

CITY OF CRAIG
COUNCIL AGENDA
FEBRUARY 17, 2011
COUNCIL CHAMBERS 7:00 P.M.

ROLL CALL

Mayor Millie Schoonover, Greg Head, Joni Kuntz, Jim See, Marge Young, Don Pierce and Mike Douville

CONSENT AGENDA

Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed and placed on the regular meeting agenda

- City Council minutes of February 3, 2011
- Liquor license renewal for Ruth Ann's Hotel, Bar and Restaurant

HEARING FROM THE PUBLIC

- Open for Public Comment
- Final reading and public hearing on Ordinance No. 629. Authorizing the city administrator to negotiate with Mr. Matthew Houser, the terms of a sale of city property at Lot 11A, Craig Millar Subdivision (A subdivision of Lot 1, USS 2611)

READING OF CORRESPONDENCE

- Craig Aquatic Report for January 2011
- Quarterly Expenditure Report for Southeast Senior Services-10/01/10 thru 12/31/10-Catholic Community Service
- Report from Alaska Permanent Capital Management for February 2011

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- Ordinance No. 629. Authorizing the city administrator to negotiate with Mr. Matthew Houser, the terms of a sale of city property at Lot 11A, Craig Millar Subdivision (A subdivision of Lot 1, USS 2611)

UNFINISHED BUSINESS

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NEW BUSINESS

- Acceptance of the F/Y 2010 audited financial statement from Christine Harrington, CPA
- Craig Clinic write-offs

ADJOURNMENT

ROLL CALL

Mayor Millie Schoonover called the meeting to order and the roll was taken. Present were Greg Head, Joni Kuntz, Marge Young, and Mike Douville. Absent excused were Jim See and Don Pierce.

Staff present: Jon Bolling, City Administrator; Ramona Wise, Aquatic Manager; Vicki Hamilton, City Clerk; Daniel Nelson, Harbormaster; Amy Marshall, Librarian; Mark Habib, Police Chief; Victoria Merritt, Parks and Recreation Director; and Joyce Mason, Treasurer.

Audience present: Todd Bass, CTE teacher; Michael Newcomb and Erica Newcomb; Shelia Beardsley, school counselor for Craig High School

CONSENT AGENDA

The consent agenda was presented, it contained the city council minutes of January 20, 2011 and Introduction and first reading of Ordinance No. 629, Authorizing the city administrator to negotiate with Mr. Matthew Houser, the terms of a sale of city property at Lot 11A, Craig Millar Subdivision, (A subdivision of Lot 1, USS 2611, Lot 11A).

Marge Young asked that Ordinance No. 629 be placed under Consideration of Resolution and Ordinances for further discussion.

DOUVILLE/KUNTZ: moved to adopt the consent agenda as amended. MOTION CARRIED

HEARING FROM THE PUBLIC

Erica Newcomb, a student from Craig High School, was here to ask the city council for a donation to be used toward travel for students participating in the Career and Technical Youth Group.

KUNTZ/YOUNG: moved to donate \$1,500 to the CTE group. MOTION CARRIED

REPORTS FROM CITY OFFICIALS

MAYOR-Millie Schoonover reported things are pretty quiet. She plans on attending the next school board meeting.

ADMINISTRATOR- Jon Bolling reported he provided a written staff report in the packet. Jon was open for comments, questions.

AQUATIC MANAGER-Ramona Wise reported she had nothing to share this time.

CITY CLERK-Vicki Hamilton reported DCRA is hosting a workshop for elected officials March 7-11th in Klawock.

The assessors will be here February 9-11th updating the properties in Craig.
The next city council meeting is scheduled for February 17th.

HARBORMASTER-Daniel Nelson reported the harbor is quiet. The dive boats are returning to Craig tonight. Daniel is make plans to clean up the public boat launch parking lot. Daniel will start the process to fill another full-time position in the harbor department.

LIBRARIAN-Amy Marshall reported February is Love of Reading month. There are 26 people signed up for various reading programs. Amy reported the "You're the Author" Program enlisted 43 kids with 30 of them completing their books. Those books will be sent in to publishers to be bound. There will be a reception for the authors. The mayor and council are invited to the Tea.

Amy heads to Juneau from February 16-21st to attend the Alaska Library Association Conference.

POLICE CHIEF-Mark Habib reported the jail activity is up. He is still working with the school on the camera system. A new computer system was installed to monitor the cameras at the schools. Mark reported he will be gone from February 9-18th.

PUBLIC WORKS-Steve Tanner submitted a written report.

TREASURER-The audit report is listed on this agenda but because the report arrived in Craig yesterday (Wednesday) this item will be considered at the February 17th city council meeting. Joyce reported they are trying to get the clinic cleaned up.

PARKS AND RECREATION-Victoria Merritt reported there will be a swap meet at the city gym on February 5th. A Scrabble Tournament is scheduled for Saturday, February 12th. A gymnastics class is scheduled to start on February 26th. Gymnastic equipment has been ordered. Victoria met with the Parks and Rec Advisory Board; elementary basketball is scheduled for March 1st.

READING OF CORRESPONDENCE

There were no comments.

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- **Resolution No. 11-02**, Requesting the State of Alaska and Federal Authorities Modify Management of Area Sea Otter Populations to Protect Existing Common Property Commercial Fisheries and Create New Resource Opportunities, was presented.

Jon Bolling asked the council to amend the fourth whereas in this resolution to read:

Whereas, sea otter populations in southern Southeast Alaska have doubled since 2003 with the most recent population estimated at about 11,600 animals; and,

HEAD/KUNTZ:

moved to adopt Resolution No. 11-02, as amended.
MOTION CARRIED UNANIMOUSLY BY ROLL CALL
VOTE

CONSIDERATION OF RESOLUTIONS AND ORDINANCES CONTINUED-

- **Resolution No. 11-03**, Adopting Prince of Wales Community Advisory Council Resolution 11-01 Prioritizing Transportation Projects for Prince of Wales Island, was presented.

YOUNG/DOUVILLE: moved to adopt Resolution No. 11-03. MOTION CARRIED UNANIMOUSLY BY ROLL CALL VOTE

Discussion on Ordinance No. 629, Authorizing the city administrator to negotiate with Mr. Matthew Houser, the terms of a sale of city property at Lot 11A, Craig Millar Subdivision (A subdivision of Lot 1, USS 2611. Marge Young was not in favor of the city financing the sale of this property. Marge mentioned that there are lending institutions available to provide financing for this sale.

YOUNG/DOUVILLE: moved to adopt first reading of Ordinance No. 629. MOTION CARRIED

NEW BUSINESS

- **Acceptance of the F/Y 2010 audited financial statement from Christine Harrington, CPA-** Since the report did not arrive on time for council to look it over, this item will be on the agenda February 17th.

ADJOURNMENT

YOUNG/DOUVILLE: moved to adjourn. MOTION CARRIED

The meeting adjourned at 7:40 P.M.

APPROVED _____

MAYOR A. MILLIE SCHOONOVER

ATTEST _____
VICKI HAMILTON, CITY CLERK



State of Alaska
Department of Public Safety
Alcoholic Beverage Control Board

Sean Parnell, Governor
Joseph A. Masters, Commissioner

February 10, 2011

FEB 10 2011

Renewal Application Notice

City of Craig
Attn: City Clerk
VIA EMAIL: cityclerk@craigak.com

DBA	Lic Type	Lic #	Owner	Premise Address
Ruth Ann's Hotel, Bar & Restaurant	Beverage Dispensary-Tourism	1856	Ruth Ann Parsons	300 Front Street

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

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

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

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

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

If you wish to protest the application referenced above, please do so in the prescribed manner and within the prescribed time. Please show proof of service upon the applicant. For additional information please refer to 13 AAC 104.145, Local Governing Body Protest.

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

Sincerely,

SHIRLEY A. GIFFORD
Director

Lauren Edades

Lauren Edades
Records & Licensing Supervisor
269-0359
Lauren.edades@alaska.gov

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Brian Templin, City Planner
Date: February 11, 2011
RE: Ordinance No. 629

Attached is Ordinance No. 629. The ordinance is presented for final reading at the city council's meeting of February 17, 2011.

Matthew Houser recently filed an application to purchase Lot 11A, Craig Millar Subdivision from the city. This lot is the remainder of the lot at the end of T&H Street that was subdivided when a portion of the lot was sold to Tina Isaacs several years ago. Mr. Houser owns the adjacent lot (Lot 6, Street of Dreams Subdivision) located on Thomas Court and has a single family residence constructed on that lot. Mr. Houser intends to use Lot 11A for accessory structures and space for expansion of his residential structure. The lot currently is vacant with no leases or access permits active on the property.

The lot is large enough to either be added to the adjacent parcel or developed independently. The use is permitted in the zone and there is adequate distance to setbacks and off-street parking to meet the development code. All public notice requirements have been fulfilled.

There is not a recent appraisal of the property so an appraisal would have to be completed to set the sale value. Mr. Houser had requested that the city consider carrying some or all of the loan as part of the sale process. This issue was discussed at the February 3, 2011 council meeting and the council's consensus was that the city should not finance the sale.

The ordinance, once adopted, will allow city staff to negotiate the terms of the sale with Mr. Houser. As has become standard procedure for staff, the final terms will be brought before the council for approval before any sale is completed.

Recommendation

That the city council approves Ordinance No. 629 for final reading.

**CITY OF CRAIG
ORDINANCE No. 629**

AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE WITH MR. MATTHEW HOUSER, THE TERMS OF A SALE OF CITY PROPERTY AT LOT 11A, CRAIG MILLAR SUBDIVISION (A SUBDIVISION OF LOT 1, USS 2611)

Section 1. Classification. This is a non-code ordinance.

Section 2. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Effective Date. This ordinance shall be effective immediately upon adoption.

Section 4. Action. This ordinance authorizes the City Administrator to negotiate the sale of Lot 11A, Craig Millar Subdivision (a subdivision of Lot 1, USS 2611) to Mr. Matthew Houser. Final terms of said sale are subject to the approval of the Craig city council.

Passed and approved this ___ day of _____, 2011.

Mayor A. Millie Schoonover

Attest _____
Vicki Hamilton, City Clerk

Craig Aquatic Center Monthly Report

For the Month of: January 2010 and 2011

Prepared by: _____

CDJ

	2010	2011
LAP SWIM		
Walk Ins	59	64
Passes	126	175
FAMILY SWIM		
Youth		
Walk Ins	0	0
Passes	0	0
Adult		
Walk Ins	0	0
Passes	3	0
OPEN SWIM		
Youth		
Walk Ins	379	310
Passes	131	96
Adult		
Walk Ins	219	145
Passes	85	84
Tot Swim	7	33
Adaptive Swim		
Walk Ins	0	0
Passes	0	0
Activity Swim		
Walk Ins	0	0
Passes	0	0
SCHOOL INSTRUCTION		
Walk Ins	380	281
Passes	167	0
RENTALS		
Walk Ins	132	0
Passes	73	92
AQUA-AEROBICS		
Walk Ins	79	87
Passes	418	326
FITNESS		
Walk Ins	492	609
Passes	0	13
SHOWER ONLY		
Passes	0	13
SWIM TEAM		
Passes	203	246

Revenue	Number of People		Monthly Amt	
	2010	2011	2010	2011
Cash	645	643	\$ 1,299.00	\$ 1,298.00
Swim Pass	26	21	\$ 750.00	\$ 501.00
10 Day	0	0	-	-
3 Month	1	0	\$ 150.00	-
6 Month	3	6	\$ 1,140.00	\$ 1,880.00
1 Year	0	0	-	-
Payments	0	0	-	-
Fitness	422	375	\$ 1,237.00	\$ 1,018.00
Fitness Room	73	57	\$ 254.00	\$ 209.00
Walkins	2	5	\$ 60.00	\$ 160.00
Pass	0	0	-	-
Life Guard Class	0	0	-	-
WSI Class	0	0	-	-
Swim Team	0	0	-	-
Rental	3	1	\$ 210.00	\$ 40.00
Pool Rental	0	0	-	-
Locker Rental	0	0	-	-
Misc. Revenue	41	57	\$ 51.00	\$ 65.25
Gift Certificates	0	0	-	-
Shirts, Etc.	0	0	-	-
Lessons	0	0	-	-

POOL

NUMBER OF PATRONS FOR THE MONTH **2953** **2561**

REVENUE FOR THE MONTH **\$ 5,111.00** **\$ 5,171.25**



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Juneau, AK 99801

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January 31, 2011

Mr. Jon Bolling
City Administrator
City of Craig
P O Box 725
Craig, AK 99921

Dear Mr. Bolling:

A copy of the Quarterly Expenditure Report for Southeast Senior Services' Craig/Klawock Program is enclosed. The report covers the period from October 1, 2010 through December 31, 2010.

The following services were provided during the second quarter of Fiscal Year (FY) 2011:

- * 45 individuals received 1,574 home-delivered meals.
- * 53 individuals received 842 congregate meals.
- * 27 individuals received 754 unassisted rides.
- * 11 individuals received 346 assisted rides.
- * 37 individuals received 100 hours of driver's homemaker services.
- * 6 individuals received 95.25 hours of Caregiver Support homemaker services.

On behalf of Craig/Klawock seniors, I would like to thank you for your continued support of the Craig/Klawock Senior Program.

Sincerely,


Rosemary Hagevig
Executive Director

RH/hi

Enclosures



Description	2nd Quarter Actual	Year to date Actual
4001 T3 NSIP	\$ 470.91	\$ 1,054.50
4033 T3 Nutrition & Transportation	\$ 13,923.45	\$ 27,846.90
4100 City of Craig	\$ 916.26	\$ 1,832.51
4364 Title VI-Care Giver Support	\$ 3,960.93	\$ 7,921.86
4365 Title VI-NTS	\$ 20,934.48	\$ 41,868.96
4369 Title VI-NSIP	\$ 473.37	\$ 946.74
4410 Congregate Meal Contr-Over 60	\$ 275.25	\$ 316.50
4411 Congregate Meal Contr-Under 60	\$ 91.50	\$ 147.00
4412 Home Deliv Meal Contr-Over 60	\$ 7.50	\$ 15.00
4414 Transportation Contr-Over 60	\$ 246.75	\$ 385.50
4553 Medicaid	\$ 5,842.29	\$ 9,882.68
4600 In-Kind Revenue	\$ 972.00	\$ 1,944.00
4990 Miscellaneous Revenue	\$ -	\$ 4,200.00
Total Revenue	\$ 48,114.69	\$ 98,362.15
6110 Salaries & Wages Expense	\$ 22,582.65	\$ 43,096.48
6115 Substitute Wages Expense	\$ 4,921.73	\$ 6,734.26
6120 Payroll Taxes & Benefits	\$ 8,678.78	\$ 17,238.35
6220 Staff Travel & Training	\$ 75.59	\$ 94.09
6310 Facility Rent	\$ 1,755.00	\$ 3,010.00
6311 In-Kind Rent	\$ 972.00	\$ 1,944.00
6320 Phone Service Charges	\$ 450.88	\$ 871.30
6410 Office Supplies	\$ -	\$ 3.29
6420 Postage	\$ 133.76	\$ 157.16
6440 Vehicle Supplies	\$ -	\$ -
6450 Program Supplies	\$ 397.50	\$ 848.85
6470 Household Supplies	\$ 221.63	\$ 812.30
6475 Home Delivery Containers	\$ 3,654.53	\$ 3,815.90
6480 Raw Food	\$ 10,313.58	\$ 18,440.02
6485 Fundraising	\$ -	\$ -
6490 Gas & Oil	\$ 2,515.45	\$ 3,469.46
6510 Vehicle Repair	\$ 312.00	\$ 312.00
6610 Professional Services	\$ -	\$ -
6620 Vehicle Insurance	\$ 112.52	\$ 396.86
6630 Property & Liability Insurance	\$ 85.65	\$ 184.44
Total Expenditure	\$ 57,183.25	\$ 101,428.76
Excess Revenues over (under) Expenses	\$ (9,068.56)	\$ (3,066.61)

MONTHLY PERSPECTIVES

ECONOMY & MARKETS

Outside of Egypt the investment climate seems to be improving. Yes, I know, it's a bit like saying, "other than that Mrs. Lincoln, how was the play?"

The situation in the Middle East is a definite wildcard. If the "Freedom Movement" in Egypt gets high jacked by radical Islamists who seize power all bets are off. At this juncture we just don't know what will happen or if "contagion" will spread to other countries like Jordan or Saudi Arabia. Will it be the true spread of democracy or an opportunity for mischief by our enemies?

After declining early in the month, oil prices jumped higher topping \$100 per barrel for Brent crude on Middle East worries. The International Energy Agency says a \$10 jump in oil prices cuts US growth by 0.3%. Rising oil prices are inflationary and hurt growth.

The markets have pretty much shrugged off Mideast turmoil although emerging markets lost -2.7% in January. Large cap equities (both US and EAFE markets) gained +2.4% and REITs were up +3.1%. Bond returns were basically flat for the month as was cash. (See Brandy's and Chris' comments on page 2 for more details.)

The majority of economic indicators for January were positive. The unemployment rate dropped to 9%, its lowest level in two years. But, only 36,000 workers were added to the payrolls. Fed Chairman Ben Bernanke said this on February 3rd:

While indicators of spending and production have, on balance, been encouraging, the job market has improved only slowly. It will be several years before the unemployment rate has returned to a more normal level. Until we see a sustained period of stronger job creation we cannot consider the recovery to be truly established.

Inflation remains tame, up only +1.5% over the past 12 months, but worrisome increases in commodity prices - especially soaring food costs - have led some to predict acceleration in inflationary pressures. Bonds sold off in the month partly as result of this.

The IMF released an update to their global forecast. They expect a two-speed recovery with advanced economies growing slowly and renewed stress in the euro area periphery. But emerging markets are buoyant (overheating?) and inflationary pressures are rising. They expect better growth in the US (+3.0%) this year but a slower Europe (+1.5%) and Japan (+1.6%). The developing markets should grow at +6.5% with China leading the way at +9.6%.

The President outlined priorities in his State of the Union message including promising \$400 billion of cuts over 10 years. The problem is that's a drop in the bucket. The CBO just estimated this year's deficit alone at \$1.5 trillion, or about 10% of GDP.

The Republicans are promising more cuts and a big battle is brewing. Everyone knows that entitlements (SS, Medicare, and Medicaid) are the real problem, but it appears that kicking the can down the road until after the 2012 election is most likely. However, the markets just might riot before then.

Some believe that Europe is getting its act together. A "competitiveness" pact floated by Germany and France, which would see much more economic policy coordination among EU nations, is making the rounds. The currency markets like it as the euro rallied from a low of \$1.29 to \$1.37 by month end and sovereign credit spreads narrowed. We don't believe that the different countries will buy into this "one economic government" for Europe idea.

We're sticking with our tilt towards equities over bonds. Within bond land we continue to favor "other than Treasuries" and are maintaining a shorter maturity structure. Municipals have gotten beaten up. We are buyers.

Jeff Pantages, CFA
Chief Investment Officer

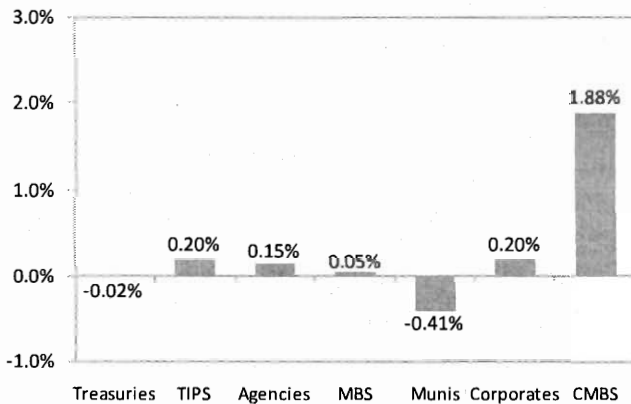


Chris Brechbuhler, CFA
Portfolio Manager

■ Treasuries limped through January, posting a -0.02% return. The yield curve steepened as the two year Treasury yield declined 3 bps to 0.56% while the thirty year Treasury yield increased 24 bps to 4.57%. TIPS performed well as inflation concerns surfaced on stronger economic readings.

■ Agency securities increased +0.15% while mortgage backed securities eked out a positive return, up +0.05%. The Treasury missed a January deadline on its proposal for GSE reform, but is expected to deliver it in February ahead of Congressional hearings on the subject. The Fed pledged to keep rates low and reiterated its commitment to purchasing \$600 billion in Treasury bonds by the end of June 2011.

January 2011 Bond Total Return



Barclays

■ The corporate sector was up +0.20%. Financials lead the way and lower quality credit outperformed their higher quality counterparts. Companies are enjoying rock bottom financing costs while focusing on minimizing expenses.

■ Commercial mortgage backed securities performed well, up +1.88%. The sector has staged a dramatic recovery, but still offers attractive valuation compared to other high grade alternatives. Fundamentals are beginning to stabilize as accommodative Fed policy aids its recovery.

■ Intermediate municipal bonds were weaker again, down -0.41% on the month. Retail investors continued to pull money out of municipal mutual funds as media stories hinted at impending doom. New issuance fell to the lowest monthly level in 11 years. The sector offers some attractive opportunities.

■ Performance leadership changed in January as developed markets outperformed emerging markets. The S&P 500 and EAFE beat the MSCI Emerging Market Index by a margin of 5.1%. Of the major regions of the world, Europe (+3.8%) performed best followed by the U.S. (+2.4%), Japan (+0.1%) and the Emerging Markets (-2.7%).

■ In the U.S., large caps outperformed mid and small caps. Small caps finished the month barely in the black at (+0.2%). Sector performance within small caps was widely dispersed. Energy was up almost +7.0%, followed by technology at +2.7%. Consumer discretionary was the main detractor, down over -4.0%.

■ Signs of an improving economy and fundamentals pushed commercial real estate higher (+3.2%). AMB Property Corp. and ProLogis announced a merger. The new company will form the 4th largest U.S. REIT in terms of market cap. In the U.S., REIT M&A activity increased from \$3.8 billion in 2009 to \$11.0 billion in 2010. With debt maturities looming for property owners, analysts expect an increase in M&A activity going forward.

■ 317 of the S&P 500 companies have reported Q4 earnings results. YOY earnings growth is up 39% thus far, with 71% of the companies surprising on the up side. Q4 earnings per share have come in at \$22.94. The 2011 consensus estimate is \$98.47.

Total Return (%) as of January 31, 2011

	One Month	Three Month	Six Month	Twelve Month
Domestic Equities				
Large Cap S&P 500	2.4	9.2	17.9	22.2
Mid Cap S&P 400	2.0	11.9	22.5	33.5
Small Cap S&P 600	0.2	11.7	20.0	30.9
International Equities				
Developed MSCI EAFE	2.4	5.3	16.1	15.4
Emerging MSCI Emerging Markets	-2.7	1.5	13.8	22.5
Other				
Commercial Property S&P U.S. REIT	3.2	5.9	14.4	40.1
Commodities DJ-UBS Commodity	1.0	11.4	22.3	27.3
Fixed Income				
Total Bond Market Barclays Aggregate	0.1	-1.5	0.2	5.1
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.2	-0.2	0.4	1.8
Int'l Treasury Barclays Global Tsy ex-US	0.2	-2.8	4.4	5.5



Brandy Niclai, CFA
Sr. Investment Analyst





February 8, 2011

sent via email

Ms. Joyce Mason
Treasurer
City of Craig
P.O. Box 725
Craig, Alaska 99921

Dear Ms. Mason,

Enclosed is the January report for the City of Craig, which includes a listing of portfolio assets, purchases and sales.

At month-end, the market value of the account was \$8,075,678. Based upon the composition of the portfolio, the expected annual income is \$88,954.

Our monthly commentary is attached.

Please call if you have any questions regarding this month's report.

Sincerely,

A handwritten signature in black ink, appearing to read "Bert Wagnon", is written over a light gray rectangular background.

Bert Wagnon
Senior Vice President

cc via email: Mr. Jon Bolling, City Administrator

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
January 31, 2011

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
200,000	US TREASURY NOTES 0.625% Due 07-31-12	100.20	200,391	100.31	200,626	2.48	1,250	3	0.42
100,000	US TREASURY NOTES 1.250% Due 10-31-15	99.70	99,699	97.30	97,305	1.20	1,250	321	1.85
100,000	US TREASURY NOTES 3.750% Due 11-15-18	106.48	106,480	106.21	106,211	1.32	3,750	808	2.85
100,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	104,039	101.99	101,992	1.26	3,500	754	3.25
90,000	US TREASURY NOTES 2.625% Due 11-15-20	93.06	83,753	93.75	84,375	1.04	2,362	509	3.38
	Accrued Interest				2,396	0.03			
			594,362		592,905	7.34		2,396	
AGENCIES									
50,000	REGIONS BANK (FDIC GUARANTEED) 3.250% Due 12-09-11	104.31	52,156	102.48	51,240	0.63	1,625	235	0.34
50,000	FHLB US GOVT AGENCY 5.250% Due 06-18-14	100.80	50,401	113.14	56,569	0.70	2,625	314	1.27
100,000	FHLMC 3.750% Due 03-27-19	101.41	101,410	103.33	103,334	1.28	3,750	1,292	3.28
	Accrued Interest				1,840	0.02			
			203,967		212,983	2.64		1,840	
CMO's									
9,624	FREDDIE MAC REF. REMIC R015 3.750% Due 02-15-13	99.96	9,620	100.23	9,646	0.12	361	30	0.49
	Accrued Interest				30	0.00			
			9,620		9,676	0.12		30	
ASSET-BACKED SECURITIES									
100,000	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15	103.37	103,375	103.80	103,802	1.29	3,690	164	1.06
	Accrued Interest				164	0.00			
			103,375		103,966	1.29		164	
COMMERCIAL MORTGAGE-BACKED SECURITIES									
150,000	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	95.78	143,672	103.67	155,511	1.93	7,387	616	3.67
100,000	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	100.55	100,546	103.08	103,076	1.28	5,434	453	3.24
	Accrued Interest				1,068	0.01			
			244,218		259,655	3.22		1,068	

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
January 31, 2011

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CORPORATE BONDS									
100,000	PROVINCE OF ONT 2.750% Due 02-22-11	99.69	99,686	100.13	100,126	1.24	2,750	1,215	0.56
100,000	AT&T WIRELESS SVCS INC 8.125% Due 05-01-12	113.08	113,085	108.83	108,827	1.35	8,125	2,031	1.00
100,000	UNITED PARCEL SVC INC 4.500% Due 01-15-13	99.57	99,575	106.77	106,772	1.32	4,500	200	0.99
100,000	VERIZON VA INC 4.625% Due 03-15-13	95.70	95,705	105.80	105,797	1.31	4,625	1,747	1.82
100,000	CATERPILLAR FINANCIAL 6.125% Due 02-17-14	100.12	100,125	112.98	112,980	1.40	6,125	2,790	1.73
100,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	97.18	97,176	107.78	107,780	1.33	4,750	1,979	2.72
100,000	HSBC FINANCE CORP 5.500% Due 01-19-16	100.21	100,206	108.12	108,120	1.34	5,500	183	3.69
100,000	GOLDMAN SACHS GROUP INC 5.625% Due 01-15-17	95.42	95,424	105.62	105,619	1.31	5,625	250	4.53
100,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	99,572	111.28	111,284	1.38	5,750	2,875	3.89
75,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	88.27	66,205	108.40	81,302	1.01	4,219	1,055	4.26
	Accrued Interest				14,326	0.18			
			966,759		1,062,933	13.16		14,326	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
28,836	SPDR S&P 500 ETF TRUST	137.74	3,971,776	128.68	3,710,616	45.95	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
5,496	ISHARES S&P MIDCAP 400	69.71	383,101	92.33	507,446	6.28	NA		
INTERNATIONAL FUNDS/ETF									
22,638	VANGUARD EUROPE PACIFIC ETF	38.93	881,295	36.93	836,021	10.35	NA		
REAL ESTATE									
12,857	VANGUARD REIT ETF	56.44	725,700	57.17	735,035	9.10	NA		
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATION		44,443		44,443	0.55			
TOTAL PORTFOLIO			8,128,617		8,075,678	100	88,954	19,824	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 01-01-11 To 01-31-11

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
01-14-11	01-18-11	US TREASURY NOTES 3.750% Due 11-15-18	100,000	106,480.47
				106,480.47
INTEREST				
ASSET-BACKED SECURITIES				
01-18-11	01-18-11	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15		307.50
CASH AND EQUIVALENTS				
01-03-11	01-03-11	FEDERATED GOVERNMENT OBLIGATION		1.08
CMO's				
01-01-11	01-14-11	FREDDIE MAC REF. REMIC R015 3.750% Due 02-15-13		39.70
COMMERCIAL MORTGAGE-BACKED SECURITIES				
01-01-11	01-09-11	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51		452.83
01-01-11	01-14-11	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41		615.63
				1,068.46

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 01-01-11 To 01-31-11

Trade Date	Settle Date	Security	Quantity	Trade Amount
CORPORATE BONDS				
01-15-11	01-15-11	GOLDMAN SACHS GROUP INC 5.625% Due 01-15-17		2,812.50
01-15-11	01-15-11	UNITED PARCEL SVC INC 4.500% Due 01-15-13		2,250.00
01-19-11	01-19-11	HSBC FINANCE CORP 5.500% Due 01-19-16		2,750.00
				7,812.50
U.S. TREASURY				
01-31-11	01-31-11	US TREASURY NOTES 0.625% Due 07-31-12		625.00
				9,854.24
PRINCIPAL PAYDOWNS				
CMO's				
01-01-11	01-14-11	FREDDIE MAC REF. REMIC R015 3.750% Due 02-15-13	3,080.950	3,080.95
				3,080.95
PURCHASED ACCRUED INTEREST				
U.S. TREASURY				
01-14-11	01-18-11	US TREASURY NOTES 3.750% Due 11-15-18		662.98
				662.98
SALES, MATURITIES, AND CALLS				
U.S. TREASURY				
01-14-11	01-18-11	US TREASURY NOTES 0.875% Due 04-30-11	75,000	75,146.48
				75,146.48

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 01-01-11 To 01-31-11

Trade Date	Settle Date	Security	Quantity	Trade Amount
SOLD ACCRUED INTEREST				
U.S. TREASURY				
01-14-11	01-18-11	US TREASURY NOTES 0.875% Due 04-30-11		143.21
				143.21
WITHDRAW				
CASH AND EQUIVALENTS				
01-03-11	01-03-11	FEDERATED GOVERNMENT OBLIGATION		300.00
01-31-11	01-31-11	CASH RECEIVABLE		18,822.99
				19,122.99
				19,122.99

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES

CITY OF CRAIG

From 01-01-11 Through 01-31-11

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
01-01-11	3,080.950	FREDDIE MAC REF. REMIC R015 3.750% Due 02-15-13	3,079.75	3,080.95	1.20
01-14-11	75,000	US TREASURY NOTES 0.875% Due 04-30-11	75,301.76	75,146.48	-155.28
TOTAL GAINS					1.20
TOTAL LOSSES					-155.28
			78,381.51	78,227.43	-154.08

Alaska Permanent Capital Management Co.
CASH LEDGER
CITY OF CRAIG
From 01-01-11 To 01-31-11

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
FEDERATED GOVERNMENT OBLIGATION					
01-01-11			Beginning Balance		44,838.65
01-01-11	01-09-11	dp	Interest	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	452.83
01-01-11	01-14-11	dp	Interest	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	615.63
01-01-11	01-14-11	dp	Interest	FREDDIE MAC REF. REMIC R015 3.750% Due 02-15-13	39.70
01-01-11	01-14-11	dp	Paydown	FREDDIE MAC REF. REMIC R015 3.750% Due 02-15-13	3,080.95
01-03-11	01-03-11	wd	Withdrawal	from Portfolio	-300.00
01-03-11	01-03-11	dp	Interest	FEDERATED GOVERNMENT OBLIGATION	1.08
01-14-11	01-18-11	dp	Sale	US TREASURY NOTES 0.875% Due 04-30-11	75,146.48
01-14-11	01-18-11	dp	Accrued Interest	US TREASURY NOTES 0.875% Due 04-30-11	143.21
01-14-11	01-18-11	wd	Purchase	US TREASURY NOTES 3.750% Due 11-15-18	-106,480.47
01-14-11	01-18-11	wd	Accrued Interest	US TREASURY NOTES 3.750% Due 11-15-18	-662.98
01-15-11	01-15-11	dp	Interest	GOLDMAN SACHS GROUP INC 5.625% Due 01-15-17	2,812.50
01-15-11	01-15-11	dp	Interest	UNITED PARCEL SVC INC 4.500% Due 01-15-13	2,250.00
01-18-11	01-18-11	dp	Interest	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15	307.50

Alaska Permanent Capital Management Co.
CASH LEDGER
CITY OF CRAIG
From 01-01-11 To 01-31-11

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
01-19-11	01-19-11	dp	Interest	HSBC FINANCE CORP 5.500% Due 01-19-16	2,750.00
01-31-11	01-31-11	dp	Transfer from	CASH RECEIVABLE	18,822.99
01-31-11	01-31-11	dp	Interest	US TREASURY NOTES 0.625% Due 07-31-12	625.00
01-31-11			Ending Balance		44,443.07
CASH RECEIVABLE					
01-01-11			Beginning Balance		18,822.99
01-31-11	01-31-11	wd	Transfer to	FEDERATED GOVERNMENT OBLIGATION	-18,822.99
01-31-11			Ending Balance		0.00

CITY OF CRAIG, ALASKA
BASIC FINANCIAL STATEMENTS

For the fiscal year ended

June 30, 2010

Prepared by:

Department of Finance

February 11, 2011

To: Mayor & City Council

From: Joyce Mason

Re: Clinic Receivables

As you all are aware we have been trying to clean up the receivables left when the medical clinic closed. The clerical staff of the clinic worked additional hours last summer to close the accounts. A few of the clients are making payments and five clients, we are waiting on insurance appeals. The appeals can take up to two years to be determined. The following accounts have either been turned over to collection or are non collectable. We are requesting the council approve the write off and if funds are received at a later date from the collection agencies it will be classified as additional revenue. I do not believe these accounts are collectible as most services are over five years old.

Dannyelle Von Weller	\$ 849.50
Chapin Von Weller	311.65
Arilee Carlson	822.26
Alicia Hicks	411.70
Stephen Lowery	753.45
Bryce Mielke(deceased)	1,286.04
Harold Sheppard	408.00
Becky Sutherland	381.48
Charlotte Watkins	3,157.53
Douglas Wilhite	7,528.87
Eleanor Dosser	2,183.81
Larry Dosser	<u>2,164.24</u>
Total	\$20,258.53