



FAIRBANKS CITY COUNCIL
AGENDA NO. 2014-03
REGULAR MEETING FEBRUARY 10, 2014
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

PRELIMINARY MEETING

6:00 P.M. Work Session with Fairbanks Metropolitan Area Transportation System

REGULAR MEETING

7:00 P.M.

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

(Approval of Consent Agenda passes all routine items indicated by an asterisk (*). Consent Agenda items are not considered separately unless a Council Member so requests. In the event of such a request, the item is returned to the General Agenda).
6. APPROVAL OF PREVIOUS MINUTES
7. SPECIAL ORDERS
8. MAYOR'S COMMENTS AND REPORT

9. UNFINISHED BUSINESS

10. NEW BUSINESS

- *a) Resolution No. 4611 – A Resolution Amending the Schedule of Fees and Charges for Services by Adjusting Refuse Collection Rates and Certain Occupational License Application Fees. Introduced by Mayor Eberhart.
- *b) Resolution No. 4612 – A Resolution Awarding a Contract to NC Machinery for a Self-Contained Snow Blower in the Amount of \$436,040.00. Introduced by Mayor Eberhart.
- *c) Resolution No. 4613 – A Resolution Pleading with the Alaska Governor and Legislature to Restore the Rights of Sufferers to Obtain Medical Marijuana, with Prescription and Without Prejudice. Introduced by Council Member Hilling.
- *d) Ordinance No. 5936 – An Ordinance Amending FGC Sections 2-486 and 2-487 Regarding the Clay Street Cemetery Commission. Introduced by Mayor Eberhart.

11. DISCUSSION ITEMS (INFORMATION AND REPORT)

- a) Committee Reports

12. COMMUNICATIONS TO COUNCIL

- *a) Permanent Fund Review Board Meeting Minutes of October 23, 2013
- *b) Appointment to the Landscape Review and Appeals Commission

13. COUNCIL MEMBERS' COMMENTS

14. CITY ATTORNEY'S REPORT

15. CITY CLERK'S REPORT

16. EXECUTIVE SESSION – Labor Negotiation: IBEW and PSEA

17. ADJOURNMENT

RESOLUTION NO. 4611

A RESOLUTION AMENDING THE SCHEDULE OF FEES AND CHARGES FOR SERVICES BY ADJUSTING REFUSE COLLECTION RATES AND CERTAIN OCCUPATIONAL LICENSE APPLICATION FEES

WHEREAS, Ordinance 5744 adopted the City *Schedule of Fees and Charges for Services* to be amended by resolution; section 37 of Ordinance 5744 provided that refuse collection rates be adjusted each year to reflect the annual change in the Anchorage Consumer Price Index as well as changes in the cost of fuel and tipping fees charged by the Fairbanks North Star Borough landfill; and

WHEREAS, the change in the annual consumer price index for 2013 was 3.1 percent; in addition, landfill tipping fees increased by \$7.00/ton; and

WHEREAS, criminal history reports are conducted for only certain occupational licenses and the cost to perform criminal history reports is the same for those occupational licenses and, therefore, the application fee should be the same for all applicants;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, to approve the attached amended version of the *Schedule of Fees and Charges for Services* amending the refuse collection rates, effective April 1, 2014, and the application fee for those occupational licenses that require criminal history reports, effective upon passage.

PASSED and APPROVED this _____ day of February 2014.

John Eberhart, Mayor

AYES:
NAYS:
ABSENT
APPROVED:

ATTEST:

APPROVED AS TO FORM

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

City of Fairbanks Fee Schedule

As of Resolution 4611 - Effective 04/01/2014 (Refuse) and Effective Date (Application Fees)

| Category | Code Sec. | Topic | Current Fee | Resolution 4611 | Unit |
|---------------------|--------------------|--------------------------------------|--------------|------------------------------|---|
| Occupational | 14-123 | Private Detective | \$ 100.00 | \$ 75.00 | Application Fee; non-refundable |
| | 14-129 | | \$ 400.00 | | Two Year License |
| | 14-131 | | \$ 10,000.00 | | Bond |
| | | | \$ 20,000.00 | | Out of state not registered in at least two other states |
| | 14-256 | Massage Practitioner | \$ 100.00 | \$ 75.00 | Application Fee; non refundable; each person |
| | | | \$ 200.00 | | 2 year license - each person |
| | 14-294 | Plumber/mechanical Contractor | | | |
| | | Master Plumber | \$ 200.00 | | Non refundable application & Exam Fee |
| | | | \$ 200.00 | | 3 year license - each applicant |
| | | Journeyman | \$ 100.00 | | Non refundable application & Exam Fee |
| | | | \$ 200.00 | | 3 year license - each applicant |
| | 14-433 | Master Operator's License | \$ 250.00 | | 2 Year license - entity |
| | 14-361 | Commercial Refuse | \$ 2,000.00 | | 2 Year license - entity |
| | 14-502 | Gaming Establishment | \$ 100.00 | | One time Application; non refundable, entity & each employee or agent |
| | | | \$ 2,000.00 | | Two year license |
| | 86-51 | Commercial Transport Vehicle Company | \$ 100.00 | | One time Application; non refundable |
| | | | \$ 400.00 | | Two year license fee - entity |
| | | | \$ 200.00 | | Per Car lic; 2 years (\$100 vehicle transfer fee) |
| 86-55 | \$ 100.00 | | | Transfer fee - car or entity | |
| 86-80 | Chauffeurs License | | \$ 75.00 | | Each time App Fee; non refundable |
| | | \$ 100.00 | | 2 year license - each driver | |

| Category | Code Sec. | Topic | Current Fee | Resolution 4611 | Unit |
|--------------------------|-----------|-------------------------|-------------|-----------------|---------------------------------|
| Refuse Collection | 66-42 | Refuse Collection rates | \$ 73.00 | \$ 77.00 | Rounded from \$76.72 |
| | 66-43 | Senior Rate | \$ 54.00 | \$ 57.00 | Rounded from \$57.14 |
| | 66-42 | Oversized Refuse Pickup | \$ 33.00 | \$ 35.00 | per trip - Rounded from \$35.48 |
| | 66-69 | | | | |

RESOLUTION NO. 4612

**A RESOLUTION AWARDING A CONTRACT TO NC
MACHINERY FOR A SELF-CONTAINED SNOW BLOWER IN
THE AMOUNT OF \$436,040.00**

WHEREAS, in accordance with FGC Chapter 54, Article IV, Competitive Bidding, bids were solicited for a Self-Contained Snow Blower; and

WHEREAS, the successful bidder was NC Machinery, selected as the low and responsive bidder; and

WHEREAS, funding was appropriated in the 2014 Capital budget,

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

SECTION 1. That the bid by NC Machinery in the amount of four hundred, thirty-six thousand forty dollars and 00/cents (**\$436,040.00**) is hereby approved for award; and

SECTION 2. That the Mayor is hereby authorized to execute a Purchase Order to award the contract for the amount of the bid.

PASSED, APPROVED and EFFECTIVE this 10th day of February, 2014.

JOHN EBERHART, MAYOR

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul Ewers, City Attorney

RESOLUTION NO. 4613

**A RESOLUTION PLEADING WITH THE ALASKA GOVERNOR AND
LEGISLATURE TO RESTORE THE RIGHTS OF SUFFERERS TO OBTAIN
MEDICAL MARIJUANA, WITH PRESCRIPTION AND WITHOUT PREJUDICE**

WHEREAS, all adults of sane mind have the right to medicines of their choice, notwithstanding many governments' proscription of many medicines; and

WHEREAS, marijuana has been proven unequivocally to ease pain and suffering arising from a multitude of illnesses and diseases; and

WHEREAS, the state of Alaska, in its benevolence, has granted the privilege to the adult population of exercising their right to possess and ingest marijuana as prescribed by medical doctors, per Alaska's medical marijuana act, codified at AS 17.37.010-070; and

WHEREAS, state law nevertheless *makes no provision* either for manufacture or for distribution of any such medicine, but rather *makes it a felony* to do so, per AS 11.71.040(a)(3) and (a)(5); and

WHEREAS, therefore, patients often or usually are effectively encouraged or compelled to commit felonies to provide or acquire such a prescribed medicine; and

WHEREAS, multitudinous pleas to the Alaska State Government to redress this blatant inconsistency have had no statutory effect, whilst enormous suffering goes unrelieved, and the rights of patients, doctors and providers continue abrogated;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, that Governor Parnell and the Alaska State Legislature take up this matter with urgency, by having legislation passed which restores the liberty of Alaskan adults easily to have marijuana prescriptions filled by entities whose rights to manufacture and distribute are simultaneously made clear.

PASSED and APPROVED this _____ day of February 2014.

John Eberhart, Mayor

AYES:
NAYS:
ABSENT
APPROVED:

ATTEST:

APPROVED AS TO FORM

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

ORDINANCE NO. 5936

**AN ORDINANCE AMENDING FGC SECTIONS 2-486 AND 2-487
REGARDING THE CLAY STREET CEMETERY COMMISSION**

WHEREAS, in July of 2010, the City Council created the Clay Street Cemetery Commission by passing Ordinance No. 5813 that enacted FGC Sections 2-485 through 2-488; and

WHEREAS, FGC Sec. 2-487, which established the composition of the five-member commission, was amended by Ordinance No. 5821 on November 22, 2010; and

WHEREAS, after the confirmation of the appointments to the Commission, it was determined that not all seated members were residents of the City; and

WHEREAS, it appears that the commission may be better served by a cross-section of members from both inside and outside the city limits; and

WHEREAS, the council believes that the Clay Street Cemetery Commission needs administrative support from city staff and that the appointment of the City Clerk as a liaison would be beneficial; and

WHEREAS, the requirement for recording permanent records or minutes of the meetings was omitted from the originating ordinance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, HEREBY ENACTS the following:

SECTION 1. That Fairbanks General Code Sections 2-486 and 2-487, are hereby amended as follows [new text in **underlined bold** font, deleted text in ~~strikethrough~~ font]:

Sec. 2-486. Duties and powers.

The commission shall:

- (a) Advise the council and mayor regarding the restoration, improvement and maintenance of the Clay Street Cemetery.
- (b) Conduct regular public meetings, including public hearings required as a condition of receipt of grants.
- (c) Provide and update a long-term plan for the cemetery.
- (d) If authorized by the city council, convene into executive session in accordance with state law.
- (e) Establish its rules of procedure.

(f) Keep permanent records or minutes of all meetings. The minutes shall promptly be filed in the office of the City Clerk and shall be open to public inspection.

Sec. 2-487. Composition.

The membership of the Clay Street Commission shall be five members as follows:

- (a) Five voting members, **three of whom must be** residents of the city, appointed by the city mayor and confirmed by the city council:
 - 1. One member active in the study of Fairbanks history.
 - 2. One member with experience or interest in maintaining the cemetery.
 - 3. Three at-large public members or two at-large public members if a council member is appointed to the commission.
- (b) The City Public Works Director, or designee, shall be an *ex officio* member of the commission.
- (c) The chairperson shall be selected from among the commission's members by the commission.

(d) The City Clerk shall supply the commission with administrative support.

SECTION 2. That the effective date of this Ordinance shall be the _____ day of February 2014.

John Eberhart, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

City of Fairbanks
Permanent Fund Review Board
(Quarterly Meeting Minutes)
October 23, 2013

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

Board Members Present: Ron Woolf
Council Member Bernard Gatewood
Jeff Johnson
Kara Moore
Patty Mongold

Board Members Absent: None

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

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

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

- \$114,029,976 - Market value
- \$ 2,396,368 - Dividend and interest earnings
- \$ 2,024,929 - Realized gains
- \$ 2,416,604 - Unrealized Gains
- \$ 128,498 - Management and custodial fees
- \$ 6,709,403 - 3rd quarter earnings - net of expenses
- \$ 1,357,183 - City deposits from lease payment and notes receivable

Jim reviewed the 2013 appropriation calculation and drawn down schedule. Changed 1st draw to November 29, 2013 (See attached 1)

Bernard asked for an update of the accounts value. Bert reported the approximate value was \$116.5 million on Oct 21, 2013.

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

| Reported Performance | | | | | | | |
|----------------------|--------------------|--------------|--------------------|----------------|--------------------|-------------------|-----------|
| 1st Quarter | | Year to Date | | Last 12 Months | | Inception to Date | |
| Account | Benchmark | Account | Benchmark | Account | Benchmark | Account | Benchmark |
| 3.35% | 3.07% | 6.42% | 5.28% | 7.78% | 6.29% | 5.27% | 4.84% |
| | 0.12% ¹ | | 0.38% ¹ | | 0.50% ² | | |
| 3.35% | 3.19% | 6.42% | 5.66% | 7.78% | 6.79% | 5.27% | 4.84% |

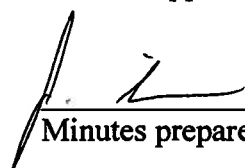
¹ 12.5 bps - per quarter rounded
² 50 bps hurdle -annual
³ 50 bps hurdle codified in March, 2009. Inception performance begins January 31, 1998.

Ron made a motion to recommend Jeff to be considered for another term on the board. Seconded by Kara and was approved.

The next quarterly meeting was scheduled for January 22, 2014. The meeting was subsequently changed to January 20, 2014.

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

Minutes approved January 20, 2014.


 Minutes prepared by Jim Soileau

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

October 19, 2013

| | Audited 2008 | Audited 2009 | Audited 2010 | Audited 2011 | Audited 2012 | Average |
|--|-------------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| Marketable securities | | | | | | |
| Cash and Investments | 774,607 | 559,720 | 1,225,492 | 1,164,042 | 559,813 | \$ 856,735 |
| Fixed Income securities | 41,247,119 | 59,807,621 | 50,535,399 | 48,907,802 | 53,526,329 | 50,804,854 |
| Equity securities | 43,181,888 | 31,107,843 | 47,837,719 | 48,306,738 | 51,471,548 | 44,381,147 |
| Interest receivable | 364,888 | 483,600 | 425,369 | 391,778 | 405,700 | 410,267 |
| Total marketable securities | 85,568,502 | 91,938,784 | 100,023,979 | 98,770,360 | 105,963,390 | 96,453,003 |
| Nonmarketable securities | | | | | | |
| Tract G-3, Replat of Tract G, ASLS 80-64 | 158,793 | 153,319 | 147,353 | 140,981 | 134,388 | 146,963 |
| Tract G-2A South Davis Park Subdivision | 140,334 | 135,464 | 130,157 | 124,472 | 118,633 | 129,812 |
| Weeks Field - Note Receivable | - | 781,500 | 781,500 | - | - | 312,600 |
| Ret Comm Fbks and Weeks Dev LLC | - | - | - | 385,589 | 385,589 | 154,236 |
| Community Development Inc. | - | - | - | 481,881 | 172,330 | 130,842 |
| Korean Comm of Fairbanks | - | - | - | - | 15,140 | 3,028 |
| Interest Receivable - Notes | - | 19,734 | 69,152 | 16,908 | 37,632 | 28,685 |
| Breadline | - | - | - | 58,039 | 53,777 | 22,363 |
| | 299,127 | 1,090,017 | 1,128,162 | 1,207,850 | 917,489 | 928,529 |
| Liabilities | 15,486 | 16,265 | 17,472 | 12,593 | 10,347 | 14,433 |
| Total Permanent Fund Value | 85,852,143 | 93,012,536 | 101,134,669 | 99,965,617 | 106,870,532 | 97,367,099 |

2013 PILOT Replacement to General Fund (four percent of five-year average) \$ 3,894,684

2013 Transfer from Permanent Fund for Capital (one half of one percent of five-year average) \$ 486,834

2013 Total 4,381,518

| 2013 Drawdown Schedule | | | |
|------------------------|------------------|----------------|------------------|
| Date | Operating Draw | Capital Draw | Total |
| 29-Nov | 3,894,684 | 486,834 | 4,381,518 |
| | | | |
| | | | |
| Total | 3,894,684 | 486,834 | 4,381,518 |

Fairbanks Permanent Fund

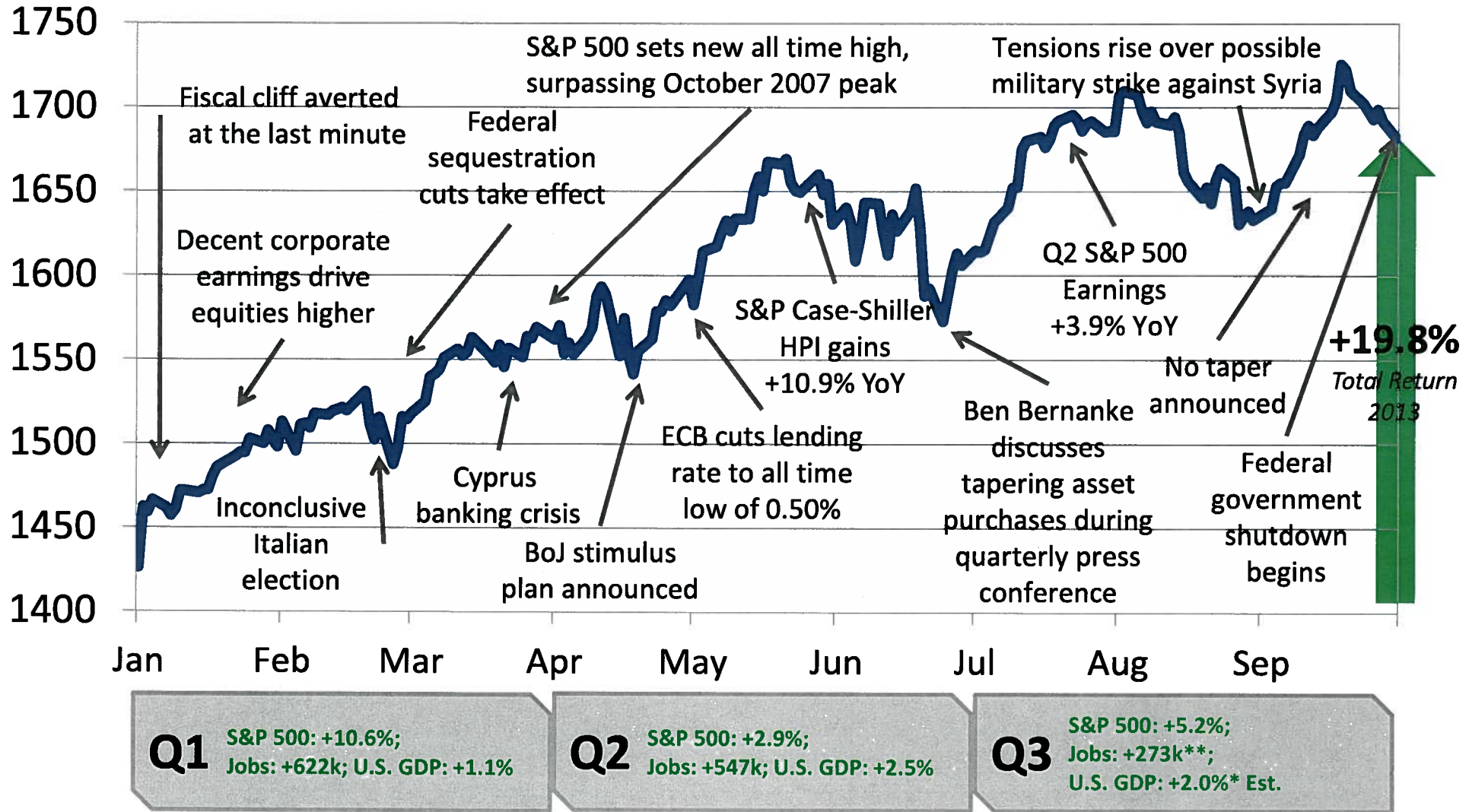
INVESTMENT REVIEW

for period ending September 30, 2013



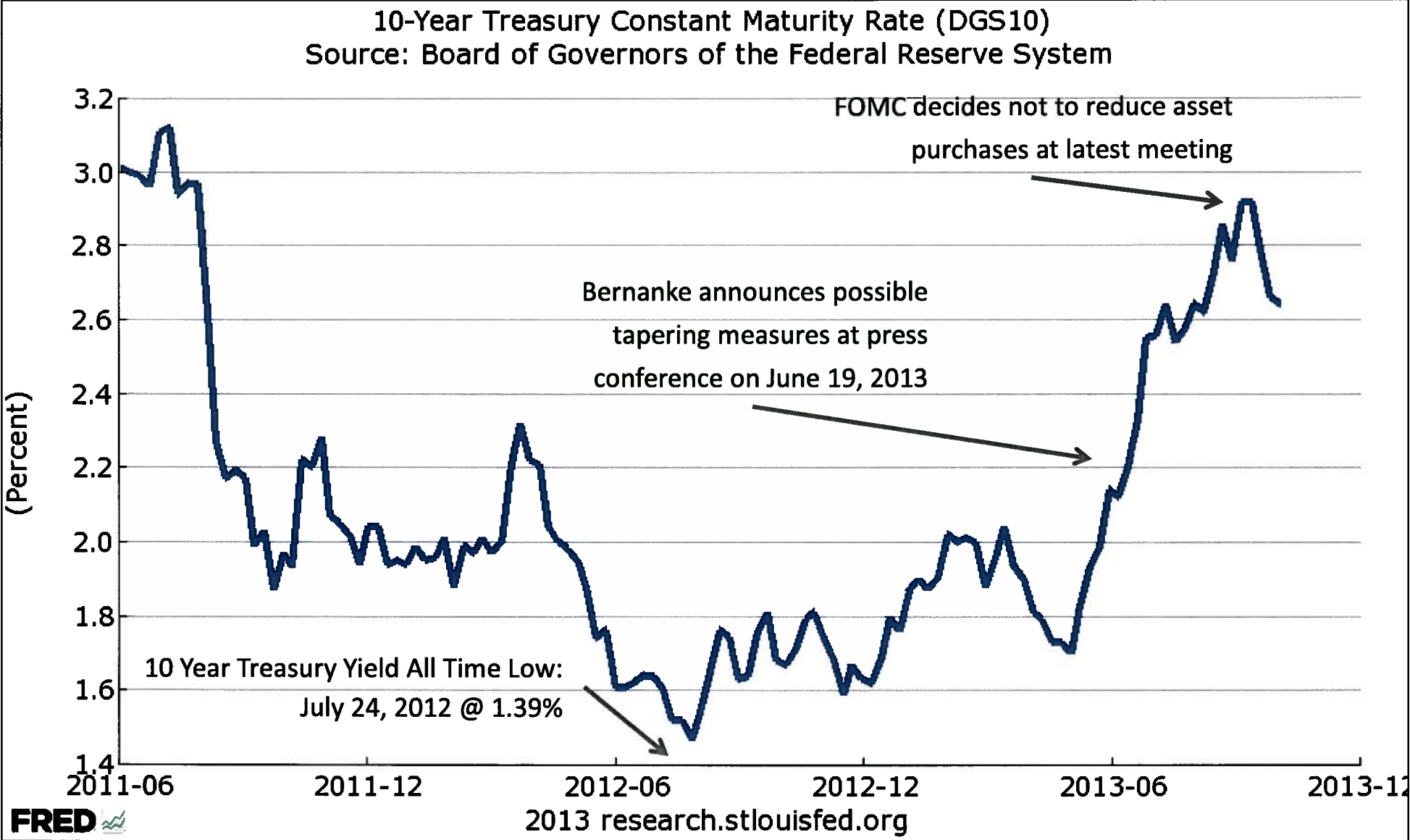
Market Update

S&P 500: 2013 YTD

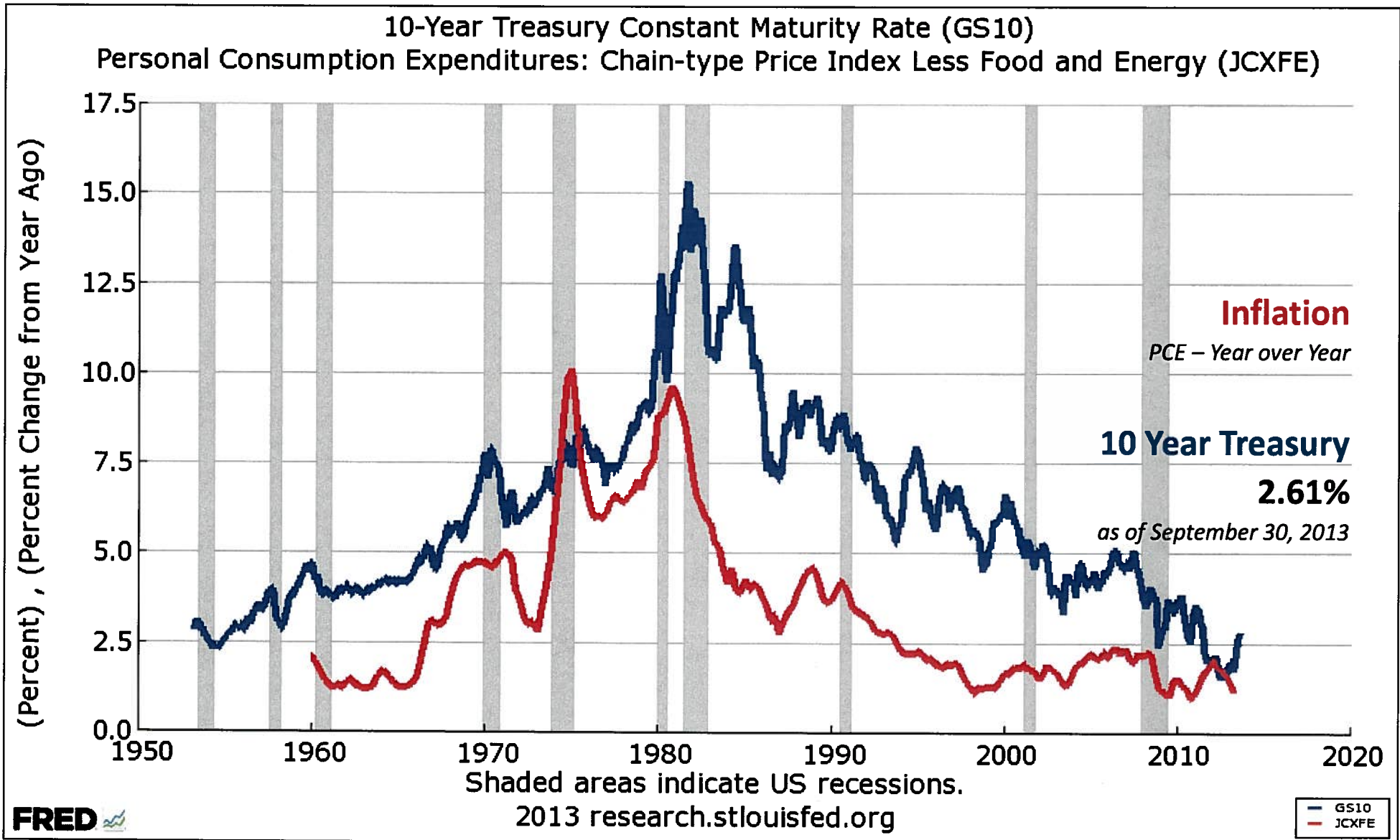


Data Through September 30, 2013. * Q3 GDP is a consensus forecast compiled by Bloomberg as of September 10, 2013. ** Q3 Jobs number does not include data for August due to federal government shutdown.

Bond Yields Have Risen Lately...



...But Still Near Historic Lows!



FRED

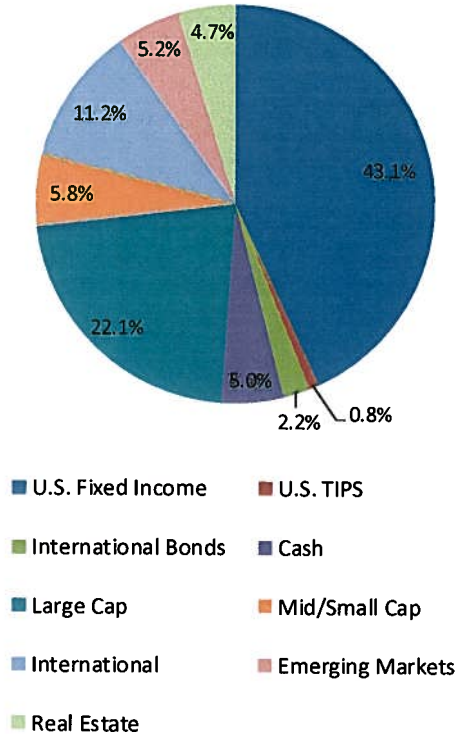
Market and Performance Summary

- The U.S. equity market as represented by the **S&P 500** was up **+5.2% in Q3**. **International developed** was the best performing asset class, **gaining +11.7%**. **Emerging markets** posted a more modest (but still decent) **increase of +4.3%**.
- **Domestic bonds** gained **+0.6%** for the quarter as measured by the Barclays Aggregate Index, while **TIPS** were up **+0.7%**. **International bonds** increased **+4.3%** during Q3.
- **Decent economic data and expanding P/E ratios** have pushed U.S. stocks higher in 2013, but **concern over Fed tapering** and **rising Middle East tensions** has led to volatility in recent months.
- The Fairbanks Permanent Fund returned **+3.35% in Q3**.

Portfolio Review

Portfolio Review

Asset Allocation for Fairbanks Permanent Fund as of September 30, 2013



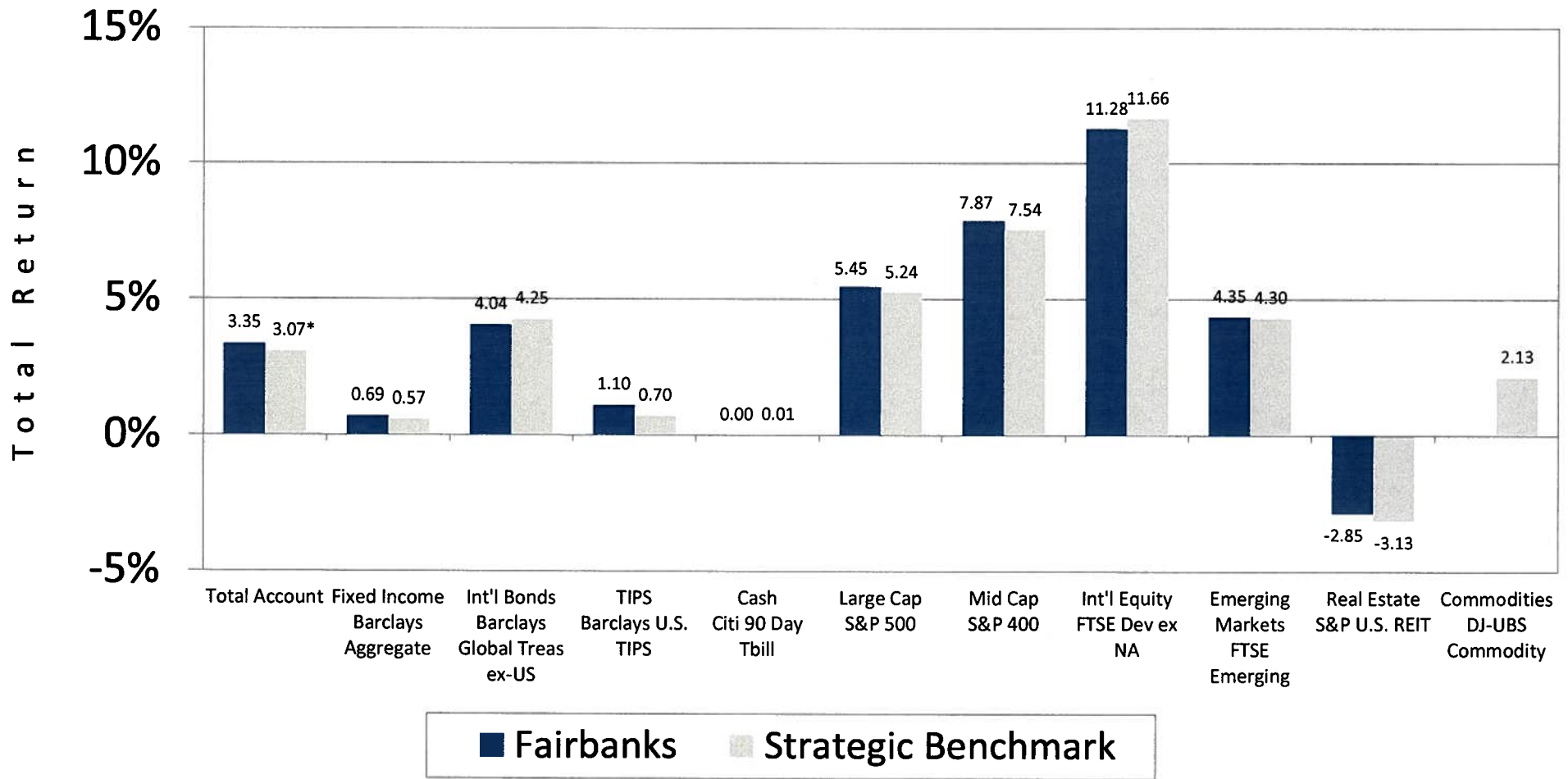
| Asset Class | % Assets | Target and Ranges | Market Value | Portfolio Positioning and Recent Trades* | | |
|---------------------|--------------|-------------------|---------------|--|----------|----------------|
| Fixed Income | 51.1% | 55% | 40-70% | \$58,259,504 | U | |
| U.S. Fixed Income | 43.1% | 40 | 30-70 | \$49,129,360 | O | |
| U.S. TIPS | 0.8% | 5 | 0-10 | \$921,919 | U | |
| International Bonds | 2.2% | 5 | 0-10 | \$2,479,849 | U | |
| Cash | 5.0% | 5 | 0-10 | \$5,728,376 | N | |
| Equities | 48.9% | 45% | 30-60% | \$55,770,355 | O | |
| Large Cap | 22.1% | 22 | 15-50 | \$25,150,331 | N | N - 9/24/2013 |
| Mid/Small Cap | 5.8% | 5 | 0-10 | \$6,655,145 | N | |
| International | 11.2% | 9 | 0-15 | \$12,718,202 | O | OW - 9/11/2013 |
| Emerging Markets | 5.2% | 4 | 0-10 | \$5,911,163 | O | |
| Real Estate | 4.7% | 5 | 0-10 | \$5,335,514 | N | |
| Commodities | 0.0% | 0% | 0-10 | \$0 | N | |
| Total | | | | \$114,029,859 | | |

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

Portfolio Review

Account Performance

Third Quarter 2013



* 50 bps hurdle 3.19%. Performance is gross of fees.

Portfolio Review

- Q3 portfolio return of **+3.35%** vs. blended benchmark return of **+3.07%**. An **overweight to U.S. large cap and developed international equity**, and an **underweight to TIPS** were positive contributors, while the cash allocation detracted from relative performance.
- Actively managed fixed income **Q3 return of +0.69%** vs. the **Barclays Aggregate return of +0.57%**.

Portfolio Review

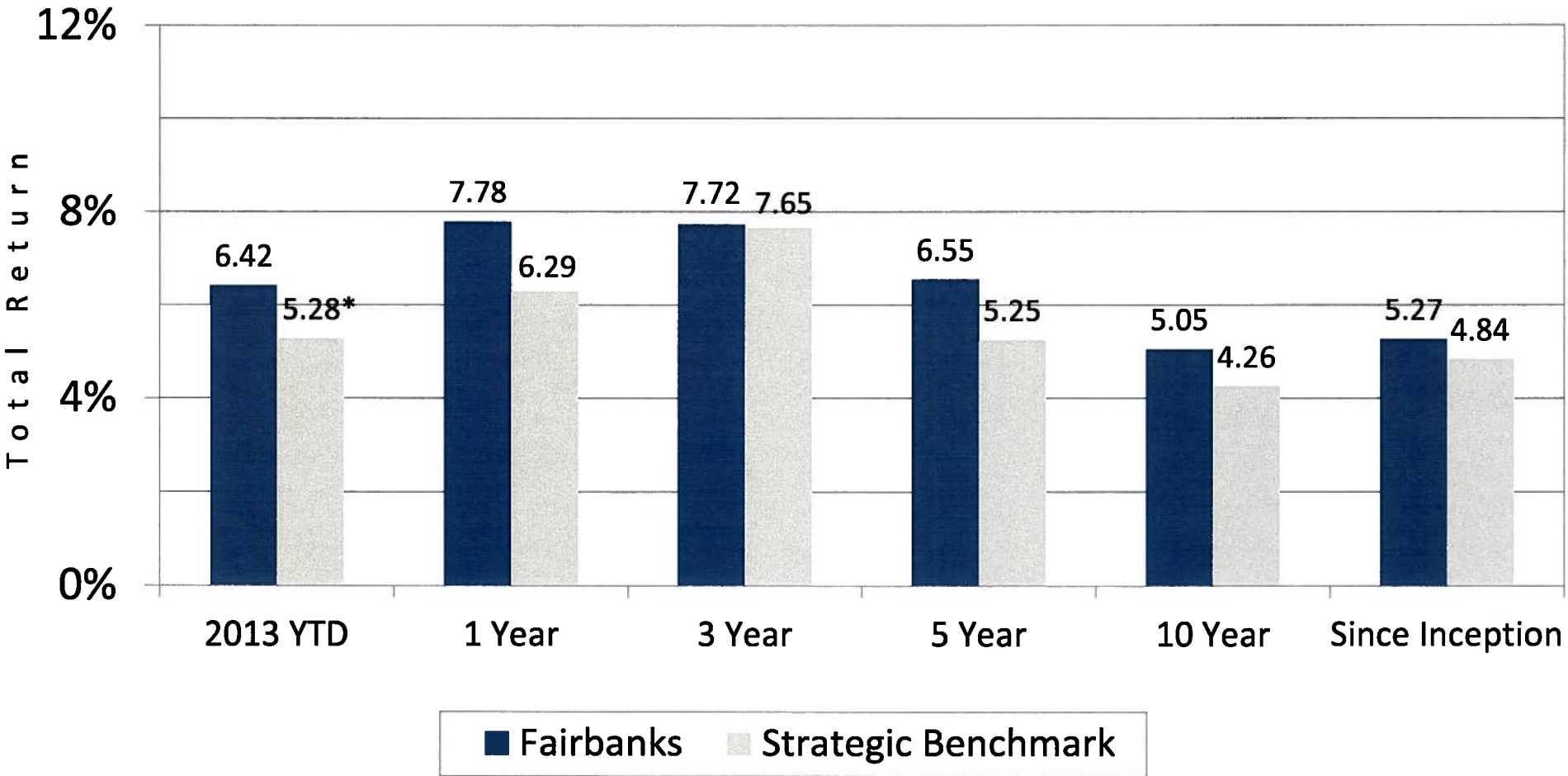
| | July 13 | August 13 | September 13 | Q3 2013 |
|--------------------------|-------------|---------------|--------------|-------------|
| Allocation Effect | | | | |
| Aggregate Bonds | 0.01 | 0.04 | (0.05) | 0.00 |
| Domestic Large Cap | 0.08 | (0.04) | 0.01 | 0.05 |
| Domestic Mid Cap | 0.03 | (0.02) | 0.02 | 0.03 |
| Domestic Small Cap | 0.00 | 0.00 | 0.00 | 0.00 |
| International Equity | 0.02 | 0.01 | 0.07 | 0.09 |
| Emerging Market Equity | (0.02) | (0.01) | 0.04 | 0.01 |
| Real Estate | (0.00) | 0.00 | (0.00) | (0.00) |
| TIPS | 0.06 | (0.01) | 0.05 | 0.10 |
| International Bonds | 0.00 | (0.02) | (0.02) | (0.03) |
| Commodities | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash | (0.05) | (0.04) | 0.02 | (0.07) |
| Total | 0.13 | (0.10) | 0.14 | 0.18 |
| Selection Effect | | | | |
| Aggregate Bonds | 0.04 | 0.09 | (0.09) | 0.04 |
| Domestic Large Cap | (0.00) | 0.00 | 0.05 | 0.05 |
| Domestic Mid Cap | 0.02 | (0.01) | 0.01 | 0.02 |
| Domestic Small Cap | 0.00 | 0.00 | 0.00 | 0.00 |
| International Equity | 0.01 | (0.05) | 0.02 | (0.03) |
| Emerging Market Equity | 0.01 | (0.03) | 0.04 | 0.02 |
| Real Estate | (0.00) | 0.00 | 0.02 | 0.01 |
| TIPS | 0.00 | 0.01 | (0.00) | 0.00 |
| International Bonds | 0.01 | (0.00) | (0.01) | (0.00) |
| Commodities | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.07 | 0.00 | 0.03 | 0.10 |
| Total Attribution | 0.20 | (0.10) | 0.18 | |
| Bench Return | 2.16 | (1.71) | 2.64 | |
| Account Return | 2.36 | (1.81) | 2.82 | |
| Difference | 0.20 | (0.10) | 0.18 | |

Portfolio Return = Allocation Effect + Selection/Interaction Effect

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

Portfolio Review

Account Performance *as of September 30, 2013*



* 50 bps hurdle 5.66%.

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

Portfolio Outlook

■ **Bonds** (*Underweight*)

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

■ **Equities** (*Overweight*)

- Maintain overweight to **emerging markets**
 - ◆ EMs long term growth prospects remain intact
 - ◆ Better fiscal situation than developed countries
- Small overweight to **international developed**
 - ◆ Valuations are attractive as economies exit recession

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).

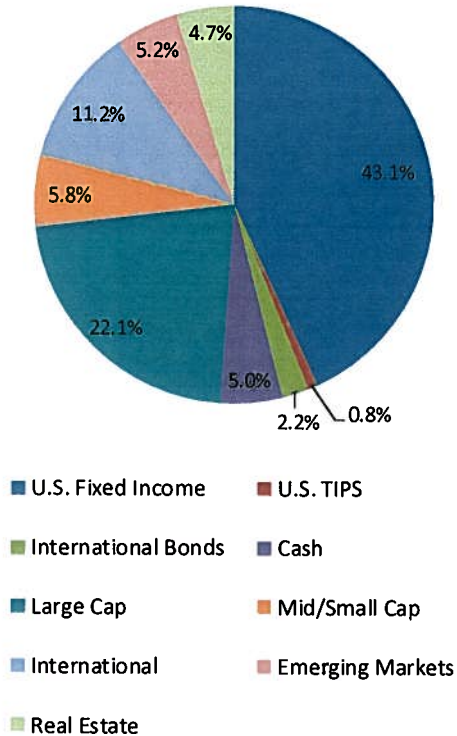
In the attached packet each of the nine limitations are addressed by either a specific report or calculation based upon an enclosed report to illustrate compliance. Should the Board approve of the format, the Compliance Report will become a regular appendix presented at each quarterly meeting.

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 September 30, 2013



| Asset Class | % Assets | Target | Ranges | Market Value | Portfolio Positioning and Recent Trades* | |
|---------------------|--------------|------------|---------------|----------------------|--|----------------|
| Fixed Income | 51.1% | 55% | 40-70% | \$58,259,504 | U | |
| U.S. Fixed Income | 43.1% | 40 | 30-70 | \$49,129,360 | O | |
| U.S. TIPS | 0.8% | 5 | 0-10 | \$921,919 | U | |
| International Bonds | 2.2% | 5 | 0-10 | \$2,479,849 | U | |
| Cash | 5.0% | 5 | 0-10 | \$5,728,376 | N | |
| Equities | 48.9% | 45% | 30-60% | \$55,770,355 | O | |
| Large Cap | 22.1% | 22 | 15-50 | \$25,150,331 | N | N - 9/24/2013 |
| Mid/Small Cap | 5.8% | 5 | 0-10 | \$6,655,145 | N | |
| International | 11.2% | 9 | 0-15 | \$12,718,202 | O | OW - 9/11/2013 |
| Emerging Markets | 5.2% | 4 | 0-10 | \$5,911,163 | O | |
| Real Estate | 4.7% | 5 | 0-10 | \$5,335,514 | N | |
| Commodities | 0.0% | 0% | 0-10 | \$0 | N | |
| Total | | | | \$114,029,859 | | |

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

Compliance Report

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

Portfolio Appraisal – as of September 30, 2013

| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|------------------------|--|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| CORPORATE BONDS | | | | | | | | | |
| 250,000 | BP CAPITAL MARKETS PLC 5.250% Due 11-07-13 | 108.02 | 270,039 | 100.45 | 251,117 | 0.22 | 13,125 | 5,250 | 0.88 |
| 500,000 | CREDIT SUISSE NEW YORK 5.500% Due 05-01-14 | 99.90 | 499,485 | 102.95 | 514,770 | 0.45 | 27,500 | 11,458 | 0.45 |
| 450,000 | US BANCORP 4.200% Due 05-15-14 | 104.98 | 472,396 | 102.41 | 460,836 | 0.40 | 18,900 | 7,140 | 0.34 |
| 600,000 | CITIGROUP INC 5.500% Due 10-15-14 | 101.14 | 606,826 | 104.79 | 628,740 | 0.55 | 33,000 | 15,217 | 0.87 |
| 500,000 | JP MORGAN CHASE & CO 4.750% Due 03-01-15 | 98.36 | 491,795 | 105.35 | 526,750 | 0.46 | 23,750 | 1,979 | 0.95 |
| 500,000 | MORGAN STANLEY 6.000% Due 04-28-15 | 99.88 | 499,380 | 107.29 | 536,430 | 0.47 | 30,000 | 12,750 | 1.32 |
| 500,000 | CITIGROUP INC 4.750% Due 05-19-15 | 104.97 | 524,875 | 105.83 | 529,150 | 0.46 | 23,750 | 8,708 | 1.14 |
| 500,000 | BANK OF MONTREAL 2.850% Due 06-09-15 | 100.59 | 502,930 | 103.94 | 519,700 | 0.46 | 14,250 | 4,433 | 0.51 |
| 250,000 | HSBC FINANCE CORP 5.500% Due 01-19-16 | 106.89 | 267,235 | 109.31 | 273,275 | 0.24 | 13,750 | 2,750 | 1.38 |
| 350,000 | UNITED HEALTH GROUP INC 5.375% Due 03-15-16 | 114.09 | 399,322 | 110.35 | 386,214 | 0.34 | 18,812 | 836 | 1.10 |
| 500,000 | AT&T INC 2.950% Due 05-15-16 | 104.33 | 521,670 | 104.56 | 522,815 | 0.46 | 14,750 | 5,572 | 1.18 |
| 500,000 | JOHNSON & JOHNSON 2.150% Due 05-15-16 | 104.26 | 521,320 | 103.80 | 518,980 | 0.46 | 10,750 | 4,061 | 0.69 |
| 1,250,000 | TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16 | 99.93 | 1,249,162 | 101.95 | 1,274,375 | 1.12 | 20,312 | 959 | 0.95 |
| 500,000 | BANK AMER CORP 5.625% Due 10-14-16 | 99.93 | 499,670 | 111.50 | 557,510 | 0.49 | 28,125 | 13,047 | 1.72 |
| 675,000 | CONOCOPHILLIPS CANADA 5.625% Due 10-15-16 | 104.71 | 706,819 | 113.45 | 765,787 | 0.67 | 37,969 | 17,508 | 1.12 |
| 1,000,000 | UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17 | 100.93 | 1,009,300 | 103.03 | 1,030,340 | 0.90 | 22,500 | 62 | 1.36 |

Portfolio Appraisal – as of September 30, 2013

| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|-----------|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| 500,000 | VERIZON COMMUNICATIONS 5.500% Due 04-01-17 | 118.36 | 591,795 | 112.44 | 562,210 | 0.49 | 27,500 | 13,750 | 1.82 |
| 750,000 | BANK OF NEW YORK MELLON 1.969% Due 06-20-17 | 102.60 | 769,522 | 100.89 | 756,697 | 0.66 | 14,767 | 4,143 | 1.72 |
| 500,000 | CAMPBELL SOUP CO. 3.050% Due 07-15-17 | 106.83 | 534,130 | 105.04 | 525,195 | 0.46 | 15,250 | 3,219 | 1.67 |
| 500,000 | INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17 | 106.27 | 531,328 | 115.79 | 578,950 | 0.51 | 28,500 | 1,346 | 1.57 |
| 750,000 | EXELON GENERATION CO LLC 6.200% Due 10-01-17 | 105.77 | 793,260 | 114.64 | 859,800 | 0.75 | 46,500 | 23,250 | 2.35 |
| 500,000 | WELLS FARGO & CO 5.625% Due 12-11-17 | 99.58 | 497,920 | 114.89 | 574,430 | 0.50 | 28,125 | 8,594 | 1.92 |
| 500,000 | WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18 | 99.57 | 497,860 | 115.52 | 577,580 | 0.51 | 28,750 | 4,792 | 2.00 |
| 575,000 | MCDONALDS CORP M/T/N 5.350% Due 03-01-18 | 107.54 | 618,377 | 114.90 | 660,663 | 0.58 | 30,762 | 2,564 | 1.83 |
| 1,000,000 | GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18 | 101.74 | 1,017,425 | 114.74 | 1,147,440 | 1.01 | 56,250 | 23,437 | 2.22 |
| 500,000 | GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18 | 104.59 | 522,950 | 116.40 | 582,015 | 0.51 | 28,250 | 10,672 | 1.93 |
| 500,000 | CATERPILLAR FINANCIAL 7.150% Due 02-15-19 | 99.16 | 495,805 | 123.16 | 615,795 | 0.54 | 35,750 | 4,568 | 2.52 |
| 600,000 | GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19 | 101.40 | 608,421 | 120.83 | 724,962 | 0.64 | 45,000 | 5,750 | 3.25 |
| 600,000 | PROCTER & GAMBLE CO. 4.700% Due 02-15-19 | 102.81 | 616,886 | 113.73 | 682,374 | 0.60 | 28,200 | 3,603 | 1.99 |
| 600,000 | MICROSOFT CORP 4.200% Due 06-01-19 | 102.24 | 613,416 | 110.42 | 662,532 | 0.58 | 25,200 | 8,400 | 2.23 |
| 750,000 | ADOBE SYSTEMS INC 4.750% Due 02-01-20 | 112.47 | 843,502 | 109.01 | 817,552 | 0.72 | 35,625 | 5,937 | 3.17 |
| 775,000 | COMCAST CORP 5.150% Due 03-01-20 | 116.47 | 902,635 | 113.22 | 877,432 | 0.77 | 39,912 | 3,326 | 2.88 |
| 500,000 | PEPSICO INC 3.125% Due 11-01-20 | 108.06 | 540,290 | 101.51 | 507,555 | 0.45 | 15,625 | 6,510 | 2.89 |

Portfolio Appraisal – as of September 30, 2013

| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|----------|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| 750,000 | DOW CHEMICAL CO* 4.250% Due 11-15-20 | 108.13 | 810,952 | 104.45 | 783,352 | 0.69 | 31,875 | 12,042 | 3.54 |
| 786,000 | CARGILL INC. (144a) 4.307% Due 05-14-21 | 98.06 | 770,763 | 105.92 | 832,515 | 0.73 | 33,853 | 12,883 | 3.42 |
| 750,000 | GENERAL MILLS INC 3.150% Due 12-15-21 | 102.88 | 771,577 | 98.59 | 739,447 | 0.65 | 23,625 | 6,956 | 3.35 |
| 500,000 | BELLSOUTH CORP 6.000% Due 11-15-34 Accrued Interest | 97.52 | 487,595 | 101.53 | 507,655 | 0.45 | 30,000 | 11,333 | 5.87 |
| | | | | | 288,808 | 0.25 | | | |
| | | | 22,878,636 | | 24,161,753 | 21.19 | | 288,808 | |

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

Purchases – from 6/30/2013 to 9/30/2013

| Portfolio Name | Trade Date | Settle Date | Quantity | Security | Unit Price | Amount | Yield On Cost | Spread Over TSY | Sector | Sec Type Code |
|---------------------|------------|-------------|-------------|--|------------|---------------|---------------|-----------------|----------------------|---------------|
| PURCHASES | | | | | | | | | | |
| FAIRBANKS PERMANENT | 07-29-13 | 07-30-13 | 5,000,000 | US TREASURY NOTES 1.750% Due 07-31-15 | 102.84 | 5,141,992.19 | 0.33 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 08-15-13 | 08-16-13 | 2,500,000 | US TREASURY NOTES 2.125% Due 12-31-15 | 103.87 | 2,596,777.34 | 0.48 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-09-13 | 09-10-13 | 1,000,000 | US TREASURY NOTES 2.500% Due 08-15-23 | 96.59 | 965,937.50 | 2.90 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-11-13 | 09-12-13 | 1,000,000 | US TREASURY NOTES 1.625% Due 08-15-22 | 90.36 | 903,554.69 | 2.86 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-11-13 | 09-12-13 | 500,000 | US TREASURY NOTES 3.125% Due 05-15-21 | 104.06 | 520,312.50 | 2.54 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-11-13 | 09-16-13 | 28,095.0000 | VANGUARD MSCI EAFE ETF | 39.16 | 1,100,121.53 | ? | | International Equity | ifus |
| FAIRBANKS PERMANENT | 09-17-13 | 09-18-13 | 2,600,000 | US TREASURY NOTES 1.875% Due 06-30-20 | 98.02 | 2,548,609.38 | 2.19 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-25-13 | 09-26-13 | 200,000 | FHLB 4.125% Due 03-13-20 | 111.21 | 222,430.00 | 2.25 | 32 | Agencies | agus |
| FAIRBANKS PERMANENT | 09-25-13 | 09-26-13 | 2,250,000 | FNMA 6.250% Due 05-15-29 | 128.42 | 2,889,495.00 | 3.82 | 64 | Agencies | agus |
| | | | | | | 16,889,230.13 | 0.46 | | | |

Sales – from 6/30/2013 to 9/30/2013

| Portfolio Name | Trade Date | Settle Date | Quantity | Security | Unit Price | Amount | Yield On Cost | Spread Over TSY | Sector | Sec Type Code |
|---------------------|------------|-------------|-------------|---|------------|----------------------|---------------|-----------------|----------------------|---------------|
| SALES | | | | | | | | | | |
| FAIRBANKS PERMANENT | 07-15-13 | 07-15-13 | 500,000 | ONTARIO PROV CDA 3.500% Due 07-15-13 | 100.00 | 500,000.00 | ? | | Corporate Bonds | cbus |
| FAIRBANKS PERMANENT | 09-05-13 | 09-10-13 | 500,000 | SOUTHERN CAL EDISON CORP 5.950% Due 02-01-38 | 115.91 | 579,555.00 | 4.83 | 110 | Corporate Bonds | cbus |
| FAIRBANKS PERMANENT | 09-09-13 | 09-10-13 | 1,000,000 | US TREASURY NOTES 1.375% Due 09-30-18 | 98.29 | 982,890.63 | 1.73 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-11-13 | 09-12-13 | 850,000 | US TREASURY NOTES 2.375% Due 07-31-17 | 103.95 | 883,601.56 | 1.33 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-11-13 | 09-12-13 | 500,000 | FHLB 3.625% Due 10-18-13 | 100.36 | 501,780.00 | 0.06 | 0 | Agencies | agus |
| FAIRBANKS PERMANENT | 09-13-13 | 09-16-13 | 2,500,000 | US TREASURY NOTES 2.125% Due 12-31-15 | 103.53 | 2,588,183.59 | 0.57 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-17-13 | 09-18-13 | 2,500,000 | US TREASURY NOTES 1.750% Due 07-31-15 | 102.56 | 2,564,062.50 | 0.37 | | US Treasury Notes | tnus |
| FAIRBANKS PERMANENT | 09-24-13 | 09-25-13 | 22,088.4820 | VANGUARD INST'L S&P500 IN | 156.19 | 3,450,000.00 | ? | | Domestic Large Cap E | mfus |
| | | | | | | <u>12,050,073.28</u> | <u>0.70</u> | | | |
| | | | | | | | 0.70 | | | |

Compliance Report

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

Portfolio Holdings (Expanded)

| 9/30/2013 | | | | | | | | | | | | Port | | | | |
|-----------------------|--------------|---------|------|-------|----------|------------|--------|-------|---------|-------|--------|-------------------------|-----------------------|-----------|--------------------------|------------|
| | Pos | Moody's | S&P | Cpn | Px Close | Mkt Val | Wgt | YTW | Mod Dur | OAD | OAC | Group | Sector | CUSIP | Issuer | Mty |
| FAIRBANK (019) | | Aa3 | AA- | 3.818 | | 55,863,767 | 100.00 | 1.71 | | 4.27 | 4.46 | 0.388 | | | | |
| ADBE 4 ¼ 02/01/20 | 750,000.00 | Baa1 | BBB+ | 4.750 | 109.06 | 823,775 | 1.47 | 3.16 | 5.46 | 5.57 | 0.363 | Software | Technology | 00724FAB7 | ADOBE SYSTEMS INC | 02/01/2020 |
| BAC 5 ½ 10/14/16 | 500,000.00 | Baa2 | A- | 5.625 | 111.48 | 570,385 | 1.02 | 1.73 | 2.76 | 2.77 | 0.098 | Banks | Financial | 060505CS1 | BANK OF AMERICA CORP | 10/14/2016 |
| BACM 2007-5 A2 | 500,000.00 | | AAA | 5.434 | 100.00 | 25,396 | 0.05 | 0.54 | 0.03 | 0.04 | 0.000 | Commercial MBS | Mortgage Securities | 05952CAB6 | BACM 2007-5 A2 | 02/10/2051 |
| BK 1.969 06/20/17 | 750,000.00 | Aa3 | A+ | 1.969 | 101.27 | 763,617 | 1.37 | 1.62 | 3.56 | 3.58 | 0.150 | Banks | Financial | 064058AA8 | BANK OF NEW YORK MELLON | 06/20/2017 |
| BMO 2.85 06/09/15 | 500,000.00 | Aaa | | 2.850 | 103.94 | 524,092 | 0.94 | 0.51 | 1.65 | 1.64 | 0.038 | Banks | Financial | 063679BV5 | BANK OF MONTREAL | 06/09/2015 |
| BPLN 5 ¼ 11/07/13 | 250,000.00 | A2 | A | 5.250 | 100.47 | 256,389 | 0.46 | 0.66 | 0.10 | 0.10 | 0.205 | Oil&Gas | Energy | 05565QBF4 | BP CAPITAL MARKETS PLC | 11/07/2013 |
| BSCMS 2005-PWR8 A4 | 500,000.00 | Aaa | | 4.674 | 104.72 | 521,002 | 0.93 | 1.31 | 1.40 | 1.43 | 0.028 | Commercial MBS | Mortgage Securities | 07383F7W2 | BSCMS 2005-PWR8 A4 | 06/11/2041 |
| C 4 ¼ 05/19/15 | 500,000.00 | Baa2 | A- | 4.750 | 105.78 | 537,556 | 0.96 | 1.17 | 1.56 | 1.56 | 0.037 | Banks | Financial | 172967FD8 | CITIGROUP INC | 05/19/2015 |
| C 5 ½ 10/15/14 | 600,000.00 | Baa2 | A- | 5.500 | 104.78 | 643,810 | 1.15 | 0.88 | 1.00 | 1.00 | 0.019 | Banks | Financial | 172967EZ0 | CITIGROUP INC | 10/15/2014 |
| CARGIL 4.307 05/14/21 | 786,000.00 | A2 | A | 4.307 | 105.87 | 844,937 | 1.51 | 3.42 | 6.40 | 6.56 | 0.511 | Agriculture | Consumer Non-cyclical | 141781AY0 | CARGILL INC | 05/14/2021 |
| CAT 7.15 02/15/19 | 500,000.00 | A2 | A | 7.150 | 123.15 | 620,224 | 1.11 | 2.52 | 4.56 | 4.62 | 0.257 | Machinery-Constr&Mining | Industrial | 14912L4E8 | CATERPILLAR FINANCIAL SE | 02/15/2019 |
| CD 2005-CD1 A4 | 1,070,499.92 | Aaa | AAA | 5.393 | 107.06 | 1,150,760 | 2.06 | 1.28 | 1.75 | 1.75 | 0.040 | Commercial MBS | Mortgage Securities | 12513EAG9 | CD 2005-CD1 A4 | 07/15/2044 |
| CMCSA 5.15 03/01/20 | 775,000.00 | A3 | A- | 5.150 | 113.10 | 879,766 | 1.57 | 2.90 | 5.51 | 5.61 | 0.369 | Media | Communications | 20030NBA8 | COMCAST CORP | 03/01/2020 |
| COP 5 ¼ 10/15/16 | 675,000.00 | A1 | A | 5.625 | 113.47 | 783,335 | 1.40 | 1.11 | 2.77 | 2.78 | 0.099 | Oil&Gas | Energy | 20825TAA5 | CONOCOPHILLIPS CANADA | 10/15/2016 |
| CPB 3.05 07/15/17 | 500,000.00 | A2 | BBB+ | 3.050 | 105.18 | 529,054 | 0.95 | 1.64 | 3.56 | 3.59 | 0.151 | Food | Consumer Non-cyclical | 134429AV1 | CAMPBELL SOUP CO | 07/15/2017 |
| CS 5 ½ 05/01/14 | 500,000.00 | A1 | A | 5.500 | 102.95 | 526,117 | 0.94 | 0.46 | 0.57 | 0.57 | 0.011 | Banks | Financial | 22546QAA5 | CREDIT SUISSE NEW YORK | 05/01/2014 |
| CSFB 2005-C2 A3 | 500,000.00 | Aaa | AAA | 4.691 | 101.13 | 344,168 | 0.62 | 3.52 | 1.07 | 1.07 | 0.017 | Commercial MBS | Mortgage Securities | 225458RR1 | CSFB 2005-C2 A3 | 04/15/2037 |
| DOW 4 ¼ 11/15/20 | 750,000.00 | Baa2 | BBB | 4.250 | 104.65 | 796,827 | 1.43 | 3.48 | 5.86 | 6.16 | 0.427 | Chemicals | Basic Materials | 260543CC5 | DOW CHEMICAL CO/THE | 11/15/2020 |
| EXC 6.2 10/01/17 | 750,000.00 | Baa2 | BBB | 6.200 | 114.53 | 882,093 | 1.58 | 2.37 | 3.50 | 3.52 | 0.153 | Electric | Utilities | 30161MAE3 | EXELON GENERATION CO LLC | 10/01/2017 |
| FG A16590 | 1,063,778.00 | | | 6.000 | 110.47 | 93,284 | 0.17 | 0.79 | 2.10 | 3.31 | -0.234 | FGLMC Collateral | Mortgage Securities | 31296RKB3 | FG A16590 | 12/01/2033 |
| FG A36703 | 750,000.00 | | | 4.500 | 107.13 | 134,658 | 0.24 | -1.08 | 1.36 | 4.02 | -1.210 | FGLMC Collateral | Mortgage Securities | 31297SNU5 | FG A36703 | 08/01/2035 |
| FG A77796 | 2,925,873.00 | | | 5.500 | 108.41 | 225,990 | 0.40 | -0.76 | 1.45 | 3.23 | -0.818 | FGLMC Collateral | Mortgage Securities | 3128LBUV8 | FG A77796 | 05/01/2038 |
| FG B17355 | 1,012,036.00 | | | 5.000 | 106.84 | 191,779 | 0.34 | 0.70 | 1.61 | 1.99 | -0.029 | FGLMC Collateral | Mortgage Securities | 312970E44 | FG B17355 | 12/01/2019 |
| FG B17982 | 1,000,000.00 | | | 4.000 | 105.92 | 253,461 | 0.45 | -0.81 | 1.27 | 1.84 | -0.363 | FGLMC Collateral | Mortgage Securities | 3129702P0 | FG B17982 | 03/01/2020 |
| FG C01403 | 1,000,000.00 | | | 6.000 | 110.50 | 34,501 | 0.06 | 0.60 | 2.03 | 3.27 | -0.254 | FGLMC Collateral | Mortgage Securities | 31292HRY2 | FG C01403 | 09/01/2032 |
| FG E01136 | 2,000,000.00 | | | 5.500 | 105.13 | 43,981 | 0.08 | 1.12 | 1.20 | 1.21 | 0.038 | FGLMC Collateral | Mortgage Securities | 31294KHM0 | FG E01136 | 03/01/2017 |
| FG G05253 | 2,016,834.00 | | | 5.000 | 107.91 | 271,724 | 0.49 | -0.81 | 1.46 | 3.84 | -1.278 | FGLMC Collateral | Mortgage Securities | 3128M7E28 | FG G05253 | 02/01/2039 |
| FG G08264 | 1,500,000.00 | | | 6.000 | 109.36 | 240,280 | 0.43 | 0.33 | 1.77 | 3.17 | -0.362 | FGLMC Collateral | Mortgage Securities | 3128MJJJ0 | FG G08264 | 04/01/2038 |
| FH 1G2124 | 1,000,000.00 | | | 5.881 | 108.23 | 177,617 | 0.32 | 2.29 | 2.34 | 1.85 | -0.431 | FHLMC Collateral | Mortgage Securities | 3128QSLD6 | FH 1G2124 | 08/01/2037 |
| FH 847740 | 500,000.00 | | | 5.741 | 103.18 | 22,309 | 0.04 | 1.90 | 0.92 | 0.85 | 0.484 | FHLMC Collateral | Mortgage Securities | 3128JRS56 | FH 847740 | 04/01/2037 |
| FHLB 4 ¼ 03/13/20 | 200,000.00 | Aaa | AA+ | 4.125 | 111.00 | 222,392 | 0.40 | 2.28 | 5.70 | 5.81 | 0.389 | Sovereign | Government | 3133XXP50 | FEDERAL HOME LOAN BANK | 03/13/2020 |
| FHLMC 5 ¼ 11/17/17 | 500,000.00 | Aaa | AA+ | 5.125 | 115.51 | 587,002 | 1.05 | 1.26 | 3.72 | 3.75 | 0.173 | Sovereign | Government | 3137EABA6 | FREDDIE MAC | 11/17/2017 |
| FHLMC 6 ¼ 07/15/32 | 500,000.00 | Aaa | AA+ | 6.250 | 130.21 | 657,547 | 1.18 | 3.96 | 11.93 | 12.34 | 2.025 | Sovereign | Government | 3134A4KX1 | FREDDIE MAC | 07/15/2032 |
| FN 254195 | 2,008,126.00 | | | 5.500 | 104.82 | 48,358 | 0.09 | 0.79 | 1.08 | 1.22 | 0.036 | FNMA Collateral | Mortgage Securities | 31371KKG5 | FN 254195 | 02/01/2017 |
| FN 745552 | 800,000.00 | | | 2.344 | 105.12 | 95,530 | 0.17 | 1.21 | 1.40 | 1.85 | 0.228 | FNMA Collateral | Mortgage Securities | 31403DH51 | FN 745552 | 02/01/2036 |
| FN 814349 | 1,000,000.00 | | | 4.500 | 106.29 | 146,352 | 0.26 | -0.51 | 1.31 | 1.76 | -0.248 | FNMA Collateral | Mortgage Securities | 31406MWJ1 | FN 814349 | 03/01/2020 |
| FN 819922 | 1,000,001.00 | | | 5.500 | 107.78 | 115,442 | 0.21 | 1.68 | 2.08 | 1.93 | 0.038 | FNMA Collateral | Mortgage Securities | 31406T4F5 | FN 819922 | 04/01/2020 |
| FN 819924 | 1,000,000.00 | | | 4.500 | 106.29 | 101,273 | 0.18 | 1.35 | 2.05 | 1.83 | -0.242 | FNMA Collateral | Mortgage Securities | 31406T4H1 | FN 819924 | 04/01/2020 |
| FN 820607 | 733,971.00 | | | 1.946 | 104.85 | 123,003 | 0.22 | 1.16 | 1.50 | 1.18 | 0.744 | FNMA Collateral | Mortgage Securities | 31406UU89 | FN 820607 | 03/01/2035 |
| FN 826090 | 990,000.00 | | | 2.251 | 103.31 | 70,317 | 0.13 | 1.68 | 1.31 | 1.51 | 0.494 | FNMA Collateral | Mortgage Securities | 31407BXT1 | FN 826090 | 07/01/2035 |
| FN 838293 | 1,500,000.00 | | | 2.230 | 103.32 | 183,711 | 0.33 | 1.62 | 1.70 | 1.47 | 0.495 | FNMA Collateral | Mortgage Securities | 31407RKE3 | FN 838293 | 08/01/2035 |
| FN 888348 | 1,425,707.00 | | | 5.000 | 106.63 | 156,887 | 0.28 | 0.64 | 1.59 | 2.23 | -0.051 | FNMA Collateral | Mortgage Securities | 31410F5H4 | FN 888348 | 05/01/2022 |
| FN 943054 | 1,000,000.00 | | | 2.398 | 105.14 | 93,506 | 0.17 | 1.38 | 2.59 | 1.21 | 0.278 | FNMA Collateral | Mortgage Securities | 31413EE35 | FN 943054 | 08/01/2037 |
| FN 968813 | 2,957,641.00 | | | 6.000 | 110.05 | 478,654 | 0.86 | 0.26 | 1.91 | 3.27 | -0.071 | FNMA Collateral | Mortgage Securities | 31414KYJ3 | FN 968813 | 01/01/2038 |

Portfolio Holdings (Expanded)

| 9/30/2013 | Port | | | | | | | | | | | | Mty | | | |
|--------------------|--------------|---------|------|-------|----------|------------|--------|--------|---------|-------|--------|-------------------------|-------------------------|-----------|-------------------------|----------------|
| | Pos | Moody's | S&P | Cpn | Px Close | Mkt Val | Wgt | YTW | Mod Dur | OAD | OAC | Group | Sector | CUSIP | Issuer | Mty |
| FAIRBANK (019) | | Aa3 | AA- | 3.818 | | 55,863,767 | 100.00 | 1.71 | 4.27 | 4.46 | 0.388 | | | | | |
| FN AA6013 | 1,135,102.00 | | | 4.500 | 106.93 | 273,658 | 0.49 | 2.93 | 4.49 | 4.70 | -1.291 | FNMA Collateral | Mortgage Securities | 31416PVF1 | FN AA6013 | 05/01/2039 |
| FN AD2331 | 922,796.00 | | | 4.000 | 106.75 | 283,628 | 0.51 | 1.77 | 3.08 | 2.83 | -0.883 | FNMA Collateral | Mortgage Securities | 31418PSV8 | FN AD2331 | 03/01/2025 |
| FN AD7073 | 577,378.00 | | | 4.000 | 106.75 | 159,770 | 0.29 | 1.81 | 3.14 | 2.93 | -0.867 | FNMA Collateral | Mortgage Securities | 31418U2F0 | FN AD7073 | 06/01/2025 |
| FNMA 6 ¼ 05/15/29 | 2,250,000.00 | Aaa | AA+ | 6.250 | 127.87 | 2,929,714 | 5.24 | 3.86 | 10.48 | 10.85 | 1.536 | Sovereign | Government | 31359MEU3 | FANNIE MAE | 05/15/2029 |
| G2 2563 | 2,545,290.00 | | | 6.500 | 112.94 | 36,567 | 0.07 | -11.93 | 0.73 | 3.65 | 0.058 | GNMA2 Collateral | Mortgage Securities | 36202CZ48 | G2 2563 | 03/20/2028 |
| GE 5 ½ 05/01/18 | 1,000,000.00 | A1 | AA+ | 5.625 | 114.76 | 1,170,862 | 2.10 | 2.22 | 4.02 | 4.05 | 0.203 | Diversified Finan Serv | Financial | 36962G3U6 | GENERAL ELEC CAP CORP | 05/01/2018 |
| GEMNT 2009-4 A | 1,000,000.00 | Aaa | | 3.800 | 103.41 | 1,035,729 | 1.85 | 0.75 | 1.10 | 1.09 | 0.018 | Credit Card ABS | Asset Backed Securities | 36159JBT7 | GEMNT 2009-4 A | 11/15/2017 |
| GIS 3.15 12/15/21 | 750,000.00 | A3 | BBB+ | 3.150 | 98.89 | 748,577 | 1.34 | 3.30 | 7.11 | 7.30 | 0.598 | Food | Consumer Non-cyclical | 370334BM5 | GENERAL MILLS INC | 12/15/2021 |
| GN 587075 | 2,000,000.00 | | | 6.500 | 114.27 | 41,324 | 0.07 | -7.79 | 1.03 | 4.43 | 0.086 | GNMA Collateral | Mortgage Securities | 36201MFQ0 | GN 587075 | 05/15/2032 |
| GN 617115 | 1,500,000.00 | | | 5.500 | 109.69 | 248,638 | 0.45 | 2.86 | 3.68 | 4.04 | -0.214 | GNMA Collateral | Mortgage Securities | 36290TSC4 | GN 617115 | 06/15/2036 |
| GS 7 ½ 02/15/19 | 600,000.00 | A3 | A- | 7.500 | 121.15 | 732,536 | 1.31 | 3.19 | 4.51 | 4.57 | 0.252 | Banks | Financial | 38141EA25 | GOLDMAN SACHS GROUP INC | 02/15/2019 |
| GSK 5.65 05/15/18 | 500,000.00 | A1 | A+ | 5.650 | 116.38 | 592,477 | 1.06 | 1.93 | 4.06 | 4.10 | 0.207 | Pharmaceuticals | Consumer Non-cyclical | 377372AD9 | GLAXOSMITHKLINE CAP INC | 05/15/2018 |
| HSBC 5 ½ 01/19/16 | 250,000.00 | Baa1 | A | 5.500 | 109.27 | 275,894 | 0.49 | 1.39 | 2.16 | 2.16 | 0.059 | Diversified Finan Serv | Financial | 40429CFN7 | HSBC FINANCE CORP | 01/19/2016 |
| IBM 5.7 09/14/17 | 500,000.00 | Aa3 | AA- | 5.700 | 115.69 | 579,734 | 1.04 | 1.59 | 3.59 | 3.62 | 0.156 | Computers | Technology | 45920GJ4 | IBM CORP | 09/14/2017 |
| JNJ 2.15 05/15/16 | 500,000.00 | Aaa | AAA | 2.150 | 103.73 | 522,693 | 0.94 | 0.71 | 2.54 | 2.54 | 0.081 | Pharmaceuticals | Consumer Non-cyclical | 478160AY0 | JOHNSON & JOHNSON | 05/15/2016 |
| JPM 4 ¾ 03/01/15 | 500,000.00 | A2 | A | 4.750 | 105.44 | 529,114 | 0.95 | 0.88 | 1.38 | 1.38 | 0.026 | Banks | Financial | 46625HCE8 | JPMORGAN CHASE & CO | 03/01/2015 |
| JPMCC 2007-CB19 A4 | 500,000.00 | Aa2 | A+ | 5.706 | 111.75 | 561,114 | 1.00 | 2.22 | 3.13 | 3.16 | 0.121 | Commercial MBS | Mortgage Securities | 46630VAD4 | JPMCC 2007-CB19 A4 | 02/12/2049 |
| JPMCC 2007-LD12 A4 | 500,000.00 | Aaa | A- | 5.882 | 112.44 | 564,559 | 1.01 | 2.21 | 3.22 | 3.25 | 0.131 | Commercial MBS | Mortgage Securities | 46632HAD3 | JPMCC 2007-LD12 A4 | 02/15/2051 |
| LBUBS 2006-C7 A2 | 700,000.00 | | AAA | 5.300 | 103.66 | 341,454 | 0.61 | 3.27 | 1.77 | 1.77 | 0.056 | Commercial MBS | Mortgage Securities | 50180CAB6 | LBUBS 2006-C7 A2 | 11/15/2038 |
| MCD 5.35 03/01/18 | 575,000.00 | A2 | A | 5.350 | 114.96 | 663,493 | 1.19 | 1.81 | 3.98 | 4.01 | 0.190 | Retail | Consumer Cyclical | 58013MEE0 | MCDONALD'S CORP | 03/01/2018 |
| MS 6 04/28/15 | 500,000.00 | Baa1 | A- | 6.000 | 107.29 | 549,129 | 0.98 | 1.31 | 1.49 | 1.48 | 0.035 | Banks | Financial | 61747YCE3 | MORGAN STANLEY | 04/28/2015 |
| MSFT 4.2 06/01/19 | 600,000.00 | Aaa | AAA | 4.200 | 110.64 | 672,172 | 1.20 | 2.19 | 5.02 | 5.10 | 0.307 | Software | Technology | 594918AC8 | MICROSOFT CORP | 06/01/2019 |
| PEP 3 ¾ 11/01/20 | 500,000.00 | A1 | A- | 3.125 | 101.35 | 513,208 | 0.92 | 2.91 | 6.25 | 6.40 | 0.473 | Beverages | Consumer Non-cyclical | 713448BR8 | PEPSICO INC | 11/01/2020 |
| PG 4.7 02/15/19 | 600,000.00 | Aa3 | AA- | 4.700 | 113.87 | 686,763 | 1.23 | 1.97 | 4.78 | 4.85 | 0.275 | Cosmetics/Personal Care | Consumer Non-cyclical | 742718DN6 | PROCTER & GAMBLE CO/THE | 02/15/2019 |
| T 1 ¾ 07/31/15 | 2,500,000.00 | | | 1.750 | 102.64 | 2,573,365 | 4.61 | 0.30 | 1.81 | 1.80 | 0.042 | Sovereign | Government | 912828NP1 | US TREASURY N/B | 07/31/2015 |
| T 1 ¾ 08/15/22 | 1,000,000.00 | | | 1.625 | 93.20 | 933,984 | 1.67 | 2.48 | 8.16 | 8.45 | 0.781 | Sovereign | Government | 912828TJ9 | US TREASURY N/B | 08/15/2022 |
| T 1 ¾ 06/30/20 | 2,600,000.00 | | | 1.875 | 99.56 | 2,600,711 | 4.66 | 1.94 | 6.28 | 6.43 | 0.460 | Sovereign | Government | 912828VJ6 | US TREASURY N/B | 06/30/2020 |
| T 2 ½ 08/15/23 | 1,000,000.00 | | | 2.500 | 99.03 | 993,398 | 1.78 | 2.61 | 8.66 | 8.99 | 0.906 | Sovereign | Government | 912828VS6 | US TREASURY N/B | 08/15/2023 |
| T 2 ¾ 02/15/19 | 1,400,000.00 | | | 2.750 | 106.43 | 1,494,773 | 2.68 | 1.50 | 4.99 | 5.07 | 0.292 | Sovereign | Government | 912828KD1 | US TREASURY N/B | 02/15/2019 |
| T 2.95 05/15/16 | 500,000.00 | A3 | A- | 2.950 | 104.45 | 527,805 | 0.94 | 1.22 | 2.51 | 2.51 | 0.080 | Telecommunications | Communications | 00206RAW2 | AT&T INC | 05/15/2016 |
| T 3 ½ 02/15/39 | 1,375,000.00 | | | 3.500 | 98.03 | 1,353,945 | 2.42 | 3.62 | 16.55 | 17.27 | 3.896 | Sovereign | Government | 912810QA9 | US TREASURY N/B | 02/15/2039 |
| T 3 ¾ 05/15/21 | 500,000.00 | | | 3.125 | 106.90 | 540,352 | 0.97 | 2.14 | 6.73 | 6.91 | 0.548 | Sovereign | Government | 912828QN3 | US TREASURY N/B | 05/15/2021 |
| T 5 ¾ 02/15/29 | 1,000,000.00 | | | 5.250 | 125.02 | 1,256,797 | 2.25 | 3.18 | 11.05 | 11.50 | 1.644 | Sovereign | Government | 912810FG8 | US TREASURY N/B | 02/15/2029 |
| T 6 11/15/34 | 500,000.00 | | A- | 6.000 | 103.50 | 528,743 | 0.95 | 5.71 | 11.80 | 12.12 | 2.114 | Telecommunications | Communications | 079860AK8 | BELLSOUTH CORP | 11/15/2034 |
| TD 1 ¾ 09/14/16 | 1,250,000.00 | Aaa | | 1.625 | 101.92 | 1,274,926 | 2.28 | 0.96 | 2.88 | 2.89 | 0.099 | Banks | Financial | 891145RB2 | TORONTO-DOMINION BANK | 09/14/2016 |
| TII 1 ¾ 01/15/18 | 750,000.00 | | | 1.625 | 109.92 | 922,049 | 1.65 | -0.65 | 2.08 | 4.43 | 0.215 | Sovereign | Government | 912828HN3 | TSY INFL IX N/B | 01/15/2018 |
| UBS 2 ¾ 03/30/17 | 1,000,000.00 | Aaa | | 2.250 | 103.18 | 1,031,803 | 1.85 | 1.32 | 3.37 | 3.38 | 0.133 | Banks | Financial | 90349CAA2 | UBS AG LONDON | 03/30/2017 |
| UNH 5 ¾ 03/15/16 | 350,000.00 | A3 | A | 5.375 | 110.46 | 387,381 | 0.69 | 1.05 | 2.33 | 2.33 | 0.067 | Healthcare-Services | Consumer Non-cyclical | 91324PAQ5 | UNITEDHEALTH GROUP INC | 03/15/2016 |
| USB 4.2 05/15/14 | 450,000.00 | A1 | A+ | 4.200 | 102.39 | 467,831 | 0.84 | 0.37 | 0.61 | 0.61 | 0.011 | Banks | Financial | 91159HGR5 | US BANCORP | 05/15/2014 |
| USD | 5,728,375.91 | Aaa | AAA | 0.000 | 1.00 | 5,728,376 | 10.25 | 0.00 | 0.00 | 0.00 | 0.000 | | | | | US DOLLAR SPOT |
| VZ 5 ¾ 04/01/17 | 500,000.00 | Baa1 | BBB+ | 5.500 | 112.49 | 576,101 | 1.03 | 1.81 | 3.15 | 3.16 | 0.123 | Telecommunications | Communications | 92343VAG9 | VERIZON COMMUNICATIONS | 04/01/2017 |
| WFC 5 ¾ 02/01/18 | 500,000.00 | A2 | A+ | 5.750 | 115.48 | 582,127 | 1.04 | 2.00 | 3.87 | 3.90 | 0.182 | Banks | Financial | 92976WBH8 | WACHOVIA CORP | 02/01/2018 |
| WFC 5 ¾ 12/11/17 | 500,000.00 | A2 | A+ | 5.625 | 115.02 | 583,628 | 1.04 | 1.88 | 3.74 | 3.77 | 0.174 | Banks | Financial | 949746NX5 | WELLS FARGO & COMPANY | 12/11/2017 |

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

| Detail | | | | | | | | | | | |
|----------------|---------------|--------|------|------|--------|-------------------|--------|------|------|--------|--|
| 9/30/2013 | Port | | | | | Bench | | | | | |
| | Mkt Val | Wgt | OAD | CTD | %TD | Mkt Val | Wgt | OAD | CTD | %TD | |
| FAIRBANK (019) | \$ 50,115,200 | 100.00 | 4.97 | 4.97 | 100.00 | \$ 20,437,214,328 | 100.00 | 5.55 | 5.55 | 100.00 | |
| AAA | \$ 23,783,964 | 47.46 | 4.95 | 2.35 | 47.31 | \$ 14,777,063,839 | 72.30 | 5.21 | 3.77 | 67.87 | |
| AA | \$ 8,052,571 | 16.07 | 7.27 | 1.17 | 23.53 | \$ 794,083,019 | 3.89 | 5.70 | 0.22 | 3.99 | |
| A | \$ 13,574,200 | 27.09 | 3.52 | 0.95 | 19.20 | \$ 2,101,170,507 | 10.28 | 6.42 | 0.66 | 11.88 | |
| BBB | \$ 4,704,464 | 9.39 | 5.27 | 0.49 | 9.97 | \$ 2,343,412,224 | 11.47 | 6.79 | 0.78 | 13.99 | |
| BB | | | | | | \$ 134,841,607 | 0.66 | 6.62 | 0.04 | 0.79 | |
| NR | | | | | | \$ 286,643,133 | 1.40 | 5.88 | 0.08 | 1.48 | |

Portfolio Duration as a % of Benchmark 90%

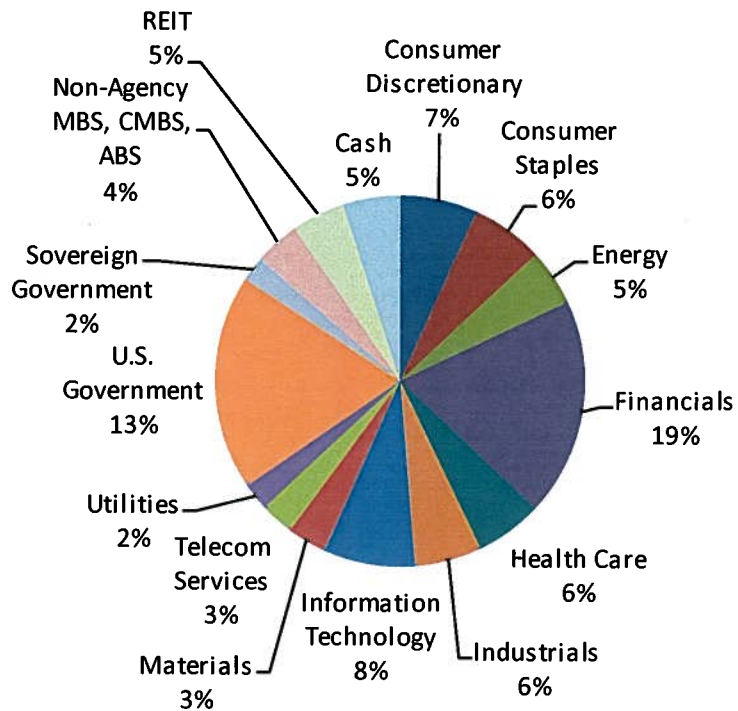
Duration gauges price sensitivity of fixed income securities and represents the expected percentage change in market value when interest rates change by 1%.

Compliance Report

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

GICS Sector Concentration

GICS* Sector Concentration for Fairbanks Permanent Fund as of September 30, 2013



| Sector | Market Value | % of Portfolio |
|--|-----------------------|----------------|
| Consumer Discretionary | 7,684,836 | 7% |
| Consumer Staples | 7,191,186 | 6% |
| Energy | 5,641,278 | 5% |
| Financials | 21,677,153 | 19% |
| Health Care | 6,635,106 | 6% |
| Industrials | 6,715,676 | 6% |
| Information Technology | 9,053,039 | 8% |
| Materials | 3,946,804 | 3% |
| Telecommunication Services | 3,374,918 | 3% |
| Utilities | 2,676,598 | 2% |
| <hr/> | | |
| U.S. Government - Treasury/Agency/Agency MBS | 21,416,038 | 19% |
| Sovereign Government | 2,479,849 | 2% |
| Non-Agency MBS, CMBS, ABS | 4,473,488 | 4% |
| REIT | 5,335,514 | 5% |
| Commodities | - | 0% |
| Cash | 5,728,376 | 5% |
| <hr/> | | |
| Total Portfolio | \$ 114,029,859 | 100% |

Includes Individual Bond and ETF Holdings

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

ALASKA PERMANENT CAPITAL MANAGEMENT COMPANY

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

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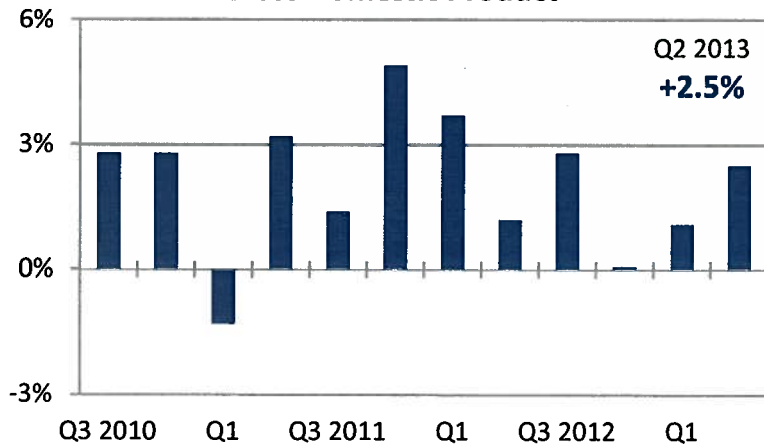
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Appendix

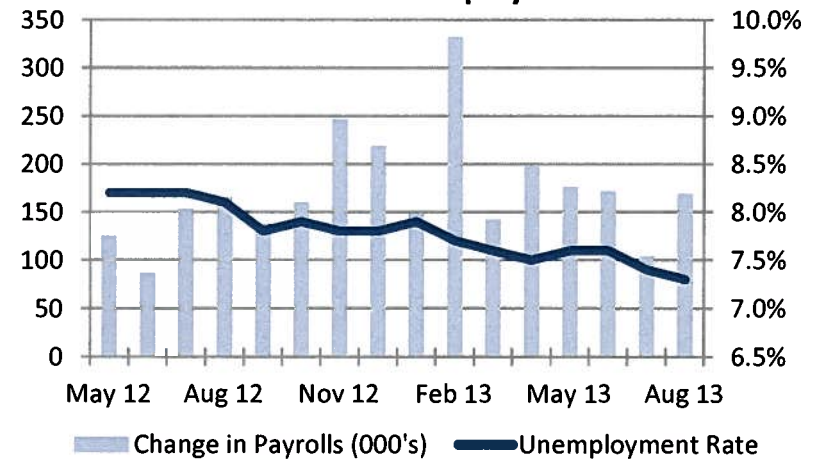
Economy & Financial Markets

Gross Domestic Product



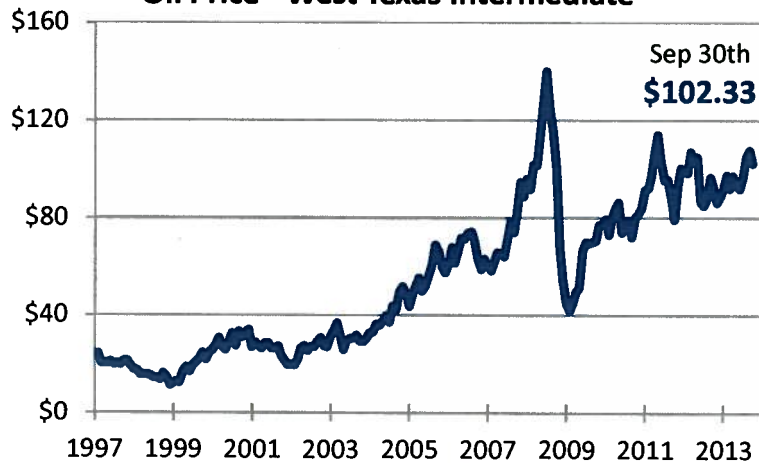
Bureau of Economic Analysis

Job Growth and Unemployment Rate



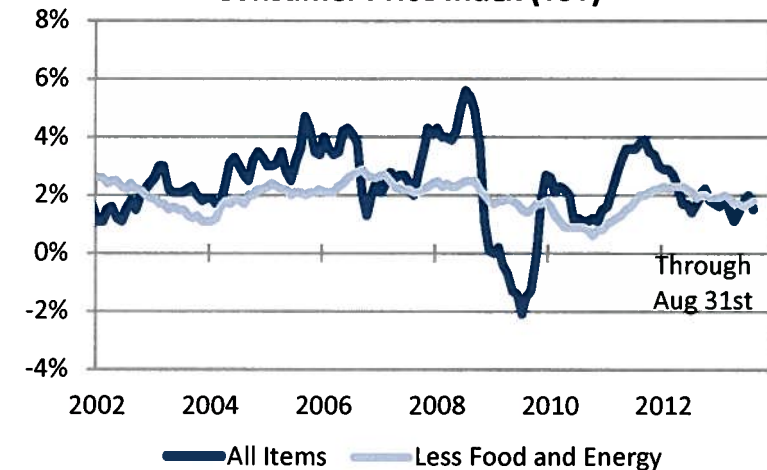
Bureau of Labor Statistics

Oil Price - West Texas Intermediate



Bloomberg

Consumer Price Index (YoY)



Bureau of Labor Statistics

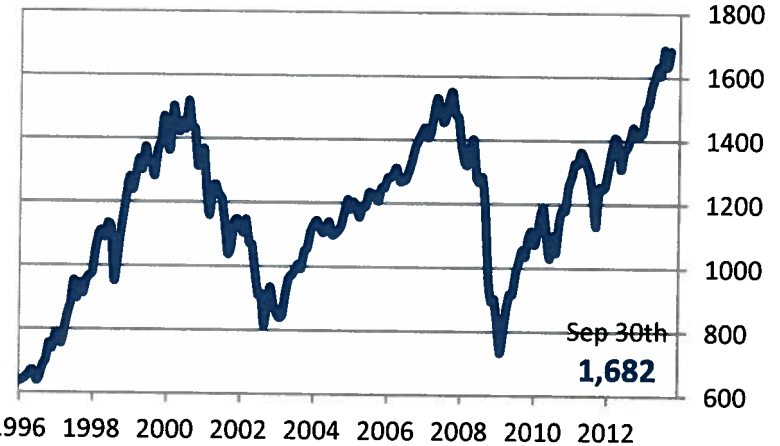
Economy & Financial Markets

Total Return (%) as of September 30, 2013

| | Q3 2013 | 1 Year | 3 Years | 5 Years |
|--|------------|--------|---------|---------|
| Domestic Equities | | | | |
| Large Cap S&P 500 | 5.2 | 19.3 | 16.3 | 10.0 |
| Mid Cap S&P 400 | 7.5 | 27.7 | 17.5 | 13.1 |
| Small Cap S&P 600 | 10.7 | 31.5 | 20.7 | 12.4 |
| International Equities | | | | |
| Developed MSCI EAFE | 11.6 | 23.8 | 8.5 | 6.4 |
| Emerging MSCI Emerging Markets | 5.8 | 1.0 | -0.3 | 7.2 |
| Other | | | | |
| Commercial Property S&P U.S. REIT | -3.1 | 5.7 | 12.3 | 6.0 |
| Commodities DI-UBS Commodity | 2.1 | -14.4 | -3.2 | -5.3 |
| Fixed Income | | | | |
| Total Bond Market Barclays Aggregate | 0.6 | -1.7 | 2.9 | 5.4 |
| 1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov | 0.3 | 0.4 | 0.8 | 1.8 |
| Int'l Treasury Barclays Global Tsy ex-US | 4.3 | -2.7 | 2.0 | 4.9 |

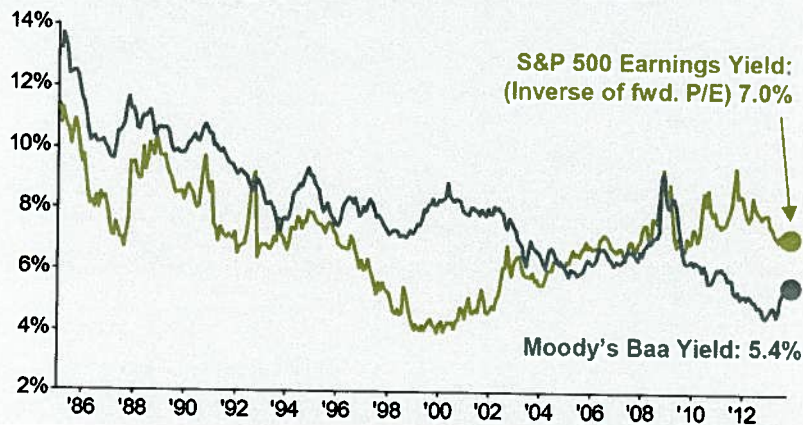
Returns are annualized for periods greater than one year

S&P 500 Index



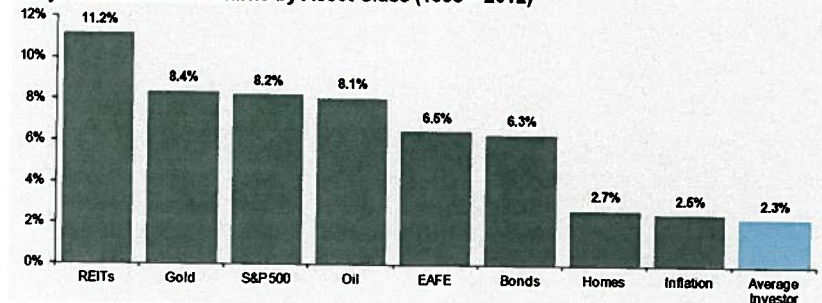
Bloomberg

S&P 500 Earnings Yield vs. Baa Bond Yield



Sources: Standard & Poor's, Moody's, J.P. Morgan Asset Management
Data as of 9/30/2013.

20-year Annualized Returns by Asset Class (1993 - 2012)

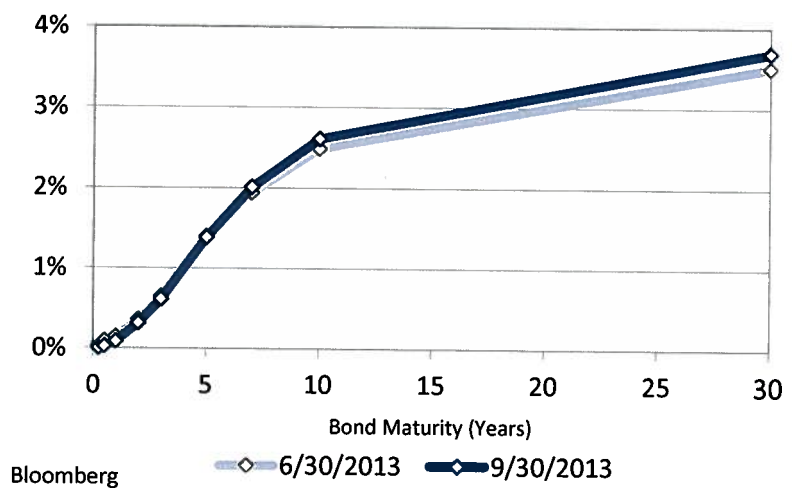


Source: J.P. Morgan Asset Management

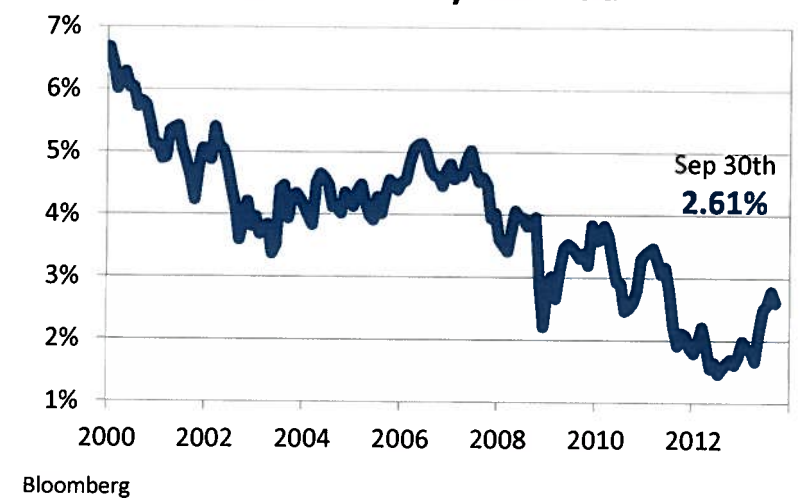
Average asset allocation investor return is based on an analysis by Dalbar Inc. All returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/12 to match Dalbar's most recent analysis.

Economy & Financial Markets

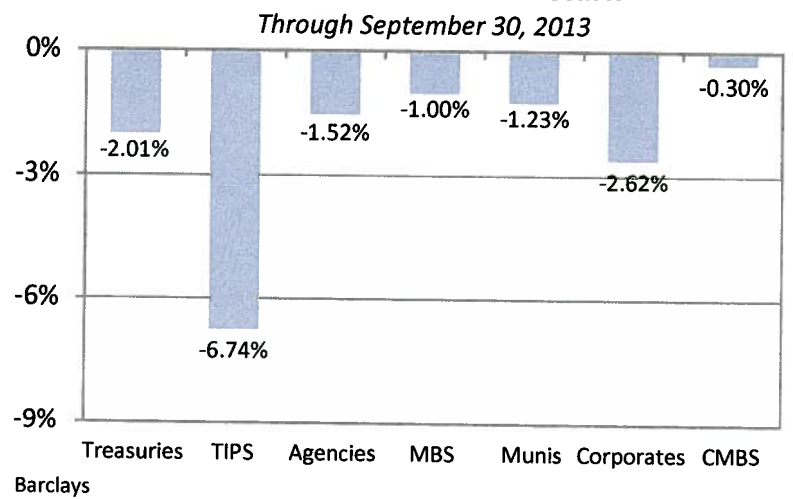
U.S. Treasury Yield Curve Comparison



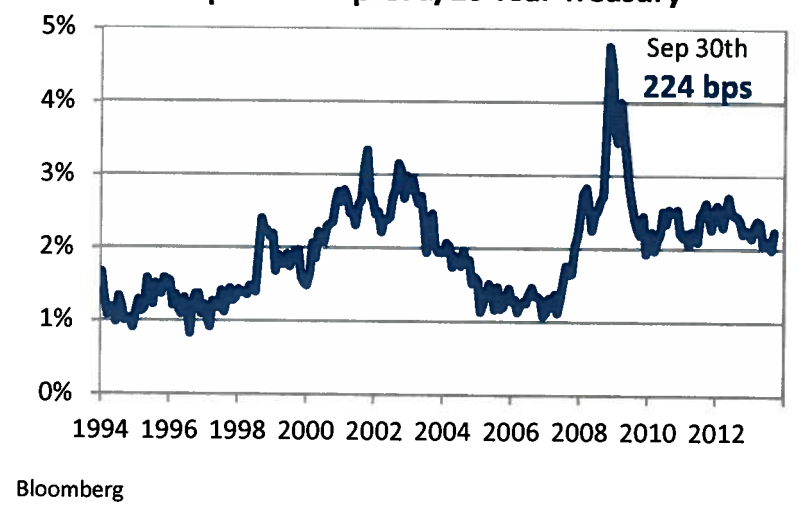
10 Year Treasury Note Yield



2013 YTD Bond Total Return



Corporate A Spread/10 Year Treasury



Current Outlook

Economic Outlook

The U.S. economy is expanding slowly as decent private sector growth is offset by a contraction in government spending. Auto sales have been solid, however home sales have slipped owing to rising interest rates.

The ongoing debate in Washington over the government shut down and debt ceiling will certainly crimp growth if the stalemate continues with no resolution soon. The government is making progress in getting its deficit and national debt under control. It's ugly, but working. A default on the U.S. government debt is unlikely as the Treasury can prioritize payments.

The unemployment rate fell to 7.3% in August (no September data available due to the shutdown). Job gains have been respectable, averaging just under +160,000 over the past six months, although over half of those gains have been part time workers. GDP growth was +1.1% in Q1, while Q2 growth came in at +2.5%. The consensus outlook calls for economic growth around +2% and modest inflation in 2013.

Over the summer, the OECD revised its growth forecasts to reflect a better outlook for developed countries and the widespread "loss of momentum" in emerging markets. It expects output in the U.S., Germany, and Japan to expand at +2.5% in Q3 and Q4. They noted that "growth in China has seemingly already passed the trough and looks set to recover in the second half."

In early October, the IMF cut its world growth forecast for 2013 by 0.3% to +2.9% and lowered next years by 0.2% to +3.6% compared to the July forecast. Deteriorating emerging market prospects and the eventual Fed exit from easy money were the rational. It lowered its forecast for U.S. growth next year to +2.6%.

Inflation Outlook

The CPI inflation rate rose +1.5% over the last 12 months through August. That compares to +2.1% in 2012 and +3.2% in 2011. Given the still high unemployment rate (modest wage pressure) and unused capacity in the U.S., tepid signs of recovery in the Eurozone, and slowing growth in China, inflation is unlikely to be a problem near term, despite money printing by most of the world's central banks. ISI Strategies believes global inflation will be around +2% in 2013.

WTI oil declined more than \$5 per barrel in September to \$102. Gold has not been able to gain much traction lately, as it fell in September from a recent peak and closed the month at \$1,329 an ounce. The precious metal is down -20.1% since the start of 2013. The Dow Jones-UBS Commodity Index dropped -2.6% in September, due mainly to declines in gasoline, agriculture, and gold.

Policy Actions

The Federal Reserve is worried about slow growth and high unemployment and is maintaining a ZIRP (zero interest rate policy). The Fed has stated that short term rates would remain low as long as the unemployment rate was 6.5% or higher and core inflation remained +2.5% or lower. That may be until 2015.

It has also undertaken an \$85 billion QE monthly bond buying program to push longer interest rates down. Comments made by Ben Bernanke in May about the possibility of reducing the amount of securities purchased each month spooked many investors, including the bond market, as yields rose sharply over the summer.

In September the Fed reversed course saying that tapering of QE was data dependent and left policy unchanged. That may reflect the wishes of Janet Yellen who was chosen as the new Fed chairman after Ben Bernanke leaves at year end. She is quite dovish.

Congress and the President remain locked in a battle over the budget and raising the debt ceiling. It is difficult to know what will happen other than to say we will get through this...eventually. Still, a Federal Reserve of San Francisco report notes that "policy uncertainty" has hurt the economy and added a full 1% to the unemployment rate.

October 2013

Current Outlook

Policy Actions (Continued)

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

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

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

Economic growth in China for Q2 was only +7.5%, down from +8% last year and the +10% growth investors had come to expect. Several emerging markets – India, Indonesia and Turkey – have seen capital outflows and their currencies have seen sharp declines on foreign exchange markets.

Bond Outlook

Treasury yields are up sharply since June despite good news on the inflation front. Taper talk by the Federal Reserve was the culprit. Ten year Treasury yields ended September at 2.61% after flirting with 3%. The Barclays Aggregate bond index gained +1.0% in September, but is still down -1.9% year to date.

APCM remains overweight spread product including corporate bonds (especially financials) and CMBS securities. Spreads have widened recently from tight levels and in recognition of reduced liquidity from the dealer community. The run up in rates has certainly improved the valuation of the bond market. Still, interest rates are low by historical standards.

Equity Outlook

The equity markets rallied in September with the S&P 500 up +3.1%. It is up +19.8% year to date. Small cap stocks have done even better year to date gaining +28.7%. Earnings have been lackluster and stock appreciation has come from multiple expansion. The P/E ratio in the U.S. equity market is around 14x. That’s ok but not cheap by any means.

In overseas markets, the EAFE developed country index gained +7.1% last month, bringing the YTD gains to +16.1%. Japanese equities are up a whopping +41.1% in yen year to date. Yen depreciation has trimmed those gains to +23.7% in dollars.

The emerging equity markets caught a bid in September with the MSCI Emerging Markets up +6.5% bringing their year to date performance to -4.4%. Political turmoil, worries about sustainable growth, and increasing U.S. interest rates had undermined the case for emerging market equities. But stocks here still trade at a 10x P/E ratio, and while their economies are slowing, policymakers have room to ease and these countries are in better fiscal shape than the developed nations.

While APCM pared back equity exposure last month we still believe stocks are reasonable value and should do better than bonds going forward. Basic risk management principals and fuller valuations led us to cut U.S. stocks in favor of cash/bonds.

October 2013

Portfolio Appraisal

FAIRBANKS PERMANENT FUND

September 30, 2013



| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|--------------------------------|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| U.S. TREASURY | | | | | | | | | |
| 2,500,000 | US TREASURY NOTES 1.750% Due 07-31-15 | 102.84 | 2,570,996 | 102.64 | 2,566,100 | 2.25 | 43,750 | 7,371 | 0.30 |
| 1,400,000 | US TREASURY NOTES 2.750% Due 02-15-19 | 104.27 | 1,459,846 | 106.41 | 1,489,684 | 1.31 | 38,500 | 4,917 | 1.50 |
| 2,600,000 | US TREASURY NOTES 1.875% Due 06-30-20 | 98.02 | 2,548,609 | 99.54 | 2,588,014 | 2.27 | 48,750 | 12,320 | 1.95 |
| 500,000 | US TREASURY NOTES 3.125% Due 05-15-21 | 104.06 | 520,312 | 106.87 | 534,375 | 0.47 | 15,625 | 5,902 | 2.14 |
| 1,000,000 | US TREASURY NOTES 1.625% Due 08-15-22 | 90.36 | 903,555 | 93.16 | 931,560 | 0.82 | 16,250 | 2,075 | 2.49 |
| 1,000,000 | US TREASURY NOTES 2.500% Due 08-15-23 | 96.59 | 965,937 | 98.98 | 989,840 | 0.87 | 25,000 | 3,193 | 2.62 |
| 1,000,000 | U S TREASURY NOTES 5.250% Due 02-15-29 | 110.42 | 1,104,150 | 125.02 | 1,250,160 | 1.10 | 52,500 | 6,705 | 3.18 |
| 1,375,000 | US Treasury Note 3.500% Due 02-15-39 | 86.77 | 1,193,038 | 98.09 | 1,348,792 | 1.18 | 48,125 | 6,146 | 3.62 |
| | Accrued Interest | | | | 48,630 | 0.04 | | | |
| | | | 11,266,444 | | 11,747,155 | 10.30 | | 48,630 | |
| U.S. TREASURY INFLATION | | | | | | | | | |
| 836,265 | US TREASURY INFLATION PROTECTED SECURITIES 1.625% Due 01-15-18 | 98.36 | 822,572 | 109.90 | 919,039 | 0.81 | 13,589 | 2,880 | NA |
| | Accrued Interest | | | | 2,880 | 0.00 | | | |
| | | | 822,572 | | 921,919 | 0.81 | | 2,880 | |
| AGENCIES | | | | | | | | | |
| 500,000 | FHLMC 5.125% Due 11-17-17 | 111.91 | 559,567 | 115.43 | 577,165 | 0.51 | 25,625 | 9,538 | 1.28 |
| 200,000 | FHLB 4.125% Due 03-13-20 | 111.21 | 222,430 | 110.83 | 221,658 | 0.19 | 8,250 | 412 | 2.31 |
| 2,250,000 | FNMA 6.250% Due 05-15-29 | 128.42 | 2,889,495 | 127.99 | 2,879,730 | 2.53 | 140,625 | 53,125 | 3.85 |
| 500,000 | FEDERAL HOME LOAN MORTGAGE CORP 6.250% Due 07-15-32 | 120.42 | 602,104 | 130.31 | 651,565 | 0.57 | 31,250 | 6,597 | 3.95 |
| | Accrued Interest | | | | 69,673 | 0.06 | | | |
| | | | 4,273,596 | | 4,399,791 | 3.86 | | 69,673 | |

Portfolio Appraisal

FAIRBANKS PERMANENT FUND

September 30, 2013



| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|-------------------------|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| FNMA & FHLMC | | | | | | | | | |
| 45,942 | FNMA POOL # 254195 5.500% Due 02-01-17 | 99.33 | 45,633 | 105.30 | 48,379 | 0.04 | 2,527 | 211 | 1.12 |
| 41,659 | FGLMC POOL E01136 5.500% Due 03-01-17 | 99.55 | 41,471 | 105.32 | 43,878 | 0.04 | 2,291 | 191 | 1.22 |
| 178,832 | FGLMC POOL B17355 5.000% Due 12-01-19 | 101.34 | 181,228 | 106.58 | 190,606 | 0.17 | 8,942 | 745 | 1.95 |
| 238,560 | FGLMC POOL B17982 4.000% Due 03-01-20 | 97.59 | 232,820 | 105.83 | 252,478 | 0.22 | 9,542 | 795 | 1.37 |
| 137,227 | FNMA POOL 814349 4.500% Due 03-01-20 | 98.62 | 135,335 | 106.20 | 145,735 | 0.13 | 6,175 | 515 | 1.70 |
| 106,673 | FNMA POOL 819922 5.500% Due 04-01-20 | 102.41 | 109,248 | 108.19 | 115,415 | 0.10 | 5,867 | 489 | 1.64 |
| 94,959 | FNMA POOL 819924 4.500% Due 04-01-20 | 99.55 | 94,536 | 106.21 | 100,854 | 0.09 | 4,273 | 356 | 1.69 |
| 146,583 | FNCI 5.00% POOL 888348 5.000% Due 05-01-22 | 103.55 | 151,782 | 107.21 | 157,149 | 0.14 | 7,329 | 611 | 2.06 |
| 264,891 | FNMA 4.00% POOL AD2331 4.000% Due 03-01-25 | 102.73 | 272,134 | 106.02 | 280,835 | 0.25 | 10,596 | 883 | 2.16 |
| 149,215 | FNCI 4% POOL AD7073 4.000% Due 06-01-25 | 103.15 | 153,913 | 106.10 | 158,314 | 0.14 | 5,969 | 497 | 2.16 |
| 32,228 | GNMA POOL 2563 6.500% Due 03-20-28 | 100.44 | 32,369 | 114.60 | 36,933 | 0.03 | 2,095 | 175 | 2.03 |
| 31,086 | FGLMC POOL C01403 6.000% Due 09-01-32 | 101.81 | 31,650 | 110.37 | 34,310 | 0.03 | 1,865 | 155 | 3.15 |
| 84,074 | FGLMC POOL A16590 6.000% Due 12-01-33 | 103.27 | 86,820 | 110.50 | 92,903 | 0.08 | 5,044 | 420 | 3.27 |
| 117,142 | FRN - FNMA POOL 820607 1.994% Due 03-01-35 | 102.47 | 120,032 | 105.99 | 124,159 | 0.11 | 2,336 | 195 | 0.54 |
| 67,946 | FNMA POOL 826090 4.737% Due 07-01-35 | 99.47 | 67,585 | 105.74 | 71,844 | 0.06 | 3,219 | 268 | 0.62 |
| 125,267 | FHLMC # A36703 4.500% Due 08-01-35 | 95.69 | 119,865 | 106.57 | 133,492 | 0.12 | 5,637 | 470 | 2.92 |
| 177,499 | FRN - FNMA POOL # 838293 2.230% Due 08-01-35 | 99.67 | 176,910 | 106.24 | 188,571 | 0.17 | 3,958 | 330 | 0.76 |
| 90,714 | FNMA ARM POOL 745552 2.402% Due 02-01-36 | 100.53 | 91,191 | 105.09 | 95,335 | 0.08 | 2,179 | 182 | 0.91 |
| 21,523 | FRN - FHLMC # 847740 5.741% Due 04-01-37 | 98.88 | 21,283 | 106.05 | 22,825 | 0.02 | 1,236 | 103 | 1.26 |
| 163,390 | FRN - FHLMC # 1G2124 5.941% Due 08-01-37 | 99.81 | 163,084 | 106.43 | 173,894 | 0.15 | 9,707 | 809 | 2.96 |

Portfolio Appraisal

FAIRBANKS PERMANENT FUND

September 30, 2013



| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|--|--|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| 88,771 | FRN - FNMA POOL 943054 2.399% Due 08-01-37 | 100.94 | 89,603 | 105.93 | 94,038 | 0.08 | 2,130 | 177 | 0.94 |
| 433,026 | FNCL 6.00% POOL 968813 6.000% Due 01-01-38 | 109.64 | 474,773 | 109.79 | 475,432 | 0.42 | 25,982 | 2,165 | 2.78 |
| 218,749 | FHLMC # G08264 6.000% Due 04-01-38 | 100.76 | 220,406 | 108.83 | 238,066 | 0.21 | 13,125 | 1,094 | 3.07 |
| 207,604 | FGLMC 5.5% POOL A77796 5.500% Due 05-01-38 | 108.01 | 224,229 | 108.14 | 224,504 | 0.20 | 11,418 | 952 | 2.89 |
| 250,873 | FHLMC 5% POOL G05253 5.000% Due 02-01-39 | 107.02 | 268,493 | 107.59 | 269,925 | 0.24 | 12,544 | 1,045 | 3.21 |
| 255,048 | FNCL 4.5 POOL AA6013 4.500% Due 05-01-39 Accrued Interest | 103.59 | 264,204 | 106.74 | 272,231 | 0.24 | 11,477 | 956 | 3.04 |
| | | | | | 14,788 | 0.01 | | | |
| | | | 3,870,598 | | 4,056,895 | 3.56 | | 14,788 | |
| GNMA | | | | | | | | | |
| 36,000 | GOV'T NAT'L MTG ASSN POOL# 587075 6.500% Due 05-15-32 | 101.25 | 36,450 | 115.61 | 41,618 | 0.04 | 2,340 | 195 | 2.47 |
| 225,770 | GOV'T NAT'L MTGE ASSN POOL # 617115 5.500% Due 06-15-36 Accrued Interest | 97.77 | 220,725 | 109.59 | 247,430 | 0.22 | 12,417 | 1,035 | 2.85 |
| | | | | | 1,230 | 0.00 | | | |
| | | | 257,175 | | 290,278 | 0.25 | | 1,230 | |
| ASSET-BACKED SECURITIES | | | | | | | | | |
| 1,000,000 | GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17 Accrued Interest | 107.25 | 1,072,500 | 103.55 | 1,035,488 | 0.91 | 38,000 | 1,689 | 0.63 |
| | | | | | 1,689 | 0.00 | | | |
| | | | 1,072,500 | | 1,037,177 | 0.91 | | 1,689 | |
| COMMERCIAL MORTGAGE-BACKED SECURITIES | | | | | | | | | |
| 339,052 | CREDIT SUISSE FIRST BOSTON MTG 4.691% Due 04-01-37 | 100.48 | 340,681 | 101.85 | 345,325 | 0.30 | 15,905 | 1,325 | 2.87 |
| 328,505 | LB-UBS COML MTG TR 2006-C7 5.300% Due 11-11-38 | 100.35 | 329,659 | 105.23 | 345,702 | 0.30 | 17,411 | 967 | 2.65 |
| 495,756 | BEAR STEARNS COML MTG SECS INC 4.674% Due 06-11-41 | 100.54 | 498,456 | 104.70 | 519,046 | 0.46 | 23,172 | 1,931 | 1.33 |
| 1,000,000 | FRN - CD 2005-C1 COMMERCIAL MTG TR 5.393% Due 07-15-44 | 100.09 | 1,000,856 | 106.60 | 1,066,006 | 0.93 | 53,927 | 4,494 | 1.53 |
| 500,000 | FRN - J P MORGAN CHASE COML MTG SECS 5.895% Due 02-12-49 | 100.21 | 501,049 | 111.84 | 559,190 | 0.49 | 29,475 | 2,456 | 2.19 |

Portfolio Appraisal

FAIRBANKS PERMANENT FUND

September 30, 2013



| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|------------------------|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| 25,286 | FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51 | 100.55 | 25,424 | 99.88 | 25,256 | 0.02 | 1,374 | 115 | 4.81 |
| 500,000 | J P MORGAN CHASE COML MTG SECS 5.882% Due 02-15-51 Accrued Interest | 100.50 | 502,481 | 112.41 | 562,047 | 0.49 | 29,410 | 2,451 | 2.21 |
| | | | | | 13,739 | 0.01 | | | |
| | | | 3,198,606 | | 3,436,312 | 3.01 | | 13,739 | |
| CORPORATE BONDS | | | | | | | | | |
| 250,000 | BP CAPITAL MARKETS PLC 5.250% Due 11-07-13 | 108.02 | 270,039 | 100.45 | 251,117 | 0.22 | 13,125 | 5,250 | 0.88 |
| 500,000 | CREDIT SUISSE NEW YORK 5.500% Due 05-01-14 | 99.90 | 499,485 | 102.95 | 514,770 | 0.45 | 27,500 | 11,458 | 0.45 |
| 450,000 | US BANCORP 4.200% Due 05-15-14 | 104.98 | 472,396 | 102.41 | 460,836 | 0.40 | 18,900 | 7,140 | 0.34 |
| 600,000 | CITIGROUP INC 5.500% Due 10-15-14 | 101.14 | 606,826 | 104.79 | 628,740 | 0.55 | 33,000 | 15,217 | 0.87 |
| 500,000 | JP MORGAN CHASE & CO 4.750% Due 03-01-15 | 98.36 | 491,795 | 105.35 | 526,750 | 0.46 | 23,750 | 1,979 | 0.95 |
| 500,000 | MORGAN STANLEY 6.000% Due 04-28-15 | 99.88 | 499,380 | 107.29 | 536,430 | 0.47 | 30,000 | 12,750 | 1.32 |
| 500,000 | CITIGROUP INC 4.750% Due 05-19-15 | 104.97 | 524,875 | 105.83 | 529,150 | 0.46 | 23,750 | 8,708 | 1.14 |
| 500,000 | BANK OF MONTREAL 2.850% Due 06-09-15 | 100.59 | 502,930 | 103.94 | 519,700 | 0.46 | 14,250 | 4,433 | 0.51 |
| 250,000 | HSBC FINANCE CORP 5.500% Due 01-19-16 | 106.89 | 267,235 | 109.31 | 273,275 | 0.24 | 13,750 | 2,750 | 1.38 |
| 350,000 | UNITED HEALTH GROUP INC 5.375% Due 03-15-16 | 114.09 | 399,322 | 110.35 | 386,214 | 0.34 | 18,812 | 836 | 1.10 |
| 500,000 | AT&T INC 2.950% Due 05-15-16 | 104.33 | 521,670 | 104.56 | 522,815 | 0.46 | 14,750 | 5,572 | 1.18 |
| 500,000 | JOHNSON & JOHNSON 2.150% Due 05-15-16 | 104.26 | 521,320 | 103.80 | 518,980 | 0.46 | 10,750 | 4,061 | 0.69 |
| 1,250,000 | TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16 | 99.93 | 1,249,162 | 101.95 | 1,274,375 | 1.12 | 20,312 | 959 | 0.95 |
| 500,000 | BANK AMER CORP 5.625% Due 10-14-16 | 99.93 | 499,670 | 111.50 | 557,510 | 0.49 | 28,125 | 13,047 | 1.72 |
| 675,000 | CONOCOPHILLIPS CANADA 5.625% Due 10-15-16 | 104.71 | 706,819 | 113.45 | 765,787 | 0.67 | 37,969 | 17,508 | 1.12 |
| 1,000,000 | UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17 | 100.93 | 1,009,300 | 103.03 | 1,030,340 | 0.90 | 22,500 | 62 | 1.36 |

Portfolio Appraisal

FAIRBANKS PERMANENT FUND

September 30, 2013



| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|-----------|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| 500,000 | VERIZON COMMUNICATIONS 5.500% Due 04-01-17 | 118.36 | 591,795 | 112.44 | 562,210 | 0.49 | 27,500 | 13,750 | 1.82 |
| 750,000 | BANK OF NEW YORK MELLON 1.969% Due 06-20-17 | 102.60 | 769,522 | 100.89 | 756,697 | 0.66 | 14,767 | 4,143 | 1.72 |
| 500,000 | CAMPBELL SOUP CO. 3.050% Due 07-15-17 | 106.83 | 534,130 | 105.04 | 525,195 | 0.46 | 15,250 | 3,219 | 1.67 |
| 500,000 | INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17 | 106.27 | 531,328 | 115.79 | 578,950 | 0.51 | 28,500 | 1,346 | 1.57 |
| 750,000 | EXELON GENERATION CO LLC 6.200% Due 10-01-17 | 105.77 | 793,260 | 114.64 | 859,800 | 0.75 | 46,500 | 23,250 | 2.35 |
| 500,000 | WELLS FARGO & CO 5.625% Due 12-11-17 | 99.58 | 497,920 | 114.89 | 574,430 | 0.50 | 28,125 | 8,594 | 1.92 |
| 500,000 | WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18 | 99.57 | 497,860 | 115.52 | 577,580 | 0.51 | 28,750 | 4,792 | 2.00 |
| 575,000 | MCDONALDS CORP M/T/N 5.350% Due 03-01-18 | 107.54 | 618,377 | 114.90 | 660,663 | 0.58 | 30,762 | 2,564 | 1.83 |
| 1,000,000 | GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18 | 101.74 | 1,017,425 | 114.74 | 1,147,440 | 1.01 | 56,250 | 23,437 | 2.22 |
| 500,000 | GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18 | 104.59 | 522,950 | 116.40 | 582,015 | 0.51 | 28,250 | 10,672 | 1.93 |
| 500,000 | CATERPILLAR FINANCIAL 7.150% Due 02-15-19 | 99.16 | 495,805 | 123.16 | 615,795 | 0.54 | 35,750 | 4,568 | 2.52 |
| 600,000 | GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19 | 101.40 | 608,421 | 120.83 | 724,962 | 0.64 | 45,000 | 5,750 | 3.25 |
| 600,000 | PROCTER & GAMBLE CO. 4.700% Due 02-15-19 | 102.81 | 616,886 | 113.73 | 682,374 | 0.60 | 28,200 | 3,603 | 1.99 |
| 600,000 | MICROSOFT CORP 4.200% Due 06-01-19 | 102.24 | 613,416 | 110.42 | 662,532 | 0.58 | 25,200 | 8,400 | 2.23 |
| 750,000 | ADOBE SYSTEMS INC 4.750% Due 02-01-20 | 112.47 | 843,502 | 109.01 | 817,552 | 0.72 | 35,625 | 5,937 | 3.17 |
| 775,000 | COMCAST CORP 5.150% Due 03-01-20 | 116.47 | 902,635 | 113.22 | 877,432 | 0.77 | 39,912 | 3,326 | 2.88 |
| 500,000 | PEPSICO INC 3.125% Due 11-01-20 | 108.06 | 540,290 | 101.51 | 507,555 | 0.45 | 15,625 | 6,510 | 2.89 |
| 750,000 | DOW CHEMICAL CO* 4.250% Due 11-15-20 | 108.13 | 810,952 | 104.45 | 783,352 | 0.69 | 31,875 | 12,042 | 3.54 |
| 786,000 | CARGILL INC. (144a) 4.307% Due 05-14-21 | 98.06 | 770,763 | 105.92 | 832,515 | 0.73 | 33,853 | 12,883 | 3.42 |
| 750,000 | GENERAL MILLS INC 3.150% Due 12-15-21 | 102.88 | 771,577 | 98.59 | 739,447 | 0.65 | 23,625 | 6,956 | 3.35 |

Portfolio Appraisal

FAIRBANKS PERMANENT FUND

September 30, 2013



| Quantity | Security | Average Cost | Total Average Cost | Price | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|---|---|--------------|--------------------|--------|--------------------|-------------|------------------|------------------|-------------------|
| 500,000 | BELLSOUTH CORP 6.000% Due 11-15-34 Accrued Interest | 97.52 | 487,595 | 101.53 | 507,655 | 0.45 | 30,000 | 11,333 | 5.87 |
| | | | | | 288,808 | 0.25 | | | |
| | | | 22,878,636 | | 24,161,753 | 21.19 | | 288,808 | |
| INTERNATIONAL FIXED INCOME FUNDS/ETF | | | | | | | | | |
| 42,485 | SPDR BARCLAYS CAPITAL INTL D | 56.06 | 2,381,843 | 58.37 | 2,479,849 | 2.17 | NA | | |
| DOMESTIC LARGE CAP EQUITY FUNDS/ETF | | | | | | | | | |
| 163,314 | VANGUARD INST'L S&P500 INDEX FUND | 100.16 | 16,357,858 | 154.00 | 25,150,331 | 22.06 | NA | | |
| DOMESTIC MID CAP EQUITY FUNDS/ETF | | | | | | | | | |
| 53,610 | ISHARES S&P MIDCAP 400 | 80.22 | 4,300,789 | 124.14 | 6,655,145 | 5.84 | NA | | |
| INTERNATIONAL FUNDS/ETF | | | | | | | | | |
| 321,329 | VANGUARD MSCI EAFE ETF | 34.43 | 11,064,392 | 39.58 | 12,718,202 | 11.15 | NA | | |
| EMERGING MARKET FUNDS/ETF | | | | | | | | | |
| 147,282 | VANGUARD EMERGING MARKET ETF | 43.28 | 6,373,794 | 40.13 | 5,911,163 | 5.18 | NA | | |
| REAL ESTATE | | | | | | | | | |
| 80,670 | VANGUARD REIT ETF | 49.55 | 3,996,989 | 66.14 | 5,335,514 | 4.68 | NA | | |
| CASH AND EQUIVALENTS | | | | | | | | | |
| | ALASKA MUNICIPAL LEAGUE INVESTMENT POOL | | 5,721,954 | | 5,721,954 | 5.02 | | | |
| | CASH RECEIVABLE | | 6,422 | | 6,422 | 0.01 | NA | | |
| | | | 5,728,376 | | 5,728,376 | 5.02 | | | |
| TOTAL PORTFOLIO | | | 97,844,168 | | 114,029,859 | 100 | 1,909,296 | 441,438 | |



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

| Time Period | Percent Return Per Period | | | | | | | | | | | | | | | | | | |
|----------------------|------------------------------|-------|------------------------|--------------|----------------|---------------------------|--------------------------|-------------------------|----------------------|--------------|----------------------------|-------------|-------------------|------------------------|---------------------------|-------------------------|-------------------------|---------------------------|---------------------------------------|
| | Total Account | Blend | Fairbanks 50 bp hurdle | Fixed Income | BARC AGG BENCH | Domestic Large Cap Equity | S&P 500 LARGE CAPS BENCH | Domestic Mid Cap Equity | S&P 400 MIDCAP BENCH | Int'l Equity | FTSE DEVELOPED EX NA BENCH | Real Estate | S&P US REIT BENCH | Emerging Market Equity | FTSE EMERGIN MARKET BENCH | Alternative Investments | DOW JONES UBS COMMODITY | Cash and Cash Equivalents | Citigroup 3 Month TBill Index - BENCH |
| 09-30-12 to 10-31-12 | -0.27 | -0.27 | 0.04 | 0.27 | 0.20 | -1.86 | -1.85 | -0.75 | -0.79 | 1.06 | N/A | -0.91 | -0.84 | -0.54 | N/A | 0.00 | -3.87 | 0.00 | 0.01 |
| 10-31-12 to 11-30-12 | 0.54 | 0.54 | 0.04 | 0.14 | 0.16 | 0.58 | 0.58 | 2.23 | 2.20 | 2.71 | N/A | -0.26 | -0.28 | 1.25 | N/A | 0.00 | 0.05 | 0.00 | 0.01 |
| 11-30-12 to 12-31-12 | 1.00 | 0.69 | 0.05 | -0.24 | -0.14 | 0.91 | 0.91 | 1.44 | 2.19 | 4.08 | 3.36 | 3.72 | 3.72 | 6.72 | 5.15 | 0.00 | -2.61 | 0.00 | 0.01 |
| 12-31-12 to 01-31-13 | 1.85 | 1.84 | N/A | -0.50 | -0.70 | 5.19 | 5.18 | 7.28 | 7.22 | 3.83 | 4.79 | 3.74 | 3.71 | 0.07 | 2.24 | 0.00 | 2.40 | 0.00 | 0.01 |
| 01-31-13 to 02-28-13 | 0.38 | 0.34 | N/A | 0.37 | 0.50 | 1.49 | 1.36 | 0.85 | 0.98 | -1.15 | -0.73 | 1.22 | 1.26 | -2.37 | -2.41 | 0.00 | -4.09 | 0.00 | 0.00 |
| 02-28-13 to 03-31-13 | 1.44 | 1.23 | N/A | 0.09 | 0.08 | 3.75 | 3.75 | 4.90 | 4.78 | 1.19 | 0.45 | 2.86 | 2.94 | -1.27 | -1.38 | 0.00 | 0.67 | 0.00 | 0.01 |
| 03-31-13 to 04-30-13 | 1.90 | 1.86 | N/A | 0.84 | 1.01 | 1.92 | 1.93 | 0.60 | 0.63 | 5.22 | 4.83 | 6.73 | 6.72 | 2.02 | 1.47 | 0.00 | -2.79 | 0.00 | 0.01 |
| 04-30-13 to 05-31-13 | -0.86 | -1.16 | N/A | -1.46 | -1.78 | 2.51 | 2.34 | 2.22 | 2.26 | -2.97 | -2.28 | -5.98 | -5.93 | -5.08 | -3.04 | 0.00 | -2.24 | 0.00 | 0.01 |
| 05-31-13 to 06-30-13 | -1.72 | -1.92 | N/A | -1.21 | -1.55 | -1.34 | -1.34 | -2.02 | -1.85 | -2.81 | -3.68 | -2.02 | -1.92 | -5.39 | -6.19 | 0.00 | -4.71 | 0.00 | 0.00 |
| 06-30-13 to 07-31-13 | 2.36 | 2.16 | N/A | 0.31 | 0.14 | 5.08 | 5.09 | 6.51 | 6.20 | 5.20 | 5.14 | 0.90 | 0.99 | 0.68 | 0.57 | 0.00 | 1.36 | 0.00 | 0.00 |
| 07-31-13 to 08-31-13 | -1.80 | -1.71 | N/A | -0.32 | -0.51 | -2.90 | -2.90 | -3.97 | -3.75 | -1.60 | -1.06 | -6.98 | -6.99 | -3.43 | -2.82 | 0.00 | 3.40 | 0.00 | 0.00 |
| 08-31-13 to 09-30-13 | 2.82 | 2.65 | N/A | 0.77 | 0.95 | 3.35 | 3.14 | 5.46 | 5.21 | 7.50 | 7.35 | 3.51 | 3.13 | 7.33 | 6.72 | 0.00 | -2.55 | 0.00 | 0.00 |
| Date to Date | | | | | | | | | | | | | | | | | | | |
| 09-30-12 to 09-30-13 | 7.78 | 6.29 | 0.00 | -0.97 | -1.68 | 19.90 | 19.34 | 26.96 | 27.68 | 23.88 | - | 5.75 | 5.74 | -0.89 | - | 0.00 | -14.35 | 0.00 | 0.07 |

City of Fairbanks



MEMORANDUM

To: City Council Members
From: John Eberhart, City Mayor *jme*
Subject: Request for Concurrence – Landscape Review and Appeals Commission
Date: January 20, 2014

The term of Seat D on the Landscape Review and Appeals Commission previously filled by Matthew Prouty expired on December 31, 2013. The vacancy has been publically noticed.

I hereby request your concurrence to the nomination of the following member to fill the seat:

Seat D: Mr. John Rowe Term to expire: December 31, 2016

Mr. Rowe's application is attached.

Thank you.

DDS/



CITY OF FAIRBANKS
 Office of the City Clerk
 800 Cushman Street
 Fairbanks, Alaska 99701-4615
 Office: 907 459-6771
cityclerk@ci.fairbanks.ak.us

RECEIVED
 JAN 20 2014
 CITY CLERKS OFFICE

**BOARDS AND COMMISSIONS
 APPLICATION FORM**

DATE: JANUARY 15, 2014
 NAME: JOHN ROWE
 BOARD: LANDSCAPE REVIEW & APPEALS COMMISSION

The information provided below will be made available to the public. The Clerk's Office will provide a mailing address, at least one phone contact, and an e-mail address, so please indicate your preferred method of contact with the public by placing a check mark in the appropriate box(es).

RESIDENCE ADDRESS: 579 GOLDEN MOON, FAIRBANKS, AK 99712

MAILING ADDRESS: _____

BUSINESS ADDRESS: _____

CELL PHONE: () _____ - _____

WORK PHONE: 907 452 1241

HOME PHONE: () _____ - _____

E-MAIL: JOHNROWE@DESIGNALASKA.COM

Statement of Interest:

BEING A LICENSED LANDSCAPE ARCHITECT, I AM VERY INTERESTED IN THE WAY OUR COMMUNITY LOOKS AND AM WILLING TO HELP HOW I CAN.

Brief Personal Biography (or attach resume):

FIRST STARTED WORKING IN THE LANDSCAPE FIELD IN 1986. GRADUATED WITH A BACHELORS DEGREE IN LANDSCAPE ARCHITECTURE IN 1991. BEEN LICENSED SINCE 1994.

Professional Licenses/Training:

LICENSED LANDSCAPE ARCHITECT IN ALASKA, IDAHO, WASHINGTON AND MICHIGAN.

Please return this application to the City Clerk's Office.

FOR INTERNAL USE ONLY

| Date Seated on Board | Date of Resolution or Council Action | Term Dates |
|----------------------|--------------------------------------|------------|
| | | |