



FAIRBANKS CITY COUNCIL
AGENDA NO. 2012-22
REGULAR MEETING November 19, 2012
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

PRELIMINARY MEETING

- I 5:30 P.M. Work Session with Fairbanks Convention & Visitors Bureau
 - II 6:20 P.M. Work Session with Fairbanks Economic Development Corporation
-

REGULAR MEETING

- III 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 October 22, 2012

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 Application for Transfer and Restaurant Designation Permit. Public Testimony will be taken and limited to five (5) minutes.

Transfer of Ownership:

Type: Restaurant / Eating Place

FROM:

Current DBA: Thai House Restaurant, License #3687

Licensee: Chalermpon Boonprasert (deceased)

Location: 412 5th Avenue, Fairbanks

TO:

License: Thai House Restaurant, **License #3687**

Licensee/Applicant: Boonchoo, Inc.

Physical Location 412 5th Avenue, Fairbanks

8. MAYOR'S COMMENTS AND REPORT

9. UNFINISHED BUSINESS

Ordinance No. 5903, As Amended – An Ordinance Amending FGC Chapter 34, Article VI, Section 34-201, to Allow Replacement of Hydronic Heaters. Introduced by Council Member Stiver. Public Hearing was Held on November 5, 2012. POSTPONED from the Regular Meeting of November 5, 2012.

10. NEW BUSINESS

- *a) Resolution No. 4547 – A Resolution Stating the City's Capital Priorities for the State 2013-14 Fiscal Year. Introduced by Mayor Cleworth.
- *b) Ordinance No. 5905 – 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. Introduced by Mayor Cleworth and Council Member Gatewood.
- *c) Ordinance No. 5906 – An Ordinance Authorizing Release of an Easement in Peger Lake Development. Introduced by Mayor Cleworth.
- *d) Ordinance No. 5907 – An Ordinance Adopting the 2013 Operating and Capital Budgets. Introduced by Mayor Cleworth.

- *e) Ordinance No. 5908 – An Ordinance Amending the 2012 General Fund Budget for the Third Time. Introduced by Mayor Cleworth.

11. DISCUSSION ITEMS (INFORMATION AND REPORT)

Committee Reports

12. COMMUNICATIONS TO COUNCIL

- *a) Approval of the 2013 City Council Meeting Schedule

- *b) Permanent Fund Review Board Meeting Minutes of August 1, 2012

13. COUNCIL MEMBERS' COMMENTS

14. CITY ATTORNEY'S REPORT

15. CITY CLERK'S REPORT

16. EXECUTIVE SESSION: Utilidor Shed Damage Claim – (USAA/Kihleng)

17. ADJOURNMENT



FAIRBANKS CITY COUNCIL
REGULAR MEETING MINUTES, OCTOBER 22, 2012
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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

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

Absent: None

Also Present: Pat Cole, Chief of Staff
Ernie Misewicz, Assistant Fire Chief
Paul Ewers, City Attorney
Janey Hovenden, City Clerk
Ryan Rickels, IT Director
Michael J. Schmetzer, City Engineer
Tony C. Shumate, Director Personnel/Purchasing/RM
Laren Zager, Police Chief

INVOCATION

The Invocation was given by City Clerk Janey Hovenden.

FLAG SALUTATION

Mayor Cleworth led the Flag Salutation.

CITIZEN'S COMMENTS

Oran Paul, 2711 Monteverde Road, Fairbanks – Mr. Paul, Vice President and Chief Operating Officer of Fairbanks Sewer and Water, thanked the Council, the Mayor and City staff for their support in obtaining low-interest funding for the sludge dewatering project at the wastewater treatment plant.

Frank Turney, 201 7th Avenue, Fairbanks – Mr. Turney thanked Mr. Roberts and Ms. Stiver for their service on the City Council. He stated that Mr. Roberts has served as a gentleman and has shown a respectful demeanor towards fellow Council Members and citizens. He stated that he

and Ms. Stiver's views have differed, but stated that they can agree to disagree. He spoke to Public Testimony as being an appropriate forum for constructive criticism and quoted former U.S. President Harry S. Truman: "If you can't stand the heat, get out of the kitchen." Mr. Turney welcomed newly-elected Council Members Renee Staley and Perry Walley.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger commended Mr. Turney for his comments in regards to the Council. He thanked Public Works for taking care of various potholes before the snow fell.

David Lerman, 126 Second Avenue, #15, Fairbanks – Mr. Lerman congratulated the newly-elected Council Members. He announced that he has created a new website titled, *Voter Butter*, and stated that his *Renovation Fairbanks* website is still operational. He stated that the inspiration behind the new site is to "churn" good ideas for Fairbanks and Interior Alaska and encouraged everyone to visit the website. Mr. Lerman stated his intent to run in the 2013 Municipal Election and added that it will be his sixth campaign for City Council. He thanked those who supported him in the 2012 election with their vote. Mr. Lerman spoke to the Polaris Hotel and to Mr. Marlow's intent to renovate the structure into an apartment complex. He stated that Mr. Marlow indicated that federal grants would have to be obtained before renovation could occur. Mr. Lerman expressed his belief that condemning the building is a mistake and that the Council should approve a resolution in support of Mr. Marlow's efforts. He added that the City should waive all building permit fees to offset the cost for those who wish to renovate dilapidated structures within the City limits. He requested that statistics be placed on the City's website in regard to things such as deteriorated properties, DUI's and domestic violence cases. Mr. Lerman spoke to the creation of various task forces as being the start of a solution for these problems.

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

APPROVAL OF AGENDA AND CONSENT AGENDA

Mayor Cleworth explained that Resolution No. 4598 is being hand-carried due to a meeting with Governor Parnell the next day. He stated that the City would like to present a project to the Governor at that meeting. He stated that the Council must approve to add the resolution to the agenda unanimously in order for it to happen.

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

Mr. Roberts, seconded by **Mr. Gatewood**, moved to ADD Hand-carried Resolution No. 4598 to the Agenda under New Business.

Mayor Cleworth called for objection to the ADDITION of Hand-carried Resolution No. 4598 to the Agenda and, hearing none, so ORDERED.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE THE AGENDA, AS AMENDED, AS FOLLOWS:

YEAS: Gatewood, Roberts, Eberhart, Matherly, Stiver, Hilling
NAYS: None
Mayor Cleworth declared the MOTION CARRIED.

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

APPROVAL OF PREVIOUS MINUTES

a) Regular Meeting Minutes of September 10, 2012.

PASSED and APPROVED on the CONSENT AGENDA.

b) Regular Meeting Minutes of September 24, 2012.

PASSED and APPROVED on the CONSENT AGENDA.

SPECIAL ORDERS

The Fairbanks City Council, Sitting as a Committee of the Whole, heard interested citizens concerned with the below-referenced Liquor License Application for Transfer and Restaurant Designation Permit.

Transfer of Ownership, Location and Name Change:

Type: Beverage Dispensary
License: **Geraldo's Restaurant, #542**
Licensee/Applicant: Garlic Lover, LLC
Physical Location 701 College Road, Fairbanks
Current DBA: Husky Lounge
Licensee: The Kishan Group
Location: 1521 Cushman Street, Fairbanks

Ms. Stiver, seconded by **Mr. Gatewood**, moved to WAIVE Protest on the Application for Transfer and Restaurant Designation Permit.

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 APPLICATION FOR TRANSFER AND RESTAURANT DESIGNATION PERMIT, AS FOLLOWS:

YEAS: Roberts, Matherly, Gatewood, Hilling, Eberhart, Stiver
NAYS: None

Mayor Cleworth declared the MOTION CARRIED.

MAYOR'S COMMENTS AND REPORT

Mayor Cleworth stated that this is a bittersweet time, seeing the changeover in Council Members. He thanked Mr. Roberts for representing the City of Fairbanks on the FMATS Policy Committee and for his integrity as a Council Member. **Mayor Cleworth** spoke to Ms. Stiver's service on the Hotel/Motel Discretionary Fund Committee and to her representation of the City at the Borough Assembly meetings. He thanked Ms. Stiver for her willingness to serve as a Council Member and wished both departing Council Members the best. He welcomed Council Member elects, Renee Staley and Perry Walley. **Mayor Cleworth** spoke to the City Attorney's Memo and to the Borough Assembly's adoption of the utility ordinance. He explained that the Assembly had made some changes to the verbiage of what the City adopted in Ordinance No. 5895, as Amended. He asked the Council to include their thoughts on the issue during their comments. **Mayor Cleworth** stated that the promised report from Chief Zager would come later in the meeting.

Mayor Cleworth spoke to his recommendations for the two City appointments to the Interior Alaska Natural Gas Utility (IANGU) Board of Directors, Frank Abegg and Michael Meeks. He explained that the City has the opportunity to appoint two seats on the Board initially. He stated that after a certain period of time, four seats on the Board would become elected and only three would appointed (one seat each representing the Cities of North Pole and Fairbanks and one to represent the Borough). He spoke to the utility experience of both gentlemen and to their professional roles in the community. He asked the Council to make a motion to approve the appointments later in the meeting if they so wished.

Mayor Cleworth spoke to the problem with inoperable street lights throughout the City. He stated that the City is looking into the issue. He asked Deputy Fire Chief Ernie Misewicz to come forward for the presentation of badges for the Fairbanks Fire Department.

Mr. Misewicz provided a brief history of fire service in the Fairbanks area and the dangers and challenges that fire fighters are faced with. He stated that training has become very significant to the occupation, with a minimum of 160 training hours required for employment and that requirements in that line of work are constantly increasing. He gave a PowerPoint presentation applauding 2012 recruits of the Fairbanks Fire Department who have successfully completed training requirements: Nicholas Clark, Zach Rittel and Kevin Nelson. Mr. Misewicz recognized Joy Beth Cottle who coordinated the academy for the Fairbanks Fire Department.

New recruits recognized Ms. Cottle for the time she dedicated to their training.

Mayor Cleworth thanked Mr. Misewicz for the presentation. He informed Ms. Stiver and Mr. Roberts that they would receive their plaques soon, but that they were not ready yet. **Mayor Cleworth** recognized Ruby Riddle, stating that it is good to have her in attendance at the meeting.

UNFINISHED BUSINESS

- a) Ordinance No. 5897 – An Ordinance Amending the 2012 Capital Appropriations Fund Budget for the First Time and Setting an Effective Date. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.

Mr. Roberts, seconded by **Mr. Matherly**, moved to ADOPT Ordinance No. 5897.

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. 5897, AS FOLLOWS:

YEAS: Stiver, Matherly, Gatewood, Hilling, Eberhart, Roberts

NAYS: None

Mayor Cleworth declared the MOTION CARRIED and Ordinance No. 5897 ADOPTED.

- b) Ordinance No. 5898 – An Ordinance Creating a Downtown Local Improvement District. Introduced by Council Member Stiver. SECOND READING AND PUBLIC HEARING.

Ms. Stiver, seconded by **Mr. Gatewood**, moved to ADOPT Ordinance No. 5898.

Mayor Cleworth called for Public Testimony.

David van den Berg, 332 Slater Drive, Director of Fairbanks Downtown Association (DTA) – Mr. van den Berg distributed a handout to the Mayor and Council stating the DTA Board of Directors' position on the LID. He spoke in support of Ordinance No. 5898 and thanked members of the LID Committee for their work in bringing the ordinance forward. Mr. van den Berg spoke to the experience and expertise of the DTA and Festival Fairbanks in providing clean and safe services in the downtown Fairbanks area. He expressed DTA's desire to continue their services under the LID. He spoke to the proposed budget of the CSP and Clean Team after the DTA/Festival Fairbanks merge and to keeping the millage rate as low as possible for LID property owners. He reminded the Council that the Clean Team program would likely die soon unless something is done.

Mr. Matherly asked Mr. van den Berg if the \$83,000 he outlined in the budget would be sufficient funds for the DTA/Festival Fairbanks to operate the clean and safe programs.

Mr. van den Berg replied that the number is a rough estimate, but it is in the ball park of what is needed for the services to remain "status quo."

Mr. Eberhart asked Mr. van den Berg if he has seen any positive impact in the downtown area since the opening of the Housing First project.

Mr. van den Berg replied that he has seen a positive change since Housing First opened its doors in May, 2012. He stated that he believes it takes about two months of residency with the Housing First project for individuals to change their habits based on the pattern from this year.

Mr. Eberhart asked how close to capacity Housing First is.

Mr. van den Berg replied that he is unsure.

Mr. Eberhart asked Mr. van den Berg how long the DTA has been operating the CSP program and if DTA has all the equipment, staff, supplies and office facilities in place to continue the service.

Mr. van den Berg replied that the CSP has been operated by the DTA since 2007 and that they have all the resources in place to continue the service.

Mr. Eberhart asked if Mr. van den Berg to place an estimated value on the CSP's assets.

Mr. van den Berg replied that the only significant capital in the program is the CSP van which cost \$42,000 to purchase in 2010.

Mr. Eberhart spoke to the relationships that are already established with the existing CSP staff. He asked how long Festival Fairbanks has been operating the Clean Team.

Mr. van den Berg replied that Festival Fairbanks has been running the Clean Team program since 2005.

Mr. Eberhart asked Mr. van den Berg if he is requesting that the merged DTA/Festival Fairbanks be substituted as the "qualified organization" referenced in Ordinance No. 5898.

Mr. van den Berg suggested that the clean and safe services can be performed at a lesser cost than the \$200,000 maximum assessment stated in the ordinance. He explained that he and the DTA would like to provide a level of certainty, if necessary, to see Ordinance No. 5898 adopted. He spoke to the role of the LID Advisory Committee.

Mr. Gatewood addressed the proposed 2013 budget of the CSP/Clean Team. He indicated that the programs cannot depend on grant funding and donations from other organizations in the future. He asked how the proposed budget would be impacted if those donations and funds were not included in the proposed budget.

Mr. van den Berg replied that the LID Committee took those unknown factors into consideration when they set the maximum assessment at \$200,000.

Mr. Roberts asked Mr. van den Berg if he is requesting any changes to Ordinance No. 5898.

Mr. van den Berg stated that his concern is that the mill rate be affordable to downtown property owners. He suggested that an assessment range be established in the ordinance naming not only a maximum, but also a minimum.

Mr. Hilling asked Mr. van den Berg to speak to the possibility of large organizations reducing or withdrawing their contribution to the CSP upon implementation of the LID.

Mr. van den Berg stated that he believes the reverse would happen. He expressed his opinion that entities want to become involved when they see other organizations contributing to a successful program.

Mayor Cleworth asked about the current number of staff for the CSP.

Mr. van den Berg replied that there are three CSP employees.

Buki Wright, PO Box 58111, Fairbanks – Mr. Wright stated that he is employed by Aurora Energy, which provides heat for many of the larger buildings in Downtown Fairbanks. He spoke in favor of Ordinance No. 5898, stating that it is important to businesses and community members to have a safe and welcoming Downtown. He stated that the idea of a LID is a stable approach to funding the clean and safe services. Mr. Wright indicated that the DTA and Festival Fairbanks have performed the services in the most efficient and cost-effective way possible and suggested that the merged organization may be the best candidate to continue the programs. He spoke to the two-year term of the LID as being a good trial run. Mr. Wright indicated that the \$200,000 maximum assessment may be a little high, stating that if you give someone a certain amount of money they will find a way to spend it.

Ms. Stiver asked Mr. Wright if he had been shown how the LID Committee arrived at the \$200,000 assessment value.

Mr. Wright replied that he was informed in general but has not seen specifics on how they arrived at that number. He stated that he could understand the reasoning behind a higher number if the clean and safe programs were being started from scratch.

Ms. Stiver clarified that it was not the intent of the LID Committee to overtax downtown property owners and indicated that if overtaxing occurred, residents would be refunded the excess funds.

Mr. Wright spoke to the large “hit” some property owners would take under a \$200,000 assessment. He stated that there may be enough resistance to make the LID fail if the assessment was too high.

Frank Turney, 201 7th Avenue, Fairbanks – Mr. Turney stated that he would like to hear from the President of the Board of Directors for the DTA in regards to the LID issue. He suggested that there may be some duplication of staff after the merger between DTA/Festival Fairbanks is complete. Mr. Turney spoke the quality of work done by Oscar, a Clean Team employee. He spoke to cutting back in some areas of the CSP due to the temperature drop during the winter months. He stated that he opposes any interference Ordinance No. 5898 would bring to his snow removal business downtown. He spoke against taxing downtown local businesses to fund the LID and expressed hope that another plan would come forward.

Mr. Hilling asked Mr. Turney to explain how the enactment of Ordinance No. 5898 would deprive snow removal businesses.

Mr. Turney replied that most downtown businesses already have someone in place to perform snow removal and that he would hate to see those snow removal businesses lose work because of the LID.

Julie Engfer, 1624 Tamarack Street, Fairbanks – Ms. Engfer, representative of Festival Fairbanks, thanked the LID Committee for their discussions and work in preparing Ordinance No. 5898. She informed the Council that she has more information on the Clean Team if they wished to see it. Ms. Engfer clarified that Festival Fairbanks gave up the management of the Clean Team, but arranged for the program to operate at half-capacity for 2012. She indicated that the program is not effective enough with only one staff member.

Ms. Stiver asked Ms. Engfer if the Clean Team's equipment is currently up for sale.

Ms. Engfer replied that Festival Fairbanks is not actively trying to sell the equipment at this time. She stated that the only piece of Clean Team equipment that has been sold is a Bobcat and that Festival Fairbanks still owns a street sweeper, a truck and a stadium vac. She stated that the City's Public Works Department and Wolverine has performed maintenance on the equipment.

Mr. Hilling asked to what extent the Clean Team performs snow removal.

Ms. Engfer stated that she is unsure of the level of snow removal service currently provided since Festival Fairbanks is no longer managing the Clean Team. She expressed her understanding that the LID Committee did not intend for the clean and safe services to take away from local snow removal businesses.

Mr. Gatewood asked what types of services the Clean Team performed under the management of Festival Fairbanks.

Ms. Engfer distributed a handout to the Council illustrating and outlining Clean Team services. She spoke to Clean Team staffing, working hours and duties. She stated that some of the funds that are being used to operate the program for the remainder of 2012 came from a BP grant.

Mike Webb, 531 2nd Avenue, Fairbanks – Mr. Webb stated that he is in favor of a LID program, but is unsure whether or not the structure set out in Ordinance No. 5898 is the right way to create a LID. He stated that he has voluntarily contributed to the CSP and Clean Team for a number of years and that under the proposed LID assessment, he would be paying less than what he contributes to the programs annually. He spoke to the value of the services to his business and to his willingness to continue contributing to the programs. He reasoned that property owners should not be solely responsible for funding the services since the City also benefits from the clean and safe services.

Chris Miller, 410 2nd Avenue, Fairbanks – Mr. Miller stated that he is a downtown property owner, a member and a Board Member of the DTA, and was a member of the LID Ad-hoc Committee. He described the Committee's reasoning in arriving at a maximum LID assessment

of \$200,000. He spoke to the LID election process, representation of property owners on the LID Advisory Board, community support for a LID and to a consistent level of service to all properties within the coverage area. Mr. Miller indicated that CSP expenses increase during the winter months. Mr. Miller spoke in support of Ordinance No. 5898.

Mr. Matherly asked Mr. Miller to speak to the increase in CSP expenses during winter months.

Mr. Miller replied that the statistics were gathered over a five-year period and simply show higher expenditures in winter months than summer months. He stated that the number of CSP “touches” have declined significantly since 2008 and that the program has made a positive impact in the downtown area.

Ms. Stiver stated that one of the LID Committee’s concerns was the unknowns surrounding the merger of Festival Fairbanks and the DTA. She asked Mr. Miller if he would agree that it was important to the Committee to leave the contracting entity unnamed so that the LID Advisory Board would have options.

Mr. Miller agreed that the Committee was adamant that the entity to perform the services should be left unnamed.

Mr. Eberhart addressed Section 2 of Ordinance No. 5898 where it states that LID services cannot be performed by City employees. He asked Mr. Miller the reasoning behind that language.

Mr. Miller replied that the Committee understood that “bigger government” would fail and that the LID services should be in private hands.

Mr. Eberhart stated that there have been discussions about putting a full-time City laborer in the downtown area to perform some of the clean-up services.

Mr. Miller remarked that a private entity would be able to do the job much more efficiently, with three CSP employees and one Clean Team employee.

Mayor Cleworth spoke to the funding that the City agreed to give to the program for a four-year period. He asked Mr. Miller if that City funding was addressed by the Committee.

Mr. Miller replied that the Committee took the City funding into account when they set the two-year term for the LID, which corresponds with the expiration of City funding. He stated that the Committee understood that the City may wish to reduce or do away with the funding in the future.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger spoke to Mr. van den Berg’s push for more funding for his organization. He suggested that if there was going to be a tax, the levy should cover the entire City, not just the core downtown area property owners. He spoke to increasing efficiency of the Clean Team and CSP to maximize service and minimize spending. Mr. Buberger indicated that snow removal in the downtown area could not be done for \$200,000 per year. He spoke against creating the LID tax.

Mr. Gatewood asked Mr. Buberger what he believes is an appropriate figure for snow removal in the downtown area.

Mr. Buberger replied that he thinks it would be appropriate for the Public Works Department to take on the LID services.

David Lerman, 126 Second Avenue, #15, Fairbanks – Mr. Lerman stated that, as a bicyclist, he sees more trash and debris in the City than most people would notice driving in a car. He suggested that the borders for the LID be removed to allow anyone to participate in the taxation and services.

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

Ms. Stiver stated that the LID Committee did not want the tax revenue to be dedicated to any particular entity. She spoke to the total assessment value and stated that the maximum was set at \$200,000 to account for a number of different things such as equipment maintenance and City administration. She added that the maximum total assessment was designed to fully fund the Clean Team and to partially fund the CSP. **Ms. Stiver** stated that she had been opposed to the formation of a LID for several years, but changed her mind when she realized that downtown business owners need a higher level of service than residents. She stated that she believes local businesses will be on board with the LID program when they understand the process and recognize the need for services. She pointed out that the assessment is based on land value only, not structures.

Mr. Roberts asked for clarification on the voting process for the LID.

Ms. Stiver explained that the LID would require a “negative vote” in which information would be sent to property owners informing them of an objection period for filing a protest. She stated that if more than 50% of valued property in the LID area is represented by objections, the LID would fail. She further explained that no response would be automatically counted as a “yes vote.” **Ms. Stiver** stated that Mayor Cleworth has been working on an ordinance that would change the LID election process to more of a ballot-type vote.

Mayor Cleworth clarified that the ordinance to change the method for property owner approval of a LID is Ordinance No. 5904, under New Business.

Mr. Eberhart asked if the adoption of Ordinance No. 5904 would impact Ordinance No. 5898.

Mayor Cleworth replied that he became concerned with the election process for the LID when the discussion at the Finance Committee became more about the “voting” than the creation of the LID. He stated that the negative election set forth in City Code is a rather bizarre system that he believes needs to be changed.

Ms. Stiver explained that the actual LID election would not take place until 2-3 months after the merging of Festival Fairbanks and the DTA. She indicated that this would allow enough time to observe how the new organization is operating.

Mr. Roberts pointed out that the attachment to Ordinance No. 5898 sets the closing date for the objection filing period as March 30, 2013.

Ms. Stiver explained that if Ordinance No. 5904 passed changing the election process, the election dates would remain the same.

Mr. Ewers clarified that Section 4 of Ordinance No. 5898 states that the creation of the LID is subject to FGC Section 58-39, which is the section of City Code that Ordinance No. 5904 would amend.

Mayor Cleworth explained that Ordinance No. 5904 is intended to change the election process so that votes will be taken in a ballot format.

Mr. Hilling argued that the proposed election process being discussed is not a traditional vote system. He explained that a traditional vote system does not count those who do not vote. He stated that his understanding of the new voting system as described in Ordinance No. 5904 is that a non-response would count as a negative vote. He stated that he is not in agreement with that voting process.

Mr. Roberts spoke to the weighted vote and pointed out that, technically, a handful of property owners could decide the LID vote.

Mr. Hilling asked if there has been thought given to the possibility of making the entire budget for clean and safe services \$200,000.

Ms. Stiver stated that she was unclear as to what Mr. Hilling was asking.

Mr. Hilling inquired as to the total current budget for the Clean Team and the CSP.

Ms. Stiver replied that the original \$200,000 maximum assessment came about in an effort to fully fund the Clean Team and partially fund the CSP. She stated that it was the LID Committee's intent for the total assessment to cover the cost of services and administration and not to tax for the maximum amount, unless necessary.

Mr. Hilling asked if bidding out the snow removal portion of services to contractors would be a possibility.

Ms. Stiver stated that she has noticed the Clean Team removing hard-pack and snow mounds, but has only seen Mr. Turney performing snow removal in her area downtown.

Mr. Hilling expressed concern that the creation of the LID as written would interfere with local snow removal businesses.

Mayor Cleworth stated that the Clean Team uses an ATV to clear a simple sidewalk path after a heavy snowfall. He stated the Clean Team does not do a thorough job and that snow removal services are still needed. He stated that the Clean Team does not supplant private snow removal businesses and that Mr. Turney speaks up whenever anyone “steps on his toes.”

Mr. Eberhart addressed Section 2 of Ordinance No. 5898 where it states that “The Mayor *shall* enter into a Letter of Agreement...” He discussed the repercussions of using the word “shall” and questioned whether or not City employees should be prohibited from performing the services.

Ms. Stiver spoke to the LID Committee’s reasoning behind the language in Section 2. She stated that an Advisory Board made up of LID property owners would advise the Mayor on the selection of the entity and the terms of the agreement between the City and the managing organization.

Mayor Cleworth stated that, as Mayor, he would rely heavily on the Advisory Board in regards to the managing entity and contract because they represent the stakeholders of the LID.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5898, AS FOLLOWS:

YEAS: Hilling, Eberhart, Roberts, Stiver, Matherly, Gatewood

NAYS: None

Mayor Cleworth declared the MOTION CARRIED and Ordinance No. 5898 ADOPTED.

- c) Ordinance No. 5899 – An Ordinance Amending FGC Section 58-34(a) Regarding Limits on Funding for Local Improvement Districts for Services. Introduced by Council Member Stiver. SECOND READING AND PUBLIC HEARING.

Ms. Stiver, seconded by **Mr. Roberts**, moved to ADOPT Ordinance No. 5899.

Mayor Cleworth called for Public Testimony.

Frank Turney, 201 7th Avenue, Fairbanks – Mr. Turney stated that the Clean Team does more snow removal in the downtown area than what Ms. Stiver indicated.

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

Mr. Hilling asked for clarification on what Ordinance No. 5899 would change.

Mayor Cleworth replied that the ordinance was brought about by a concern that City funding for the program, which was promised for four years, would be void unless a change was made to the Code. He asked Mr. Ewers to speak to the issue.

Mr. Ewers explained that during the LID Committee meetings, members recognized a conflict between FGC Section 58-34(a) and the \$50,000 allocated to the CSP for 2011 through 2014. He

stated that without a change to FGC 58-34(a), it is likely that the City's contribution to the CSP would have to stop upon implementation of the LID. He stated that Ordinance No. 5899 would allow the Council to choose to continue the contribution until 2014. He explained that without the Code change, there is a good argument that funding would have to stop.

Ms. Stiver clarified that if the LID is approved by property owners in March of 2013, taxes would not be collected until 2014 based on the prior year's assessment.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5899, AS FOLLOWS:

YEAS: Eberhart, Gatewood, Stiver, Hilling, Matherly, Roberts

NAYS: None

Mayor Cleworth declared the MOTION CARRIED and Ordinance No. 5899 ADOPTED.

2012 MUNICIPAL ELECTION

a) Council Members' Comments

Ms. Stiver stated that prior to her six years of service on the City Council, she had never entertained the thought of serving in local government. She expressed thankfulness to City voters who provided her with the opportunity to serve. She stated that she has learned a great deal and has made more friends than she has lost along the way. **Ms. Stiver** commented that City staff has been consistently responsive, courteous and gracious in educating her and answering her questions about local government. She pointed out that City staff must constantly educate elected officials, which she now understands and takes part in at her day job. She thanked fellow Council Members for allowing her to enjoy her time on the Council. She recalled her first trip to an AML Conference in Juneau with Mr. Roberts her first year on the Council and commented on how much she has learned since that time.

Mr. Roberts thanked the citizens of Fairbanks for electing him to the City Council for two terms. He stated that he has learned a great deal about local government. He spoke to the revenue crisis that the City had when he was first elected to the Council. **Mr. Roberts** stated that he is proud of his accomplishments on the Council and that he has always based his decisions on what he believed was the right thing to do. He thanked Mayor Cleworth for his guidance and leadership both as a Council Member and as the Mayor. **Mr. Roberts** thanked his family for attending the meeting and wished Ms. Staley and Mr. Walley the best of luck.

Mr. Gatewood thanked Ms. Stiver and Mr. Roberts for their service on the Council stating that it has been a pleasure to work with them. He recalled when he was appointed to the Council in 2008 and to his interactions with Ms. Stiver at that time. He commented that there seem to be no "clicks" amongst the Council Members. He stated that he looks forward to working with Ms. Staley and Mr. Walley.

Mr. Eberhart thanked Ms. Stiver and Mr. Roberts for being strong Council Members and for their work on City Boards and Commissions. He commented that the Council often agrees on

issues and works very efficiently as a body. He stated that even when members disagree, they are still civil to one another and that it takes cooperation and an open mind to serve as a Council Member. **Mr. Eberhart** spoke to the serious role of serving on the Council and to the heavy weight to many of their decisions. He commended fellow Council Members and the Mayor for “weathering the economic storm” that began in 2008 and for keeping the City in good financial shape.

Mr. Hilling spoke to collectivism and thanked the public for participating in City Council Meetings. He applauded Ms. Stiver for being active and informed on issues and the committees she has served on. He spoke briefly to the creation of the LID. **Mr. Hilling** spoke to Mr. Roberts’ gravitas and sincerity when it comes to his duties as a Council Member. He spoke to how quickly Mr. Roberts and Ms. Stiver learned and understood things when they were newly-elected. He commented that his fellow Council Members are genuine people and independent thinkers and wished the departing members the best.

Mr. Matherly recalled when he was first elected and stated how he was the only new Council Member to join that year. He commented that all the Council Members were encouraging to him at that time. He spoke to the value of Ms. Stiver and Mr. Roberts’ friendship and to their intelligence and sincerity. **Mr. Matherly** spoke to civility, courtesy and respect during public meetings, from not only the Council but also the citizens. He commented that he may need to grow “thicker skin” and gave a warm welcome to Mr. Perry and Ms. Staley. He reminded everyone that there will be a debate at the Carlson Center October 23, 2012.

Mayor Cleworth asked Mr. Roberts to give a report on the last FMATS Policy Committee Meeting.

FMATS Policy Committee - **Mr. Roberts** provided a brief report of the October 17, 2012 meeting. He mentioned various projects that money had been allocated to and spoke to the way the federal government has changed the way it distributes funds to entities like the Metropolitan Planning Organization (MPO) and the state. He commented that federal money is shrinking.

b) Certification of the 2012 Municipal Election Results

Ms. Hovenden distributed the Certification of the 2012 Municipal Election and asked Council Members to sign. She read the Certification into the record.

Mayor Cleworth called for a brief recess.

c) Oaths of Office

Ms. Hovenden swore in newly-elected Council Members Renee Staley and Perry Walley.

Mr. Walley and **Ms. Staley** assumed their seats on the City Council.

NEW BUSINESS

- a) Ordinance No. 5900 – An Ordinance Amending FGC Chapter 74, Taxation, Article III, Alcohol Beverage Sales Tax, Sections 74-69, 74-73(a), 74-73(d)-(e), 74-74.1(a), and 74-82(a)-(c) to Modify Factors Relating to Taxes Due and the Penalty Structure. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

- b) Ordinance No. 5901 – An Ordinance Amending FGC Chapter 74, Taxation, Article IV, Hotel/Motel Tax, Sections 74-121, 74-125(a), 74-125(d)-(e), 74-127(a), and 74-135(a)-(c) to Modify Factors Relating to Taxes Due and the Penalty Structure. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

- c) Ordinance No. 5902 – An Ordinance Amending FGC Chapter 74, Taxation, Article V, Tobacco Products Distribution and Excise Tax, Sections 74-154(a), 74-154(d)-(e), 74-154.2(a), and 74-157(a)-(c) to Modify Factors Relating to Taxes Due and the Penalty Structure. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

- d) Ordinance No. 5903 – An Ordinance Amending FGC Chapter 34, Article VI, Section 34-201, to Allow Replacement of Hydronic Heaters. Introduced by Council Member Stiver.

ADVANCED on the CONSENT AGENDA.

- e) Ordinance No. 5904 – An Ordinance Amending FGC Section 58-39 Regarding the Method for Property Owner Approval of Local Improvement Districts. Introduced by Mayor Cleworth

ADVANCED on the CONSENT AGENDA.

- f) Resolution No. 4598 – A Resolution Supporting a Request for State of Alaska Funding to Reconstruct South Cushman Street from 15th Avenue to Mitchell Expressway. Hand-carried. Introduced by Mayor Cleworth.

Mr. Gatewood, seconded by **Mr. Matherly**, moved to APPROVE Resolution No. 4598.

Mayor Cleworth explained that last year the City made a request to be in Governor Parnell's budget for some road construction funding. He stated that the City has not be included in the Governor's budget for some time. He spoke to various areas that have been improved due to that funding. **Mayor Cleworth** stated that South Cushman Street is in bad shape and has been on the City's "wish list" for improvements for decades. He explained that DOT has recently improved that section of Cushman Street from the Mitchell Expressway to Sanduri Avenue and that the City has scheduled improvements in 2013 on South Cushman Street from Airport Way to the

Chena River, which may be the worst segment of Cushman Street. He spoke to the Illinois Street project which connects to Cushman. He stated that there is a meeting scheduled with the Governor in Fairbanks on October 23, 2012, and indicated that it may be a good time to present the project to him.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4598, AS FOLLOWS:

YEAS: Matherly, Hilling, Walley, Staley, Gatewood, Eberhart
NAYS: None
Mayor Cleworth declared the MOTION CARRIED and Resolution No. 4598 APPROVED.

DISCUSSION ITEMS

a) Committee Reports

Public Safety Commission (PSC) – **Mr. Eberhart** stated that the PSC met on October 9, 2012. He spoke to the staff reports given by FFD and FPD. He referenced a binder given to Committee Members by Chief Zager concerning the consolidation of staff by cross-training police and fire service personnel. He stated that the cross-training issue will be discussed further at the next PSC meeting on November 13, 2012.

b) Committee Appointments

Mayor Cleworth spoke to Committee vacancies created by the departure of Ms. Stiver and Mr. Roberts. He listed the current Council Members seated on various Boards and Commissions: Chad Roberts previously seated on the FMATS Policy Committee; Vivian Stiver previously the Chair of the Hotel/Motel Discretionary Fund Committee and the City Representative to the Borough Assembly; Lloyd Hilling sitting on the Fairbanks Convention and Visitor's Bureau (FCVB) Board, Jim Matherly sitting on the Fairbanks Parking Authority Board, John Eberhart sitting on the Public Safety Commission; and Bernard Gatewood sitting on the Permanent Fund Board. He stated that if anyone wishes to change their membership to a Board or Commission, now would be the time to make a request.

Mr. Matherly expressed interest in serving on the FMATS Policy Committee or the FCVB Board.

Mr. Hilling indicated that the FCVB Board meeting times are difficult to attend due to his schedule. He asked Mayor Cleworth how often and at what times the Hotel/Motel Discretionary Fund Committee meets.

Mayor Cleworth replied that the Discretionary Fund Committee will begin meeting soon to review this year's grant applications. He stated that chairing that Committee is a lot of work, but only for a short period of time.

Mr. Hilling stated his interest in the Hotel/Motel Discretionary Fund Committee, but indicated that he would be unavailable on Thursday evenings due to his teaching schedule.

Mr. Eberhart requested to remain on the PSC.

Mr. Gatewood stated that he was satisfied on the Permanent Fund Review Board, but indicated that he would be open to a change, if necessary. He stated that he would be willing to share the responsibility of City representation at Borough Assembly meetings.

Mr. Walley stated that he is the “new kid on the block.” He stated that he would serve wherever Mayor Cleworth saw fit to place him.

Ms. Staley stated that she wouldn’t mind attending Borough Assembly meetings as a City Representative. She expressed an interest in the FCVB Board and added that she would be willing to serve on whatever Committee the Mayor chooses.

Mayor Cleworth stated that he will take the requests into consideration and contact Council Members with their Committee assignments before the end of the week.

Mayor Cleworth asked Chief Zager to come forward to speak to the new traffic enforcement standard at FPD.

Chief Zager distributed a handout to the Mayor and Council titled, “Work Standard Justification.” He spoke to the internal memo he authored regarding the role of patrol officers in traffic enforcement. He stated that after the article on the issue appeared in the News Miner, there has been talk in the community about a “quota.” He explained that there seems to be a disconnect between what was actually intended and what people heard. Chief Zager clarified that the intent of the new work standard is to have all patrol officers perform at a similar rate and to have officers use their “uncommitted” time to enforce traffic laws rather than preventative patrol, which has proven to be less effective. He stated that the new work standard is not a “fundraiser” for FPD, nor was it a recommendation from Mayor Cleworth. Chief Zager provided a brief history of various grants FPD has received for traffic enforcement and spoke to some of the conditions that came along with the funding. He spoke also to past work standards at FPD and provided statistics on traffic stops. He stated that it is likely that the new work standard would only increase City revenue by ten citations per week after court cases, equipment violations and other factors were taken into account. He indicated that the only valid argument he’s heard against the standard is that it will make the officers busier. Chief Zager stated that he believes the new work standard is very powerful and that it will save lives, save properties, reduce crime and make life happier for the general public. He concluded by saying that it is a productive way to bring safety to the City of Fairbanks.

Mr. Gatewood asked Chief Zager what he meant by “uncommitted” time.

Chief Zager replied that “uncommitted” time is the time that patrol officers have between calls when they are simply driving around the City.

Mr. Gatewood stated that if he is speeding, he slows down when he sees a patrol officer. He indicated that prevention is a debatable issue because it is so difficult to measure and asked how it can be proven to work.

Chief Zager cited a Kansas City experiment done in the 1970's in regard to traffic patrol. He stated that the study showed virtually no change in crime rate in areas with increased patrol.

Mr. Gatewood expressed his confidence in Chief Zager's management, but indicated that the new "quota" does have the public on edge. He stated that he has had a number of individuals approach him in regards to the issue.

Chief Zager clarified that the new work standard requires that each patrol officer make only eight traffic contacts in a week's time.

Mr. Gatewood spoke to the public's distrust of law enforcement and indicated that the public may fear being pulled over for no reason due to the new work standard.

Chief Zager stated that officers must have a valid reason to perform a traffic stop. He stated that he was disappointed that the News Miner referred to the new work standard as a "quota" but commended them for the editorial they produced in support of the program.

Mr. Eberhart thanked Chief Zager for providing an explanation of the new work standard and expressed hope that the public would come to understand the reasoning behind it. He spoke in support of the standard.

Mr. Hilling asked if City police regularly patrol neighborhoods like the Riverview area.

Chief Zager replied that it may depend on the officer. He stated that he does not have control over the actions or judgments of patrol officers, but expressed hope that his officers are making worthwhile traffic stops.

Mr. Hilling stated that eight traffic stops per week seems like a minimal benchmark and commended Chief Zager for introducing the work standard.

COMMUNICATIONS TO COUNCIL

- a) Chena Riverfront Commission Meeting Minutes of September 12, 2012.

ACCEPTED on the CONSENT AGENDA.

- b) Public Safety Commission Meeting Minutes of July 10, 2012.

ACCEPTED on the CONSENT AGENDA.

- c) Appointments to the Public Safety Commission.

APPROVED on the CONSENT AGENDA.

- d) Reappointment to the Commission on Historic Preservation.

APPROVED on the CONSENT AGENDA.

COUNCIL MEMBERS' COMMENTS

Ms. Staley stated that she is very excited to serve on the City Council and give back to the community where she was born and raised. She thanked Fairbanks voters for electing her and stated that she has an open door policy. She expressed gratitude to City staff and fellow Council Members for the warm welcome.

Mr. Walley thanked everyone for welcoming him to the Council. He thanked Ms. Stiver and Mr. Roberts for their service and expressed his commitment to give his best effort to the City as a Council Member.

Mr. Gatewood expressed frustration that the Borough did not adopt the City's language in the gas utility ordinance as the Council had adopted it; he indicated, however, that he did not see any changes that were significant enough for concern. He stated that he would like to hear other Council Members' feelings on the changes.

Mr. Eberhart expressed sympathy in the loss of Ivan Grondin, a Fairbanks pioneer and friend. He expressed gratitude to Governor Parnell for his support on the issue of getting cheaper energy to Fairbanks and the Interior. He stated that he hopes the IANGU Board would be a catalyst for funding the gas project. **Mr. Eberhart** expressed his distaste for actions by the Borough that sometimes override or change the City's recommendations. He suggested that it is possible that the Borough has nullified the transfer by changing the language in the City's ordinance. He spoke to the limitations placed on the membership qualifications of the IANGU Board of Directors and expressed concern that the language may be too diluted. He stated that he too would like to hear his fellow Council Members' views on the issue.

Mr. Hilling spoke to the gas utility issue, particularly to the idea of creating a "doughnut hole" around the City, allowing the City of Fairbanks to create its own utility. He spoke to the subsidization of outlying areas that will fall on the shoulders of City residents and to the possibility of overturning the decision to transfer utility power to the Borough. **Mr. Hilling** recapped Chief Zager's statistical analysis of the new work standard implemented by FPD. He stated that he has witnessed blatant traffic violations go unpunished when a patrol officer was present and expressed support for the new work standard. He commended the Building Department for their interactions with him as a homeowner during the recent construction on his home. He expressed condolences for Stephen Anderson, City Plumbing and Mechanical Inspector, who had been hit by a car.

Mr. Matherly stated that he trusts Chief Zager's judgment on the new work standard and asked him to keep a "lookout" for abuses. He expressed dissatisfaction that the Borough had changed the City's language on the gas utility transfer. He stated that the City had made its position very clear on the conditional transfer in Ordinance No. 5895, as Amended, and indicated that it was improper for the Borough to have made changes. **Mr. Matherly** stated that he would like to

hear Mr. Ewers' legal opinion on the issue. He stated that he will support Mayor Cleworth's appointments to the IANGU Board of Directors.

CITY ATTORNEY'S REPORT

City Attorney Ewers advised that Ordinance No. 5895, as Amended, outlined seven conditions for the transfer. He stated that the Borough included all those conditions in their final ordinance and indicated that there is no legal requirement for the Borough to have incorporated the City's ordinance word-for-word in their ordinance. He stated that the changes in regards to the requirements to qualify as an IANGU Board Member appear to be reasonable and that he believes the changes are acceptable. Mr. Ewers clarified that the term "substantial" is commonly used in conflict of interest language.

Mr. Hilling stated that he would be inclined to make a motion to rescind Ordinance No. 5895, as Amended, if other Council Members showed support for such a motion.

Mayor Cleworth asked the Council what their thoughts were on the two City appointments to the IANGU Board of Directors: Frank Abegg and Michael Meeks. He explained that the ordinance states that the Mayor is to make two initial appointments to the Board with the confirmation of the City Council.

Mr. Matherly, seconded by **Mr. Gatewood**, moved to APPROVE Frank Abegg's and Michael Meeks' appointments to the IANGU Board of Directors.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE THE CITY'S APPOINTMENTS TO THE IANGU BOARD OF DIRECTORS AS FOLLOWS:

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

NAYS: None

Mayor Cleworth declared the MOTION CARRIED.

Mr. Ewers stated that Mr. Eberhart had asked him to comment on the Supreme Court's ruling on private email accounts. He stated that the information on that court case is included in his City Attorney's Report and offered to answer any questions the Council may have.

Mr. Eberhart commented that if Council Members are using their private email accounts for any City business, they should not delete any of those records.

Mr. Ewers confirmed that Mr. Eberhart's statement was correct.

ADJOURNMENT

Mr. Matherly moved to ADJOURN the meeting.

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

Mayor Cleworth declared the Meeting adjourned at 10:40 P.M.

JERRY CLEWORTH, MAYOR

ATTEST:

JANEY HOVENDEN, CMC, CITY CLERK

Transcribed by: DS


DRAFT

MEMORANDUM

City of Fairbanks
Office of the City Clerk

Janey Hovenden, CMC
City Clerk

TO: Mayor Jerry Cleworth
City Council Members

FROM: Janey Hovenden, CMC, City Clerk 

SUBJECT: Transfer of Liquor License Ownership and Restaurant Designation Permit

DATE: November 14, 2012

Attached you will find a notification from the State Alcohol Beverage Control Board of application for transfer of ownership and an application for a Restaurant Designation Permit for the following liquor license:

Type:	Restaurant / Eating Place
FROM:	
Current DBA:	Thai House Restaurant, License #3687
Licensee:	Chalermpon Boonprasert (deceased)
Location:	412 5th Avenue, Fairbanks
TO:	
License:	Thai House Restaurant, License #3687
Licensee/Applicant:	Boonchoo, Inc.
Physical Location	412 5th Avenue, Fairbanks

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

Please note that there are no Departmental protests for this transfer.

Attachment: ABC Notification of Application for Transfer and Restaurant Designation Permit

State of Alaska
Alcoholic Beverage Control Board

Date of Notice: October 8, 2012

Application Type: _____ **New** **TRANSFER**
 Ownership
 _____ Location
 _____ Name Change

Governing Body:	Fairbanks
Community Councils:	n/a
License #:	3687
License Type:	Restaurant / Eating Place
D.B.A.:	Thai House Restaurant
Licensee/Applicant:	Boonchoo, Inc.
Physical Location:	412 5 th Ave. Fairbanks
Mail Address:	412 5 th Ave. Fairbanks, AK 99701
Telephone #:	Laong 907-452-6123 or Melody Schneider 907-474-1631
EIN:	92-0162808

Corp/LLC Agent:	Address	Phone	Date and State of Incorporation	Good standing?
Boonchoo, Inc..	412 5 th Ave. Fairbanks, AK	907-452-6123	2/4/1998	yes

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

Member/Officer/Director:	DOB	Address	Phone	Title/Shares (%)
Laong Boonprasert	6/1/1961	1581 Hilton Ave. Fairbanks, AK 99701	907-452-6123	Pres. Treas. Sec. (100%)

If **transfer** application, current license information:

License #: 3687
 Current D.B.A.: same – Thai House Restaurant
 Current Licensee: Chalermpon Boonprasert (deceased)
 Current Location: same - 412 5th Ave. Fairbanks

Additional comments: Laong Boonprasert is the surviving spouse of Chalermpon Boonprasert.

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

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

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

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

If you wish to protest the application referenced above, please do so in the prescribed manner and within the prescribed time. Please show proof of service upon the applicant. For additional information please refer to 15 AAC 104.145, Local Governing Body Protest.

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

SHIRLEY A. COTÉ
Director



Maxine Andrews
Business Registration Examiner
Direct line: 907-269-0358
Email: maxine.andrews@alaska.gov

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

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

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

- 1 Under 13 AAC 104.305 Bona fide restaurant/eating place. License Number 3687
2 Persons age 16 to 20 may dine unaccompanied.
3 Persons under 16 may dine accompanied by a person 21 years or older.
4 Persons between 16 and 20 years of age may be employed. *(See note below).

LICENSEE: Boonchoo, Inc.

D/B/A: Thai House Restaurant

ADDRESS: 412 5th Avenue, Fairbanks, AK 99701

1. Hours of Operation: 11am to 9:30 pm Telephone # 907-452-6123

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

3. * Duties of employment: Food preparation and service (non-alcohol), maintenance of premises

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

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

6. How is food served? Table Service Buffet Service Counter Service Other* Take out food orders

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

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

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

Gary Beaupreant
Applicant signature

Local Governing Body Approval

Subscribed and sworn to before me this
31st day of August 2012

Date:

Melody Schneider
Notary Public in and for Alaska

My Commission expires 6/14/14

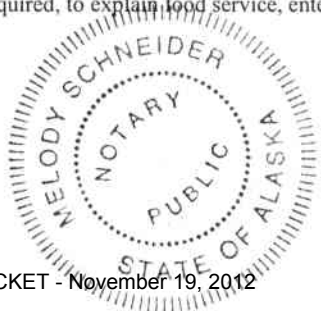
Director, ABC Board

Date:

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

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

Update: 3/29/12

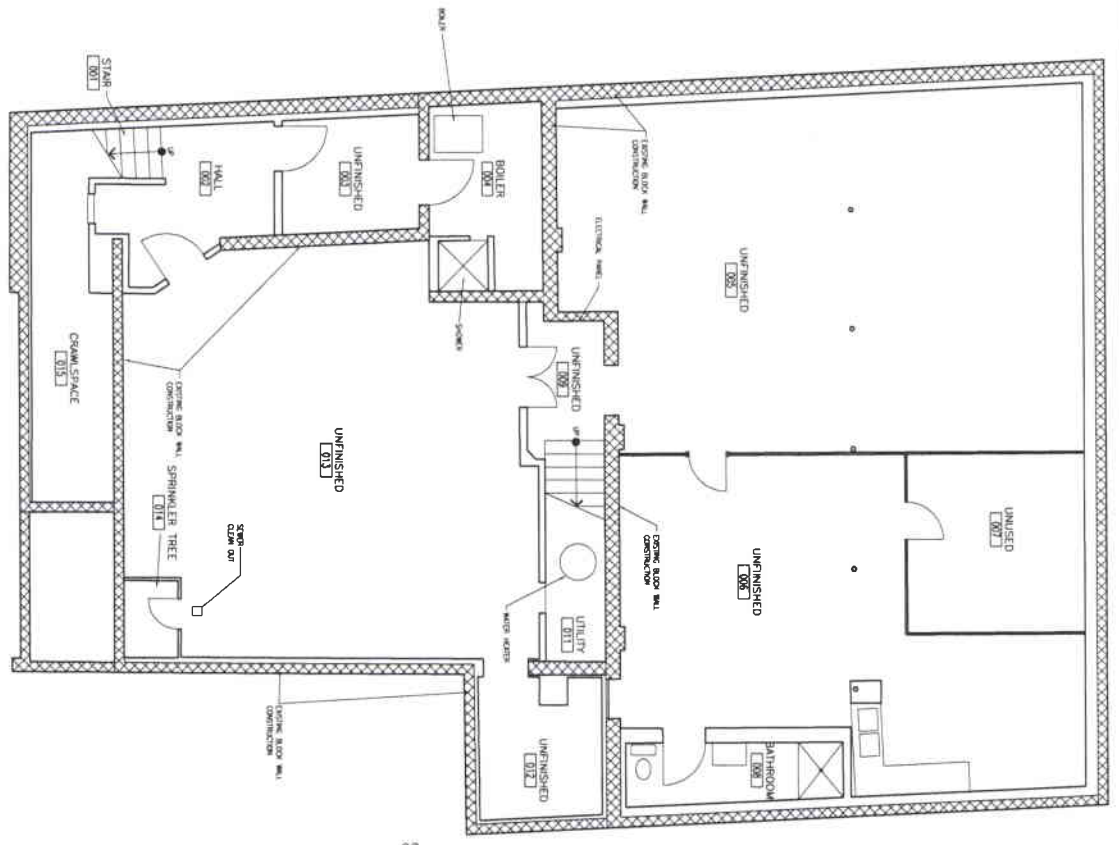
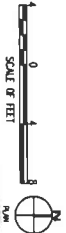


ABC Board
5848 E Tudor Rd
Anchorage AK 99507

PH: (907)269-0350
FX: (907)272-9412

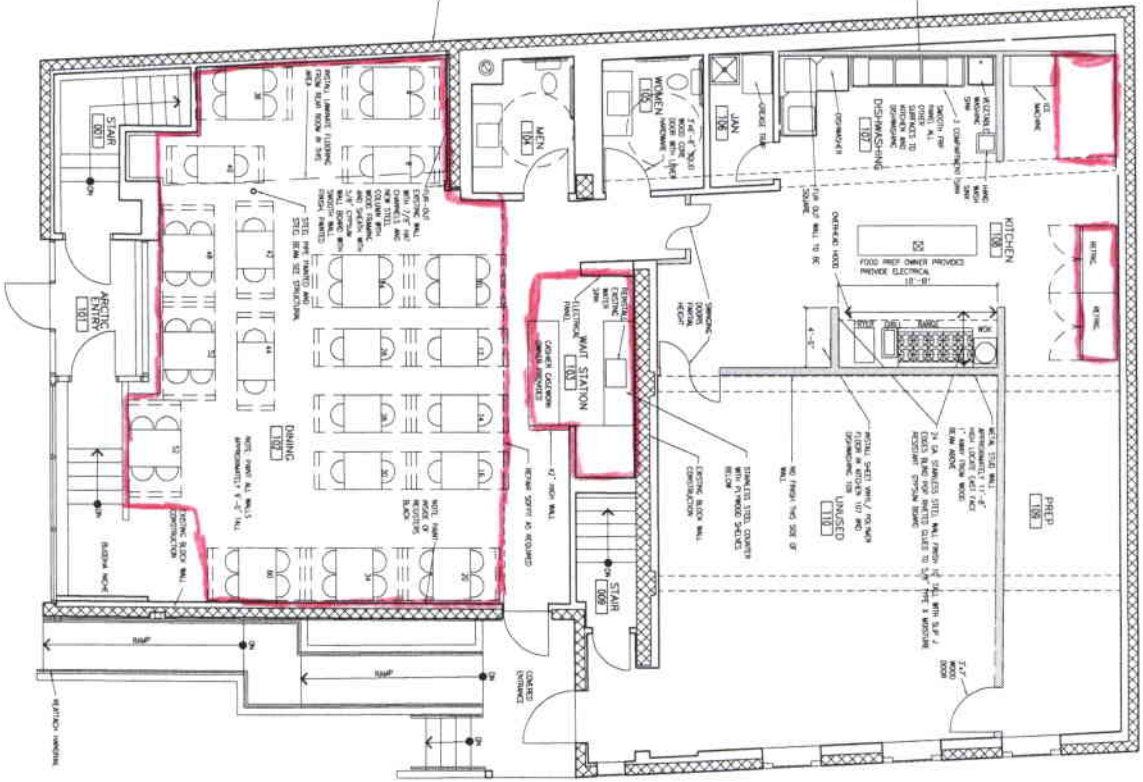
1
A101
1/4"=1'

REMODELED BASEMENT FLOOR PLAN



2
A101
1/4"=1'

REMODELED FIRST FLOOR PLAN 5TH AVENUE



A101
SHEET 2 OF 8

REMODELED
BASEMENT FLOOR PLAN
REMODELED
FIRST FLOOR PLAN

job no. 018c
drawn by OAH
date 9 April, 2006

THAI HOUSE

412 5th AVENUE
FAIRBANKS ALASKA 99701

LE 64
DE STIGN
1730 RIVERBROOKS BLVD
9074740064

ORDINANCE NO. 5903, As Amended

**AN ORDINANCE AMENDING FAIRBANKS GENERAL CODE
CHAPTER 34, ARTICLE VI, SECTION 34-201, TO ALLOW
REPLACEMENT OF HYDRONIC HEATERS**

WHEREAS, in 2008, the EPA declared part of the Fairbanks North Star Borough a non-attainment area for fine particulate pollution (PM_{2.5}); and

WHEREAS, except for a small portion of land along the Tanana River, the entire City of Fairbanks is within the non-attainment area; and

WHEREAS, in 2009, the City enacted Ordinance No. 5775, as amended, that placed a moratorium on the installation of hydronic heaters in the City until such time as the City Council adopted appropriate standards; and

WHEREAS, since the passage of Ordinance No. 5775, as amended, the Council has not adopted such standards; and

WHEREAS, new models of hydronic heaters have been certified by the U.S. Environmental Protection Agency as meeting federal emission standards; and

WHEREAS, it is appropriate that owners of hydronic heaters within the City not only be allowed to upgrade their current units to EPA approved units but should also be encouraged to do so; and

WHEREAS, the current moratorium on the installation of hydronic heaters is keeping the owners of hydronic heaters that were installed before the June 8, 2009, moratorium from upgrading their units,

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

SECTION 1. That Fairbanks General Code Chapter 34, Article VI, Section 34-201, is hereby amended as follows [new text in font]:

Sec. 34-201. Hydronic heaters.

No hydronic heater may be installed inside the City of Fairbanks after June 8, 2009, without a permit issued by the City of Fairbanks **Building Department**. No permit shall be issued until standards are adopted by the Fairbanks City Council. **However, permits for the upgrade or replacement of existing hydronic heaters may be issued if the upgraded or replacement heater is certified by the U.S. Environmental Protection Agency as meeting the federal emissions limit standard appropriate for that type of appliance or, in the event EPA regulations do not address a particular appliance, if the**

replacement appliance's emissions are improved and demonstrated as such by a certified U.S. EPA laboratory or official federal opacity assessment method.

Section 2. That the effective date of this Ordinance shall be _____, 2012.

Jerry Cleworth, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

RESOLUTION NO. 4547

**A RESOLUTION STATING THE CITY'S CAPITAL PRIORITIES FOR
THE STATE 2013-14 FISCAL YEAR**

WHEREAS, the City is very grateful for the funding provided by the State of Alaska which has added significantly to the City's ability to provide essential services; and

WHEREAS, the support given last year will greatly enhance vitally important road maintenance work and enhance additions to our Public Works and Police Station facilities; and

WHEREAS, the City has identified current and future capital priorities, and the public had the opportunity to speak to this Resolution at the November 19, 2012, City Council meeting,

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FAIRBANKS
RESOLVES AS FOLLOWS:**

The legislative priorities of the City of Fairbanks are stated on the attached list. In summary, the projects are ranked as follows:

1. South Cushman Reconstruction
2. Rickert Subdivision
3. Local Road Improvements
4. Heavy Rescue Vehicle
5. Energy/LED Lights-Fairbanks Police Department
6. Voice Over IP
7. Chest Compression System for CPR

PASSED and APPROVED this 19th day of November 2012.

Jerry Cleworth Mayor
City of Fairbanks

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC
City Clerk

Paul Ewers
City Attorney

City of Fairbanks Proposed Projects

1. *South Cushman Reconstruction: Option A-\$20,560,000 Option B-\$3,600,000

South Cushman Street from Airport Way to the Mitchell has the highest average daily traffic (approximately 9,900) of any City public right of way. There are approximately 90 commercial properties fronting this 5,350 foot segment of the South Cushman Corridor, which extends from Airport Way south to Van Horn Road and beyond. Constructed in 1979, the 33 year old asphalt concrete driving surface is extensively pot-holed, oxidized and degraded to a condition that is well below the City’s ability to effectively patch and maintain. The narrow concrete sidewalks have significantly deteriorated and do not meet Americans with Disabilities Act standards; and much of the alignment does not have a storm water drainage system.

Reconstruction of this segment of South Cushman has been in the planning phases since 1985 and currently \$5 million of FMATS funding has been obligated. This project can be advanced under the following two scenarios:

A) Complete Reconstruction with Utility Improvements: Based upon the costs of the current Illinois Street Reconstruction Project, we estimate the cost to completely reconstruct South Cushman at \$25,560,000, thus based on current FMATS funding the City will need an additional \$20,560,000 for the project. Like the Illinois Street project, this project would allow for extensive utility relocation and drainage upgrades, which increase the complexity and cost per square foot compared to recent “pavement only” projects. In the past, there had been consideration of widening South Cushman; that is no longer within the scope of this project so there will be no right of way issues.

Total Project Cost	\$ 25,560,000
Funding Already Secured	<u>(\$ 5,000,000)</u>
FY2014 State Funding Request	\$ 20,560,000

B) Rehabilitation with Limited Utility Improvements: This limited approach would reconstruct sidewalks, paved driving surfaces and upgrade sewer and water mains and services where applicable. However, this project will not address the aged poles that are in conflict with sidewalks and driveway accesses to businesses and aerial overhead power and communications line crossings and service drops that do not meet current minimum height requirements, nor will it improve pedestrian facilities and inadequate driveway accesses to businesses. Our estimate to rehabilitate South Cushman is \$8,600,000, of which \$5 million has been previously been made available.

Total Project Cost	\$ 8,600,000
Funding Already Secured	<u>(\$ 5,000,000)</u>
FY2014 State Funding Request	\$ 3,600,000

The City of Fairbanks manages 343 lane miles of driving surface within the City limits, plus sidewalks, streetlights, traffic signals and an extensive storm water management system with 95 miles of storm drain piping. No other City-maintained street is as heavily used as South Cushman. *See attachment.*

*** This project has also been submitted for inclusion in the Governor’s Budget.**

2. Rickert Subdivision: \$3,554,850

17,742 linear feet of City streets (3.36 miles) including 14th Avenue, 15th Avenue, 16th Avenue, 17th Avenue, 18th Avenue, Schaible Street, Laurene Street, Turner Street, Mary Ann Street, Rickert Street, Stacia Street (excluded Cushman Street, Airport Way, Gillam Way, Barnette Street, Gaffney Road). Construction comprises 26 to 30 foot typical section with drainage improvements, no sewer or water upgrades.

This is the only road project that was not funded in the capital budget requests last year.

- Survey, Engineering Design and Construction Management: \$450,000
- Construction: \$175/linear foot by 17,742 linear feet = \$3,104,850.

3. Local Road Improvements: \$1,000,000

The City of Fairbanks manages 343 lane miles of driving surface within the City limits in addition to sidewalks, the streetlight and traffic signal system, and an extensive storm water management system that includes 95 miles of storm drain piping, 500 manholes, 2,516 catch basins, and 77 outfalls to the Chena River or Noyes Slough. Many of the streets we currently maintain have been taken over from the State of Alaska, relieving them of ongoing maintenance and snow removal.

The majority of local City streets were constructed in the mid-1970s, thus average age of the local neighborhood streets within the City limits is now approximately 35 years. Due to the age and extreme climactic conditions, many of these local streets are extensively pot-holed and the asphalt surfaces have oxidized and degraded to a condition that is beyond the City's ability to effectively patch and maintain.

The City has budgeted each year for road upgrades and maintenance, and we have focused on a goal of trying to retain a maintenance schedule that will at least stay current with our needs and not go backwards. Unfortunately, too many lane miles are nearing the end of their lives at the same time causing us real concern.

Two years ago, we were fortunate enough to receive \$3.5 million from the State. These funds were used for two areas of town that needed serious work, Aurora Subdivision and parts of Hamilton Acres. We are extremely proud of the work we did with very minimal overhead and are constantly looking for ways to make a dollar stretch.

Citywide Collector Street Improvements \$1 Million

Our request is aimed at collector streets within the various subdivisions in the City of Fairbanks which are vital to the infrastructure within the City. These collector streets carry a significantly higher volume of daily traffic than local neighborhood streets, support busses and higher numbers of service vehicles, and thus incur significantly more wear, develop high numbers of pot holes, require more intensive storm drain maintenance, annual striping and frequent sign maintenance.

The City Public Works Department can handle local neighborhood streets that have light traffic by simply doing a pavement overlay, which we budget for each year. Overlay technique will not work

on the majority of collector streets due to curb, gutter pan, storm drain inlet elevations that cannot change. In addition, the reconstruction of a collector street requires a much more intensive and involved traffic control plan than do local roads.

Collector streets that are viable candidates to be addressed under this type of project would include Aurora Drive; portions of Ivy Drive, Sunset Drive, Park Drive and Coppet Street; Lathrop Street, 17th/19th Avenues between Cowles Street and South Cushman Street; Farewell Avenue; 5th Avenue from Barnette to Noble Streets; D Street, Joyce Drive, Hanson Road, and Moore Street.

4. Heavy Rescue Vehicle: \$625,000

Replace current first line light duty rescue vehicle with a heavy duty rescue apparatus. The new apparatus will enhance crew safety, increase pay load, add more storage, and be easier to maintain with a hinged cab.

Total Project Cost	\$ 775,000
Funding Already Secured	<u>(\$ 150,000)</u>
FY2014 State Funding Request	\$ 625,000

Details:

Project costs \$775,000: this is based on the lowest of the three estimates obtained last year, based on list price.

Funding already secured: the Fairbanks Fire Department has the \$150,000 match in its Capital Account dedicated to rescue vehicle replacement.

Detailed Project Description and Justification:

The City of Fairbanks Fire Department is requesting grant funding to replace its current light duty fire rescue vehicle with a heavier duty fire rescue vehicle. Our current rescue rig is out of room for additional equipment to be carried and is 5% over its gross vehicle weight rating. We do have additional rescue equipment that should be carried on our primary response vehicle that is either in storage or on other apparatus. If we are awarded this grant we will be able to obtain a modern apparatus capable of carrying the proper compliment of fire and rescue equipment without worries of limited space or weight restrictions. The additional compartment space will enable us to properly store our equipment in safe and secure locations. The new unit will be built in compliance with National Fire Protection standards (NFPA 1901 Standard for Automotive Fire Apparatus 2009 Edition) and will meet all safety standards and comply with all environmental emission standards.

The present light duty rescue vehicle in service today was originally a 1985 army rescue vehicle that was surplus by them in 1995 and obtained by the City of Fairbanks to replace its 1974 small rescue vehicle. In 1999 the engine compartment caught fire and totaled the chassis, which was replaced by the City in 2000. The original rescue body is now 28 years old and showing its age. Although the maintenance on this vehicle has been acceptable, it has almost tripled during the last five years, compared to the previous five years. *See attachment for a comparison of our current vehicle to a vehicle similar to the one we are requesting to purchase under this grant.*

This vehicle would be the first of its kind in the interior of Alaska. It will not only provide additional weight carrying capacity with a much needed increase in storage space, but also provide for a crew space for rescuers to change into survival suits for ice and water rescue. The elevated light tower

would provide much needed emergency scene lighting not only for rescue events, but at fire scenes. Another benefit to this vehicle will be to store our confined space rescue equipment on this vehicle instead of a separate trailer that must be brought to the scene after the initial response. We would be remiss if we did not point out that this new rescue vehicle will be state of the art and include all safety features to allow our firefighters to respond safely and arrive with all the necessary tools to affect a rescue, not only for City of Fairbanks residents, but also the rest of the population within the interior of Alaska.

5. Energy Improvement/Conservation Projects-Multiple Facilities: \$817,500

The City of Fairbanks recently obtained an “Investment Grade” Energy Audit for all of its major facilities. The Energy Audit identifies the most critical energy improvements for each building, with emphasis on reduction of energy costs and rapid rate of return on investment. In addition to the Audit, building HVAC systems were reviewed for energy improvements by a building controls consultant.

The following energy retrofit projects are recommended for funding:

Public Works Facility; 2121 Peger Road	
Digital Controls System	\$175,000
Heat Recovery Exchanger	\$ 25,000
Replace Fuel-oil Boilers with Natural Gas boilers	\$ 65,000
Complete Upgrade to LED Lighting	<u>\$169,000</u>
Public Works Energy Upgrade Total	\$434,000

City Police Station; 911 Cushman Street	
HVAC Air Change Sensors and Variable Drives	\$ 55,000
Complete Upgrade to LED Lighting	<u>\$159,000</u>
Police Station Energy Upgrade Total	\$214,000

Fire Station Headquarters; 1101 Cushman Street	
Upgrade HVAC Air Change Sensors	\$ 18,000
Complete LED Lighting Upgrades	<u>\$114,500</u>
Fire Station Headquarters Energy Upgrade Total	\$132,500

Fire Station No. 3; 1033 Aurora Drive	
Complete LED Lighting Upgrades	\$ 12,000
Upgrade Heating System	<u>\$ 25,000</u>
Fire Station No. 3 Energy Upgrade Total	\$ 37,000

6. Voice Over IP: \$625,700

Brief Project Description:

Replace antiquated, proprietary Centrex telephone service with a Voice Over Internet Protocol (VoIP) telephone system. The new system offers improved availability, control, integration, and functionality over the existing phone service, while reducing the City’s overall dependency on third party vendors for changes, additions and moves.

Detailed Project Description and Justification:

The City of Fairbanks Information Technology Department is requesting funds for a Voice Over Internet Protocol (VOIP) telephone system upgrade in the amount of \$625,700. The project would replace a legacy Centrex telephone serviced by installing switching equipment in-house. This will greatly increase the survivability of our internal communications compared to Centrex. Most operations can be easily performed in-house increasing self-reliance, agility and unlocking many functions that are currently controlled by the service provider but takes considerable time due to system complexity. The ability to control our own system at this level will be invaluable in the event of a disaster or the need to establish communications/operations quickly in an alternative workspace.

Problem/Needs Statement:

With our current configuration, a failure at the telephone company central office would completely cripple our ability to communicate even amongst ourselves since we have no on-site switching equipment. Emergency management and Continuity of Operations Planning (COOP) are extremely important in planning for natural and manmade disasters and communications are key to implementing any plan.

The City of Fairbanks' day-to-day and emergency operations depend upon the ability to communicate among its departments and outside agencies to meet its objectives. Directly calling someone is sometimes preferable to email and various City departments have significant distances separating them.

We have used all available pairs at City Hall for our required lines and are at the point of needing new main cables from the central office to accommodate any possible future growth. Our current service uses a main cable which contains several bad pairs resulting in occasional noisy lines and static issues.

History:

The City of Fairbanks was the former owner of the Fairbanks Municipal Utilities System which included the telephone system. Since the City owned the phone company, it made sense at the time not to purchase any PBX or "key" systems for City facilities but rather to utilize Centrex services with all lines at every desk coming directly from the telephone Central Office. After the City divested itself of FMUS, we continued to utilize this type of service. It would be more desirable and efficient for us to have our own internal telephone switching equipment.

Technology Overview:

Voice Over Internet Protocol introduced an innovation in telecommunications: the ability to transmit voice over a data network. Traditional phone systems rely on completely separate and dedicated wiring. VOIP eliminates this conventional telephone wiring. The system converts the analog voice signal to digital data packets which are then transmitted over the organization's existing data network. An in-house VOIP system then connects to the Public Switched Telephone Network (PSTN), allowing calls to and from outside lines.

Technology Benefits:

This project will leverage the City's recent and substantial investment to upgrade its network

infrastructure to support gigabit transfer speeds by consolidating voice and data traffic onto a single modern network. Utilizing existing network infrastructure simply offers more agility than traditional phone systems, resulting in productivity gains thanks to improved access, greater flexibility, and a more advanced feature set.

Access:

VOIP allow City employees to take their office with them wherever they go, accessing the system via any broadband Internet connection. This anytime, anywhere access is crucial for our mobile workforce, accommodating our public safety employees in the field. With VOIP, these critical employees can check voicemail and e-mail, access project data, and place calls over a data network utilizing a single communication device.

Flexibility:

VOIP scales immediately to meet the business needs of the City. Employees will be empowered, via online interface, to setup call-routing preferences, install new phones, and add additional functionality without the aid of the Information Technology Department. Rearranging desktop phones is simply a matter of unplugging and moving them to another outlet, there's no back-office re-wiring necessary.

Functionality:

Many advanced functions that are either a luxury or unavailable on legacy PBX systems come standard with VOIP. These features include advanced call forwarding and electronic messaging, custom auto-attendant, three-way conferencing, video-conferencing, and advanced call distributions functions such as skill-based call routing.

Lower Costs:

A streamlined communications infrastructure has the potential to reduce maintenance costs. Aside from the inherent benefit of consolidating communications into a single network, a data network is more flexible and cheaper to maintain than circuitry and phone lines.

7. Chest Compression Systems for CPR: \$45,000

Brief Description of the Project: Purchase of three chest compression systems will allow us to place one in each of our three active ambulances. These devices will enhance advanced life support care provided to cardiac arrest patients and reduce risk of injury to personnel while performing CPR.

Total Project Cost (3 @ \$15,000) \$ 45,000.

Details:

- Project cost: \$45000, this is based on the current market information available.
- Funding already secured: None
- FY14 State Funding Request: \$45,000. This amount is based on our estimated cost.
- Other Funding Requests: There are no other requests in for this equipment.
- Additional Funding Required: There will be no additional funding requests for this project.

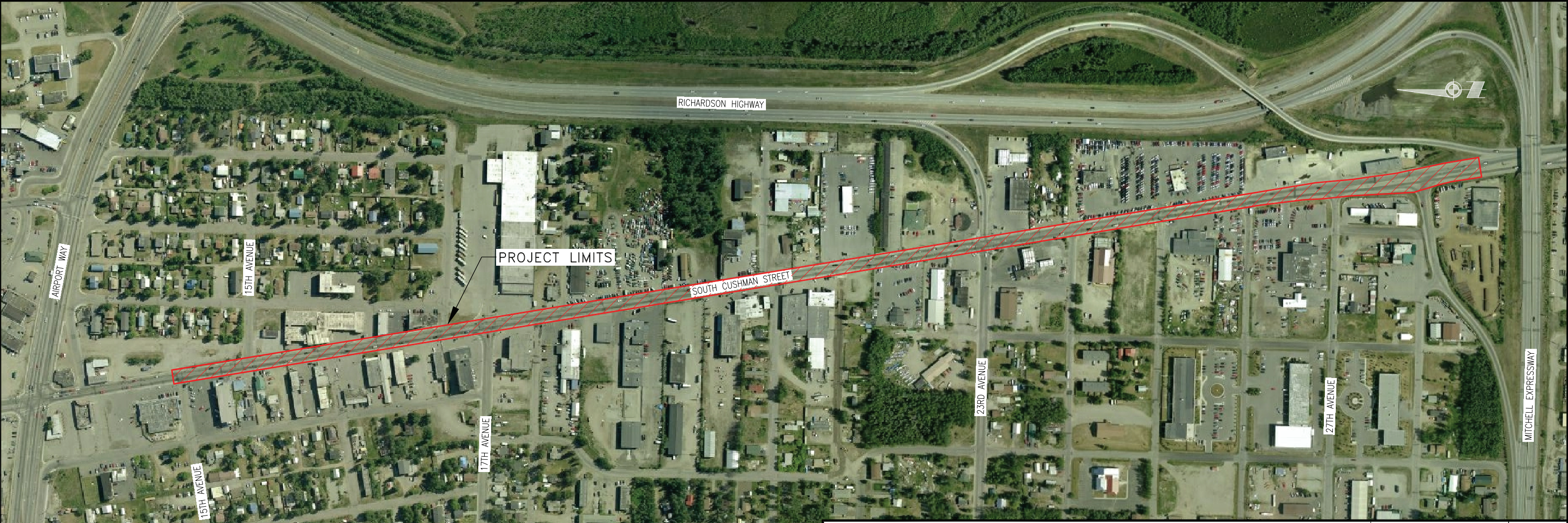
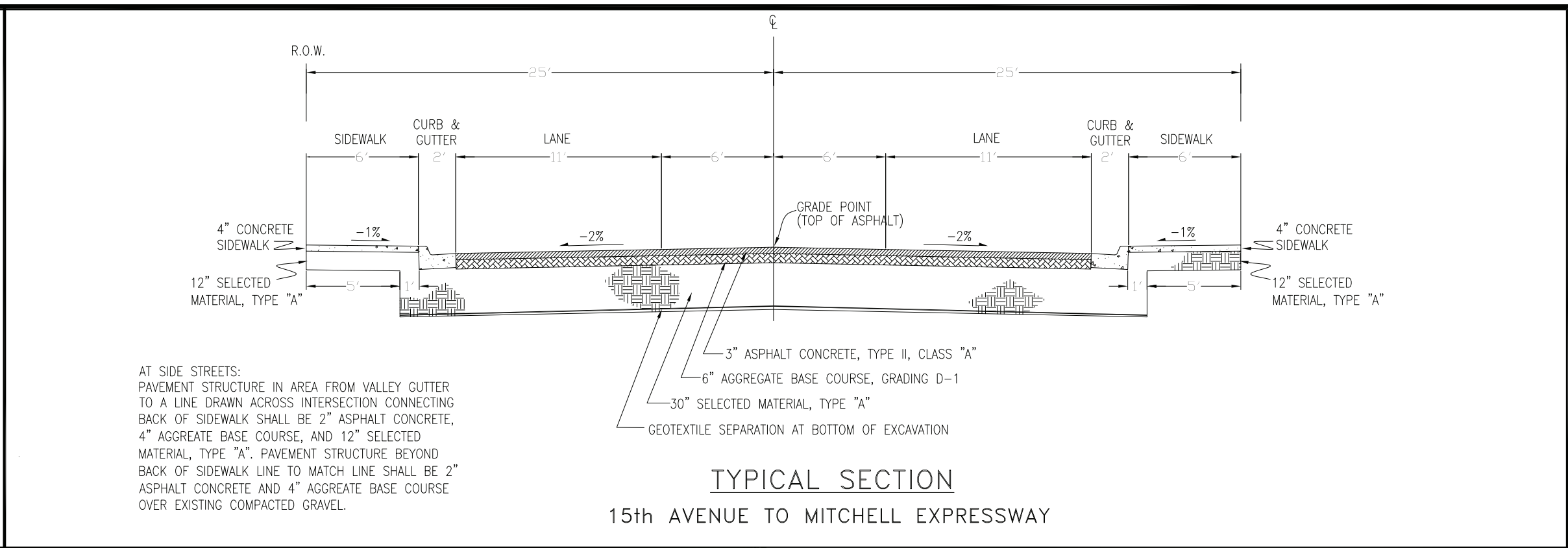
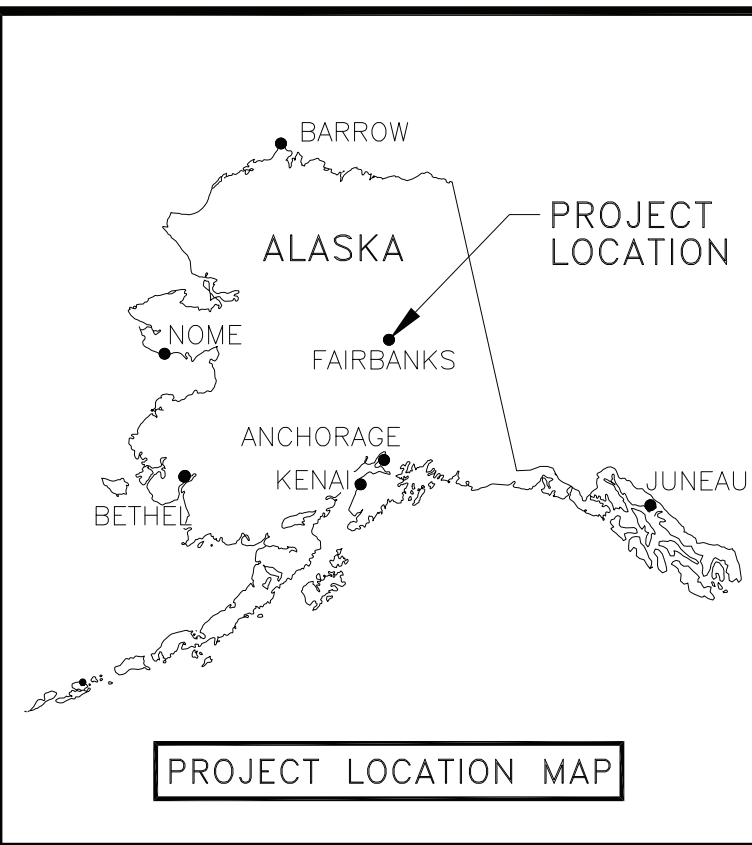
Detailed Project Description and Justification:

The City of Fairbanks Fire Department is requesting grant funding to purchase three units, one for each of our Advanced Life Support (ALS) ambulances. These devices will directly improve patient survivability and reduce risk of paramedic injury for CPR performed in the field and during transport.

The purpose of CPR during a cardiac arrest is to move the blood around to keep organs working and provide oxygen to the brain, improving the likelihood of the return of spontaneous circulation. The American Heart Association has correlated better chest compressions with better patient outcomes. A mechanical chest compression system is becoming part of the gold standard for ALS care, as it provides effective, consistent and uninterrupted compressions. Manual CPR is strenuous physical labor and fatigue soon affects the ability to deliver compressions in a steady and consistent manner at the appropriate rate and depth. Several studies show that the effectiveness of manual chest compressions can drop rapidly due to rescuer fatigue – even within the first few minutes. This requires frequent changes in personnel providing the compressions. Each of those interruptions breaks the cycle and has an impact on the blood flow. Many emergency rooms have these devices as they recognize, even in that controlled environment, the importance of maintaining good blood flow through constant, uninterrupted compressions.

Fairbanks Fire currently dispatches extra personnel to all potential cardiac arrests, in part to support the additional resources needed to perform manual chest compressions during CPR. Ambulances equipped with a mechanical device to provide chest compressions would allow resources to be freed up to perform other elements of the treatment for victims of sudden cardiac arrest, such as intubation for airway management, IV access and medication therapies, and stabilize the patient sooner to initiate quicker transport to the hospital.

A mechanical compression system is incredibly useful to maintaining the blood flow during the movement process, as it is nearly impossible to perform consistent, effective compressions manually as you are walking alongside a patient being moved from the scene into the ambulance for transport. During transport to the hospital, this device is able to continue the delivery of those compressions, unaffected by the moving vehicle. Paramedic safety is significantly increased as they can remain seat-belted in rather than struggling to maintain their balance while bending over a gurney to perform compressions in a moving ambulance.



South Cushman Street, 15th Avenue to Mitchell Expressway	PROJECT No. 63727	1
Fairbanks, Alaska - Location & Vicinity Map	NOT TO SCALE	
	DRAWN: JCF	
	DATE: 12/14/2010	

Legislative Request – 2013 Capital Project – Heavy Rescue Apparatus

Project Title: Purchase of a Heavy Duty Rescue Apparatus

FY2014 State Funding Request: \$625,000

Brief Description of the Project: Replace current first line light duty rescue vehicle with a heavy duty rescue apparatus. The new apparatus will enhance crew safety, increase pay load, add more storage, and be easier to maintain with a hinged cab.

Project Type: Equipment

Funding Plan:

Total Project Cost	\$ 775,000.
Funding Already Secured	(\$ 150,000.)
FY2014 State Funding Request	<u>(\$ 625,000.)</u>
Project Deficit:	-0-

Details:

- Project costs \$260,000: this is based on the lowest of the three estimates obtained last year, based on list price.
- Funding already secured: the Fairbanks Fire Department has the \$150,000 match in its Capital Account dedicated to rescue vehicle replacement.
- FY14 State Funding Request: \$625,000. This amount is based on our estimated costs less our \$150,000 match.
- Other Funding Requests: There are no other requests in for a heavy rescue vehicle.
- Additional Funding Required: There will be no additional funding requests for this project.

Detailed Project Description and Justification:

The City of Fairbanks Fire Department is requesting grant funding to replace its current light duty fire rescue vehicle with a heavier duty fire rescue vehicle. Our current rescue rig is out of room for additional equipment to be carried and is 5% over its gross vehicle weight rating. We do have additional rescue equipment that should be carried on our primary response vehicle that is either in storage or on other apparatus. If we are awarded this grant we will be able to obtain a modern apparatus capable of carrying the proper compliment of fire and rescue equipment without worries of limited space or weight restrictions. The additional compartment space will enable us to properly store our equipment in safe and secure locations. The new unit will be built in compliance with National Fire Protection standards (NFPA 1901 Standard for Automotive Fire Apparatus 2009 Edition) and will meet all safety standards and comply with all environmental emission standards.

The present light duty rescue vehicle in service today was originally a 1985 army rescue vehicle that was surplused by them in 1995 and obtained by the City of Fairbanks to replace its 1974 small rescue vehicle. In 1999 the engine compartment caught fire and totaled the chassis, which was replaced by the City in 2000. The original rescue body is now 28 years old and showing its age. Although the maintenance on this vehicle has been acceptable, it has almost tripled during the last five years, compared to the previous five years. *See Attachment A for a comparison of our current vehicle to a vehicle similar to the one we are requesting to purchase under this grant.*

This vehicle would be the first of its kind in the interior of Alaska. It will not only provide additional weight carrying capacity with a much needed increase in storage space, but also provide for a crew space for rescuers to change into survival suits for ice and water rescue. The elevated light tower would provide much needed emergency scene lighting not only for rescue events, but at fire scenes. Another benefit to this vehicle will be to store our confined space rescue equipment on this vehicle instead of a separate trailer that must be brought to the scene after the initial response. We would be remiss if we did not point out that this new rescue vehicle will be state of the art and include all safety features to allow our firefighters to respond safely and arrive with all the necessary

Legislative Request – 2013 Capital Project – Heavy Rescue Apparatus

tools to affect a rescue, not only for City of Fairbanks residents, but also the rest of the population within the interior of Alaska.

The City of Fairbanks Fire Department is requesting funds for a rescue vehicle upgrade in the amount of \$625,000.

Project Management

The Project Manager is Chief Warren Cummings. He has been with the City of Fairbanks Fire Department for over 40 years and has been the head of the department for the past 18 years. Chief Cummings has been the project manager on a variety of state and federal grants. He is responsible for the annual budget as well as 44 full-time employees. In 2007, Chief Cummings completed a two year term as President of the Alaska Fire Chiefs Association. He served as the Alaska Vice President for the Western Fire Chiefs Association for three years which covers a 10 state region. He is now serving on the International Association of Fire Chiefs and is a member of the Constitution, Bylaws and Resolution Committee. He reports to the Mayor and as needed the Chief of Staff.

Project Staff

The City of Fairbanks manages over 50 federal and state grants every year. The City has an experienced staff that is familiar with state and federal grant guidelines and has completed the required audits with no findings identified. The City of Fairbanks has established and maintained a financial management system to ensure:

- there are accurate, current, and complete disclosure of the financial results of the grant;
- there are effective controls over and accountability for all grant funds and property acquired with grant funds;
- there are accurate comparison of actual and budgeted amounts;
- that the accounting records, which are supported by source documentation, adequately identify the nature and use of, grant funds;
- there are separate financial records for the accounting of funds related to the grant;
- there are procedures to ensure timely reporting and receipt of grant funds; and
- that an audit is conducted every year in accordance with generally accepted auditing standards.

The Fairbanks Fire Department has experience with emergency services grants awarded through various agencies such as the U.S. Department of Homeland Security and the State of Alaska. The department has experience with financial and programmatic requirements of grantors and has been successful in achieving their goals. The following individuals will also be working on the project:

Specifications Committee: The committee is comprised of two individuals, Battalion Chief Brian Davis and Captain Scott Raygor. BC Davis and Captain Raygor have a combined 29 years of experience with the Fairbanks Fire Department. Both men attended a seminar on apparatus specifications. The committee is part of the Fairbanks Fire Department and will assist in the development of the bid and selection of the vendor. The committee will report directly to the Project Manager.

Grants Administration: Margarita Bell, CPA, CMA began her position as the grants administrator at the City in 2008. Prior to that time she worked in a non-profit organization and was responsible for managing and administering federal grants. Margarita works in the finance department and is responsible for the timely financial grant reporting and enforcing grant conditions. She works closely with the project managers and department administrators to accomplish the goals of each grant. She also maintains the capital assets list for the City of Fairbanks which includes all assets,

Legislative Request – 2013 Capital Project – Heavy Rescue Apparatus

whose value exceeds \$5,000, that were purchased using grant funds. She reports directly to the Chief Financial Officer, and as needed, the Mayor and the Chief of Staff.

See Attachment B - Organizational Structure Charts.

Executive Summary

The City of Fairbanks' goal is to increase public safety by purchasing a fire rescue vehicle capable of providing efficiency in rescue incidents for residents. Considerable work has gone into the planning and preparation of this project, which positions us for quick implementation of the project should it be funded.

The City of Fairbanks Fire Department has the bid specification already developed for a new fire rescue vehicle. If we are successful in being awarded this grant, it will be first presented to the City Council in resolution form to be formally accepted. We then estimate it will take about 30 days to finalize the bid documents and another 60 days to complete the bid process. This would be followed by a 30 day bid review process, and final award by the City Council as this project is over the Mayor's \$500,000 authorization limit. Based on our recent history of new fire vehicle orders, it will take 12 months to build and deliver the new vehicle, followed by 60 days to arrange the equipment on it and train the fire fighters on its proper operation and handling through drivers training.

Problem/Needs Statement: The City of Fairbanks is located in the heart of Alaska's interior on the banks of the Chena River in the Tanana Valley. The city has a population of approximately 32,500 and is the second largest city in the State of Alaska. In addition, residents from the Fairbanks North Star Borough visit the City of Fairbanks daily. When combined with the city population, it brings the total population to 93,779 (Source: 2009 Alaska Population Overview). Large numbers of tourists also visit the City of Fairbanks throughout the summer months (estimated 325,000) as Fairbanks is at the confluence of the Richardson, Parks, Steese and Elliot Highways which connect Anchorage, Canada, and the lower 48 states. This equates to even more traffic flow throughout our community. *See Attachment C graphs for total run volume and area EMS activity.*

The Fire Department provides fire, rescue, and paramedic level pre-hospital emergency care with transportation via ambulance. The Fire Department is currently using a Ford F-450 for our rescue vehicle and has discovered we are over our gross vehicle weight ratings (GVWR). The GVWR of our current vehicle is 14,000 pounds and that of a heavy rescue vehicle will be 38,600 pounds, which will increase our carrying capacity by 275% for crew, equipment and supplies.

The Fairbanks Fire Department is a member of an area wide mutual aid agreement between all of our surrounding fire departments. This vehicle will be part of the resources available to departments in that agreement. Our mutual aid agreement is with two Federal fire departments, one student based fire department, one airport fire department, five combination/volunteer fire departments and one fire brigade. Within the ten mutual aid fire protection districts we have the Trans Alaska Oil pipeline (of national interest), a university campus, two military installations, two petrochemical plants, three major airports (two military), a railroad yard and many significant target hazards. This vehicle will not only enhance our operations but will also benefit the surrounding community.

The heavy duty rescue will increase crew safety, provide better visibility with the addition of reflective striping on the rear of the apparatus as outlined in NFPA (National Fire Protection Policy Association) 1901 and have increased equipment storage space. To ensure the safety of first responders, staff will be provided commercial vehicle driving classes and road test training on the new vehicle by qualified commercial instructors before placing the vehicle in service.

The U.S. Fire Administration reports that 15% of all fire fighter deaths are responding to and from emergency responses. The NFPA reported a total of 4,965 injuries to fire fighters while

Legislative Request – 2013 Capital Project – Heavy Rescue Apparatus

responding to or from emergency calls. Our need is not to add to these national totals but to safely save lives by serving the residents and visitors to the interior of Alaska.

Goals: The Fire Department will endeavor to reduce motor vehicle fatalities by upgrading our rescue vehicle to ensure safety of responders and the public by:

- Improving emergency responder safety through better visibility, up to date safety features, improved equipment access, and up to date training by increasing the GVWR from 14,000 to 38,600 pounds.
- Improving rescue operations by upgrading a light duty rescue to a heavy duty rescue
- Improving response to motor vehicle accidents by reducing maintenance time due to the design of the heavy rescue vehicle.
- Ensuring rescue vehicle availability to respond to motor vehicle accidents and other rescue incidents by extending the life of our rescue vehicle by eliminating our gross vehicle weight overage.

Implementation Plan: The Project Manager will notify the Mayor and City Council that the grant has been awarded. The Specification Committee will prepare the bid documentation for general posting. Once the bids have been received, the Specification Committee will use the criteria established to award the bid. The vendor selected will have twelve months to construct the rescue vehicle. The Project Manager and/or a Specification Committee member will visit the vendor to inspect the rescue vehicle prior to delivery. Upon receipt, the rescue vehicle will be inspected and the fire fighters will be trained. The rescue apparatus will be placed in service after the appropriate staff has been trained. The Grants Administrator will report to the State of Alaska as required by the grant award.

Risk Management: The heavy duty rescue apparatus is being used by a number of different agencies throughout the United States. This is not a new type of vehicle and should not be considered untested technology. As for unforeseen risk factors, we will not be taking our current rescue vehicle out of service until the new vehicle is ready for service and our emergency personnel are trained on its operation.

Project Timeline

The City of Fairbanks Fire Department would develop specifications for this vehicle within 90 days of grant award. The current build time for a heavy duty rescue is 9 to 12 months, which would put delivery for this vehicle in the time frame from July to September 2014.

Entity Responsible for Ongoing Operation and Maintenance of this Project: City of Fairbanks

Grant Recipient Contact Info:

Warren B. Cummings
1101 Cushman Street
Fairbanks, AK 99701
907-450-6604
wcummings@ci.fairbanks.ak.us



Existing Equipment Storage



Proposed Area to expand storage

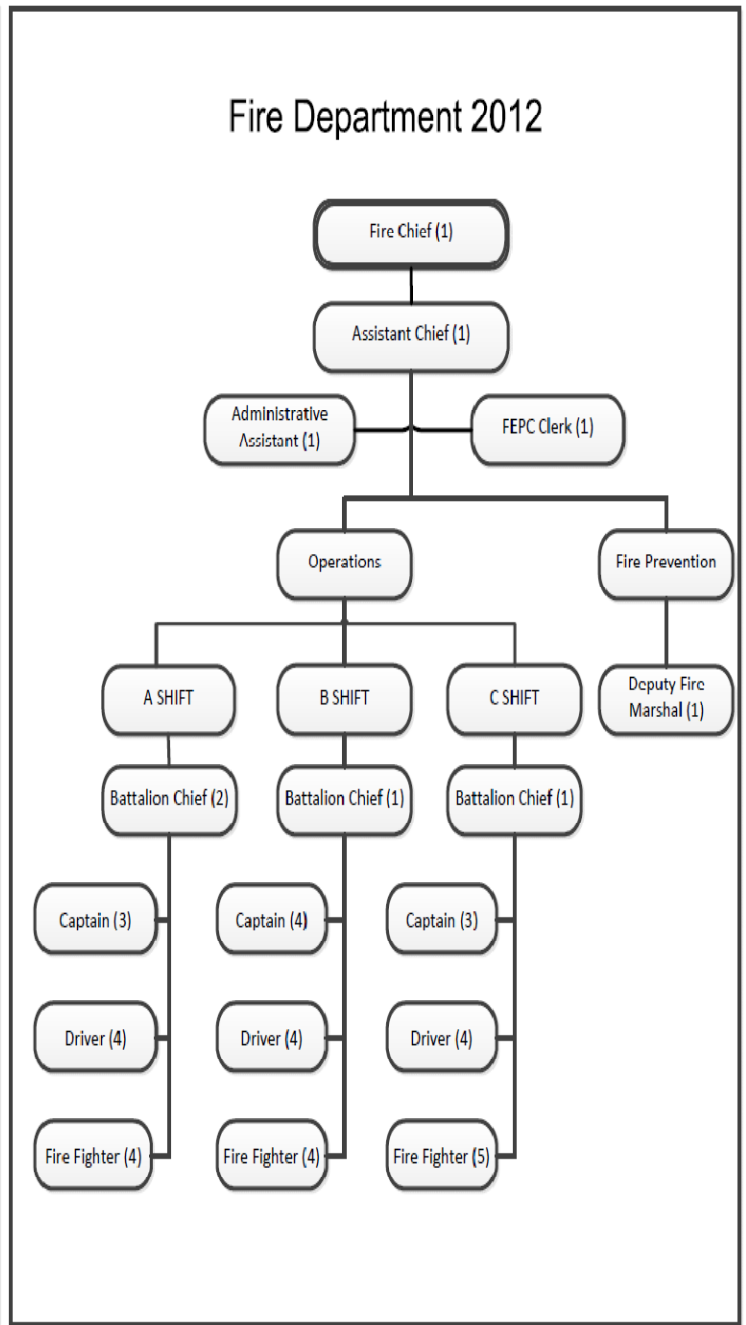
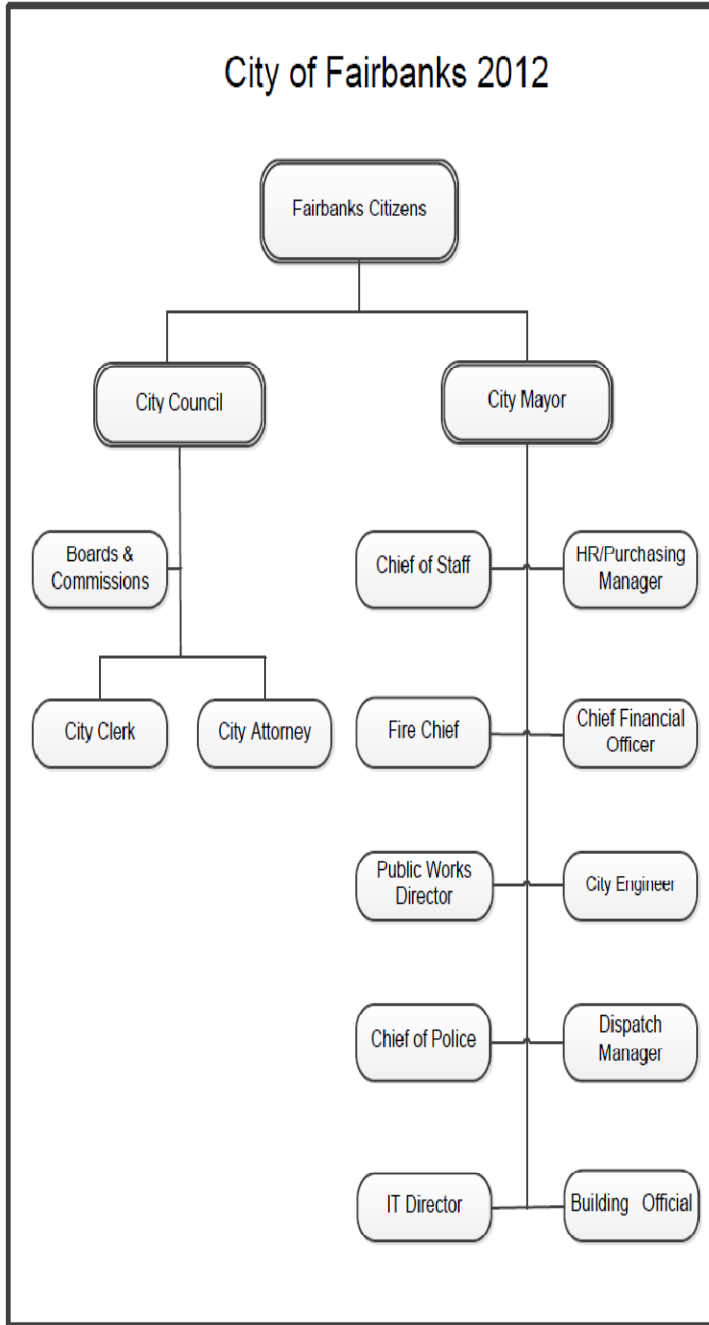


Existing Rear Storage Area

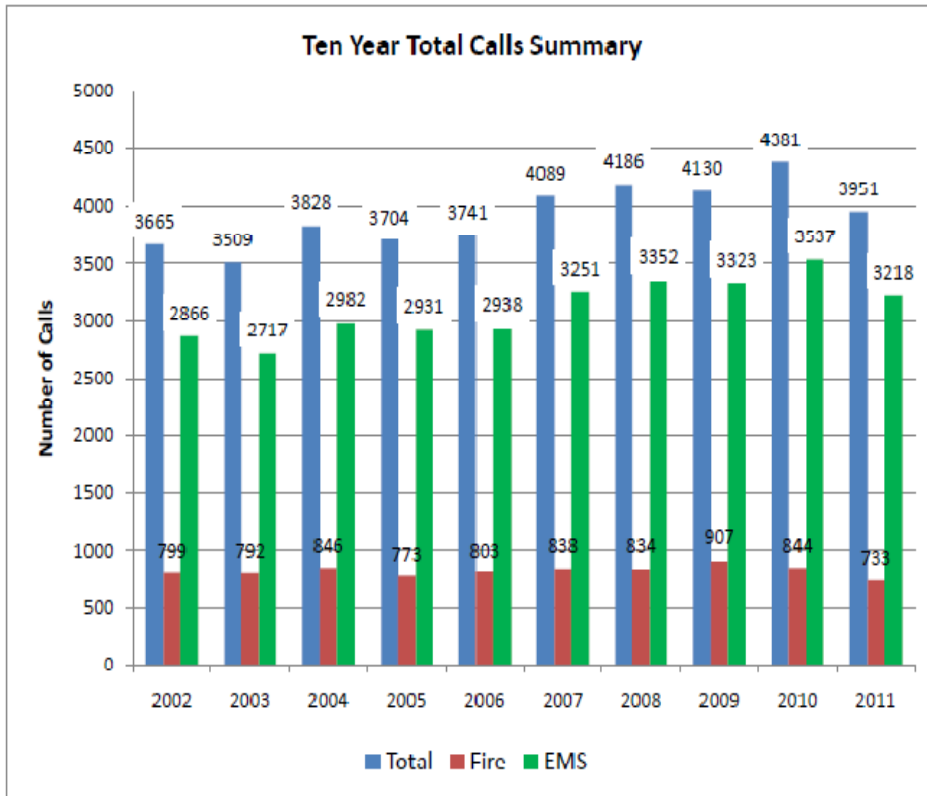


Proposed Storage Compartments to Expand Capabilities



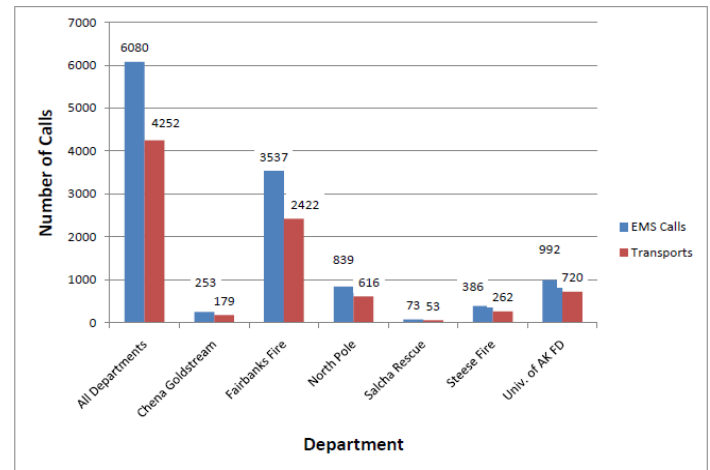
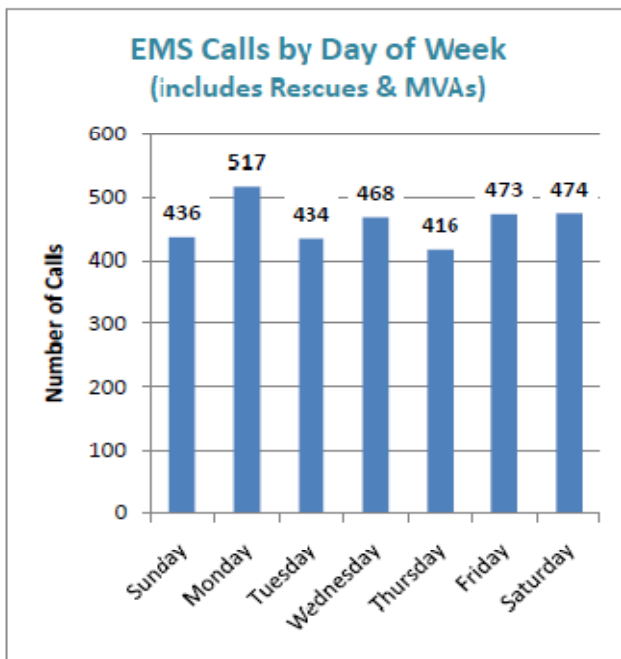


Historical Comparisons (2002-2011)



**Fairbanks Fire Department
Statistics from our
2011 Annual Report**

Areawide Activity Comparison for EMS 2011 Areawide EMS Activity



	% of Area Call Volume	EMS Calls	Transports	Transport Ratio
Chena Goldstream	4.15	239	183	76.6%
Fairbanks Fire	55.86	3218	2426	75.4%
North Pole FD	16.26	937	602	64.2%
Salcha Rescue	1.18	68	55	80.9%
Steeze Fire	6.77	390	327	83.8%
Univ. of AK FD	15.78	909	704	77.4%
All Departments	100.0	5761	4297	74.6%

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

ORDINANCE NO. 5905

**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.

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]:

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~~FTSE Emerging Market Index, including both mutual funds and (ETF's).

(12) International Bond index funds, which taken as a whole, attempt to replicate Barclays Capital Global Treasury ex-U.S. Capped Index, 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 mortgage 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% of the portfolio with an allowable range of 30% to ~~50~~60%. The target for fixed income is 60% 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:

Large Cap Equity	22	20 15 - 50
Mid Cap Equity	2	0 - 10
Small Cap Equity	1	0 - 10
International Equity	8	0 - 15
Emerging Markets Equity	2	0 - 5 10
Real Estate Equity	5	0 - 10
Fixed Income - Overall	60	50 40 - 70
US Bonds meeting Ordinance Criteria	45	40 30 - 70
International Bonds	5	0 - 10
U.S Treasury Inflation Protected Securities	10 5	0 - 15 10
Cash/1-3 month Treasuries	5	0 - 10
Commodities	0	0 - 10

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

1. Performance measurement of the Domestic Equity allocation will be measured against the Target Weighting, using the Standard & Poor's 500 as the benchmark.
2. Performance measurement for the Mid/Small Cap Equity allocation will be measured against the Target Weighting, using the Standard & Poor's 400 MidCap Index as the benchmark.
3. Performance measurement for the International Equity allocation will be measured against the target weighting using the **FTSE Developed ex North America** ~~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**FTSE** Emerging Market Index.
8. Performance measurement for the international bond allocation will be measured against the target weighting using the Barclays Capital Global Treasury ex. U.S. Capped Index.
9. Performance measurement for the U.S. Treasury Inflation Protected Securities (TIPS) allocation will be measured against the target weighting using the Barclays Capital U.S. Treasury Inflation Protected Securities Index.

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

Sec 2-262 Interim Use of Substitute Index. In the event that one of the indices specified in Sections 2-260 and 2-261 becomes, in the professional judgment of the investment manager, unavailable or inappropriate, a substitute index may be used on an interim basis with the written consent of the City Chief Financial Officer, who shall notify the Mayor and City Council and 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 ___ day of _____,2012.

Jerry Cleworth, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM

Janey Hovenden, CMC, City Clerk

Paul J Ewers, City Attorney

ORDINANCE NO. 5906

**AN ORDINANCE AUTHORIZING RELEASE OF AN
EASEMENT IN PEGER LAKE DEVELOPMENT.**

WHEREAS, the City of Fairbanks acquired a certain easement on May 25, 1995, the same being recorded in Book 928 at Pages 603 through 607, records of the Fairbanks Recording District ("the easement"); and

WHEREAS, said easement comprises a twenty-foot strip of land centered on the lot lines common to Lots 48 and 49, Peger Lake Development Phase II, according to the plat filed July 13, 1993 as Plat No. 93-168, as shown on attached "Exhibit A"; and

WHEREAS, the intended purpose of the easement was to allow installation of pipe into Peger Lake as a water source for a "draft" fire hydrant, because at that time, there was no public water supply for this purpose; and

WHEREAS, since acquiring the easement, sufficient water mains have been installed such that water supply for fire hydrants is now available at this location; and

WHEREAS, the owners of Lots 48 and 49 have requested that the easement be released; and

WHEREAS, the City Fire Marshall has reviewed this easement and determined that it is no longer required for fire protection and can be released; and

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

SECTION 1. DETERMINATION: That said easement is no longer necessary for municipal purposes and shall be released.

SECTION 2. MAYORS AUTHORIZATION: That the Mayor is hereby authorized and empowered to execute such documents as necessary to effect release of said easement after Council approval.

SECTION 3. That the effective date of this ordinance shall be the 8th day of December 2012.

JERRY CLEWORTH, Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

JANEY HOVENDEN, CMC, City Clerk

PAUL EWERS, City Attorney

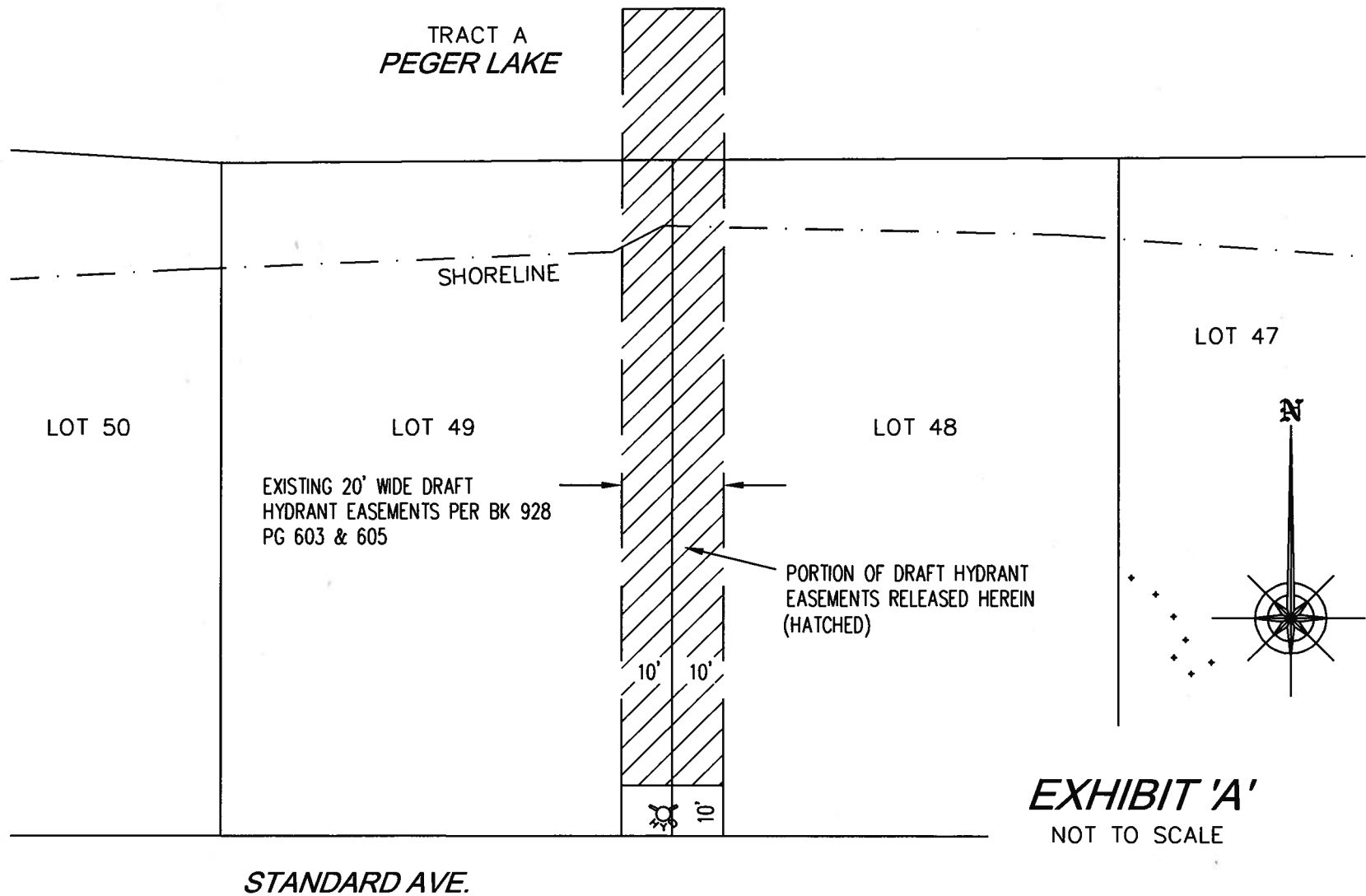


EXHIBIT 'A'
ORDINANCE No. 5906

ORDINANCE NO. 5907

**AN ORDINANCE ADOPTING THE 2013
 OPERATING AND CAPITAL BUDGETS**

WHEREAS, pursuant to City Charter Section 5.2, on October 31, 2012, Mayor Cleworth presented a recommended annual operating and capital budget estimate for 2013; and

WHEREAS, the proposed budget has been reviewed by the City Finance Committee with the active participation of City Department Directors.

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

SECTION 1. There is hereby appropriated to the 2013 General Fund budget from the following sources of revenue for the City of Fairbanks in the amount indicated to the departments named for the purpose of conducting the business of said departments of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2013 and ending December 31, 2013:

	MAYOR RECOMMENDS	COUNCIL APPROPRIATION
Taxes, (all sources)	\$ 19,495,990	\$ -
Charges for Services	4,319,431	-
Intergovernmental Revenues	3,180,122	-
Licenses & Permits	1,678,239	-
Fines, Forfeitures & Penalties	987,075	-
Interest & Penalties	142,500	-
Rental & Lease Income	157,919	-
Other Revenues	212,500	-
Other Financing Sources	3,416,592	-
 Total Appropriation	\$ 33,590,368	\$ -

SECTION 2. There is hereby appropriated to the 2013 budget expenditures for the City of Fairbanks in the amount indicated:

DEPT	DESCRIPTION	MAYOR RECOMMENDS	COUNCIL APPROPRIATION
10	Mayor and Council	\$ 495,271	\$ -
11	Office of the City Attorney	172,281	-
12	Office of the City Clerk	344,767	-
13	Finance Department	902,267	-
14	Information Technology	1,431,938	-
15	General Account	5,138,271	-
16	Risk Management	1,406,448	-
20	Police Department	6,838,678	-
21	Dispatch Center	1,983,336	-
30	Fire Department	6,370,513	-
50	Public Works Department	7,199,801	-
51	Engineering Department	465,775	-
60	Building Department	656,136	-
	Total general fund appropriation	\$ 33,405,482	\$ -
	12/31/12 (estimate) general fund balance	\$ 10,562,266	\$ -
	Increase to fund balance	184,886	-
	Committed for snow removal	(250,000)	-
	(Estimate) Committed self insurance reserve	(530,000)	-
	12/31/13 Unassigned balance	\$ 9,967,152	\$ -

SECTION 3. There is hereby appropriated to the 2013 Capital Fund budget from the following sources of revenue for the City of Fairbanks in the amount indicated:

	MAYOR RECOMMENDS	COUNCIL APPROPRIATION
Transfer from Permanent Fund	\$ 482,146	\$ -
Transfer from General Fund	150,000	-
Transfer Ambulance Mileage from General Fund	65,000	-
Budgeted Garbage Equipment Replacement	225,574	-
Equipment Replacement - Public Works	250,000	-
Equipment Replacement - Building Department	10,000	-
Equipment Replacement - Police	180,000	-
Equipment Replacement - Dispatch	75,000	-
Equipment Replacement - Fire	250,000	-
Equipment Replacement - IT	105,000	-
Property Repair & Replacement	145,000	-
	<hr/>	<hr/>
Total Appropriation	\$ 1,937,720	\$ -

To the departments named for the purpose of conducting the business of said departments of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2013 and ending December 31, 2013.

SECTION 4. There is hereby appropriated to the 2013 capital budget, expenditures for the City of Fairbanks in the amount indicated:

<u>DEPARTMENT</u>	<u>DESCRIPTION</u>	<u>MAYOR RECOMMENDS</u>	<u>COUNCIL APPROPRIATION</u>
14	Information Tech. Department	165,000	-
20	Police Department	180,000	-
21	Dispatch Department	45,000	-
30	Fire Department	618,000	-
50	Public Works Department	1,537,800	-
	Total Capital Fund Appropriation	\$ 2,545,800	\$ -
12/31/12 (estimate) capital fund balance		4,153,928	-
Decrease to fund balance		(608,080)	-
Total Decrease to assigned fund balance		<u>3,545,848</u>	<u>-</u>

SECTION 5. All appropriations made by this ordinance lapse at the end of the fiscal year to the extent they have not been expended or contractually committed to the departments named for the purpose of conducting the business of said departments of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2013 and ending December 31, 2013.

SECTION 6. The effective date of this ordinance shall be the ____ day of December 2012.

JERRY CLEWORTH, MAYOR

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM

JaneyHovenden,CMC, City Clerk

Paul J. Ewers, City Attorney

ORDINANCE NO. 5908

**AN ORDINANCE AMENDING THE 2012 GENERAL FUND
BUDGET FOR THE THIRD TIME**

WHEREAS, this ordinance incorporates the changes outlined on the attached fiscal note to amend the 2012 general fund budget.

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

SECTION 1. There is hereby appropriated to the 2012 budget from the following sources of revenue for the City of Fairbanks in the amount indicated to the departments named for the purpose of conducting the business of said departments of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2012 and ending December 31, 2012:

	Approved Budget	As Amended
Taxes, (all sources)	\$ 19,425,990	\$ 19,425,990
Charges for Services	4,331,966	4,557,259
Intergovernmental Revenues	3,804,499	3,805,284
Licenses & Permits	1,891,198	1,946,370
Fines, Forfeitures & Penalties	1,115,390	1,031,533
Interest & Penalties	122,000	140,893
Rental & Lease Income	157,919	158,119
Other Revenues	482,588	518,523
Other Financing Sources	2,012,389	1,022,800
Total Appropriation	\$ 33,343,939	\$ 32,606,771

SECTION 2. There is hereby appropriated to the 2012 general fund budget expenditures for the City of Fairbanks in the amount indicated:

<u>DEPT</u>	<u>DESCRIPTION</u>	<u>Approved Budget</u>	<u>As Amended</u>
10	Mayor and Council	\$ 483,403	\$ 483,403
11	Office of the City Attorney	166,857	166,857
12	Office of the City Clerk	300,758	300,758
13	Finance Department	882,600	882,600
14	Information Technology	1,447,837	1,447,837
15	General Account	5,000,223	5,000,223
16	Risk Management	1,410,927	1,410,927
20	Police Department	6,770,347	6,770,347
21	Dispatch	1,971,025	1,971,025
30	Fire Department	6,361,380	6,361,380
50	Department of Public Works	6,990,010	6,990,010
51	Engineering Division	611,316	611,316
60	Building Department	640,741	640,741
	Total General Fund Appropriation	<u>\$ 33,037,424</u>	<u>\$ 33,037,424</u>
<hr/>			
	Total Revenues	\$ 33,343,939	\$ 32,606,771
	2011 Assigned Fund Balance for encumbrances	293,960	293,960
	Total Revenues and prior year assignments	<u>\$ 33,637,899</u>	<u>\$ 32,900,731</u>
	Total Appropriation	33,037,424	33,037,424
	Decrease to general fund unassigned fund balance	<u>\$ 600,475</u>	<u>\$ (136,693)</u>
	12/31/11 general fund balance	\$ 10,992,919	\$ 10,992,919
	Decrease to fund balance	600,475	(136,693)
	Assigned encumbrances	(293,960)	(293,960)
	12/31/12 Projected general fund balance	11,299,434	10,562,266
	Committed for snow removal	(250,000)	(250,000)
	Committed for Self Insurance Reserve	(529,273)	(529,273)
	12/31/12 Projected Unassigned balance	<u>\$ 10,520,161</u>	<u>\$ 9,782,993</u>

SECTION 3. All appropriations made by this ordinance lapse at the end of the fiscal year to the extent they have not been expended or contractually committed to the departments named for the purpose of conducting the business of said departments of the City of Fairbanks, Alaska, for the fiscal year commencing January 1, 2012 and ending December 31, 2012.

SECTION 4. The effective date of this Ordinance shall be the ____ day of _____ 2012.

Jerry Cleworth, MAYOR

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

FISCAL NOTE

ORDINANCE 5908 AMENDING 2012 GENERAL FUND BUDGET THIRD TIME

ESTIMATED REVENUES and OTHER FINANCING SOURCES (USES)
(\$737,168) Decrease

1. Taxes – No Change
2. Charges for Services – \$225,293 Increase
 - Various accounts see attachment
3. Intergovernmental Revenues – \$785 Increase
 - PILT revenue
4. Licenses & Permits – \$55,172 Increase
 - Various accounts see attachment
5. Fines, Forfeitures & Penalties – (\$83,857) Decrease
 - Various accounts see attachment
6. Interest & Penalties – \$18,893 Increase
 - Various accounts see attachment
7. Rental & Lease Income – \$200 Increase
 - Rent ETS
8. Other Revenues – \$35,935 Increase
 - Various accounts see attachment
9. Other Financing Sources & (Uses) – (\$989,589) Decrease
 - \$(750,000) Decrease for transfer to Capital Fund
 - \$(250,000) Decrease for transfer to Permanent Fund
 - \$10,411 Increase for sale of assets

**FISCAL NOTE CONTINUED
ESTIMATED EXPENDITURES**

No Change

1. Mayor & Council – No Change
2. City Attorney’s Office – No Change
3. City Clerk’s Office – No Change
4. Finance Department – No Change
5. Information Technology – No Change
6. General Account – No Change
7. Risk Management – No Change
8. Police Department – No Change
9. Dispatch – No Change
10. Fire Department – No Change
11. Public Works – No Change
12. Engineering – No Change
13. Building Department – No Change

ORDINANCE 5908ATTACHMENT

as of 11/7/12

	REVISED EST REV	ACTUAL YTD REVENUE	VARIANCE	Recommended Amendment	Amended Budget	
TAXES						
3001__	REAL PROPERTY TAXES	14,043,990	14,043,989.96	(0.04)	-	14,043,990
3002__	HOTEL MOTEL TAXES	2,462,000	2,240,976.82	(221,023.18)	-	2,462,000
3003__	ALCOHOL BEVERAGES TAXES	2,000,000	1,549,829.95	(450,170.05)	-	2,000,000
3004__	TOBACCO DISTRIBUTION TAXES	920,000	695,149.87	(224,850.13)	-	920,000
		<u>19,425,990</u>	<u>18,529,946.60</u>	<u>(896,043.40)</u>	<u>-</u>	<u>19,425,990</u>
CHARGES FOR SERVICES						
3101__	RESERVE FOR LOSSES	(50,000)	-	50,000.00	-	(50,000)
3125__	ATTORNEY FEES COURT COSTS	7,000	5,770.00	(1,230.00)	-	7,000
3126__	ELECTION FILING SERVICES	125	175.00	50.00	50	175
3140__	COPY CHARGES	19,500	20,146.90	646.90	650	20,150
3180__	ADMIN REC GRANTS	30,000	23,189.65	(6,810.35)	-	30,000
3102__	AMBULANCE	1,170,000	706,742.37	(463,257.63)	-	1,170,000
3103__	FIRE PROTECTION SERVICES	5,350	15,259.53	9,909.53	9,910	15,260
3104__	MOTOR VEH ACCIDENT REVENUE	10,000	15,514.71	5,514.71	5,515	15,515
3108__	ALARM SYSTEM BILLINGS	90,000	110,625.00	20,625.00	20,625	110,625
3110__	DISPATCH SERVICES	530,000	557,798.11	27,798.11	27,800	557,800
3112__	GARBAGE COLLECTION	1,487,180	1,492,398.89	5,218.89	5,219	1,492,399
3113__	GARBAGE EQUIPMENT RESERVE	202,800	204,387.25	1,587.25	1,587	204,387
3115__	PW WARRANTY REIMBURSEMENT	-	130.00	130.00	130	130
3123__	ENG GEN SERVICES LABOR	-	37.50	37.50	38	38
3124__	ENG MISC CHARGES & FEES	1,800	4,012.00	2,212.00	2,212	4,012
3183__	ENG RECOVERY GRANTS	800,000	797,285.48	(2,714.52)	150,000	950,000
3185__	PW RECOVERY GRANTS	25,061	25,061.26	0.26	-	25,061
3460__	STRMWATER PPP PLAN REVIEW	1,200	-	(1,200.00)	-	1,200
3461__	STRMWTR SITE REVIEW 1TO5 ACRE	250	-	(250.00)	-	250
3130__	BUILDING MISC SERVICES	1,700	3,258.00	1,558.00	1,558	3,258
		<u>4,331,966</u>	<u>3,981,791.65</u>	<u>(350,174.35)</u>	<u>225,293</u>	<u>4,557,259</u>
INTERGOVERNMENTAL						
3305__	SOA BOND REIMBURSEMENT	867,690	867,690.00	-	-	867,690
3314__	SART EXAM REIMBURSEMENT	1,800	1,800.00	-	-	1,800
3301__	SOA MUNICIPAL ASSISTANCE	2,247,507	2,247,507.00	-	-	2,247,507
3302__	SOA ELECTRIC PHONE	121,852	121,852.33	0.33	-	121,852
3303__	SOA LIQUOR LICENSE	81,950	81,950.00	-	-	81,950
3304__	FNSB PILT	8,700	9,484.94	784.94	785	9,485
3315__	FT WW NORTH HAVEN PILT	475,000	475,000.00	-	-	475,000
		<u>3,804,499</u>	<u>3,805,284.27</u>	<u>785.27</u>	<u>785</u>	<u>3,805,284</u>

ORDINANCE 5908ATTACHMENT

LICENSES AND PERMITS

3401__	BUSINESS LICENSE	834,120	846,020.00	11,900.00	11,900	846,020
3403__	TRANSIET VENDOR LICENSE	2,800	3,900.00	1,100.00	1,100	3,900
3404__	SPECIAL EVENT PERMIT	12,000	20,850.32	8,850.32	8,850	20,850
3405__	PRIVATE DETECTIVE LICENSE	2,000	1,800.00	(200.00)	-	2,000
3407__	MASSAGE PRACTITIONER LICENSE	3,500	5,250.00	1,750.00	1,750	5,250
3409__	COMMERCIAL REFUSE LICENSE	-	2,000.00	2,000.00	2,000	2,000
3410__	TOWING VEHICLE LICENSE	-	1,000.00	1,000.00	1,000	1,000
3411__	CHAUFFEUR LICENSE	29,000	32,930.00	3,930.00	3,930	32,930
3413__	COMM VEHICLE FOR HIRE PERMITS	18,500	19,500.00	1,000.00	1,000	19,500
3414__	BICYCLE LICENSE	20	12.00	(8.00)	-	20
3432__	TEMPORARY CATERERS APPL FEE	2,000	2,100.00	100.00	100	2,100
3440__	MISC PERMITS AND LICENSES	400	700.00	300.00	300	700
3105__	FIRE CODE INSPECTIONS	80,000	89,771.50	9,771.50	9,772	89,772
3423__	ALARM PERMITS	1,000	605.00	(395.00)	-	1,000
3117__	ENG PLAT SERVICES 4 OR LESS	-	400.00	400.00	400	400
3119__	ENG QUICK PLATS	-	300.00	300.00	300	300
3425__	ENG DRIVEWAY CONST PERMIT	1,500	1,250.00	(250.00)	-	1,500
3426__	ENG SDWLK ST OBSTRUCT PERMIT	1,200	1,950.00	750.00	750	1,950
3428__	RIGHT OF WAY PERMIT	18,500	19,657.80	1,157.80	1,158	19,658
3431__	ENG STREET EXCAVATION PERMIT	4,500	4,200.00	(300.00)	-	4,500
3408__	MASTER PLUMBER LICENSE/EXAMS	4,000	1,000.00	(3,000.00)	-	4,000
3415__	COMMERCIAL BUILDING PERMIT	649,558	630,977.00	(18,581.00)	-	649,558
3418__	RESIDENTIAL BUILDING PERMIT	102,600	50,957.00	(51,643.00)	(51,643)	50,957
3420__	MECHANICAL PERMIT	35,201	50,911.00	15,710.00	15,710	50,911
3421__	PLUMBING PERMIT	23,706	31,963.00	8,257.00	8,257	31,963
3422__	SIGN PERMIT	4,000	7,876.00	3,876.00	3,876	7,876
3424__	ELECTRICAL PERMIT	61,093	95,755.00	34,662.00	34,662	95,755
		<u>1,891,198</u>	<u>1,923,635.62</u>	<u>32,437.62</u>	<u>55,172</u>	<u>1,946,370</u>

FINES FORFEITURES

3109__	TRAFFIC TICKET COLLECTION FEE	37,000	37,597.57	597.57	598	37,598
3602__	PARKING VIOLATIONS	3,000	360.00	(2,640.00)	(2,640)	360
3603__	MOVING TRAFFIC VIOLATIONS	495,467	331,177.19	(164,289.81)	(100,000)	395,467
3604__	MISC VIOLATIONS	100	-	(100.00)	(100)	-
3605__	VEHICLE FORFEITURES	475,000	451,150.82	(23,849.18)	-	475,000
3608__	CITY FORFEITURES	78,748	90,466.25	11,718.25	11,718	90,466
3609__	EMS SEATBELT OPTION	75	105.00	30.00	30	105
3606__	VEH FORF TOWING STORAGE ACCESS	26,000	32,536.92	6,536.92	6,537	32,537
		<u>1,115,390</u>	<u>943,393.75</u>	<u>(171,996.25)</u>	<u>(83,857)</u>	<u>1,031,533</u>

ORDINANCE 5908ATTACHMENT

INTEREST PENALTIES

4001__	INTEREST DEMAND DEPOSITS	2,500	2,034.06	(465.94)	-	2,500
4002__	HOTEL MOTEL INT PENALTY	10,000	(23,414.68)	(33,414.68)	-	10,000
4003__	ALCOHOL INT PENALTY	16,000	13,392.85	(2,607.15)	(2,607)	13,393
4004__	TOBACCO INT PENALTY	-	500.00	500.00	500	500
4005__	PROP TAX INT PENALTY	70,000	89,510.02	19,510.02	21,000	91,000
4007__	GARBAGE INT PENALTY	22,000	46,748.89	24,748.89	-	22,000
4008__	SPEC ASSESSMENTS INT PENALTY	1,500	1,387.49	(112.51)	-	1,500
TOTAL INTEREST PENALTIES		122,000	130,158.63	8,158.63	18,893	140,893

RENTAL AND LEASES

4201__	UTILIDOR LEASES	80,000	80,000.00	-	-	80,000
4203__	RENT OLD CITY HALL	1	-	(1.00)	-	1
4205__	RENT ETS	-	200.00	200.00	200	200
4207__	RENT YOUTH COURT	3,108	2,849.00	(259.00)	-	3,108
4208__	RENT BOYS GIRLS CLUB	16,260	14,905.00	(1,355.00)	-	16,260
4209__	RENT BOXING CLUB	840	770.00	(70.00)	-	840
4212__	RENT GOLD HEART PLAZA	-	11.00	11.00	-	-
4214__	RENT FCVB	10	-	(10.00)	-	10
4216__	LEASE CELL TOWER	19,200	17,600.00	(1,600.00)	-	19,200
4202__	RENT FIRE TRAINING CENTER	38,500	30,199.20	(8,300.80)	-	38,500
		157,919	146,534.20	(11,384.80)	200	158,119

OTHER REVENUES

3801__	SPECIAL ASSESS PRINCIPAL	5,000	4,415.73	(584.27)	-	5,000
4700__	ABATEMENTS RECOVERY	-	14,360.02	14,360.02	14,360	14,360
4703__	CASH OVER AND SHORT	-	0.51	0.51	-	-
4704__	MISCELLANEOUS REVENUES	277,588	298,835.27	21,247.27	21,250	298,838
4701__	TECHITE SETTLEMENT	200,000	200,000.00	-	-	200,000
4702__	DONATIONS CONTRIBUTIONS	-	325.00	325.00	325	325
		482,588	517,936.53	35,348.53	35,935	518,523

OFS OFU

4901__	SALE OF ASSETS	198,727	209,138.47	10,411.47	10,411.47	209,138
4928__	XFER FROM PF OPERATIONS	3,922,848	1,716,246.00	(2,206,602.00)	-	3,922,848
7602__	XFER TO PF	(606,374)	(606,374.00)	-	(250,000.00)	(856,374)
7604__	XFER TO CAP FUND	(1,235,012)	(1,235,012.00)	-	(750,000.00)	(1,985,012)
7610__	XFER TO CAP FUND EQ RESERVE	(202,800)	(151,437.50)	51,362.50	-	(202,800)
7614__	XFER TO CAP FUND AMB MILAGE	(65,000)	-	65,000.00	-	(65,000)
		2,012,389	(67,439.03)	(2,079,828.03)	(989,588.53)	1,022,800

TOTAL REVENUES		33,343,939	29,911,242.22	(3,432,696.78)	(737,168.48)	32,606,770.52
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CALENDAR 2013

2013 CITY COUNCIL MEETINGS and HOLIDAY LIST

JANUARY	07 21	JULY	08 22
FEBRUARY	11 25	AUGUST	05 19
MARCH	11 25	SEPTEMBER	09 23
APRIL	08 22	OCTOBER	07 21
MAY	06 20	NOVEMBER	04 25
JUNE	10 24	DECEMBER	02 09

NOTE: Any deviation from FGC is a result of City Holidays, budget deadlines or AAMC/AML Conference conflicts.

2013 CITY HOLIDAYS

New Year's Day	Tuesday	January 1, 2013
President's Day	Monday	February 18, 2013
Memorial Day	Monday	May 27, 2013
Independence Day	Thursday	July 4, 2013
Labor Day	Monday	September 2, 2013
Veteran's Day	Monday	November 11, 2013
Thanksgiving Day	Thursday	November 28, 2013
Christmas Day	Wednesday	December 25, 2013

Golden Heart City

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11/15/2012

City of Fairbanks
Permanent Fund Review Board
(Quarterly Meeting Minutes)
August 01, 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: Tom Freeman
Council Member Bernard Gatewood
Patty Mongold
Kara Moore

Board Members Absent: Ron Woolf

Also Present: Mayor Jerry Cleworth
Pat Cole, Chief of Staff
Jim Soileau, Chief Financial Officer
Carmen Randle, Controller
Bert Wagnon, Senior Vice President, Investments - APCM
Brandy Niclai, Senior Investment Analyst - APCM
Jason Roth, Senior Vice President, Investments - APCM

The Board approved the minutes from the May 10, 2012 meeting.

Jim Soileau reviewed the account's performance through June 30, 2012. The balance of the portfolio on June 30, 2012 was \$102,358,293. During the year, the City deposited \$396,900 in lease payments, \$10,000 from land sales and \$19,918 for payments on notes receivable and \$270,088 from the Bentley Trust maintenance agreement. The dividend and interest earnings through June 30, 2012 were \$1,404,095. Permanent Fund expenses through June were \$83,245. The account's earnings through June 30, 2012 were \$5,098,732 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 \$103,683,000 on July 27, 2012.

Bert Wagnon reviewed asset allocations as of June 30, 2012 including the current percentage, current targets and ranges. For the 2nd quarter, the account returned -.86% versus a blended benchmark return of -.01 %. The 50 bps hurdle on a quarterly basis was .12%. Year to date 2012 the account returned 5.22% versus a blended benchmark return of 5.10%. For the past twelve months, the account returned 3.53%

versus a blended benchmark return of 5.24%. The 50 bps hurdle on an annual basis was 5.74%. (See attached – APCM Investment Review for the period ending June 30, 2012)

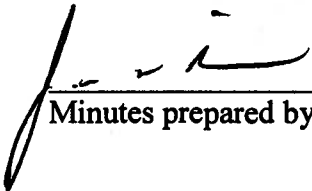
Brandy Niclai presented the allocation and selection effects on the portfolio and Bert Wagnon followed up with a review of the compliance reports. Jason reported the ten percent Baa limitation was 13.31% of the portfolio. This is a result of a split rating. In May, Moody's downgraded financials from A or better to Baa. Moody's reports Baa but S & P is reporting A or better. The portfolio will be in compliance for the next report. (See attached – APCM Investment Review for the period ending June 30, 2012)

Brandy Nicali presented a review of asset allocations. She discussed background and current portfolio, principles of asset allocation, market environment, portfolio construction and optimization. She included a discussion of three alternative asset allocations and the related return and risk. (See attached – APCM Asset Allocation Review August 2012)

The Board set the next quarterly meeting for Wednesday October 31, 2012 at 1:30 P.M.

The meeting was adjourned at approximately 3:20 P.M.

Minutes approved October 31, 2012.



Minutes prepared by Jim Soileau

INVESTMENT REVIEW

FAIRBANKS PERMANENT FUND

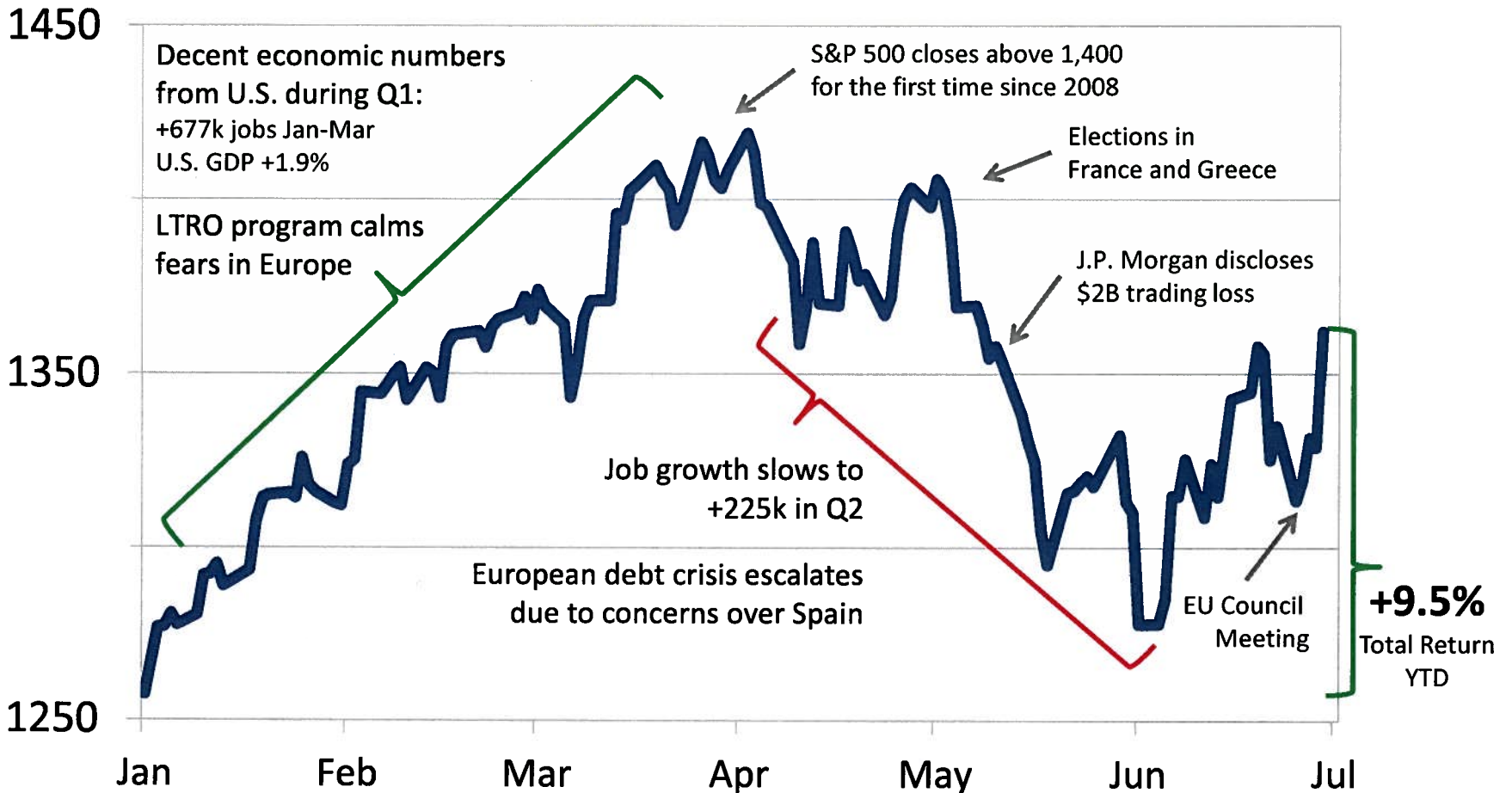
for period ending June 30, 2012



Agenda

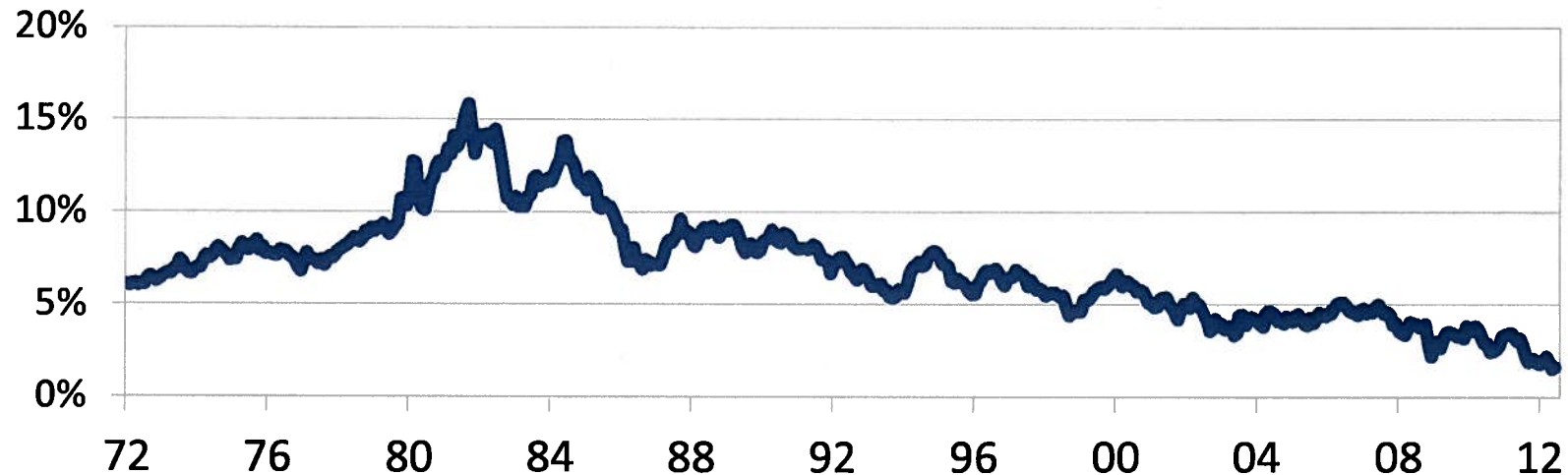
- Market Update
- Portfolio Review & Performance
- Compliance Report
- Appendix
 - Economy & Financial Markets
 - Portfolio Appraisal
 - Performance History Detail

S&P 500: 2012 YTD



Bond Yields are Very Low!

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 @ 3.49%**

Economic Outlook

- Europe remains the wildcard in the outlook
 - Progress has been made, but problems still remain
 - Contagion in **Spain and Italy** the greater concern

- Federal Reserve to maintain easy monetary policy
 - **0% short term rates through 2014**
 - **“Operation twist”** extended through year-end (\$267 billion)
 - **Inflation contained:** unused capacity and declining energy prices

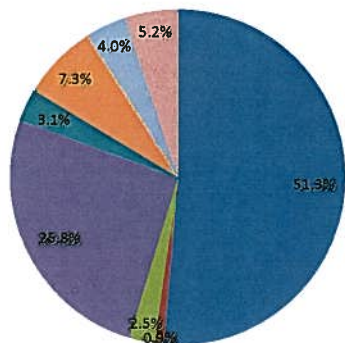
- U.S. to continue modest growth
 - **“Fiscal cliff”** in December 2012: increased taxes and spending cuts could hinder growth
 - Do not expect much from Congress until after November



Portfolio Review and Performance

Portfolio Review

Asset Allocation for Fairbanks Permanent Fund as of June 30, 2012



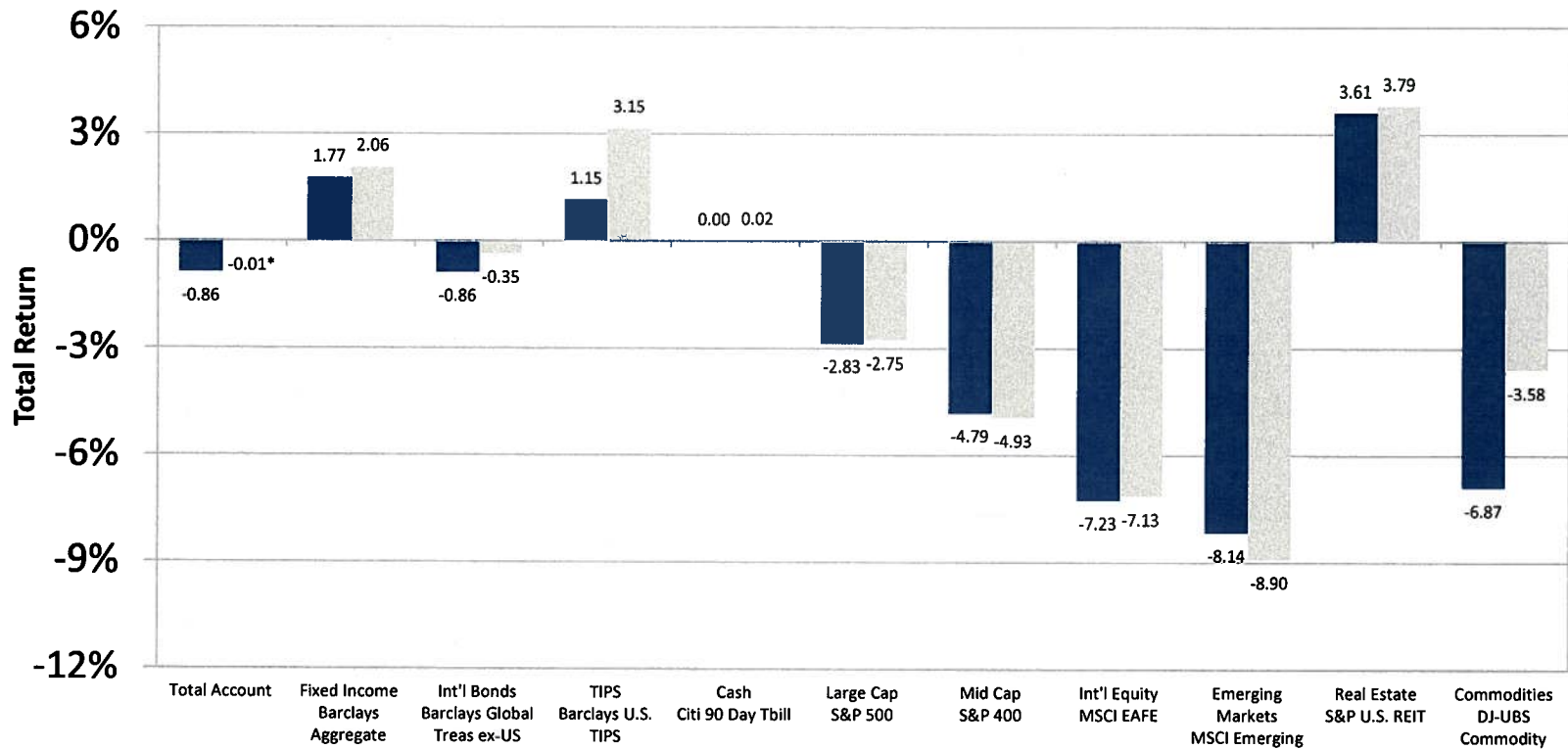
Asset Class	Portfolio Weight	Strategic Benchmark	Range	Market Value	Portfolio Positioning and Recent Trades*	
Fixed Income	54.7%	60%	50-70%	\$55,940,537	U	
U.S. Fixed Income	51.3%	45	40-70	\$52,482,389	O	
U.S. TIPS	0.9%	10	0-15	\$946,010	U	
International Bonds	2.5%	5	0-10	\$2,512,138	U	
Equities	45.3%	40%	30-50%	\$46,417,573	O	
Large Cap	25.8%	22	20-50	\$26,446,618	O	Reduced OW - 4/19/12
Mid/Small Cap	3.1%	3	0-10	\$3,165,054	N	
International	7.3%	8	0-15	\$7,443,543	U	
Emerging Markets	4.0%	2	0-5	\$4,084,120	O	
Real Estate	5.2%	5	0-10	\$5,278,238	N	
Commodities	0.0%	0%	0-10	\$0	N	Sold - 5/21/2012
Total				\$102,358,110		



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

Portfolio Review

Account Performance Second Quarter 2012



■ Fairbanks ■ Strategic Benchmark



* 50 bps hurdle 0.12%
Performance is gross of fees.

Portfolio Review

	April 12	May 12	June 12	Q2 2012
Allocation Effect				
Aggregate Bonds	0.013	0.156	-0.137	0.031
Domestic Large Cap	-0.048	-0.098	0.073	-0.073
Domestic Mid Cap	-0.002	-0.009	0.000	-0.011
Domestic Small Cap	0.000	0.000	0.000	0.000
International Equity	0.006	0.037	-0.054	-0.010
Emerging Market Equity	-0.041	-0.194	0.036	-0.198
Real Estate	-0.001	-0.002	0.001	-0.002
TIPS	-0.132	-0.375	0.225	-0.282
International Bonds	-0.011	0.012	0.008	0.008
Commodities	-0.031	-0.137	0.000	-0.168
Total	-0.246	-0.610	0.153	-0.704
Selection Effect				
Aggregate Bonds	-0.054	-0.101	0.016	-0.139
Domestic Large Cap	-0.052	0.030	0.000	-0.022
Domestic Mid Cap	-0.004	0.003	0.006	0.005
Domestic Small Cap	0.000	0.000	0.000	0.000
International Equity	-0.033	0.024	-0.002	-0.011
Emerging Market Equity	-0.039	0.023	0.045	0.030
Real Estate	-0.002	0.002	-0.008	-0.008
TIPS	-0.004	-0.014	0.000	-0.018
International Bonds	0.002	0.000	-0.014	-0.013
Commodities	-0.002	0.055	0.000	0.054
Total	-0.188	0.022	0.043	-0.123
Total Attribution	-0.43	-0.59	0.20	
Bench Return	0.57	-2.46	1.93	
Account Return	0.14	-3.05	2.12	
Difference	-0.43	-0.59	0.20	

Portfolio Return = Allocation Effect + Selection/Interaction Effect

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

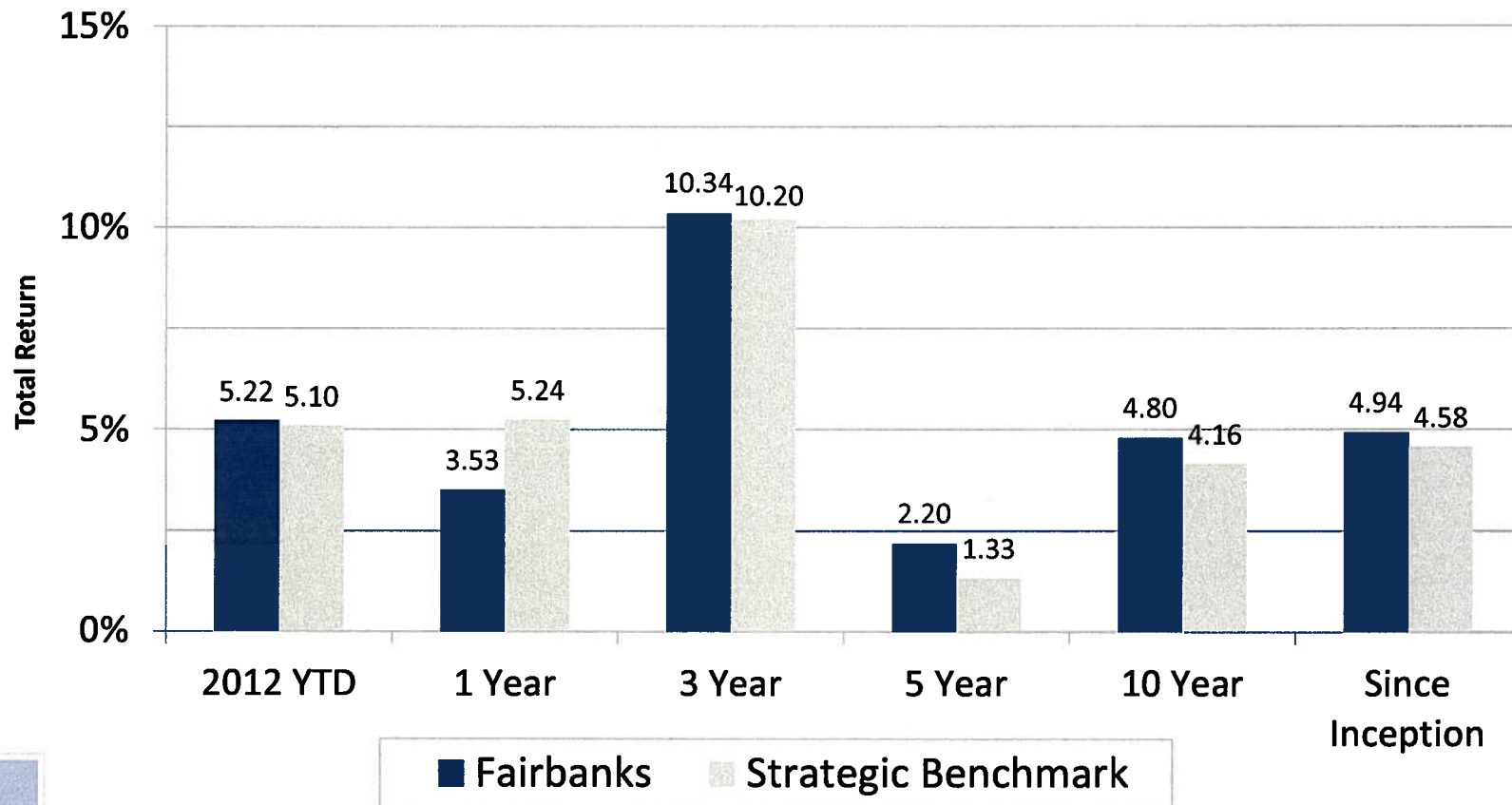


Portfolio Review

- Q2 portfolio return of **-0.86%** vs. blended benchmark return of **-0.01%**. Shortfall primarily a result of an **underweight to TIPS**, and an **overweight in emerging markets and commodities**.
- Actively managed fixed income Q2 return of **+1.77%** vs. the Barclays Aggregate return of **+2.06%**. An **overweight in credit positions** and **less than benchmark duration** were the main drivers of underperformance.

Portfolio Review

Account Performance as of June 30, 2012



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 look for yield

Compliance Report

April 21, 2010

To: Permanent Fund Review Board

From: City of Fairbanks, Finance Department and APCM

Subject: Compliance

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

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

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

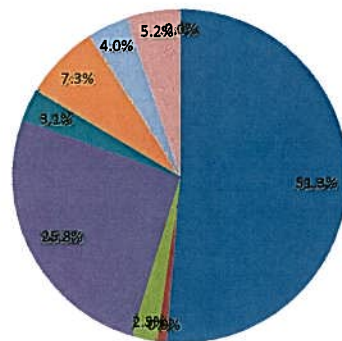
In the attached packet each of the nine limitations are addressed by either a specific report or calculation based upon an enclosed report to illustrate compliance. Should the Board approve of the format, the Compliance Report will become a regular appendix presented at each quarterly meeting.

Compliance Report

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

Portfolio Review

Asset Allocation for Fairbanks Permanent Fund as of June 30, 2012



Asset Class	Portfolio Weight	Strategic Benchmark	Range	Market Value	Portfolio Positioning and Recent Trades*	
Fixed Income	54.7%	60%	50-70%	\$55,940,537	U	
U.S. Fixed Income	51.3%	45	40-70	\$52,482,389	O	
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Equities	45.3%	40%	30-50%	\$46,417,573	O	
Large Cap	25.8%	22	20-50	\$26,446,618	O	Reduced OW - 4/19/12
Mid/Small Cap	3.1%	3	0-10	\$3,165,054	N	
International	7.3%	8	0-15	\$7,443,543	U	
Emerging Markets	4.0%	2	0-5	\$4,084,120	O	
Real Estate	5.2%	5	0-10	\$5,278,238	N	
Commodities	0.0%	0%	0-10	\$0	N	Sold - 5/21/2012
Total				\$102,358,110		



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

Compliance Report

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

Portfolio Appraisal – as of June 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CORPORATE BONDS									
600,000	UNITED PARCEL SVC INC 4.500% Due 01-15-13	100.90	605,376	102.20	613,224	0.60	27,000	12,450	0.42
500,000	AMERICAN INTL GROUP INC SENIOR NT 4.250% Due 05-15-13	95.12	475,580	102.00	509,980	0.50	21,250	2,715	1.94
500,000	ONTARIO PROV CDA 3.500% Due 07-15-13	99.68	498,425	103.11	515,570	0.50	17,500	8,069	0.50
500,000	BARRICK GOLD FINANCE CO. 6.125% Due 09-15-13	99.98	499,890	106.17	530,860	0.52	30,625	9,017	0.97
250,000	BP CAPITAL MARKETS PLC 5.250% Due 11-07-13	108.02	270,039	105.96	264,900	0.26	13,125	1,969	0.81
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	106.01	530,070	0.52	27,500	4,583	2.14
600,000	BANK OF NY MELLON 4.300% Due 05-15-14	101.93	611,566	106.61	639,678	0.62	25,800	3,297	0.74
450,000	US BANCORP 4.200% Due 05-15-14	104.98	472,396	106.43	478,930	0.47	18,900	2,415	0.74
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	105.88	635,262	0.62	33,000	6,967	2.83
500,000	DOMINION RESOURCES INC. 5.000% Due 12-01-14	106.38	531,910	108.57	542,850	0.53	25,000	2,083	1.39
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	107.06	535,325	0.52	23,750	7,917	2.02
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	103.37	516,855	0.50	30,000	5,250	4.71
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	104.96	524,820	0.51	23,750	2,771	2.94
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	105.82	529,120	0.52	14,250	871	0.84
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	108.29	270,737	0.26	13,750	6,187	3.02
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	114.72	401,537	0.39	18,812	5,539	1.29
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	105.92	529,585	0.52	14,750	1,885	1.38
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	104.65	523,255	0.51	10,750	1,374	0.93

Portfolio Appraisal – as of June 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
750,000	HJ HEINZ CO 2.000% Due 09-12-16	103.09	773,152	102.63	769,740	0.75	15,000	4,542	1.35
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	101.86	1,273,200	1.24	20,312	6,037	1.17
500,000	BANK AMER CORP 5.625% Due 10-14-16	99.93	499,670	106.28	531,380	0.52	28,125	6,016	4.02
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	118.21	797,904	0.78	37,969	8,016	1.25
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	100.31	1,003,070	0.98	22,500	5,687	2.18
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	117.12	585,620	0.57	27,500	6,875	1.73
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	107.83	539,135	0.53	15,250	7,032	1.44
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	120.23	601,145	0.59	28,500	8,471	1.63
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	115.29	864,682	0.84	46,500	11,625	3.03
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	116.77	583,865	0.57	28,125	1,562	2.33
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	118.28	591,415	0.58	28,750	11,979	2.25
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	120.07	690,414	0.67	30,762	10,254	1.63
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	114.95	1,149,540	1.12	56,250	9,375	2.83
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	120.88	604,415	0.59	28,250	3,610	1.88
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	130.51	652,570	0.64	35,750	13,506	2.18
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	114.04	684,240	0.67	45,000	17,000	4.98
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	118.61	711,684	0.70	28,200	10,653	1.72
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	116.58	699,462	0.68	25,200	2,100	1.65
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	111.70	837,765	0.82	35,625	14,844	3.01
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	116.09	899,690	0.88	39,912	13,304	2.80

Portfolio Appraisal – as of June 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	108.49	813,652	0.79	31,875	4,073	3.09
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	109.77	862,800	0.84	33,853	4,420	3.04
500,000	BURLINGTON NORTH SANTA FE 3.450% Due 09-15-21	104.64	523,185	104.63	523,135	0.51	17,250	5,079	2.87
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	102.33	767,482	0.75	23,625	1,050	2.87
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	111.10	555,520	0.54	30,000	3,833	5.16
500,000	SOUTHERN CAL EDISON CORP BOND 5.950% Due 02-01-38	99.54	497,700	131.87	659,355	0.64	29,750	12,396	3.96
	Accrued Interest				<u>288,698</u>	<u>0.28</u>			
			<u>26,585,608</u>		<u>28,634,139</u>	<u>27.97</u>		<u>288,698</u>	

Compliance Report

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

Purchase and Sale – from 3/31/2012 to 6/30/2012

Portfolio Name	Trade Date	Settle Date	Quantity	Security	Unit Price	Amount	Yield On Cost	Spread Over TSY	Sector
PURCHASES									
FAIRBANKS PERMANENT	04-24-12	04-27-12	500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875.00	3.04	260	Corporate Bonds
FAIRBANKS PERMANENT	05-02-12	05-07-12	1,000,000	UBS AG LONDON PRIV PLACEM 2.250% Due 03-30-17	100.93	1,009,300.00	2.05	124	Corporate Bonds
FAIRBANKS PERMANENT	05-16-12	05-21-12	75,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	117.17	87,874.50	2.73	186	Corporate Bonds
FAIRBANKS PERMANENT	05-22-12	05-23-12	16,541.2290	VANGUARD INST'L S&P500 IN	120.91	2,000,000.00	?		Domestic Large Cap E
FAIRBANKS PERMANENT	05-29-12	06-01-12	500,000	BURLINGTON NORTH SANTA FE 3.450% Due 09-15-21	104.64	523,185.00	2.88	126	Corporate Bonds
FAIRBANKS PERMANENT	06-11-12	06-14-12	775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,634.75	2.76	162	Corporate Bonds
FAIRBANKS PERMANENT	06-19-12	06-22-12	750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502.50	2.91	176	Corporate Bonds
FAIRBANKS PERMANENT	06-19-12	06-22-12	750,000	DOW CHEMICAL CO* 4.250% Due 11-15-20	108.13	810,952.50	3.14	176	Corporate Bonds
FAIRBANKS PERMANENT	06-21-12	06-26-12	750,000	HJ HEINZ CO 2.000% Due 09-12-16	103.09	773,152.50	1.25	62	Corporate Bonds
FAIRBANKS PERMANENT	06-22-12	06-27-12	750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577.50	2.80	120	Corporate Bonds
FAIRBANKS PERMANENT	06-29-12	06-29-12	1,095.3210	VANGUARD INST'L S&P500 IN	121.70	<u>133,300.56</u>	?		Domestic Large Cap E
						8,380,354.81	<u>0.59</u>		
							0.59		
SALES									
FAIRBANKS PERMANENT	04-04-12	04-05-12	1,000,000	FANNIE MAE MED TERM NT 6.410% Due 11-13-12	103.75	1,037,470.00	0.21	4	Agencies
FAIRBANKS PERMANENT	04-04-12	04-05-12	500,000	FNMA 2.750% Due 03-13-14	104.54	522,680.00	0.40	4	Agencies
FAIRBANKS PERMANENT	04-04-12	04-05-12	500,000	FHLB 5.500% Due 08-13-14	111.83	559,170.00	0.44		Agencies
FAIRBANKS PERMANENT	04-19-12	04-20-12	23,777.4430	VANGUARD INST'L S&P500 IN	126.17	3,000,000.01	?		Domestic Large Cap E
FAIRBANKS PERMANENT	04-24-12	04-27-12	500,000	BARCLAYS BANK PLC 2.500% Due 01-23-13	100.91	504,530.00	1.26	106	Corporate Bonds
FAIRBANKS PERMANENT	05-15-12	05-15-12	500,000	BERKSHIRE HATHAWAY FIN. 4.750% Due 05-15-12	100.00	500,000.00	?		Corporate Bonds
FAIRBANKS PERMANENT	05-21-12	05-24-12	76,076.0000	IPATH DOW JONES-AIG COMMO	40.33	3,068,380.92	?		Commodities
FAIRBANKS PERMANENT	06-12-12	06-15-12	200,000	ASTRAZENECA PLC 5.400% Due 09-15-12	101.23	202,466.00	0.46	16	Corporate Bonds
						<u>9,394,696.93</u>	<u>0.15</u>		
							0.15		



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: 06/29/2012

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
741	000000CM	CASH	CASH & EQUIVALENTS	CASH		Aaa	AAA	0.120	07/29/2012	USD	100.000	741	1.38	0.120	0.083	0.082	0.000
600	911312AG	UPS	UNITED PARCEL SERVICE INC	IND	Tran Srvc	Aa3	AA-	4.500	01/15/2013	USD	102.204	626	1.17	0.442	0.532	0.536	0.003
500	026874AT	AIG	AMERICAN INTL GROUP INC	FIN	Insr-Life	Baa1	A-	4.250	05/15/2013	USD	101.996	513	0.96	1.943	0.859	0.858	0.006
500	683234ZR	ONTPV	ONTARIO PROV CDA	OGVT	Local/Auth	Aa2	AA-	3.500	07/15/2013	USD	103.114	524	0.98	0.507	1.017	1.016	0.008
500	06849TAA	ABX	BARRICK GOLD FINANCECO LLC	IND	Metl/Mine	Baa1	A-	6.125	09/15/2013	USD	106.172	540	1.01	0.984	1.163	1.165	0.010
500	3133XSAE	FHLB	FEDERAL HOME LN BKS	AGY	AGY	AGY	AA+	3.625	10/18/2013	USD	104.249	525	0.98	0.353	1.275	1.275	0.011
250	05565QBF	BP	BP CAP MKTS P L C	IND	Enrg-Intg	A2	A	5.250	11/07/2013	USD	105.960	267	0.50	0.819	1.313	1.316	0.012
500	22546QAA	CSGN	CREDIT SUISSE NEW YORK BRAN	FIN	Bank	A1	A+	5.500	05/01/2014	USD	106.014	535	1.00	2.145	1.744	1.743	0.020
450	91159HGR	USB	U S BANCORP MTNS BK ENT	FIN	Bank	Aa3	A	4.200	05/15/2014	USD	106.429	481	0.90	0.745	1.812	1.810	0.021
600	06406HBL	BK	BANK NEW YORK MTN BK ENT	FIN	Bank	Aa3	A+	4.300	05/15/2014	USD	106.613	643	1.20	0.747	1.811	1.809	0.021
600	172967EZ	C	CITIGROUP INC	FIN	Bank	Baa2	A-	5.500	10/15/2014	USD	105.877	642	1.20	2.834	2.138	2.140	0.028
500	209615CA	D	CONSOLIDATED NAT GAS CO	UTIL	Electric	Baa2	A-	5.000	12/01/2014	USD	108.570	545	1.02	1.389	2.293	2.296	0.031
500	46625HCE	JPM	JPMORGAN CHASE & CO	FIN	Bank	A2	A	4.750	03/01/2015	USD	107.065	543	1.01	2.020	2.486	2.486	0.036
500	61747YCE	MS	MORGAN STANLEY	FIN	Bank	Baa1	A-	6.000	04/28/2015	USD	103.371	522	0.97	4.711	2.564	2.566	0.037
500	172967FD	C	CITIGROUP INC	FIN	Bank	Baa2	A-	4.750	05/19/2015	USD	104.964	527	0.99	2.944	2.686	2.687	0.040
500	063679BV	BMO	BANK OF MONTREAL 144A	FIN	Bank	Aaa	NR	2.850	06/09/2015	USD	106.174	532	0.99	0.727	2.834	2.838	0.044
1,000	36159JBM		GE CAP CCTALF 2009-2-A	ABS	CARD	Aaa	N/A	3.690	07/15/2015	USD	100.000	1,001	1.87	3.829	0.043	0.043	-0.005
250	40429CFN	HSBA	HSBC FINANCE CORP	FIN	Fin-Cnsmr	Baa1	A	5.500	01/19/2016	USD	108.295	277	0.52	3.021	3.171	3.179	0.057
350	91324PAQ	UNH	UNITEDHEALTH GROUP INC	FIN	Insr-Hlth	A3	A-	5.375	03/15/2016	USD	114.725	407	0.76	1.297	3.371	3.379	0.064
500	478160AY	JNJ	JOHNSON & JOHNSON	IND	Pharmctls	Aaa	AAA	2.150	05/15/2016	USD	104.651	525	0.98	0.926	3.719	3.730	0.075
500	00206RAW	T	AT&T INC	IND	Wireline	A2	A-	2.950	05/15/2016	USD	105.917	531	0.99	1.378	3.662	3.673	0.073
750	423074AL	HNZ	HEINZ H J CO	IND	Food Proc	Baa2	BBB+	2.000	09/12/2016	USD	102.632	774	1.45	1.353	4.004	4.022	0.088
1,250	891145RB	TD	TORONTO DOMINION BK ONT	FIN	Bank	Aaa	N/A	1.625	09/14/2016	USD	101.856	1,279	2.39	1.172	4.044	4.062	0.089
500	060505CS	BAC	BANK OF AMERICA CORPORATIO	FIN	Bank	Baa2	A-	5.625	10/14/2016	USD	106.276	537	1.00	4.017	3.771	3.785	0.081
675	20825TAA	COP	CONOCOPHILLIPS CDA FDG CO I	IND	Enrg-Intg	A1	A	5.625	10/15/2016	USD	118.208	806	1.50	1.256	3.854	3.868	0.084
86	31371KKG		FNMA POOL - 254195	PASS	AGY	AGY	AGY	5.500	02/01/2017	USD	109.017	94	0.18	0.311	1.764	1.496	-0.080
78	31294KHM		FHLMC GOLD POOL - E01136	PASS	AGY	AGY	AGY	5.500	03/01/2017	USD	108.184	84	0.16	0.809	1.745	1.486	-0.081
1,000	90349CAA	UBSN	UBS AG	FIN	Bank	Aaa	N/A	2.250	03/30/2017	USD	100.307	1,009	1.88	2.181	4.461	4.479	0.109
500	92343VAG	VZ	VERIZON COMMUNICATIONS INC	IND	Wireline	A3	A-	5.500	04/01/2017	USD	117.124	592	1.11	1.733	4.211	4.228	0.101
500	134429AV	CPB	CAMPBELL SOUP CO	IND	Food Proc	A2	A-	3.050	07/15/2017	USD	107.827	546	1.02	1.436	4.636	4.658	0.120



Portfolio Holdings (Expanded)

Portfolio: Fairbanks Combined

Currency: USD

Pricing Date: 06/29/2012

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
850	912828NR	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	2.375	07/31/2017	USD	107.984	926	1.73	0.772	4.773	4.798	0.126
500	459200GJ	IBM	INTERNATIONAL BUSINESS MACI	IND	Electrncls	Aa3	AA-	5.700	09/14/2017	USD	120.229	609	1.14	1.632	4.546	4.571	0.120
750	30161MAE	EXC	EXELON GENERATION CO LLC	UTIL	Electric	Baa1	BBB	6.200	10/01/2017	USD	115.291	876	1.64	3.030	4.495	4.520	0.118
500	3137EABA	FRE	FEDERAL HOME LN MTG CORP	AGY	AGY	AGY	AA+	5.125	11/17/2017	USD	121.123	609	1.14	1.076	4.790	4.821	0.132
500	949746NX	WFC	WELLS FARGO & CO NEW	FIN	Bank	A2	A+	5.625	12/11/2017	USD	116.773	585	1.09	2.330	4.763	4.794	0.131
824	912828HN	TSY	UNITED STATES TREAS NTS I/L	TSY	Infl Indx	TSY	TSY	1.625	01/15/2018	USD	114.109	946	1.77	1.448	5.269	2.677	0.040
500	92976WBH	WFC	WACHOVIA CORP GLOBAL MTN	FIN	Bank	A2	A+	5.750	02/01/2018	USD	118.283	603	1.13	2.250	4.779	4.815	0.135
575	58013MEE	MCD	MCDONALDS CORP MED TERM	IND	Restrnts	A2	A	5.350	03/01/2018	USD	120.072	700	1.31	1.630	4.929	4.963	0.142
1,000	36962G3U	GE	GENERAL ELEC CAP CORP MTN B	FIN	Fin-Divfd	A1	AA+	5.625	05/01/2018	USD	114.954	1,159	2.16	2.828	5.010	5.048	0.148
500	377372AD	GSK	GLAXOSMITHKLINE CAP INC	IND	Pharmctcls	A1	A+	5.650	05/15/2018	USD	120.883	608	1.14	1.880	5.092	5.131	0.152
1,000	912828RH	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	1.375	09/30/2018	USD	102.375	1,027	1.92	0.982	5.969	6.035	0.199
500	14912L4E	CAT	CATERPILLAR FINL SVCS MTNS B	IND	ConstMach	A2	A	7.150	02/15/2019	USD	130.514	666	1.24	2.180	5.402	5.460	0.180
1,400	912828KD	TSY	UNITED STATES TREAS NTS	TSY	TSY	TSY	TSY	2.750	02/15/2019	USD	110.977	1,568	2.93	1.032	6.051	6.128	0.212
600	742718DN	PG	PROCTER & GAMBLE CO	IND	Consumer	Aa3	AA-	4.700	02/15/2019	USD	118.614	722	1.35	1.716	5.722	5.789	0.196
600	38141EA2	GS	GOLDMAN SACHS GRP INC MTN	FIN	Bank	A3	A-	7.500	02/15/2019	USD	114.040	701	1.31	4.985	5.180	5.233	0.169
600	594918AC	MSFT	MICROSOFT CORP	IND	Info Tech	Aaa	AAA	4.200	06/01/2019	USD	116.577	701	1.31	1.655	6.086	6.163	0.219
257	312970E4		FHLMC GOLD POOL - B17355	PASS	AGY	AGY	AGY	5.000	12/01/2019	USD	107.408	277	0.52	1.651	2.218	1.672	-0.213
750	00724FAB	ADBE	ADOBE SYS INC	IND	Info Tech	Baa1	BBB+	4.750	02/01/2020	USD	111.702	852	1.59	3.013	6.326	6.427	0.245
453	3129702P		FHLMC GOLD POOL - B17982	PASS	AGY	AGY	AGY	4.000	03/01/2020	USD	107.027	487	0.91	0.734	2.165	1.242	-0.416
231	31406MWJ		FNMA POOL - 814349	PASS	AGY	AGY	AGY	4.500	03/01/2020	USD	107.859	250	0.47	0.926	2.242	1.480	-0.291
775	20030NBA	CMCSA	COMCAST CORP NEW	IND	Media-Cbl	Baa1	BBB+	5.150	03/01/2020	USD	116.089	913	1.70	2.804	6.358	6.457	0.247
165	31406T4F		FNMA POOL - 819922	PASS	AGY	AGY	AGY	5.500	04/01/2020	USD	109.979	182	0.34	1.281	2.391	1.727	-0.219
238	31406T4H		FNMA POOL - 819924	PASS	AGY	AGY	AGY	4.500	04/01/2020	USD	108.001	257	0.48	0.926	2.281	1.492	-0.303
750	260543CC	DOW	DOW CHEM CO	IND	Chemicals	Baa3	BBB	4.250	11/15/2020	USD	108.487	818	1.53	3.063	7.054	7.144	0.264
786	141781AY	N/A	CARGILL INC	IND	Food Proc	A2	A	4.307	05/14/2021	USD	109.771	867	1.62	3.042	7.397	7.560	0.333
500	12189LAF	BRKA	BURLINGTON NORTHN SANTA FE	IND	Railroads	A3	BBB+	3.450	09/15/2021	USD	104.627	528	0.99	2.861	7.817	7.994	0.354
750	370334BM	GIS	GENERAL MLS INC	IND	Food Proc	Baa1	BBB+	3.150	12/15/2021	USD	102.331	768	1.44	2.861	8.146	8.352	0.388
269	31410F5H		FNMA POOL - 888348	PASS	AGY	AGY	AGY	5.000	05/01/2022	USD	109.067	294	0.55	1.096	2.368	1.186	-0.406
489	31418PSV		FNMA POOL - AD2331	PASS	AGY	AGY	AGY	4.000	03/01/2025	USD	106.844	524	0.98	1.244	2.548	1.295	-0.733
300	31418U2F		FNMA POOL - AD7073	PASS	AGY	AGY	AGY	4.000	06/01/2025	USD	106.314	320	0.60	1.544	2.640	1.638	-0.682



Portfolio Holdings (Expanded)

Portfolio: Fairbanks Combined

Currency: USD

Pricing Date: 06/29/2012

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
41	36202CZ4		GNMA2 POOL - 002563	PASS	AGY	AGY	AGY	6.500	03/20/2028	USD	116.083	48	0.09	1.671	3.318	1.470	-0.557
1,000	912810FG	TSY	UNITED STATES TREAS BDS	TSY	TSY	TSY	TSY	5.250	02/15/2029	USD	141.063	1,430	2.67	2.271	11.925	12.447	0.958
54	36201MFQ		GNMA POOL - 587075	PASS	AGY	AGY	AGY	6.500	05/15/2032	USD	121.856	66	0.12	0.658	3.714	0.567	-0.774
500	3134A4KX	FRE	FEDERAL HOME LN MTG CORP	AGY	AGY	AGY	AA+	6.250	07/15/2032	USD	148.754	758	1.42	2.997	12.827	13.381	1.177
47	31292HRY		FHLMC GOLD POOL - C01403	PASS	AGY	AGY	AGY	6.000	09/01/2032	USD	112.987	54	0.10	2.459	3.647	2.103	-0.724
120	31296RKB		FHLMC GOLD POOL - A16590	PASS	AGY	AGY	AGY	6.000	12/01/2033	USD	112.764	136	0.25	2.559	3.690	2.317	-0.680
500	079860AK	T	BELLSOUTH CORP	IND	Wireline	N/A	A-	6.000	11/15/2034	USD	133.492	671	1.25	3.771	13.619	14.188	1.349
95	31406U08		FNMA POOL - 820607	PASS	ARM	AGY	AGY	2.302	03/01/2035	USD	106.306	101	0.19	1.280	6.290	0.170	-0.013
386	31407BXT		FNMA POOL - 826090	PASS	ARM	AGY	AGY	2.632	07/01/2035	USD	105.212	407	0.76	0.138	2.425	-0.500	-0.572
258	31407RKE		FNMA POOL - 838293	PASS	ARM	AGY	AGY	2.301	08/01/2035	USD	105.764	273	0.51	1.642	6.030	0.142	0.001
301	31297SNU		FHLMC GOLD POOL - A36703	PASS	AGY	AGY	AGY	4.500	08/01/2035	USD	106.766	322	0.60	2.127	2.880	1.444	-1.220
79	31403DH5		FNMA POOL - 745552	PASS	ARM	AGY	AGY	2.409	02/01/2036	USD	103.745	82	0.15	0.617	2.066	-0.167	-0.225
490	36290TSC		GNMA POOL - 617115	PASS	AGY	AGY	AGY	5.500	06/15/2036	USD	109.792	540	1.01	2.100	2.900	1.092	-0.937
104	3128JRS5		FHLMC POOL - 847740	PASS	ARM	AGY	AGY	5.478	04/01/2037	USD	107.976	112	0.21	1.311	2.914	0.763	0.220
442	225458RR		CSFB 2005-C2-A3	CMBS	CMBS	Aaa	AAA	4.691	04/15/2037	USD	103.106	457	0.85	2.531	1.479	1.479	0.018
200	31413EE3		FNMA POOL - 943054	PASS	ARM	AGY	AGY	2.405	08/01/2037	USD	106.253	213	0.40	1.704	6.218	0.155	-0.006
347	3128QSLD		FHLMC POOL - 1G2124	PASS	ARM	AGY	AGY	6.014	08/01/2037	USD	108.803	379	0.71	2.286	2.673	1.823	0.184
864	31414KYJ		FNMA POOL - 968813	PASS	AGY	AGY	AGY	6.000	01/01/2038	USD	110.200	956	1.79	2.581	3.047	1.767	-0.594
500	842400FH	EIX	SOUTHERN CALIF EDISON CO	UTIL	Electric	A1	A	5.950	02/01/2038	USD	131.871	672	1.25	3.958	14.458	15.054	1.583
423	3128MUJJ		FHLMC GOLD POOL - G08264	PASS	AGY	AGY	AGY	6.000	04/01/2038	USD	111.581	474	0.88	2.538	3.350	1.904	-0.719
602	3128LBUV		FHLMC GOLD POOL - A77796	PASS	AGY	AGY	AGY	5.500	05/01/2038	USD	108.719	657	1.23	2.864	3.316	2.209	-0.870
372	50180CAB		LB UBS CMBS 2006-C7-A2	CMBS	CMBS	N/A	AAA	5.300	11/15/2038	USD	101.665	379	0.71	0.390	0.348	0.348	0.002
577	3128M7E2		FHLMC GOLD POOL - G05253	PASS	AGY	AGY	AGY	5.000	02/01/2039	USD	107.496	622	1.16	2.174	2.682	1.010	-1.009
1,375	912810QA	TSY	UNITED STATES TREAS BDS	TSY	TSY	TSY	TSY	3.500	02/15/2039	USD	115.719	1,609	3.01	2.671	17.803	18.891	2.262
642	31416PVF		FNMA POOL - AA6013	PASS	AGY	AGY	AGY	4.500	05/01/2039	USD	107.313	691	1.29	2.285	3.380	2.289	-1.167
500	07383F7W		BEAR STEARNS 05-PWR8-A4	CMBS	CMBS	Aaa	N/A	4.674	06/11/2041	USD	108.463	544	1.02	1.390	2.497	2.497	0.039
500	07388LAC		BEAR STEARNS 06-PWR13-A3	CMBS	CMBS	N/A	AAA	5.518	09/11/2041	USD	105.495	530	0.99	0.051	1.006	1.006	0.008
1,000	12513EAG		CD MTG 2005-CD1 A4	CMBS	CMBS	Aaa	AAA	5.394	07/15/2044	USD	111.283	1,117	2.09	0.881	2.517	2.527	0.058
200	20047EBG		COMM CMBS 2006-C08-A2B	CMBS	CMBS	Aaa	N/A	5.248	12/10/2046	USD	100.460	202	0.38	3.771	0.385	0.385	0.002
500	46630VAD		JP MORGAN 2007-CIBC19-A4	CMBS	CMBS	Aa2	A-	5.924	02/12/2049	USD	113.335	569	1.06	2.679	4.124	4.142	0.103
377	05952CAB		BA MTG CMBS 2007-05-A2	CMBS	CMBS	N/A	AAA	5.434	02/10/2051	USD	102.193	387	0.72	-1.193	0.350	0.350	0.002
500	46632HAD		JPMRGN CMBS 2007-LDP12 A4	CMBS	CMBS	Aaa	A-	5.882	02/15/2051	USD	113.616	570	1.07	2.909	4.307	4.307	0.113
47,985						Aa3	AA-	4.387	5.951		110.695	53,539	100.00	1.961	4.801	4.581	0.130



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: 06/29/2012
 Benchmark: BC AGGREGATE INDEX (SLAG)
 Benchmark Pricing Date: 06/29/2012

Quality	Port					Bnchmk				
	Mkt Val (000)	% Held (MV)	Eff Dur	Contrib Eff Dur	% Total Eff Dur	Mkt Val (000)	% Held (MV)	Eff Dur	Contrib Eff Dur	% Total Eff Dur
Total:	53,539	100.00	4.581	4.581	100.000	100.00	4.785	4.785	100.000	
CASH	741	1.38	0.082	0.001	0.025					
TSY										
AGY										
Aaa	27,533	51.43	4.464	2.296	50.115	75.80	4.060	3.080	64.301	
Aa	3,605	6.73	2.737	0.184	4.024	3.10	6.860	0.220	4.593	
A	14,533	27.15	5.172	1.404	30.650	11.30	6.910	0.780	16.284	
Baa	7,127	13.31	5.226	0.696	15.186	9.70	7.250	0.710	14.823	

Portfolio Duration as a % of Benchmark 96%



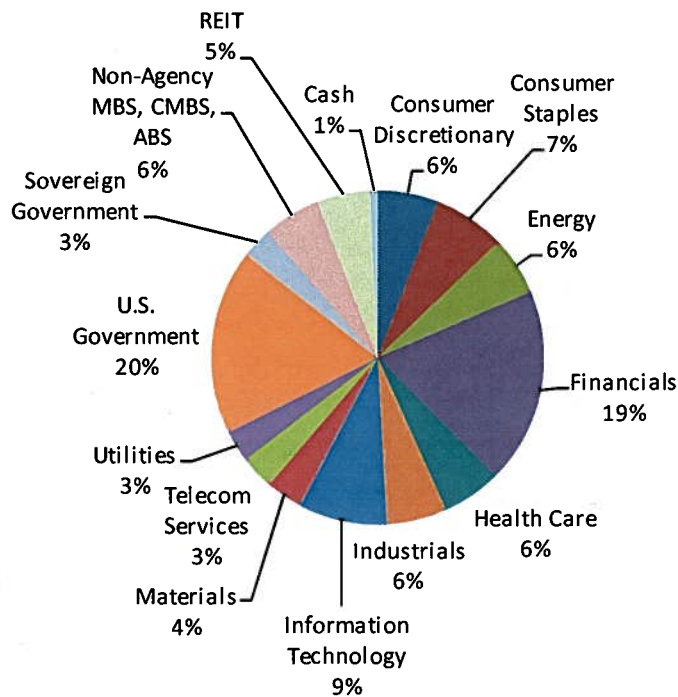
Duration gauges price sensitivity of fixed income securities and represents the expected percentage change in market value when interest rates change by 1%.

Compliance Report

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

GICS Sector Concentration

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



Sector	Market Value	% of Portfolio
Consumer Discretionary	6,032,283	6%
Consumer Staples	7,173,745	7%
Energy	5,806,783	6%
Financials	19,403,743	19%
Health Care	5,893,070	6%
Industrials	6,007,778	6%
Information Technology	8,754,912	9%
Materials	3,682,538	4%
Telecommunication Services	3,346,531	3%
Utilities	3,148,451	3%
<hr/>		
U.S. Government - Treasury/Agency/Agency MBS	18,294,503	18%
Sovereign Government	3,035,777	3%
Non-Agency MBS, CMBS, ABS	5,744,346	6%
REIT	5,278,238	5%
Commodities	-	0%
Cash	755,411	1%
<hr/>		
Total Portfolio	\$ 102,358,110	100%



Includes Individual Bond and ETF Holdings

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

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

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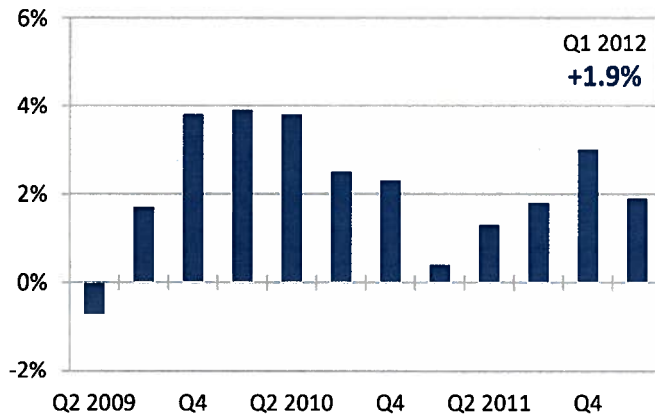
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Appendix

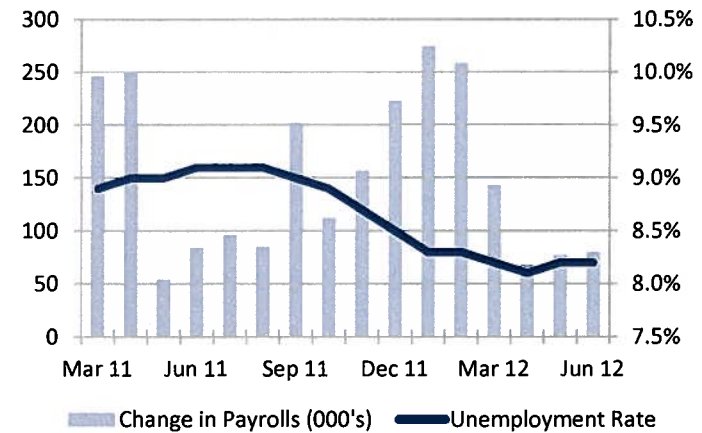
Economy & Financial Markets

Gross Domestic Product



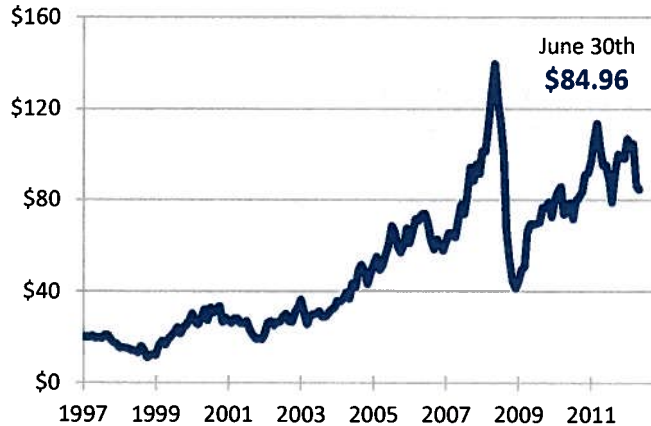
Bureau of Economic Analysis

Job Growth and Unemployment Rate



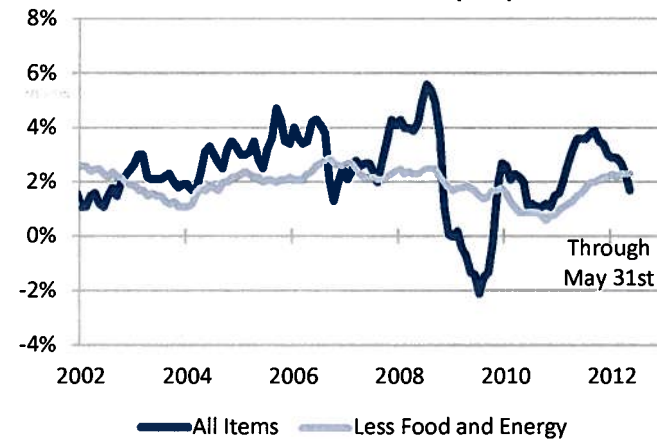
Bureau of Labor Statistics

Oil Price - West Texas Intermediate



Bloomberg

Consumer Price Index (YoY)



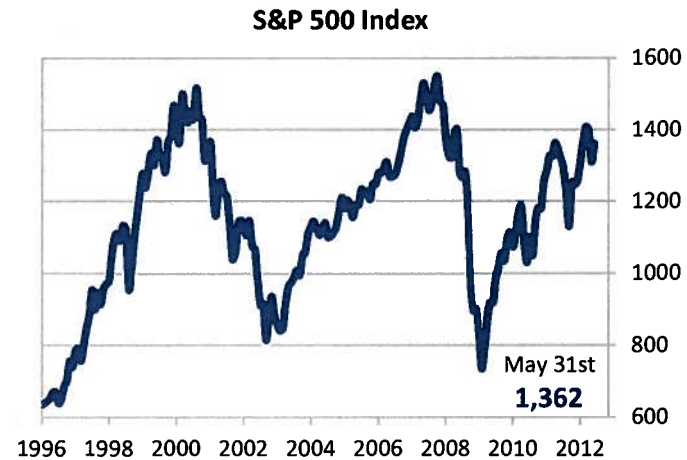
Bureau of Labor Statistics



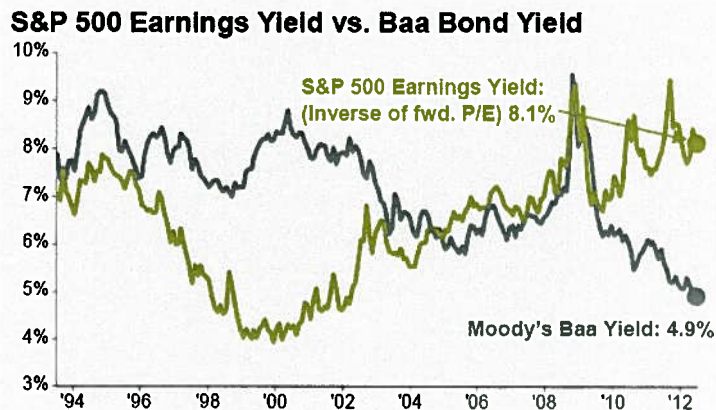
Economy & Financial Markets

Total Return (%) as of June 30, 2012				
	Q2 2012	1 Year	3 Years	5 Years
Domestic Equities				
Large Cap S&P 500	-2.8	5.5	16.4	0.2
Mid Cap S&P 400	-4.9	-2.3	19.4	2.6
Small Cap S&P 600	-3.6	1.4	19.8	1.8
International Equities				
Developed MSCI EAFE	-7.1	-13.8	6.0	-6.1
Emerging MSCI Emerging Markets	-8.9	-16.0	9.8	-0.1
Other				
Commercial Property S&P U.S. REIT	3.8	13.1	33.0	2.5
Commodities DJ-UBS Commodity	-4.6	-14.3	3.5	-3.7
Fixed Income				
Total Bond Market Barclays Aggregate	2.1	7.5	6.9	6.8
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.2	0.9	1.7	3.4
Int'l Treasury Barclays Global Tsy ex-US	-0.4	0.1	5.4	7.4

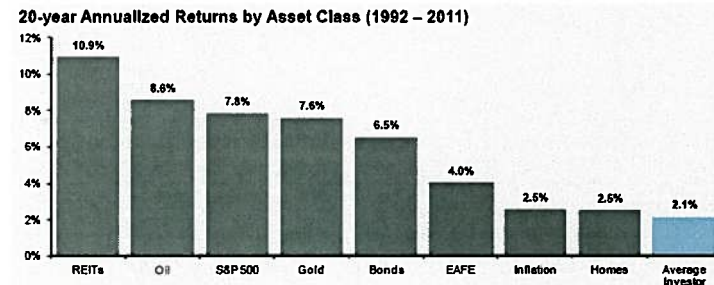
Returns are annualized for periods greater than one year



Bloomberg



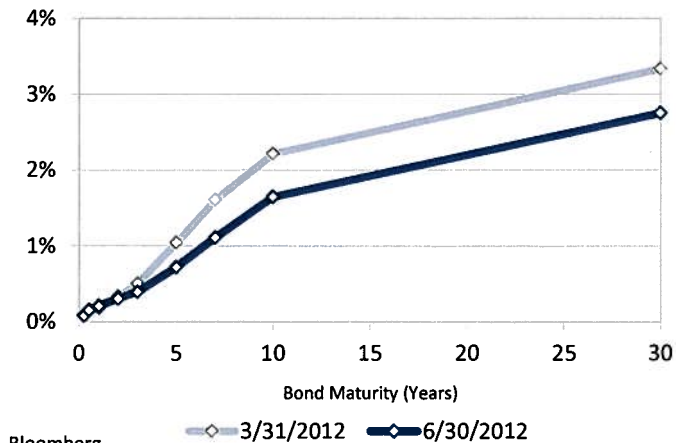
Sources: Standard & Poor's, Moody's, J.P. Morgan Asset Management
Data as of 6/30/2012.



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

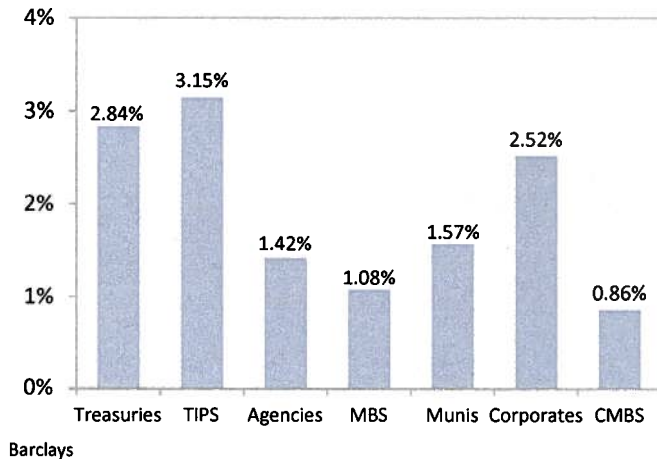
U.S. Treasury Yield Curve Comparison



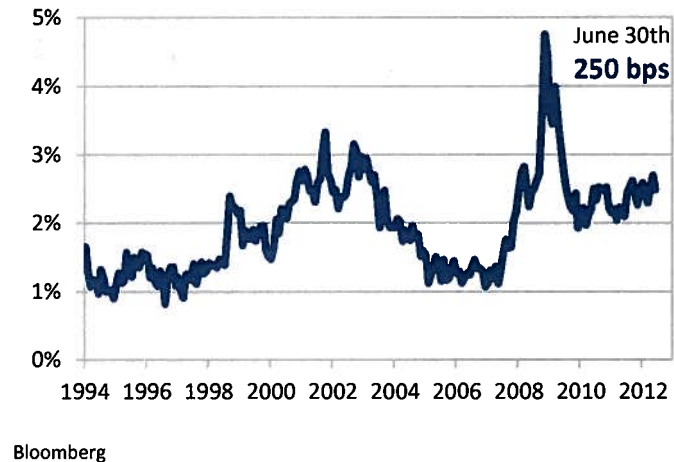
10 Year Treasury Note Yield



Q2 2012 Bond Total Return



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. The unemployment rate remained at 8.2% last month, with only 80,000 new jobs created. Job gains have cooled in Q2 from the stronger readings seen during the first quarter. First quarter 2012 GDP growth was +1.9%, down from +3.0% in Q4 2011. The consensus outlook calls for close to 2% growth and a moderation of inflation in 2012.

Worldwide GDP declined -0.7% in 2009. It was +5.3% in 2010 and +3.9% in 2011. The IMF forecasts (April 2012) world growth of +3.5% this year. This growth will likely be led by the emerging markets, many of which have had economies that continued to grow throughout the financial crisis. The OECD (May 2012) noted the recent escalation of the debt crisis in the euro area and sees the continent as "the most important source of risk to the global economy." It expects the 34 OECD nations to grow +1.6% in 2011 and +2.2% in 2012, in line with their forecasts from November. Europe is expected to see a mild recession in 2012 (-0.1%) and return to growth in 2013 (+0.9%).

WTI oil reached a high of \$110 per barrel in February on Middle East worries, but then declined nearly -30% and reached a low of \$78 in late June (oil ended the quarter at \$86/barrel). Gasoline prices have seen similar volatility, yet the impact to consumer spending has been muted as a mild winter and low natural gas prices provided a boost to discretionary income.

Inflation Outlook

Inflation is up +1.7% year-over-year through May, while the "core" rate is +2.3%. Inflationary pressures are likely to be muted given substantial unused capacity in the labor and product markets. ISI expects global inflation to trend down to the +2% range by year end. However, volatile oil and commodity prices are a threat to the inflation outlook. Commodity prices, as measured by the Dow Jones—UBS Commodity Index, have fallen nearly -4% this year through June.

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 2014. They initiated "Operation Twist" in September to keep long rates low and announced that maturing MBS would be reinvested back into the mortgage market. "Operation Twist" was extended through year end at the last FOMC meeting.

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 in November.

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. Portugal and Spain are now in the crosshairs as bond yields have shot up. Many countries have undertaken "austerity" measures to close their budget gaps, but the market remains skeptical.

Bond Outlook

Ten year Treasury yields reached 2.38% in March before falling to historic lows near 1.5% in June. The recent increase in volatility has caused spread product to lag over the past couple months, however total return still exceeds that of Treasuries YTD. We remain overweight spread product. Treasuries are unattractive in all but a flight to quality/deflation scenario.

Equity Outlook

The equity markets gained back some of the April/May losses in June. The S&P 500 was up +4.1% for the month, but still declined -2.8% in Q2. Uncertainty over the debt crisis in Europe and potential slower growth in China has caused investors to lose their appetite for risk. Economic numbers in the U.S. have weekend slightly, but still suggest modest growth is taking place.

The emerging markets gained +3.9% in June, but lost -8.8% for the quarter. While growth in China has slowed (from +10% in 2010, to +9% in 2011, and now +8% in 2012) it's still strong and policymakers in China have flexibility to offset further decline. Europe remains a trouble spot, as the EAFE index lost

-7.1% in the quarter despite a +7.0% gain in June. The valuations are cheap, but the macro risks are just too big to justify even a market weight.

We generally like domestic large company stocks over smaller names. Globally we favor emerging markets over developed international (EAFE). REITs have performed well, but in our judgment they are overvalued. Very low interest rates and reasonable valuations (the S&P 500 trades at 13x forward earnings) offset uncertainties in Europe and elsewhere.



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

June 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
850,000	US TREASURY NOTES 2.375% Due 07-31-17	106.34	903,922	107.98	917,864	0.90	20,187	8,430	0.77
1,000,000	US TREASURY NOTES 1.375% Due 09-30-18	99.39	993,945	102.37	1,023,750	1.00	13,750	3,456	0.98
1,400,000	US TREASURY NOTES 2.750% Due 02-15-19	104.27	1,459,846	110.98	1,553,678	1.52	38,500	14,490	1.03
1,000,000	U S TREASURY NOTES 5.250% Due 02-15-29	110.42	1,104,150	141.06	1,410,630	1.38	52,500	19,760	2.27
1,375,000	US Treasury Note 3.500% Due 02-15-39	86.77	1,193,038	115.72	1,591,136	1.55	48,125	18,113	2.67
	Accrued Interest				64,249	0.06			
			5,654,901		6,561,307	6.41		64,249	
U.S. TREASURY INFLATION									
823,627	US TREASURY INFLATION PROTECTED SECURITIES 1.625% Due 01-15-18	99.87	822,572	114.11	939,833	0.92	13,384	6,177	NA
	Accrued Interest				6,177	0.01			
			822,572		946,010	0.92		6,177	
AGENCIES									
500,000	FHLB 3.625% Due 10-18-13	104.20	520,981	104.25	521,245	0.51	18,125	3,675	0.35
500,000	FHLMC 5.125% Due 11-17-17	111.91	559,567	121.12	605,615	0.59	25,625	3,132	1.07
500,000	FEDERAL HOME LOAN MORTGAGE CORP 6.250% Due 07-15-32	120.42	602,104	148.75	743,770	0.73	31,250	14,410	3.00
	Accrued Interest				21,217	0.02			
			1,682,652		1,891,847	1.85		21,217	
FNMA & FHLMC									
86,288	FNMA POOL # 254195 5.500% Due 02-01-17	99.33	85,708	108.67	93,767	0.09	4,746	395	0.00
77,467	FGLMC POOL E01136 5.500% Due 03-01-17	99.55	77,116	107.64	83,386	0.08	4,261	355	0.51
256,835	FGLMC POOL B17355 5.000% Due 12-01-19	101.34	260,276	107.60	276,344	0.27	12,842	1,070	1.08
453,312	FGLMC POOL B17982 4.000% Due 03-01-20	97.59	442,404	106.43	482,450	0.47	18,132	1,511	0.79



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

June 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
230,942	FNMA POOL 814349 4.500% Due 03-01-20	98.62	227,758	107.55	248,386	0.24	10,392	866	0.70
164,906	FNMA POOL 819922 5.500% Due 04-01-20	102.41	168,887	109.54	180,643	0.18	9,070	756	1.06
237,498	FNMA POOL 819924 4.500% Due 04-01-20	99.55	236,440	107.55	255,436	0.25	10,687	891	0.70
268,922	FNCL 5.00% POOL 888348 5.000% Due 05-01-22	103.55	278,461	107.99	290,417	0.28	13,446	1,121	1.46
489,034	FNMA 4.00% POOL AD2331 4.000% Due 03-01-25	102.73	502,406	106.41	520,396	0.51	19,561	1,630	1.26
300,472	FNCL 4% POOL AD7073 4.000% Due 06-01-25	103.15	309,932	106.41	319,741	0.31	12,019	1,002	1.26
41,677	GNMA POOL 2563 6.500% Due 03-20-28	100.44	41,860	115.47	48,125	0.05	2,709	226	0.62
47,493	FGLMC POOL C01403 6.000% Due 09-01-32	101.81	48,353	112.12	53,250	0.05	2,850	237	1.58
119,684	FGLMC POOL A16590 6.000% Due 12-01-33	103.27	123,593	112.12	134,192	0.13	7,181	598	1.61
95,493	FRN - FNMA POOL 820607 2.302% Due 03-01-35	100.53	96,004	106.31	101,514	0.10	2,198	183	0.85
385,950	FNMA POOL 826090 4.737% Due 07-01-35	99.47	383,900	106.54	411,180	0.40	18,282	1,524	0.65
300,912	FHLMC # A36703 4.500% Due 08-01-35	95.69	287,935	106.98	321,931	0.31	13,541	1,128	1.41
257,634	FRN - FNMA POOL # 838293 2.301% Due 08-01-35	99.67	256,779	105.76	272,484	0.27	5,928	494	1.27
78,566	FNMA ARM POOL 745552 2.409% Due 02-01-36	99.27	77,989	105.01	82,500	0.08	1,893	158	1.31
103,535	FRN - FHLMC # 847740 5.478% Due 04-01-37	98.88	102,379	107.98	111,793	0.11	5,672	473	1.91
346,693	FRN - FHLMC # 1G2124 6.014% Due 08-01-37	99.81	346,043	108.80	377,212	0.37	20,850	1,738	2.75
200,492	FRN - FNMA POOL 943054 2.405% Due 08-01-37	100.94	202,372	106.25	213,029	0.21	4,822	402	1.30
863,225	FNCL 6.00% POOL 968813 6.000% Due 01-01-38	109.64	946,445	110.20	951,274	0.93	51,793	4,316	2.31
422,655	FHLMC # G08264 6.000% Due 04-01-38	100.76	425,858	109.75	463,851	0.45	25,359	2,113	2.47
601,578	FGLMC 5.5% POOL A77796 5.500% Due 05-01-38	108.01	649,752	108.72	654,030	0.64	33,087	2,757	2.06



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

June 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
576,770	FHLMC 5% POOL G05253 5.000% Due 02-01-39	107.02	617,279	107.50	620,005	0.61	28,838	2,403	1.58
641,571	FNCL 4.5 POOL AA6013 4.500% Due 05-01-39 Accrued Interest	103.59	664,603	107.31	688,489	0.67	28,871	2,406	1.32
					30,753	0.03			
			7,860,530		8,286,580	8.10		30,753	
GNMA									
53,547	GOV'T NAT'L MTG ASSN POOL# 587075 6.500% Due 05-15-32	101.25	54,216	115.82	62,016	0.06	3,481	290	0.88
490,139	GOV'T NAT'L MTGE ASSN POOL # 617115 5.500% Due 06-15-36 Accrued Interest	97.77	479,187	111.03	544,206	0.53	26,958	2,246	1.05
					2,537	0.00			
			533,404		608,758	0.59		2,537	
ASSET-BACKED SECURITIES									
1,000,000	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15 Accrued Interest	103.37	1,033,750	100.00	1,000,000	0.98	36,900	1,640	3.72
					1,640	0.00			
			1,033,750		1,001,640	0.98		1,640	
COMMERCIAL MORTGAGE-BACKED SECURITIES									
442,175	CREDIT SUISSE FIRST BOSTON MTG 4.691% Due 04-01-37	100.48	444,299	103.11	455,907	0.45	20,742	1,729	3.26
371,533	LB-UBS COML MTG TR 2006-C7 5.300% Due 11-11-38	100.35	372,838	101.67	377,719	0.37	19,691	1,094	2.22
500,000	BEAR STEARNS COML MTG SECS INC 4.674% Due 06-11-41	100.54	502,723	108.46	542,312	0.53	23,370	1,947	1.46
500,000	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41	100.55	502,726	104.46	522,304	0.51	27,590	2,299	2.63
1,000,000	FRN - CD 2005-C1 COMMERCIAL MTG TR 5.394% Due 07-15-44	100.09	1,000,856	111.28	1,112,825	1.09	53,938	4,495	1.48
199,439	COMM 2006-C8 MTG TR 5.248% Due 12-10-46	100.50	200,434	100.46	200,355	0.20	10,467	872	4.16
500,000	FRN - J P MORGAN CHASE COML MTG SECS 5.924% Due 02-12-49	100.21	501,049	113.33	566,674	0.55	29,621	2,468	2.73
377,162	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	100.55	379,223	100.08	377,468	0.37	20,495	1,708	4.35
500,000	J P MORGAN CHASE COML MTG SECS 5.882% Due 02-15-51	100.50	502,481	113.62	568,077	0.55	29,410	2,451	2.84



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

June 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
	Accrued Interest				19,063	0.02			
			4,406,630		4,742,706	4.63		19,063	
CORPORATE BONDS									
600,000	UNITED PARCEL SVC INC 4.500% Due 01-15-13	100.90	605,376	102.20	613,224	0.60	27,000	12,450	0.42
500,000	AMERICAN INTL GROUP INC SENIOR NT 4.250% Due 05-15-13	95.12	475,580	102.00	509,980	0.50	21,250	2,715	1.94
500,000	ONTARIO PROV CDA 3.500% Due 07-15-13	99.68	498,425	103.11	515,570	0.50	17,500	8,069	0.50
500,000	BARRICK GOLD FINANCE CO. 6.125% Due 09-15-13	99.98	499,890	106.17	530,860	0.52	30,625	9,017	0.97
250,000	BP CAPITAL MARKETS PLC 5.250% Due 11-07-13	108.02	270,039	105.96	264,900	0.26	13,125	1,969	0.81
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	106.01	530,070	0.52	27,500	4,583	2.14
600,000	BANK OF NY MELLON 4.300% Due 05-15-14	101.93	611,566	106.61	639,678	0.62	25,800	3,297	0.74
450,000	US BANCORP 4.200% Due 05-15-14	104.98	472,396	106.43	478,930	0.47	18,900	2,415	0.74
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	105.88	635,262	0.62	33,000	6,967	2.83
500,000	DOMINION RESOURCES INC. 5.000% Due 12-01-14	106.38	531,910	108.57	542,850	0.53	25,000	2,083	1.39
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	107.06	535,325	0.52	23,750	7,917	2.02
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	103.37	516,855	0.50	30,000	5,250	4.71
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	104.96	524,820	0.51	23,750	2,771	2.94
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	105.82	529,120	0.52	14,250	871	0.84
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	108.29	270,737	0.26	13,750	6,187	3.02
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	114.72	401,537	0.39	18,812	5,539	1.29
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	105.92	529,585	0.52	14,750	1,885	1.38
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	104.65	523,255	0.51	10,750	1,374	0.93



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

June 30, 2012

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
750,000	HJ HEINZ CO 2.000% Due 09-12-16	103.09	773,152	102.63	769,740	0.75	15,000	4,542	1.35
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	101.86	1,273,200	1.24	20,312	6,037	1.17
500,000	BANK AMER CORP 5.625% Due 10-14-16	99.93	499,670	106.28	531,380	0.52	28,125	6,016	4.02
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	118.21	797,904	0.78	37,969	8,016	1.25
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	100.31	1,003,070	0.98	22,500	5,687	2.18
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	117.12	585,620	0.57	27,500	6,875	1.73
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	107.83	539,135	0.53	15,250	7,032	1.44
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	120.23	601,145	0.59	28,500	8,471	1.63
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	115.29	864,682	0.84	46,500	11,625	3.03
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	116.77	583,865	0.57	28,125	1,562	2.33
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	118.28	591,415	0.58	28,750	11,979	2.25
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	120.07	690,414	0.67	30,762	10,254	1.63
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	114.95	1,149,540	1.12	56,250	9,375	2.83
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	120.88	604,415	0.59	28,250	3,610	1.88
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	130.51	652,570	0.64	35,750	13,506	2.18
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	114.04	684,240	0.67	45,000	17,000	4.98
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	118.61	711,684	0.70	28,200	10,653	1.72
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	116.58	699,462	0.68	25,200	2,100	1.65
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	111.70	837,765	0.82	35,625	14,844	3.01
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	116.09	899,690	0.88	39,912	13,304	2.80



Portfolio Appraisal

FAIRBANKS PERMANENT FUND

June 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	108.49	813,652	0.79	31,875	4,073	3.09
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	109.77	862,800	0.84	33,853	4,420	3.04
500,000	BURLINGTON NORTH SANTA FE 3.450% Due 09-15-21	104.64	523,185	104.63	523,135	0.51	17,250	5,079	2.87
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	102.33	767,482	0.75	23,625	1,050	2.87
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	111.10	555,520	0.54	30,000	3,833	5.16
500,000	SOUTHERN CAL EDISON CORP BOND 5.950% Due 02-01-38 Accrued Interest	99.54	497,700	131.87	659,355	0.64	29,750	12,396	3.96
					288,698	0.28			
			26,585,608		28,634,139	27.97		288,698	
INTERNATIONAL FIXED INCOME FUNDS/ETF									
42,485	SPDR BARCLAYS CAPITAL INTL D	56.06	2,381,843	59.13	2,512,138	2.45	NA		
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
212,014	VANGUARD INST'L S&P500 INDEX FUND	96.01	20,356,008	124.74	26,446,618	25.84	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
33,610	ISHARES S&P MIDCAP 400	67.06	2,253,839	94.17	3,165,054	3.09	NA		
INTERNATIONAL FUNDS/ETF									
235,779	VANGUARD MSCI EAFE ETF	33.98	8,011,208	31.57	7,443,543	7.27	NA		
EMERGING MARKET FUNDS/ETF									
102,282	VANGUARD EMERGING MARKET ETF	43.08	4,406,057	39.93	4,084,120	3.99	NA		
REAL ESTATE									
80,670	VANGUARD REIT ETF	49.55	3,996,989	65.43	5,278,238	5.16	NA		
CASH AND EQUIVALENTS									
	ALASKA MUNICIPAL LEAGUE INVESTMENT POOL		741,331		741,331	0.72			
	CASH RECEIVABLE		14,080		14,080	0.01	NA		
			755,411		755,411	0.74			
TOTAL PORTFOLIO			90,741,401		102,358,110	100	2,112,487	434,334	



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
06-30-11 to 07-31-11	0.13	0.58	0.04	1.57	1.59	-2.04	-2.03	-3.28	-3.53	-2.39	-1.59	1.56	1.61	-0.62	-0.44	4.02	-3.21
07-31-11 to 08-31-11	-2.17	-1.79	0.04	1.44	1.46	-5.29	-5.43	-7.00	-7.11	-8.09	-9.03	-5.62	-5.71	-9.09	-8.94	0.69	-7.67
08-31-11 to 09-30-11	-4.53	-3.39	0.04	0.61	0.73	-7.03	-7.03	-10.60	-10.59	-11.33	-9.53	-10.84	-10.96	-18.44	-14.58	-15.63	-10.29
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
Date to Date																	
06-30-11 to 06-30-12	3.53	5.24	0.50	7.58	7.47	5.62	5.45	-2.21	-2.33	-13.76	-13.83	12.68	13.05	-16.22	-15.95	-16.55	1.43

ASSET ALLOCATION REVIEW

FAIRBANKS PERMANENT FUND

August 2012



Agenda

- Background & Current Portfolio
- Principles of Asset Allocation
- Market Environment
- Portfolio Construction and Optimization

APCM Institutional Investment Management

- Investment Policy Statement Drafting and Revision
- Annual Asset Allocation Review
 - Examine Potential New Asset Classes
 - Revise Capital Market Assumptions/Expectations
 - Compare Current Investment Vehicles with Available Universe (Over 1,500 ETFs)
- Portfolio Review and Performance Reporting
- Client Presentations and Education



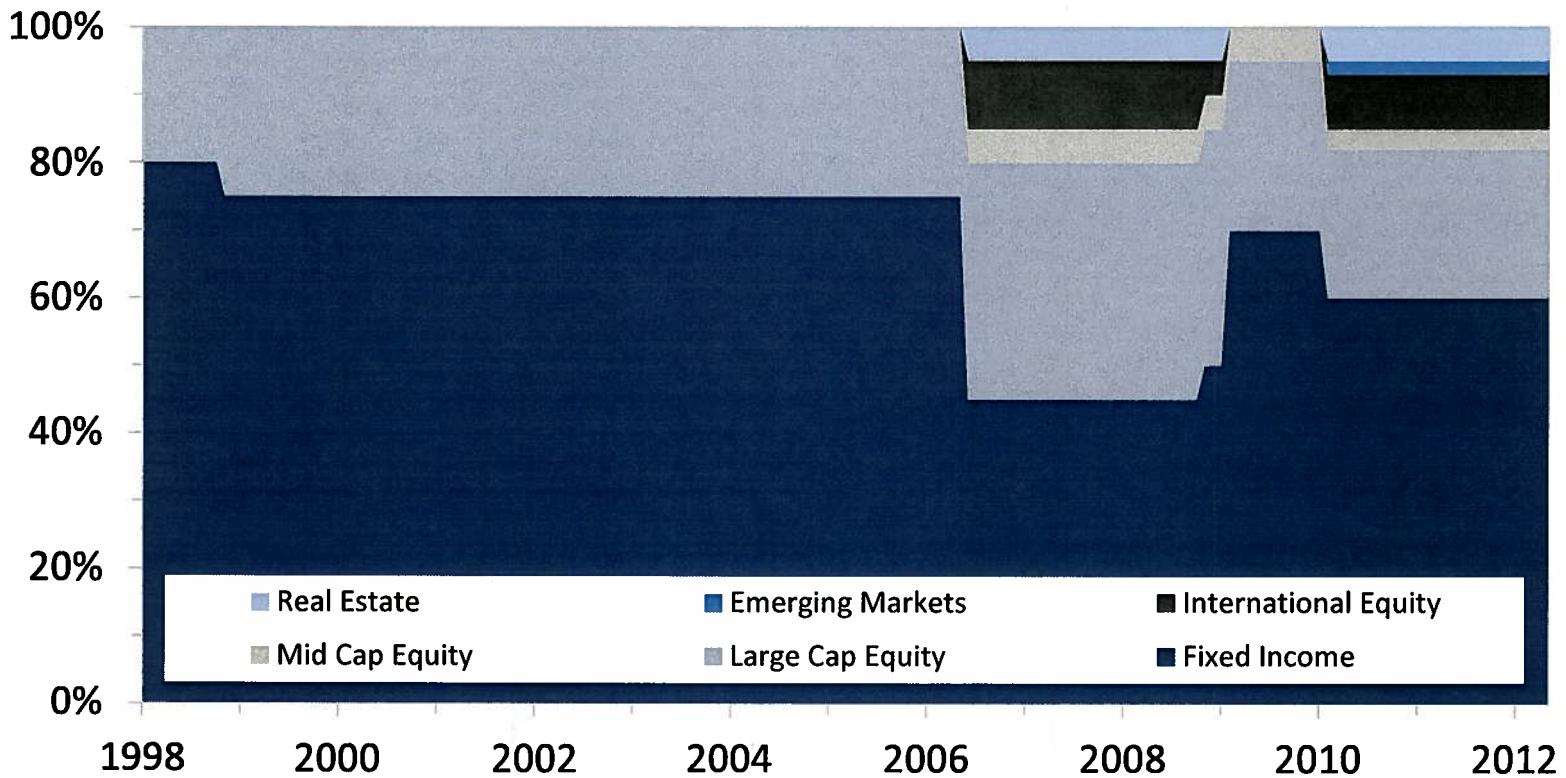
Investment Policy Considerations

Factors	Fairbanks Permanent Fund
T ime Horizon	Perpetual
R isk Level	Commensurate with Return Objective
E xpected Return Necessary to Meet Goals/Objectives	4.5% Annual Distribution (5 Year Average)
A sset Class Preferences	Domestic Equity (Large/Mid/Small), International Equity (Developed/Emerging), REITs, Commodities, Bonds (Agg, Int'l Treasury, TIPS)
T ax Status	Tax Exempt

➤ Current allocation has 40% equity exposure and 60% bonds

Portfolio Review

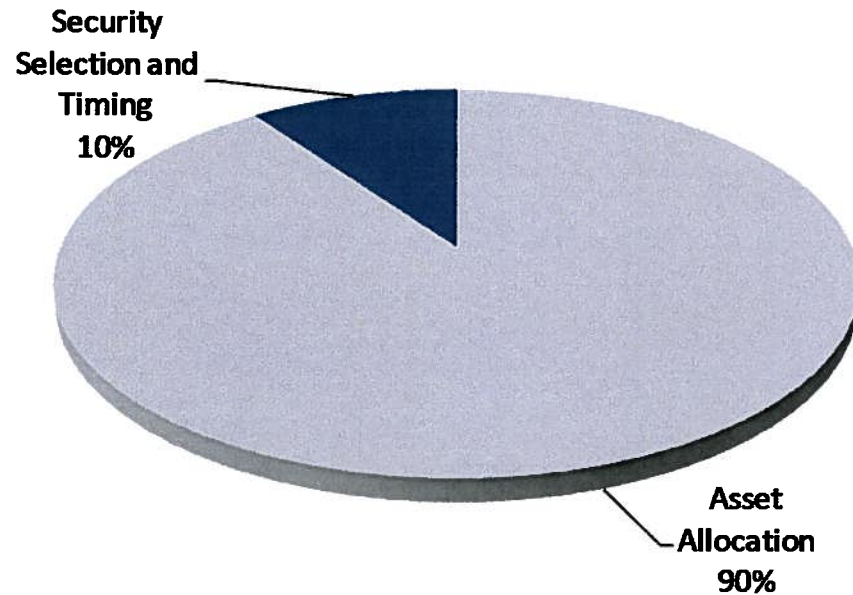
Fairbanks Permanent Fund Historical Asset Allocation
as of June 30, 2012



Principals of Asset Allocation

Asset Allocation Principals

Importance of Asset Allocation



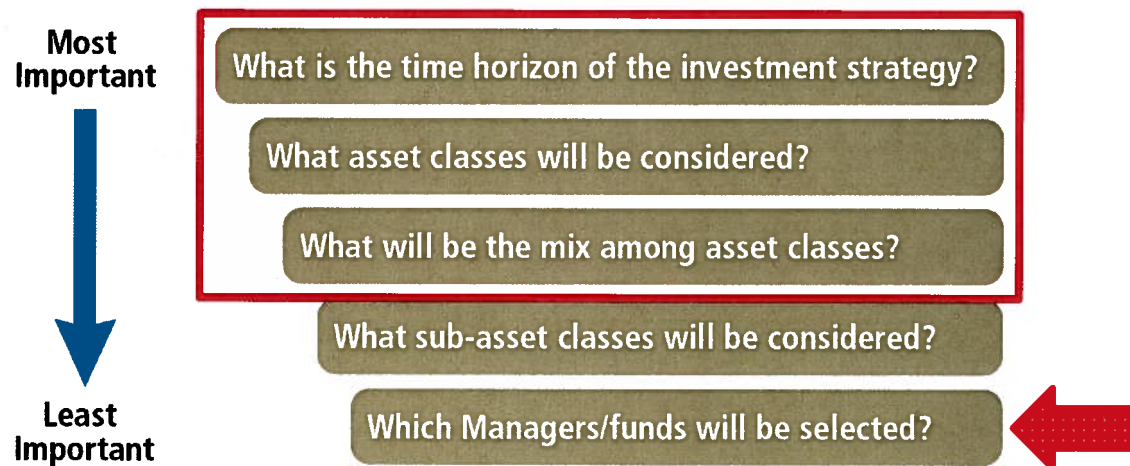
- Several studies report that asset allocation may account for more than 90% of the return of a portfolio compared to the policy portfolio*
- The initial strategic allocation among asset classes is more important than choosing the actual stocks and bonds that you will own
- In our role as fiduciary, we employ over 200 years of experience in helping our clients make this important decision

Asset Allocation Principals

Many investment committees spend far too much time on activities that often subtract value—such as manager selection and market timing—and not enough time on establishing and adhering to their asset-allocation targets, where their efforts could really add value.

Endowment Management: A Practical Guide (2004) - Page 26

The Hierarchy of Decisions



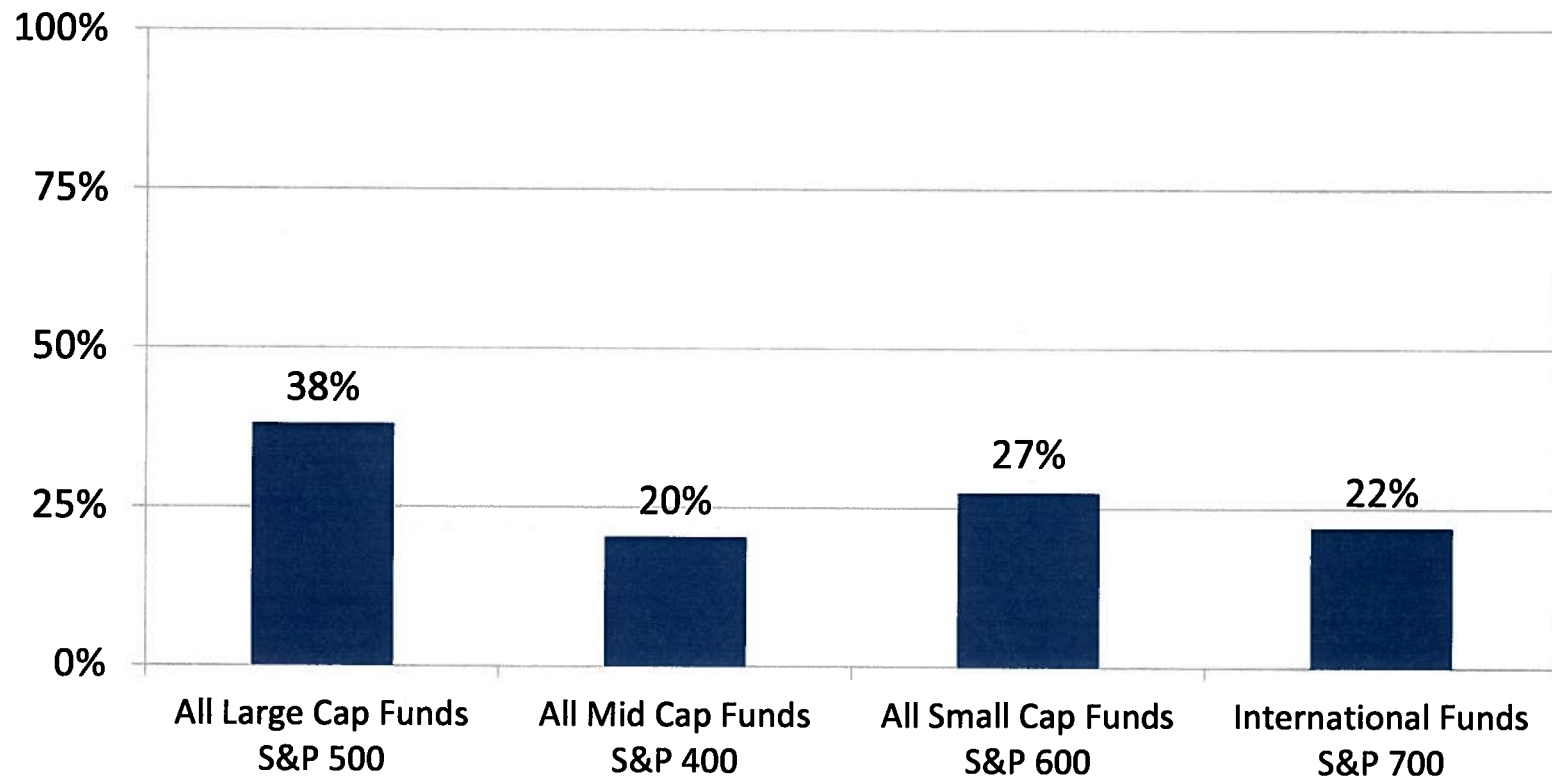
Source: *Prudent Practices for Investment Stewards* by Fiduciary360 (2008)

APCM Asset Allocation Philosophy

- Construct efficient, diversified portfolios using state of the art optimization software coupled with solid fundamental research and experience.
- Use low cost index or exchange-traded funds to gain exposure to the various equity asset classes.
- Minimize expenses, keep turnover down and execute trading efficiently.
- Markets are mainly efficient. Therefore, adhere to the chosen benchmark portfolio tactically deviating as investment opportunities arise.

APCM Philosophy – Active Managers Don't Outperform

Percentage of Equity Mutual Funds that Outperformed the Index

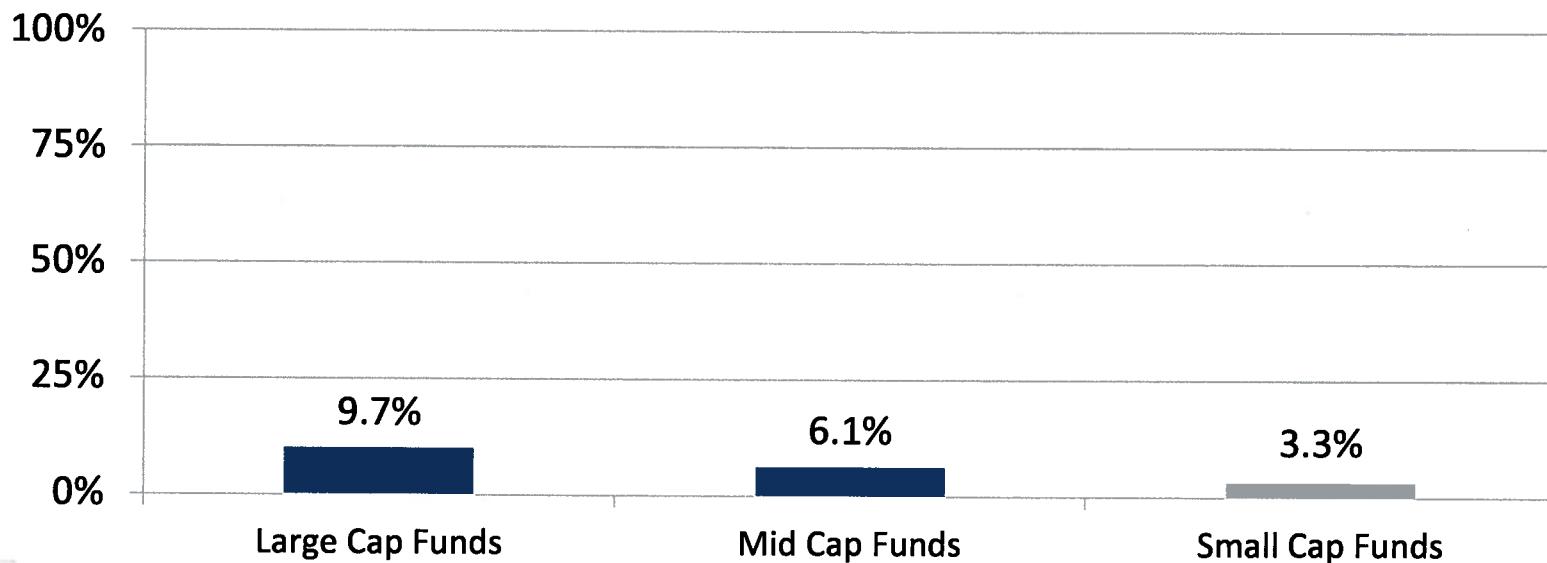


Over a 5 year period ending December 31, 2011. Equal weighted. Net Returns. Data: Standard & Poor's

APCM Philosophy – Strong Managers Don’t Repeat

The phrase ***“past performance is not an indicator of future outcomes”*** can be found in the fine print of almost all mutual fund literature. Yet due to either force of habit or conviction, investors and advisors alike consider past performance and related metrics to be important factors in fund selection.

Percentage of Equity Mutual Funds that Maintained Top Half Performance Against Peers for Five Consecutive Years

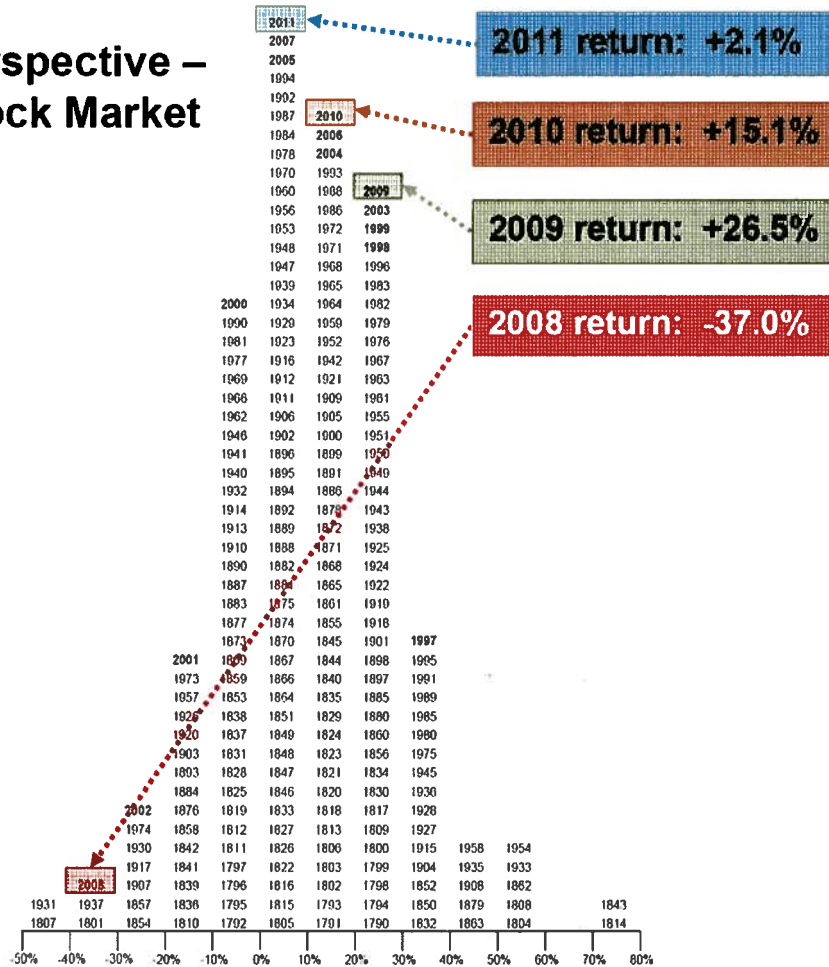


Over a 5 year period ending September 30, 2011. Random Selection Suggests a Rate of 6.25%
Source: Standard & Poor’s

Market Environment

Stock Market Returns by Calendar Year

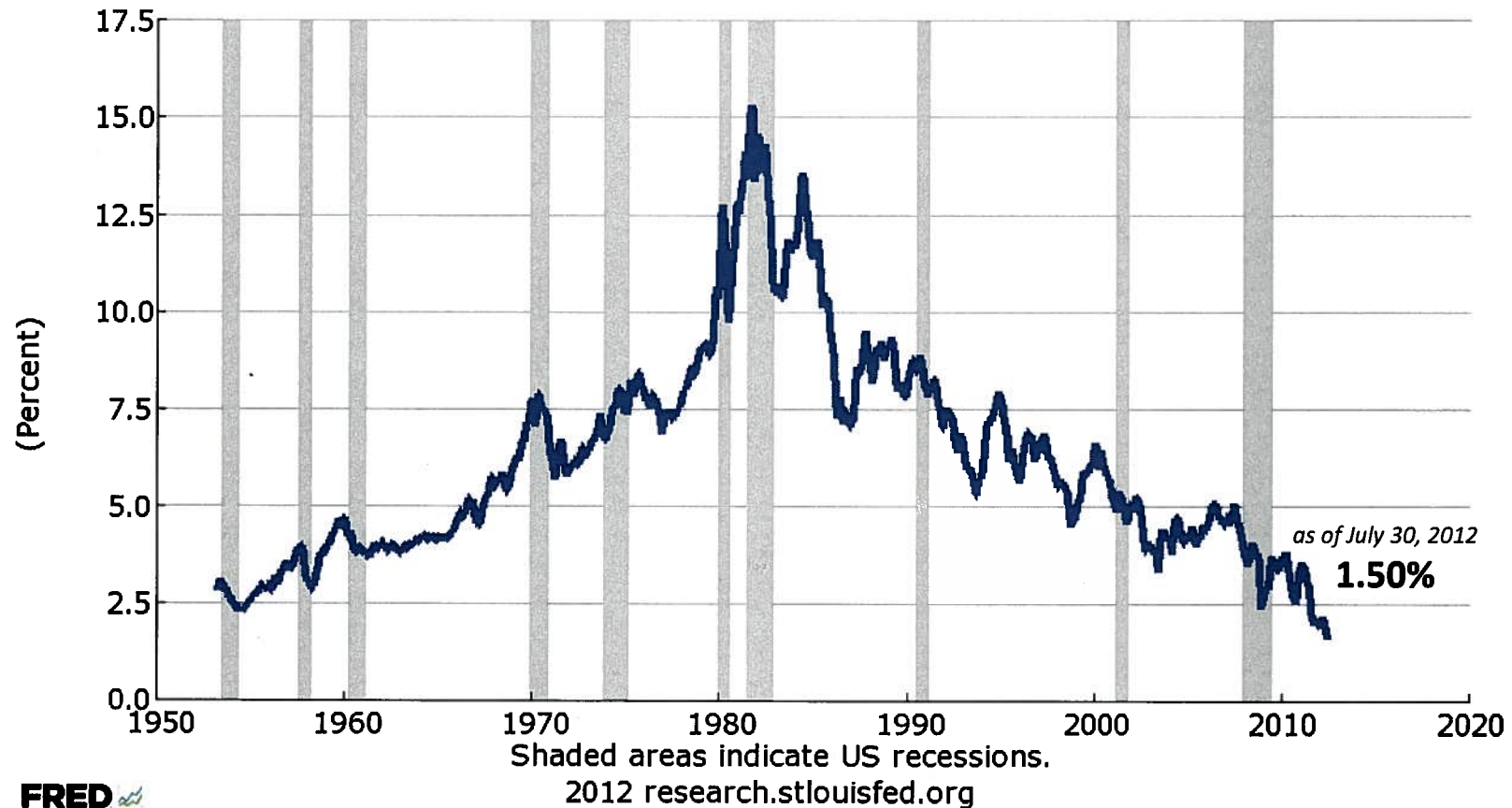
**2011 Performance Perspective –
History of the U.S. Stock Market**
224 Years of Returns



Source: Callan

Treasury Yields are Low – Will They Stay Low?

10-Year Treasury Constant Maturity Rate (GS10)
Source: Board of Governors of the Federal Reserve System



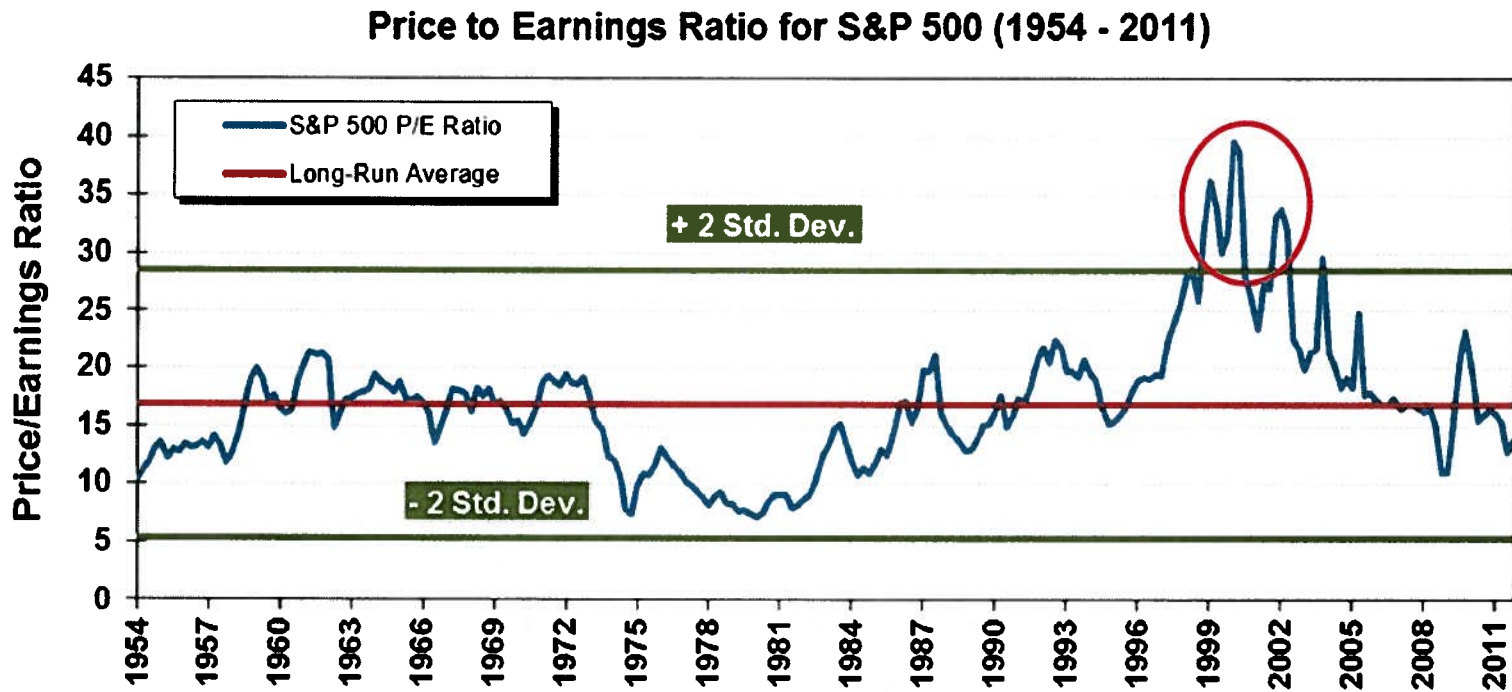
FRED 



Source: Federal Reserve Bank of St. Louis. Data through June 2012.

Stocks Reasonably Priced

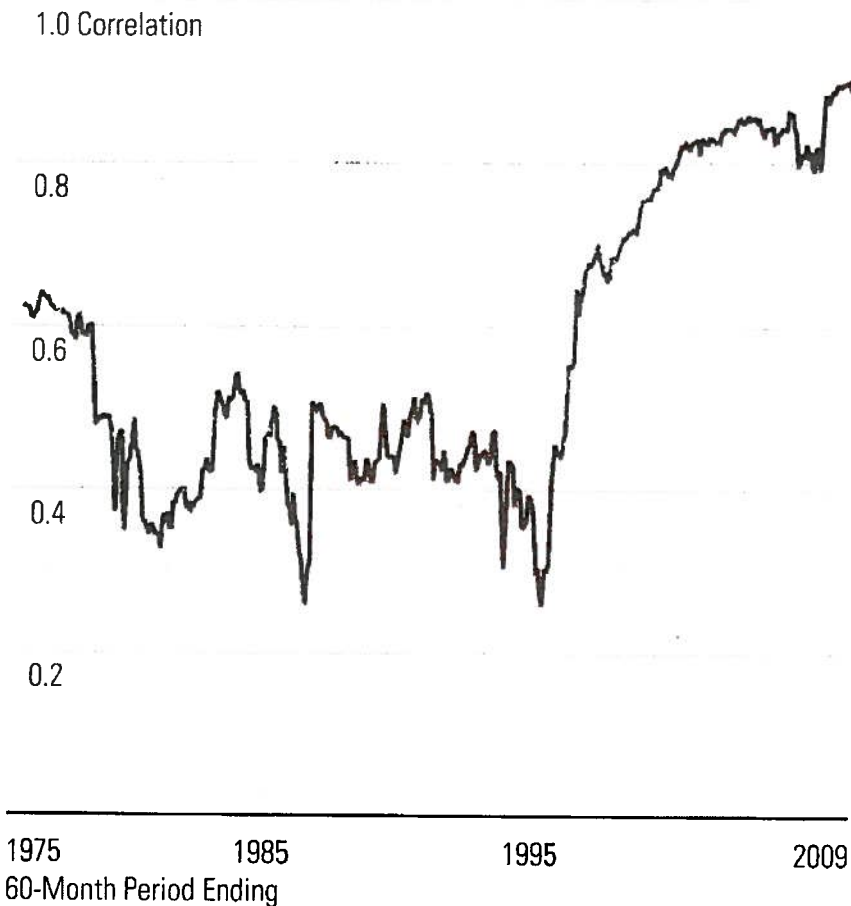
Trailing P/E Below Its Long Run Average



Source: Callan

Correlations Less Favorable

Large Company Stocks and International Stocks



Note: Underlying data expressed in U.S. dollars



Source: Ibbotson

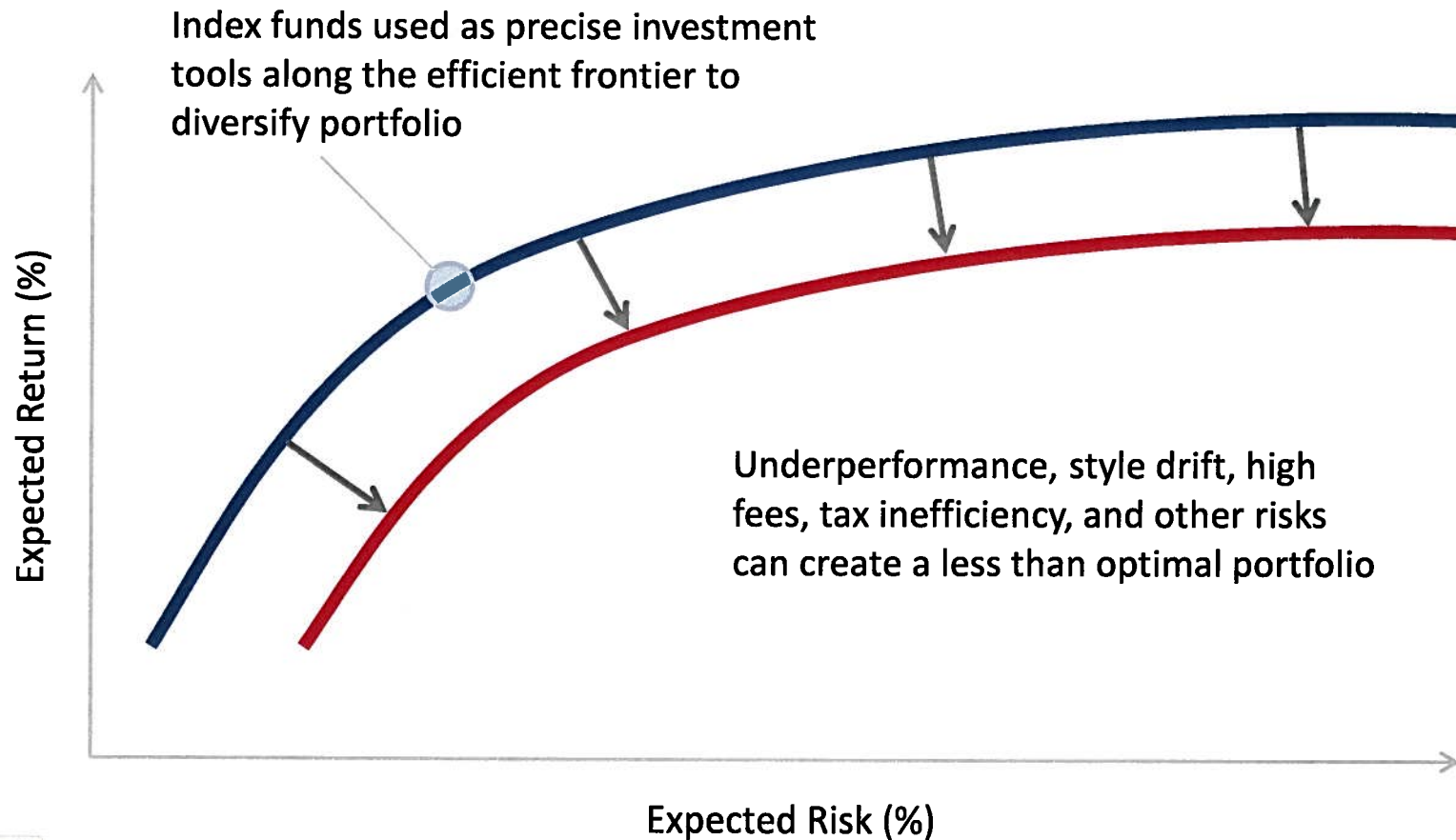
Market Environment Summary

- Modest return expectations owing to modest economic growth, and low inflation, and low bond yields
- Volatility to remain higher owing to high government debt and already extraordinary monetary policy actions
- Historically low yields limit fixed income returns
 - APCM expects 2.8% return on U.S. Aggregate over 5-7 years

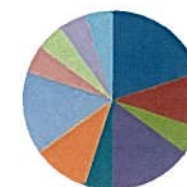
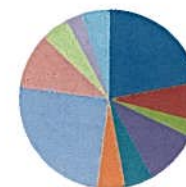
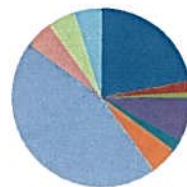
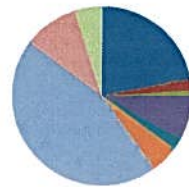
Portfolio Construction and Optimization



Finding The "Optimal" Diversified Portfolio



Asset Allocation



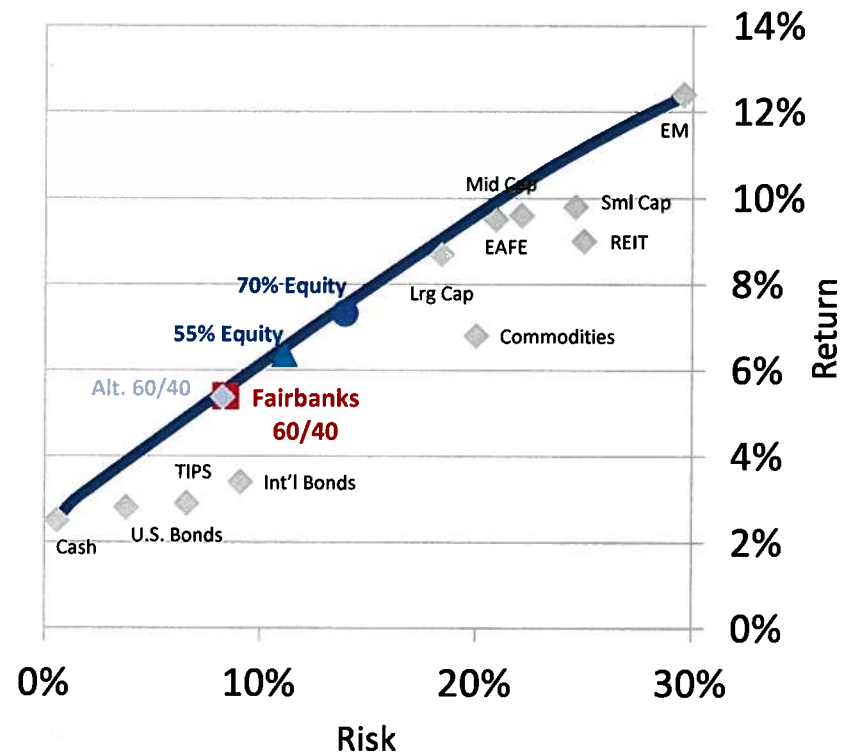
Asset Class		Fairbanks Current 40% Equity/60% Fixed	Alternative 40% Equity/60% Fixed	55% Equity/45% Fixed	70% Equity/30% Fixed
Large Cap Equity		22%	22%	22%	20%
Mid Cap Equity		2%	2%	7%	10%
Small Cap Equity		1%	1%	3%	5%
International Equity		8%	8%	10%	15%
Emerging Market Equity		2%	2%	5%	5%
REITs		5%	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%.

Frontier/APCM Assumptions

APCM Annualized Return and Risk Assumptions		
5-7 Year Horizon	Return	Risk
U.S. Large Cap Equities	8.7%	18.4%
U.S. Mid Cap Equities	9.6%	22.1%
U.S. Small Cap Equities	9.8%	24.6%
Int'l Developed Equities	9.5%	20.9%
Emerging Market Equities	12.4%	29.6%
REITs	9.0%	25.0%
U.S. Fixed Income	2.8%	3.8%
U.S. TIPS	2.9%	6.6%
International Bonds	3.4%	9.1%
Commodities	6.8%	20.0%
Cash	2.5%	0.6%

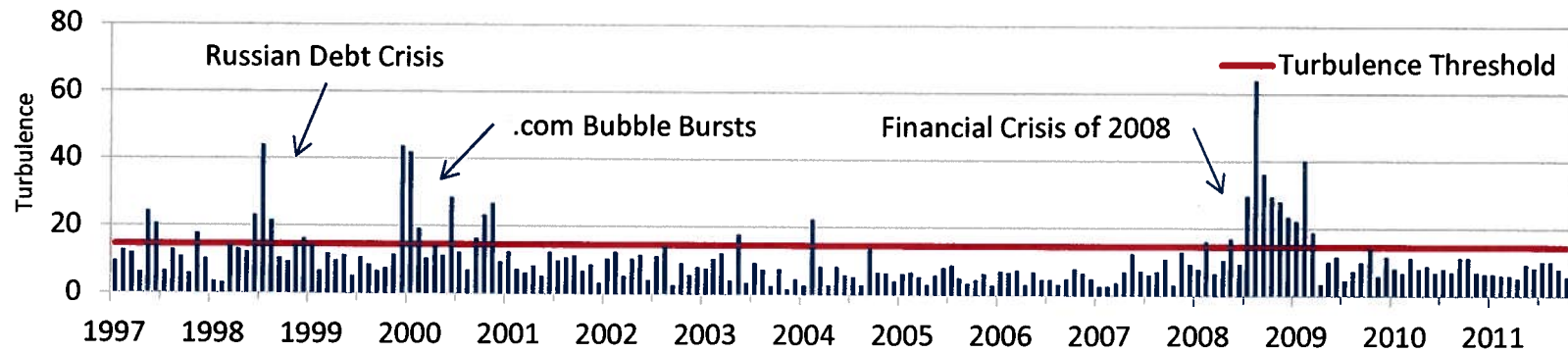
Efficient Frontier



Annual inflation expectation of 2.5%.

Probability of Loss

Historical returns can be characterized as arising from **turbulent periods or quiet periods**. The turbulence index identifies turbulent periods and quiet periods from 3/1997 through 12/2011.



This separation allows us to **estimate risk parameters for each regime** and to **stress test the selected portfolios** by substituting the risk parameters from the turbulent regimes.

The probability measures below are presented for a normal regime, in which the risk parameters are based on the entire sample of returns, and for a turbulent regime, which uses a turbulent sub-sample of returns.

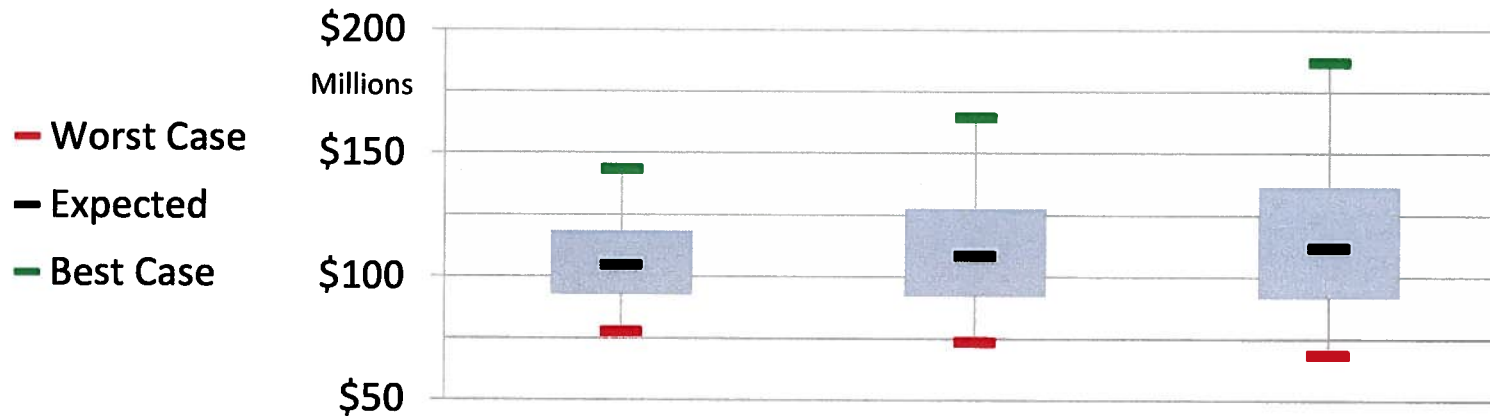
Probability of 10% Loss (\$10,235,811)				
	Turbulent 1-Year Horizon		Normal 5-Year Horizon	
	End of Period	Within Period	End of Period	Within Period
Fairbanks Current	10.0%	25.3%	1.5%	12.8%
Alternative 40/60	9.4%	23.9%	1.4%	12.2%
55% Equity	14.5%	36.4%	3.4%	24.8%
70% Equity	18.6%	45.8%	5.5%	36.1%

Data: Windham Portfolio Advisor. Portfolio market value \$102,358,110.



Wealth Distribution

Ranges of Expected Portfolio Value Over 5 Years



Confidence	Fairbanks Current 40% Equity	55% Equity	70% Equity
<i>Best Case</i> 5%	\$143,474,109	\$164,343,830	\$186,963,225
25%	\$118,659,299	\$127,822,723	\$136,769,016
<i>Expected</i> 50%	\$104,844,146	\$108,767,074	\$112,155,096
75%	\$92,808,638	\$92,534,308	\$91,806,219
<i>Worst Case</i> 95%	\$77,920,192	\$73,853,137	\$68,832,717



Data: Windham Portfolio Advisor. Beginning portfolio balance \$102,358,110. Assumes 4.5% annual distribution.

Historical Simulations

Decline in Portfolio	70% Equity Allocation	55% Equity Allocation
Panic of 2008 <i>Nov 2007 – Feb 2009</i>	-39.8%	-30.7%
Dot-com Bubble Burst <i>Sept 2000 – Sept 2002</i>	-16.0%	-11.1%
Asian-Russian Crisis <i>July 1998 – Aug 1998</i>	-11.1%	-8.5%



Summary

- Any changes to acceptable risk levels or return requirements?
- APCM's forward looking return assumptions for current allocation is 5.4%
- Current distribution is 4.5% per annum
- Fixed income yields are at historic lows

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