



FAIRBANKS CITY COUNCIL  
AGENDA NO. 2013-04  
**REGULAR MEETING February 25, 2013**  
FAIRBANKS CITY COUNCIL CHAMBERS  
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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PRELIMINARY MEETING

- I 5:30 P.M. Energy Presentation and Panel
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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  
  
\* Regular Meeting Minutes of January 21, 2013

7. SPECIAL ORDERS

- a) The Fairbanks City Council, Sitting as a Committee of the Whole, will hear interested citizens concerned with the below-referenced Liquor License Applications for renewal. Public Testimony will be taken and limited to five (5) minutes.

Lic #	Establishment Name	License Type	Premise Location	Owner Name
328	Drop Inn Lounge	Beverage Dispensary	1420 S Cushman St	N & P Enterprises LLC
426	Frontier Club	Beverage Dispensary	440 Old Richardson Hwy	Boulder Investments Inc
617	K & L Distributors	Wholesale - General	945 Elizabeth Street	K & L Distributors Inc
1377	Rock N Rodeo Bar & Grill	Beverage Dispensary	600 Old Steese Hwy.	Scruff-N-Pork's Inc.
1912	Gold Rush Saloon	Beverage Dispensary	3399 Peger Rd.	Downriver Inc.
1966	Loyal Order of Moose #1392	Club	98 Tenth Avenue	Fairbanks Lodge #1392
2124	Los Amigos	Beverage Dispensary	636 28th Avenue (upstairs)	Randall G. Kelsch
2847	The Attic	Beverage Dispensary	2701 Cushman St	John J Lounsbury
3050	Gambardella's Pasta Bella	Restaurant/-Eating Place	706 2nd Ave	Gambardella's II Inc
3336	Soapy Smith's Pioneer Restaurant	Restaurant/-Eating Place	543 2nd Ave	Nicholas V Stepovich
3467	Lin's Asian Bistro	Restaurant/-Eating Place	1900 Airport Way	Lin's Panda Garden Inc
3965	K & L Beverage Company LLC	Wholesale - General	945 Elizabeth St	K & L Beverage Co LLC
4076	Brown Jug	Package Store	No Premises	Liquor Stores USA North Inc.
4314	Gallo's Mexican Restaurant	Beverage Dispensary	60 College Rd	Northern Lights Business Inc
4458	Iris Café and Saloon	Beverage Dispensary-Tourism	900 Noble Street	J & Y Enterprises Inc.
4464	Fred Meyer #224	Package Store	930 Old Steese Hwy	Fred Meyer Stores Inc.
4465	Roundup Steak House	Beverage Dispensary	2701 S Cushman St	The Last Roundup LLC
4504	Gold Rush Deli	Beverage Dispensary	3399 Peger Rd #C	Upriver Inc.
4547	Chilis Grill & Bar	Beverage Dispensary	No Premises	Duke Investments LLC

- b) VACATION OF PUBLIC RIGHT-OF-WAY Request by Stutzmann Engineering for a replat of Lots 21-38 and the eastern 20' of Lots 39-45, Blk 3, Laurel Park Addition and a portion of the unplatted parcel bounded by Reindeer St, Laurel Park Dr, 30th Ave, and the western boundary of Laurel Park, 2nd Addition, into two lots of approximately 0.92 and 8.70 acres and to vacate Vine St, a portion of Laurel Park Dr, and a portion of Laurel Park all within Sec 22, T1S R1W, FM AK.

8. MAYOR'S COMMENTS AND REPORT

9. UNFINISHED BUSINESS

10. NEW BUSINESS

- \*a) Resolution No. 4562 – A Resolution Opting to Participate in the AML-JIA Loss Control Incentive Program for the City of Fairbanks. Introduced by Mayor Cleworth.
- \*b) Resolution No. 4563 – A Resolution Supporting Legislative Action to Amend the Workers Compensation Medical Fee Schedule. Introduced by Mayor Cleworth.
- \*c) Resolution No. 4564 – A Resolution Regarding City IRS Section 457 Deferred Compensation Plans. Introduced by Mayor Cleworth.
- \*d) Resolution No. 4565 – A Resolution in Support of a Land Exchange for a Limited Access Road to Provide Safe and Reliable Access to the Cold Bay Airport for the Residents of King Cove, Alaska. Introduced by Mayor Cleworth.
- \*e) Resolution No. 4566 – A Resolution in Support of Funding for the Construction of a Natural Gas Production, Trucking and Distribution System, Including Legislation to Authorize the Alaska Industrial Development and Export Authority (AIDEA) to Provide Low Interest Loans and Issue Bonds. Introduced by Mayor Cleworth.
- \*f) Resolution No. 4567 – A Resolution Authorizing the City of Fairbanks to Apply for and Accept Funds from the Alaska Division of Homeland Security for the Hazard Mitigation Grant Program (HMGP). Introduced by Mayor Cleworth.

11. DISCUSSION ITEMS (INFORMATION AND REPORT)

Committee Reports

12. COMMUNICATIONS TO COUNCIL

- \*a) Permanent Fund Review Board Meeting Minutes of October 31, 2012
- \*b) Chena Riverfront Commission Meeting Minutes of November 14, 2012
- \*c) Chena Riverfront Commission Meeting Minutes of December 12, 2012

13. COUNCIL MEMBERS' COMMENTS
14. CITY ATTORNEY'S REPORT
15. CITY CLERK'S REPORT
16. ADJOURNMENT



FAIRBANKS CITY COUNCIL  
REGULAR MEETING MINUTES, JANUARY 21, 2013  
FAIRBANKS CITY COUNCIL CHAMBERS  
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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The City Council convened at 7:00 p.m. on the above date, following a Work Session by Donna Gardino on the Introduction to the Fairbanks Metropolitan Area Transportation System (FMATS), to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor Jerry Cleworth presiding and with the following Council Members in attendance:

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

Absent:                                None

Also Present:                        Warren Cummings, Fire Chief  
   Paul Ewers, City Attorney  
   Janey Hovenden, City Clerk  
   Tony C. Shumate, Director Personnel/Purchasing/RM

**INVOCATION**

The Invocation was given by City Clerk Janey Hovenden.

**FLAG SALUTATION**

Mayor Cleworth led the Flag Salutation.

**CITIZEN'S COMMENTS**

Charity Gadapee, Fairbanks Convention & Visitor's Bureau (FCVB) - Ms. Gadapee stated that she is the Director for Member Services and Membership at the FCVB. She stated FCVB greeted 113,548 visitors at the visitor's center in 2012, an increase of 16.9% from 2011. She announced that on February 5 & 6, 2013, the FCVB will be holding its 6th Annual Interior Tourism Conference at the Westmark Hotel. She stated that guest speaker Susan Sweeney will speak about online marketing trends and social media strategies. She stated that the conference is open to the public and that registration is available at [www.explorefairbanks.com/itc](http://www.explorefairbanks.com/itc).

David Lerman, 126 2nd Avenue, #15, Fairbanks – Mr. Lerman stated that he will be running for a seat on the City Council in the 2013 Municipal Election. He stated that he just returned from Anchorage and commented on the poor sidewalk conditions there. He thanked the City of Fairbanks for doing a good job at maintaining its sidewalks. Mr. Lerman spoke against the

Chauffeur Appeals process, stating that the appeals always create a “bad scene.” He explained his position that if someone puts forth the effort to appeal to the Council, the expectation is that the appeal would be granted. Mr. Lerman stated that of all the Chauffeur Appeals he has witnessed, the City Council has granted only one. He suggested that the reason the Council granted that appeal was because the individual had children. Mr. Lerman spoke to how renovation could benefit the community, petitioning the City to create a Renovation Task Force. He stated that the City would also benefit from creating a DUI Task Force.

**Mr. Matherly** asked Mr. Lerman if he attends any other City-sponsored Committee meetings outside of City Council Meetings. He commented that many of Mr. Lerman’s requests may be addressed by those committees.

Mr. Lerman replied that he generally does not attend City-sponsored committee meetings because many of them conflict with his work schedule.

**Mr. Eberhart** asked Mr. Lerman if he has attended Public Safety Commission meetings to introduce his DUI Task Force idea.

Mr. Lerman replied that he has not, but that he has introduced the concept to the Chief of Police.

**Mr. Eberhart** asked Mr. Lerman for his recommendation on handling Chauffeur Appeals.

Mr. Lerman stated that it seems an appellant has momentum going into an appeal, only to be “squashed” by the City Council in nearly every case. He again suggested that the Council once showed preference to an appellant because he/she had children. He recommended doing away with the entire appeal process.

**Mr. Matherly** spoke to the importance of public safety and stated that he is satisfied that the Council hears Chauffeur Appeals. He asked Mr. Lerman if he believes in the importance of public safety.

Mr. Lerman replied that he does believe in the importance of public safety. He spoke to the intelligence of local cab drivers and to their knowledge of what is happening throughout the City of Fairbanks. He stated that he agrees that Chauffeurs should still have to meet Code requirements in order to be licensed, but recommended that the Chauffeur Appeals process be eliminated.

**Mr. Matherly** asked Mr. Lerman if he believes that eliminating the option to appeal would make applicants angry.

Mr. Lerman replied that he does not believe it would make applicants angry.

Mystiek Lockery, 3095 Amanda Loop, #A, North Pole – Ms. Lockery addressed the Council in regard to her desire to open a medical marijuana clinic in the City of Fairbanks. She spoke to how other municipalities have handled the issue and to the general lack of public knowledge about the medical marijuana issue. She spoke to the need for education, stating that she is willing to answer any questions the Council may have on the issue. She stated that she will

provide truthful information to the community so that they will never have to question the making of an ordinance to legalize a marijuana clinic if such an ordinance came to pass. She spoke to federal marijuana laws, stating that they were without legal standing on two specific grounds: the federal government does not have the authority to prohibit marijuana because of the inalienable rights of U.S. citizens written in the Constitution; and, the federal laws prohibiting the use of marijuana came about based on untrue information. She spoke to the complications of the law in regards to transportation and delivery of medical marijuana.

**Mr. Hilling** stated that City Attorney Paul Ewers researched the legality of a medical marijuana dispensary in Fairbanks and concluded that a dispensary would not be allowed under state law. He asked Ms. Lockery if she believes that the law does not apply to medical marijuana because the statute uses the language “controlled substance.”

Ms. Lockery replied affirmatively. She explained that marijuana may be legal or illegal, but that *medical* marijuana has been made legal in the State of Alaska.

**Mr. Hilling** stated his intent to have the City Attorney look further into the issue.

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

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

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

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

City Clerk Hovenden read the Consent Agenda into the record.

### **SPECIAL ORDERS**

- a) The Fairbanks City Council, Sitting as a Committee of the Whole, heard interested citizens concerned with the below-referenced Liquor License Applications for renewal.

Lic #	Establishment Name	License Type	Premise Location	Owner Name
725	Midnite Mine	Beverage Dispensary	308 Wendell Ave	Borealis Investments, Inc.
3020	American Legion Post #57	Club	1634 Cushman St	American Legion Post #57
4507	Miguel' s Restaurant	Beverage Dispensary	1235 Airport Way Ste #1	Miguel's LLC

**Mr. Gatewood**, seconded by **Mr. Matherly**, moved to WAIVE PROTEST on the Liquor License Applications for renewal.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO WAIVE PROTEST ON THE LIQUOR LICENSE APPLICATIONS FOR RENEWAL AS FOLLOWS:

YEAS: Gatewood, Walley, Eberhart, Matherly, Staley, Hilling  
NAYS: None  
**Mayor Cleworth** declared the MOTION CARRIED.

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

**Mayor Cleworth** stated that the backup generator for City Hall has been installed and is fully operational. He spoke to Ordinance No. 5914, stating that an amended version with revised minimum coverage requirements has been included in the Council's agenda packets. He expressed his condolences in the passing of long-time Fairbanks resident Jack Shuttleworth.

### **UNFINISHED BUSINESS**

- a) Ordinance No. 5912 – An Ordinance to Amend the Date of the 2013 City of Fairbanks General Election. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.

**Mr. Gatewood**, seconded by **Mr. Walley**, moved to ADOPT Ordinance No. 5912.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5912 AS FOLLOWS:

YEAS: Matherly, Hilling, Walley, Staley, Gatewood, Eberhart  
NAYS: None  
**Mayor Cleworth** declared the MOTION CARRIED and Ordinance No. 5912 ADOPTED.

- b) Ordinance No. 5913 – An Ordinance to Amend Fairbanks General Code Section 74-117 Regarding Definitions in Hotel/Motel Sales Tax Ordinance. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.

**Mr. Matherly**, seconded by **Ms. Staley**, moved to ADOPT Ordinance No. 5913.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5913 AS FOLLOWS:

YEAS: Walley, Matherly, Gatewood, Hilling, Eberhart, Staley  
NAYS: None



**Mayor Cleworth** declared the MOTION CARRIED and Ordinance No. 5913 ADOPTED.

- c) Ordinance No. 5914 – An Ordinance to Amend Fairbanks General Code Section 86-52 Proof of Insurance to Increase Mandatory Minimum Insurance Coverage for Commercial Passenger Transport Vehicles. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.

**Mr. Matherly**, seconded by **Mr. Walley**, moved to ADOPT Ordinance No. 5914.

**Mr. Matherly**, seconded by **Ms. Staley**, moved to SUBSTITUTE Ordinance No. 5914, as Amended, for Ordinance No. 5914.

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

**Mr. Hilling** stated that he believes the minimum coverage requirements should only be raised by half the current required amount. He stated that he will not vote for the ordinance.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO SUBSTITUTE ORDINANCE NO. 5914, AS AMENDED, FOR ORDINANCE NO. 5914 AS FOLLOWS:

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

**Mayor Cleworth** declared the MOTION CARRIED.

**Mayor Cleworth** stated that he has spoken with several insurance brokers and has confirmed that the minimum coverage requirements proposed in Ordinance No. 5914, as Amended, are the same as the current cab insurance requirements of the Municipality of Anchorage. He stated that most local cab companies already meet or exceed the proposed requirements. **Mayor Cleworth** stated that some insurance brokers recommended that the City look at requiring a \$300,000 blanket policy, but commented that the cost increase to cab companies would be about 10%.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5914, AS AMENDED, AS FOLLOWS:

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

**Mayor Cleworth** declared the MOTION CARRIED and Ordinance No. 5914, as Amended, ADOPTED.

## **NEW BUSINESS**

- a) Resolution No. 4558 – A Resolution Regarding Citizen Review Committees and the Timeline for Engaging Such Committees. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- b) Ordinance No. 5915 – An Ordinance Approving the Payment in Lieu of Taxes Agreement Between the City of Fairbanks and Rest Easy LLC and Granting a Property Tax Exemption for Certain Property Interests. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

## **DISCUSSION ITEMS**

### Committee Reports

Fairbanks Parking Authority – **Ms. Staley** gave a brief summary of the meeting, speaking primarily to the 2013 Parking Authority and Downtown Transportation Center’s budgets and to the agency’s struggle to close open receivables. She stated that Downtown Transportation Center’s budget will continue to be discussed at the next meeting. **Ms. Staley** spoke to her recent attendance at a Fairbanks Parking Authority public hearing for appeals.

**Mayor Cleworth** spoke to the Board’s attention to mitigating utility costs for the Downtown Transportation Center.

Public Safety Commission – **Mr. Eberhart** gave a summary of the January 8 PSC meeting. He stated that Fire Chief Cummings gave a department report and provided fire department statistics from 2012, noting that the City of Fairbanks provided more mutual aid in the month of December than any other fire department has done in the Chief’s recollection. He also noted that the total fire loss in the City of Fairbanks for 2012 was approximately \$620,000, the lowest it’s been in 11 years. He commended the Department for keeping the fire loss numbers down. **Mr. Eberhart** spoke to Officer Hall’s PowerPoint presentation on the operations of the Fairbanks Police Department, stating that the information was very informative. **Mr. Eberhart** spoke to his interest in the diversity of police department employees and stated that the department is taking steps to diversify its staff. He stated that Dispatch Manager Stephanie Johnson provided a report on the changes and happenings in her department.

**Mayor Cleworth** stated that he and Police Chief Zager spoke with a representative from the Department of Justice concerning the diversity issue in the Fairbanks Police Department. He commented that Chief Zager has corresponded with the representative to explore ways to diversify his department.

FMATS Policy Committee – **Mr. Walley** stated that the Committee approved \$73,000 for the College Road Corridor Study and spoke briefly to the options that the study explore. He spoke to the efforts to get two of the five intersections on Illinois Street switched over to permanent power and announced that work on Illinois Street is scheduled to continue on May 1, 2013. **Mr. Walley** stated that the Committee also approved a scope change for the Park-and-ride Project for which the Borough had set aside about \$750,000. He stated that the intent of the project was to study the feasibility of having designated parking lots for people to leave their vehicles and commute via public transportation. He stated that the Committee reallocated the money to be used towards the Bus Shelter Project. **Mr. Walley** spoke to the preventative maintenance funds that will be lost if they are not used by August, 2013. He stated that as a

result, some projects slated for 2014 will likely be moved to 2013 so the federal money can be used.

**Mayor Cleworth** elaborated on road projects that are scheduled for construction within the City.

### **COMMUNICATIONS TO COUNCIL**

- a) Public Safety Commission Meeting Minutes of October 9, 2012.

ACCEPTED on the CONSENT AGENDA.

- b) Public Safety Commission Meeting Minutes of November 13, 2012.

ACCEPTED on the CONSENT AGENDA.

- c) Public Safety Commission Meeting Minutes of December 11, 2012.

ACCEPTED on the CONSENT AGENDA.

### **COUNCIL MEMBERS' COMMENTS**

**Mr. Gatewood** requested to be excused from the Regular City Council Meeting of April 8, 2013, due to travel.

**Mayor Cleworth** called for objection to Mr. Gatewood's request to be excused on April 8, 2013 and, hearing none, so ORDERED.

**Mr. Gatewood** spoke to the issue of opening a medical marijuana dispensary in Fairbanks. He stated that he is unclear on the City Council's role in "approving" such a facility to open and that he is not convinced that the City has that authority. **Mr. Gatewood** referenced Mr. Lerman's testimony on eliminating chauffeur appeals stating that it may be something the Council should consider. He expressed his confusion with Mr. Lerman's statement that an applicant has a certain amount of "momentum" upon filing for an appeal. He stated that, in his understanding, filing for an appeal means an applicant has already lost and that at the very least, an applicant may have hope, but not momentum. **Mr. Gatewood** commented that the City Clerk's Office may advise applicants that the appeal may or may not be granted by the City Council. He spoke to the history of Chauffeur appeals in his time of service on the Council, stating that early on, the Council was a bit "wishy-washy." He pointed out that since the Council came together to revise the Code pertaining to Chauffeurs, they have been relatively consistent in upholding the original ruling from the City Clerk's Office. He stated that he would not be opposed to reviewing the chauffeur appeals process.

**Mr. Walley** apologized for his absence at the last Council Meeting due to unforeseeable travel delays.

**Ms. Staley** stated that she will be attending the National Homebuilders Association Convention in Las Vegas later in the week. She spoke to the Taku Gardens Environmental Cleanup on Fort

Wainwright and stated that information about the cleanup can be found at the Fairbanks Public Library. She stated that she attended an Alaska Gasline Development Corporation (AGDC) meeting for Alaska's in-state gas pipeline. She stated that she brought some of the proposed plans and mapping along if fellow Council Members were interested in looking at them. She listed the AGDC's website for those listening: [www.agdc.us](http://www.agdc.us). **Ms. Staley** read aloud the Environmental Impact Statement (EIS) issued by the U.S. Air Force regarding the relocation of the F-16's from Eielson AFB to Fort Richardson. She announced the dates of three public meetings pertaining to the relocation of the F-16's and encouraged everyone to attend. **Ms. Staley** expressed her belief that the medical marijuana issue is a matter of the federal government. She stated her opinion that if a drug is prescribed by a doctor, a patient should be able to purchase it from a pharmacy.

**Mayor Cleworth** stated that he attended the Alaska Stand Alone Pipeline (ASAP) Community Advisory Committee Meeting. He commented that some cities are adopting resolutions in support of House Bill 4, which provides for the funding of the ASAP line in Alaska. He spoke to the confusion surrounding the numerous gas lines in Alaska. He informed the Council that he would be introducing a resolution in support of the ASAP line and offered to share information about the issue with the Council. **Mayor Cleworth** spoke to the Air Force's EIS, expressing his hope that local officials will be as comprehensive as possible when presenting issues that need to be looked at by the Air Force, not only in regard to the impact the move would have on Fairbanks and Anchorage, but also on the destruction of multi-million dollar facilities.

**Mr. Matherly** stated that he takes pride in never having missed a Council Meeting, but informed the Mayor and Council that he will be out of town for the next three meetings. He expressed his intent to attend those meetings telephonically, if possible. **Mr. Matherly** spoke to the chauffeur appeals process, stating that he believes it is a good system. He acknowledged the seriousness of appeals, recognizing that the Council's decisions affect an individual's livelihood. He stressed the importance of allowing an applicant's voice to be heard. He spoke to the public nature of the appeals heard at Council Meetings and suggested that perhaps they could be heard in a smaller setting. **Mr. Matherly** stated that he does not understand the City Council's role in allowing a medical marijuana dispensary to open in Fairbanks. He echoed Mr. Gatewood's comments on the issue. He expressed his appreciation for Ms. Lockery's determination and tenacity. **Mr. Matherly** commented that his home had been "egged" and advised those responsible to put an end to the vandalism.

**Mr. Hilling** recalled former Council Member Roberts' speech about 4½ years ago in regard to Chauffeur Appeals. He echoed Mr. Roberts' opinion that it has to be an exception for the City Council to grant an appeal. He stated that since that time, the rules pertaining to Chauffeurs have been changed and the Council has been much more united on appeal hearings. He stated that he would be willing to consider granting an appeal for an individual who is very close to having a clean record for the City's required look-back period, but that he has not seen any such cases in the past year. **Mr. Hilling**, in reference to Mr. Lerman's comment that the Council granted an appeal based on the fact that the appellant had children, stated that he is confident that the Council would not base an appeal decision on whether or not an applicant had children. **Mr. Hilling** stated that since the state does not allow possession of more than one ounce of medical marijuana, it would be against state law to have a medical marijuana dispensary. He stated that it seems the City would have to disallow the opening of a dispensary unless state laws changed.

He indicated that he would not introduce an ordinance on the issue until he felt confident that it would not be contrary to state law. **Mr. Hilling** commended Ms. Lockery for her eloquence in presenting her case to the Council. He compared federal laws against drugs to the U.S. Prohibition in the 1920's and 1930's, stating that the federal government does not have the authority to deny a citizen's personal rights. He stated his intent to look further into the medical marijuana issue and commented that he respects Ms. Lockery's efforts to research the issue.

**Mayor Cleworth** stated that despite the common opinion that the Prohibition was a failure, the results of it were much more gray than black and white. He commented that it is a fascinating piece of U.S. history.

**Mr. Eberhart** stated that it is Martin Luther King, Jr. day and expressed his respect for the man's work and legacy. In reference to public comment that the governance of Chauffeurs should be left to the state, **Mr. Eberhart** stated that state laws do not address the concerns of the City Council in regard to public safety. He commented that he bases his judgments on a "grandmother test," which helps him measure whether or not he would trust his grandmother's safety in the care of a Chauffeur. He expressed his confidence in the City Clerk's decision to grant or deny a Chauffeur License based on the City Code and stated that upon denial from the Clerk's Office, an appellant has a burden to prove the Clerk was mistaken. He spoke to the evolution of City Code governing Chauffeurs, stating that the Council has lowered the bar on the look-back periods for criminal records. **Mr. Eberhart** spoke to the Council's efforts to follow the Code when deliberating on an appeal and stated his intent to continue to do so. He announced that the next PSC meeting would take place on February 12 at 11:30 A.M. at the Fairbanks Fire Department. He stated that one or more of the department's employees would speak to operations and issues relevant to fire department procedures.

**Mayor Cleworth** clarified that in the latest revision of the Code pertaining to Chauffeur Appeals, the Council eliminated the right of an applicant to appeal a denial based on certain offenses.

### **CITY ATTORNEY'S REPORT**

City Attorney Ewers stated that aside from federal law, there is nothing the Council can do to change the existing state laws on medical marijuana. He stated that his reading of the state law, as confirmed by the District Attorney's Office, indicates that a person operating a medical marijuana dispensary would be committing a state crime. He spoke briefly to the laws pertaining to medical usage and caregivers, stating that an individual can only be a caregiver to one patient.

**Mr. Matherly** asked Mr. Ewers what he believes Ms. Lockery is intending to gain from the Council.

City Attorney Ewers replied that he believes she may be wishing to mirror what has been done in other states where laws allow for medical marijuana dispensaries. He spoke to the controversy of the issue in Los Angeles, CA where a number of dispensaries were opened, then closed, then reopened. He stated that the changes Ms. Lockery seeks are at the state level first, then the federal level.

**Ms. Staley** suggested that Ms. Lockery may be looking for direction, having already brought her request before the Borough Assembly. She suggested that the Council may wish to refer Ms. Lockery to the State of Alaska.

**ADJOURNMENT**

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

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

**Mayor Cleworth** declared the Meeting adjourned at 9:17 P.M.

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JERRY CLEWORTH, MAYOR

ATTEST:

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JANEY HOVENDEN, CMC, CITY CLERK

Transcribed by: DS



# City of Fairbanks


Office of the City Clerk

800 Cushman Street

Fairbanks, AK 99701

(907)459-6715  
Fax (907)459-6710

## MEMORANDUM

TO: Mayor Jerry Cleworth, City Council Members  
 FROM: Janey Hovenden, CMC, City Clerk   
 SUBJECT: Renewal of Liquor Licenses  
 DATE: February 20, 2013

Attached you will find the notification of liquor license renewals from the State ABC Board for the following liquor licenses.

Lic #	Establishment Name	License Type	Premise Location	Owner Name
328	Drop Inn Lounge	Beverage Dispensary	1420 S Cushman St	N & P Enterprises LLC
426	Frontier Club	Beverage Dispensary	440 Old Richardson Hwy	Boulder Investments Inc
617	K & L Distributors	Wholesale - General	945 Elizabeth Street	K & L Distributors Inc
1377	Rock N Rodeo Bar & Grill	Beverage Dispensary	600 Old Steese Hwy.	Scruff-N-Pork's Inc.
1912	Gold Rush Saloon	Beverage Dispensary	3399 Peger Rd.	Downriver Inc.
1966	Loyal Order of Moose #1392	Club	98 Tenth Avenue	Fairbanks Lodge #1392
2124	Los Amigos	Beverage Dispensary	636 28th Avenue (upstairs)	Randall G. Kelsch
2847	The Attic	Beverage Dispensary	2701 Cushman St	John J Lounsbury
3050	Gambardella's Pasta Bella	Restaurant/-Eating Place	706 2nd Ave	Gambardella's II Inc
3336	Soapy Smith's Pioneer Restaurant	Restaurant/-Eating Place	543 2nd Ave	Nicholas V Stepovich
3467	Lin's Asian Bistro	Restaurant/-Eating Place	1900 Airport Way	Lin's Panda Garden Inc
3965	K & L Beverage Company LLC	Wholesale - General	945 Elizabeth St	K & L Beverage Co LLC
4076	Brown Jug	Package Store	No Premises	Liquor Stores USA North Inc.
4314	Gallo's Mexican Restaurant	Beverage Dispensary	60 College Rd	Northern Lights Business Inc
4458	Iris Café and Saloon	Beverage Dispensary-Tourism	900 Noble Street	J & Y Enterprises Inc.
4464	Fred Meyer #224	Package Store	930 Old Steese Hwy	Fred Meyer Stores Inc.
4465	Roundup Steak House	Beverage Dispensary	2701 S Cushman St	The Last Roundup LLC
4504	Gold Rush Deli	Beverage Dispensary	3399 Peger Rd #C	Upriver Inc.
*4547	Chilis Grill & Bar	Beverage Dispensary	No Premises	Duke Investments LLC

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

**\*The Finance Department recommends protest for Chilis Grill & Bar, License #4547, until payment in full of all outstanding sales tax, penalties and/or interest is received.**

Please note that there are no other departmental protests. Please contact me if you need any further information.



January 22, 2013

**Renewal Application Notice**

City of Fairbanks  
Attn: JaneyHovenden  
VIA EMAIL: [jjhovenden@ci.fairbanks.ak.us](mailto:jjhovenden@ci.fairbanks.ak.us)

DBA	Lic Type	Lic #	Owner	Service Location
Drop Inn Lounge	Beverage Dispensary	328	N & P Enterprises LLC	1420 S Cushman St
Frontier Club	Beverage Dispensary	426	Boulder Investments Inc	440 Old Richardson Hwy
K & L Distributors	Wholesale - General	617	K & L Distributors Inc	945 Elizabeth Street
Rock N Rodeo Bar & Grill	Beverage Dispensary	1377	Scruff-N-Pork's Inc.	600 Old Steese Hwy.
Gold Rush Saloon	Beverage Dispensary	1912	Downriver Inc.	3399 Peger Rd. Fairbanks
Loyal Order of Moose #1392	Club	1966	Fairbanks Lodge #1392	98 Tenth Avenue
Los Amigos	Beverage Dispensary	2124	Randall G. Kelsch	636 28th Avenue (upstairs)
The Attic	Beverage Dispensary	2847	John J Lounsbury	2701 Cushman St
Gambardella's Pasta Bella	Restaurant/Eating Place	3050	Gambardella's II Inc	706 2nd Ave
Soapy Smith's Pioneer Restaurant	Restaurant/Eating Place	3336	Nicholas V Stepovich	543 2nd Ave
Lin's Asian Bistro	Restaurant/Eating Place	3467	Lin's Panda Garden Inc	1900 Airport Way



K & L Beverage Company LLC	Wholesale - General	3965	K & L Beverage Co LLC	945 Elizabeth St
Brown Jug	Package Store	4076	Liquor Stores USA North Inc.	No Premises
Gallo's Mexican Restaurant	Beverage Dispensary	4314	Northern Lights Business Inc	60 College Rd
Iris Café and Saloon	Beverage Dispensary-Tourism AS 04.11.400(d)	4458	J & Y Enterprises Inc.	900 Noble Street
Fred Meyer #224	Package Store	4464	Fred Meyer Stores Inc.	930 Old Steese Hwy
Roundup Steak House	Beverage Dispensary	4465	The Last Roundup LLC	2701 S Cushman St
Gold Rush Deli	Beverage Dispensary	4504	Upriver Inc.	3399 Peger Rd #C
Chilis Grill & Bar	Beverage Dispensary	4547	Duke Investments LLC	No Premises

We have received a renewal application for the above listed licenses within your jurisdiction. This is the notice as required under AS 04.11.520. Additional information concerning filing a "protest" by a local governing body under AS 04.11.480 is included in this letter.

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 13 AAC 104.145, Local Governing Body Protest.

**Note:** Applications applied for under AS 04.11.400(g), 13 AAC 104.335(a)(3), AS 04.11.090(e), and 13 AAC 104.660(e) must be approved by the governing body.

Sincerely,

SHIRLEY A. COTÉ  
Director

*/s/Christine C. Lambert*

Christine C. Lambert  
Licensing & Records Supervisor  
[Christine.lambert@alaska.gov](mailto:Christine.lambert@alaska.gov)

cc: Peggy Phillips, Fairbanks North Star Borough Clerk's Office



# City of Fairbanks

Office of the City Clerk

800 Cushman Street

Fairbanks, AK 99701

(907)459-6715  
Fax (907)459-6710

## LIQUOR LICENSE RESPONSE FORM

TO:  FINANCE DEPT.  
 FIRE DEPARTMENT  
 FAIRBANKS POLICE DEPT.

DATE: January 22, 2013

FROM: CITY CLERK'S OFFICE  
RE: LIQUOR LICENSE ACTION – RENEWALS

DATE NOTICE RECEIVED AT CLERKS OFFICE: 01/22/2013 (60 DAY DUE DATE 03/23/2013)

DATE RESPONSE DUE:  for City Council Meeting of 02/25/2013

Lic #	Establishment Name	License Type	Premise Location	Owner Name	Phone
328	Drop Inn Lounge	Beverage Dispensary	1420 S Cushman St	N & P Enterprises LLC	
426	Frontier Club	Beverage Dispensary	440 Old Richardson Hwy	Boulder Investments Inc	
617	K & L Distributors	Wholesale - General	945 Elizabeth Street	K & L Distributors Inc	
1377	Rock N Rodeo Bar & Grill	Beverage Dispensary	600 Old Steese Hwy.	Scruff-N-Pork's Inc.	
1912	Gold Rush Saloon	Beverage Dispensary	3399 Peger Rd. Fairbanks	Downriver Inc.	
1966	Loyal Order of Moose #1392	Club	98 Tenth Avenue	Fairbanks Lodge #1392	
2124	Los Amigos	Beverage Dispensary	636 28th Avenue (upstairs)	Randall G. Kelsch	
2847	The Attic	Beverage Dispensary	2701 Cushman St	John J Lounsbury	
3050	Gambardella's Pasta Bella	Restaurant/Eating Place	706 2nd Ave	Gambardella's II Inc	
3336	Soapy Smith's Pioneer Restaurant	Restaurant/Eating Place	543 2nd Ave	Nicholas V Stepovich	
3467	Lin's Asian Bistro	Restaurant/Eating Place	1900 Airport Way	Lin's Panda Garden Inc	
3965	K & L Beverage Company LLC	Wholesale - General	945 Elizabeth St	K & L Beverage Co LLC	
4076	Brown Jug	Package Store	No Premises	Liquor Stores USA North Inc.	
4314	Gallo's Mexican Restaurant	Beverage Dispensary	60 College Rd	Northern Lights Business Inc	

**NOTE: THIS COMPLETED FORM MUST BE RETURNED TO THE CITY CLERK'S OFFICE BY THE DATE INDICATED ABOVE. YOU MAY E-MAIL OR FAX (459-6710) THE FORM. ANY QUESTIONS CALL OUR OFFICE AT 459-6774. THANK YOU.**

Lic #	Establishment Name	License Type	Premise Location	Owner Name	Phone
4458	Iris Café and Saloon	Beverage Dispensary-Tourism	900 Noble Street	J & Y Enterprises Inc.	
4464	Fred Meyer #224	Package Store	930 Old Steese Hwy	Fred Meyer Stores Inc.	
4465	Roundup Steak House	Beverage Dispensary	2701 S Cushman St	The Last Roundup LLC	
4504	Gold Rush Deli	Beverage Dispensary	3399 Peger Rd #C	Upriver Inc.	
4547	Chilis Grill & Bar	Beverage Dispensary	No Premises	Duke Investments LLC	

NO PROTEST: *all others*       PROTEST *Chilis Grill + Bar*

**REASONS OR COMMENTS** Chilis Grill & Bar has a post-bankruptcy delinquent balance of \$3,202.08. Interest accrues on this balance on the first day of each month. The invoice to reference is 2716 for customer 100038.

DEPARTMENT  
 SIGNEE: *Carmen Randle*  
 SIGNATURE

*2/19/2013*  
 DATE



**City of Fairbanks**  
 800 Cushman St.  
 Fairbanks, AK 99701  
 Tax ID# 92-6000140  
 (907) 459-6713 Fax (907) 459-6722

# INVOICE

Invoice Date 01/01/2013	Invoice No. 2716
Customer Number 100038	
Invoice Total Due \$3,202.08	
Payment Terms Due upon receipt	

CHILI'S/DUKE INVESTMENTS  
 PO BOX 110210  
 ANCHORAGE, AK 99511-0210



**City of Fairbanks - Please include stub with payment.**

Description	Quantity	Price	UOM	Original Bill	Adjustment	Paid	Amount Due
DELINQUENT SALES TAX PUT INTO GB FM AS400 - C 285000-005-1 CHILI'S (2ND ACCT)	1.00	\$2,293.58	0.00	\$2,293.58	\$0.00	\$0.00	\$2,293.58
SALES TAX AS400 INTEREST & PENALTIES FM AS400 - C 285000-005-1 CHILI'S (2ND ACCT)	1.00	\$908.50	EACH	\$908.50	\$0.00	\$0.00	\$908.50

**G/L ACCOUNT SUMMARY:**

Organization	Object	Project	GL Amount
00	1215		\$3,202.08

Please put Invoice Number on your check.  
 Make checks payable to: City of Fairbanks.

**Invoice Total:**


**\$3,202.08**

*move balance for AS400 to memo general billing/CP*



CITY OF FAIRBANKS

MEMORANDUM

To: City Council Members  
From: Jerry Cleworth, City Mayor   
Subject: Request for Concurrence – Vacation of Public Right-of-Way, Laurel Park  
Date: February 20, 2013

---

The Fairbanks North Star Borough approved a request to vacate Vine Street, a portion of Laurel Park Drive, and a portion of Laurel Park all within Sec 22, T1S R1W, FM AK.

Alaska Statute 29.40.140 states that no vacation of a City street may be made without the consent of the City Council. I request your concurrence to the Vacation of this Public Right-of-Way.

Attachment: Vacation of Right-of-Way packet

Thank you.

## Janey J. Hovenden

---

**From:** Richard T. Springer  
**Sent:** Thursday, February 14, 2013 9:33 AM  
**To:** Janey J. Hovenden  
**Cc:** Michael J. Schmetzer; Patrick J. Smith  
**Subject:** FW: Street Vacation  
**Attachments:** Vacation Laurel Park.PDF; LAUREL PARK,THIRD ADDITION.tif

Janey,

The Engineering Division has reviewed this request for vacation and has no objection to its approval. The right of way at issue has never been constructed and has no connecting right of way at the subdivision boundaries.

Tim





**From:** Patrick J. Smith  
**Sent:** Wednesday, February 13, 2013 2:03 PM  
**To:** Richard T. Springer  
**Cc:** Michael J. Schmetzer  
**Subject:** Street Vacation

Tim-  
Please see attached, FNSB letter reference vacation request in "Laurel Park". This is a re-submittal: The City approved this request back in 2000, but the plat died in process. After review, could you please prepare a memo for the Council packet?  
Thank you





# Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

www.co.fairbanks.ak.us

**RECEIVED**

**FEB 13 2013**

**City Mayor's Office**

February 8, 2013

The Honorable Jerry Cleworth, Mayor  
City of Fairbanks  
800 Cushman Street  
Fairbanks, Alaska 99701

**RE: LAUREL PARK 3<sup>RD</sup>**  
**SD 011-13 / RP 024-13 / VA 001-13**

Dear Mayor Cleworth:

At its regular meeting on January 30, 2013 the Platting Board of the Fairbanks North Star Borough approved request to vacate Vine St, a portion of Laurel Park Dr, and a portion of Laurel Park all within Sec 22, T1S R1W, FM AK

Alaska Statute 29.40.140 states that no vacation of a city street may be made without the consent of the City Council. The Council shall have thirty (30) days from the date of the Board's decision in which to veto that decision. If no veto is received within the thirty-day period, the consent of the City shall be deemed to have been given to the vacation.

The Department of Community Planning recommends approval (no veto) as conditioned by the Platting Board.

Sincerely,

Bernardo Hernandez, Director  
Department of Community Planning

BH/b

**Attachments:** Action Letter  
Platting Board Minutes (Pending)  
Staff Report  
DPO and Preliminary Maps

**SD 011-13 / RP 024-13 / VA 001-13**  
**Laurel Park 3<sup>rd</sup>**



# Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907.459.1000

[www.co.fairbanks.ak.us](http://www.co.fairbanks.ak.us)

February 6, 2013

Stutzmann Engineering  
P.O. Box 71429  
Fairbanks, AK 99707

Re: LAUREL PARK 3<sup>RD</sup>  
SD 011-13 / RP 024-13 / VA 001-13

Dear Mr. Mound,

At its regular meeting on January 30, 2013 the Platting Board of the Fairbanks North Star Borough considered your request for a replat of Lots 21-38 and the eastern 20' of Lots 39-45, Blk 3, Laurel Park Addition and a portion of the unplatted parcel bounded by Reindeer St, Laurel Park Dr, 30<sup>th</sup> Ave, and the western boundary of Laurel Park, 2<sup>nd</sup> Addition, into two lots of approximately 0.92 and 8.70 acres and to vacate Vine St, a portion of Laurel Park Dr, and a portion of Laurel Park all within Sec 22, T1S R1W, FM AK

The Board gave preliminary approval to the request, subject to the following conditions:

1. GVEA, Fairbanks Natural Gas, GCI, PTI, City of Fairbanks and Utility Services of Alaska review and comment on the final plat.

Alaska Statute 29.40.140 states that no vacation of a city street may be made without the consent of the City Council. The Council shall have thirty (30) days from the date of the Board's decision in which to veto that decision. If no veto is received within the thirty-day period, the consent of the City shall be deemed to have been given to the vacation.

Your request is being forwarded to the City Council. Please contact the City Clerk's office (459-6715 or FAX 459-6719) City Clerk (488-2281) for the meeting date.

Upon non-veto by the City Council, a final plat must be prepared by a registered land surveyor and submitted to this office within 24 months of the City Council or the preliminary approval will become void.

The final plat for the first phase must be prepared by a registered land surveyor and submitted to this office by January 30, 2015.

If you have any question regarding this matter, please contact the Fairbanks North Star Borough Department of Community Planning at 809 Pioneer Road, 459-1260, or FAX 459-1254.

Sincerely,



Martin Gutoski  
Platting Officer

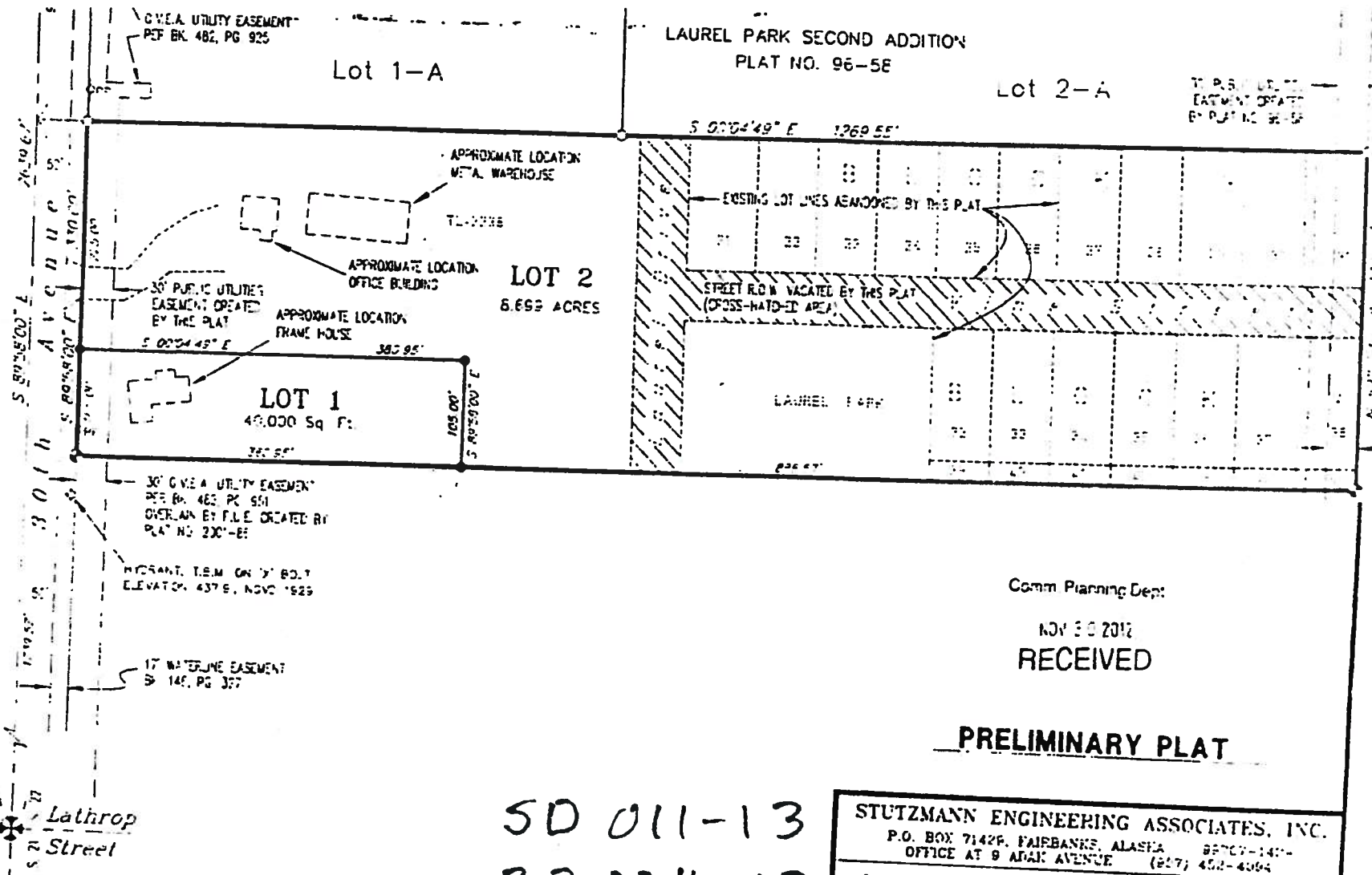
MG/I

Enclosure to Addressee

c:  
ADOT Planning  
Pete Eagan, ADOT ROW  
Jennifer Schmetzer, FNSB Public Works Engineer  
City Engineer

Robert Mitchell Express Inc  
 State of Alaska Project No. 1-135-7(11)

**Basis of Bearings**



Comm Planning Dept  
 NOV 30 2012  
**RECEIVED**

**PRELIMINARY PLAT**

SD 011-13  
 RP 024-13  
 UA 001-13

**STUTZMANN ENGINEERING ASSOCIATES, INC.**  
 P.O. BOX 7142P, FAIRBANKS, ALASKA 99707-142P  
 OFFICE AT 9 ADAM AVENUE (907) 452-4004

**LAUREL PARK, THIRD ADDITION**  
 THE REPLAT OF  
 LOTS 21-38, BLOCK 3, AND PORTIONS OF  
 LOTS 39-45, BLOCK 3, LAUREL PARK ADDITION  
 PER INSTRUMENT NO. 178 911  
 AND THE VACATION OF  
 VINE STREET AND A PORTION OF LAUREL DRIVE  
 AND A PORTION OF THE LAUREL PARK AREA  
 WITHIN SEC. 22, T. 1 S., R. 1 W., F.M. 4, 4TH-1  
 FAIRBANKS MUNICIPAL DISTRICT

FOR: Thomas L. Jones  
 SURVEYED BY: S.E.A. DATE: 11/15/12  
 DRAWN BY: H.A.R./E.A.M. DATE: 11/15/12  
 CHECKED BY: [Signature] DATE: 11/15/12

Martin Gutoski,  
Sr Platting Officer

**LAUREL PARK 3<sup>RD</sup>**  
#SD 011-13 / RP 024-13 / VA 001-13

**Applicant/Subdivider:** Thomas N. Carter  
PO Box 82509  
Fairbanks AK 99708-2509

**Surveyor:** Stutzmann Engineering Associates, Inc.  
PO Box 71429  
Fairbanks AK 99707

**Owner:** Thomas N. Carter  
1307 30<sup>th</sup> Ave  
Fairbanks AK 99701

**Specific Request/  
Legal Description:** To replat Lots 21-38 and the eastern 20' of Lots 39-45, Blk 3, Laurel Park Addition and a portion of the unplatted parcel bounded by Reindeer St, Laurel Park Dr, 30<sup>th</sup> Ave, and the western boundary of Laurel Park, 2<sup>nd</sup> Addition, into two lots of approximately 0.92 and 8.70 acres and to vacate Vine St, a portion of Laurel Park Dr, and a portion of Laurel Park all within Sec 22, T1S R1W, FM AK

**Location/Access:** 30th Ave

**Existing Land Use:** Southern Portion: Junk cars  
Northern Portion: Residence, warehouse, office

**Current Zoning:** GU-1 - General Use  
Minimum Lot Size: 40,000 sq ft  
Minimum Setbacks: 0 ft

**Comprehensive Plan:** Light Industrial Area

**Soils:** Tanana soil series

**Flood Zone:** A and X

**Road Service Area:** City of Fairbanks

**History:** This is a resubmittal of an expired preliminary plat approved on July 26, 2000 that was submitted for final review in April 2001 but was never recorded because delinquent taxes were due. The City Council consented to the vacation on Aug 21, 2001. However the final plat was not completed by July 26, 2002 and the file was closed.:

Laurel Park Addition was recorded November 24, 1952 in the FRD as plat #135.911 but was conveyed with metes and bound descriptions thereby forming tax lots that appear to mimic interior platted boundaries of Laurel Park Addition Subdivision. The lot and block numbers were not called out as part of the conveyance description.

Alaska State Title 40 - Public Records & Recorders  
Sec. 40.15.050. Plats legalized.

All plats filed or recorded with the recorder before March 30, 1953, whether executed and acknowledged in accordance with this chapter or not, are validated and all streets, alleys or public thoroughfares shown on these plats are considered to be dedicated to public use. The last plat of the area of record on March 30, 1953, is the official plat of the area as of that date, and the streets, alleys, or thoroughfares shown on it are considered to be dedicated to public use. The streets, alleys or thoroughfares shown on an earlier plat of the same area or any part of it which is in conflict with those shown on the official plat are considered to be abandoned and vacated.

On February 28, 1996 the platting board approved the preliminary replat of Blk 2 (lots 1-40) and portions of Blk 3 (lots 1-20) into two lots and the vacation of Fleck Street in its entirety and portions of Laurel Drive within the limits of this plat. The results of this action was a final plat recorded May 2, 1996 as plat #96-58 FRD and known as Laurel Park, Second Addition.

**FNSB in-house Comments:** Zoning has no objection and comments that this replat request is in compliance with the zoning standards of GU-1. The Flood Plain Administrator reviewed the preliminary plat and has no comment. The Trails Coordinator reviewed the preliminary plat and has no comment

**Agency Review:** GVEA, GHU & ACS have no objection and request final plat review. DOT & City of Fairbanks have no objection. FNG & GCI were sent a copy on 10-26-2012 and returned no comment.

**Analysis:** this new application has changed the lot configuration slightly from the July 2000 design to yield a lot that conforms to the GU-1 minimum lot size of 40,000 square feet. The City of Fairbanks consented to the original vacation request on Aug 22, 2000.

**Vacation Recommendations & Findings:** Staff recommends approval of the vacation of Laurel Drive & Vine Street because the application meets the requirements of FNSB Title 17.40.030 Vacation criteria:

*It shall be incumbent upon the applicant to show that the area proposed for vacation is no longer practical for the uses or purposes authorized.*

**Vacation Findings:** Staff recommends adopting the following findings for vacation approval:

- 1) Laurel Drive and Vine Street are no longer able to connect with any adjacent roads.
- 2) Adjoining subdivisions have previously vacated these roads in 1996 and 2002.
- 3) The original 18 lots that could have used these two streets are being dissolved into one.
- 4) No affected agency has objected to the vacation, including the City of Fairbanks which has previously approved the item on Aug 22, 2000.

Staff recommends preliminary approval of the replat and vacation with the following conditions:

1. GVEA, Fairbanks Natural Gas, GCI, PTI, City of Fairbanks and Utility Services of Alaska review and comment on the final plat.

MG/l

11 DPOs sent	37 Parcels notified	Opposed:	Favor:	Undeliverable:
--------------	---------------------	----------	--------	----------------

## Loriann Quakenbush

---

**From:** Loriann Quakenbush  
**Sent:** Monday, November 21, 2011 5:23 PM  
**To:** 'Jeremy Stark'  
**Subject:** Laurel Park 3rd

Jeremy,

The final plat of Laurel Park 3<sup>rd</sup> Addition was submitted in April 2001; however, the final plat was never recorded because of delinquent taxes and the mylar was returned to Stutzmann Engineering. Since the mylar was not recorded within a year of the final plat review, the file was closed. If your client wishes to pursue the replat/vacation a new application will be required.

Let me know if you have any questions.

Loriann

**Loriann C. Quakenbush**  
**Platting Officer**



**Fairbanks North Star Borough**  
**Department of Community Planning**  
**809 Pioneer Road**  
**Fairbanks, AK 99701**

**907-459-1257**

**907-459-1254 - fax**

**Email: [Lquakenbush@fnsb.us](mailto:Lquakenbush@fnsb.us)**





**CITY OF FAIRBANKS**  
*Nancy L. DeLeon, City Clerk*

800 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701-4615  
OFFICE: 907-459-6772  
FAX: 907-459-6710

**FAXED**  
8/22/00

August 22, 2000

Fairbanks North Star Borough  
P. O. Box 71267  
Fairbanks, Alaska 99707

Mr. Rex A. Nutter, Director of Community Planning

Re: Item #1: VA 010-00 Laurel Park 3rd  
Item #2: VA 001-01/RP 005-01

Dear Rex:

At the regularly scheduled City Council Meeting of August 21, 2000, the Fairbanks City Council unanimously consented to TWO requests for Vacation of a Public Right of Way described as follows:

**Item #1: VACATION OF PUBLIC RIGHT OF WAY - A Request by TNC, Inc., to vacate Vine Street, a portion of Laurel Park Drive, and a portion of Laurel Park all within Section 22, T1S R1W, FM AK.**

~~**Item #2: VACATION OF PUBLIC RIGHT OF WAY - A Request by John Minder, Howard Otis, and Randolph Brand to vacate the 20' alley within Block 22, Leasure Subdivision 2nd Addition to Southern Portion with Section 23, T1S R1W, FM AK.**~~



# Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

www.co.fairbanks.ak

August 3, 2000

Neil K. Eklund  
Stutzmann Engineering Assoc, Inc.  
PO Box 71429  
Fairbanks, Alaska 99707

Re: #SD 026-00 / RP 049-00 / VA 010-00 Laurel Park Subd 3<sup>RD</sup>

Dear Neil,

At its regular meeting on July 26, 2000, the Platting Board of the Fairbanks North Star Borough considered a request by TNC, Inc, to replat Lots 21-38 and the eastern 20' of Lots 39-45, Blk 3, Laurel Park Addition and a portion of the unplatted parcel bounded by Reindeer St, Laurel Park Dr, 30<sup>th</sup> Ave, and the western boundary of Laurel Park, 2<sup>nd</sup> Addition, into two lots and to vacate Vine St, a portion of Laurel Park Dr, and a portion of Laurel Park all within Sec 22, T1S R1W, FM AK.

The Board gave preliminary approval to the request, subject to the following conditions:

1. GVEA, Fairbanks Natural Gas, GCI, PTI, City of Fairbanks, and Utility Services of Alaska review and comment on the final plat submittal. *THREE MONTHS*
2. Lot 1 meet the minimum lot size requirements of FNSB Title 18. *2 MONTHS*

Alaska Statute 29.40.140 states that no vacation of a city street may be made without the consent of the City Council. The Council shall have thirty (30) days from the date of the Board's decision in which to veto that decision. If no veto is received within the thirty-day period, the consent of the City shall be deemed to have been given to the vacation.

Your request is being forwarded to the City Council. Please contact the City Clerk's office (459-6715 or FAX 459-6719) City Clerk (488-2281) for the meeting date.

The developer is strongly encouraged to meet with Borough engineering staff to discuss the required improvements for the subdivision before beginning construction of the improvements.

Upon non-veto by the City Council, a final plat must be prepared by a registered land surveyor and submitted to this office within 24 months of the City Council action or the preliminary approval will become void.

If you have any question regarding the matter, please contact the Fairbanks North Star Borough Department of Community Planning at 809 Pioneer Road, 459-1260, or FAX 459-1254.

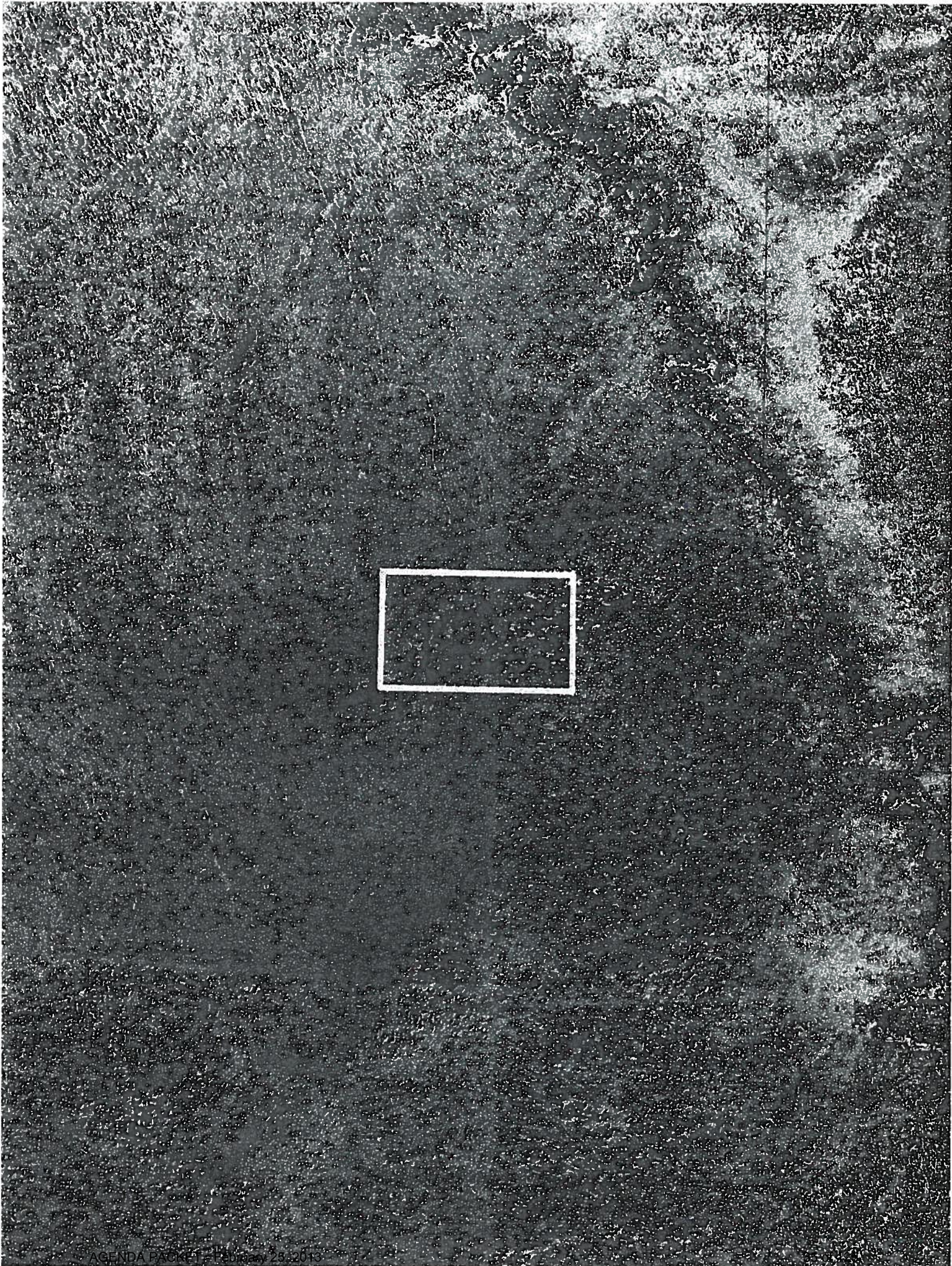
Sincerely,

*Herb Mann*  
Herb Mann  
Platting Officer

Enclosure to Addressee

cc: Tom Carter, TNC Inc  
Greg Wyman, GVEA  
Duncan Jakes, Fairbanks Natural Gas  
J. David Schram, GCI Cable  
Rick Alford, PTI  
Dave McNary, City of Fairbanks  
Cindy Lester, Utility Services of Alaska  
Doug Sims, FNSB Planning







**RESOLUTION NO. 4562**

**A RESOLUTION OPTING TO PARTICIPATE IN THE AML-JIA  
LOSS CONTROL INCENTIVE PROGRAM FOR THE CITY OF  
FAIRBANKS**

**WHEREAS**, the City of Fairbanks is a member of the Alaska Municipal League Joint Insurance Association (hereinafter “AMLJIA”); and

**WHEREAS**, the AMLJIA provides comprehensive risk management assistance and provides workers’ compensation, liability and property coverage for the City of Fairbanks; and

**WHEREAS**, the AMLJIA developed the Loss Control Incentive Program to help reduce member losses individually and pool wide; and

**WHEREAS**, the AMLJIA will provide all written program materials necessary and offer assistance to participants; and

**WHEREAS**, pool members that participate in the Loss Control Incentive Program and complete the required activities will have the opportunity to earn a discount on their contribution; and

**WHEREAS**, it is the City of Fairbanks’ policy to provide a safe environment for its employees, citizens, and the visiting public; and

**WHEREAS**, the Loss Control Incentive Program will enhance such an environment.

**NOW, THEREFORE BE IT RESOLVED BY THE** City of Fairbanks to elect to participate in the AML/JIA Loss Control Incentive Program for the 2013-2014 policy year.

**PASSED and APPROVED on the \_\_\_\_ day of February 2013.**

---

**Jerry Cleworth, Mayor**

AYES:  
NAYS:  
ABSENT:  
APPROVED:

ATTEST:

---

Janey Hovenden, City Clerk, CMC

---

Paul J. Ewers, City Attorney

Introduced By: Mayor Cleworth  
Date: February 25, 2013

**RESOLUTION NO. 4563**

**A RESOLUTION SUPPORTING LEGISLATIVE ACTION TO AMEND THE  
WORKERS' COMPENSATION MEDICAL FEE SCHEDULE**

**WHEREAS**, Alaskan workers' compensation medical fees have risen sharply; as a result, Alaskan employers pay the highest rates in the country for workers' compensation coverage; and

**WHEREAS**, the Alaska Workers' Compensation Medical Review Committee found in 2009 that "Alaska's [medical] . . . fee schedule . . . should be discarded and a fee schedule utilizing a value based system should be adopted; and

**WHEREAS**, in December 2012, the Alaska Workers' Compensation Board passed a resolution supporting an amendment to AS 23.30.097(a) to provide that fees and charges for medical treatment be subject to regulation by the Board,

**NOW, THEREFORE, BE IT RESOLVED** that the City supports amendment of workers' compensation statutes to adopt a medical fee schedule regulated by the Alaska Workers' Compensation Board.

**PASSED and APPROVED this \_\_\_\_ day of February 2013.**

\_\_\_\_\_  
Jerry Cleworth, Mayor

AYES:  
NAYS:  
ABSENT:  
APPROVED:

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Janey Hovenden, City Clerk CMC

\_\_\_\_\_  
Paul Ewers, City Attorney

## WORKERS' COMPENSATION MEDICAL COST CRISIS

In 2002 Alaska's workers' compensation premium rates ranked fifteenth in the nation. By 2004, we were number two. Every year since 2004 Alaska has ranked first or second for the highest workers' compensation premiums in the nation. In 2012, our rates were 160% above nationwide median costs. Alaska's rates are currently 1/3 higher than those of Washington, double those of Oregon and triple those of North Dakota. High premiums mean Alaskan businesses cannot compete with those of our sister states causing Alaskan employers to lose contracts and Alaskan labor to lose jobs.

While the frequency of injuries has steadily declined over the past 20 years, the average medical cost per injury has risen at a rate of 8.5% per year. In 2005 the legislature sought to contain rising medical costs in workers' compensation through adoption of a medical fee schedule outlined in AS 23.30.197. The average medical cost per injury at that time was \$29,000.00 – in 2011 it climbed to \$48,000.00 compared to a nationwide average of just \$28,000.00. The daily cost of a hospital stay for work related injuries more than doubled between 2010 and 2011 due to the adoption of a new medical fee schedule by the Division of Workers' Compensation. In 2010, the hospital daily rate was \$8,906.12. In 2011 it was \$19,650.00. Private health insurance pays between \$995.00 and \$1,768.00 plus itemized costs for hospital stays. For critical care, the rates for work related stays increased from \$16,327.68 in 2010 to \$32,654.00 in 2011 compared to just \$1,732.00 to \$6,791.00 plus itemized costs under private health insurance. MRI's increased from \$1,720.51 to \$3,041.60 between 2010 and 2011 and the surgical cost for a lumbar fusion rose from \$7,633.34 to \$12,717.32 in just one year. Not surprisingly, medical costs for work related injuries now comprise \$0.76 of every dollar paid in workers' compensation benefits.

Clearly the current medical fee schedule has done nothing to control medical costs for work related injuries. Study after study shows that medical fee schedules do nothing to control medical costs because once the fee schedule is published, charges rise to and above the fee schedule level of payment ensuring an ever upward spiraling of medical costs from one schedule to the next. The only effective cost control method is the Relative Value Scale Method which applies a multiplier to a value scale developed and maintained by the American Medical Association for each medical procedure. Adoption of the Relative Value Scale Method along with a national medical treatment guideline is the only proven effective measure to contain out-of-control costs as it controls cost through pricing and limits overutilization and expensive, unproven experimental treatment through the adoption of cost and treatment guidelines.

The legislature needs to undertake serious changes in the next session along the lines of those recommended by the Medical Services Review Committee in their November 2009 report [see link below] if Alaskan businesses and labor are to remain competitive. Unless substantial measures are undertaken, medical costs will only continue to climb while the ability of Alaskan businesses to compete for contracts and jobs will only continue to diminish.

[http://www.labor.state.ak.us/wc/forms/2009-11-MSRC\\_Final\\_Report.PDF](http://www.labor.state.ak.us/wc/forms/2009-11-MSRC_Final_Report.PDF)

**RESOLUTION NUMBER 12-01  
RESOLUTION IN SUPPORT OF ADDRESSING MEDICAL COSTS  
UNDER THE ALASKA WORKERS' COMPENSATION ACT**

WHEREAS, the Alaska Workers' Compensation Board is a public organization that is accountable through its members and staff to the residents, the Legislature, and the Governor of Alaska;

WHEREAS, the Alaska Workers' Compensation Board acts as the lead state agency for adjudicating disputes under the Alaska Workers' Compensation Act, to ensure quick, efficient, and fair payments of benefits to injured workers at a reasonable cost to employers;

WHEREAS, according to statistical data, Alaska's workers' compensation medical costs are among the highest in the nation;

NOW THEREFORE BE IT RESOLVED that the Alaska Workers' Compensation Board fully supports repealing and readopting section 23.30.097(a) of the Alaska Workers' Compensation Act to provide that all fees and charges for medical treatment be subject to regulation by the Board.

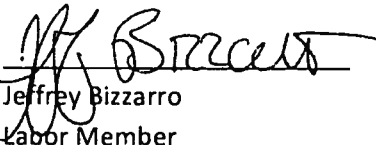
**CERTIFICATION**

The Alaska Workers' Compensation Board held a meeting duly and regularly called, noticed, and convened this 13<sup>th</sup> day of December, 2012, and the foregoing Resolution was adopted at said meeting.

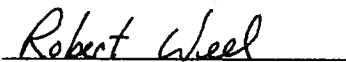
Signed this 13<sup>th</sup> day of December, 2012



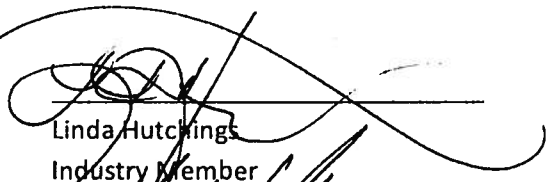
Michael Monagle, Chair  
Alaska Workers' Compensation Board



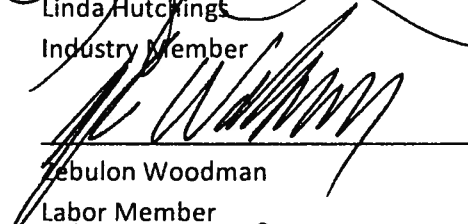
Jeffrey Bizzarro  
Labor Member



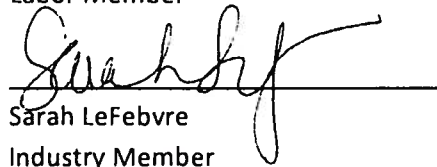
Robert Weel  
Industry Member



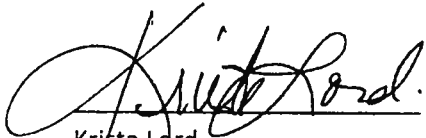
Linda Hutchings  
Industry Member



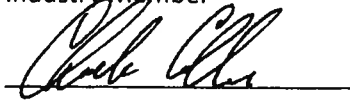
Zebulon Woodman  
Labor Member



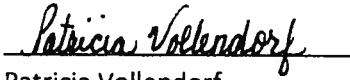
Sarah LeFebvre  
Industry Member



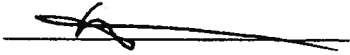
Krista Lord  
Industry Member



Chuck Collins  
Industry Member



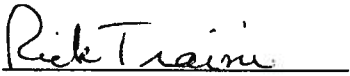
Patricia Vollendorf  
Labor Member



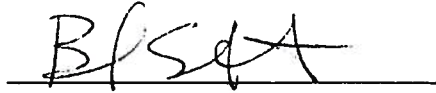
David Kester  
Industry Member



Stacey Allen  
Labor Member



Rick Traini  
Labor Member



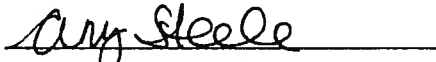
Brad Austin  
Industry Member



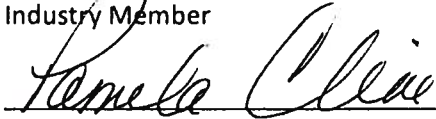
Don Gray  
Industry Member



Mark Talbert  
Labor Member



Amy Steele  
Industry Member



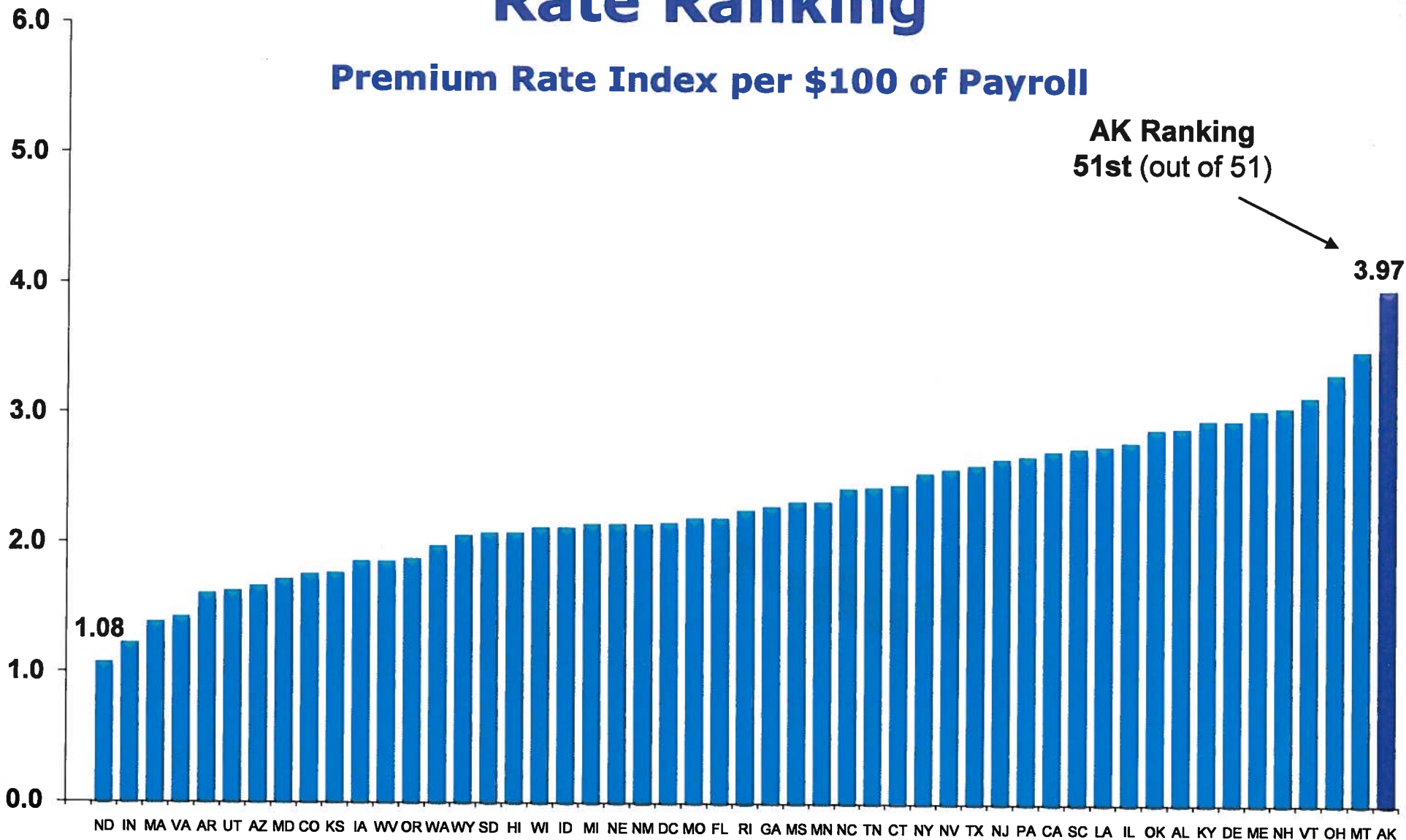
Pam Cline  
Labor Member

**ALASKA WORKERS' COMPENSATION BOARD RESOLUTION NUMBER 12-01  
RESOLUTION IN SUPPORT OF ADDRESSING MEDICAL COSTS  
UNDER THE ALASKA WORKERS' COMPENSATION ACT**



# Workers Compensation Premium Rate Ranking

Premium Rate Index per \$100 of Payroll



Source: 2008 Oregon Workers' Compensation Premium Rate Ranking Summary  
 Indices based on rates in effect on January 1, 2008

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**DENALI BOROUGH, ALASKA  
RESOLUTION 12-33**

**A RESOLUTION SUPPORTING LEGISLATIVE ACTION TO ADOPT A WORKERS'  
COMPENSATION MEDICAL FEE SCHEDULE**

WHEREAS, in 2005 , the Legislature enacted AS 23.30.097 concerning fees for medical treatment and services, of which subsection (a) was intended to provide temporary cost control measures while a committee investigated and developed a more permanent solution; and

WHEREAS, unable to develop a permanent solution to Alaska's rising medical costs, and facing the prospect of no fee schedule at all, HB 13 was adopted in 2011 (codified in AS 23.30.097(a)(1)), tying workers' compensation medical payments to "usual, customary, and reasonable fees" (UCR); and

WHEREAS, workers' compensation rate increases have resulted, causing Alaskan employers to pay the highest rates in the country for workers' compensation coverage; and

WHEREAS, payments for medical expenses now make up 75% of the amount paid for workers' compensation claims in Alaska, and medical costs have increased approximately 46% for the same service due in part to in implementation of HB 13 according to studies by Alaska public entities; and

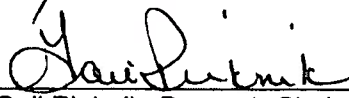
WHEREAS, research by the National Council on Compensation Insurance shows that states with workers' compensation fee schedules tied to UCR have significantly higher medical costs, and higher workers' compensation rates; and

WHEREAS, in November 2009 the Alaska Workers' Compensation Medical Review Committee found that "Alaska's UCR based fee schedule . . . should be discarded and a fee schedule utilizing a value based system should be adopted" with one or more conversion factors applied to allow fees to be higher than Medicare rates.

THEREFORE, the Denali Borough asks that the Legislature take action to adopt a workers' compensation medical fee schedule based upon a Resource Based Relative Value Scale method, as recommended by the Alaska Workers Compensation Medical Review Committee in 2009.

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this 12<sup>th</sup> day of December, 2012.

  
Clay Walker, Mayor Pro Tempore

ATTEST:   
Gail Pieknik, Borough Clerk

PASSED UNANIMOUSLY  
ABSENT: WEIBEL and CARLSON



**RESOLUTION NO. 4564**

**A RESOLUTION REGARDING CITY IRS SECTION 457 DEFERRED  
COMPENSATION PLANS**

**WHEREAS**, employees of participating local governments are offered the option to invest a portion of their wages in tax deferred IRS Section 457 plans on terms very similar to private sector IRS Section 401(K) plans; and

**WHEREAS**, since 1978, the City has sponsored a 457 Plan with no City matching contribution; and

**WHEREAS**, over the years, the City has allowed a growing number of vendors to offer their products. Currently the City's plan has five vendors, each offering a wide variety of investment options, with some vendors have fewer than ten participants; and

**WHEREAS**, because of the concerns of City management, a review of various 457 plan issues has begun, examining:

1. The extent of the City's fiduciary duties under the laws relating to 457 Plans;
2. Reduction of the number of vendors in an effort to reduce administrative time and expense and lower participant fees; and
3. Drafting of new 457 Plan documents.

**WHEREAS**, the 2013 City Budget Estimate included funds to retain legal counsel with expertise in this area of law, which has been done,

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS**, that Mayor Jerry Cleworth is hereby authorized to take the following actions:

1. To formally appoint a Deferred Compensation Committee ("DCC") consisting of the Chief Financial Officer, the City Attorney, the Chief of Staff, the Human Resource/Risk/Purchasing Director and an Accounting Specialist assigned to Payroll to collectively act as the City's 457 Plan Administrator.

2. The DCC is directed to present recommendations to the Council on the following issues:

- (a) Reduction of the number of plan vendors.

(b) A draft Request for Proposals (“RFP”) for selection of a single vendor based upon an equally weighted ranked evaluation of (i) adequate number of investment options suitable for retirement planning, (ii) proven record of delivering participant service, education and safety, and (iii) low investment fees. The RFP should be for a term of five years, starting in 2014 if possible, with a right of the City to renew for additional five year terms.

(c) The terms of the 457 Plan.

**PASSED and APPROVED** this \_\_\_ day of February 2013.

\_\_\_\_\_  
JERRY CLEWORTH, MAYOR

AYES:  
NAYS:  
ABSENT:  
APPROVED:

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Janey Hovenden, CMC, CITY CLERK

\_\_\_\_\_  
Paul J. Ewers, CITY ATTORNEY

**RESOLUTION NO. 4565**

**A RESOLUTION IN SUPPORT OF A LAND EXCHANGE FOR A LIMITED ACCESS ROAD TO PROVIDE SAFE AND RELIABLE ACCESS TO THE COLD BAY AIRPORT FOR THE RESIDENTS OF KING COVE, ALASKA**

**WHEREAS**, the 950 residents of King Cove, Alaska, need safe and reliable surface access to the Cold Bay Airport for health, safety, and quality-of-life reasons; this access would be a single-lane, gravel road with cable barriers on both sides of the road and would traverse a small portion of the Izembek National Wildlife Refuge, which surrounds King Cove and Cold Bay; and

**WHEREAS**, the *Omnibus Public Land Management Act of 2009* (Act) authorized a land exchange to provide for this road with an unprecedented offer of 56,000 acres from the State of Alaska and King Cove Corporation to the federal government for 206 acres that would be used to construct this modest access road for 10-15 vehicles on a daily basis; and

**WHEREAS**, of these 56,000 acres offered to the federal government, over 45,000 acres will be added as wilderness designations to the Izembek and Alaska Peninsula National Wildlife Refuges as the first addition of new federal wilderness lands in Alaska since ANILCA; and

**WHEREAS**, this issue has been a long-standing controversy between the federal government and the Aleut residents of King Cove and the State of Alaska involving three decades of clashes over the positive and negative “impacts” of this road in consideration of the area’s unique natural and human environments; and

**WHEREAS**, the Act provides Interior Secretary Ken Salazar the final authority to approve the Izembek land exchange through a Public Interest Determination provision in the Act; Secretary Salazar has agreed to meet with King Cove officials in the near future,

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS**, that Interior Secretary Ken Salazar is urged to use his Public Interest Determination authority to approve the Izembek land exchange so the residents of King Cove can have safe and reliable transportation access to the Cold Bay Airport for health, safety, and quality-of-life reasons.

**PASSED and APPROVED** this \_\_\_\_ of February 2013.

\_\_\_\_\_  
**JERRY CLEWORTH, MAYOR**

AYES:  
NAYS:  
ABSENT:  
APPROVED:

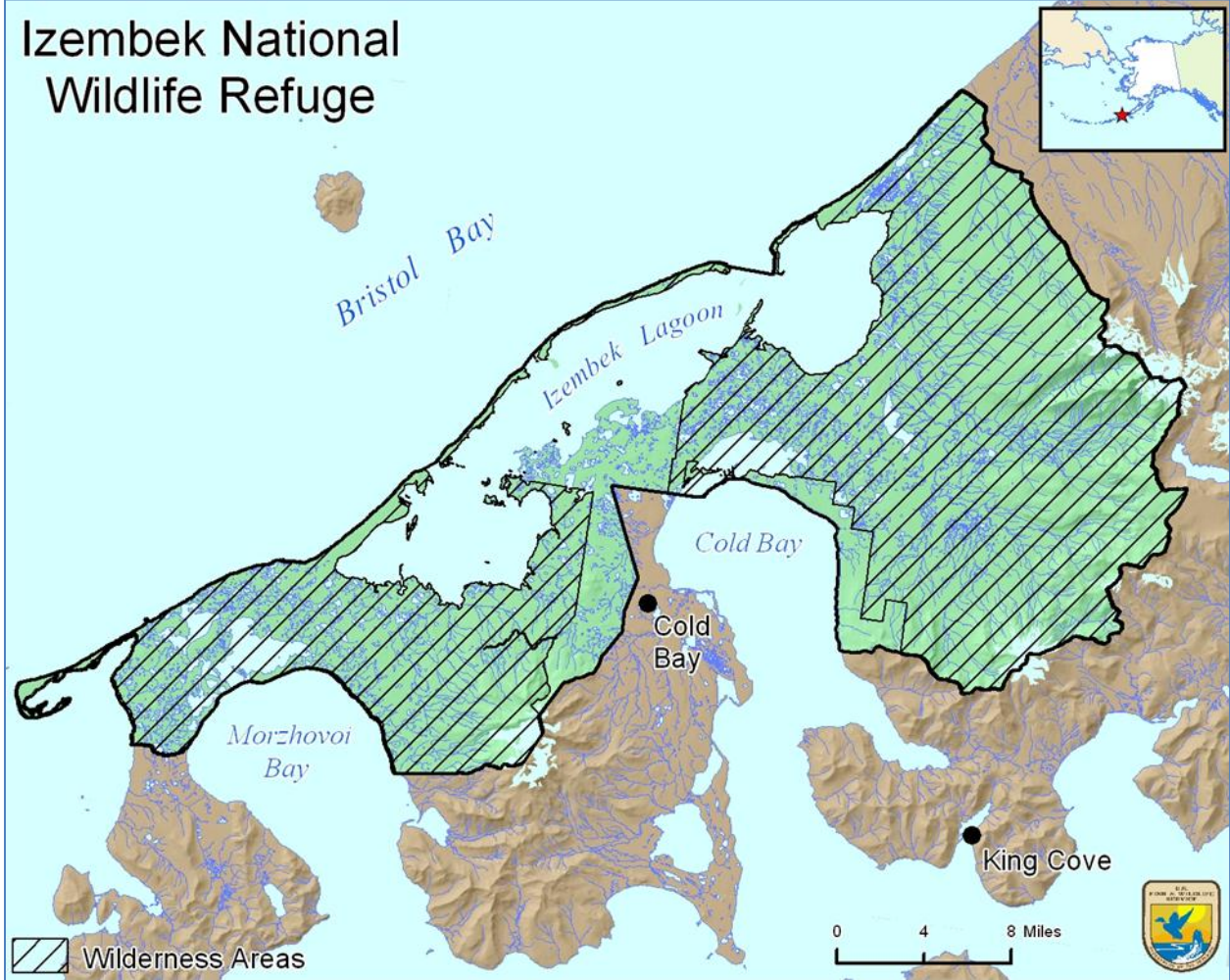
ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
JANEY HOVENDEN, CMC, City Clerk

\_\_\_\_\_  
PAUL J. EWERS, City Attorney

# Izembek National Wildlife Refuge







## **PRESS RELEASE:**

### **King Cove Residents Outraged over USFWS Recommendation to Reject Proposed Land Exchange, Road Corridor**

King Cove, AK – Feb. 5, 2013 – King Cove tribal and community leaders are offended by the federal government’s decision to recommend against building a small gravel road corridor linking the remote Aleut community to the Cold Bay Airport. The single-lane road would have provided the 950 residents with access to better health care and quality of life. Today, the U.S. Fish & Wildlife Service announced that it has chosen the “no action” alternative rather than a proposed land exchange and single-lane road corridor that would traverse a small section of the Izembek National Wildlife Refuge. The USFWS recommendation was made during the environmental impact statement (EIS) of the land exchange and proposed road corridor.

“This is an outrage,” said Della Trumble, spokeswoman for the King Cove (Native) Corporation and Agdaagux Tribal Council of King Cove. “This recommendation is completely unfair and insensitive to the indigenous people who have been stewards of this land for thousands of years. The U.S. Fish and Wildlife Service is clearly biased against the Aleut people. This demonstrates that the federal government believes the Aleut people matter less than the tundra swan and the black Brandt.”

The land swap would have given the federal government 56,000 acres of pristine land (43,093 acres of state land and 13,300 acres of land owned by the King Cove Corporation). In exchange, 206 acres would have been removed from the refuge for a single-lane gravel road. The federal government would have also received 1,600 acres from the Alaska Maritime National Wildlife Refuge on Sitkinak Island south of Kodiak.

“Fish and Wildlife Service hasn’t listened to us throughout the EIS process,” said Aleutians East Borough Stanley Mack. “The Service refused to consider the information we provided to them and instead moved forward with this biased recommendation. We have tried on six different occasions to meet with Interior Secretary Ken Salazar, and we were turned down every time. We’re still hopeful he will do the right thing and overturn this recommendation.”

The U.S. Fish and Wildlife Service recommendation will be published tomorrow (Feb. 6, 2013) in the Federal Register. On Feb. 15, 2013, the EIS becomes final. It will be followed by a 30-day comment period. A final record of decision will be published within 30 days. The U.S. Secretary of the Interior will then decide what's in the public's interest.

"This isn't over," said King Cove Mayor Henry Mack. "We're not giving up. We're not going to stop fighting until we get the road that the Aleut people so desperately need and deserve."

For more information, visit <http://www.izembekenhancement.org/> ,  
<http://www.kingcoveview.com/> and <http://www.aleutianseast.org/> .

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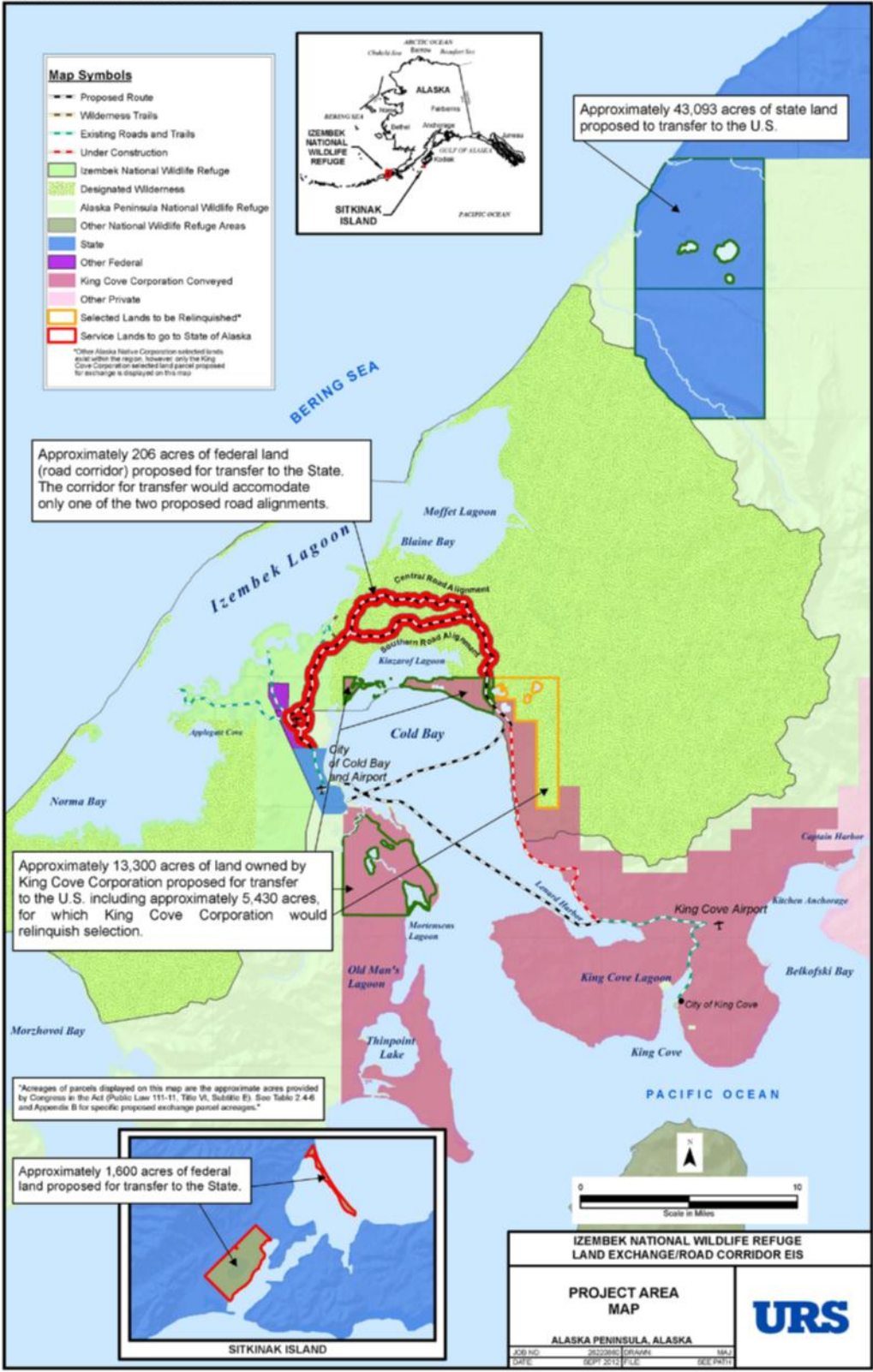
### **Contacts:**

Della Trumble  
Spokesperson, King Cove Corporation and Agdaagux Tribal Council of King Cove  
Office: (907) 497-2312  
Home: (907) 497-2376  
Cell: (907) 223-9289  
[dellat@arctic.net](mailto:dellat@arctic.net)

Gary Hennigh  
King Cove City Administrator  
Office: (907) 274-7563  
Cell: (907) 982-7505  
[ghennighmgr@gci.net](mailto:ghennighmgr@gci.net)

Laura Tanis  
Communications Mgr, Aleutians East Borough  
Office: (907) 274-7579  
Cell: (907) 947-5778  
[ltanis@aeboro.org](mailto:ltanis@aeboro.org)





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## **Salazar to discuss proposed refuge with King Cove**

**Dan Joling / Associated Press | Posted: Friday, February 15, 2013 3:19 pm**

ANCHORAGE, Alaska — Interior Secretary Ken Salazar will meet with members of a remote Alaska community to discuss a proposed road through Izembek National Wildlife Refuge.

Interior Department spokesman Blake Androff says by email that the meeting was scheduled at the request of King Cove residents and Alaska's U.S. senators, Democrat Mark Begich and Republican Lisa Murkowski.

King Cove residents want to make the case in person for a one-lane gravel road cutting through the refuge that could transport King Cove residents to emergency medical care by way of an all-weather airport at nearby Cold Bay.

The road through the wilderness area is bitterly opposed by environmental groups.

The U.S. Fish and Wildlife Service last week rejected a land trade that would have led to construction of the road.

Introduced By: Mayor Cleworth  
Introduced: February 25, 2013

**RESOLUTION NO. 4566**

**A RESOLUTION IN SUPPORT OF FUNDING FOR THE CONSTRUCTION OF  
A NATURAL GAS PRODUCTION, TRUCKING AND DISTRIBUTION  
SYSTEM, INCLUDING LEGISLATION TO AUTHORIZE THE ALASKA  
INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA) TO  
PROVIDE LOW INTEREST LOANS AND ISSUE BONDS**

**WHEREAS**, many Interior and rural Alaskan communities are suffering from extremely high energy costs; and

**WHEREAS**, the development of in-state gas processing facilities on the North Slope so that liquefied natural gas (“LNG”) can be trucked to market for distribution would provide a near term “bridge” solution for Northern Alaska pending the construction of a pipeline; and

**WHEREAS**, because known reserves in the Cook Inlet Basin are insufficient to supply the demand for natural gas in South Central Alaska, the delivery of LNG by truck may alleviate the shortage; and

**WHEREAS**, in addition to at least \$50 million in state funding, House Bill 74 and Senate Bill 23 will incentivize the construction by providing funds for a natural gas liquefaction facility on the North Slope, trucking LNG to markets, propane for rural communities, and distribution systems; and

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS**, that the City Council supports legislative efforts in HB 74 and SB 23 that authorize AIDEA to provide low interest loans and issue bonds for a liquefied natural gas production, transportation and distribution system in addition to state grant funding. In addition, the City Council urges the legislature to provide at least \$50 million in funding for the project.

**PASSED and APPROVED** this \_\_\_\_ of February, 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 NORTH POLE**

**RESOLUTION 13-01**

**A RESOLUTION SUPPORTING LEGISLATIVE EFFORTS TO CONSTRUCT A  
NATURAL GAS PIPELINE FROM THE NORTH SLOPE TO SOUTH CENTRAL  
ALASKA.**

**WHEREAS**, the development of an in-state gas pipeline would provide stable and affordable gas for Alaskans for many years; and

**WHEREAS**, known reserves in the Cook Inlet Basin are insufficient to supply the demand for natural gas in South Central Alaska in the future; and

**WHEREAS**, many Interior and Rural Alaskan communities are suffering from extremely high energy cost; and

**WHEREAS**, development of vibrant local and statewide economies are dependent on affordable energy; and

**WHEREAS**, Alaskans wish to leave a legacy of prosperity through development of our natural resources to the maximum benefit for the most Alaskans; and

**WHEREAS**, Alaska Gasline Development Corporation (AGDC) has created the Alaska Stand Alone Gas Pipeline (ASAP) and is seeking monies to bring a instate gas-line to open season; and ultimately to fruition; and

**WHEREAS**, House Bill 4 includes the necessary provisions to advance a successful Alaska natural gas pipeline project.


**NOW, THEREFORE, BE IT RESOLVED** that the North Pole City Council supports legislative efforts to fund AGDC as they move forward in developing and advancing a project to construct a natural gas pipeline from the North Slope to South Central Alaska.

**PASSED AND APPROVED** by a duly constituted quorum of the North Pole City Council this 4<sup>th</sup> day of February, 2013



Bryce J Ward, Mayor

**ATTEST:**

  
Kathryn M. Weber, MMC  
North Pole City Clerk

**PASSED**

Yes: Nelson, McGhee, Holm, Smith, Sikma, Ward

No: 0

Absent: Hunter



Introduced by: Mayor Jerry Cleworth  
Date: February 25, 2013

**RESOLUTION NO. 4567**

**A RESOLUTION AUTHORIZING THE CITY OF FAIRBANKS TO APPLY FOR AND ACCEPT FUNDS FROM THE ALASKA DIVISION OF HOMELAND SECURITY FOR THE HAZARD MITIGATION GRANT PROGRAM (HMGP)**

**WHEREAS**, the City of Fairbanks has been notified by the Alaska Division of Homeland Security and Emergency Management that funds are available to develop a local hazard mitigation plan through the Hazard Mitigation Grant Program (HMGP); and

**WHEREAS**, the City of Fairbanks plans to use the funds to develop effective mitigation strategies for our community to reduce losses and damages from severe disasters; and

**WHEREAS**, the plan will enable the City of Fairbanks to qualify for future mitigation program funding for effective mitigation projects to reduce loss of life and damages; and

**WHEREAS**, the City of Fairbanks plans to apply for \$25,000, and a match is not required;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council that the Mayor is authorized to execute any and all documents required for accepting and expending funds on behalf of the City for this project.

**PASSED AND APPROVED AND EFFECTIVE THIS \_\_\_\_ DAY OF FEBRUARY 2013.**

\_\_\_\_\_  
Jerry Cleworth, City Mayor

AYES:  
NAYS:  
ABSENT:  
APPROVED:

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Janey Hovenden, CMC, City Clerk

\_\_\_\_\_  
Paul J. Ewers, City Attorney

**CITY OF FAIRBANKS**  
**FISCAL NOTE**

**I. REQUEST:**

Ordinance or Resolution No: 4567

Abbreviated Title: FFY2012 HAZARD MITIGATION GRANT PROGRAM

Does the adoption of this ordinance or resolution authorize:

1) additional costs beyond the current adopted budget?      Yes \_\_\_\_\_      No   x  

2) additional support or maintenance costs?      Yes \_\_\_\_\_      No   x  

If yes, what is the estimate? \_\_\_\_\_

3) additional positions beyond the current adopted budget?      Yes \_\_\_\_\_      No   x  

If yes, how many positions? \_\_\_\_\_

If yes, type of positions? \_\_\_\_\_ (F - Full Time, P - Part Time, T - Temporary)

**II. FINANCIAL DETAIL:**

<b>ESTIMATED EXPENDITURES</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Beyond</b>	<b>Total</b>
Personnel Wages	\$14,480				\$14,480
Personnel Benefits	\$5,720				\$5,720
Supplies	\$4,800				\$4,800
Contractual					\$0
Equipment					\$0
Administration					\$0
Travel					\$0
<b>TOTAL</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>

<b>ESTIMATED FUNDING SOURCES</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Beyond</b>	<b>Total</b>
General Fund					\$0
Capital Fund					\$0
Federal Grant	\$18,750				\$18,750
State Grant	\$6,250				\$6,250
Local Contract					\$0
Cash Match					\$0
In-Kind Match					\$0
Other					\$0
<b>TOTAL</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>

Reviewed by Finance Department:

Initial   mb  

Date   2/19/2013

City of Fairbanks  
Permanent Fund Review Board  
(Quarterly Meeting Minutes)  
October 31, 2012

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  
Tom Freeman  
Council Member Bernard Gatewood  
Patty Mongold  
Kara Moore

Board Members Absent: None

Also Present: Mayor Jerry Cleworth  
Jim Soileau, Chief Financial Officer  
Bert Wagon, Senior Vice President, Investments - APCM  
Brandy Niclai, Senior Investment Analyst - APCM  
Jason Roth, Senior Vice President, Investments - APCM

The Board approved the minutes from the August 1, 2012 meeting.

Jim Soileau reviewed the account's performance through September 30, 2012. The balance of the portfolio on September 30, 2012 was \$106,276,956. During the year, the City deposited \$396,900 in lease payments, \$10,000 from land sales and \$40,461 for payments on notes receivable. The City also deposited \$270,088 from the Bentley Trust maintenance agreement and \$336,286 received from the State of Alaska supplemental revenue sharing funds. The dividend and interest earnings through September 30, 2012 were \$2,340,062. Permanent Fund expenses through September were \$125,788. The account's earnings through September 30, 2012 were \$8,670,466 net of expenses. On April 6, 2012 the City withdrew \$2,206,602 from the portfolio. The draw was 50% of the total 2012 legal appropriation. He expects the remaining authorization to be drawn on November 30, 2012.

Council Member Gatewood asked for an update of the accounts value. Bert reported the approximate value was \$105.7 million on October 26, 2012.

Bert Wagon reviewed asset allocations as of September 30, 2012 including the current percentage, current targets and ranges. For the 3rd quarter, the portfolio returned 3.53% versus a blended benchmark return of 3.41 %. The 50 bps hurdle on a quarterly basis was 3.53%. Year to date 2012 the account returned 8.93% versus a blended benchmark return of 8.69%. For the past twelve months, the account returned 14.61%



versus a blended benchmark return of 14.04%. The 50 bps hurdle on an annual basis was 14.54%. (See attached – APCM Investment Review for the period ending September 30, 2012)

Brandy Niclai presented the allocation and selection effects on the portfolio and Bert Wagnon followed up with a review of the compliance reports. (See attached – APCM Investment Review for the period ending September 30, 2012)

Bert Wagnon recommended the Board consider amending the City's investment policy to accommodate Vanguard's change from the MSCI Emerging Markets Index and the Morgan Stanley Europe, Australasia, Far East (EAFE) index to the Financial Times Stock Exchange (FTSE) Emerging Index and FTSE Developed ex North American index in order to "keep long-term expenses low". (See attached memorandum).

After discussion, Patty Mongold moved to recommend APCM's proposal to amend the investment policy to allow the change in indices as discussed above. Councilmember Gatewood seconded and the motion was adopted.

The Board discussed recommending a change in the portfolios asset allocation which was reviewed during the August 1, 2012 board meeting and followed up with a discussion during the October 08, 2012 work session with the Mayor, City Council and Review Board in attendance.

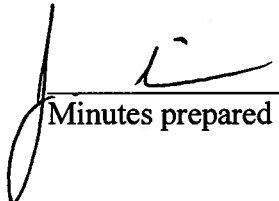
Tom Freeman made a motion to recommend changing the Asset Allocation to the alternative mix presented by APCM. (See Attached Asset Allocation)

NOTE – Subsequent to the October 31, 2012 meeting, recommendations from the Mayor with concurrence of the Board, the Board's recommendations were modified. Ordinance 5905, AS AMENDED was adopted by the City Council on December 3, 2012. The new investment policy changed the asset allocation from 40% equities and 60% fixed income to 45% - 55% respectively. The Council also adopted the FTSE index and a 5% allocation to cash within fixed income. (See attached Ordinance 5905, AS AMENDED)

The Board set the next quarterly meeting for Wednesday January 16, 2013 at 1:30 P.M. Note - The meeting was rescheduled for Wednesday January 30, 2013.

The meeting was adjourned at approximately 2:45 P.M.

Minutes approved January 30, 2013.

  
Minutes prepared by Jim Soileau



October 31, 2012

To: Permanent Fund Review Board

From: Bert Wagnon

As the Board is aware, APCM purchases index funds to provide exposure to the various equity asset classes. Recently, Vanguard announced that they would no longer be using the MSCI Emerging Markets Index or the Morgan Stanley Europe, Australasia, Far East (EAFE) index. Instead, they are changing to the FTSE Emerging Index and the FTSE Developed ex North America Index in order to "keep long-term expenses low."

The index change does not materially alter exposure to the respective asset classes themselves. It does create a problem with the Fund's investment policy which explicitly enunciates the particular indices that Vanguard will no longer be using. APCM believes cost pressures will continue to force providers of index products to constantly look for ways to reduce fees.

Accordingly, APCM recommends the Board request the city council amend the investment policy to accommodate more than one particular index for both investment and performance measuring purposes. Should the Board decide to take no action, APCM would have to sell the Vanguard Funds in early 2013 and replace them with Funds which track the indices set forth in the city code.

## Suggested Language to Accommodate Vanguard Index Change

### Sec. 2-260

(b)(6) Domestic equities, which taken as a whole, attempt to replicate the Standard & Poor's 500 Index, or some such similar index, including both mutual funds and exchange traded funds (ETF's).

(b)(7) International equities, which taken as a whole, attempt to replicate the Morgan Stanley Europe, Australasia, Far East (EAFE) Index, FTSE Developed ex North America Index or some such similar index, including both mutual funds and exchange traded funds (ETF's).

(b)(8) Equities, which taken as a whole, attempt to replicate the universe of domestic real-estate investment trusts as represented by the S&P REIT Index, ~~or~~ the Cohen & Steers Realty Majors Portfolio Index, or some such similar index including both mutual funds and exchange traded funds (ETF's).

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

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

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

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

(b)(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 or some such similar index.

Sec. 2-261

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

1. Performance measurement of the Domestic Equity allocation will be measured against the Target Weighting, using the Standard & Poor's 500 as the benchmark or some such similar index selected by the Permanent Fund Review Board.

2. Performance measurement for the Mid/Small Cap Equity allocation will be measured against the Target Weighting, using the Standard & Poor's 400 MidCap Index as the benchmark or some such similar index selected by the Permanent Fund Review Board.

3. Performance measurement for the International Equity allocation will be measured against the target weighting using the Morgan Stanley Europe, Australasia, Far East (EAFE) Index for the benchmark or some such similar index selected by the Permanent Fund Review Board.

4. Performance measurement for the real estate allocation will be measured against the target weighting using the Standard & Poor's REIT Index or some such similar index selected by the Permanent Fund Review Board for the benchmark.

5. Performance measurement for the U.S. Bond allocation will be measured against the target weighting using the Barclays Capital U.S. Aggregate Bond Index for the benchmark or some such similar index selected by the Permanent Fund Review Board. Duration should be maintained between 80 percent and 120 percent of the duration of the benchmark.

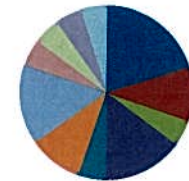
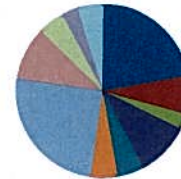
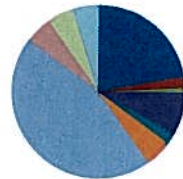
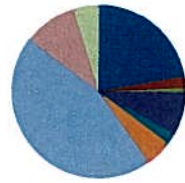
6. Performance measurement of the commodity allocation will be measured against the target weighting, using a broad based index such as the Dow-Jones UBS Commodity Index or some such similar selected index selected by the Permanent Fund Review Board.

7. Performance measurement for the emerging markets equity allocation will be measured against the target weighting using the MSCI Emerging Market Index or some such similar index selected by the Permanent Fund Review Board.

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 or some such similar index selected by the Permanent Fund Review Board.

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 or some such similar index selected by the Permanent Fund Review Board.

# Asset Allocation

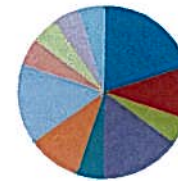
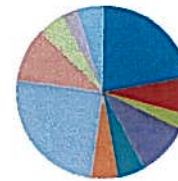
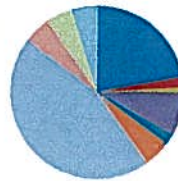
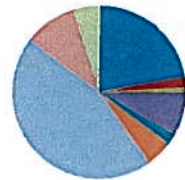


Asset Class	Fairbanks Current 40% Equity/60% Fixed		Alternative 40% Equity/60% Fixed		55% Equity/45% Fixed		70% Equity/30% Fixed	
	Return	Risk	Return	Risk	Return	Risk	Return	Risk
Large Cap Equity	22%	20-50%	22%	15-50%	22%	15-50%	20%	15-50%
Mid Cap Equity	2%		2%		7%		10%	
Small Cap Equity	1%	0-10%	1%	0-10%	3%	0-15%	5%	5-20%
International Equity	8%	0-15%	8%	0-15%	10%	0-15%	15%	5-20%
Emerging Market Equity	2%	0-5%	2%	0-5%	5%	0-10%	5%	0-10%
REITs	5%	0-10%	5%	0-10%	5%	0-10%	10%	0-15%
U.S. Fixed Income	45%	40-70%	45%	30-70%	25%	15-40%	15%	10-30%
U.S. TIPS	10%	0-15%	5%	0-10%	10%	0-15%	5%	0-10%
International Fixed Income	5%	0-10%	5%	0-10%	5%	0-10%	5%	0-10%
Commodities	0%	0-10%	0%	0-10%	3%	0-10%	5%	0-10%
Cash/1-3 Treasuries	0%	-	5%	0-10%	5%	0-10%	5%	0-10%
Overall Equity Range	30-50%		30-60%		40-65%		50-80%	
Overall Fixed Income Range	50-70%		40-70%		35-60%		20-50%	
APCM's Forward Looking Assumptions	Return	5.4%*	5.4%		6.4%		7.3%	
	Risk	8.4%	8.2%		11.1%		13.9%	
	Ratio	0.65	0.65		0.58		0.53	
Annualized Historical Returns 3/1997 - 12/2011	Return	6.9%	6.7%		7.1%		7.4%	
	Risk	7.7%	7.6%		10.2%		12.8%	
	Ratio	0.90	0.88		0.69		0.58	

Risk and return data from Windham Portfolio Advisor. \*Expected return in April 2010 was 6.4%.



# Asset Allocation



Asset Class		Fairbanks Current 40% Equity/60% Fixed	Alternative 40% Equity/60% Fixed	55% Equity/45% Fixed	70% Equity/30% Fixed
Large Cap Equity		22%	22%	22%	20%
Mid Cap Equity		2%	2%	7%	10%
Small Cap Equity		1%	1%	3%	5%
International Equity		8%	8%	10%	15%
Emerging Market Equity		2%	2%	5%	5%
REITs		5%	5%	5%	10%
U.S. Fixed Income		45%	45%	25%	15%
U.S. TIPS		10%	5%	10%	5%
International Fixed Income		5%	5%	5%	5%
Commodities		0%	0%	3%	5%
Cash/1-3 Treasuries		0%	5%	5%	5%
APCM's Forward Looking Assumptions	Return	5.4%*	5.4%	6.4%	7.3%
	Risk	8.4%	8.2%	11.1%	13.9%
	Ratio	0.65	0.65	0.58	0.53
Annualized Historical Returns 3/1997 - 12/2011	Return	6.9%	6.7%	7.1%	7.4%
	Risk	7.7%	7.6%	10.2%	12.8%
	Ratio	0.90	0.88	0.69	0.58
Best 12 Month Period		31.1%	30.5%	38.8%	47.8%
Worst 12 Month Period		-18.8%	-18.4%	-26.8%	-34.6%



Risk and return data from Windham Portfolio Advisor. \*Expected return in April 2010 was 6.4%.

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]:

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

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

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

(1) Obligations of or obligations insured or guaranteed by the United States or agencies or instrumentalities of the United States;

(2) Bonds or other taxable yield U.S. dollar denominated debt instruments of this state, its agencies, municipalities, any other state, or corporation which at the time of investment have an investment grade rating of a nationally recognized rating agency; if the rating of a bond becomes less than investment grade and has a maturity greater than one year, it must be sold in an orderly manner within 90 days of down grading;

(3) Bank certificates of deposit which are insured or secured as to the payment of principal and interest;

(4) Corporate obligations of investment grade quality as recognized by a nationally recognized rating organization. If, after purchase, these obligations are downgraded below investment grade, they shall be sold in an orderly manner within ninety days of down grading. In no circumstance shall any bond be purchased after January 1, 2009 with a yield to maturity that exceeds 600 basis points above a comparable duration treasury note/bond at the date of purchase.

(5) Short term investment funds (STIF) which are limited to investments set forth in subsections (b)(1)–(4) of this section or the Alaska Municipal League Investment Pool as set forth in state statute; and

(6) Domestic equities, which taken as a whole, attempt to replicate the Standard & Poor's 500 Index, including both mutual funds and exchange traded funds (ETF's).

(7) International equities, which taken as a whole, attempt to replicate the ~~Morgan Stanley Europe, Australasia, Far East (EAFE)~~ **FTSE Developed ex North America Index**, including both mutual funds and exchange traded funds (ETF's).



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

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

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

(11) Emerging markets equity index funds, which taken as a whole, attempt to replicate the 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.

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

(5) Effective January 1, 2009, no commercial residential mortgaged backed securities (MBS, etc. but not to exclude securities issued by a U.S. government agency) and no further commercial mortgage backed securities (CMBS, etc) may be purchased.

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

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

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

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

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

(g) *Investment managers.* The city council and the board shall retain one or more professional investment managers to design portfolios and invest funds in accordance with the written investment policies adopted by the city council. The investment managers must be registered financial advisers with both the United States Securities and Exchange

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

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

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

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

Sec. 2-261. Permanent fund asset allocation plan and performance measurement targets. The target for equities is ~~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:

Asset Class	Target % Weighting	Range %
Equities - Overall	<del>40</del> <b>45</b>	<del>30 - 50</del> <b>60</b>
Large Cap Equity	<del>22</del> <b>22</b>	<del>20</del> <b>15 - 50</b>
Mid Cap Equity	<del>23</del> <b>23</b>	<del>0 - 10</del> <b>0 - 10</b>
Small Cap Equity	<del>12</del> <b>12</b>	<del>0 - 10</del> <b>0 - 10</b>
International Equity	<del>82</del> <b>82</b>	<del>0 - 15</del> <b>0 - 15</b>
Emerging Markets Equity	<del>24</del> <b>24</b>	<del>0 - 5</del> <b>10</b>
Real Estate Equity	<del>5</del> <b>5</b>	<del>0 - 10</del> <b>0 - 10</b>
Fixed Income - Overall	<del>60</del> <b>55</b>	<del>50</del> <b>40 - 70</b>
US Bonds meeting Ordinance Criteria	<del>45</del> <b>40</b>	<del>40</del> <b>30 - 70</b>
International Bonds	<del>5</del> <b>5</b>	<del>0 - 10</del> <b>0 - 10</b>
U.S Treasury Inflation Protected Securities	<del>10</del> <b>5</b>	<del>0 - 15</del> <b>10</b>
Cash/1-3 month Treasuries	<del>5</del> <b>5</b>	<del>0 - 10</del> <b>0 - 10</b>
Commodities	<del>0</del> <b>0</b>	<del>0 - 10</del> <b>0 - 10</b>

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

1. Performance measurement of the Domestic Equity allocation will be measured against the Target Weighting, using the Standard & Poor's 500 as the benchmark.
2. Performance measurement for the Mid/Small Cap Equity allocation will be measured against the Target Weighting, using the Standard & Poor's 400 MidCap Index as the benchmark.
3. Performance measurement for the International Equity allocation will be measured against the target weighting using the FTSE Developed ex North America ~~Morgan Stanley Europe, Australasia, Far East (EAFE)~~ Index for the benchmark.
4. Performance measurement for the real estate allocation will be measured against the target weighting using the Standard & Poor's REIT Index for the benchmark.
5. Performance measurement for the U.S. Bond allocation will be measured against the target weighting using the Barclays Capital U.S. Aggregate Bond Index for the benchmark. Duration should be maintained between 80 percent and 120 percent of the duration of the benchmark.

6. Performance measurement of the commodity allocation will be measured against the target weighting, using a broad based index such as the Dow Jones-UBS Commodity Index, selected by the Permanent Fund Review Board.

7. Performance measurement for the emerging markets equity allocation will be measured against the target weighting using the MSCI 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.

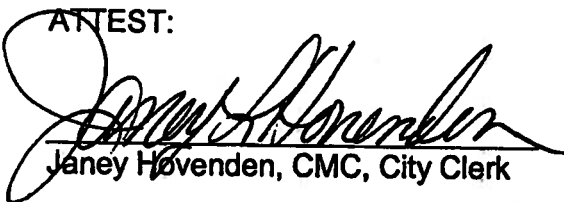
Section 2: That Fairbanks General Code Section 2-262 is adopted:

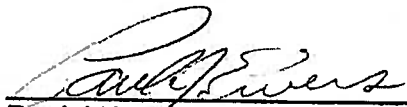
**Sec 2-262 Interim Use of Substitute Index. In the event that one of the indices specified in Sections 2-260 and 2-261 becomes, in the professional judgment of the investment manager, unavailable or inappropriate, a substitute index may be used on an interim basis with the written consent of the City 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 Hovenden, CMC, City Clerk

APPROVED AS TO FORM  
  
Paul J Ewers, City Attorney

Ordinance No. 5905, AS AMENDED  
Page 7 of 7

# Fairbanks Permanent Fund

## INVESTMENT REVIEW

*for period ending September 30, 2012*

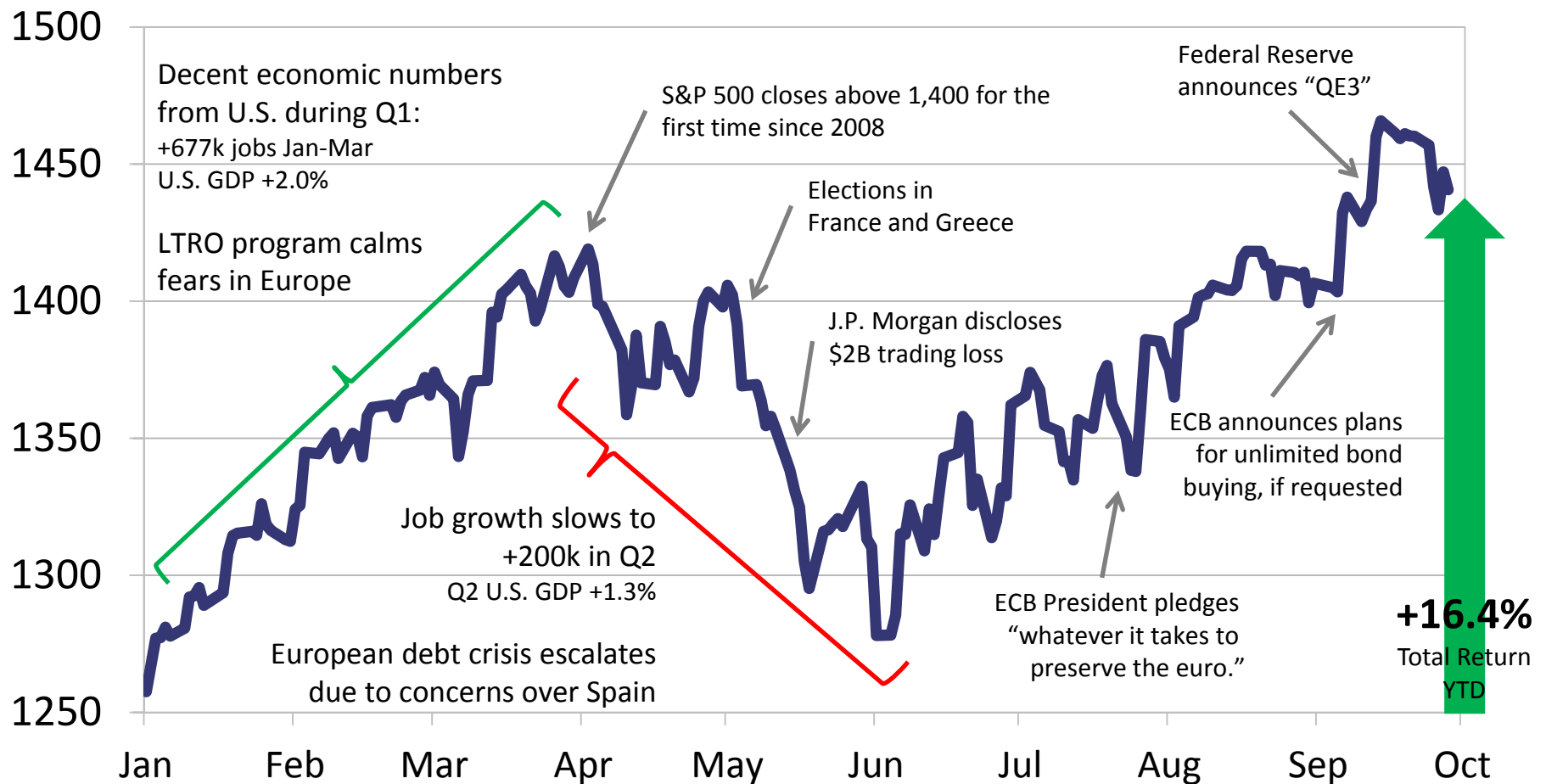




# Agenda

- Market Update
- Portfolio Review & Performance
- Compliance Report
- Appendix
  - Economy & Financial Markets
  - Portfolio Appraisal
  - Performance History Detail

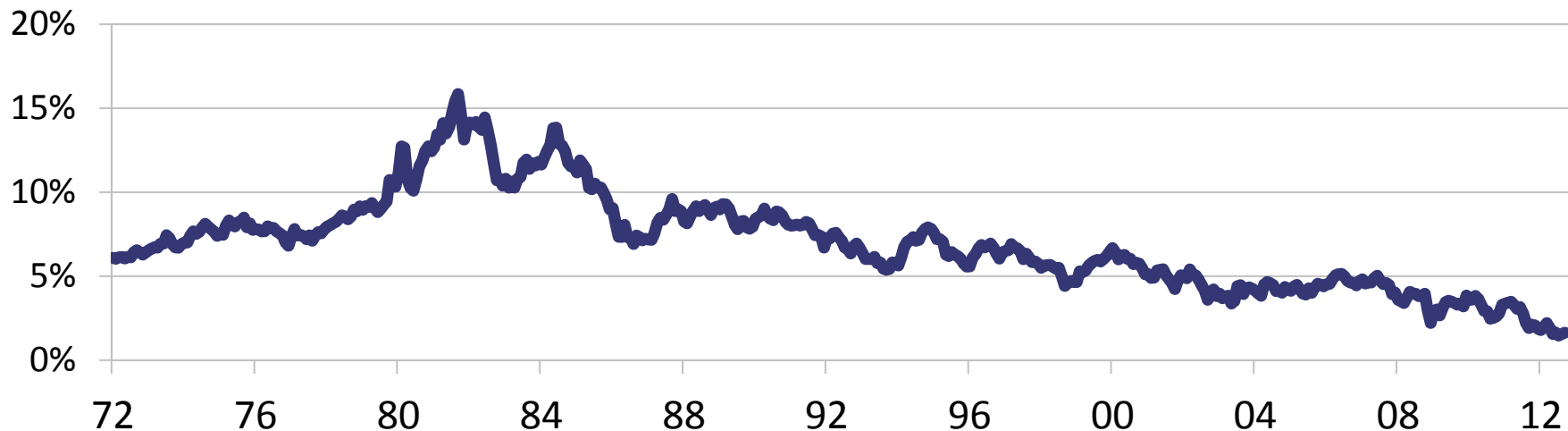
# S&P 500: 2012 YTD



Data Through September 30, 2012

# Bond Yields at Historic Lows!

**10 Year U.S. Treasury Yield: 1972-2012**



- 10 Year Treasury **all time record low** on July 24, 2012: **1.39%**
- **Short rates effectively zero** (negative real rates)
- Mortgage rates at all time lows: **30 Years @ 3.36 %**

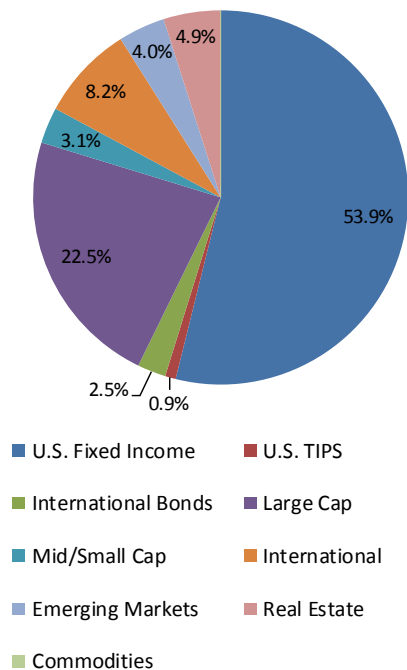
# Portfolio and Market Review

- The **equity markets had a strong Q3** as coordinated global easing by central banks drove **the S&P 500 up +6.4%**. International developed markets (EAFE) fared even better, up +6.9%.
- Bonds posted more modest gains as yields fell slightly along most of the curve. The **Barclays Aggregate returned +1.6%** in Q3.
- A **slowing U.S. economy** and election year uncertainty, the ongoing **crisis in Europe**, and **worries over China's growth** still lend uncertainty to the markets.
- The Fairbanks Permanent Fund returned **+3.5% in Q3** and is up **+8.9% YTD**.

# Portfolio Review

# Portfolio Review

## Asset Allocation for Fairbanks Permanent Fund *as of September 30, 2012*



Asset Class	% Assets	Target	Range	Market Value	Portfolio Positioning and Recent Trades*	
<b>Fixed Income</b>	<b>57.2%</b>	<b>60%</b>	<b>50-70%</b>	<b>\$60,832,607</b>	<b>U</b>	
U.S. Fixed Income	53.9%	45	40-70	\$57,253,387	O	
U.S. TIPS	0.9%	10	0-15	\$962,569	U	
International Bonds	2.5%	5	0-10	\$2,616,651	U	
<b>Equities</b>	<b>42.8%</b>	<b>40%</b>	<b>30-50%</b>	<b>\$45,443,953</b>	<b>O</b>	
Large Cap	22.5%	22	20-50	\$23,914,602	N	Reduced OW - 9/4/12
Mid/Small Cap	3.1%	3	0-10	\$3,316,635	N	
International	8.2%	8	0-15	\$8,704,454	N	Netrual - 8/9/12
Emerging Markets	4.0%	2	0-5	\$4,267,205	O	
Real Estate	4.9%	5	0-10	\$5,241,057	N	
<b>Commodities</b>	<b>0.0%</b>	<b>0%</b>	<b>0-10</b>	<b>\$0</b>	<b>N</b>	
<b>Total</b>				<b>\$106,276,560</b>		

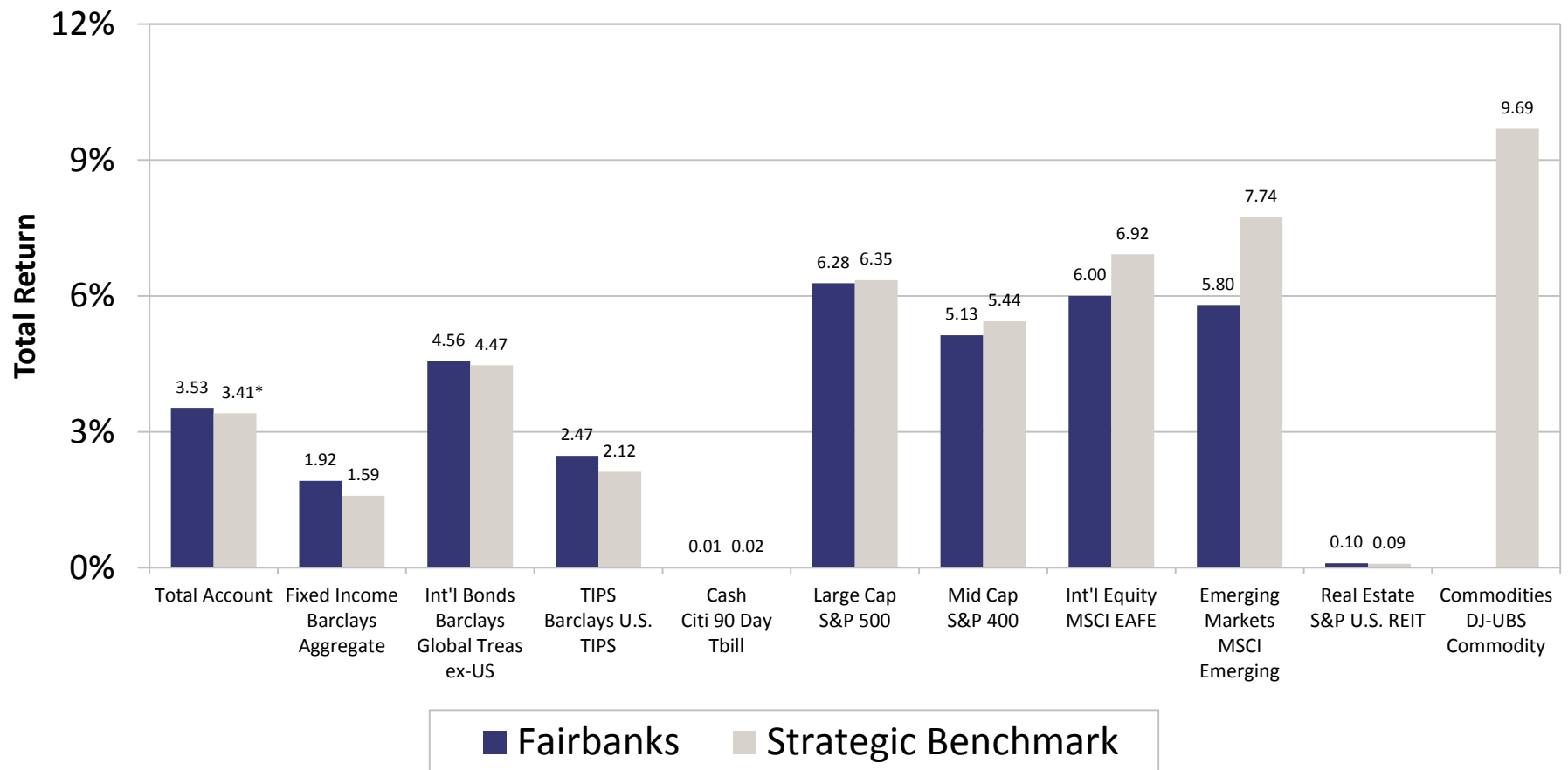
\* O = Overweight, N = Neutral, U = Underweight relative to portfolio strategic benchmark



# Portfolio Review

## Account Performance

Third Quarter 2012



\* 50 bps hurdle 3.53%. Performance is gross of fees.

# Portfolio Review

	July 12	August 12	September 12	Q3 2012
<b>Allocation Effect</b>				
Aggregate Bonds	(0.001)	(0.046)	(0.084)	(0.131)
Domestic Large Cap	(0.000)	0.053	0.009	0.062
Domestic Mid Cap	(0.001)	0.001	0.001	0.001
Domestic Small Cap	0.000	0.000	0.000	0.000
International Equity	0.002	(0.002)	0.004	0.004
Emerging Market Equity	0.011	(0.023)	0.094	0.081
Real Estate	0.001	(0.002)	(0.004)	(0.004)
TIPS	(0.045)	0.106	0.054	0.114
International Bonds	0.007	(0.008)	(0.025)	(0.026)
Commodities	0.000	0.000	0.000	0.000
<b>Total</b>	<b>(0.028)</b>	<b>0.079</b>	<b>0.049</b>	<b>0.100</b>
<b>Selection Effect</b>				
Aggregate Bonds	0.031	0.121	0.013	0.165
Domestic Large Cap	0.000	(0.001)	(0.012)	(0.014)
Domestic Mid Cap	(0.006)	0.000	(0.004)	(0.009)
Domestic Small Cap	0.000	0.000	0.000	0.000
International Equity	(0.064)	0.021	(0.022)	(0.065)
Emerging Market Equity	(0.070)	0.023	(0.027)	(0.074)
Real Estate	0.002	(0.003)	0.001	0.000
TIPS	(0.006)	0.009	0.001	0.003
International Bonds	0.004	0.001	(0.003)	0.002
Commodities	0.000	0.000	0.000	0.000
<b>Total</b>	<b>(0.108)</b>	<b>0.170</b>	<b>(0.053)</b>	<b>0.009</b>
<b>Total Attribution</b>	<b>(0.136)</b>	<b>0.249</b>	<b>(0.004)</b>	
<b>Bench Return</b>	1.400	0.873	1.108	
<b>Account Return</b>	1.263	1.122	1.103	
<b>Difference</b>	<b>(0.136)</b>	0.249	<b>(0.004)</b>	

Portfolio Return = Allocation Effect + Selection/Interaction Effect

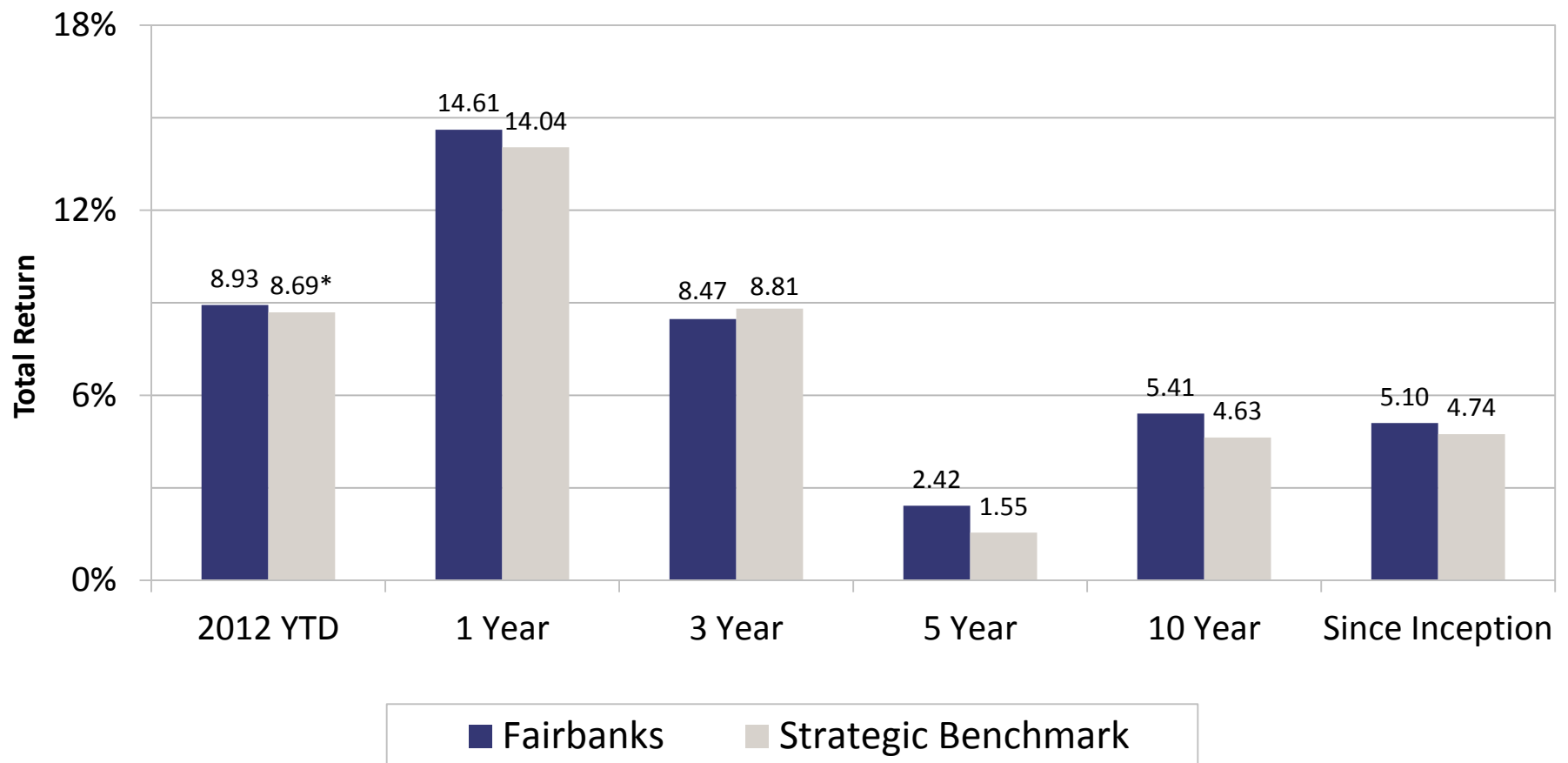
$$(\text{Weight}_{\text{Port Sector}} - \text{Weight}_{\text{Bench}}) (\text{Return}_{\text{Sector Bench}} - \text{Return}_{\text{Port Bench}}) + (\text{Weight}_{\text{Port Sector}}) (\text{Return}_{\text{Port Sector}} - \text{Return}_{\text{Sector Bench}})$$

# Portfolio Review

- Q3 portfolio return of **+3.53%** vs. blended benchmark return of **+3.41%**.
- Actively managed fixed income **Q3 return of +1.92%** vs. the **Barclays Aggregate return of +1.59%**. An overweight in credit positions and less than benchmark duration were the main drivers of outperformance.

# Portfolio Review

## Account Performance *as of September 30, 2012*



\* 50 bps hurdle 9.06%.

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 domestic large cap names over mid and small
  - Emerging markets over international developed (EAFE)
    - ◆ 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 wells 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).

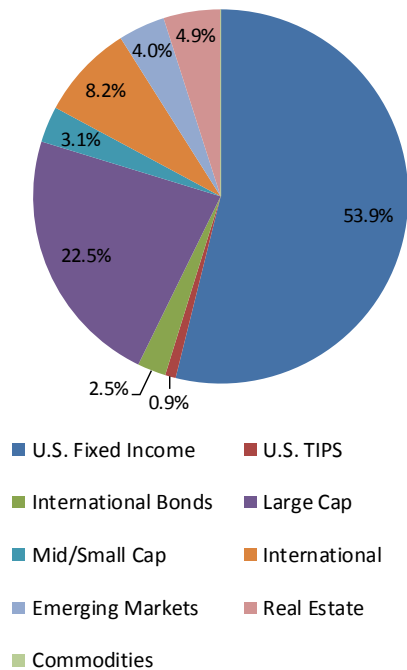
In the attached packet each of the nine limitations are addressed by either a specific report or calculation based upon an enclosed report to illustrate compliance. Should the Board approve of the format; the Compliance Report will become a regular appendix presented at each quarterly meeting.

# 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 September 30, 2012*



Asset Class	% Assets	Target	Range	Market Value	Portfolio Positioning and Recent Trades*	
<b>Fixed Income</b>	<b>57.2%</b>	<b>60%</b>	<b>50-70%</b>	<b>\$60,832,607</b>	<b>U</b>	
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U.S. TIPS	0.9%	10	0-15	\$962,569	U	
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<b>Equities</b>	<b>42.8%</b>	<b>40%</b>	<b>30-50%</b>	<b>\$45,443,953</b>	<b>O</b>	
Large Cap	22.5%	22	20-50	\$23,914,602	N	Reduced OW - 9/4/12
Mid/Small Cap	3.1%	3	0-10	\$3,316,635	N	
International	8.2%	8	0-15	\$8,704,454	N	Netrual - 8/9/12
Emerging Markets	4.0%	2	0-5	\$4,267,205	O	
Real Estate	4.9%	5	0-10	\$5,241,057	N	
<b>Commodities</b>	<b>0.0%</b>	<b>0%</b>	<b>0-10</b>	<b>\$0</b>	<b>N</b>	
<b>Total</b>				<b>\$106,276,560</b>		

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

# Compliance Report

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

# Portfolio Appraisal – as of September 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>CORPORATE BONDS</b>									
500,000	AMERICAN INTL GROUP INC SENIOR NT 4.250% Due 05-15-13	95.12	475,580	102.02	510,115	0.48	21,250	8,028	0.99
500,000	ONTARIO PROV CDA 3.500% Due 07-15-13	99.68	498,425	102.49	512,460	0.48	17,500	3,694	0.34
250,000	BP CAPITAL MARKETS PLC 5.250% Due 11-07-13	108.02	270,039	105.18	262,945	0.25	13,125	5,250	0.53
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	106.80	533,985	0.50	27,500	11,458	1.16
450,000	US BANCORP 4.200% Due 05-15-14	104.98	472,396	105.90	476,550	0.45	18,900	7,140	0.55
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	107.83	647,004	0.61	33,000	15,217	1.58
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	108.74	543,700	0.51	23,750	1,979	1.08
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	108.37	541,875	0.51	30,000	12,750	2.62
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	107.65	538,245	0.51	23,750	8,708	1.77
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	106.27	531,350	0.50	14,250	4,433	0.50
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	110.56	276,390	0.26	13,750	2,750	2.17
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	114.56	400,949	0.38	18,812	836	1.08
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	107.46	537,280	0.51	14,750	5,572	0.86
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	105.38	526,910	0.50	10,750	4,061	0.65
750,000	HJ HEINZ CO 2.000% Due 09-12-16	103.09	773,152	103.81	778,560	0.73	15,000	792	1.01
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	103.38	1,292,250	1.22	20,312	959	0.76

# Portfolio Appraisal – as of September 30, 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	112.60	562,985	0.53	28,125	13,047	2.34
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	118.58	800,401	0.75	37,969	17,508	0.93
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	104.08	1,040,780	0.98	22,500	62	1.31
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	119.28	596,410	0.56	27,500	13,750	1.10
750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522	103.51	776,340	0.73	14,767	4,143	1.20
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	108.03	540,155	0.51	15,250	3,219	1.31
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	122.56	612,825	0.58	28,500	1,346	1.02
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	119.02	892,650	0.84	46,500	23,250	2.17
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	120.06	600,310	0.56	28,125	8,594	1.59
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	120.76	603,790	0.57	28,750	4,792	1.67
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	121.72	699,919	0.66	30,762	2,564	1.20
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	117.93	1,179,300	1.11	56,250	23,437	2.20
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	123.11	615,545	0.58	28,250	10,672	1.37
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	131.78	658,910	0.62	35,750	4,568	1.84
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	124.02	744,114	0.70	45,000	5,750	3.29
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	118.78	712,674	0.67	28,200	3,603	1.59
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	117.21	703,272	0.66	25,200	8,400	1.48

# Portfolio Appraisal – as of September 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	112.57	844,297	0.79	35,625	5,937	2.84
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	118.96	921,963	0.87	39,912	3,326	2.35
500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290	107.60	538,005	0.51	15,625	6,510	2.10
750,000	DOW CHEMICAL CO* 4.250% Due 11-15-20	108.13	810,952	110.02	825,187	0.78	31,875	12,042	2.86
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	110.92	871,823	0.82	33,853	12,883	2.87
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	104.07	780,495	0.73	23,625	6,956	2.65
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	114.51	572,555	0.54	30,000	11,333	4.92
500,000	SOUTHERN CAL EDISON CORP BOND 5.950% Due 02-01-38	99.54	497,700	134.45	672,240	0.63	29,750	4,958	3.82
	Accrued Interest				306,281	0.29			
			25,123,494		27,583,796	25.95		306,281	



# 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 6/30/2012 to 9/30/2012

Portfolio Name	Trade Date	Settle Date	Quantity	Security	Unit Price	Amount	Yield On Cost	Spread Over TSY	Sector	Sec Type Code
<b>PURCHASES</b>										
FAIRBANKS PERMANENT	07-02-12	07-06-12	47,612.06	FRN - FNMA POOL 820607 2.309% Due 03-01-35	106.34	50,631.62	?	124	FNMA & FHMLC Mortgag	fmus
FAIRBANKS PERMANENT	07-02-12	07-06-12	21,930.11	FNMA ARM POOL 745552 2.426% Due 02-01-36	105.04	23,035.83	?	180	FNMA & FHMLC Mortgag	fmus
FAIRBANKS PERMANENT	07-18-12	07-23-12	750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522.50	1.42	80	Corporate Bonds	cbus
FAIRBANKS PERMANENT	07-19-12	07-24-12	500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290.00	2.06	86	Corporate Bonds	cbus
FAIRBANKS PERMANENT	07-24-12	07-27-12	1,000,000.000	GE CAPITAL CREDIT CARD MA 3.800% Due 11-15-17	107.25	1,072,500.00	?	40	Asset Backed Securit	abus
FAIRBANKS PERMANENT	08-09-12	08-14-12	28,955.0000	VANGUARD MSCI EAFE ETF	32.82	950,219.13	?		International Equity	ifus
FAIRBANKS PERMANENT	09-27-12	09-28-12	6,000,000	US TREASURY NOTES 0.125% Due 09-30-13	99.93	5,996,015.63	0.19		US Treasury Notes	tnus
FAIRBANKS PERMANENT	09-28-12	09-28-12	967.0590	VANGUARD INST'L S&P500 IN	132.54	<u>128,173.97</u>	?		Domestic Large Cap E	mfus
						9,530,388.68	<u>0.29</u>			0.29
<b>SALES</b>										
FAIRBANKS PERMANENT	07-16-12	07-16-12	1,000,000.000	GE CAPITAL CREDIT CARD MA 3.690% Due 07-15-15	100.00	1,000,000.00	?		Asset Backed Securit	abus
FAIRBANKS PERMANENT	07-18-12	07-23-12	600,000	BANK OF NY MELLON 4.300% Due 05-15-14	106.91	641,436.00	0.47	24	Corporate Bonds	cbus
FAIRBANKS PERMANENT	08-07-12	08-10-12	600,000	UNITED PARCEL SVC INC 4.500% Due 01-15-13	101.78	610,686.00	0.36	22	Corporate Bonds	cbus
FAIRBANKS PERMANENT	09-04-12	09-05-12	31,741.1160	VANGUARD INST'L S&P500 IN	129.17	4,100,000.00	?		Domestic Large Cap E	mfus
FAIRBANKS PERMANENT	09-17-12	09-20-12	500,000	BURLINGTON NORTH SANTA FE 3.450% Due 09-15-21	104.93	524,655.00	2.82	118	Corporate Bonds	cbus
FAIRBANKS PERMANENT	09-17-12	09-20-12	500,000	DOMINION RESOURCES INC. 5.000% Due 12-01-14	108.33	541,645.00	1.15	88	Corporate Bonds	cbus
FAIRBANKS PERMANENT	09-17-12	09-20-12	500,000	BARRICK GOLD FINANCE CO. 6.125% Due 09-15-13	105.30	526,500.00	0.72	52	Corporate Bonds	cbus
						<u>7,944,922.00</u>	<u>0.38</u>			0.38

# Compliance Report

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

# Portfolio Holdings (Expanded)

Portfolio: Fairbanks Combined

Currency: USD

Pricing Date: 09/28/2012

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
1,316	000000CM	CASH	CASH & EQUIVALENTS	CASH		Aaa	AAA	0.120	10/28/2012	USD	100.000	1,316	2.22	0.120	0.083	0.082	0.000
500	026874AT	AIG	AMERICAN INTL GROUP INC	FIN	Insr-Life	Baa1	A-	4.250	05/15/2013	USD	102.023	518	0.87	1.022	0.617	0.614	0.003
500	683234ZR	ONTPV	ONTARIO PROV CDA	OGVT	LocalAuth	Aa2	AA-	3.500	07/15/2013	USD	102.492	516	0.87	0.366	0.787	0.784	0.005
6,000	912828RK	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	0.125	09/30/2013	USD	99.934	6,000	10.12	0.191	1.004	1.003	0.008
500	3133XSAE	FHLB	FEDERAL HOME LOAN BANK	AGY	AGY	AGY	AA+	3.625	10/18/2013	USD	103.544	526	0.89	0.261	1.028	1.027	0.008
250	05565QBF	BP	BP CAP MKTS P L C	IND	Enrg-Intg	A2	A	5.250	11/07/2013	USD	105.178	268	0.45	0.557	1.069	1.069	0.009
500	22546QAA	CSGN	CREDIT SUISSE NEW YORK B	FIN	Bank	A1	A+	5.500	05/01/2014	USD	106.797	545	0.92	1.176	1.508	1.504	0.016
450	91159HGR	USB	U S BANCORP MTNS BK ENT	FIN	Bank	Aa3	A+	4.200	05/15/2014	USD	105.900	484	0.82	0.560	1.568	1.564	0.016
600	172967EZ	C	CITIGROUP INC	FIN	Bank	Baa2	A-	5.500	10/15/2014	USD	107.834	662	1.12	1.595	1.908	1.907	0.024
500	46625HCE	JPM	JPMORGAN CHASE & CO	FIN	Bank	A2	A	4.750	03/01/2015	USD	108.740	545	0.92	1.088	2.305	2.301	0.033
500	61747YCE	MS	MORGAN STANLEY	FIN	Bank	Baa1	A-	6.000	04/28/2015	USD	108.375	554	0.94	2.625	2.353	2.350	0.035
500	172967FD	C	CITIGROUP INC	FIN	Bank	Baa2	A-	4.750	05/19/2015	USD	107.649	547	0.92	1.773	2.459	2.455	0.038
500	063679BV	BMO	BANK OF MONTREAL 144A	FIN	Bank	Aaa	NR	2.850	06/09/2015	USD	106.325	536	0.90	0.486	2.592	2.589	0.041
250	40429CFN	HSBA	HSBC FINANCE CORP	FIN	Fin-Cnsmr	Baa1	A	5.500	01/19/2016	USD	110.556	279	0.47	2.175	3.023	3.024	0.055
350	91324PAQ	UNH	UNITEDHEALTH GROUP INC	FIN	Insr-Hlth	A3	A	5.375	03/15/2016	USD	114.557	402	0.68	1.082	3.204	3.204	0.061
500	478160AY	JNJ	JOHNSON & JOHNSON	IND	Pharmctls	Aaa	AAA	2.150	05/15/2016	USD	105.382	531	0.90	0.648	3.479	3.481	0.069
500	00206RAW	T	AT&T INC	IND	Wireline	A2	A-	2.950	05/15/2016	USD	107.456	543	0.92	0.860	3.427	3.430	0.068
750	423074AL	HNZ	HEINZ H J CO	IND	Food Proc	Baa2	BBB+	2.000	09/12/2016	USD	103.808	779	1.31	1.015	3.803	3.813	0.081
1,250	891145RB	TD	TORONTO DOMINION BK ONT	FIN	Bank	Aaa	N/A	1.625	09/14/2016	USD	103.380	1,293	2.18	0.757	3.838	3.848	0.082
500	060505CS	BAC	BANK OF AMERICA CORPOR	FIN	Bank	Baa2	A-	5.625	10/14/2016	USD	112.597	576	0.97	2.342	3.575	3.582	0.076
675	20825TAA	COP	CONOCOPHILLIPS CDA FDG	IND	Enrg-Intg	A1	A	5.625	10/15/2016	USD	118.578	818	1.38	0.936	3.617	3.624	0.077
77	31371KKG		FNMA POOL - 254195	PASS	AGY	AGY	AGY	5.500	02/01/2017	USD	108.462	83	0.14	0.352	1.675	1.415	-0.083
69	31294KHM		FHLMC GOLD POOL - E01136	PASS	AGY	AGY	AGY	5.500	03/01/2017	USD	107.525	75	0.13	0.941	1.656	1.411	-0.082
1,000	90349CAA	UBSN	UBS AG	FIN	Bank	Aaa	N/A	2.250	03/30/2017	USD	104.078	1,052	1.77	1.315	4.240	4.251	0.100
500	92343VAG	VZ	VERIZON COMMUNICATIONS	IND	Wireline	A3	A-	5.500	04/01/2017	USD	119.282	610	1.03	1.104	3.986	3.997	0.092
750	064058AA	BK	BANK NEW YORK MELLON C	FIN	Bank	Aa3	A+	1.969	06/20/2017	USD	103.512	780	1.32	1.203	4.492	4.508	0.110
500	134429AV	CPB	CAMPBELL SOUP CO	IND	Food Proc	A2	BBB+	3.050	07/15/2017	USD	108.031	543	0.92	1.317	4.459	4.474	0.110
850	912828NR	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	2.375	07/31/2017	USD	108.469	925	1.56	0.597	4.583	4.601	0.115
500	459200GJ	IBM	INTERNATIONAL BUSINESS N	IND	Electrncls	Aa3	AA-	5.700	09/14/2017	USD	122.565	614	1.04	1.023	4.426	4.443	0.111
750	30161MAE	EXC	EXELON GENERATION CO LL	UTIL	Electric	Baa1	BBB	6.200	10/01/2017	USD	119.020	916	1.54	2.172	4.286	4.302	0.107

# Portfolio Holdings (Expanded)

Portfolio: Fairbanks Combined

Currency: USD

Pricing Date: 09/28/2012

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	106.876	1,070	1.81	0.551	2.045	2.045	0.031
500	3137EABA	FRE	FEDERAL HOME LN MTG COF AGY	AGY	AGY	AA+		5.125	11/17/2017	USD	121.484	617	1.04	0.842	4.553	4.575	0.119
500	949746NX	WFC	WELLS FARGO & CO NEW	FIN	Bank	A2	A+	5.625	12/11/2017	USD	120.062	609	1.03	1.591	4.548	4.570	0.119
820	912828HN	TSY	UNITED STATES TREAS NTS	TSY	InfI Indx	TSY	TSY	1.625	01/15/2018	USD	117.008	963	1.62	0.422	4.970	2.521	0.037
820	912828HN	TSY	UNITED STATES TREAS NTS	TSY	InfI Indx	TSY	TSY	1.625	01/15/2018	USD	117.008	963	1.62	0.422	4.970	2.521	0.037
500	92976WBH	WFC	WACHOVIA CORP GLOBAL N FIN	Bank	Bank	A2	A+	5.750	02/01/2018	USD	120.758	608	1.03	1.671	4.672	4.701	0.126
575	58013MEE	MCD	MCDONALDS CORP MED TER IND	Restrnts	Restrntr	A2	A	5.350	03/01/2018	USD	121.725	702	1.18	1.201	4.807	4.834	0.132
1,000	36962G3U	GE	GENERAL ELEC CAP CORP M FIN	Fin-Divfd	Fin-Divfd	A1	AA+	5.625	05/01/2018	USD	117.930	1,202	2.03	2.199	4.796	4.826	0.135
500	377372AD	GSK	GLAXOSMITHKLINE CAP INC	IND	Pharmctls	A1	A+	5.650	05/15/2018	USD	123.109	626	1.06	1.371	4.871	4.901	0.139
1,000	912828RH	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	1.375	09/30/2018	USD	103.156	1,038	1.75	0.835	5.727	5.786	0.183
600	742718DN	PG	PROCTER & GAMBLE CO	IND	Consumer	Aa3	AA-	4.700	02/15/2019	USD	118.779	716	1.21	1.593	5.594	5.657	0.185
1,400	912828KD	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	2.750	02/15/2019	USD	111.414	1,564	2.64	0.905	5.883	5.955	0.199
500	14912L4E	CAT	CATERPILLAR FINL SVCS MT IND	IND	ConstMach	A2	A	7.150	02/15/2019	USD	131.782	663	1.12	1.846	5.322	5.376	0.172
600	38141EA2	GS	GOLDMAN SACHS GRP INC N FIN	IND	Bank	A3	A-	7.500	02/15/2019	USD	124.019	749	1.26	3.294	5.204	5.256	0.166
600	594918AC	MSFT	MICROSOFT CORP	IND	Info Tech	Aaa	AAA	4.200	06/01/2019	USD	117.212	711	1.20	1.482	5.851	5.922	0.204
248	312970E4		FHLMC GOLD POOL - B17355 PASS	AGY	AGY	AGY	AGY	5.000	12/01/2019	USD	108.458	270	0.45	1.045	2.142	1.486	-0.230
750	00724FAB	ADBE	ADOBE SYS INC	IND	Info Tech	Baa1	BBB+	4.750	02/01/2020	USD	112.573	850	1.43	2.840	6.227	6.325	0.236
368	3129702P		FHLMC GOLD POOL - B17982 PASS	AGY	AGY	AGY	AGY	4.000	03/01/2020	USD	106.897	394	0.67	0.592	2.040	1.118	-0.381
775	20030NBA	CMCSA	COMCAST CORP NEW	IND	Media-Cbl	Baa1	BBB+	5.150	03/01/2020	USD	118.963	925	1.56	2.351	6.284	6.381	0.240
209	31406MWJ		FNMA POOL - 814349	PASS	AGY	AGY	AGY	4.500	03/01/2020	USD	108.163	227	0.38	0.666	2.170	1.347	-0.297
191	31406T4H		FNMA POOL - 819924	PASS	AGY	AGY	AGY	4.500	04/01/2020	USD	108.163	207	0.35	0.762	2.224	1.435	-0.293
160	31406T4F		FNMA POOL - 819922	PASS	AGY	AGY	AGY	5.500	04/01/2020	USD	109.337	176	0.30	1.441	2.333	1.653	-0.236
500	713448BR	PEP	PEPSICO INC	IND	Beverage	Aa3	A-	3.125	11/01/2020	USD	107.601	544	0.92	2.099	7.092	7.244	0.301
750	260543CC	DOW	DOW CHEM CO	IND	Chemicals	Baa3	BBB	4.250	11/15/2020	USD	110.025	837	1.41	2.822	6.831	6.902	0.248
786	141781AY	CARGIL	CARGILL INC	IND	Food Proc	A2	A	4.307	05/14/2021	USD	110.919	884	1.49	2.869	7.171	7.330	0.316
750	370334BM	GIS	GENERAL MLS INC	IND	Food Proc	Baa1	BBB+	3.150	12/15/2021	USD	104.066	787	1.33	2.638	7.923	8.117	0.363
237	31410F5H		FNMA POOL - 888348	PASS	AGY	AGY	AGY	5.000	05/01/2022	USD	108.759	259	0.44	1.067	2.276	1.126	-0.388
439	31418PSV		FNMA POOL - AD2331	PASS	AGY	AGY	AGY	4.000	03/01/2025	USD	106.991	471	0.80	0.880	2.305	0.914	-0.658
266	31418U2F		FNMA POOL - AD7073	PASS	AGY	AGY	AGY	4.000	06/01/2025	USD	106.991	286	0.48	1.024	2.413	1.171	-0.632
40	36202CZ4		GNMA2 POOL - 002563	PASS	AGY	AGY	AGY	6.500	03/20/2028	USD	116.270	46	0.08	1.367	3.166	1.232	-0.560

# Portfolio Holdings (Expanded)

Portfolio: Fairbanks Combined

Currency: USD

Pricing Date: 09/28/2012

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	912810FG	TSY	UNITED STATES TREAS BDS	TSY	TSY	TSY	TSY	5.250	02/15/2029	USD	140.250	1,409	2.38	2.289	11.892	12.451	0.947
49	36201MFQ		GNMA POOL - 587075	PASS	AGY	AGY	AGY	6.500	05/15/2032	USD	119.339	59	0.10	0.850	3.411	0.672	-0.693
500	3134A4KX	FRE	FEDERAL HOME LN MTG COR	AGY	AGY	AGY	AA+	6.250	07/15/2032	USD	150.933	761	1.28	2.862	12.923	13.530	1.184
44	31292HRY		FHLMC GOLD POOL - C01403	PASS	AGY	AGY	AGY	6.000	09/01/2032	USD	112.056	50	0.08	2.462	3.398	1.983	-0.689
119	31296RKB		FHLMC GOLD POOL - A16590	PASS	AGY	AGY	AGY	6.000	12/01/2033	USD	112.056	134	0.23	2.514	3.449	2.146	-0.661
500	079860AK	T	BELLSOUTH CORP	IND	Wireline	NA	A-	6.000	11/15/2034	USD	137.724	700	1.18	3.529	13.537	14.156	1.345
142	31406UU8		FNMA POOL - 820607	PASS	ARM	ARM	AGY	2.309	03/01/2035	USD	106.869	152	0.26	0.662	4.521	0.080	-0.095
383	31407BXT		FNMA POOL - 826090	PASS	ARM	ARM	AGY	2.295	07/01/2035	USD	106.794	410	0.69	0.629	4.031	0.012	-0.168
262	31297SNU		FHLMC GOLD POOL - A36700	PASS	AGY	AGY	AGY	4.500	08/01/2035	USD	107.728	283	0.48	1.568	2.667	0.907	-1.039
254	31407RKE		FNMA POOL - 838293	PASS	ARM	ARM	AGY	2.677	08/01/2035	USD	106.826	271	0.46	0.618	3.595	0.049	-0.080
99	31403DH5		FNMA POOL - 745552	PASS	ARM	ARM	AGY	2.426	02/01/2036	USD	105.492	105	0.18	0.973	3.846	0.137	-0.020
449	36290TSC		GNMA POOL - 617115	PASS	AGY	AGY	AGY	5.500	06/15/2036	USD	111.360	502	0.85	1.322	2.745	0.558	-0.812
103	3128JRS5		FHLMC POOL - 847740	PASS	ARM	ARM	AGY	5.478	04/01/2037	USD	108.286	112	0.19	0.819	2.651	0.714	0.172
442	225458RR		CSFB 2005-C2- A3	CMBS	CMBS	Aaa	AAA	4.691	04/15/2037	USD	103.953	461	0.78	2.676	1.977	1.977	0.029
277	3128QSLD		FHLMC POOL - 1G2124	PASS	ARM	ARM	AGY	6.008	08/01/2037	USD	108.927	303	0.51	2.070	2.550	1.777	0.162
190	31413EE3		FNMA POOL - 943054	PASS	ARM	ARM	AGY	2.769	08/01/2037	USD	107.820	206	0.35	0.526	3.737	-0.071	-0.117
773	31414KYJ		FNMA POOL - 968813	PASS	AGY	AGY	AGY	6.000	01/01/2038	USD	111.181	863	1.46	2.122	2.946	1.598	-0.569
500	842400FH	EIX	SOUTHERN CALIF EDISON CC UTIL		Electric	A1	A	5.950	02/01/2038	USD	134.448	677	1.14	3.817	14.658	15.311	1.609
382	3128MJJJ		FHLMC GOLD POOL - G08260	PASS	AGY	AGY	AGY	6.000	04/01/2038	USD	109.931	421	0.71	2.814	3.126	2.039	-0.676
490	3128LBUV		FHLMC GOLD POOL - A77790	PASS	AGY	AGY	AGY	5.500	05/01/2038	USD	108.978	536	0.90	2.644	3.157	2.140	-0.809
370	50180CAB		LB UBS CMBS 2006-C7- A2	CMBS	CMBS	NA	AAA	5.300	11/15/2038	USD	102.657	381	0.64	-1.212	0.414	0.414	0.002
499	3128M7E2		FHLMC GOLD POOL - G05250	PASS	AGY	AGY	AGY	5.000	02/01/2039	USD	108.424	543	0.92	1.604	2.513	0.729	-0.842
1,375	912810QA	TSY	UNITED STATES TREAS BDS	TSY	TSY	TSY	TSY	3.500	02/15/2039	USD	114.797	1,584	2.67	2.711	17.789	18.937	2.254
563	31416PVF		FNMA POOL - AA6013	PASS	AGY	AGY	AGY	4.500	05/01/2039	USD	108.271	611	1.03	1.807	3.145	1.848	-1.073
500	07383F7W		BEAR STEARNS 05-PWR8- A	CMBS	CMBS	Aaa	NA	4.674	06/11/2041	USD	109.145	547	0.92	0.847	2.313	2.313	0.034
500	07388LAC		BEAR STEARNS 06-PWR13- A	CMBS	CMBS	NA	AAA	5.518	09/11/2041	USD	105.495	530	0.89	-0.963	0.852	0.852	0.006
1,000	12513EAG		CD MTG 2005-CD1 A4	CMBS	CMBS	Aaa	AAA	5.393	07/15/2044	USD	112.064	1,125	1.90	0.848	2.649	2.659	0.044
178	20047EBG		COMM CMBS 2006-C08- A2B	CMBS	CMBS	Aaa	NA	5.248	12/10/2046	USD	100.561	180	0.30	3.184	0.326	0.326	0.001
500	46630VAD		JP MORGN 2007-CIBC19- A4	CMBS	CMBS	Aa2	A-	5.918	02/12/2049	USD	117.445	589	0.99	1.469	3.828	3.844	0.091
363	05952CAB		BA MTG CMBS 2007-05- A2	CMBS	CMBS	NA	AAA	5.434	02/10/2051	USD	102.193	372	0.63	-6.874	0.192	0.192	0.001
500	46632HAD		JPMRGN CMBS 2007-LDP12 A	CMBS	CMBS	Aaa	A-	5.882	02/15/2051	USD	117.657	590	1.00	1.476	3.752	3.752	0.090
<b>53,077</b>						<b>Aa2</b>	<b>AA-</b>	<b>3.746</b>	<b>5.403</b>		<b>110.885</b>	<b>59,267</b>	<b>100.00</b>	<b>1.302</b>	<b>4.422</b>	<b>4.205</b>	<b>0.134</b>

# 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: 09/28/2012  
Benchmark: BC AGGREGATE INDEX (SLAG)  
Benchmark Pricing Date: 09/28/2012

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
<b>Total:</b>	<b>59,267</b>	<b>100.00</b>	<b>4.205</b>	<b>4.205</b>	<b>100.000</b>		<b>100.00</b>	<b>4.713</b>	<b>4.713</b>	<b>100.000</b>
CASH	1,316	2.22	0.082	0.002	0.043					
TSY										
AGY										
Aaa	33,783	57.00	3.802	2.167	51.542		74.80	3.870	2.900	61.441
Aa	3,110	5.25	3.684	0.193	4.597		3.40	6.760	0.230	4.873
A	15,447	26.06	5.084	1.325	31.510		11.10	7.100	0.790	16.737
Baa	5,612	9.47	5.466	0.518	12.308		10.70	7.450	0.800	16.949

**Portfolio Duration as a % of Benchmark 89%**

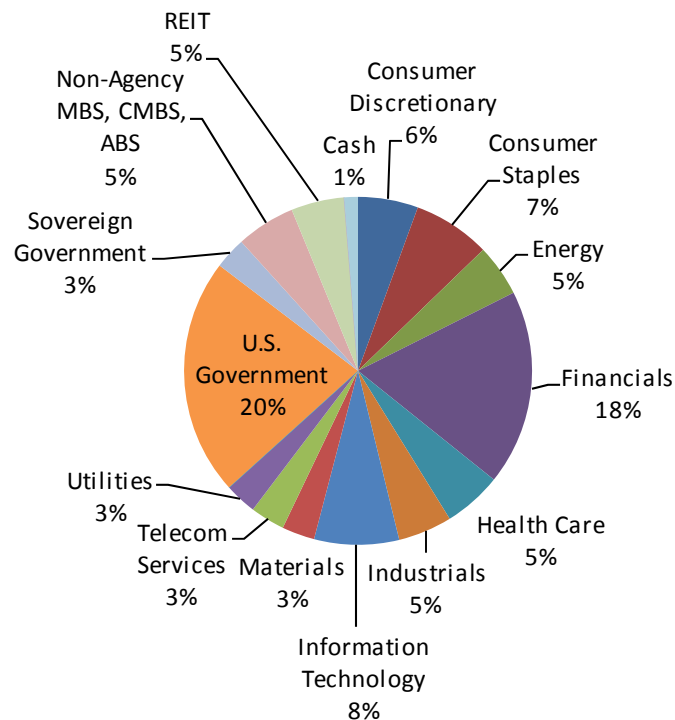
**Duration** gauges price sensitivity of fixed income securities and represents the expected percentage change in market value when interest rates change by 1%.

# 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 September 30, 2012*



Sector	Market Value	% of Portfolio
Consumer Discretionary	5,936,335	6%
Consumer Staples	7,623,359	7%
Energy	5,141,905	5%
Financials	19,300,155	18%
Health Care	5,761,642	5%
Industrials	5,333,756	5%
Information Technology	8,370,475	8%
Materials	3,229,487	3%
Telecommunication Services	3,408,613	3%
Utilities	3,164,811	3%
<hr/>		
U.S. Government - Treasury/Agency/Agency MBS	23,435,817	22%
Sovereign Government	3,132,806	3%
Non-Agency MBS, CMBS, ABS	5,834,082	5%
REIT	5,241,057	5%
Commodities	-	0%
Cash	1,362,261	1%
<hr/>		
<b>Total Portfolio</b>	<b>\$ 106,276,560</b>	<b>100%</b>

Includes Individual Bond and ETF Holdings

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

ALASKA  
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CAPITAL MANAGEMENT COMPANY

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A LONG-TERM PARTNER WITH ITS CLIENTS

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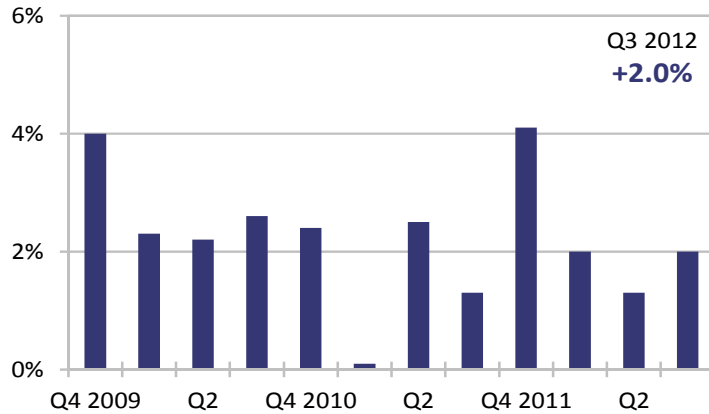
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# Appendix

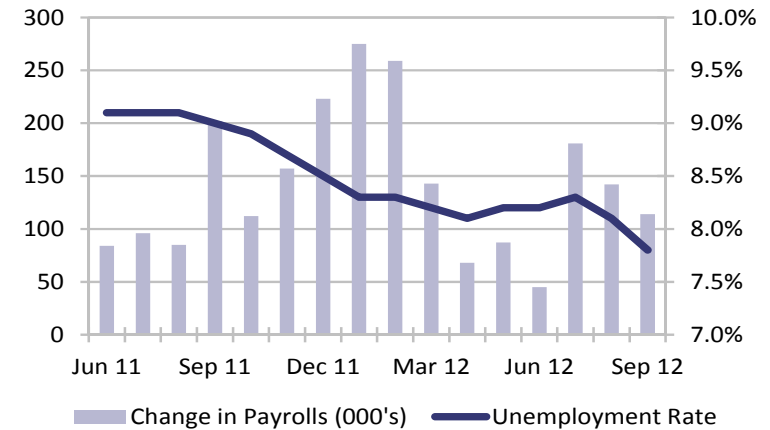
# Economy & Financial Markets

**Gross Domestic Product**



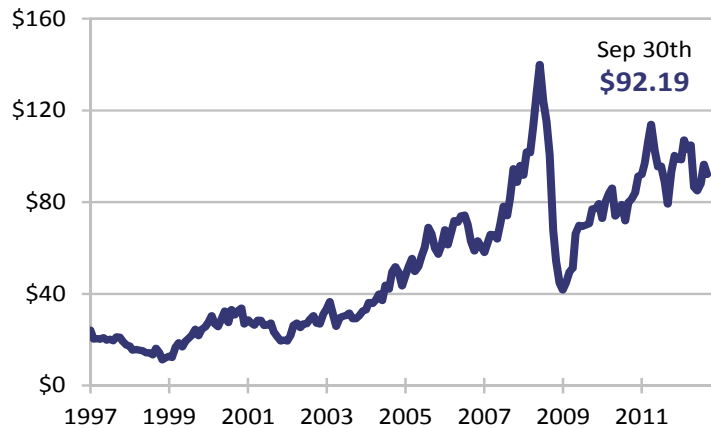
Bureau of Economic Analysis

**Job Growth and Unemployment Rate**



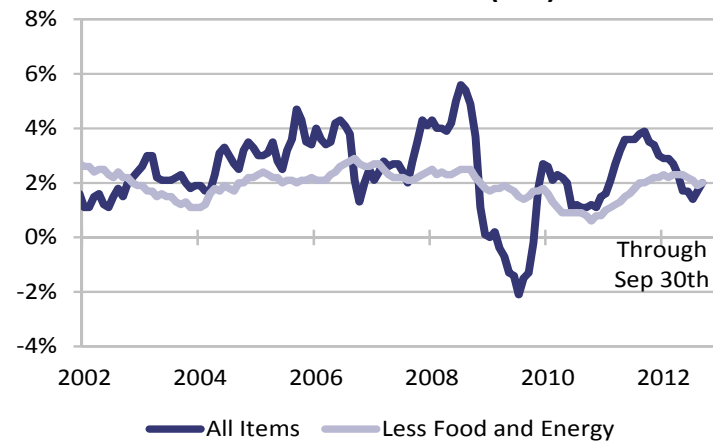
Bureau of Labor Statistics

**Oil Price - West Texas Intermediate**



Bloomberg

**Consumer Price Index (YoY)**



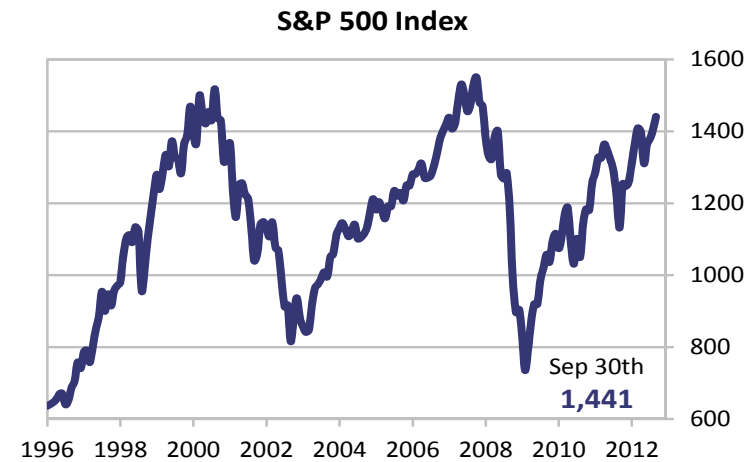
Bureau of Labor Statistics



# Economy & Financial Markets

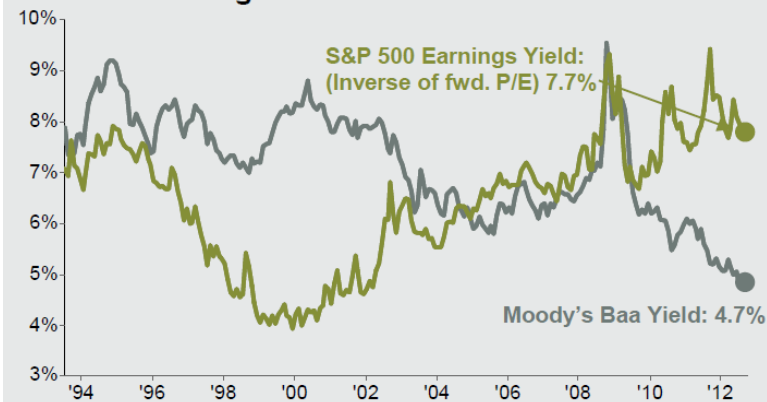
Total Return (%) as of September 30, 2012				
	Q3 2012	1 Year	3 Years	5 Years
<b>Domestic Equities</b>				
Large Cap S&P 500	6.4	30.2	13.2	1.1
Mid Cap S&P 400	5.4	28.5	14.3	3.8
Small Cap S&P 600	5.4	33.4	15.1	3.3
<b>International Equities</b>				
Developed MSCI EAFE	6.9	13.8	2.1	-5.2
Emerging MSCI Emerging Markets	7.7	16.9	5.6	-1.3
<b>Other</b>				
Commercial Property S&P U.S. REIT	0.1	32.6	20.5	2.0
Commodities DJ-UBS Commodity	9.7	6.0	5.3	-3.0
<b>Fixed Income</b>				
Total Bond Market Barclays Aggregate	1.6	5.2	6.2	6.5
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.3	0.7	1.5	2.9
Int'l Treasury Barclays Global Tsy ex-US	4.6	5.8	3.8	6.6

Returns are annualized for periods greater than one year



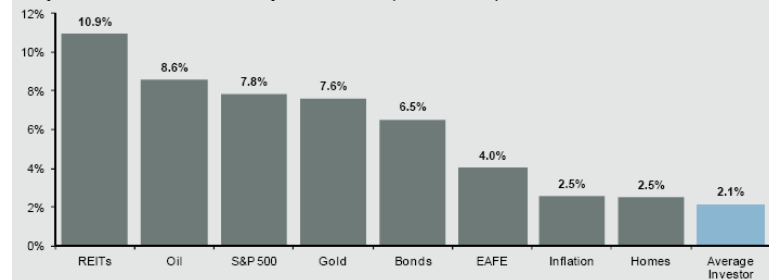
Bloomberg

## S&P 500 Earnings Yield vs. Baa Bond Yield



Sources: Standard & Poor's, Moody's, J.P. Morgan Asset Management  
Data as of 9/30/2012.

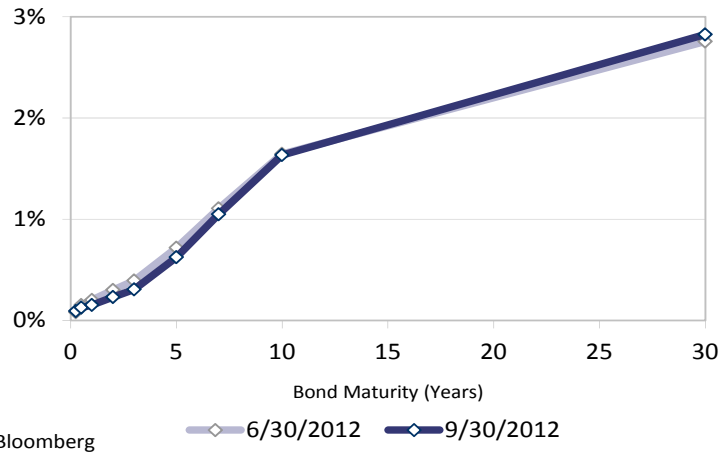
## 20-year Annualized Returns by Asset Class (1992 – 2011)



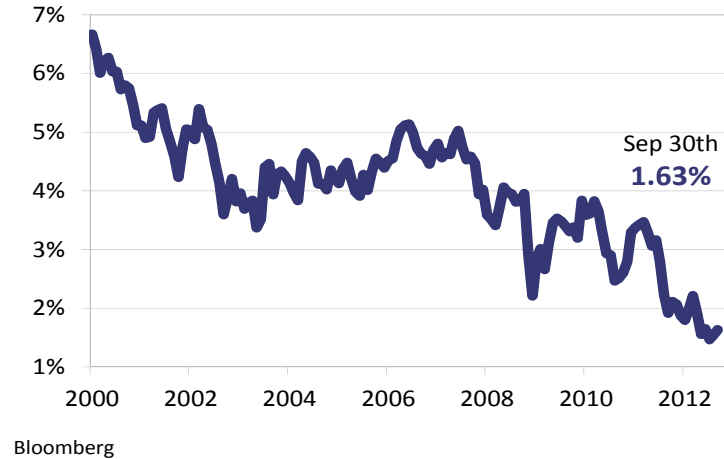
Source: J.P. Morgan Asset Management  
Average asset allocation investor return is based on an analysis by Dalbar Inc.  
All returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/11 to match Dalbar's most recent analysis.

# Economy & Financial Markets

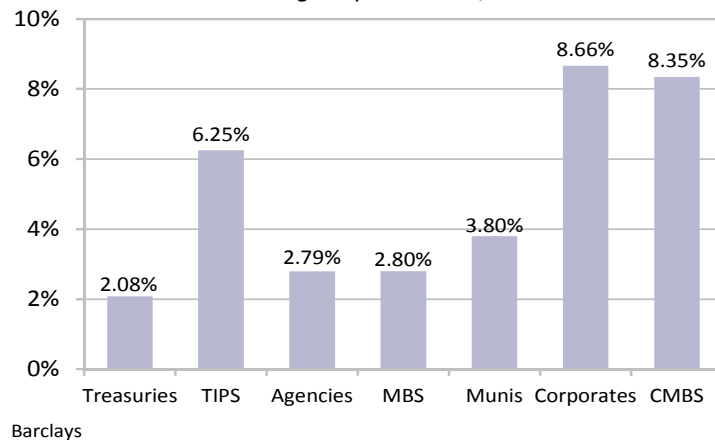
**U.S. Treasury Yield Curve Comparison**



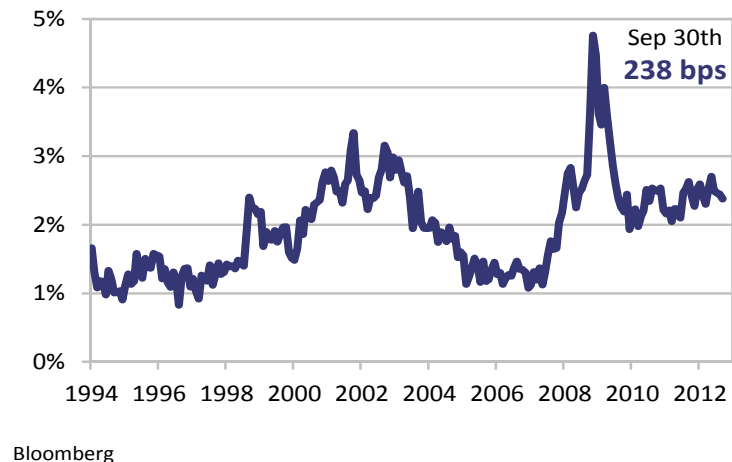
**10 Year Treasury Note Yield**



**2012 YTD Bond Total Return**  
Through September 30, 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 and financial balance sheets. Housing may be bottoming and car sales have been decent. The unemployment rate fell to 7.8% in September, but only 114,000 new jobs were created. Second quarter GDP came in at +1.3%. The U.S. has never been so sluggish this long into a recovery. The consensus outlook calls for growth around +2% and a moderation of inflation in 2012.

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. experienced the worst drought in 56 years. In July, Van Eck noted that this has “lifted corn and soybean prices to record highs, and wheat to a four-year high. Natural gas also benefited from the scorching weather’s demand on the nation’s electric grid. Crude oil output in the U.S. is surging while demand is slowing. Production is at its highest in 15 years. While saber rattling in the Middle East may keep oil prices up, supply and demand suggest lower prices. Gold is trading around \$1,800 an ounce as central banks throughout the world keep rates low and expand their balance sheets.

Still, inflation is expected to be modest this year with only a small pass through as food represents about 15% of the U.S. CPI index. It is closer to 40% of consumer budgets in developing countries. High unemployment and the resulting modest wage gains are not inflationary. The CPI inflation rate through August was up +1.7% YoY and +1.9% ex food and energy. ISI Strategies believes global inflation will approach +2% this year although rising food and energy prices are a risk.

## Policy Actions

The Federal Reserve is worried about slow economic growth and is maintaining a ZIRP (zero interest rate policy), committing to a federal funds rate close to zero until late 2015. They initiated “Operation Twist” last year and are reinvesting principal payments on current holdings back into the mortgage market. Recently, the Fed announced another bond buying program with no definite end date dubbed “QE3.”

The “fiscal cliff” continues to loom at the end of this year as expiration of the Bush tax cuts, last year’s “temporary” payroll tax cuts, and more unemployment benefits are set to combine with automatic spending cuts from last year’s failed congressional “super committee.” All of this would amount to roughly a 3 or 4% drag on GDP (i.e. a recession). Expect a lot of political yammering on these subjects, but little material action until after the presidential election on November 6.

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.

## 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 month of September at 1.70%. 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 rallied in September as investors shrugged off fiscal cliff and European worries. The S&P 500 was up +2.6% and is up +16.4% YTD. Mid and small cap stocks lagged at +1.9% and +2.3%, respectively.

In overseas markets, the EAFE developed country index gained +3.0% in September and is up +10.1% YTD. 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).

The emerging markets gained +6.0% in September, and are up +12.0% YTD. Equities here trade at a 9.7x P/E ratio and are the cheapest relative to developed markets since February 2009. 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 several headwinds. It is likely to be a bit bumpy from here given softer economic growth and election year uncertainties. We lightened up on equities at month end (selling approximately 3%) feeling that economic and political uncertainties were not priced into the market.

October 2012



# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

### September 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>U.S. TREASURY</b>									
6,000,000	US TREASURY NOTES 0.125% Due 09-30-13	99.93	5,996,016	99.93	5,996,040	5.64	7,500	21	0.19
850,000	US TREASURY NOTES 2.375% Due 07-31-17	106.34	903,922	108.47	921,986	0.87	20,187	3,401	0.60
1,000,000	US TREASURY NOTES 1.375% Due 09-30-18	99.39	993,945	103.16	1,031,560	0.97	13,750	38	0.83
1,400,000	US TREASURY NOTES 2.750% Due 02-15-19	104.27	1,459,846	111.41	1,559,796	1.47	38,500	4,917	0.90
1,000,000	U S TREASURY NOTES 5.250% Due 02-15-29	110.42	1,104,150	140.25	1,402,500	1.32	52,500	6,705	2.29
1,375,000	US Treasury Note 3.500% Due 02-15-39	86.77	1,193,038	114.80	1,578,459	1.49	48,125	6,146	2.71
	Accrued Interest				21,228	0.02			
			11,650,917		12,511,570	11.77		21,228	
<b>U.S. TREASURY INFLATION</b>									
820,237	US TREASURY INFLATION PROTECTED SECURITIES 1.625% Due 01-15-18	100.28	822,572	117.01	959,743	0.90	13,329	2,825	NA
	Accrued Interest				2,825	0.00			
			822,572		962,569	0.91		2,825	
<b>AGENCIES</b>									
500,000	FHLB 3.625% Due 10-18-13	104.20	520,981	103.54	517,720	0.49	18,125	8,207	0.24
500,000	FHLMC 5.125% Due 11-17-17	111.91	559,567	121.48	607,420	0.57	25,625	9,538	0.84
500,000	FEDERAL HOME LOAN MORTGAGE CORP 6.250% Due 07-15-32	120.42	602,104	150.93	754,665	0.71	31,250	6,597	2.86
	Accrued Interest				24,342	0.02			
			1,682,652		1,904,147	1.79		24,342	
<b>FNMA &amp; FHLMC</b>									
76,598	FNMA POOL # 254195 5.500% Due 02-01-17	99.33	76,083	108.46	83,080	0.08	4,213	351	0.00
69,036	FGLMC POOL E01136 5.500% Due 03-01-17	99.55	68,724	107.52	74,231	0.07	3,797	316	0.60
247,782	FGLMC POOL B17355 5.000% Due 12-01-19	101.34	251,102	108.46	268,740	0.25	12,389	1,032	0.94

# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

### September 30, 2012



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
367,977	FGLMC POOL B17982 4.000% Due 03-01-20	97.59	359,123	106.90	393,356	0.37	14,719	1,227	0.90
209,288	FNMA POOL 814349 4.500% Due 03-01-20	98.62	206,402	108.16	226,372	0.21	9,418	785	0.95
160,278	FNMA POOL 819922 5.500% Due 04-01-20	102.41	164,147	109.34	175,243	0.16	8,815	735	1.43
190,617	FNMA POOL 819924 4.500% Due 04-01-20	99.55	189,768	108.16	206,177	0.19	8,578	715	0.95
237,147	FNCI 5.00% POOL 888348 5.000% Due 05-01-22	103.55	245,558	108.76	257,919	0.24	11,857	988	1.46
439,182	FNMA 4.00% POOL AD2331 4.000% Due 03-01-25	102.73	451,191	106.99	469,885	0.44	17,567	1,464	1.38
266,560	FNCI 4% POOL AD7073 4.000% Due 06-01-25	103.15	274,953	106.99	285,196	0.27	10,662	889	1.38
39,570	GNMA POOL 2563 6.500% Due 03-20-28	100.44	39,743	116.27	46,008	0.04	2,572	214	1.31
44,181	FGLMC POOL C01403 6.000% Due 09-01-32	101.81	44,982	112.06	49,507	0.05	2,651	221	1.91
118,806	FGLMC POOL A16590 6.000% Due 12-01-33	103.27	122,686	112.06	133,129	0.13	7,128	594	1.94
142,018	FRN - FNMA POOL 820607 2.309% Due 03-01-35	102.47	145,522	106.87	151,773	0.14	3,279	273	0.65
382,953	FNMA POOL 826090 4.737% Due 07-01-35	99.47	380,919	106.79	408,971	0.38	18,140	1,512	0.50
261,523	FHLMC # A36703 4.500% Due 08-01-35	95.69	250,245	107.73	281,734	0.27	11,769	981	1.70
253,509	FRN - FNMA POOL # 838293 2.677% Due 08-01-35	99.67	252,667	106.83	270,813	0.25	6,786	566	1.00
99,474	FNMA ARM POOL 745552 2.426% Due 02-01-36	100.53	99,997	105.49	104,937	0.10	2,413	201	1.15
103,059	FRN - FHLMC # 847740 5.478% Due 04-01-37	98.88	101,907	108.29	111,598	0.11	5,646	470	1.69
276,852	FRN - FHLMC # 1G2124 6.008% Due 08-01-37	99.81	276,333	108.93	301,567	0.28	16,633	1,386	2.66
190,349	FRN - FNMA POOL 943054 2.769% Due 08-01-37	100.94	192,133	107.82	205,234	0.19	5,271	439	0.92
773,211	FNCL 6.00% POOL 968813 6.000% Due 01-01-38	109.64	847,753	111.18	859,664	0.81	46,393	3,866	2.30
381,608	FHLMC # G08264 6.000% Due 04-01-38	100.76	384,500	109.93	419,506	0.39	22,896	1,908	2.68



# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

### September 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
489,584	FGLMC 5.5% POOL A77796 5.500% Due 05-01-38	108.01	528,789	108.98	533,539	0.50	26,927	2,244	2.57
499,405	FHLMC 5% POOL G05253 5.000% Due 02-01-39	107.02	534,480	108.42	541,475	0.51	24,970	2,081	1.91
562,612	FNCL 4.5 POOL AA6013 4.500% Due 05-01-39 Accrued Interest	103.59	582,808	108.27	609,145	0.57	25,318	2,110	1.56
					27,567	0.03			
			7,072,516		7,496,366	7.05		27,567	
<b>GNMA</b>									
49,143	GOV'T NAT'L MTG ASSN POOL# 587075 6.500% Due 05-15-32	101.25	49,757	119.34	58,646	0.06	3,194	266	2.11
449,169	GOV'T NAT'L MTGE ASSN POOL # 617115 5.500% Due 06-15-36 Accrued Interest	97.77	439,133	111.36	500,194	0.47	24,704	2,059	2.38
					2,325	0.00			
			488,889		561,165	0.53		2,325	
<b>ASSET-BACKED SECURITIES</b>									
1,000,000	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17 Accrued Interest	107.25	1,072,500	106.88	1,068,763	1.01	38,000	1,689	0.55
					1,689	0.00			
			1,072,500		1,070,452	1.01		1,689	
<b>COMMERCIAL MORTGAGE-BACKED SECURITIES</b>									
442,175	CREDIT SUISSE FIRST BOSTON MTG 4.691% Due 04-01-37	100.48	444,299	103.95	459,654	0.43	20,742	1,729	2.70
369,863	LB-UBS COML MTG TR 2006-C7 5.300% Due 11-11-38	100.35	371,163	102.66	379,688	0.36	19,603	1,089	0.35
500,000	BEAR STEARNS COML MTG SECS INC 4.674% Due 06-11-41	100.54	502,723	109.14	545,723	0.51	23,370	1,947	0.90
500,000	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41	100.55	502,726	104.41	522,058	0.49	27,590	2,299	2.07
1,000,000	FRN - CD 2005-C1 COMMERCIAL MTG TR 5.393% Due 07-15-44	100.09	1,000,856	112.06	1,120,644	1.05	53,932	4,494	0.88
177,508	COMM 2006-C8 MTG TR 5.248% Due 12-10-46	100.50	178,394	100.56	178,503	0.17	9,316	776	3.51
500,000	FRN - J P MORGAN CHASE COML MTG SECS 5.918% Due 02-12-49	100.21	501,049	117.44	587,224	0.55	29,590	2,466	1.77

# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

### September 30, 2012



Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
363,159	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	100.55	365,143	99.94	362,953	0.34	19,734	1,645	4.65
500,000	J P MORGAN CHASE COML MTG SECS 5.882% Due 02-15-51 Accrued Interest	100.50	502,481	117.66	588,285	0.55	29,410	2,451	1.84
					18,896	0.02			
			4,368,834		4,763,630	4.48		18,896	
<b>CORPORATE BONDS</b>									
500,000	AMERICAN INTL GROUP INC SENIOR NT 4.250% Due 05-15-13	95.12	475,580	102.02	510,115	0.48	21,250	8,028	0.99
500,000	ONTARIO PROV CDA 3.500% Due 07-15-13	99.68	498,425	102.49	512,460	0.48	17,500	3,694	0.34
250,000	BP CAPITAL MARKETS PLC 5.250% Due 11-07-13	108.02	270,039	105.18	262,945	0.25	13,125	5,250	0.53
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	106.80	533,985	0.50	27,500	11,458	1.16
450,000	US BANCORP 4.200% Due 05-15-14	104.98	472,396	105.90	476,550	0.45	18,900	7,140	0.55
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	107.83	647,004	0.61	33,000	15,217	1.58
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	108.74	543,700	0.51	23,750	1,979	1.08
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	108.37	541,875	0.51	30,000	12,750	2.62
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	107.65	538,245	0.51	23,750	8,708	1.77
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	106.27	531,350	0.50	14,250	4,433	0.50
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	110.56	276,390	0.26	13,750	2,750	2.17
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	114.56	400,949	0.38	18,812	836	1.08
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	107.46	537,280	0.51	14,750	5,572	0.86
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	105.38	526,910	0.50	10,750	4,061	0.65
750,000	HJ HEINZ CO 2.000% Due 09-12-16	103.09	773,152	103.81	778,560	0.73	15,000	792	1.01
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	103.38	1,292,250	1.22	20,312	959	0.76





# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

### September 30, 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	112.60	562,985	0.53	28,125	13,047	2.34
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	118.58	800,401	0.75	37,969	17,508	0.93
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	104.08	1,040,780	0.98	22,500	62	1.31
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	119.28	596,410	0.56	27,500	13,750	1.10
750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522	103.51	776,340	0.73	14,767	4,143	1.20
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	108.03	540,155	0.51	15,250	3,219	1.31
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	122.56	612,825	0.58	28,500	1,346	1.02
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	119.02	892,650	0.84	46,500	23,250	2.17
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	120.06	600,310	0.56	28,125	8,594	1.59
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	120.76	603,790	0.57	28,750	4,792	1.67
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	121.72	699,919	0.66	30,762	2,564	1.20
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	117.93	1,179,300	1.11	56,250	23,437	2.20
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	123.11	615,545	0.58	28,250	10,672	1.37
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	131.78	658,910	0.62	35,750	4,568	1.84
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	124.02	744,114	0.70	45,000	5,750	3.29
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	118.78	712,674	0.67	28,200	3,603	1.59
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	117.21	703,272	0.66	25,200	8,400	1.48
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	112.57	844,297	0.79	35,625	5,937	2.84
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	118.96	921,963	0.87	39,912	3,326	2.35
500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290	107.60	538,005	0.51	15,625	6,510	2.10



# Portfolio Appraisal

## FAIRBANKS PERMANENT FUND

### September 30, 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	110.02	825,187	0.78	31,875	12,042	2.86
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	110.92	871,823	0.82	33,853	12,883	2.87
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	104.07	780,495	0.73	23,625	6,956	2.65
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	114.51	572,555	0.54	30,000	11,333	4.92
500,000	SOUTHERN CAL EDISON CORP BOND 5.950% Due 02-01-38	99.54	497,700	134.45	672,240	0.63	29,750	4,958	3.82
	Accrued Interest				306,281	0.29			
			25,123,494		27,583,796	25.95		306,281	
<b>INTERNATIONAL FIXED INCOME FUNDS/ETF</b>									
42,485	SPDR BARCLAYS CAPITAL INTL D	56.06	2,381,843	61.59	2,616,651	2.46	NA		
<b>DOMESTIC LARGE CAP EQUITY FUNDS/ETF</b>									
181,240	VANGUARD INST'L S&P500 INDEX FUND	96.21	17,436,635	131.95	23,914,602	22.50	NA		
<b>DOMESTIC MID CAP EQUITY FUNDS/ETF</b>									
33,610	ISHARES S&P MIDCAP 400	67.06	2,253,839	98.68	3,316,635	3.12	NA		
<b>INTERNATIONAL FUNDS/ETF</b>									
264,734	VANGUARD MSCI EAFE ETF	33.85	8,961,427	32.88	8,704,454	8.19	NA		
<b>EMERGING MARKET FUNDS/ETF</b>									
102,282	VANGUARD EMERGING MARKET ETF	43.08	4,406,057	41.72	4,267,205	4.02	NA		
<b>REAL ESTATE</b>									
80,670	VANGUARD REIT ETF	49.55	3,996,989	64.97	5,241,057	4.93	NA		
<b>CASH AND EQUIVALENTS</b>									
	ALASKA MUNICIPAL LEAGUE INVESTMENT POOL		1,316,070		1,316,070	1.24			
	CASH RECEIVABLE		35,589		35,589	0.03	NA		
	DIVIDEND ACCRUAL		10,602		10,602	0.01			
			1,362,261		1,362,261	1.28			
<b>TOTAL PORTFOLIO</b>			<b>93,081,425</b>		<b>106,276,560</b>	<b>100</b>	<b>1,982,950</b>	<b>405,153</b>	



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

Time Period	Percent Return Per Period																
	Total Account	Blend	Fairbanks 50 bp hurdle	Fixed Income	BARC AGG BENCH	Domestic Large Cap Equity	S&P 500 LARGE CAPS BENCH	Domestic Mid Cap Equity	S&P 400 MIDCAP BENCH	Int'l Equity	EAFE BENCH	Real Estate	S&P US REIT BENCH (former spreit)	Emerging Market Equity	MSCI EMERGING MARKET BENCH	Alternative Investments	S & P 600 SMALL CAPS BENCH
09-30-11 to 10-31-11	5.39	4.93	0.04	0.31	0.11	10.93	10.93	13.36	13.75	9.76	9.64	14.29	14.47	15.91	13.25	7.19	15.00
10-31-11 to 11-30-11	-0.65	-0.86	0.04	-0.24	-0.09	-0.22	-0.22	-0.24	-0.30	-2.09	-4.85	-3.80	-3.77	-1.71	-6.66	-1.99	0.63
11-30-11 to 12-31-11	0.49	0.87	0.05	0.98	1.10	1.02	1.02	-0.53	-0.37	-2.18	-0.95	4.85	4.68	-4.19	-1.21	-3.67	1.25
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	6.58
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	2.12
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	2.90
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	-1.26
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	-6.27
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	4.18
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	-0.77
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	3.79
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	2.33
<b>Date to Date</b>																	
09-30-11 to 09-30-12	14.61	14.04	0.50	5.91	5.16	30.13	30.20	27.84	28.54	14.91	13.75	31.97	32.64	20.29	16.93	-5.57	33.35

**Fairbanks North Star Borough / City of Fairbanks  
CHENA RIVERFRONT COMMISSION  
MINUTES  
November 14, 2012**

The Fairbanks North Star Borough/City of Fairbanks Chena Riverfront Commission (CRFC) met on Wednesday, November 14, 2012 with Chair Plager presiding. The following Commission members were in attendance: Anna Plager, Kelley Hegarty-Lammers (via phone), Annette Freiburger, Bob Henszey, Karen Lavery, Wayne Jeffries, Lee Wood and Buki Wright.

Also present were: Bernardo Hernandez, FNSB Community Planning; Jewelz Nutter, TVWA; Barry Hooper, DOT; Brandy Schade, FNSB Community Planning; Jackson Fox, City of Fairbanks; Mayor Jerry Cleworth, City of Fairbanks; and Laura McLean, FNSB Recording Clerk.

**1. CALL TO ORDER**

**Plager** called the meeting to order at 12:00 p.m.

**2. APPROVAL OF AGENDA OF NOVEMBER 14, 2012**

***Henszey** moved to adopt the agenda, seconded by **Wright**. There were no objections. The motion carried unanimously.*

**3. APPROVAL OF MINUTES OF OCTOBER 10, 2012**

***Lavery** moved to adopt the minutes, seconded by **Henszey**. There were no objections. The motion carried unanimously.*

**4. COMMUNICATIONS TO THE COMMISSION**

**Plager** communicated to the Commission that she had received a letter from Mayor Cleworth of the City of Fairbanks officially appointing Julie Engfer, Festival Fairbanks, effective September 13, 2012 and confirmed by the City Council.

**5. PUBLIC COMMENTS**

Mayor Cleworth conveyed to the Commission that he had received an e-mail regarding a draft letter to Ice Alaska regarding their prospective rezone and the concerns that the Chena Riverfront Commission has regarding this matter. He felt that perhaps the letter was a bit strong and he does not want to see any conflict between Ice Alaska and the Chena Riverfront Commission develop. Plager replied that perhaps when the Commission is working on a "draft" item, it should not be sent out via e-mail as that leaves a lot of room for the "draft" version to be forwarded to others before the Commission has a chance to finalize the item. She reiterated that, as is stated in the letter, the Chena Riverfront Commission has tried to come together with Ice Alaska on this project and fervently hopes to support their new development along the Chena River.

**6. NEW BUSINESS**

None

## 7. UNFINISHED BUSINESS

### A. Design Committee Report – Project Review Guidelines

**Plager** stated that there had been a lot of discussion at the last meeting regarding the Project Review Guidelines document. She stated that there were several changes made that were not substantive but rather to make the document more readable. There was a long discussion regarding Step 3 which pertains to the role of the Chair and the Vice-Chair when scheduling a working group meeting. Discussion was had with the FNSB Legal Department to ensure that the “Open Meetings Act” would not be violated. The idea behind Project Review Guidelines is to address matters within a thirty day timeline. She further stated that a Commission member scheduling a working group meeting without speaking first with the Chair or Vice-Chair about the matter would probably happen so infrequently that if needed, meetings could always be canceled or rescheduled.

There was another change in Step 7 regarding adoption of resolutions. If the Chena Riverfront Commission decides to adopt a resolution and notifies the Planning Commission of their position, then one or two Chena Riverfront Commission members may be appointed by the Chair to attend the appropriate Planning Commission meeting and be available to discuss CRFC concerns. Again, the CRFC will only appoint one or two CRFC members to avoid conflict with the Open Meetings Act. If the attending members do not deem the issues adequately addressed by the Planning Commission, they may request reconsideration by the Planning Commission, the applicant or the Chena Riverfront Commission.

**Hernandez** stated that he would like to have time to review the changes that are being considered and would like to get back to the CRFC at the next meeting. He stressed that he would like to see this draft become finalized as soon as possible so that we can begin implementing the process. **Hernandez** asked if it would be possible to get the changes made to the draft and get the draft document distributed as soon as possible. **Plager** asked if anyone other than Commission members who should receive the draft document. **Hernandez** replied “No, just the Commission members”. **Plager** further inquired if Hernandez felt there was anything else he felt the commission needed to do to other than to have an agreement between the CRFC and the Planning Department regarding this process. **Hernandez** replied that an official action should be made by the CRFC and then something could be written which outlines the agreement between the CRFC and the Planning Department.

**Plager** asked if there were any questions or comments regarding the draft document. Plager also asked Hegarty-Lammers if she had given any thought for the form for adopting this process as one of the CRFC rules. **Hegarty-Lammers** replied that the CRFC has its ordinance which she felt would not be the appropriate place to make an amendment. Secondly, the CRFC has its own Operating Rules and she wonders if that is where this process should be included. **Hernandez** concurred. **Hegarty-Lammers** also spoke to the Commission regarding if and if so how the CRFC should interface with the City of Fairbanks regarding issues such as this process.

Jackson Fox, City of Fairbanks, joined the meeting.

### B. Ice Alaska Request for Rezone

**Hernandez** spoke to the Commission regarding the special work session meeting that was held in October. Hernandez explained that since Ice Alaska is considering a project that requires a lot of building space, their plan really qualifies as a Large Scale Development Project according to Title 18. Because there will be so much square footage and so many

visitors, they will be required to apply for a Conditional Use permit as well as rezone to General Commercial zoning. Having discussed this with Dick Brickley, Ice Alaska now realizes that they will have to change their application a bit and forward to the Planning Department a letter asking to have their rezone application postponed until they are able to get all the necessary paperwork together. Dick Brickley has established a committee to work on the application process. Several committee members, Bob and Cam Carlson, came to the Planning Department in the last week and they are now in the process of gathering necessary information to continue with their application. Hernandez stated that he isn't sure when they will have all of their materials together to submit their application. It could be as long as two or three months yet. It appears that Ice Alaska is more focused right now on preparing for their yearly Ice Art Championships as they have done in the past. That competition begins in March.

**Hegarty-Lammers** reminded the CRFC that Dick Brickley had asked for correspondence from the CRFC outlining those concerns that were expressed at the last meeting. This is the reason for the letter to Ice Alaska. **Hegarty-Lammers** suggested that a sentence be added to the letter that states "In reviewing the Large Scale Development Plan requirements of Title 18, please note that it requires having you (Ice Alaska) meeting many of our concerns. In response to your request, here are our concerns". Plager opened up the discussion for suggestions on how to edit the letter. She urged the CRFC to keep in mind that this letter is not a resolution. It is not taking a formal position that would go to the City Council or the Borough Assembly. It is merely a continuation of a dialogue with Ice Alaska trying to give them something specific that they can forward to the entity that will be doing their development plan.

**Freiburger** inquired if Mayor Cleworth could be more specific as to what part of the letter he felt was too strong. Mayor Cleworth replied that the impression he got was that there is obviously a long list of concerns and that if he were on the Board of Ice Alaska, he would feel, from the tone of the letter, that CRFC will be supportive of their plans as long as all of these issues are addressed. The opposite side would be that the CRFC would not be supportive of the plans of Ice Alaska unless all of these items are addressed. He further stated that, to him, it sounds as if the CRFC will gladly testify in support of their rezone and conditional use applications if they satisfy the requirements laid out in this letter. Otherwise, the CRFC will not testify in support of their plans. Plager commented that she feels that in any kind of negotiations, you come to the table with your full request, however, recognize that you may not get everything that you ask for.

**Wood** addressed Mayor Cleworth and commented that CRFC has had several conversations with Ice Alaska in the past. The most recent plan that they provided at the work session in October did not address any of the issues that had been discussed in the past. She indicated that the CRFC has received a lot of resistance to the Ice Alaska proposal from several people they have spoken with. The CRFC wants to work with Ice Alaska but feels Ice Alaska needs to work with CRFC as well. She further stated that it was disappointing to see their \$150 million project plan and none of the CRFC concerns were addressed. **Plager** added that in fact their plan seemed to go backwards. In their original plan, they did not have major development that went up to the shoreline of the river. They also did not discuss a 90,000 square foot, two-story building to be built on the river bank. Their artist village concept has gone from single-story to two-story buildings. **Plager** further stated that the CRFC doesn't have any type of legal requirements that Ice Alaska would have to abide by. It is not the intention of the CRFC to alienate Ice Alaska. **Hernandez** commented that he agrees with Plager and that the CRFC has a mission and a responsibility to be a steward for the Chena River. He further stated that he agrees with Mayor Cleworth as well that the draft letter was a bit strong. He reminded the CRFC that this is private property and people don't take kindly to being told what they can and cannot do with their private property. He suggested that perhaps the CRFC include three or four

things that are really important so that Ice Alaska can focus on those things rather than a large punch list.

**Lavery** commented that the CRFC needs to remember what contributions that Ice Alaska has made to Fairbanks. She further stated that she agrees with Hernandez and the list needs to be shortened. The fact that Ice Alaska has been working in conjunction with the Planning Department and listening to the concerns of the CRFC is very encouraging. It is her hope that by shortening the letter Ice Alaska will continue to communicate effectively with the Planning Department and the CRFC. It is her feeling that the community of Fairbanks is very fortunate to have a large project of this size happening here given the economy. **Henszey** concurred with Lavery that the letter is rather strong and if it were shortened and softened it would probably lead to even better communication with Ice Alaska.

**Wright** commented that he also agreed with Lavery and Hernandez. He suggested that the CRFC refer to the Chena Riverfront Plan when writing the letter to Ice Alaska. **Plager** suggested that the new handout brochure that was created recently be included with the letter so that Ice Alaska would be able to use it as a reference if they wanted. **Plager** then asked if the commission would like to work on the letter as a group, or just the original authors of the draft letter go back and work on a revised version.

**Jeffries** commented that he too felt that the draft letter did seem a bit combative and if the content and tone were more complimentary Ice Alaska may be more inclined to work with the CRFC. **Wood** responded that everything in the letter was “cut and pasted” from the actual Chena Riverfront Plan. **Plager** suggested that perhaps, in revising the letter, the CRFC keep only those bullets in which a specific action is expected. She also commented that it could be productive if Ice Alaska were to invite the CRFC to be included with a meeting with their designer so that CRFC concerns could be clearly communicated.

**Hegarty-Lammers** added that she feels that there isn't any reason that the CRFC couldn't be more sensitive with the content of the letter and be very cautious of the “voice”.

**Nutter** recommended that the first paragraph be changed to thank and congratulate Ice Alaska on working with the Planning Department to obtain the necessary permitting and rezoning required to achieve their goals. Next the CRFC needs to encourage continued cooperation with Ice Alaska and remind them that there is a Chena Riverfront Plan and that a summary version of that plan is included with the letter. Areas of greatest concern to the CRFC could be highlighted with highlighter marker to emphasize their importance. Finally, in closing, the CRFC could encourage Ice Alaska to work with their designer to ensure that these important goals are evident, thank them for their continued cooperation and wish them well with their project.

**Wood** and **Hegarty-Lammers** both commented that they would rather see a copy of the actual Chena Riverfront Plan be included with the letter than just a condensed brochure. That way the designers for Ice Alaska would have access to the complete and total plan. **Hegarty-Lammers** noted that originally this all came about because the Assembly requested that Ice Alaska work with the CRFC.

**Plager** reiterated the options that are at hand include sending the letter with a copy of the actual plan or with one of the plan brochures with the areas of concern highlighted. **Wood** suggested that a copy of the actual plan be included with the letter and areas of concern highlighted. **Hernandez** clarified that the brochure is the actual plan in its entirety, so by including the brochure, Ice Alaska would be getting the whole document not a summarized version. **Henszey** questioned if the plan was on the internet. **Hernandez** replied that it is. **Henszey** suggested referencing in the letter the fact that the plan is also available on the Borough website.

**Wood** noted that in the draft letter there was a date omitted and **Plager** responded that she had inserted the date, April 2012. **Wood** also commented that one of the major items that needed to be mentioned is a setback distance. **Wood** further questioned what distance the commission should request. **Hernandez** replied that Ice Alaska is planning a 50' setback which will be the waterway protection zone. This distance would allow protection for the riparian habitat. **Hernandez** further stated that the waterway setback zone allows buildings to be built such as boat docks and other kind of boating facilities. **Hernandez** reiterated that Ice Alaska is willing to put a waterway protection zone around the property along the river. **Plager** commented that based on prior conversations with Ice Alaska, they may be reluctant to put a public pathway along the river because it may not be compatible with what they are trying to achieve in a revenue sense. **Wright** added that he feels that if the CRFC asks Ice Alaska to comply with a long list of things, they may be reluctant to take any of the CRFC concerns into consideration. **Hegarty-Lammers** suggested that the CRFC wait to see what Title 18 is going to require with regards to Large Scale Development and then compile a list of other areas that are of concern.

**Plager** asked if the CRFC would like to hold a work session to re-write the letter. **Lavery** asked if Ice Alaska gave any kind of timeline that they will be working within. **Hernandez** responded that he feels it is going to be a while as they are busy now preparing for the ice art championships in March. **Hernandez** added that one of the things that Ice Alaska will have to do to move forward with their application to the Planning Commission is to provide a drawing, to scale, which is prepared by an architect or engineer, so that will probably take some time. He further added that the CRFC needs to be diligent about getting the letter to Ice Alaska as he would not want to see the architect or engineer get partially done with their plan and then get the CRFC letter and have to work with those concerns too. **Hegarty-Lammers** added that the last thing the CRFC would want to do is to make a developer have to go back and amend something that they have already spent time on. She feels it is a courtesy to them to get the letter to them as timely as possible. **Plager** questioned would it be appropriate to call their architect/engineer to let him know a letter is forthcoming and extend an invitation for the CRFC to meet with him to discuss the letter and their concerns. **Plager** asked if the CRFC Commissioners would prefer to edit the letter adding a few key bullet concerns or if they would like to see the letter again. **Wood** and **Henszey** both replied that they would like to see the letter again. It was decided that the CRFC will discuss the letter again at the December meeting. **Wood** and **Plager** volunteered to work together on revising the letter.

### C. Chena Riverwalk

**Nutter** gave a report regarding the "chute" located in front of the Immaculate Conception Church. She stated that the chute is located on City of Fairbanks property and the question has been raised about connecting the Illinois Street project pedestrian pathway in front of the Immaculate Conception Church to the pathway that leads from the William Ransom Memorial bridge. The idea now is to remove the "chute" while the project connecting the two pathways is being completed. She further reported that Barry Hooper of DOT is doing what he can to get this accomplished. Jackson Fox of the City of Fairbanks is also working on this project. Tanana Valley Watershed along with Fish and Game is working to secure some funding for the project.

There is also a grant from the National Fish and Wildlife Foundation in which they will match one-to-one any monies raised between \$25,000 and \$100,000 that they would like to apply for. The deadline for the grant application is December 3, 2012. **Nutter** explained that she is writing the application in partnership with the City of Fairbanks and Department of Environmental Conservation. She further stated that she has drafted a letter of support for this grant application and was hoping to get endorsement from the Chena Riverfront Commission. The letter was reviewed by the Commission members. **Nutter** further



clarified that TVWA is using the CRFC as a “catch-all” letter for their support. The Department of Environmental Conservation will also be providing a letter which is more water quality specific. Festival Fairbanks will provide a letter that is human engagement specific and the Storm Water Advisory Committee will be providing a letter that storm water specific.

**Hegarty-Lammers** asked if it would be possible to change the word “sentiments” (in the next to last paragraph) to “sense”. **Henszey** suggested changing the word “strongly” (in the first sentence) to “is pleased to endorse”. **Plager** offered to be the signatory as Chair. **Plager** asked for a vote of those in favor of supporting this letter. All were in support and there were no objections.

D. Chena River Wayside Bike/ped Pathway

There was no discussion regarding this project.

E. Project List Review

Discussion was deferred to another meeting.

F. Wendell Street Bridge Project

**Hooper** announced that the bond passed so DOT will be looking at paying back the federal portion that has been spend to date. That process will probably take several months. Regardless, they will be proceeding ahead with looking at the two alternatives, one with a pedestrian path under the bridge and the other alternative of lowering the grade of the bridge to allow a more direct pedestrian/bicycle access to the bridge. DOT is tentatively looking at having a public meeting to discuss the alternatives and seek public comment sometime in February.

## 8. STAFF and LIAISON COMMENTS

**Nutter** presented, on behalf of Mayor Hopkins, acknowledgement of the hard work and dedication that several different organizations, including the Chena Riverfront Commission have provided during the construction of the Barnette Street Bridge. These various organizations were acknowledged because of their dedication to protecting the Yukon River king salmon that return to spawn in the Chena River.

## 9. COMMISSIONERS' COMMENTS

**Plager** welcomed Jeffries to the Commission. Plager also announced that she will be out of town for the next three meetings but will return to Fairbanks for the April 2013 meeting. She will try and attend via phone whenever possible. She also thanked Hegarty-Lammers for conducting the meetings as Vice-Chair in her absence.

## 10. AGENDA SETTING FOR December 12, 2012 COMMISSION MEETING

- A. Project List Review
- B. Project Review Guidelines
- C. Ice Alaska
- D. Chena Riverwalk

## 11. ADJOURNMENT

/I

**Fairbanks North Star Borough / City of Fairbanks  
CHENA RIVERFRONT COMMISSION  
MINUTES  
December 12, 2012**

The Fairbanks North Star Borough/City of Fairbanks Chena Riverfront Commission (CRFC) met on Wednesday, December 12, 2012 with Vice Chair Hegarty-Lammers presiding. The following Commission members were in attendance: Anna Plager (via phone), Lee Wood, Bob Henszey.

Also present were: Bernardo Hernandez, FNSB Community Planning; Jewelz Nutter, TVWA; Barry Hooper, DOT; Melissa Kellner, FNSB Community Planning; Jackson Fox, City of Fairbanks; and Laura McLean, FNSB Recording Clerk.

**1. CALL TO ORDER**

**Hegarty-Lammers** called the meeting to order at 12:10 p.m.

**2. APPROVAL OF AGENDA OF December 12, 2012**

As there was not a quorum, there was not a motion to approve the agenda for December 12, 2012.

**Hegarty-Lammers** further motioned that items on the agenda be rearranged to accommodate the Ice Alaska rezone presentation. There was no objection.

**3. APPROVAL OF MINUTES OF November 14, 2012**

As there was not a quorum, there was not a motion to approve the minutes for November 14, 2012. **Hegarty-Lammers** motioned to postpone the approval of the November 14, 2012 minutes to the February 13, 2013 meeting. There was no objection.

**Hegarty-Lammers** further motioned that approval of the minutes be postponed until the February 2013 meeting as the Chair has not had a chance to review and edit the minutes as of this date. There was no objection.

**4. COMMUNICATIONS TO THE COMMISSION**

**Hegarty-Lammers** communicated to the Board that even though there is not a quorum, Ice Alaska will be presenting a revised presentation regarding their request for a rezone to their ice park. Bob and Cam Carlson and Don Swarner will be presenting the rezone request.

**5. PUBLIC COMMENTS**

None

**6. NEW BUSINESS**

None

## 7. UNFINISHED BUSINESS

### A. Ice Alaska Rezone Project

**Don Swarner**, Secretary of Ice Alaska spoke to the Commission members and stated that Dick Brickley, Chairman of the Board of Ice Alaska, appointed Bob and Cam Carlson, Hank Bartos and himself (Swarner) to spearhead getting a rezone accomplished. As a sub-committee of the Board for Ice Alaska, it is their job to determine where Ice Alaska is going with this new project. As a result, they have met with Bernardo and agree that Mr. Brickley's 10-year plan is not realistic. A plan for the next two or three years is more appropriate. He does admit that Mr. Brickley is a visionary, but does not feel that his plan is realistic at this time.

The bottom line is that they need to generate income in order to continue with their events each year. Currently they have an entity that is willing to bring a dog sled operation on to the property and offer dog sled rides for the public/visitors for a price. The current zoning allows for a playground on the property, however a fee cannot be charged, thus the need for more appropriate zoning. What they really don't want to happen is that they start extracting gravel from the gravel pit on the property. It is a grandfathered right on the property, but is not what they want to do. However, they will if necessary to generate funds for the ice events.

**Swarner** further stated that there are no permanent structures planned for the property for the next two years. He added that they have agreed with Bernardo that when plans do develop for permanent structures, they will come back to the Planning Department to make sure they conform with current zoning regulations and requirements. They need to be able to charge admissions for the other events that they offer, so that they can fund the annual ice carving event.

**Wood** commented that the CRFC is supportive of Ice Alaska. **Plager** further commented that she was thinking back to the letter that the CRFC had been working on to Ice Alaska, but now does not feel that the plan that they have brought forward is of a major concern. She further stated that the CRFC is supportive of Ice Alaska and would like to see the dialogue continue. **Hegarty-Lammers** added that she had spoken with Bernardo earlier and the CRFC will not be taking any action on the letter that was drafted earlier. It will become part of the rezone application file. She further stated that the purpose of the letter is merely to question is the Chena Riverfront plan relevant to what Ice Alaska had proposed. She also stated that this is private property and that it is not the burden of the CRFC to suggest that Ice Alaska phase or not phase their development.

When and if they decide to move forward with another phase, they will come to the Planning Department with another rezone proposal that will reflect what they intend to do. At that time, the CRFC will compare that proposal with the Chena Riverfront Plan and offer a response. **Carlson** commented that this is the current plan that Ice Alaska has submitted to the Planning Commission. This current plan has been approved by the Board of Directors of Ice Alaska. He further commented that if they were to come up with another plan, they fully understand that they will need to come back to the Planning Commission. **Hernandez** stated that he and Ice Alaska have had this same conversation and if they develop another plan that is in no way in alignment with the one that the rezone has been granted for, they will be required to come back before the Planning Commission and submit a revised plan for consideration.

**Swarner** added that Ice Alaska plans to improve upon the property. They actually are going to be planting trees. They have to have trees for shade. **Hegarty-Lammers** commented that as fellow volunteers in the community, which is what the CRFC is, she appreciates the time and efforts that Ice Alaska has contributed to create one of the

foremost visitor attractions in the Fairbanks community. Hegarty-Lammers apologized that the CRFC did not have a quorum at this meeting as she would have liked to get something in writing approved to show the Commission's support of the Ice Alaska plan for their rezone application.

**Hernandez** added that in March of this year there will be a meeting called the Northwestern Regional Managers Meeting and one of the activities on the agenda is to visit Ice Alaska for the ice carving competition. There are other large meetings/conventions that will also be held during the ice carving events that will be generating income for our community.

**Plager** questioned if the Waterway Protection Overlay zone would be included in the rezone request. **Hernandez** replied that Ice Alaska would like to stay with the Waterway Setback zone that they currently have in place. He further stated that the borough does not have the authority to require them to change. **Carlson** stated that he has noted on the map that they provided that the river bank vegetation is quite substantial. As a result of the vegetation and the height of the vegetation, it is nearly impossible to see on to the property from the river. Also there is concrete "flood control" in place, so erosion of the property isn't happening.

**Hegarty-Lammers** thanked Bob Carlson for his involvement in the rezone project. **Henszey** added that if Ice Alaska needed help doing certain types of landscaping projects along the river, Fish and Wildlife Service might be willing to help. **Nutter** also commented that Tanana Valley Watershed Association was planning to contact Ice Alaska after the end of March to begin conversations to possibly assist with any projects to protect the shoreline.

**Wood** inquired if the letter that the CRFC was drafting to send to Ice Alaska would still be viable. **Hegarty-Lammers** stated that the letter would be tabled until the February meeting. **Hernandez** added that the Planning Commission would be meeting on January 8<sup>th</sup> to review the rezone application. He asked if the CRFC had anything that they wanted the Planning Department to relay to the Planning Commission. **Hegarty-Lammers** responded that the Planning Department could add to the staff report that will be presented at the Planning Commission meeting that Ice Alaska has met with the CRFC and had a favorable meeting and is supportive of their plans to date. **Plager** added that she doesn't feel that Ice Alaska will find any opposition at the Planning Commission meeting. She feels that their proposal is realistic and justified.

**Wood** commented that communication between the CRFC and Ice Alaska has been at times difficult during the last year and was there some way that that could have been handled differently. **Swarner** responded that this last year has been a difficult one for Ice Alaska mostly due to the move and that if there was some sort of breakdown in communication, they apologize. Time was limited and they wanted to move forward with the rezone request requirements of the Planning Department. **Hegarty-Lammers** reiterated that the CRFC would like Bernardo to emphasize the support of the CRFC for the Ice Alaska rezone to the Planning Commission.

**Cam Carlson** suggested that any communications necessary be directed to the Board of Ice Alaska. **Swarner** added that if there is to be any future communications, it should be sent to Ice Alaska's address to the attention of the Board of Directors. **Swarner** further stated that he understands the concerns that the CRFC has and Ice Alaska has every intention to move forward with those concerns in mind.

Don Swarner and Bob and Cam Carlson left the meeting.

**B. Project List Review**

**Hegarty-Lammers** communicated that the purpose for the Project List is to keep the Commission focused. Many projects come before the Commission that the Commission is asked to respond to, react to or comment on. The Project List is basically a tool that assists the Commission on remaining focused on said projects.

**Plager** commented that the Project List is a way to see where and how new issues might fit into the priorities of the Chena Riverfront Commission. It was further suggested that perhaps reviewing and revising the Project List should be deferred until after the first of the year so that current Commission members might be available to give their input into the priorities of the current projects.

**Hegarty-Lammers** agreed with **Plager** that deferring this topic to the February meeting will allow current Commission members to input their thoughts and ideas into the list. **Wood** and **Henszey** agreed.

**C. Project Review Guidelines**

**Hernandez** spoke to the group and commented that the Borough Legal Department had reviewed the CRFC Project Review Guidelines. He advised the Commission that the legal department wanted to see the following added to the guidelines: "Nothing in this process can be used to delay the rezone, variance or conditional use process. This process is for the Chena Riverfront Commission use only". The Legal Department also suggested that in Step 6, the following be added: "The Chena Riverfront Commission will meet to review the application and possibly adopt a resolution addressing the situation. If adopted, the complete resolution will be sent to the Planning Commission staff and requested to be included in the Planning Commission packet".

Finally, in Step 7, the Legal Department has suggested that the wording in the last sentence read: "If the attending members do not deem the issues adequately addressed by the Planning Commission, he/she may request reconsideration of the Planning Commission, the applicant and/or the full CRFC". Legal further advised the CRFC member attending the Planning Commission meeting not ask on behalf of the CRFC for the Planning Commission to reconsider the issue. They can as an individual for the Planning Commission to reconsider. In order for a CRFC member ask for reconsideration on behalf of the CRFC would require that individual to come back to the CRFC and ensure that the CRFC as a group wants the reconsideration. **Wood** expressed concern that if an individual of the CRFC had to come back and request the full CRFC to approach the Planning Commission for reconsideration, this could entail delays as there are requirements to advertising the meeting a minimum of two weeks prior to any CRFC meeting. **Henszey** agreed with this thought. **Hegarty-Lammers** added that as an individual addressing the Planning Commission, there is still communication to the Planning Commission regarding the Chena Riverfront Plan. **Plager** agreed that one individual should not be speaking to the Planning Commission on behalf of the CRFC.

**Hernandez** questioned what will the CRFC do if the timeline of the Project Review Guidelines are not met as outlined in the steps. **Hegarty-Lammers** suggested that there was not a quorum present and nothing could be finalized regarding the Project Review Guidelines, that further consideration of this issue be moved to the February agenda.

#### D. Chena Riverwalk

**Hegarty-Lammers** questioned Plager if she had any comments or concerns regarding the Chena Riverwalk. **Plager** responded that there was to be some kind of discussion regarding construction of the riverwalk in Shoreline Park. **Hooper** replied that he had given a brief report to FMATS Policy Committee earlier last week. He stated that he is still waiting for an estimate from the City of Fairbanks and further stated that perhaps Jackson Fox could give a more detailed account of that project's status. **Hooper** further commented that he has been in contact with Federal Highways to inquire if the Illinois Street Project could finish construction of this sidewalk. One other item came up as it is not just the sidewalk, but there is a water quality issue associated with construction of the sidewalk. From the Federal Highways' stand point, they do have a policy regarding connecting sidewalks and walkways. They feel that this project could potentially be included in the Illinois Street Project. They do have some limitations on funding that are associated with parking lots and felt in general that they would not be able to fund the water quality issue. The water quality issue was not included in the environmental document nor is it in the scope of the Illinois Street Project. An environmental document re-evaluation would need to be completed for this. They also feel that the cost associated with reevaluating the small project through FHWA would probably exceed the costs for construction of the sidewalk. The question is, are there other funding sources.

**Hegarty-Lammers** asked Donna Gardino if she thought there might be other funding options. **Gardino** replied that she had not seen the costs associated with this project. **Hooper** stated the cost of construction of the sidewalk would be approximated \$6,000 for sixty feet of sidewalk. The costs are estimated at five or six times that amount to go through the federal process. **Nutter** asked if by acknowledging that the federal process is cost prohibitive, is the local Department of Transportation interested in assisting with this project. **Hooper** responded that the parking lot associated with the sidewalk is a City parking lot and is not associated with DOT. **Gardino** added that FMATS does have some state funding that they receive from the Governor that they may be able to allocate for this project. The project would have to comply with the Alaska Historic Preservation Act which is similar to 106 but not as intensive. **Hooper** further commented that they do not have an estimate on the water quality aspect. His best guestimate is that to include a storm sepor could be anywhere between \$30 to \$40 thousand dollars. There will also be some permitting costs included with the project.

**Nutter** commented that the grant application that the CRFC wrote a letter of support for last month is now in the hands of Fish and Game and that grant was for a \$10,000 match. They are in the process of determining what their \$10,000 match funds could be used for. Also, with in-kind pledges from the City of Fairbanks and also the Fish and Wildlife Foundation possibly assisting, a \$60,000 project is possible. She thanked the CRFC for the letter of support. **Nutter** also stated that she should know about the status of the grant application by April 22, 2013. **Plager** commented that that the drainage from the parking lot directly into the Chena River is an eyesore and anything that can be done to remedy the situation would be a move in the right direction. **Nutter** agreed with Plager and stated that the TVWA is committed to do something about it.

## 8. STAFF AND LIASION COMMENTS

**Gardino** reported that the Wendell Street Project is a Geo-Bond project and that they will be releasing those funds in February. The intent is to make it a State funded project and to continue to move forward on that project. She also commented that the Art Committee made a selection and they are currently working on a contract with the artist. Finally, she has met with the Historical Preservation Commission last evening regarding the Historical Plaques and FMATS has \$10,000 for said plaques.

**Nutter** again thanked the CRFC for the support letter and will keep everyone apprised of that project. She also reported that TVWA received \$4,000 for the “Fish, Fur & Feathers” interpretive signage project from the ERM Foundation.

**Fox** with Fish and Wildlife Services addressed the members and spoke regarding the idea of having a two-day “summit” to have a community-wide conversation regarding the Chena River. He extended an invitation to the CRFC to appoint someone to be on the Steering Committee for the summit. Plager agreed to be a contact for the summit, though she will not be back in town until April.

## 9. COMMISSIONERS COMMENTS

**Henszey** commented that he was very happy with the progress that the CRFC has made regarding the Ice Alaska rezone.

**Hegarty-Lammers** thanked Bernardo Hernandez for his assistance and cooperation regarding Ice Alaska. She further commented that regarding the upcoming signage projects, as the Design Committee Chair, she wanted to mention that it is important that all parties involved with signage try to come up with a uniform design. **Hernandez** added that the Convention and Visitors Bureau gave a presentation to the FMATS group and that they were trying to come up with a design that is coordinated with other projects. All at the meeting responded that they felt this was a great idea and were in agreement. **Hegarty-Lammers** volunteered as Design Committee Chair to attend meetings with the other agencies/organizations to provide input on behalf of the CRFC.

## 10. AGENDA SETTING FOR February 13, 2013 COMMISSION MEETING

- A. Revised Project Review Guidelines
- B. CRFC Representative for the Chena River Summit
- C. Coordinated Signage Project Update
- D. Project List Review
- E. Chena Riverwalk Update

## 11. ADJOURNMENT

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