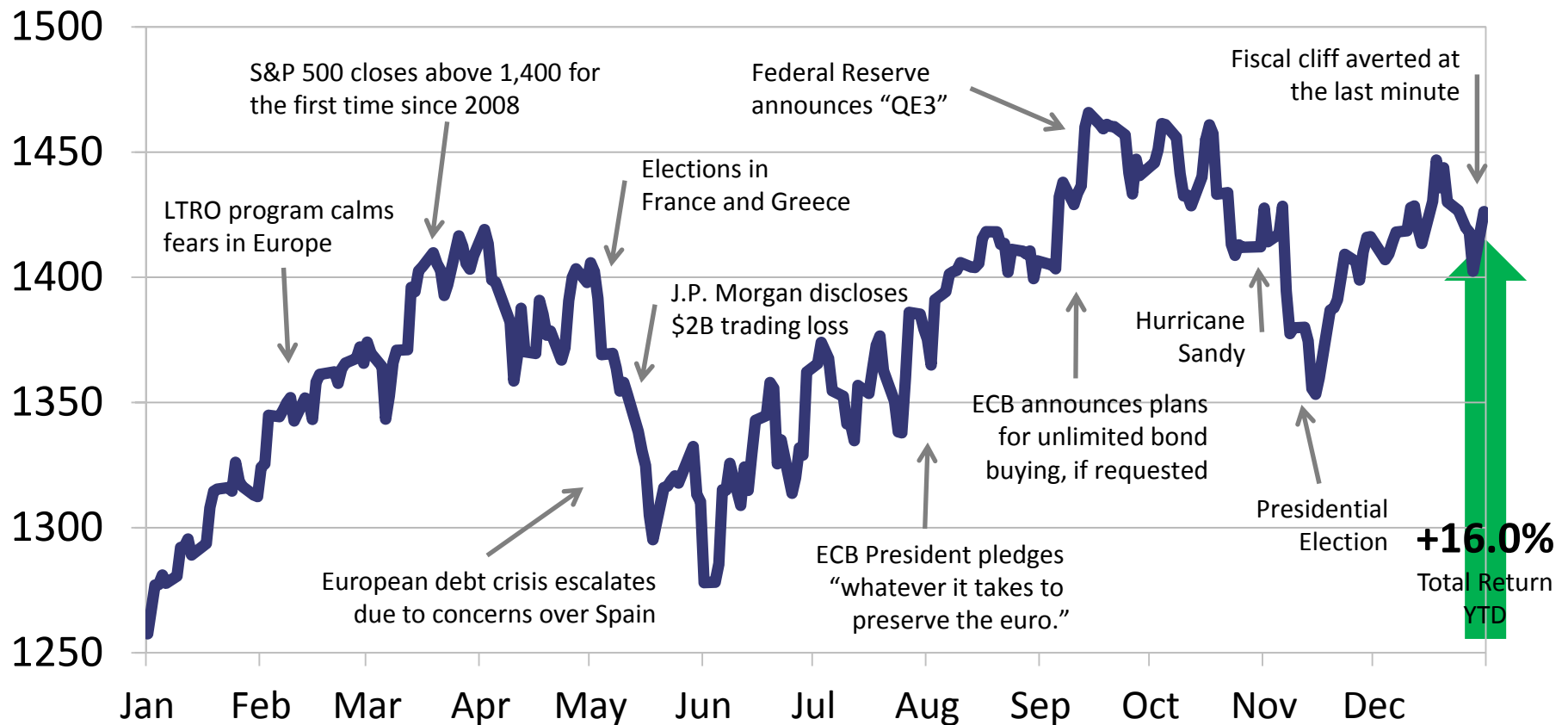
Fairbanks Permanent Fund

INVESTMENT REVIEW

for period ending December 31, 2012



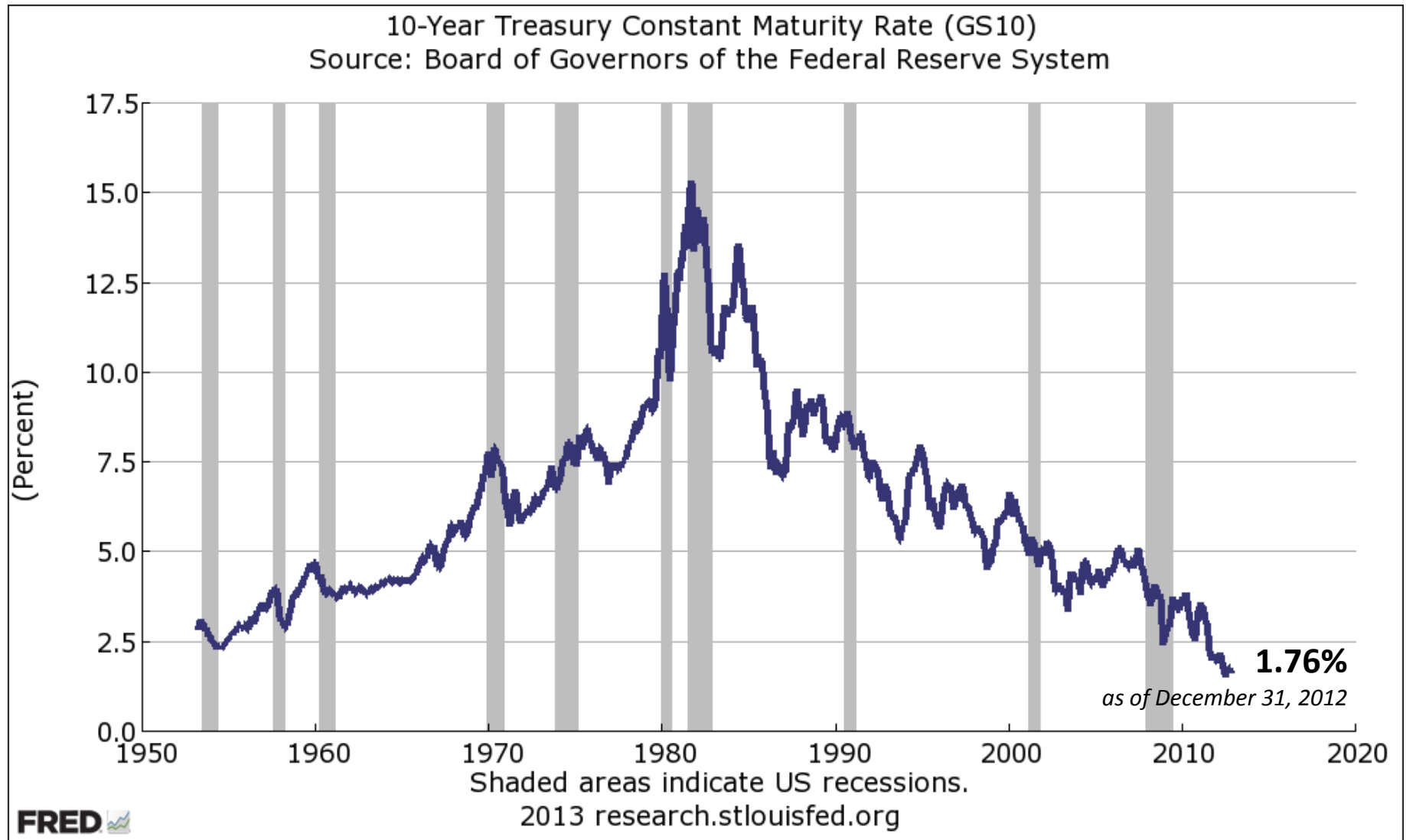
S&P 500: 2012



Quarter	S&P 500	Jobs	U.S. GDP
Q1	+12.6%	+677k jobs	+2.0%
Q2	-2.8%	+200k jobs	+1.3%
Q3	+6.4%	+505k jobs	+3.1%
Q4	-0.4%	+453k jobs	+1.4%*

Data Through December 31, 2012. *Q4 GDP is a Bloomberg consensus growth forecast as of January 7, 2013.

Bond Yields at Historic Lows!



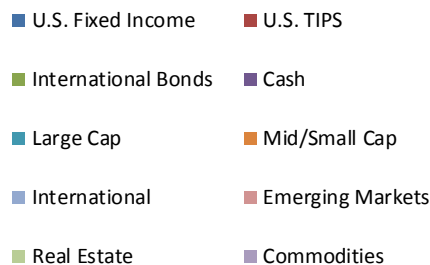
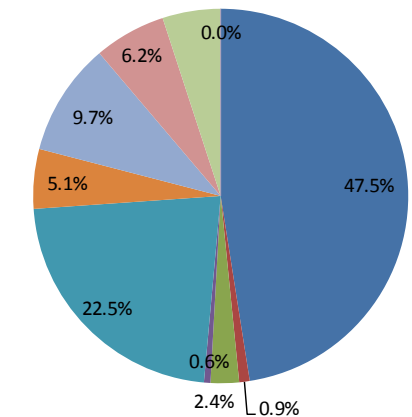
Portfolio and Market Review

- The U.S. equity market as represented by the **S&P 500** was **flat for Q4**. **International developed** (EAFE) and **emerging markets** posted strong returns up **+6.6%** and **+5.6%**, respectively.
- **Bonds were essentially flat** for the quarter, returning **+0.2%** as measured by the Barclays Aggregate Index.
- Election uncertainty and fiscal cliff drama were offset by **positive economic data**. The crisis in Europe and worries over China have become background noise.
- The Fairbanks Permanent Fund returned **+1.3% in Q4** and **+10.3% in 2012**.

Portfolio Review

Portfolio Review

Asset Allocation for Fairbanks Permanent Fund *as of December 31, 2012*



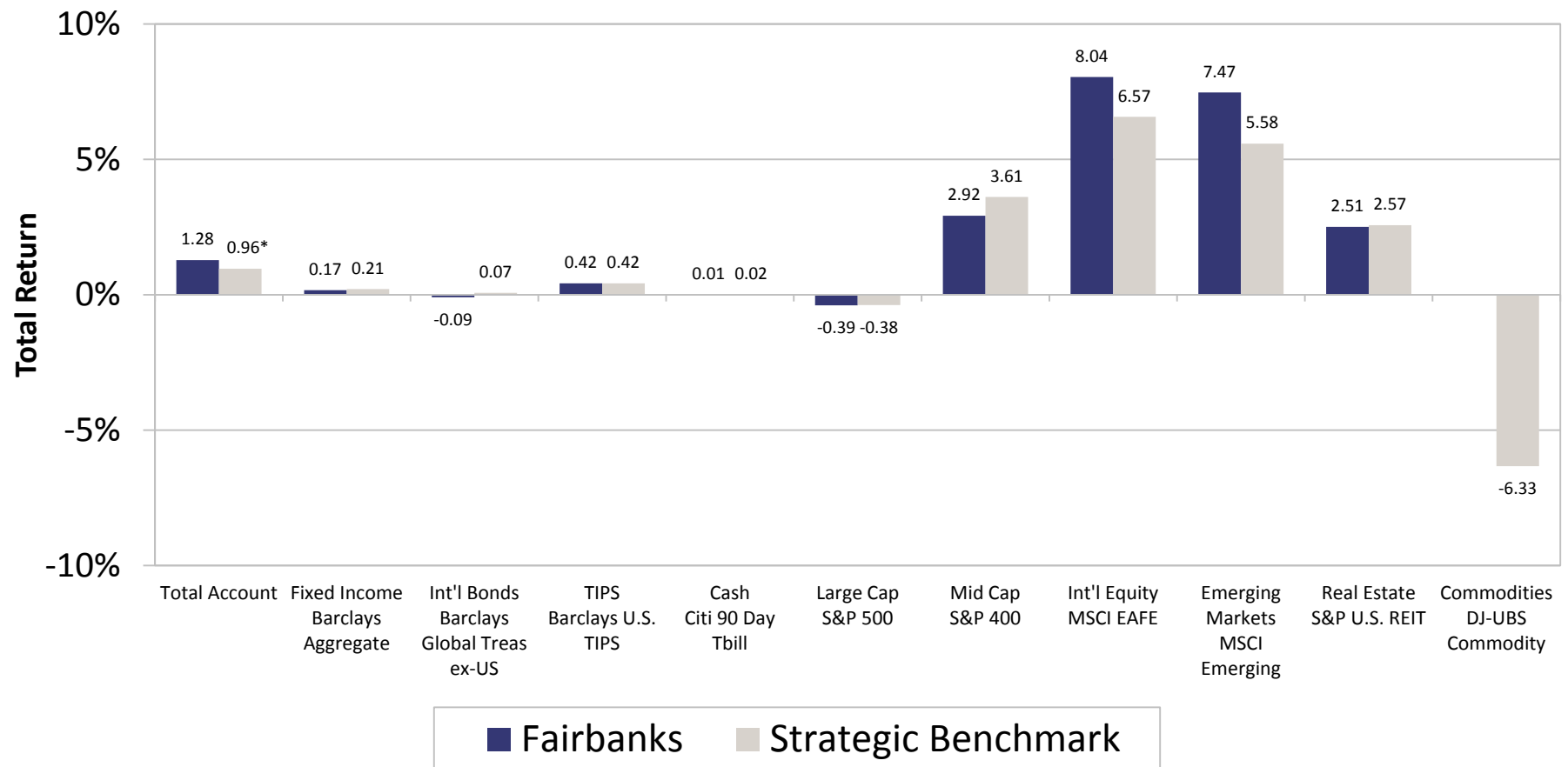
Asset Class	% Assets	Old		New		Market Value	Portfolio Positioning and Recent Trades*	
		Target	Ranges	Target	Ranges			
Fixed Income	51.4%	60%	50-70%	55%	40-70%	\$54,490,955	U	
U.S. Fixed Income	47.5%	45	40-70	40	30-70	\$50,346,038	O	
U.S. TIPS	0.9%	10	0-15	5	0-10	\$966,654	U	
International Bonds	2.4%	5	0-10	5	0-10	\$2,592,010	U	
Cash	0.6%	-	-	5	0-10	\$586,253	N	
Equities	48.6%	40%	30-50%	45%	30-60%	\$51,471,548	O	
Large Cap	22.5%	22	20-50	22	15-50	\$23,822,224	O	Added 12/27/12
Mid/Small Cap	5.1%	3	0-10	5	0-10	\$5,452,137	N	Added 12/20/12
International	9.7%	8	0-15	9	0-15	\$10,330,634	N	Added 12/20/12
Emerging Markets	6.2%	2	0-5	4	0-10	\$6,558,467	O	Added 12/20/12
Real Estate	5.0%	5	0-10	5	0-10	\$5,308,086	N	
Commodities	0.0%	0%	0-10	0%	0-10	\$0	N	
Total						\$105,962,503		

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

Portfolio Review

Account Performance

Fourth Quarter 2012



* 50 bps hurdle 1.09%. Performance is gross of fees.

Portfolio Review

- Q4 portfolio return of **+1.28%** vs. blended benchmark return of **+0.96%**. Overweight to emerging markets and outperformance of both the **developed and emerging international funds** provided the Q4 excess return.
- Actively managed fixed income **Q4 return of +0.17%** vs. the **Barclays Aggregate return of +0.21%**.

Portfolio Review

	October 12	November 12	December 12	Q4 2012
Allocation Effect				
Aggregate Bonds	0.042	(0.034)	(0.053)	(0.046)
Domestic Large Cap	(0.008)	0.000	0.001	(0.007)
Domestic Mid Cap	(0.001)	0.002	0.014	0.016
Domestic Small Cap	0.000	0.000	0.000	0.000
International Equity	0.002	0.006	0.024	0.032
Emerging Market Equity	(0.007)	0.015	0.118	0.126
Real Estate	0.000	0.001	(0.002)	(0.001)
TIPS	(0.104)	0.005	0.122	0.023
International Bonds	0.008	0.004	0.010	0.023
Commodities	0.000	0.000	0.000	0.000
Total	(0.067)	(0.001)	0.234	0.166
Selection Effect				
Aggregate Bonds	0.052	(0.014)	(0.062)	(0.023)
Domestic Large Cap	(0.002)	0.000	0.000	(0.002)
Domestic Mid Cap	0.001	0.001	(0.030)	(0.028)
Domestic Small Cap	0.000	0.000	0.000	0.000
International Equity	0.019	0.024	0.079	0.122
Emerging Market Equity	0.003	(0.001)	0.088	0.090
Real Estate	(0.003)	0.001	0.000	(0.002)
TIPS	(0.006)	0.001	0.003	(0.002)
International Bonds	0.005	(0.005)	(0.004)	(0.004)
Commodities	0.000	0.000	0.000	0.000
Total	0.068	0.008	0.075	0.151
Total Attribution	0.002	0.006	0.309	
Bench Return	(0.272)	0.537	0.693	
Account Return	(0.270)	0.543	1.002	
Difference	0.002	0.006	0.309	

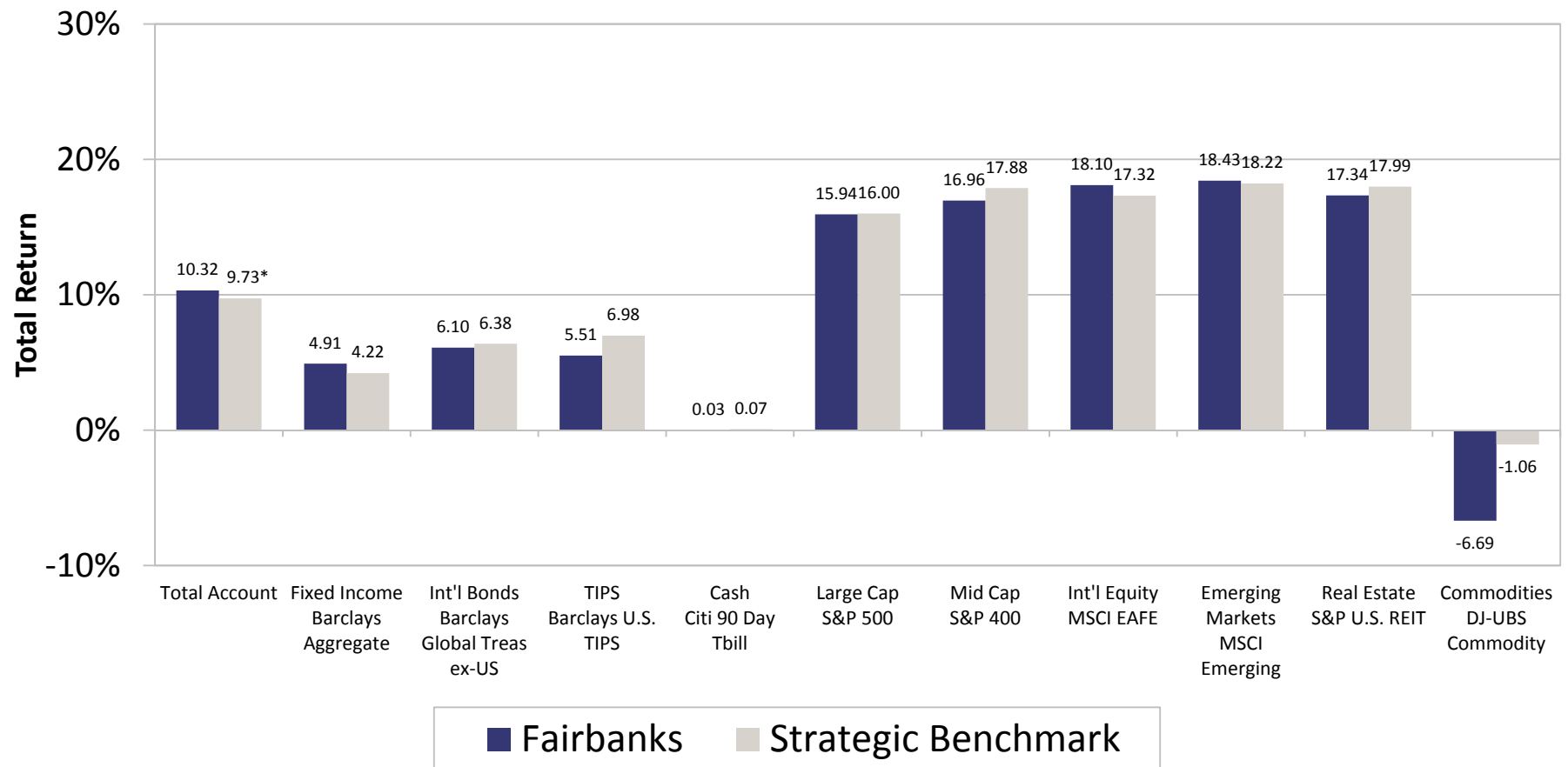
Portfolio Return = Allocation Effect + Selection/Interaction Effect

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

Portfolio Review

Account Performance

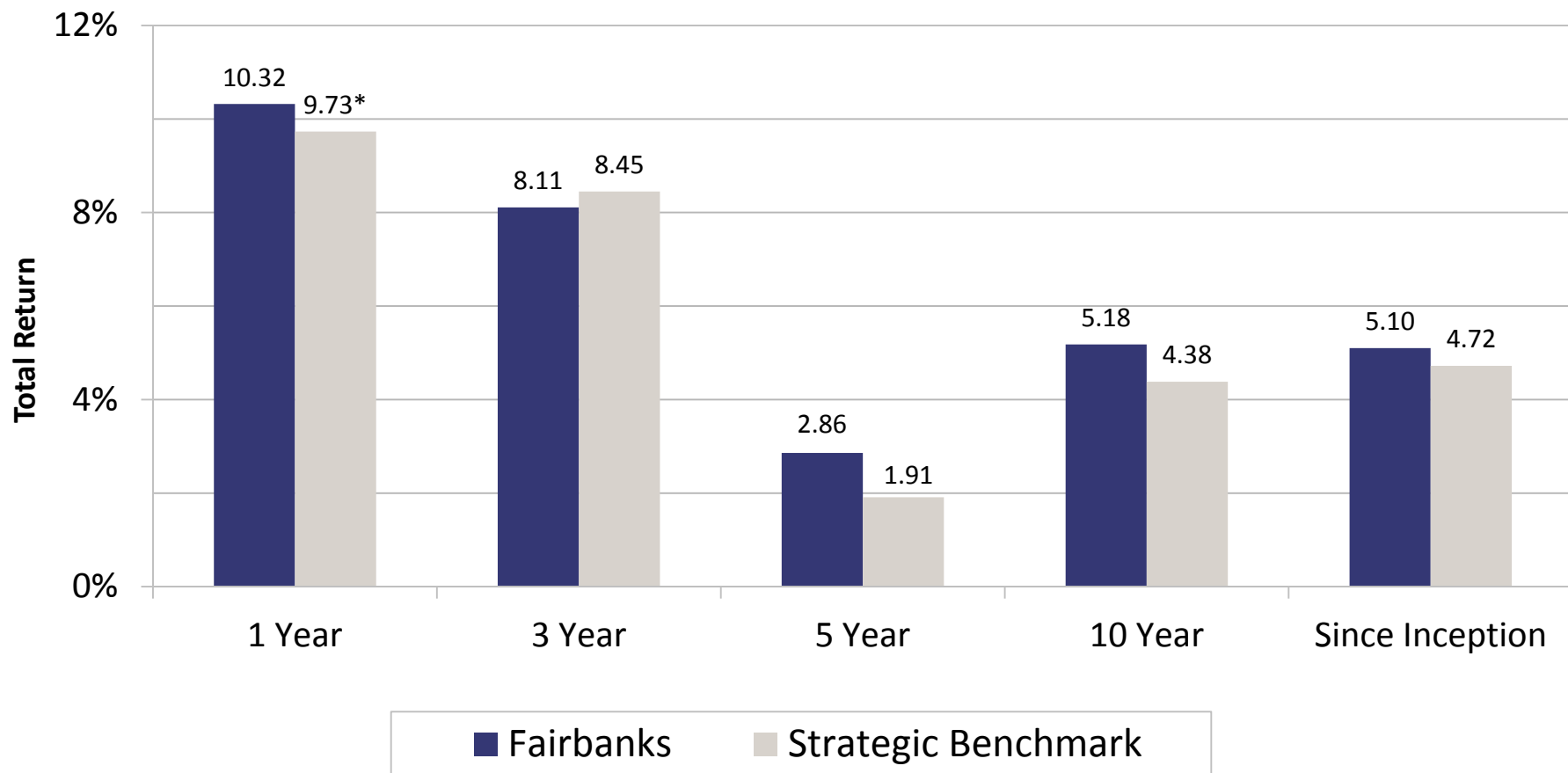
Calendar Year 2012



* 50 bps hurdle 10.23%. Performance is gross of fees.

Portfolio Review

Account Performance *as of December 31, 2012*



* 50 bps hurdle 10.23%.

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
- Overweight **spread product** (corporate bonds)

■ Equities – favor over bonds

- Favor **domestic large cap** names over mid and small
- **Emerging markets**
 - ◆ EMs long term growth prospects remain intact
 - ◆ Better fiscal situation than developed countries and room to ease
- REITs have done well, but overvalued as investors seek yield

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).

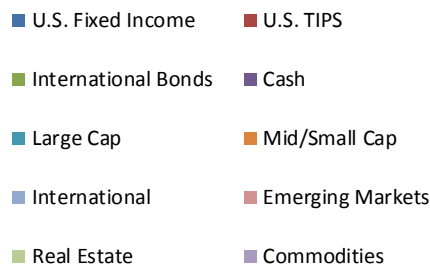
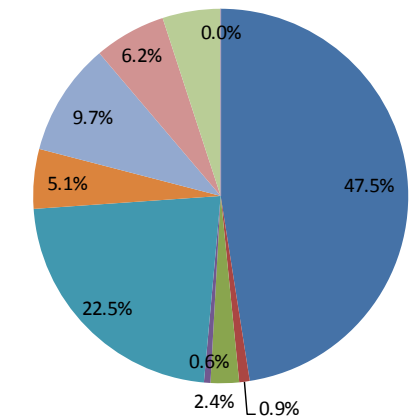
In the attached packet each of the nine limitations are addressed by either a specific report or calculation based upon an enclosed report to illustrate compliance. Should the Board approve of the format; the Compliance Report will become a regular appendix presented at each quarterly meeting.

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 December 31, 2012



Asset Class	% Assets	Old		New		Market Value	Portfolio Positioning and Recent Trades*	
		Target	Ranges	Target	Ranges			
Fixed Income	51.4%	60%	50-70%	55%	40-70%	\$54,490,955	U	
U.S. Fixed Income	47.5%	45	40-70	40	30-70	\$50,346,038	O	
U.S. TIPS	0.9%	10	0-15	5	0-10	\$966,654	U	
International Bonds	2.4%	5	0-10	5	0-10	\$2,592,010	U	
Cash	0.6%	-	-	5	0-10	\$586,253	N	
Equities	48.6%	40%	30-50%	45%	30-60%	\$51,471,548	O	
Large Cap	22.5%	22	20-50	22	15-50	\$23,822,224	O	Added 12/27/12
Mid/Small Cap	5.1%	3	0-10	5	0-10	\$5,452,137	N	Added 12/20/12
International	9.7%	8	0-15	9	0-15	\$10,330,634	N	Added 12/20/12
Emerging Markets	6.2%	2	0-5	4	0-10	\$6,558,467	O	Added 12/20/12
Real Estate	5.0%	5	0-10	5	0-10	\$5,308,086	N	
Commodities	0.0%	0%	0-10	0%	0-10	\$0	N	
Total						\$105,962,503		

* 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 December 31, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CORPORATE BONDS									
500,000	AMERICAN INTL GROUP INC SENIOR NT 4.250% Due 05-15-13	95.12	475,580	101.21	506,075	0.48	21,250	2,715	0.96
500,000	ONTARIO PROV CDA 3.500% Due 07-15-13	99.68	498,425	101.71	508,535	0.48	17,500	8,069	0.33
250,000	BP CAPITAL MARKETS PLC 5.250% Due 11-07-13	108.02	270,039	104.06	260,152	0.25	13,125	1,969	0.46
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	106.40	531,995	0.50	27,500	4,583	0.67
450,000	US BANCORP 4.200% Due 05-15-14	104.98	472,396	104.99	472,450	0.45	18,900	2,415	0.54
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	107.28	643,704	0.61	33,000	6,967	1.36
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	107.88	539,410	0.51	23,750	7,917	1.06
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	108.92	544,605	0.51	30,000	5,250	2.05
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	107.80	539,020	0.51	23,750	2,771	1.41
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	105.62	528,100	0.50	14,250	871	0.53
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	111.74	279,362	0.26	13,750	6,187	1.54
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	113.52	397,316	0.37	18,812	5,539	1.07
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	105.87	529,360	0.50	14,750	1,885	1.17
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	104.49	522,445	0.49	10,750	1,374	0.80
750,000	HJ HEINZ CO 2.000% Due 09-12-16	103.09	773,152	103.19	773,910	0.73	15,000	4,542	1.12
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	103.13	1,289,125	1.22	20,312	6,037	0.77

Portfolio Appraisal – as of December 31, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
500,000	BANK AMER CORP 5.625% Due 10-14-16	99.93	499,670	113.07	565,350	0.53	28,125	6,016	2.02
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	117.27	791,545	0.75	37,969	8,016	0.97
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	103.38	1,033,790	0.98	22,500	5,687	1.43
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	117.35	586,750	0.55	27,500	6,875	1.29
750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522	103.13	773,475	0.73	14,767	451	1.25
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	108.11	540,555	0.51	15,250	7,032	1.21
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	120.77	603,830	0.57	28,500	8,471	1.15
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	118.09	885,690	0.84	46,500	11,625	2.17
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	119.27	596,350	0.56	28,125	1,562	1.56
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	119.80	599,020	0.57	28,750	11,979	1.67
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	120.62	693,553	0.65	30,762	10,254	1.22
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	118.75	1,187,530	1.12	56,250	9,375	1.91
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	121.80	609,020	0.57	28,250	3,610	1.42
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	130.21	651,030	0.61	35,750	13,506	1.90
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	125.83	754,956	0.71	45,000	17,000	2.87
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	118.15	708,882	0.67	28,200	10,653	1.58

Portfolio Appraisal – as of December 31, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	115.28	691,686	0.65	25,200	2,100	1.68
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	111.92	839,415	0.79	35,625	14,844	2.88
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	118.53	918,576	0.87	39,912	13,304	2.33
500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290	107.17	535,835	0.51	15,625	2,604	2.13
750,000	DOW CHEMICAL CO* 4.250% Due 11-15-20	108.13	810,952	111.17	833,782	0.79	31,875	4,073	2.67
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	110.18	865,991	0.82	33,853	4,420	2.93
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	104.53	783,967	0.74	23,625	1,050	2.58
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	112.14	560,705	0.53	30,000	3,833	5.07
500,000	SOUTHERN CAL EDISON CORP BOND 5.950% Due 02-01-38	99.54	497,700	131.18	655,920	0.62	29,750	12,396	3.97
	Accrued Interest				259,827	0.25			
			<u>25,123,494</u>		<u>27,392,599</u>	<u>25.85</u>		<u>259,827</u>	

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 9/30/2012 to 12/31/2012

Portfolio Name	Trade Date	Settle Date	Quantity	Security	Unit Price	Amount	Yield On Cost	Spread Over TSY	Sector	Sec Type Code
PURCHASES										
FAIRBANKS PERMANENT	12-20-12	12-26-12	45,000.0000	VANGUARD EMERGING MARKET	43.73	1,967,737.50	?		Emerging Market Equi	emus
FAIRBANKS PERMANENT	12-20-12	12-26-12	28,500.0000	VANGUARD MSCI EAFE ETF	35.19	1,002,843.75	?		International Equity	ifus
FAIRBANKS PERMANENT	12-20-12	12-26-12	20,000.0000	ISHARES S&P MIDCAP 400	102.35	2,046,950.00	?		Mid Cap Equity	dfus
FAIRBANKS PERMANENT	12-27-12	12-27-12	1,277.9290	VANGUARD INST'L S&P500 IN	129.91	166,015.73	?		Domestic Large Cap E	mfus
						5,183,546.98	0.00			
							0.00			
SALES										
FAIRBANKS PERMANENT	12-20-12	12-21-12	4,250,000	US TREASURY NOTES 0.125% Due 09-30-13	99.98	4,249,003.91	0.16		US Treasury Notes	tnus
							0.16			

Compliance Report

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

Portfolio Holdings (Expanded)

Portfolio: FAIRBANK (019)

Currency: USD

Pricing Date: 12/31/2012

Representative:

Table 1: Excl. Table 2 Hldgs

Par (000)	Identifier	Ticker (Home)	Issuer Name	Sect	Industry	Mdys	S&P	Coupon	Maturity	Curr	Price	Mkt Val (000)	% Held (MV)	YTW	Mod Dur	Eff Dur	Conv
560	000000CM	CASH	CASH & EQUIVALENTS	CASH		Aaa	AAA	0.120	01/31/2013	USD	100.000	560	1.10	0.120	0.083	0.085	0.000
500	026874AT	AIG	AMERICAN INTL GROUP INC	FIN	Insr-Life	Baa1	A-	4.250	05/15/2013	USD	101.215	509	1.00	0.969	0.373	0.368	0.002
500	683234ZR	ONTPV	ONTARIO PROV CDA	OGVT	LocalAuth	Aa2	AA-	3.500	07/15/2013	USD	101.707	517	1.01	0.327	0.532	0.527	0.003
1,750	912828RK	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	0.125	09/30/2013	USD	99.973	1,750	3.43	0.161	0.746	0.747	0.005
500	3133XSAE	FHLB	FEDERAL HOME LOAN BANK AGY	AGY	AGY	AGY	AA+	3.625	10/18/2013	USD	102.717	517	1.01	0.212	0.790	0.787	0.005
250	05565QBF	BP	BP CAP MKTS P L C	IND	Enrg-Intg	A2	A	5.250	11/07/2013	USD	104.061	262	0.51	0.457	0.838	0.837	0.006
500	22546QAA	CSGN	CREDIT SUISSE NEW YORK B FIN	FIN	Bank	A1	A+	5.500	05/01/2014	USD	106.399	537	1.05	0.671	1.293	1.288	0.012
450	91159HGR	USB	U S BANCORP MTNS BK ENT	FIN	Bank	A1	A+	4.200	05/15/2014	USD	104.989	475	0.93	0.545	1.342	1.336	0.012
600	172967EZ	C	CTIGROUP INC	FIN	Bank	Baa2	A-	5.500	10/15/2014	USD	107.284	651	1.27	1.363	1.705	1.701	0.019
500	46625HCE	JPM	JPMORGAN CHASE & CO	FIN	Bank	A2	A	4.750	03/01/2015	USD	107.882	547	1.07	1.060	2.051	2.045	0.026
500	61747YCE	MS	MORGAN STANLEY	FIN	Bank	Baa1	A-	6.000	04/28/2015	USD	108.921	550	1.08	2.050	2.171	2.167	0.029
500	172967FD	C	CTIGROUP INC	FIN	Bank	Baa2	A-	4.750	05/19/2015	USD	107.804	542	1.06	1.408	2.262	2.257	0.031
500	063679BV	BMO	BANK OF MONTREAL 144A	FIN	Bank	Aaa	NR	2.850	06/09/2015	USD	105.563	529	1.04	0.551	2.368	2.365	0.033
250	40429CFN	HSBA	HSBC FINANCE CORP	FIN	Fin-Cnsmr	Baa1	A	5.500	01/19/2016	USD	111.745	286	0.56	1.543	2.782	2.783	0.044
350	91324PAQ	UNH	UNITEDHEALTH GROUP INC	FIN	Insr-Hlth	A3	A	5.375	03/15/2016	USD	113.519	403	0.79	1.073	2.950	2.951	0.049
500	478160AY	JNJ	JOHNSON & JOHNSON	IND	Pharmctls	Aaa	AAA	2.150	05/15/2016	USD	104.489	524	1.03	0.798	3.255	3.258	0.058
500	00206RAW	T	AT&T INC	IND	Wireline	A2	A-	2.950	05/15/2016	USD	105.872	531	1.04	1.169	3.212	3.215	0.057
750	423074AL	HNZ	HEINZ H J CO	IND	Food Proc	Baa2	BBB+	2.000	09/12/2016	USD	103.188	778	1.53	1.117	3.547	3.556	0.069
1,250	891145RB	TD	TORONTO DOMINION BK ONT	FIN	Bank	Aaa	N/A	1.625	09/14/2016	USD	103.130	1,295	2.54	0.766	3.583	3.593	0.070
500	060505CS	BAC	BANK OF AMERICA CORPOR	FIN	Bank	Baa2	A-	5.625	10/14/2016	USD	113.070	571	1.12	2.021	3.418	3.426	0.066
675	20825TAA	COP	CONOCOPHILLIPS CDA FDG (IND	Enrg-Intg	A1	A	5.625	10/15/2016	USD	117.266	800	1.57	0.972	3.447	3.454	0.067
68	31371KKG		FNMA POOL - 254195	PASS	AGY	AGY	AGY	5.500	02/01/2017	USD	107.401	74	0.14	0.709	1.587	1.386	-0.064
61	31294KHM		FHLMC GOLD POOL - E01136	PASS	AGY	AGY	AGY	5.500	03/01/2017	USD	107.184	66	0.13	0.915	1.578	1.375	-0.066
1,000	90349CAA	UBSN	UBS AG	FIN	Bank	Aaa	N/A	2.250	03/30/2017	USD	103.379	1,039	2.04	1.428	4.030	4.041	0.089
500	92343VAG	VZ	VERIZON COMMUNICATIONS	IND	Wireline	A3	A-	5.500	04/01/2017	USD	117.350	594	1.16	1.291	3.819	3.829	0.083
750	064058AA	BK	BANK NEW YORK MELLON C	FIN	Bank	Aa3	A+	1.969	06/20/2017	USD	103.130	774	1.52	1.247	4.277	4.293	0.099
500	134429AV	CPB	CAMPBELL SOUP CO	IND	Food Proc	A2	BBB+	3.050	07/15/2017	USD	108.111	548	1.07	1.208	4.208	4.222	0.098
850	912828NR	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	2.375	07/31/2017	USD	107.836	925	1.81	0.638	4.327	4.344	0.103
500	459200GJ	IBM	INTERNATIONAL BUSINESS M	IND	Electrncls	Aa3	AA-	5.700	09/14/2017	USD	120.766	612	1.20	1.151	4.167	4.183	0.099
750	30161MAE	EXC	EXELON GENERATION CO LL	UTIL	Electric	Baa1	BBB	6.200	10/01/2017	USD	118.092	897	1.76	2.170	4.144	4.160	0.099

Portfolio Holdings (Expanded)

Portfolio: FAIRBANK (019)

Currency: USD

Pricing Date: 12/31/2012

Representative:

Table 1: Excl. Table 2 Hldgs

Par (000)	Identifier	Ticker (Home)	Issuer Name	Sect	Industry	Mdys	S&P	Coupon	Maturity	Curr	Price	Mkt Val (000)	% Held (MV)	YTW	Mod Dur	Eff Dur	Conv
1,000	36159JBT		GE CAP CC 2009-4- A	ABS	CARD	Aaa	N/A	3.800	11/15/2017	USD	106.108	1,063	2.08	0.519	1.807	1.807	0.024
500	3137EABA	FRE	FEDERAL HOME LN MTG COF AGY	AGY	AGY	AA+		5.125	11/17/2017	USD	120.513	606	1.19	0.826	4.393	4.412	0.109
500	949746NX	WFC	WELLS FARGO & CO NEW	FIN	Bank	A2	A+	5.625	12/11/2017	USD	119.270	598	1.17	1.560	4.398	4.416	0.109
500	92976WBH	WFC	WACHOVIA CORP GLOBAL M FIN	FIN	Bank	A2	A+	5.750	02/01/2018	USD	119.804	611	1.20	1.670	4.419	4.443	0.113
575	58013MEE	MCD	MCDONALDS CORP MED TER IND	IND	Restrntrts	A2	A	5.350	03/01/2018	USD	120.618	704	1.38	1.220	4.553	4.574	0.119
1,000	36962G3U	GE	GENERAL ELEC CAP CORP M FIN	FIN	Fin-Divfd	A1	AA+	5.625	05/01/2018	USD	118.753	1,197	2.34	1.909	4.667	4.693	0.125
500	377372AD	GSK	GLAXOSMITHKLINE CAP INC	IND	Pharmctls	A1	A+	5.650	05/15/2018	USD	121.804	613	1.20	1.420	4.724	4.750	0.128
1,000	912828RH	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	1.375	09/30/2018	USD	102.797	1,031	2.02	0.875	5.507	5.561	0.167
600	742718DN	PG	PROCTER & GAMBLE CO	IND	Consumer	Aa3	AA-	4.700	02/15/2019	USD	118.147	720	1.41	1.578	5.341	5.397	0.168
500	14912L4E	CAT	CATERPILLAR FINL SVCS MT IND	IND	ConstMach	A2	A	7.150	02/15/2019	USD	130.206	665	1.30	1.900	5.065	5.113	0.156
600	38141EA2	GS	GOLDMAN SACHS GRP INC M FIN	FIN	Bank	A3	A-	7.500	02/15/2019	USD	125.826	772	1.51	2.869	4.977	5.024	0.152
1,400	912828KD	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	2.750	02/15/2019	USD	110.727	1,565	3.07	0.943	5.627	5.691	0.181
600	594918AC	MSFT	MICROSOFT CORP	IND	Info Tech	Aaa	AAA	4.200	06/01/2019	USD	115.281	694	1.36	1.678	5.689	5.754	0.189
238	312970E4		FHLMC GOLD POOL - B17355	PASS	AGY	AGY	AGY	5.000	12/01/2019	USD	107.838	258	0.51	1.272	2.111	1.557	-0.203
750	00724FAB	ADBE	ADOBE SYS INC	IND	Info Tech	Baa1	BBB+	4.750	02/01/2020	USD	111.922	854	1.67	2.877	5.972	6.061	0.217
191	31406MWJ		FNMA POOL - 814349	PASS	AGY	AGY	AGY	4.500	03/01/2020	USD	107.737	207	0.41	0.868	2.176	1.480	-0.263
355	3129702P		FHLMC GOLD POOL - B17982	PASS	AGY	AGY	AGY	4.000	03/01/2020	USD	106.190	378	0.74	0.911	2.025	1.304	-0.327
775	20030NBA	CMCSA	COMCAST CORP NEW	IND	Media-Cbl	Baa1	BBB+	5.150	03/01/2020	USD	118.526	932	1.83	2.328	6.033	6.120	0.221
137	31406T4F		FNMA POOL - 819922	PASS	AGY	AGY	AGY	5.500	04/01/2020	USD	108.338	149	0.29	1.822	2.310	1.773	-0.201
174	31406T4H		FNMA POOL - 819924	PASS	AGY	AGY	AGY	4.500	04/01/2020	USD	107.737	188	0.37	0.932	2.213	1.561	-0.254
500	713448BR	PEP	PEPSICO INC	IND	Beverage	Aa3	A-	3.125	11/01/2020	USD	107.167	538	1.05	2.127	6.939	7.081	0.284
750	260543CC	DOW	DOW CHEM CO	IND	Chemicals	Baa2	BBB	4.250	11/15/2020	USD	111.171	838	1.64	2.623	6.723	6.771	0.227
786	141781AY	CARGIL	CARGILL INC	IND	Food Proc	A2	A	4.307	05/14/2021	USD	110.177	870	1.71	2.927	7.050	7.201	0.301
750	370334BM	GIS	GENERAL MLS INC	IND	Food Proc	Baa1	BBB+	3.150	12/15/2021	USD	104.529	785	1.54	2.566	7.794	7.979	0.345
211	31410F5H		FNMA POOL - 888348	PASS	AGY	AGY	AGY	5.000	05/01/2022	USD	108.393	230	0.45	1.315	2.329	1.339	-0.368
381	31418PSV		FNMA POOL - AD2331	PASS	AGY	AGY	AGY	4.000	03/01/2025	USD	107.112	410	0.80	0.956	2.402	1.100	-0.663
232	31418U2F		FNMA POOL - AD7073	PASS	AGY	AGY	AGY	4.000	06/01/2025	USD	107.112	249	0.49	1.077	2.499	1.328	-0.635
38	36202CZ4		GNMA2 POOL - 002563	PASS	AGY	AGY	AGY	6.500	03/20/2028	USD	114.533	43	0.08	1.918	3.171	1.547	-0.541
1,000	912810FG	TSY	UNITED STATES TREAS BDS	TSY	TSY	TSY	TSY	5.250	02/15/2029	USD	138.484	1,405	2.75	2.365	11.614	12.147	0.910
42	36201MFQ		GNMA POOL - 587075	PASS	AGY	AGY	AGY	6.500	05/15/2032	USD	116.757	49	0.10	1.616	3.417	1.189	-0.695

Portfolio Holdings (Expanded)

Portfolio: FAIRBANK (019)

Currency: USD

Pricing Date: 12/31/2012

Representative:

Table 1: Excl. Table 2 Hldgs

Par (000)	Identifier	Ticker (Home)	Issuer Name	Sect	Industry	Mdys	S&P	Coupon	Maturity	Curr	Price	Mkt Val (000)	% Held (MV)	YTW	Mod Dur	Eff Dur	Conv
500	3134A4KX	FRE	FEDERAL HOME LN MTG CO	AGY	AGY	AGY	AA+	6.250	07/15/2032	USD	148.835	759	1.49	2.945	12.627	13.209	1.141
41	31292HRY		FHLMC GOLD POOL - C01403	PASS	AGY	AGY	AGY	6.000	09/01/2032	USD	111.200	45	0.09	2.748	3.435	2.216	-0.676
94	31296RKB		FHLMC GOLD POOL - A16590	PASS	AGY	AGY	AGY	6.000	12/01/2033	USD	111.200	105	0.21	2.828	3.521	2.443	-0.641
500	079860AK	T	BELLSOUTH CORP	IND	Wireline	NA	A-	6.000	11/15/2034	USD	136.803	688	1.35	3.563	13.555	14.174	1.333
141	31406UU8		FNMA POOL - 820607	PASS	ARM	AGY	AGY	2.308	03/01/2035	USD	106.367	150	0.29	0.757	4.913	0.077	-0.028
380	31407BXT		FNMA POOL - 826090	PASS	ARM	AGY	AGY	2.295	07/01/2035	USD	104.734	398	0.78	1.150	4.123	0.070	-0.049
234	31297SNU		FHLMC GOLD POOL - A36700	PASS	AGY	AGY	AGY	4.500	08/01/2035	USD	107.497	253	0.50	1.823	2.833	1.335	-1.089
249	31407RKE		FNMA POOL - 838293	PASS	ARM	AGY	AGY	2.677	08/01/2035	USD	106.410	266	0.52	0.767	3.924	0.088	-0.069
96	31403DH5		FNMA POOL - 745552	PASS	ARM	AGY	AGY	2.504	02/01/2036	USD	104.857	101	0.20	1.128	4.133	0.246	-0.073
412	36290TSC		GNMA POOL - 617115	PASS	AGY	AGY	AGY	5.500	06/15/2036	USD	109.739	454	0.89	2.018	2.823	1.202	-0.876
88	3128JRS5		FHLMC POOL - 847740	PASS	ARM	AGY	AGY	5.458	04/01/2037	USD	107.632	95	0.19	1.072	3.041	0.659	0.144
409	225458RR		CSFB 2005-C2- A3	CMBS	CMBS	Aaa	AAA	4.691	04/15/2037	USD	103.707	426	0.83	2.562	1.768	1.768	0.024
219	3128QSLD		FHLMC POOL - 1G2124	PASS	ARM	AGY	AGY	6.046	08/01/2037	USD	108.626	239	0.47	2.284	2.690	1.816	0.136
189	31413EE3		FNMA POOL - 943054	PASS	ARM	AGY	AGY	2.768	08/01/2037	USD	106.796	202	0.40	0.842	4.097	0.042	-0.087
700	31414KYJ		FNMA POOL - 968813	PASS	AGY	AGY	AGY	6.000	01/01/2038	USD	109.981	773	1.51	2.593	3.000	1.922	-0.594
500	842400FH	EIX	SOUTHERN CALIF EDISON CC UTIL		Electric	A1	A	5.950	02/01/2038	USD	131.184	668	1.31	3.974	14.274	14.904	1.547
336	3128MJJJ		FHLMC GOLD POOL - G08264	PASS	AGY	AGY	AGY	6.000	04/01/2038	USD	108.825	367	0.72	3.233	3.199	2.386	-0.692
394	3128LBUV		FHLMC GOLD POOL - A77790	PASS	AGY	AGY	AGY	5.500	05/01/2038	USD	107.965	428	0.84	3.067	3.287	2.590	-0.831
367	50180CAB		LB UBS CMBS 2006-C7- A2	CMBS	CMBS	NA	AAA	5.300	11/15/2038	USD	102.554	377	0.74	-0.484	0.449	0.449	0.002
425	3128M7E2		FHLMC GOLD POOL - G05250	PASS	AGY	AGY	AGY	5.000	02/01/2039	USD	107.606	459	0.90	2.151	2.703	1.376	-0.954
1,375	912810QA	TSY	UNITED STATES TREAS BDS	TSY	TSY	TSY	TSY	3.500	02/15/2039	USD	113.047	1,572	3.08	2.793	17.462	18.593	2.192
468	31416PVF		FNMA POOL - AA6013	PASS	AGY	AGY	AGY	4.500	05/01/2039	USD	108.057	508	0.99	2.051	3.368	2.306	-1.105
500	07383F7W		BEAR STEARNS 05-PWR8- A	CMBS	CMBS	Aaa	N/A	4.674	06/11/2041	USD	108.380	544	1.07	0.757	2.084	2.084	0.028
500	07388LAC		BEAR STEARNS 06-PWR13- A	CMBS	CMBS	N/A	AAA	5.518	09/11/2041	USD	105.495	530	1.04	-0.488	0.934	0.934	0.009
1,000	12513EAG		CD MTG 2005-CD1 A4	CMBS	CMBS	Aaa	AAA	5.219	07/15/2044	USD	110.976	1,114	2.18	0.818	2.412	2.422	0.037
167	20047EBG		COMM CMBS 2006-C08- A2B	CMBS	CMBS	Aaa	N/A	5.248	12/10/2046	USD	100.536	169	0.33	3.351	0.348	0.348	0.002
500	46630VAD		JP MORGN 2007-CBC19- A4	CMBS	CMBS	Aa2	A+	5.728	02/12/2049	USD	117.278	589	1.15	1.121	3.527	3.542	0.079
285	05952CAB		BA MTG CMBS 2007-05- A2	CMBS	CMBS	N/A	AAA	5.434	02/10/2051	USD	102.193	293	0.57	0.102	0.434	0.434	0.002
500	46632HAD		JPMRGN CMBS 2007-LDP12 A	CMBS	CMBS	Aaa	A-	5.882	02/15/2051	USD	117.951	592	1.16	1.104	3.525	3.525	0.081
45,519						Aa3	AA-	4.188	5.714		111.281	51,045	100.00	1.519	4.622	4.504	0.150

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

Portfolio: Fairbanks Combined
Pricing Date: 12/31/2012
Benchmark: BC AGGREGATE INDEX (SLAG)
Benchmark Pricing Date: 12/31/2012

Quality	Port					Bchmk				
	Mkt Val (000)	% Held (MV)	Eff Dur	Contrib Eff Dur	% Total Eff Dur	Mkt Val (000)	% Held (MV)	Eff Dur	Contrib Eff Dur	% Total Eff Dur
Total:	52,012	100.00	4.469	4.469	100.000		100.00	4.842	4.842	100.000
CASH	560	1.08	0.085	0.001	0.020					
TSY										
AGY										
Aaa	27,428	52.73	4.280	2.257	50.510		74.30	4.030	3.000	61.983
Aa	2,622	5.04	3.828	0.193	4.319		3.50	6.550	0.230	4.752
A	15,808	30.39	4.772	1.450	32.455		11.00	7.110	0.780	16.116
Baa	5,594	10.75	5.275	0.567	12.695		11.20	7.440	0.830	17.149

Portfolio Duration as a % of Benchmark 92%

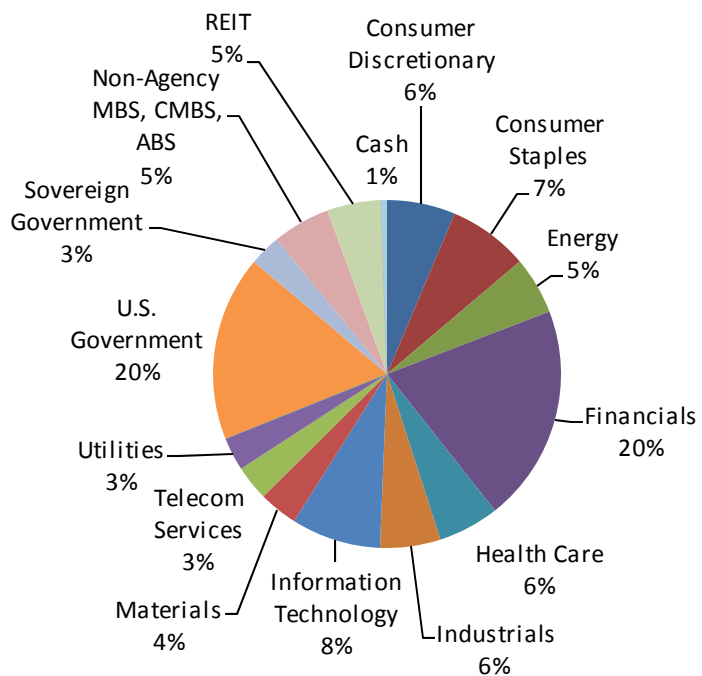
Duration gauges price sensitivity of fixed income securities and represents the expected percentage change in market value when interest rates change by 1%.

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 December 31, 2012*



Sector	Market Value	% of Portfolio
Consumer Discretionary	6,732,629	6%
Consumer Staples	7,906,428	7%
Energy	5,658,594	5%
Financials	21,390,540	20%
Health Care	6,033,663	6%
Industrials	5,943,706	6%
Information Technology	8,816,883	8%
Materials	3,836,141	4%
Telecommunication Services	3,451,387	3%
Utilities	3,269,485	3%
<hr/>		
U.S. Government - Treasury/Agency/Agency MBS	18,241,627	17%
Sovereign Government	3,108,614	3%
Non-Agency MBS, CMBS, ABS	5,678,462	5%
REIT	5,308,086	5%
Commodities	-	0%
Cash	586,253	1%
<hr/>		
Total Portfolio	\$ 105,962,499	100%

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!

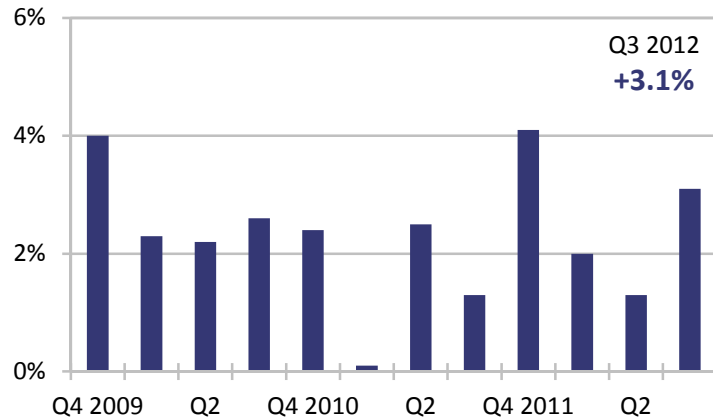
VISIT US AT OUR WEBSITE: APCM.NET



Appendix

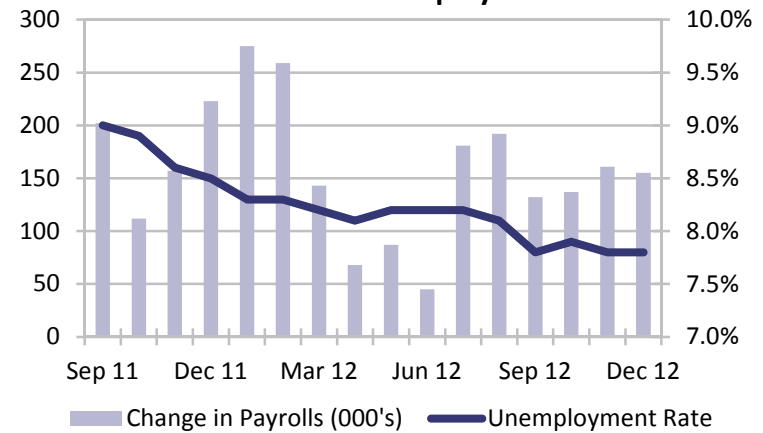
Economy & Financial Markets

Gross Domestic Product



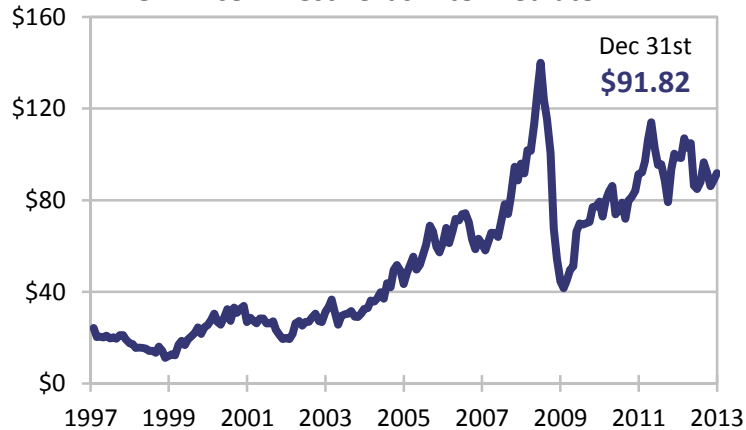
Bureau of Economic Analysis

Job Growth and Unemployment Rate



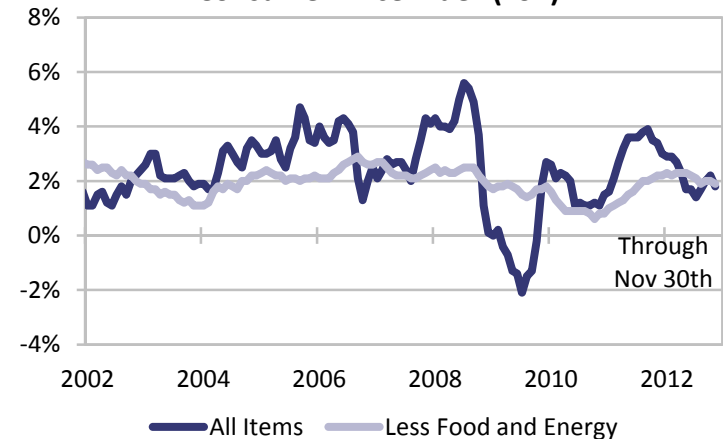
Bureau of Labor Statistics

Oil Price - West Texas Intermediate



Bloomberg

Consumer Price Index (YoY)



Bureau of Labor Statistics

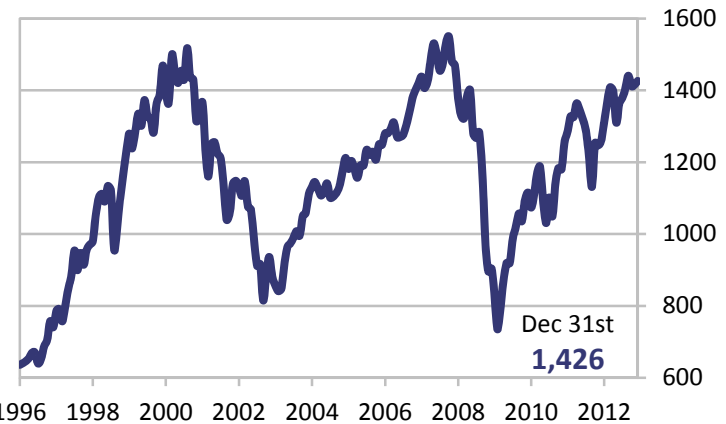
Economy & Financial Markets

Total Return (%) as of December 31, 2012

	Q4 2012	1 Year	3 Years	5 Years
Domestic Equities				
Large Cap S&P 500	-0.4	16.0	10.9	1.7
Mid Cap S&P 400	3.6	17.9	13.6	5.2
Small Cap S&P 600	2.2	16.3	14.1	5.1
International Equities				
Developed MSCI EAFE	6.6	17.3	3.6	-3.7
Emerging MSCI Emerging Markets	5.6	18.2	4.7	-0.9
Other				
Commercial Property S&P U.S. REIT	2.6	18.0	18.0	5.5
Commodities DJ-UBS Commodity	-6.3	-1.1	0.1	-5.2
Fixed Income				
Total Bond Market Barclays Aggregate	0.2	4.2	6.2	6.0
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.1	0.5	1.5	2.5
Int'l Treasury Barclays Global Tsy ex-US	0.1	6.4	5.0	5.6

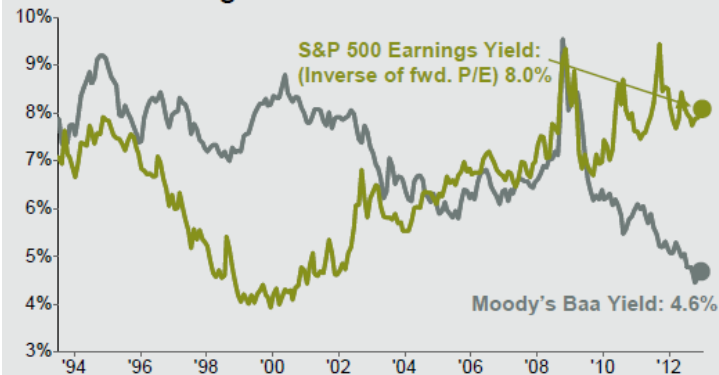
Returns are annualized for periods greater than one year

S&P 500 Index



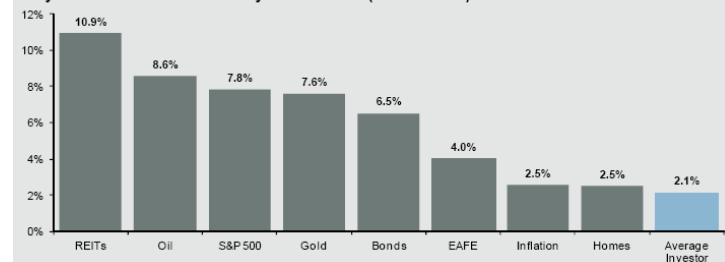
Bloomberg

S&P 500 Earnings Yield vs. Baa Bond Yield



Sources: Standard & Poor's, Moody's, J.P. Morgan Asset Management
Data as of 12/31/2012.

20-year Annualized Returns by Asset Class (1992 - 2011)

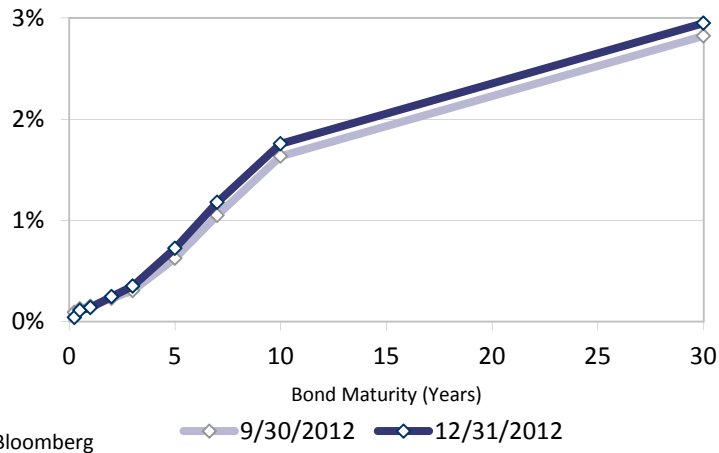


Source: J.P. Morgan Asset Management

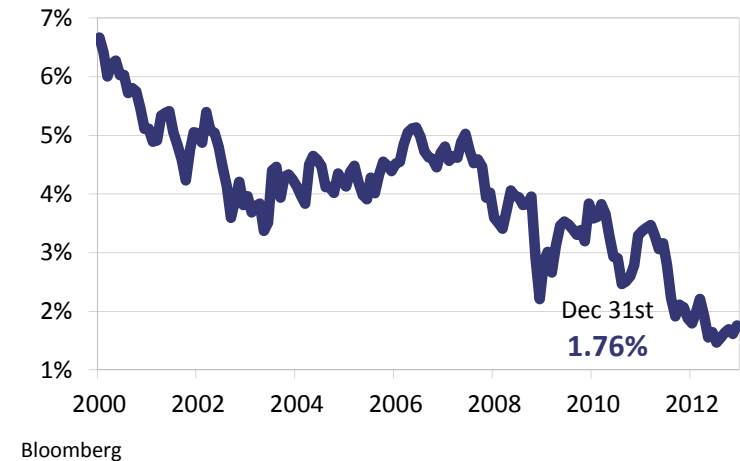
Average asset allocation investor return is based on an analysis by Dalbar Inc. All returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/11 to match Dalbar's most recent analysis.

Economy & Financial Markets

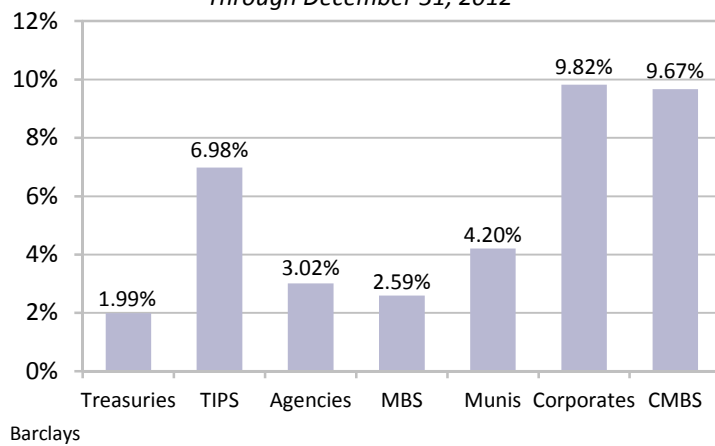
U.S. Treasury Yield Curve Comparison



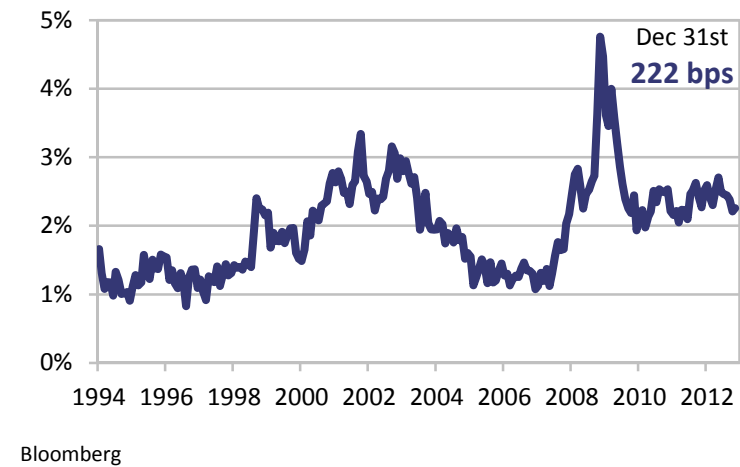
10 Year Treasury Note Yield



2012 Bond Total Return
Through December 31, 2012



Corporate A Spread/10 Year Treasury



Current Outlook

Economic Outlook

The U.S. economy is expanding modestly, but still faces major headwinds from the ongoing deleveraging of consumer balance sheets. And it looks like government spending will slow significantly as we get our deficit and national debt under control. Housing looks to be bottoming and car sales have been decent. The unemployment rate stood at 7.8% in December, while 155,000 new jobs were created. Third quarter GDP was revised up to +3.1%, but most analysts expect +1% to +2% in Q4. Hurricane Sandy will make it hard to gauge economic growth over the next few months. The consensus outlook calls for growth around +2% and modest inflation in 2013.

In its October 2012 World Economic Outlook, the IMF lowered its forecast for global growth. It sees +3.3% growth in 2012 and +3.6% in 2013, down from estimates last made in July. The IMF suggests a 15% chance of recession in the U.S., 25% in Japan, and 80% in the euro area. It warned that these estimates may be optimistic unless policy makers carry out pro-growth policies.

The World Bank also cut its growth forecast for East Asia to +7.2%, down from +8.2% in 2011. This is partly due to slowing demand for Asian goods in struggling western economies. For China, growth is expected to be +7.7% (vs. +9.3% last year) and “risks of a ‘hard landing’ remain small.”

Inflation Outlook

The U.S. CPI inflation rate has been +1.8% over the past 12 months. Given the still high unemployment rate (modest wage pressure) and unused capacity in the U.S., recession in Europe, and a slowdown 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.

The U.S. 10 year Treasury yields 1.76% while the 10 year inflation protected TIPS bond yields -0.74%. The difference, or the “break even” inflation rate, is +2.5%. That is, the market expects inflation to average +2.5% over the next 10 years.

WTI oil was trading around \$92 at month end, down -7% from a year ago. At \$3.29 per gallon, gasoline prices are also falling and are now 65 cents below the year-to-date high of \$3.94 set on April 4, according to AAA. Gold has been range bound of late at around \$1,650 per ounce, with low interest rates and money printing a support but sluggish economic growth a detractor.

Policy Actions

The Federal Reserve is worried about slow economic growth and is maintaining a ZIRP (zero interest rate policy). They have undertaken an \$85 billion monthly bond buying program. In December they announced that rates would remain low as long as the unemployment rate was 6.5% or higher and core inflation remained +2.5% or lower.

The “fiscal cliff” was avoided at the last minute. Still tough decisions on the debt ceiling, sequestration cuts, and long-term entitlement reform remain. Fiscal policy is tightening slowly and becoming a headwind for growth.

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, and Portugal have accepted bailouts. Italy and Spain are now in the crosshairs. 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. Still the Eurozone is in recession and the unemployment rate there is 11.7%.

Bond Outlook

Ten year Treasury yields reached 2.38% in March before falling to a historic low of 1.39% in July, and ending the year at 1.76%. We remain overweight spread product including corporate bonds (especially financials) and CMBS securities. Treasuries are unattractive in all but a flight to quality/deflation scenario.

Equity Outlook

The equity markets gained ground in December despite worries over the fiscal cliff. The S&P 500 was up +3.7% for the month, and +16.0% for the year.

In overseas markets, the EAFE developed country index gained +3.2% in December and was up +17.3% last year. While Europe is cheap on a valuation basis, macro risks are still too big to justify more than a market weight. We expect more unrest with possible country defaults and exits from the euro (with Greece going first).

Emerging markets gained +4.9% in December, and were up +18.2% in 2012. Equities here trade at a 12.5x P/E ratio, off the recent lows seen in September. Their economies are slowing but policymakers have room to ease and these countries are in better fiscal shape than the developed nations. We are overweight.

The equity markets are climbing the proverbial wall of worry. While we continue to favor stocks over bonds and cash in client portfolios, recent gains have been a bit surprising given modest economic growth and ongoing policy uncertainty.

January 2013



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

December 31, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
1,750,000	US TREASURY NOTES 0.125% Due 09-30-13	99.93	1,748,838	99.97	1,749,527	1.65	2,187	559	0.16
850,000	US TREASURY NOTES 2.375% Due 07-31-17	106.34	903,922	107.84	916,606	0.87	20,187	8,448	0.64
1,000,000	US TREASURY NOTES 1.375% Due 09-30-18	99.39	993,945	102.80	1,027,970	0.97	13,750	3,513	0.87
1,400,000	US TREASURY NOTES 2.750% Due 02-15-19	104.27	1,459,846	110.73	1,550,178	1.46	38,500	14,542	0.94
1,000,000	U S TREASURY NOTES 5.250% Due 02-15-29	110.42	1,104,150	138.48	1,384,840	1.31	52,500	19,830	2.37
1,375,000	US Treasury Note 3.500% Due 02-15-39	86.77	1,193,038	113.05	1,554,396	1.47	48,125	18,178	2.79
	Accrued Interest				65,070	0.06			
			7,403,739		8,248,588	7.78		65,070	
U.S. TREASURY INFLATION									
828,127	US TREASURY INFLATION PROTECTED SECURITIES 1.625% Due 01-15-18	99.33	822,572	115.98	960,437	0.91	13,457	6,217	NA
	Accrued Interest				6,217	0.01			
			822,572		966,654	0.91		6,217	
AGENCIES									
500,000	FHLB 3.625% Due 10-18-13	104.20	520,981	102.72	513,585	0.48	18,125	3,675	0.21
500,000	FHLMC 5.125% Due 11-17-17	111.91	559,567	120.51	602,565	0.57	25,625	3,132	0.82
500,000	FEDERAL HOME LOAN MORTGAGE CORP 6.250% Due 07-15-32	120.42	602,104	148.83	744,175	0.70	31,250	14,410	2.94
	Accrued Interest				21,217	0.02			
			1,682,652		1,881,542	1.78		21,217	
FNMA & FHLMC									
68,253	FNMA POOL # 254195 5.500% Due 02-01-17	99.33	67,795	107.40	73,305	0.07	3,754	313	0.00
61,226	FGLMC POOL E01136 5.500% Due 03-01-17	99.55	60,948	107.18	65,624	0.06	3,367	281	0.72
238,505	FGLMC POOL B17355 5.000% Due 12-01-19	101.34	241,701	107.84	257,199	0.24	11,925	994	0.88



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

December 31, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
354,722	FGLMC POOL B17982 4.000% Due 03-01-20	97.59	346,187	106.19	376,679	0.36	14,189	1,182	0.83
191,456	FNMA POOL 814349 4.500% Due 03-01-20	98.62	188,816	107.74	206,269	0.19	8,616	718	0.97
137,024	FNMA POOL 819922 5.500% Due 04-01-20	102.41	140,332	108.34	148,449	0.14	7,536	628	1.58
174,222	FNMA POOL 819924 4.500% Due 04-01-20	99.55	173,446	107.74	187,701	0.18	7,840	653	0.97
211,365	FNCI 5.00% POOL 888348 5.000% Due 05-01-22	103.55	218,862	108.39	229,105	0.22	10,568	881	1.44
381,154	FNMA 4.00% POOL AD2331 4.000% Due 03-01-25	102.73	391,576	107.11	408,261	0.39	15,246	1,271	1.28
232,360	FNCI 4% POOL AD7073 4.000% Due 06-01-25	103.15	239,675	107.11	248,885	0.23	9,294	775	1.28
37,544	GNMA POOL 2563 6.500% Due 03-20-28	100.44	37,708	114.53	43,000	0.04	2,440	203	1.47
40,600	FGLMC POOL C01403 6.000% Due 09-01-32	101.81	41,336	111.20	45,147	0.04	2,436	203	2.14
94,248	FGLMC POOL A16590 6.000% Due 12-01-33	103.27	97,326	111.20	104,803	0.10	5,655	471	2.18
140,820	FRN - FNMA POOL 820607 2.294% Due 03-01-35	102.47	144,294	106.37	149,786	0.14	3,230	269	0.59
379,696	FNMA POOL 826090 4.737% Due 07-01-35	99.47	377,679	104.73	397,670	0.38	17,986	1,499	0.73
234,248	FHLMC # A36703 4.500% Due 08-01-35	95.69	224,146	107.50	251,810	0.24	10,541	878	1.81
249,447	FRN - FNMA POOL # 838293 2.678% Due 08-01-35	99.67	248,618	106.41	265,436	0.25	6,680	557	0.90
95,822	FNMA ARM POOL 745552 2.508% Due 02-01-36	100.53	96,326	104.86	100,476	0.09	2,403	200	1.15
87,703	FRN - FHLMC # 847740 5.507% Due 04-01-37	98.88	86,724	107.63	94,397	0.09	4,830	402	1.57
219,239	FRN - FHLMC # 1G2124 6.012% Due 08-01-37	99.81	218,828	108.63	238,151	0.22	13,181	1,098	2.60
189,064	FRN - FNMA POOL 943054 2.768% Due 08-01-37	100.94	190,836	106.80	201,913	0.19	5,233	436	0.88
699,695	FNCL 6.00% POOL 968813 6.000% Due 01-01-38	109.64	767,150	109.98	769,532	0.73	41,982	3,498	2.45
335,884	FHLMC # G08264 6.000% Due 04-01-38	100.76	338,430	108.82	365,526	0.34	20,153	1,679	2.95



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

December 31, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
394,370	FGLMC 5.5% POOL A77796 5.500% Due 05-01-38	108.01	425,950	107.96	425,782	0.40	21,690	1,808	2.84
424,627	FHLMC 5% POOL G05253 5.000% Due 02-01-39	107.02	454,450	107.61	456,924	0.43	21,231	1,769	2.22
468,293	FNCL 4.5 POOL AA6013 4.500% Due 05-01-39 Accrued Interest	103.59	485,104	108.06	506,023	0.48	21,073	1,756	1.66
					24,423	0.02			
			6,304,243		6,642,278	6.27		24,423	
GNMA									
41,657	GOV'T NAT'L MTG ASSN POOL# 587075 6.500% Due 05-15-32	101.25	42,177	116.76	48,637	0.05	2,708	226	1.51
411,718	GOV'T NAT'L MTGE ASSN POOL # 617115 5.500% Due 06-15-36 Accrued Interest	97.77	402,519	109.74	451,815	0.43	22,644	1,887	2.67
					2,113	0.00			
			444,696		502,565	0.47		2,113	
ASSET-BACKED SECURITIES									
1,000,000	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17 Accrued Interest	107.25	1,072,500	106.11	1,061,083	1.00	38,000	1,689	0.52
					1,689	0.00			
			1,072,500		1,062,772	1.00		1,689	
COMMERCIAL MORTGAGE-BACKED SECURITIES									
408,556	CREDIT SUISSE FIRST BOSTON MTG 4.691% Due 04-01-37	100.48	410,519	103.71	423,703	0.40	19,165	1,597	2.56
366,849	LB-UBS COML MTG TR 2006-C7 5.300% Due 11-11-38	100.35	368,138	102.55	376,218	0.36	19,443	1,080	0.44
500,000	BEAR STEARNS COML MTG SECS INC 4.674% Due 06-11-41	100.54	502,723	108.38	541,897	0.51	23,370	1,947	0.80
500,000	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41	100.55	502,726	103.49	517,441	0.49	27,590	2,299	1.90
1,000,000	FRN - CD 2005-C1 COMMERCIAL MTG TR 5.219% Due 07-15-44	100.09	1,000,856	110.98	1,109,764	1.05	52,194	4,350	0.91
167,018	COMM 2006-C8 MTG TR 5.248% Due 12-10-46	100.50	167,851	100.54	167,913	0.16	8,765	730	3.48
500,000	FRN - J P MORGAN CHASE COML MTG SECS 5.726% Due 02-12-49	100.21	501,049	117.28	586,389	0.55	28,630	2,386	1.53

Portfolio Appraisal

FAIRBANKS PERMANENT FUND

December 31, 2012



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
284,840	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	100.55	286,396	99.87	284,481	0.27	15,478	1,290	4.56
500,000	J P MORGAN CHASE COML MTG SECS 5.882% Due 02-15-51 Accrued Interest	100.50	502,481	117.95	589,752	0.56	29,410	2,451	1.57
					18,130	0.02			
			4,242,740		4,615,690	4.36		18,130	
CORPORATE BONDS									
500,000	AMERICAN INTL GROUP INC SENIOR NT 4.250% Due 05-15-13	95.12	475,580	101.21	506,075	0.48	21,250	2,715	0.96
500,000	ONTARIO PROV CDA 3.500% Due 07-15-13	99.68	498,425	101.71	508,535	0.48	17,500	8,069	0.33
250,000	BP CAPITAL MARKETS PLC 5.250% Due 11-07-13	108.02	270,039	104.06	260,152	0.25	13,125	1,969	0.46
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	106.40	531,995	0.50	27,500	4,583	0.67
450,000	US BANCORP 4.200% Due 05-15-14	104.98	472,396	104.99	472,450	0.45	18,900	2,415	0.54
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	107.28	643,704	0.61	33,000	6,967	1.36
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	107.88	539,410	0.51	23,750	7,917	1.06
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	108.92	544,605	0.51	30,000	5,250	2.05
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	107.80	539,020	0.51	23,750	2,771	1.41
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	105.62	528,100	0.50	14,250	871	0.53
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	111.74	279,362	0.26	13,750	6,187	1.54
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	113.52	397,316	0.37	18,812	5,539	1.07
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	105.87	529,360	0.50	14,750	1,885	1.17
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	104.49	522,445	0.49	10,750	1,374	0.80
750,000	HJ HEINZ CO 2.000% Due 09-12-16	103.09	773,152	103.19	773,910	0.73	15,000	4,542	1.12
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	103.13	1,289,125	1.22	20,312	6,037	0.77



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

December 31, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
500,000	BANK AMER CORP 5.625% Due 10-14-16	99.93	499,670	113.07	565,350	0.53	28,125	6,016	2.02
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	117.27	791,545	0.75	37,969	8,016	0.97
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	103.38	1,033,790	0.98	22,500	5,687	1.43
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	117.35	586,750	0.55	27,500	6,875	1.29
750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522	103.13	773,475	0.73	14,767	451	1.25
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	108.11	540,555	0.51	15,250	7,032	1.21
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	120.77	603,830	0.57	28,500	8,471	1.15
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	118.09	885,690	0.84	46,500	11,625	2.17
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	119.27	596,350	0.56	28,125	1,562	1.56
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	119.80	599,020	0.57	28,750	11,979	1.67
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	120.62	693,553	0.65	30,762	10,254	1.22
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	118.75	1,187,530	1.12	56,250	9,375	1.91
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	121.80	609,020	0.57	28,250	3,610	1.42
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	130.21	651,030	0.61	35,750	13,506	1.90
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	125.83	754,956	0.71	45,000	17,000	2.87
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	118.15	708,882	0.67	28,200	10,653	1.58
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	115.28	691,686	0.65	25,200	2,100	1.68
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	111.92	839,415	0.79	35,625	14,844	2.88
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	118.53	918,576	0.87	39,912	13,304	2.33
500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290	107.17	535,835	0.51	15,625	2,604	2.13



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

December 31, 2012

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	111.17	833,782	0.79	31,875	4,073	2.67
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	110.18	865,991	0.82	33,853	4,420	2.93
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	104.53	783,967	0.74	23,625	1,050	2.58
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	112.14	560,705	0.53	30,000	3,833	5.07
500,000	SOUTHERN CAL EDISON CORP BOND 5.950% Due 02-01-38 Accrued Interest	99.54	497,700	131.18	655,920	0.62	29,750	12,396	3.97
					259,827	0.25			
			25,123,494		27,392,599	25.85		259,827	
INTERNATIONAL FIXED INCOME FUNDS/ETF									
42,485	SPDR BARCLAYS CAPITAL INTL D	56.06	2,381,843	61.01	2,592,010	2.45	NA		
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
182,518	VANGUARD INST'L S&P500 INDEX FUND	96.44	17,602,650	130.52	23,822,224	22.48	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
53,610	ISHARES S&P MIDCAP 400	80.22	4,300,789	101.70	5,452,137	5.15	NA		
INTERNATIONAL FUNDS/ETF									
293,234	VANGUARD MSCI EAFE ETF	33.98	9,964,271	35.23	10,330,634	9.75	NA		
EMERGING MARKET FUNDS/ETF									
147,282	VANGUARD EMERGING MARKET ETF	43.28	6,373,794	44.53	6,558,467	6.19	NA		
REAL ESTATE									
80,670	VANGUARD REIT ETF	49.55	3,996,989	65.80	5,308,086	5.01	NA		
CASH AND EQUIVALENTS									
	ALASKA MUNICIPAL LEAGUE INVESTMENT POOL		559,813		559,813	0.53			
	CASH RECEIVABLE		20,363		20,363	0.02	NA		
	DIVIDEND ACCRUAL		6,077		6,077	0.01			
			586,253		586,253	0.55			
TOTAL PORTFOLIO			92,303,225		105,962,499	100	1,928,251	398,686	



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

Time Period	Percent Return																		
	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	EAFE BENCH	Real Estate	S&P US REIT BENCH (former spreit)	Emerging Market Equity	MSCI EMERGING MARKET BENCH	Alternative Investments	COMMODITY	Cash and Cash Equivalents	Citigroup 3 Month Index - BENCH
12-31-11 to 01-31-12	3.19	2.91	0.04	1.23	0.88	4.48	4.48	6.61	6.61	5.64	5.33	6.38	6.47	10.41	11.34	1.80	2.47	0.00	0.00
01-31-12 to 02-29-12	2.02	1.60	0.04	0.16	-0.02	4.37	4.32	4.53	4.50	4.88	5.74	-1.36	-1.06	5.43	5.99	2.84	2.70	0.00	0.00
02-29-12 to 03-31-12	0.82	0.53	0.04	-0.34	-0.55	3.35	3.29	1.89	1.88	0.33	-0.46	5.19	5.13	-2.60	-3.33	-4.30	-4.14	0.00	0.00
03-31-12 to 04-30-12	0.14	0.57	0.04	1.01	1.11	-0.83	-0.63	-0.36	-0.23	-2.38	-1.96	2.86	2.91	-2.10	-1.20	-0.47	-0.42	0.00	0.01
04-30-12 to 05-31-12	-3.05	-2.46	0.04	0.52	0.90	-5.89	-6.01	-6.40	-6.48	-11.17	-11.48	-4.51	-4.55	-10.66	-11.21	-6.43	-9.13	0.00	0.01
05-31-12 to 06-30-12	2.12	1.93	0.05	0.10	0.04	4.12	4.12	2.09	1.89	6.98	7.01	5.49	5.65	5.02	3.86	0.00	5.49	0.00	0.01
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	1.13	2.00	1.96	0.20	1.95	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	2.69	-0.01	0.05	0.24	-0.33	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	2.96	-1.85	-1.88	5.34	6.03	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	0.83	-0.91	-0.84	-0.54	-0.61	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	2.42	-0.26	-0.28	1.25	1.27	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	3.20	3.72	3.72	6.72	4.89	0.00	-2.61	0.00	0.01
Date to Date																			
12-31-11 to 12-31-12	10.32	9.73	0.50	4.98	4.22	15.94	16.00	16.96	17.88	18.10	17.32	17.34	17.99	18.43	18.22	-6.69	-1.06	0.00	0.07

	A	B	C	D	E	F	G
1	City of Fairbanks - Permanent Fund History						
2	2013 Permanent Fund Appropriation Calculation						
3							
4	January 9, 2013						
5							
6							
7							
8							
9		Audited	Audited	Audited	Audited	Unaudited	
10		2008	2009	2010	2011	2012	Average
10	Marketable securities						
11	Cash and investments	\$ 774,607	\$ 559,720	\$ 1,225,492	\$ 1,164,042	\$ 559,813	\$ 856,735
12	Fixed income securities	41,247,119	59,807,621	50,535,399	48,907,802	53,526,329	50,804,854
13	Equity securities	43,181,888	31,107,843	47,837,719	48,306,738	51,471,548	44,381,147
14	Interest receivable	364,888	463,600	425,369	391,778	405,700	410,267
15							
16	Total marketable securities	\$ 85,568,502	\$ 91,938,784	\$ 100,023,979	\$ 98,770,360	\$ 105,963,390	\$ 96,453,003
17							
18	Nonmarketable securities						
19	Tract G-3, Replat of Tract G, ASLS 80-64	\$ 158,793	\$ 153,319	\$ 147,353	\$ 140,961	\$ 134,388	\$ 146,963
20	Tract G-2A South Davis Park Subdivision	140,334	135,464	130,157	124,472	118,633	129,812
21	Weeks Field - Note Receivable	-	781,500	781,500	-	-	312,600
22	Ret Comm Fbks and Weeks Dev LLC	-	-	-	385,589	385,589	154,236
23	Community Development Inc.	-	-	-	481,881	172,330	130,842
24	Korean Comm of Fairbanks	-	-	-	-	15,140	3,028
25	Interest Receivable - Notes	-	19,734	69,152	16,908	37,632	28,685
26	Breadline	-	-	-	58,039	53,777	22,363
27							
28		\$ 299,127	\$ 1,090,017	\$ 1,128,162	\$ 1,207,850	\$ 917,489	\$ 928,529
29							
30	Liabilities	15,486	16,265	17,472	12,593	10,347	\$ 14,433
31							
32	Total Permanent Fund Value	\$ 85,852,143	\$ 93,012,536	\$ 101,134,669	\$ 99,965,617	\$ 106,870,532	\$ 97,367,099
33							
34							
35	2012 PILOT Replacement to General Fund (four percent of five-year average)						\$ 3,894,684
36							
37	2012 Transfer from Permanent Fund for Capital (one half of one percent of five-year average)						\$ 486,835
38							
39							
40						2013 Total	4,381,519
		2013 Drawdown Schedule					
41		Date	Operating Draw	Capital Draw	Total		
42		31-May	1,703,925	486,835	2,190,760		
43		30-Nov	2,190,759	-	2,190,759		
44							
45							
46		Total	3,894,684	486,835	4,381,519		
47							
48							
49							
50							
51							
52				2013 BUDGET		GF	3,857,166
53						Capital	482,146
54							4,339,312
55							
56				Budget Amendment		GF	37,518
57						Capital	4,689
58							42,207
59							
60	U:\Permanent Fund\Appropriation Calculations\2013 PermFund ACTUAL Appropriation.xlsx\2013 Actual						

City of Fairbanks
Permanent Fund Transactions
From Inception to December 31, 2012

A	B	C	D	E	F	M	O	Q
Year	Sales of Properties MUS	MUS LEASE	City Contributions	Draws	Portfolio Earnings (Losses) less Admin Fee	Investment Fund Balance	Other Perm Fund Assets/ (Liabilities)	Year End Perm Fund Balance
1997	72,472,732			(502,073)	999,568	72,970,227	808,178	73,778,405
1998	6,970,084	410,926	100,000	(3,794,935)	10,922,512	87,578,814	991,823	88,570,637
1999	794,224	389,887	255,292	(5,007,732)	2,011,381	86,021,866	1,100,570	87,122,436
2000	1,025,615	132,300	-	(4,900,760)	4,414,044	86,693,065	1,974,333	88,667,398
2001	1,025,615	396,900	354,659	(4,569,711)	2,105,090	86,005,618	1,815,045	87,820,663
2002	4,758,596	396,900	3,103,457	(4,174,703)	585,415	86,942,302	868,469	87,810,771
2003		396,900	167,850	(4,235,829)	10,037,028	98,066,847	235,663	98,302,510
2004	231,391	363,825	411,627	(4,269,674)	5,885,478	100,689,494	230,823	100,920,317
2005	231,391	396,900	293,832	(4,343,296)	2,895,986	100,164,307	28,288	100,192,595
2006	231,391	429,975	288,283	(4,404,508)	9,787,587	106,497,035	(6,999)	106,490,036
2007	231,391	396,900	966,500	(4,533,260)	5,918,433	109,476,999	384,706	109,861,705
2008	231,391	396,900	928,381	(4,688,433)	(20,783,642)	85,561,596	(8,581)	85,553,015
2009	-	396,900	29,860	(4,563,808)	10,507,281	91,931,829	(9,309)	91,922,520
2010	-	396,900	1,632,037	(4,482,955)	10,539,186	100,016,997	(10,491)	100,006,506
2011	-	396,900	618,173	(4,480,072)	2,217,359	98,769,357	(10,336)	98,759,021
2012	89,229,436	396,900	1,241,488	(4,413,204)	9,968,849	105,963,390	(8,819)	105,954,571
		5,695,913	10,391,439	(67,364,953)	68,011,555			

Note: For the year 1998, certain assumptions were made after review of available data and the financial statements. Although we know what the amount of the deposits were and when they occurred, the source of the funds are unknown. I made an assumption that \$318,161 in deposits with unknown sources were proceeds from the sale, MUS.

Note: For the years prior to 2000, the data was extracted from the sparse records still available. I am confident that the amounts displayed are materially correct, although there may be some minor misclassifications.

Note: The investment portfolio year end balances (column M) agree with the available statements and financial records. The total PF year end balances (column Q) include the portfolio assets, receivables held in the PF, and liabilities.

Note: For years prior to 2003 the total year end balances (column R) have been restated to conform with current Generally Accepted Accounting Principles and to enhance comparability, therefore they will not agree with the 1997 through 2002 Financial Statements as originally published. See the 2003 Financial Statements for a detailed explanation.

Introduced by: Mayor Cleworth
Council Member Gatewood
Permanent Fund Review Board Approval: October 31, 2012
Introduced: November 19, 2012

ORDINANCE NO. 5905, AS AMENDED

**AN ORDINANCE AMENDING FAIRBANKS GENERAL CODE
SECTIONS 2-260 AND 2-261 AND ENACTING 2-262 REGARDING THE
AUTHORIZED INVESTMENT SELECTIONS OF THE CITY
PERMANENT FUND INVESTMENT POLICY**

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

WHEREAS, current policy authorizes an "International Equity" allocation class which is defined as replicating the Morgan Stanley Europe, Australasia, Far East ("EAFE") Index; and

WHEREAS, current policy authorizes an "Emerging Markets" asset class which is defined as replicating the "MSCI Emerging Market Index;" and

WHEREAS, amending the policy to (a) replicate the International Equity allocation against the FTSE Developed ex North America Index, and (b) replicate the Emerging Market Index against the FTSE Emerging Market will not materially change performance but will help keep investment fees low; and

WHEREAS, proposed Section 2-262 will provide for a procedure to authorize interim change of indices in the future; and

WHEREAS, in addition, the City's investment manager recommends amendment of the allocation benchmarks and allocation ranges set in FGC 2-261 to reduce the predicted volatility of the entire portfolio; and

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

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

(8) Equities, which taken as a whole, attempt to replicate the universe of domestic real-estate investment trusts, including both mutual funds and exchange traded funds (ETF's).

(9) Domestic equities, which taken as a whole, attempt to replicate the S & P 400 MidCap Index, including both mutual funds and exchange traded funds (ETF's).

(10) Commodities, which taken as a whole, attempt to replicate a broad based commodity index, such as the Dow-Jones UBS Commodity Index, including mutual funds, exchange traded funds (ETF's) and exchange traded notes (ETN's).

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

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

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

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

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

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

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

Commission and the state and may not serve in any multiple role as investment manager or securities broker custodian. They must agree to serve as a fiduciary to the fund and carry professional liability insurance in the minimum amount of \$5,000,000.00. A written contract must be entered into between the fund and the investment managers.

(h) *Fiduciary status; conflict of interest.* The board shall be considered to have the responsibility of a fiduciary to the fund and shall be indemnified by the city in any action brought against them collectively or individually while acting in this capacity. No board member may act on behalf of the board in any manner involving the investments of the portfolio or its management pursuant to this policy, except as specifically authorized by the city council in writing.

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

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

Sec. 2-261. Permanent fund asset allocation plan and performance measurement targets. The target for equities is ~~40%~~45% of the portfolio with an allowable range of 30% to ~~50~~60%. The target for fixed income is ~~60%~~55% of the portfolio with an allowable range of ~~50~~40% to 70%.

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

6. Performance measurement of the commodity allocation will be measured against the target weighting, using a broad based index such as the Dow Jones-UBS Commodity Index, selected by the Permanent Fund Review Board.
7. Performance measurement for the emerging markets equity allocation will be measured against the target weighting using the MSCI FTSE Emerging Market Index,
8. Performance measurement for the international bond allocation will be measured against the target weighting using the Barclays Capital Global Treasury ex. U.S. Capped Index.
9. Performance measurement for the U.S. Treasury Inflation Protected Securities (TIPS) allocation will be measured against the target weighting using the Barclays Capital U.S. Treasury Inflation Protected Securities Index.


Section 2: That Fairbanks General Code Section 2-262 is adopted:

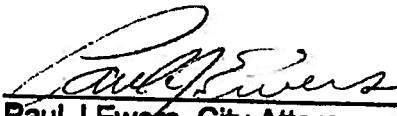
Sec 2-262 Interim Use of Substitute Index. In the event that one of the indices specified in Sections 2-260 and 2-261 becomes, in the professional judgment of the investment manager, unavailable or inappropriate, a substitute index may be used on an interim basis with the written consent of the City Chief Financial Officer, who shall notify the Mayor and City Council and, after receiving the input of the Permanent Fund Review Board at a regular or special meeting, prepare an ordinance amending the investment policy accordingly for introduction at the next Council Meeting.

Section 3: That the effective date of this Ordinance shall be the 8th day of December 2012.


 Jerry Cleworth, City Mayor

AYES: Matherly, Hilling, Walley, Staley, Gatewood, Eberhart
 NAYS: . . . None
 ABSENT: None
 ADOPTED: December 03, 2012

ATTEST:

 Janey Havenden, CMC, City Clerk

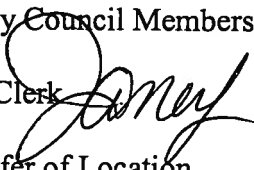
APPROVED AS TO FORM

 Paul J Ewers, City Attorney

Ordinance No. 5905, AS AMENDED
 Page 7 of 7

MEMORANDUM

City of Fairbanks
Office of the City Clerk

Janey Hovenden, CMC
City Clerk

TO: Mayor Jerry Cleworth and City Council Members
FROM: Janey Hovenden, CMC, City Clerk 
SUBJECT: Brown Jug – Fairbanks, Transfer of Location
DATE: May 2, 2013

I received a notice from the Alcoholic Beverage Control Board of an application for transfer of location for the Brown Jug – Fairbanks (a package store license) to 559 Harold Bentley Avenue. This license currently has “no premises.” The proposed new location is on the north side of the Johansen Expressway near The Holiday Gas Station.

This transfer appears on the agenda for the May 6 meeting under special orders. For the following reasons, consideration of the transfer will need to be postponed until the May 20 meeting.

I am required by FGC Sec. 14-168(a)(1) to place an application for a transfer to a new location on the agenda of the “first regular meeting of the city council which is at least ten days after the date of receipt” from the ABC Board. However, Sec. 14-168 also requires that the city clerk, in addition to the normal advertising, mail public hearing notice of the application to all owners of record of land within 500 feet of the proposed new location. This mailing requirement could not be met in time for Monday’s meeting. So, in order to meet all of the requirements of Sec. 14-168, the matter needed to go on the May 6 agenda but will need to be continued to the May 20 meeting.

I have sent response forms to the various departments required to respond to such notices, have requested a listing of the affected property owners from the Fairbanks North Star Borough, and have drafted the advertisement to be placed in the Fairbanks Daily News-Miner.

Because the Brown Jug’s representative has asked for expedited attention, I have asked that the departments respond no later than May 14, so their comments can be included in the packet for the May 20 meeting.